

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR URGENT ATTENTION. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

NEO RESOURCES LTD

ACN 007 708 429

SCHEME BOOKLET

In relation to a proposal from Perpetual Resources Ltd (ACN 154 516 533) to acquire all the ordinary shares in Neo Resources Limited by way of a scheme of arrangement.

Under the Scheme, Scheme Participants will receive one (1) New Perpetual Share for every four (4) Neo Shares held on the Record Date.

The Neo Directors unanimously recommend that, in the absence of a Superior Proposal, you vote in favour of the Scheme. The Neo Directors intend, in the absence of a Superior Proposal, to vote in favour of the Scheme in respect of the Neo Shares over which they have voting control.

A notice of Scheme Meeting is included as Appendix 4 to this Scheme Booklet, and a Proxy Form for the Scheme Booklet accompanies this Scheme Booklet. The Scheme Meeting will be at 9:00am (Perth time) on 19 August 2013 at BDO, 38 Station Street, Subiaco, Western Australia 6008.

Legal Adviser to Neo

Legal Adviser to Perpetual

STEINPREIS PAGANIN
Lawyers & Consultants 

K&L GATES

IMPORTANT NOTICES

Nature of this Document

This Scheme Booklet provides Neo Shareholders with information about the proposed acquisition of all of the shares in the capital of Neo by Perpetual. If you have sold all your Neo Shares, please ignore this Scheme Booklet.

Entire Scheme Booklet

Scheme Participants are encouraged to read this Scheme Booklet in its entirety before making a decision on how to vote on the resolution to be considered at the Scheme Meeting.

Regulatory Information

This Scheme Booklet is the explanatory statement for the proposed Scheme of Arrangement between Neo and the Scheme Participants as set at the Record Date for the purposes of Section 412(1) of the Corporations Act. A copy of the proposed Scheme is included in this Scheme Booklet as Appendix 2.

A copy of this Scheme Booklet has been examined by ASIC under Section 411(2) of the Corporations Act and registered with ASIC pursuant to Section 412(6) of the Corporations Act. ASIC has been requested to provide a statement, in accordance with Section 411(17)(b) of the Corporations Act, in respect of the Scheme, that ASIC has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the time of the Second Court Hearing to approve the Scheme. Neither ASIC nor any of its officers takes any responsibility for the contents of this Scheme Booklet. If ASIC provides the statement, then this statement will be produced to the Court at the time of the Second Court Date. Neither ASIC nor its officers take any responsibility for the contents of this Scheme Booklet.

A copy of this Scheme Booklet has been provided to ASX. Neither ASX nor its officers take any responsibility for the contents of this Scheme Booklet.

Responsibility statement

The Neo Information has been prepared by Neo and is the responsibility of Neo. Perpetual and its directors, officers and advisers do not assume any responsibility for the accuracy or completeness of any of the Neo Information.

The Perpetual Information has been prepared by Perpetual and is the responsibility of Perpetual. Neo and its directors, officers and advisers do not assume any responsibility for the accuracy or completeness of any of the Perpetual Information.

Ernst & Young has prepared and is responsible for the Independent Expert's Report. Neo, Perpetual and their respective directors, officers and advisers do not assume any responsibility for the accuracy or completeness of the Independent Expert's Report. The Independent Expert's Report is contained in Appendix 5 of this Scheme Booklet.

Status of this Scheme Booklet

This Scheme Booklet is not a prospectus or bidder's statement pursuant to the Corporations Act. Section 708(17) and Item 17 of Section 611 of the Corporations Act provide that Section 606 and Chapter 6D of the Corporations Act do not apply in relation to arrangements under Part 5.1 of the Corporations Act approved at a meeting

held as a result of an order under Section 411(1) or Section 411(1A) of the Corporations Act.

No investment advice

This Scheme Booklet does not take into account the investment objectives, financial situation and particular needs of each individual Scheme Participant or any other particular person. Before making any investment decision in relation to the Scheme, you should consider, with or without the assistance of a securities adviser, whether that decision is appropriate in light of your particular investment needs, objectives and financial circumstances.

Court order

A copy of this Scheme Booklet has been lodged with the Court to obtain an order of the Court to approve the convening of the Scheme Meeting. If Scheme Participants approve the Scheme at the Scheme Meeting, the Court will be asked to approve the Scheme. The Federal Court Rules provide a procedure for Scheme Participants to oppose the approval by the Court of the Scheme. If you wish to oppose the approval of the Scheme by the Court at the Second Court Hearing, you may do so by filing with the Court, and serving on Neo, a notice of appearance in the prescribed form, together with any affidavit on which you wish to rely at the hearing. The notice of appearance and affidavit must be served on Neo at least one day before the Second Court Date. The Second Court Date is expected to be on or around 29 August 2013.

Important Notice Associated With Court Order under Subsection 411(1) of Corporations Act

The fact that under subsection 411(1) of the Corporations Act the Court has ordered that the Scheme Meeting be convened and has approved this Scheme Booklet does not mean that the Court:

- (a) has formed any view as to the merits of the proposed Scheme or as to how members should vote at the Scheme Meeting (on this matter members must reach their own decision); or
- (b) has prepared, or is responsible for the content of, this Scheme Booklet.

Neo Shareholders outside Australia

This Scheme Booklet complies with Australian disclosure requirements and, unless otherwise indicated, Australian accounting standards. These disclosure requirements and accounting standards may be different to those in other countries. Neo Shareholders who are subject to taxation outside Australia should consult their tax adviser as to the applicable tax consequences of the Scheme.

Neither this Scheme Booklet nor the Scheme constitute, or are intended to constitute, an offer of securities in any place in which, or to any person to whom, the making of an offer would not be lawful under the laws of any jurisdiction outside Australia and its external territories and New Zealand. Ineligible Foreign Shareholders should refer to Section 4.10 of this Scheme Booklet.

Important considerations

For a discussion of certain factors that should be considered in deciding whether to approve the Scheme, refer to the summary of the advantages and disadvantages of the Scheme contained in Section 5 of this Scheme Booklet.

Forward looking statements

Some statements in this Scheme Booklet relate to the future. Such statements involve known risks, uncertainties and other important factors that could cause the actual results, performance or achievements of Neo, Perpetual or the Merged Group to be materially different from future results, performance or achievements expressed or implied by such statements.

The statements contained within this Scheme Booklet reflect the views held as at the date of this Scheme Booklet.

None of Neo or Perpetual, the officers of those companies nor any person named in this Scheme Booklet with their consent nor any person involved in the preparation of this Scheme Booklet makes any representation or warranty (express or implied) as to the accuracy or likelihood of any forward looking statement, or any results, values, performance or achievements express or implied in any forward looking statement, except to the extent required by law. Scheme Participants should not place undue reliance on any such statement.

Subject to any continuing obligations under the Listing Rules or the Corporations Act, Neo and Perpetual disclaim any obligation or undertaking to disseminate after the date of this Scheme Booklet any updates or revisions of any such statements to reflect any change in expectations in relation thereto or any changes in events, conditions or circumstances on which any such statement is based.

Privacy

Neo and Perpetual may collect personal information in the process of implementing the Scheme. This information includes your name, contact details, information on your shareholding in Neo and the name of persons appointed by you to act as a proxy, attorney or corporate representative at the Scheme Meeting. The primary purpose of the collection of personal information is to assist Neo and Perpetual to conduct the Scheme Meeting and implement the Scheme. Personal information of the type described above may be disclosed to the Neo Registry, print and mail service providers, authorised securities brokers and Related Bodies Corporate and advisers of Neo and Perpetual. Neo Shareholders have certain rights to access personal information that has been collected. If you would like to obtain details of information about you held by Neo, please contact Neo's Company Secretary, Peter Patrick Torre, on +61 8 6143 4100 during business hours.

Additional information

If after reading this Scheme Booklet you have any questions regarding the proxy forms or the Scheme Meeting, please call the Scheme Information Line on 1300 850 505 during business hours.

Defined terms

Capitalised terms used in this Scheme Booklet are defined in the Glossary in Section 10 of this Scheme Booklet. The Glossary also sets out some rules of interpretation which apply to this Scheme Booklet.

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet are subject to rounding. Accordingly, their actual calculation may differ from the calculation set out in this Scheme Booklet.

JORC Code

This Scheme Booklet uses the terms "Measured", "Indicated" and "Inferred" Resources as defined and required by the JORC Code.

Date of Scheme Booklet

This Scheme Booklet is dated 16 July 2013.

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APPENDIX 1 – MERGER IMPLEMENTATION AGREEMENT

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APPENDIX 3 – DEED POLL

APPENDIX 4 – NOTICE OF SCHEME MEETING

APPENDIX 5 – INDEPENDENT EXPERT’S REPORT

IMPORTANT DATES AND TIMETABLE FOR THE SCHEME

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| Date of this Scheme Booklet | 16 July 2013 |
| First Court Hearing | 16 July 2013 |
| Latest date and time for lodgement of completed proxy forms for Scheme Meeting | 9:00am (Perth time) on 17 August 2013 |
| Date and time for determining eligibility to attend and vote at Scheme Meeting | 9:00am (Perth time) on 17 August 2013 |
| Scheme Meeting | 19 August 2013 |

If the Scheme is approved by Scheme Participants and the other conditions precedent to the Merger Implementation Agreement are satisfied, the EXPECTED TIMETABLE is:

| | |
|--|-------------------|
| Second Court Hearing to approve the Scheme | 29 August 2013 |
| Lodge Court Order with ASIC Scheme becomes binding (Effective Date) | 29 August 2013 |
| Record Date Time for determining entitlements to Scheme Consideration | 5 September 2013 |
| Merger Implementation Date Scheme Consideration issued to Scheme Participants | 12 September 2013 |
| Despatch of holding statements for New Perpetual Shares | 16 September 2013 |
| New Perpetual Shares commence trading on ASX | 17 September 2013 |

Notes:

All dates and times are indicative only. The actual timetable will depend on many factors outside the control of Neo, including the Court approval process and satisfaction of other conditions precedent.

Neo reserves the right to vary the times and dates set out above and may not be able to notify Scheme Participants of these changes.

LETTER FROM NEO TO SCHEME PARTICIPANTS

Dear Neo Shareholders,

RECOMMENDED SCHEME OF ARRANGEMENT IN RELATION TO THE MERGER OF NEO RESOURCES LTD WITH PERPETUAL RESOURCES LTD

Neo Resources Ltd (ACN 007 708 429) (**Neo**) has proposed to merge with Perpetual Resources Ltd (ACN 154 516 533) (**Perpetual**), which is to be implemented by scheme of arrangement (the **Scheme**).

Following the implementation of the Scheme, the combined operations of the two entities (the **Merged Group**), will consist of an early stage gold exploration project in Australia and an early stage coal exploration project in Indonesia.

Under the Scheme, each Neo shareholder (**Scheme Participants**) registered in the register maintained by Neo as a holder of fully paid ordinary shares in the issued capital of Neo (**Neo Shares**) as at 5.00pm on the fifth business day after the date on which the Scheme becomes effective in accordance with its terms (**Record Date**) will receive one (1) new fully paid ordinary share in the capital of Perpetual to be issued under the Scheme as the scheme consideration (**New Perpetual Share**) for every four (4) Neo Shares held on the Record Date.

For the Scheme to proceed, it requires, amongst other things, approval from Neo Shareholders. The Scheme Meeting has been convened for this purpose and will be held at 9:00am (Perth time) on 19 August 2013 at BDO, 38 Station Street, Subiaco, Western Australia 6008.

This Scheme Booklet contains extensive information relating to the Scheme. I encourage you to read this Scheme Booklet carefully in order to make a fully informed decision on how to vote.

If the Scheme is approved and implemented:

- (a) Perpetual will acquire all of the Neo Shares and Neo will become a wholly owned subsidiary of Perpetual;
- (b) New Perpetual Shares will be issued in consideration of the acquisition of the Neo Shares;
- (c) Perpetual will:
 - (i) cause the appointment of Mark Victor Caruso and Colin Ross Hastings nominated by Neo, to the Perpetual Board; and
 - (ii) procure that directors on the Perpetual Board, as Neo may nominate, excluding George Karafotias and Eric Jiang, resign from the Perpetual Board; and
- (d) Perpetual will maintain its listing on ASX under the name Perpetual Resources Ltd.

Advantages and disadvantages of the Scheme

The Neo Board believe that significant benefits will flow from the Merger. These benefits primarily include:

- (b) potential for improved access to additional capital for the advancement of the Wiagdon Thrust Gold Project;
- (c) greater market capitalisation and enhanced liquidity;
- (d) a greater platform for expansion; and
- (e) opportunity to realise cost savings through a reduction in corporate and administration overheads.

The advantages of the Merger Proposal are set out in more detail in Sections 5.2 and 5.3 of this Scheme Booklet. There are also a number of potential disadvantages of the merger proposal. These potential disadvantages are set out in Section 5.4 of this Scheme Booklet.

Risks

After the implementation of the merger, the Merged Group will continue the current businesses of Neo (as described in Section 6 of this Scheme Booklet) and Perpetual (as described in Section 7 of this Scheme Booklet) in all respects, except that Neo will become a wholly owned subsidiary of Perpetual and the Scheme Participants will hold an indirect interest in Neo through their New Perpetual Shares. As the scale and extent of the Merged Group's business will significantly change from that of the stand-alone Neo, Scheme Participants will potentially be exposed to additional risks in respect of the Merged Group if the merger is successful.

The key risk factors of which Neo shareholders should be aware are set out in Section 5.5(d) of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the New Perpetual Shares in the future. Accordingly, New Perpetual Shares should be considered a highly speculative investment. Investors should consider consulting their professional advisers before deciding whether how they should vote in respect of the Scheme.

Independent Expert

The Neo Board has commissioned an independent expert, Ernst & Young (**Independent Expert**), to prepare a report on the merits of the Scheme.

In considering the fair value of Neo and Perpetual the Independent Expert relied on a report prepared by AI Maynard & Associates Pty Ltd (**AI Maynard Report**), who was appointed as an independent technical expert to undertake a technical assessment and valuation of the mineral assets of both companies.

The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Neo Shareholders.

The Independent Expert's Report in respect of the Scheme is set out in its entirety in Appendix 5 of this Scheme Booklet. A copy of the AI Maynard Report is attached in full at Appendix D of the report of the Independent Expert in Appendix 5 of the Scheme Booklet.

Recommendation of the Neo Directors

The Neo Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal. Each member of the Neo Board intends to vote in

favour of the Scheme in respect of the Neo Shares in which they have voting control, in the absence of a Superior Proposal.

Scheme Meeting

The Scheme Meeting will be held at 9:00am (Perth time) on 19 August 2013 at BDO, 38 Station Street, Subiaco, Western Australia 6008. Neo Shareholders can either vote in person at the Scheme Meeting or complete and return the enclosed proxy form to be received by no later than 9:00am (Perth time) on 17 August 2013.

Additional information

If you are in doubt about anything in this Scheme Booklet, please contact your legal, financial, taxation or other professional adviser.

We look forward to your support.

Yours sincerely



Peter Patrick Torre
Director and Company Secretary
Neo Resources Limited

EXPLANATORY STATEMENT

In relation to a scheme of arrangement between Neo and Scheme Participants

1. OVERVIEW

1.1 What is a Scheme of Arrangement?

A scheme of arrangement is an arrangement between a company and its members (and in some cases its creditors or option holders) which by law, binds the members to a form of rearrangement of their rights and obligations arising in respect of the company.

A scheme of arrangement may be used to effect a merger of two companies by which one company becomes a subsidiary of the other.

In order to be implemented, a scheme must be voted on and approved by the members of the company, or option holders, as the case may be, and then approved by the Court.

1.2 Purpose of the Scheme Booklet

This Scheme Booklet is required by Part 5.1 of the Corporations Act in relation to the Scheme. The purpose of this Scheme Booklet is to explain the terms of the Scheme, the manner in which the Scheme will be considered and implemented (if approved) and to provide such information as is prescribed or is otherwise material to the decision of a Scheme Participant whether or not to vote in favour of the Scheme.

1.3 Key features of the Merger Proposal

The Merger Proposal

On 26 April 2013, Perpetual and Neo announced to the ASX that they had entered into the Merger Implementation Agreement pursuant to which Perpetual will acquire all Neo Shares on issue in consideration for the issue of the Scheme Consideration to Scheme Participants.

In addition, as conditions precedent to the Scheme, the Neo Convertible Note Agreement will be novated from Neo to Perpetual and the Neo Convertible Notes will be amended so that they convert into Perpetual Shares, and all Neo Options on issue which have not been exercised prior to the Record Date will be cancelled for no consideration.

Under the Scheme, Scheme Participants will receive one (1) New Perpetual Share for every four (4) Neo Shares held on the Record Date.

Information on Perpetual

Perpetual's principal activity is mining exploration with a dual strategy of developing an existing coal project in Indonesia and identifying further potential project acquisitions of mining tenements or licences for exploration. Further information on Perpetual is contained in Section 7 of this Scheme Booklet.

Information on the Merged Group

The effect of the Scheme is that Neo will become a wholly-owned subsidiary of Perpetual. Immediately following implementation of the Scheme, Neo Shareholders will acquire approximately 25.24% of Perpetual's issued share capital.¹

The Merged Group's principal assets will comprise:

- (a) Perpetual, SWER, and SWER's assets, being its rights, via the SWER Mining Agreement with PT Atoz to a coal mining and exploration tenement in West Sumatra, Indonesia known as the Atoz Project; and
- (b) Neo and its assets, being its interests under the WTGP JV Agreement with Oroya pursuant to which it has earned up to a 70% interest in Wiagdon Thrust Gold Project in New South Wales, Australia.

The Merged Group's board of directors will comprise:

- (a) Mr Mark Victor Caruso who has been nominated by Neo;
- (b) Mr Colin Ross Hastings who is currently a director of Neo and has been nominated by Neo;
- (c) Mr Eric Jiang who is currently a director of Perpetual; and
- (d) Mr George Karafotias who is currently a director of Perpetual.

Further information on the Merged Group is contained in Sections 3 and 9 of this Scheme Booklet.

Conditions and termination

The Merger will be implemented by scheme of arrangement which will require approval by the Federal Court of Australia.

Implementation of the Scheme is subject to a number of conditions which are set out in the Merger Implementation Agreement. Refer to Section 4.2 for a summary of the conditions and Appendix 1 of the Scheme Booklet for a full copy of the Merger Implementation Agreement.

Scheme Meeting

The Scheme Meeting will be held at 9:00am (Perth time) on 19 August 2013 at BDO, 38 Station Street, Subiaco, Western Australia 6008. Neo Shareholders can either vote in person at the Scheme Meeting or complete and return the enclosed proxy form to be received by no later than 9:00am (Perth time) on 17 August 2013.

The Notice convening the Scheme Meeting is included in this Scheme Booklet as Appendix 4.

¹ Based on the issued capital of Perpetual and Neo as at 15 July 2013. This percentage may change if Perpetual issues additional Perpetual Shares (including due to the exercise of Perpetual Options, Neo Options or Neo Convertible Notes) before implementation of the Scheme. This amount does not include any New Perpetual Shares which may be issued upon conversion of the Neo Convertible Notes. Refer to Section 2.1 for further details.

1.4 Questions and Answers

This section answers some basic questions you may have about the Scheme. The information is a summary only and should be read in conjunction with the entire Scheme Booklet.

PROPOSED TRANSACTION

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| Why have I received this Scheme Booklet? | This Scheme Booklet has been sent to you because you are a Neo Shareholder. The purpose of the Scheme Booklet is to explain the terms of the Merger Proposal between Perpetual and Neo, the manner in which the Merger will be considered and implemented and to assist you in making a decision whether or not to approve the Scheme at the Scheme Meeting. |
| What is the proposed transaction? | <p>The proposed transaction involves a merger between Neo and Perpetual to be effected by scheme of arrangement under Part 5.1 of the Corporations Act. Under the Scheme, Perpetual will acquire all Neo Shares on issue in consideration for the issue of the Scheme Consideration to Scheme Participants.</p> <p>In addition, as a conditions precedent to the Scheme, the Neo Convertible Note Agreement will be novated from Neo to Perpetual and the Neo Convertible Notes will be amended so that they convert into Perpetual Shares and all Neo Options which are not exercised prior to the Record Date will be cancelled for no consideration.</p> <p>Further details on the proposed Merger are set out in Section 1.3 above.</p> |
| What is the effect of approving the Scheme? | If the Scheme is approved by the requisite majorities at the Scheme Meeting and subsequently approved by the Court, the merger of Neo and Perpetual will be implemented. |

SCHEME CONSIDERATION

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| What will I receive if the Scheme is implemented? | <p>If the Scheme is implemented, Scheme Participants will receive the Scheme Consideration.</p> <p>The Scheme Consideration comprises New Perpetual Shares. Each Scheme Participant will receive one (1) New Perpetual Share for every four (4) Neo Shares held on the Record Date.</p> |
| How will fractional entitlements be treated? | Fractional entitlements to Scheme Consideration will be rounded down to the nearest whole number of New Perpetual Shares. |

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| <p>If the Scheme is implemented, when will I receive the Scheme Consideration?</p> | <p>If the Scheme is approved by the requisite majorities at the Scheme Meeting and subsequently approved by the Court, the Scheme Consideration will be issued to Scheme Participants on the Merger Implementation Date, which is expected to be 12 September 2013.</p> <p>You should be aware that if the Scheme Meeting is adjourned or the Merger Implementation Date is otherwise delayed, the timing of the payment of the Scheme Consideration will also be delayed.</p> |
| <p>What are the tax implications of the Scheme?</p> | <p>Neo Shareholders are referred to Section 8 of this Scheme Booklet for an overview of the tax implications of the Scheme.</p> |
| <p>Will I have to pay brokerage fees or duty in relation to the Scheme?</p> | <p>Unless you are an Ineligible Foreign Shareholder, you will not have to pay brokerage fees or duty in connection with the issue of the Scheme Consideration.</p> <p>Ineligible Foreign Shareholders will have some brokerage costs deducted from the proceeds of the sale of their Scheme Consideration under the nominee sale process (refer to Section 4.11 for further information).</p> |

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| <p>What is the value of the Scheme Consideration compared to the value of my Neo Shares?</p> | <p><i>Independent Expert Valuation</i></p> <p>The Scheme Consideration will comprise one (1) New Perpetual Share for every four (4) Neo Shares held at the Record Date.</p> <p>The Independent Expert has assessed the value of each Neo Share on a net asset backing basis to be in the range of 3.1 cents to 4.1 cents, with a preferred value of 3.7 cents, at the date of the Independent Expert's Report.</p> <p>It has assessed the value of the Scheme Consideration on a net asset basis, concluding that one (1) New Perpetual Share, on a net asset backing basis, to be in the range of 7.8 cents to 30.9 cents, with a preferred value of 15.8 cents, as at the date of its report and after applying the ratio for the Scheme Consideration to be in the range of 2.0 cents to 7.7 cents with a preferred value of 4.0 cents for each New Perpetual Share (see section 9.2.2 of the Independent Expert's Report). On this basis, Neo Shareholders are receiving a premium of 88% on the high end of the range, a premium of 8% at the preferred value and a discount of 35% at the low end of the range.</p> <p>The Independent Expert has also assessed the value of the Scheme Consideration on the basis of each Neo Share having a fair value range for a Neo Shares on a 100% controlling interest basis to the fair value of a New Perpetual Shares under the market approach based on Perpetual's share trading price up to before the Scheme was announced, concluding one (1) New Perpetual Share to be valued at 21.5 cents, as at the date of its report and after applying the ratio for the Scheme Consideration to be valued at 5.4 cents (see section 9.2.3 of the Independent Expert's Report). On this basis, Neo Shareholders are receiving a premium in the range of 32% to 74%. However, the Independent Expert noted that due to the low liquidity of Perpetual Shares the trading price may not be reflective of the fair value.</p> <p>It should be noted that the value of Neo Shares adopted by the Independent Expert reflects the business affairs of Neo as at the date of the Independent Expert's Report, that being 16 July 2013.</p> |
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SCHEME MEETING

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| What am I being asked to vote on? | As a Neo Shareholder, you are being asked to vote on the Scheme at the Scheme Meeting. |
| Am I entitled to vote? | Neo Shareholders who are registered on the Register at 9:00am (Perth time) on 17 August 2013 are entitled to vote at the Scheme Meeting. |
| Do I have to vote? | Voting is not compulsory, however, the Neo Directors believe that the Scheme is important to all Neo Shareholders and your vote is important. If the Scheme is approved by the requisite majorities of Scheme Participants and the Court, you will be bound to participate, whether or not you voted or voted in favour of or against the Scheme. |
| How do I vote? | You may vote in person by attending the relevant Scheme Meeting, by proxy by completing and lodging the relevant proxy form enclosed with this Scheme Booklet, or in the case of a corporate Neo Shareholder, by a corporate representative. Further details on how to vote are set out in the notice of meeting forming part of this Scheme Booklet as Appendix 4. |
| What do the Neo Directors recommend? | The Neo Directors unanimously recommend that, in the absence of a Superior Proposal, Neo Shareholders vote in favour of the Scheme. |
| How will the members of the Neo Board be voting? | Each Neo Director intends, in the absence of a Superior Proposal, to vote in favour of the Scheme in respect of the Neo Shares over which they have voting control. |
| What is the Independent Expert's conclusion? | The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Neo Shareholders. The Independent Expert's Report in relation to the Scheme is included as Appendix 5 to this Scheme Booklet. |
| Why should I vote in favour of the Scheme? | Reasons to vote in favour of the Scheme are set out in Section 5.2. |
| Why might I consider not voting in favour of the Scheme? | Reasons to consider not voting in favour of the Scheme are set out in Section 5.4. |
| What happens if I do not vote, or I vote against the Scheme? | If you do not vote or you vote against the Scheme, the Scheme may still be implemented if the Scheme is approved by the requisite majorities at the Scheme Meeting and is subsequently approved by the Court. In those circumstances, you will be bound by the Scheme even though you have not voted or have voted against the Scheme. |

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| <p>What voting majorities are required to approve the Scheme?</p> | <p>For the Scheme to be implemented, it must be approved by:</p> <ul style="list-style-type: none"> • a majority of Neo Shareholders in number (i.e. more than 50%) who attend and vote at the Scheme Meeting (in person or by proxy or representative); and • at least 75% of the total number of the Neo Shares voted at the Scheme Meeting. |
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ADDITIONAL INFORMATION

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| <p>Is the Scheme subject to any conditions precedent?</p> | <p>In addition to the approval of Neo Shareholders and the Court, implementation of the Scheme is conditional on the satisfaction or waiver of a number of other conditions precedent. Refer to Section 4.2 for a summary of the conditions and Appendix 1 of the Scheme Booklet for a full copy of the Merger Implementation Agreement.</p> |
| <p>What happens if the Scheme is not implemented?</p> | <p>If the Scheme is not implemented, Scheme Participants will not receive the Scheme Consideration from Perpetual and existing Neo Shareholders will retain their Neo Shares.</p> <p>In that event, Neo would continue to operate as it currently does and would not have any new connection with Perpetual. In this case, the benefits of the Scheme described in Section 5.2 of this Scheme Booklet will not be realised.</p> |
| <p>When will the Scheme become effective?</p> | <p>Subject to satisfaction or waiver of the conditions precedent to the Merger Implementation Agreement and the Scheme being approved by the Court and the required majorities of Neo Shareholders, the Scheme will become effective on the Effective Date which is expected to be 12 September 2013. This is the date on which the Court orders approving the Scheme are expected to be lodged with ASIC.</p> |
| <p>Where can I get further information?</p> | <p>If after reading this Scheme Booklet you have any questions regarding the proxy forms or the Scheme Meeting, please call the Scheme Information Line on 1300 850 505 during business hours.</p> <p>If you are in any doubt about anything in this Scheme Booklet, please contact your legal, financial, taxation or other professional adviser.</p> |

1.5 Deemed warranties

Neo Shareholders' attention is drawn to the warranties that Scheme Participants will be deemed to have given, if the Scheme takes effect, in clause 8.3 of the Scheme.

1.6 Privacy statement

Personal information may be collected by Perpetual and Neo in the process of implementing the Scheme. This information may include the name, contact details and shareholdings of Scheme Participants and the names of individuals appointed to act as proxies or corporate representatives by Scheme Participants at a Scheme Meeting. The primary purpose for collecting this personal information is to assist Perpetual and Neo conduct the Scheme Meeting and implement the Scheme.

All personal information collected may be disclosed to Perpetual and Neo's respective share registries, advisers, print and mail service providers and related bodies to the extent necessary to effect the Scheme.

The collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. Scheme Participants are entitled under Section 173 of the Corporations Act to inspect and obtain copies of personal information collected. Scheme Participants should contact Neo in the first instance if they wish to access their personal information. Scheme Participants should inform their personal representatives, proxy or attorney of these matters.

2. SUMMARY OF THE SCHEME

2.1 General

It is intended, subject to obtaining all necessary approvals from the Neo Shareholders and the Court that Neo undergo a reorganisation to be implemented by scheme of arrangement under Section 411 of the Corporations Act.

The scheme of arrangement comprises the Scheme in respect of the Neo Shares only. Subject to the implementation of the scheme of arrangement, it is proposed that the Neo Convertible Note Agreement will be novated from Neo to Perpetual and the Neo Convertible Notes will convert into Perpetual Shares, and Neo will by agreement with each Neo Optionholder, cancel each Neo Option which has not been exercised at the Record Date for no consideration.

If the Scheme obtains the necessary approvals and is subsequently implemented, Scheme Participants will receive the Scheme Consideration. Scheme Participants shall be issued one (1) New Perpetual Share for every four (4) Neo Shares held on the Record Date.

The Scheme will take effect, subject to obtaining all necessary approvals, on the Effective Date, which is expected to be 29 August 2013. This is the date on which the Court orders approving the Scheme are expected to be lodged with ASIC. The Merger will be implemented, and the Scheme Consideration issued to Scheme Participants under the Scheme, on the Merger Implementation Date, which is expected to be 12 September 2013.

This Scheme Booklet has been prepared pursuant to Section 412(1) of the Corporations Act to explain the effect of the proposed Scheme between Neo and the Scheme Participants. A copy of the Scheme is contained in Appendix 2 of this Scheme Booklet.

2.2 Effect of the Scheme

The Scheme operates as a statutory mechanism that, if duly approved, compels each Neo Shareholder holding Neo Shares on the Record Date (including those who do not vote on the Scheme or who vote against it) to:

- (a) appoint Neo to transfer all of the Neo Shares held by them to Perpetual free from all encumbrances in exchange for the issue to them of the relevant Scheme Consideration;
- (b) agree to cease to be a holder of, and to have any direct interest in, their Neo Shares in return for being issued the Scheme Consideration;
- (c) agree to any variation, cancellation or modification of the rights attaching to their Neo Shares constituted by or resulting from the Scheme;
- (d) agree to accept the issue to them of the New Perpetual Shares; and
- (e) agree to become a registered Perpetual Shareholder and to be bound by the Perpetual Constitution as in force from time to time in respect of the New Perpetual Shares.

2.3 Scheme Meeting

The Scheme must be approved by Neo Shareholders before it can be implemented. In this regard and in accordance with the order of the Court dated 16 July 2013, Neo will convene the Scheme Meeting, which will be held at 9:00am (Perth time) on 19 August 2013 at BDO, 38 Station Street, Subiaco, Western Australia 6008.

2.4 Entitlement to vote

Neo Shareholders who are registered on the Register at 9:00am (Perth time) on 17 August 2013 are entitled to vote at the Scheme Meeting.

Further details on how to vote at the Scheme Meeting are set out in the notice of meeting included as Appendix 4 to this Scheme Booklet.

2.5 Scheme voting threshold

For the Scheme to be implemented, it must be approved by a majority of Neo Shareholders in number (i.e. more than 50%) who attend and vote at the Scheme Meeting (in person or by proxy or representative) and by at least 75% of the total number of the Neo Shares voted at the Scheme Meeting.

2.6 Quotation of Scheme Consideration

Subject to ASX approval and Perpetual complying with its obligations under the Merger Implementation Agreement to apply for quotation, New Perpetual Shares will be quoted and freely tradeable on ASX, unless subject to trading restrictions imposed by ASX as set out in Section 2.15 of this Scheme Booklet.

Perpetual will apply within 7 days after the date of this Scheme Booklet for official quotation of the New Perpetual Shares to be issued on implementation of the Scheme. Trading in the New Perpetual Shares is expected to commence on a normal T+3 basis by the first Business Day after the Scheme Implementation Date (which is expected to be 12 September 2013). Subject to ASX approval, New Perpetual Shares are expected to commence trading on ASX on a deferred settlement basis on 17 September 2013.

The fact that ASX may grant official quotation to the New Perpetual Shares is not to be taken in any way as an indication of the merits of Perpetual or the New Perpetual Shares offered pursuant to the Scheme.

No New Perpetual Shares may be issued on the basis of this Scheme Booklet later than 13 months after the date of this Scheme Booklet.

It is the responsibility of each person who is a Scheme Participant to confirm their holding before trading in Perpetual Shares to avoid the risk of selling shares that they do not own. Any person who sells Perpetual Shares before they receive their holding statement or confirm their uncertificated holdings of Perpetual Shares does so at their own risk. To the maximum extent permitted by law, Neo and Perpetual disclaim all liability to persons who trade New Perpetual Shares receiving their holding statements or confirming their uncertificated holdings.

2.7 Conditions of the Scheme

A number of conditions need to be satisfied (or waived) by Neo and/or Perpetual before the Scheme can be implemented. In particular, the Scheme is subject to the required majority of Neo Shareholders approving the Scheme at the Scheme Meeting and the approval of the Court. Refer to Section 4.2 for a summary of the conditions and Appendix 1 of the Scheme Booklet for a full copy of the Merger Implementation Agreement.

2.8 Implementation of the Scheme

Details of the process by which the Scheme is proposed to be implemented, including obtaining the approval of the Court, are summarised in Section 4 of this Scheme Booklet.

2.9 Neo Directors' recommendation

The Neo Directors unanimously recommend that Neo Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal.

The matters considered by the Neo Directors in making this recommendation are set out in Section 5 of this Scheme Booklet.

The Neo Directors advise that they intend to vote all the Neo Shares over which they have voting control in favour of the Scheme, in the absence of a Superior Proposal.

2.10 Independent Expert's Report

The Neo Board has commissioned the Independent Expert to prepare an independent expert's report on the merits of the Scheme. After considering various advantages and disadvantages, the Independent Expert has concluded that the Scheme is fair and reasonable and is in the best interests of Neo Shareholders.

The Independent Expert's Report in relation to the Scheme is included as Appendix 5 to this Scheme Booklet.

2.11 Scheme Consideration

Under the Scheme, Scheme Participants will receive one (1) New Perpetual Share for every four (4) Neo Shares held on the Record Date.

2.12 Scheme Consideration issue date

If the Scheme is approved by Neo Shareholders and the Court, the Scheme Consideration will be issued to Scheme Participants on the Merger Implementation Date, which is expected to be 12 September 2013.

Neo Shareholders should be aware that if the Scheme Meeting is adjourned or the Merger Implementation Date is otherwise delayed, the timing of the issue of the Scheme Consideration will also be delayed.

2.13 Issue of holding statements

Holding statements for New Perpetual Shares will be sent to Scheme Participants on 16 September 2013 by prepaid post at their respective addresses as shown in

the Register. If a Scheme Participant wishes to change the address to which the holding statement will be sent, they must change their address on the Register prior to the Record Date.

2.14 Terms of New Perpetual Shares

The New Perpetual Shares to be allotted pursuant to the Scheme will be Perpetual Shares, with effect from their date of issue, will rank equally in all respects with the existing Perpetual Shares. A summary of the rights attaching to New Perpetual Shares is contained in Section 1.1 of this Scheme Booklet.

2.15 ASX trading restrictions on New Perpetual Shares

Neither Neo nor Perpetual is aware of any trading restrictions which may be imposed by the ASX on New Perpetual Shares held after completion of the Merger by present Neo Shareholders.

2.16 Ineligible Foreign Shareholders

Ineligible Foreign Shareholders should refer to Section 4.11 of the Scheme Booklet.

2.17 Questions

If after reading this Scheme Booklet you have any questions regarding the proxy forms or the Scheme Meeting, please call the Scheme Information Line on 1300 850 505 during business hours.

If you are in any doubt about anything in this Scheme Booklet, please contact your legal, financial, taxation or other professional adviser.

3. REASONS FOR THE SCHEME AND OVERVIEW OF THE MERGED GROUP

3.1 Overview of the Merger

The effect of the Merger is that Neo will become a wholly-owned subsidiary of Perpetual as a result of Perpetual holding all the Neo Shares on issue.

The Merger is subject to, amongst other things, obtaining all necessary approvals, including those from Neo Shareholders and the Court, as well as completing various transactions to novate and amend the Convertible Note and to cancel the Neo Options. Refer to Section 4.2 for a summary of the conditions precedent and Appendix 1 of the Scheme Booklet for a full copy of the Merger Implementation Agreement. All such approvals and transactions are interrelated and conditional on each other. In other words, should such approvals not be granted for any part of the proposed transactions as envisaged, the Merger may not proceed.

The Neo Directors recommend that Neo Shareholders vote in favour of the Scheme and approve the proposed Merger with Perpetual, in the absence of a Superior Proposal. In making this recommendation, the Neo Directors have had regard to:

- (a) the considerations set out in Section 5; and
- (b) the conclusions of the Independent Expert.

3.2 Summary of the benefits of the Merger

The Neo Directors believe that significant benefits will flow from the Merger. These benefits primarily include:

- (a) potential for improved access to additional capital for the advancement of the Wiagdon Thrust Gold Project;
- (b) greater market capitalisation and enhanced liquidity;
- (c) a greater platform for expansion; and
- (d) opportunity to realise cost savings through a reduction in corporate and administration overheads.

The advantages of the Merger Proposal are set out in more detail in Sections 5.2 and 5.3 of this Scheme Booklet. There are also a number of potential disadvantages of the Merger Proposal. These potential disadvantages are set out in Section 5.4 of this Scheme Booklet.

3.3 Board of directors of the Merged Group

Upon the implementation of the Scheme, it is proposed that the board of directors of the Merged Group will comprise two members of the current Perpetual Board, one member of the current Neo Board and one director recommended by Neo as identified in Section 1.3 of this Scheme Booklet.

Background details and qualifications of the current Neo Board and Perpetual Board as well as the Neo nominee to the Perpetual Board are set out in Sections 6.7 and 7.7 of this Scheme Booklet.

3.4 Future direction of the Merged Group

The Merged Group will continue to pursue the development of the combined assets of Neo and Perpetual, including:

- (a) implementing Perpetual's dual strategy of developing its existing coal project in Indonesia, the Atoz Project, and identifying further potential acquisitions of tenements for exploration to complement the Atoz Project; and
- (b) to advance further exploration on the Wiagdon Thrust Gold Project to target large tonnage, disseminated gold and gold-base metal deposits, comparable to currently operating large projects in New South Wales and Victoria.

3.5 Intentions for the business, assets and employees of Neo

This Section sets out the intentions of Neo, Perpetual and the proposed directors of the Merged Group in relation to:

- (a) the continuation of the business of Neo;
- (b) any major change to the business of Neo and any redeployment of the fixed assets of Neo; and
- (c) the future employment of the present employees of Neo,

in circumstances where the Scheme is implemented.

These statements of intention are based on the information concerning Neo and the general business environment which is known to Neo, Perpetual and the proposed directors of the Merged Group at the time of preparation of this Scheme Booklet. Accordingly, the statements set out in this Section 3.5 are statements of Neo, Perpetual and the proposed directors of the Merged Group in respect of their present intentions only and these intentions may change as new information becomes available or as circumstances change.

(a) **Board of directors**

The Merged Group's board of directors will comprise:

- (i) Mr Mark Victor Caruso who has been nominated by Neo;
- (ii) Mr Colin Ross Hastings who is currently a director of Neo and has been nominated by Neo;
- (iii) Mr Eric Jiang who is currently a director of Perpetual; and
- (iv) Mr George Karafotias who is currently a director of Perpetual.

Profiles of the directors and the proposed directors of the Merged Group are included in Sections 6.7 and 7.7 of the Scheme Booklet.

(b) **Business continuity**

The directors and proposed directors of the Merged Group do not have any present intention to:

- (i) alter the continuation of the business of Neo or transfer any undertaking or any part of an undertaking of Neo; or
 - (ii) make any major changes to the business of Neo, including any redeployment of the fixed assets of Neo.
- (c) **Future employment**

The directors and proposed directors of the Merged Group do not have any present intention to alter the continuation of the current employees of Neo or the terms on which they are engaged.

3.6 Financial Forecasts

The Neo Board believes that it does not have a reasonable basis to provide an earnings forecast for the Merged Group. Accordingly, Neo believes that the inclusion of financial forecasts for the Merged Group would be unduly speculative and potentially misleading and has declined to include financial forecasts in this Scheme Booklet.

3.7 Pro forma Consolidated Net Assets of the Merged Group

Basis of preparation

The pro forma statement of net assets included in this section has been prepared in accordance with the recognition and measurement principles of Australian International Reporting Standards (**AIFRS**). The pro forma is presented in an abbreviated form and consequently does not comply with all the presentation and disclosure requirements of AIFRS and the Corporations Act.

Acquisition accounting

AASB 3 Business Combinations (**AASB 3**) requires that all business combinations are accounted for using the purchase method. This involves assigning fair values at the settlement date to the identifiable assets, liabilities and contingent liabilities, including intangible assets assumed.

A formal analysis of the fair value of the net assets acquired will be performed post completion of the Merger. Perpetual is permitted to adjust the assessment of fair values up to 12 months following the settlement date of the Merger with the amounts being classified as provisional during any interim reporting period. Any adjustments to these fair values will likely have an equal and opposite impact on the value recorded for deferred exploration and evaluation costs. Accordingly, any such adjustments will likely have no impact on the aggregate net assets of Perpetual but could have an impact on any potential depreciation and amortisation charges in future financial periods.

Pro forma Statement of Net Assets

Outlined below is an unaudited statement of net assets of Neo as at 30 April 2013 together with pro forma adjustments which reflect a pro forma statement of net assets of the Merged Group as at 30 April 2013.

| | Neo 30 April 2013 \$ | Perpetual 30 April 2013 \$ | Adjustments \$ | Pro Forma 30 April 2013 \$ | Notes |
|--|-------------------------------|-------------------------------------|-------------------|-------------------------------------|-------|
| Assets | | | | | |
| Current Assets | | | | | |
| Cash and Cash Equivalents | 154,296 | 1,873,753 | | 2,028,049 | |
| Trade and Other Receivables | 10,885 | 46,608 | | 57,493 | |
| Other Current Assets | 12,860 | 0 | | 12,860 | |
| Total Current Assets | 178,041 | 1,920,360 | | 2,098,401 | |
| Non-Current Assets | | | | | |
| Exploration and Evaluation Expenditure | 2,102,985 | 1,000,000 | 1,597,015 | 4,700,000 | (a) |
| Property Plant and Equipment | 406 | 0 | | 406 | |
| Total Non-Current Assets | 2,103,391 | 1,000,000 | | 4,700,406 | |
| Total Assets | 2,281,432 | 2,920,360 | | 6,798,808 | |
| Liabilities | | | | | |
| Current Liabilities | | | | | |
| Trade and other payables | 456,665 | 12,826 | | 469,492 | |
| Borrowings | 673,975 | 0 | -630,000 | 43,975 | (b) |
| Other Liabilities | 15,251 | 0 | | 15,251 | |
| Total Current Liabilities | 1,145,891 | 12,826 | | 528,718 | |
| Total Liabilities | 1,145,891 | 12,826 | | 528,718 | |
| Net Assets | 1,135,541 | 2,907,534 | | 6,270,090 | |
| Equity | | | | | |
| Contributed Equity | 11,604,149 | 3,329,000 | -7,611,593 | 7,321,556 | (c) |
| Reserves | 574,027 | 0 | -574,027 | 0 | (c) |
| Accumulated Losses | -11,042,635 | -421,466 | 10,412,635 | -1,051,466 | (c) |
| Total Equity | 1,135,541 | 2,907,534 | | 6,270,090 | |

The pro forma statement of net assets reflects the following principal adjustments and assumptions:

- (a) To increase in Exploration and Evaluation Assets is a result of assigning a fair value of this asset using the independent valuation of Al Maynard & Associates in the acquisition accounting entries. At section 6 of the Independent Technical Report the Independent Technical Expert concluded that as at 24 June 2013, the cash value for Neo's 70% shares in the WTJV has a preferred value of approximately A\$3.7 million within

the range of A\$3.3 million to A\$4.1 million. An adjustment of \$1,597,015 was added to the value ascribed by Neo to its assets in its unaudited statement of net assets as at 30 April 2013 to bring the value of Neo's assets included in the pro forma accounts (included above) to \$3,700,000. Further detail as to how the Independent Technical Expert arrived at the preferred value of Neo's assets is set out in section 5 of the Independent Technical Report.

- (b) The conversion of the Convertible Notes pursuant to the agreement between Neo, Regional Management and Perpetual to give effect condition 3.1(l) of the Merger Implementation Deed that requires that following implementation of the Scheme, the Neo Convertible Note Agreement will be novated from Neo to Perpetual and will be amended so that the Neo Convertible Notes will be converted into 3,150,000 Perpetual Shares.
- (c) The elimination of entries on the consolidation of Neo into Perpetual.

Other than the adjustments set out above, the pro forma balances at 30 April 2013 are not adjusted for operating receipts and payments for either company.

Other than as set out above in the pro forma adjustments, the Neo Directors are not aware of any material change to the financial position of Neo between 30 April 2013 and the date of this Scheme Booklet.

The Independent Expert has been provided with this information for use in the Independent Expert's Report included in Appendix 5 of this Scheme Booklet.

3.8 Top 10 Shareholders of the Merged Group

Based on the Neo Shareholders and Perpetual Shareholders as at 15 July 2013, following completion of the Merger, the top 10 shareholders of the Merged Group are expected to be as follows:

| Shareholder Name | Number of Perpetual Shares | Percentage Shareholding |
|--|----------------------------|-------------------------|
| Blue Mountain Investments Pty Ltd | 8,000,000 | 13.54 |
| BCPC Pty Ltd | 7,500,000 | 12.70 |
| SW Energy Resources Pte Ltd | 5,000,000 | 8.46 |
| Regional Management Pty Ltd ¹ | 3,775,000 | 6.39 |
| HYH Resources Co Pty Ltd | 3,333,333 | 5.64 |
| George Karafotias | 2,040,000 | 3.45 |
| Eric Jiang | 2,000,000 | 3.39 |
| Mineral Commodities Limited | 1,750,000 | 2.96 |
| Ross Stanley & Carolyn Ann Sutherland | 1,250,000 | 2.12 |
| Ashley Wayne Kelly | 1,050,000 | 1.78 |
| Total | 35,698,333 | 60.43 |

Notes:

1. Regional Management is controlled by Mark Victor Caruso a proposed director of the Merged Group if the Scheme is implemented. If the Scheme is implemented Mr Caruso will also be entitled to receive 100,000 New Perpetual Shares in respect of the Neo Shares he holds directly and 459,375 in respect of the Neo Shares he holds indirectly through Zurich Bay Holdings as at the date of this Scheme Booklet.

3.9 Capital Structure of the Merged Group

The capital structure of the Merged Group based on the number of Perpetual Securities and Neo Securities on issue as at 15 July 2013 is outlined as follows:

| | Perpetual Shares | Perpetual Options | Perpetual Convertible Notes³ |
|--|-------------------------|--------------------------|--|
| Number of Perpetual Securities on issue as at 15 July 2013 | 41,805,000 | Nil | Nil |
| Number of New Perpetual Shares to be issued as Scheme Consideration ¹ | 14,113,147 | Nil | Nil |
| Number of Perpetual Shares which may be issued if the Convertible Note is converted ² | 3,150,000 | Nil | Nil |
| Number of Perpetual Securities on issue in the Merged Group post completion of Merger | 59,068,147 | Nil | Nil |

Notes:

1. Assuming no Neo Options or Neo Convertible Notes are exercised prior to the Record Date.
2. Immediately following implementation of the Scheme, the Neo Convertible Note Agreement will be novated from Neo to Perpetual and will be amended so that the Neo Convertible Notes will be converted into 3,150,000 Perpetual Shares.
3. Prior to the Neo Convertible Notes being converted (but after it is novated and amended as set out in note 3), Perpetual will have 630,000 Neo Convertible Notes on issue.

4. IMPLEMENTATION OF THE SCHEME

4.1 Merger Implementation Agreement, Scheme and Deed Poll

On 26 April 2013, Neo and Perpetual entered into the Merger Implementation Agreement. A copy of the Merger Implementation Agreement is included in this Scheme Booklet at Appendix 1 and a summary of the material terms of the Merger Implementation Agreement is contained below in Section 4.2.

The detailed terms of the Scheme are set out in the Scheme of Arrangement in Appendix 2 of this Scheme Booklet.

In support of its obligations under the Merger Implementation Agreement, Perpetual has executed the Deed Poll in favour of Scheme Participants under which it has agreed to perform its obligations under the Merger Implementation Agreement and the matters contemplated by the Scheme. A copy of the Deed Poll is included in Appendix 3 of this Scheme Booklet.

4.2 Summary of terms of the Merger Implementation Agreement

This is a summary only of the key terms to the Merger Implementation Agreement executed by Neo and Perpetual. The complete Merger Implementation Agreement is included in this Scheme Booklet at Appendix 1. Defined terms have the same meaning as in the Merger Implementation Agreement.

Conditions Precedent

Implementation of the Scheme is subject to a number of conditions precedent, which remain to be satisfied at the date of this Scheme Booklet.

The obligations of Perpetual to issue the Scheme Consideration and to otherwise give effect to the transactions contemplated by the Merger Implementation Agreement are subject to each of the following conditions precedent having been satisfied or waived.

| | Conditions precedent |
|-----|---|
| (a) | Regulatory Approvals: ASIC and the ASX issue or provide any consents or approvals or do other acts necessary or desirable to implement the transactions contemplated by clause 4 of the Merger Implementation Agreement (in so far as that clause relates to the Scheme), including ASIC issuing a letter relating to the Scheme in accordance with section 411(17)(b) of the Corporations Act, before 5.00pm on the day before the Second Court Date. |
| (b) | (i) Neo Shareholder approval: Neo Shareholders approve the Scheme at the Scheme Meeting by the requisite majorities under the Corporations Act. (ii) Perpetual Shareholder Approval: Perpetual Shareholders approve the Transaction for the purposes of ASX Listing Rule 11.1.2. |
| (c) | Court approval: The Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act. |
| (d) | Restraints: No temporary restraining order, preliminary or |

| | Conditions precedent |
|-----|--|
| | permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the Scheme is in effect at 5.00pm on the day before the Second Court Date. |
| (e) | Material Adverse Change: No Material Adverse Change occurs, or is discovered, announced, disclosed or otherwise becomes known to Perpetual between the date of the Merger Implementation Agreement and 5.00 pm on the day before the Second Court Date. |
| (f) | Prescribed Occurrence and breach of obligations: (i) No Prescribed Occurrence has occurred; and (ii) Neo is not in breach, in any material respect, of its obligations under the Merger Implementation Agreement, at 5.00pm on the day before the Scheme Meeting and at 5.00pm on the day before the Second Court Date. |
| (g) | Neo's representations and warranties: The representations and warranties of Neo set out in the Merger Implementation Agreement that are qualified as to materiality are true and correct, and the representations of Neo set out in the Merger Implementation Agreement that are not so qualified are true and correct in all material respects, in each case as of the date of the Merger Implementation Agreement and as at 5.00pm on the day before the Second Court Date as though made on and as of that time, except to the extent any such representation or warranty expressly relates to an earlier date (in which case, as of that date). |
| (h) | Continuous disclosure: Between the date of the Merger Implementation Agreement and 5.00pm on the day before the Second Court Date, Perpetual does not become aware of any matter, event, action or circumstance: (i) which is materially adverse in relation to Neo or its Related Bodies Corporate; (ii) in respect of which Neo has not complied with its disclosure obligations under Listing Rule 3.1 at any time; and (iii) which was not previously disclosed to Perpetual. |
| (i) | Independent Expert recommendation: The Independent Expert opines that the Scheme is in the best interests of Neo Shareholders (and does not change such opinion prior to the Second Court Date). |
| (j) | Directors' recommendation: Between the date of the Merger Implementation Agreement and the Scheme Meeting, the directors of Neo do not change or withdraw their recommendation to Neo Shareholders to vote in favour of the Scheme. |
| (k) | Cancellation of Neo Options: Neo enters into an agreement with each of the Neo Optionholders (on terms and conditions in all respects satisfactory to Perpetual) under which all of the |

| | Conditions precedent |
|-----|---|
| | Neo Options are cancelled in accordance with all applicable laws. |
| (l) | <p>Novation of the Neo Convertible Note Agreement: Neo, Perpetual and Regional Management enter into an agreement (on terms and conditions in all respects satisfactory to Perpetual) under which the parties agree:</p> <ul style="list-style-type: none"> (i) the Neo Convertible Note Agreement is novated from Neo to Perpetual; and (ii) the Convertible Note converts into 3,150,000 Perpetual Preference Shares, <p>with effect immediately after implementation of the Scheme.</p> |
| (m) | <p>Loan Advance: Neo and Perpetual enter into a facility agreement (on terms and conditions in all respects satisfactory to Perpetual) under which:</p> <ul style="list-style-type: none"> (i) Perpetual will provide Neo a cash advance of up to \$350,000 (Loan Advance); (ii) no interest accrues on the balance of the Loan Advance; (iii) the Loan Advance is secured by a charge over the assets of Neo; and (iv) if the Transaction does not proceed for any reason whatsoever, Neo must repay within 60 Business Days of the termination of the Merger Implementation Agreement the full balance of the Loan Advance plus interest accrued. |

On 1 July 2013 Neo has entered into an agreement with the holder of the Options, Mr Spero Carras and Ms Evelyn Carras <Carras Investment Account>, for the cancellation of the Neo Options on issue (**Option Cancellation Agreement**). Under the terms of the Option Cancellation Agreement the Options will be cancelled for no consideration in satisfaction of the condition precedent referred to at paragraph (k) above. The Option Cancellation Agreement is subject to the Scheme becoming Effective.

On 1 July 2013 Neo, Perpetual, and Regional Management entered into a deed of novation and variation in respect of the Convertible Note Agreement (**Novation and Variation Deed**). Under the terms of the Novation and Variation Deed, Neo's rights and obligations under the Convertible Note Agreement were transferred to Perpetual and Perpetual agreed, upon conversion of the Neo Convertible Notes, to issue Regional Management 3,150,000 shares in Perpetual valued at \$0.20 per share, that is, \$630,000 in satisfaction of the condition precedent referred to at paragraph (l) above. The Novation and Variation Deed is subject to the Scheme becoming Effective.

On 1 July 2013 Neo and Perpetual entered into a loan agreement and general security deed in connection with the Loan Advance to be provided to Neo in accordance with the condition precedent referred to at paragraph (m) above.

Termination

If:

- (a) an event occurs which would prevent any of the conditions precedent being satisfied; or
- (b) there is an occurrence that is reasonably likely to prevent a condition precedent being satisfied by the date specified in the Merger Implementation Agreement for its satisfaction (except as the result of a deliberate action of Neo),

Neo and Perpetual are required to consult in good faith to resolve the matter. If, following consultation, the parties are unable to reach agreement, then, unless the condition precedent is waived, either party may terminate the Merger Implementation Agreement without any liability to the other party because of that termination, unless the relevant occurrence or the failure of the condition precedent to be satisfied, or failure of the Scheme to become Effective, arises out of a breach by the terminating party of its obligations to implement the Scheme as set out in the Merger Implementation Agreement or use their best endeavours to procure the satisfaction of the condition precedent.

In addition, either party may terminate the Merger Implementation Agreement by written notice to the other party at any time before 5.00pm on the day before the Second Court Date if:

- (a) the other party is in material breach of any provision of the Merger Implementation Agreement (including any material breach of the representations and warranties given by that other party), the party wishing to terminate has given written notice to the other party setting out the relevant circumstances and stating an intention to terminate, and the relevant circumstances continue to exist 5 Business Days (or any shorter period ending at 5.00pm on the day before the Second Court Date) from the time the notice is given; or
- (b) a Court or Government Agency has taken any action permanently restraining or otherwise prohibiting the Transaction, or has refused to do anything necessary to permit the Transaction, and the action or refusal has become final and cannot be appealed.

If the Merger Implementation Agreement is terminated by either Neo or Perpetual upon any of the grounds outlined above, except to the extent that the termination results from a breach by either party of its obligations under the Merger Implementation Agreement, the Merger Implementation Agreement will become void and have no effect, without any liability or obligation on the part of Neo or Perpetual, other than certain provisions relating to the survival of representations and indemnities, confidentiality, and duty, costs and expenses, which will remain in force after termination.

4.3 Status of conditions precedent

As at the date of this Scheme Booklet, Neo is not aware of any circumstances which would cause the conditions precedent for the Scheme not to be satisfied.

4.4 Implementation of the Scheme – procedural steps

The procedural steps for the implementation of the Scheme are set out in Sections 4.5 to 4.10 below.

4.5 Scheme Meeting

For the Scheme to take effect, Section 411(4) of the Corporations Act requires the Scheme be approved by a majority of Neo Shareholders in number (i.e. more than 50%) who attend and vote at the Scheme Meeting (in person or by proxy or representative) and by at least 75% of the votes that may be cast on the resolution by Neo Shareholders present and voting at the Scheme Meeting, either in person or by proxy or representative.

The Scheme Meeting will be convened by Neo in accordance with orders made by the Court. Details of the Scheme Meeting are contained in Section 2.

In the event Neo Shareholders approve the Scheme, the Scheme must also be approved by the Court in order to be implemented.

In the event Neo Shareholders do not approve the Scheme then Neo will not apply to the Court for any orders in connection with the implementation of the Scheme and the Scheme will not proceed.

4.6 Court approval

Neo will apply to the Court for orders approving the Scheme if:

- (a) the Scheme is approved by the requisite majorities of Neo Shareholders at the Scheme Meeting; and
- (b) all other conditions precedent to the implementation of the Scheme are satisfied or waived or will be satisfied or waived upon the orders of the Court.

The Court may refuse to grant the order approving the Scheme even if the Scheme is approved by the requisite majorities of Neo Shareholders.

If the Court refuses to make any order in connection with the Scheme, Neo will consider appealing the Court's decision, unless Perpetual and Neo agree otherwise or Neo's counsel indicates that, in his or her view, an appeal would more likely than not, be unsuccessful.

If the Court approves the Scheme, the Scheme will become binding on Perpetual, Neo and each Scheme Participant upon the Court making orders under section 411(4)(b) of the Corporations Act and those orders being lodged with ASIC.

4.7 Actions by Neo after Court approval

If the Court orders approving the Scheme are obtained, the Neo Directors will take or procure the taking of the steps required for the Scheme to be implemented. These will include the following:

- (a) Neo will lodge with ASIC a copy of the Court orders approving the Scheme under Section 411 of the Corporations Act and the Scheme will become Effective;

- (b) subject to the terms of the Scheme becoming Effective, Perpetual will issue the Scheme Consideration to each Scheme Participant on or before the Merger Implementation Date; and
- (c) subject to despatch of the Scheme Consideration to Scheme Participants, Neo will enter the name of Perpetual in the Register as the holder of all of the Neo Shares.

4.8 Effective Date

The Scheme will become Effective on the date upon which a copy of the orders of the Court under Section 411 of the Corporations Act approving the Scheme is lodged with ASIC.

If the Scheme becomes Effective, Neo will become bound to implement the Scheme in accordance with the Scheme's terms.

4.9 Record Date

For the purpose of establishing who are Scheme Participants, dealings in Neo Shares will be recognised provided that registrable transfers or transmission applications in respect of those dealings are received at or before 5:00 pm (WST) on the Record Date at the place where the Register is kept.

Subject to the provisions of the Neo Constitution, Neo must register transfers or transmission applications of the type referred to above by 5:00 pm (WST) on the Record Date. Neo will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Neo Shares received after 5:00 pm (WST) on the Record Date, other than a transfer to Perpetual in accordance with the Scheme.

For the purpose of determining entitlements to the Scheme Consideration, Neo will, until the Scheme Consideration has been issued in accordance with the Scheme, maintain the Register in accordance with the foregoing provisions of this Section, and the Register in this form will solely determine entitlements to the Scheme Consideration. As from 5:00 pm on the Record Date and subject to the issue of the Scheme Consideration by Perpetual and registration of the transfer of the Neo Shares to Perpetual, each entry current on the Register will cease to be of any effect other than as evidence of entitlement to the Scheme Consideration in respect of the Neo Shares relating to that entry.

4.10 End date

The Scheme will lapse and be of no further effect if the Scheme has not become Effective on or before 30 November 2013 or such later dates as Neo and Perpetual agree in writing.

4.11 Ineligible Foreign Shareholders

If you are an Ineligible Foreign Shareholder, you may not be able to receive New Perpetual Shares under the Scheme.

Restrictions in certain foreign countries make it impractical or unlawful for Perpetual to offer or for Neo Shareholders to receive New Perpetual Shares in those countries.

Accordingly, Perpetual is not issuing Scheme Consideration to Ineligible Foreign Shareholders, being a Scheme Participant whose address in the Register as at the Record Date is a place outside Australia and its external territories and New Zealand. The New Perpetual Shares which would otherwise be required to be issued to an Ineligible Foreign Shareholder will not be issued to the Ineligible Foreign Shareholder and will instead be issued to a Sale Agent appointed by Perpetual.

Perpetual will cause the Sale Agent to offer for sale on the open market within five Business Days after the Merger Implementation Date all of the New Perpetual Shares issued to the Sale Agent in such manner, at such price and on such other terms as the Sale Agent shall determine and to remit to Perpetual the proceeds of sale (after deducting brokerage, taxes and other costs of sale) **(Proceeds)**.

Perpetual will pay to each Ineligible Foreign Shareholder such fraction of the Proceeds as is equal to the number of New Perpetual Shares which would have been issued to the Ineligible Foreign Shareholder but for the application of this sale process divided by the total number of New Perpetual Shares issued to the Sale Agent.

Payment will be by cheque drawn in Australian dollars and dispatched to the relevant Ineligible Foreign Shareholder by ordinary mail to the address of the Ineligible Foreign Shareholder recorded in the Register on the Record Date.

5. SCHEME RECOMMENDATIONS AND ISSUES FOR CONSIDERATION

5.1 Neo Directors' recommendation

The Independent Expert has concluded that the Scheme is considered fair and reasonable and in the best interests of Neo Shareholders for the reasons set out in Section 5.2 and the Directors unanimously recommend that Neo Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal.

In reaching their recommendation, the Neo Directors have reviewed Neo's strategic alternatives for access to capital to progress the Wiagdon Thrust Gold Project and had regard to the matters set out in this Section 5.

Each member of the Neo Board intends to vote in favour of the Scheme in respect of the Neo Shares over which they have voting control, in the absence of a Superior Proposal.

5.2 Why the Merger Proposal should be implemented

(a) Additional capital for Wiagdon Thrust Gold Project

Perpetual has advanced to Neo the sum of \$350,000 to continue work on the Wiagdon Thrust Gold Project in the Lachlan Fold Belt in New South Wales as a loan. This advance will be secured against the assets of Neo and in the event that the Merger Proposal is not implemented, Neo is required to repay the advance to Perpetual together with any accrued interest.

The Merged Group will also be better placed to raise additional capital in the future and have the flexibility to allocate additional funds and resources to advance the Wiagdon Thrust Gold Project.

(b) Greater market capitalisation and enhanced liquidity

Neo Shareholders are expected to benefit from being a part of a larger listed company with a significantly greater market capitalisation and enhanced liquidity in the market.

(c) Platform for expansion

The business of the Merged Group going forward provides a solid platform for the funding and expansion of future exploration and development activities.

(d) Independent Expert's conclusion

The Independent Expert has been appointed by Neo to assess independently the merits of the Scheme. It has concluded that the Scheme is fair and reasonable and in the best interests of Neo Shareholders.

(e) Cost savings

There are expected to be some minor cost savings from the Merger, arising from the removal of duplication of effort in administering two corporate groups.

5.3 Independent Expert's conclusion

The Independent Expert has been appointed by Neo to prepare an independent expert's report on the merits of the Scheme. The Independent Expert has concluded that the Scheme is fair and reasonable and is in the best interests of Neo Shareholders.

The Independent Expert has also concluded that based on the range of fair values assessed for a Neo Share, it is unlikely that the optionholder would elect to exercise the Neo Options prior to the expiry date of those options. As such, the cancellation of the Neo Options for nil consideration appears reasonable and appears to be at arm's length.

Additionally, the Independent Expert has opined that there is minimal impact on the overall value of a share of the Merged Group, with or without the conversion of the Convertible Notes. Based on the information reviewed the Independent Expert has also advised that, the terms of the novation of the Convertible Notes appear to be at arm's length.

The Independent Expert's Report, which is included as Appendix 5 to this Scheme Booklet, should be read in its entirety.

5.4 Relevant considerations against the Merger Proposal

Although the Neo Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal, and the Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Neo Shareholders, there may be factors which may lead you to vote against the Scheme, including those set out below:

(a) **Disagreement with the conclusions and/or recommendation of the Neo Directors and/or the Independent Expert**

Neo Shareholders may hold a different view from, and are not obliged to follow the recommendation of, the Neo Directors, and may not agree with the Independent Expert's conclusions.

(b) **Expectation of a Superior Proposal**

You may consider that a third party may emerge with a Superior Proposal. Since announcement of the proposed Merger on 26 April 2013 and as of the date of this Scheme Booklet, no Superior Proposal has emerged and the Neo Board is not aware of any Superior Proposal that may emerge.

(c) **Dilution of interest in Neo**

Neo Shareholders that hold New Perpetual Shares after implementation of the Merger will have a diluted interest in the current Neo portfolio and will share any future revaluation of development and exploration upside in this asset portfolio with the existing shareholders of the Merged Group.

Upon implementation of the Scheme, Neo Shareholders' ownership in the underlying business of Neo will be diluted from 100% to

approximately 25.24%², being their combined ownership of the Merged Group as a result of the issue of New Perpetual Shares.

It is expected that the largest shareholding in the Merged Group will have a 13.54% interest and as such, no individual shareholder is expected to have control of the Merged Group.

(d) **Sharing of future profits (if any)**

If the Scheme becomes Effective, Neo Shareholders will share future profits and dividends (if any) associated with Neo's assets and projects with the existing Perpetual Shareholders. This dilutes the exposure of Neo Shareholders to any potential upside from Neo's assets and projects.

(e) **Individual tax implications**

Implementation of the Scheme may have varying tax consequences for Neo Shareholders depending on their specific circumstances, some of which may be adverse. Further information on the tax consequences of the Scheme for Neo Shareholders is contained in the summary of KD Johns & Co set out in Section 8 of this Scheme Booklet.

(f) **Value fluctuation**

The value of the Scheme Consideration received by Scheme Participants is dependent upon the price at which New Perpetual Shares trade once the Merger is implemented. As the consideration is fixed, the implied value of the Scheme Consideration may change if the price at which Perpetual Shares trade changes once the Scheme is implemented.

5.5 Other relevant considerations

(a) **Implications of failure to approve the Merger Proposal**

Should the Scheme not proceed, the benefits of the Merger Proposal will not materialise and Neo Shareholders will retain their direct interest in Neo. In these circumstances, Neo's management would need to develop alternative funding strategies for the continued growth of the Neo business. As Neo's Shares are currently suspended from trading on the ASX, if the Scheme is not implemented Neo Shareholders will continue to experience no marketability for their Neo Shares.

(b) **The Scheme may be implemented even if you vote against it**

You should be aware that even if you do not vote at the Scheme Meeting, or you vote against the Scheme at the Scheme Meeting, the Scheme may still be implemented if it is approved by the requisite majorities of Neo Shareholders and the Court.

² Based on the issued capital of Perpetual and Neo as at 15 July 2013. This percentage may change if Perpetual issues additional Perpetual Shares before the Scheme is implemented. This amount does not include any New Perpetual Shares which may be issued upon conversion of the Neo Convertible Notes. Refer to Section 2.1 for further details.

If this occurs, your Neo Shares will be transferred to Perpetual and you will receive the Scheme Consideration in respect of your Neo Shares even though you did not vote on, or voted against, the Scheme.

(c) **No brokerage or duty**

You will not incur any brokerage or duty on the transfer of your Neo Shares pursuant to the Scheme unless you are an Ineligible Foreign Shareholder.

(d) **Risk factors**

The Merged Group will continue the current businesses of Neo (as described in Section 6 of this Scheme Booklet) and Perpetual in all respects, except that Neo will become a wholly owned subsidiary of Perpetual and Scheme Participants will hold an indirect interest in Neo through their New Perpetual Shares. As the scale and extent of the Merged Group's business will significantly change from that of the stand-alone Neo, Scheme Participants will potentially be exposed to additional risks in respect of the Merged Group if the Merger is successful.

The risks summarised below are not exhaustive and do not take into account the individual circumstances of Scheme Participants. Each Scheme Participant should consult their professional adviser if they have any doubts about an investment in the Merged Group.

The usual economic conditions, share market fluctuations and general business and investments risks involved in investing in a listed company will apply to the Merged Group. Should the Scheme proceed, the Merged Group will also be subject to risks applicable to both Neo and Perpetual which are detailed below, as well as a number of specific risks, which include primarily:

(i) Merged Group's risks

(A) Exploration success

Some of the Merged Group's tenements are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the Merged Group's tenements licence, or any other tenements licence that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Merged Group may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government

regulations and many other factors beyond the control of the Merged Group.

The success of the Merged Group will also depend upon it having access to sufficient development capital, being able to maintain title to its tenements and obtaining all required approvals for its activities. In the event that exploration programs prove to be unsuccessful this could lead to a diminution in the value of the Merged Group's tenements.

(B) Operations

The Merged Group's operations may be affected by various factors, including failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

The Merged Group intends to have in place risk management plans in order to minimise the potential damage flowing from these possible events.

(C) Title

The grant of a tenement licence or the renewal of the term of a tenement of the Merged Group is at the discretion of various authorities in Australia and Indonesia. If a tenement licence is not granted or renewed, the Merged Group may suffer significant damage through the loss of opportunity to develop and discover mineral deposits on that tenement licence.

(D) Resource estimates

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Merged Group's operations.

(E) Additional requirements for capital

The Merged Group's capital requirements depend on numerous factors. Depending on its ability to generate income from its operations, the Merged Group may require further financing in the form of debt or equity. Any additional equity financing may dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Merged Group is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration, development and production programs as the case may be.

(F) Reliance on key employees

The Merged Group will rely on a number of key employees. The Merged Group will have in place employment contracts with key employees and has the objective of providing attractive employment conditions in general to assist in retaining key employees. However, there can be no guarantee that the Merged Group can retain its key employees. If the Merged Group cannot attract and retain suitable human resources, especially at the management and technical level, the Merged Group's business and future growth may be adversely affected.

(G) Environmental, environmental approval and project risks

Mineral exploration and production can be damaging to the environment and can give rise to substantial costs for environmental rehabilitation, damage control and losses. Further, environmental conditions can be attached to mining tenements and a failure to comply with these conditions could lead to forfeiture of tenements.

Prior to commencing mining and production, each of the Merged Group's projects need environmental and governmental approvals. The timing of environmental and ministerial approvals can adversely affect development of the Merged Group's projects. Environmental and project approval conditions and timing of these approvals can adversely impact on the Merged Group's revenues and profits.

(H) Political risks

The Merged Group's assets both in Australia and Indonesia may be exposed to adverse political developments that could affect the development of those assets and the economics of projects.

(I) Securing offtake for produced commodities

If and when the Merged Group develops its assets through to production phase, the operational success of the Merged Group will depend upon its ability to secure arrangements on suitable terms with third parties for the offtake of produced commodities.

(J) Commodity prices and exchange rates

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

Commodity prices fluctuate and are affected by numerous factors beyond the control of Merged Group. These factors include world demand for commodities, forward selling by producers, production cost levels and macroeconomic factors. These factors may have an adverse effect on the Merged Group's exploration activities, and also the revenues of the Merged Group if and when it develops its assets through to production phase.

Furthermore, international prices of various commodities are denominated in United States dollars and expenditure will be incurred by the Merged Group in a number of currencies, including that of Indonesia, whereas the income and expenditure of the Merged Group will be accounted for in Australian currency, exposing the Merged Group to the fluctuations and volatility of the rate of exchange between the foreign currencies and the Australian dollar as determined in international markets.

(K) Issue of New Perpetual Shares

Some Scheme Participants may not wish to retain the New Perpetual Shares that they receive as part of their Scheme Consideration and may seek to sell these shares on market once they receive them. This may have an adverse effect on the price of Perpetual Shares.

(L) Integration

The acquisition of Neo by Perpetual to form the Merged Group involves the integration of businesses and operations that have previously operated as independent entities. While Perpetual expects that value can be provided to Scheme Participants through the Merger, there is a risk that implementation of the Merger may involve unexpected delays, liabilities and

costs in relation, but not limited to, integrating operating and management systems.

(ii) Neo's risks

In addition to the above mentioned specific risks to the Merged Group, the following are risks specific to Neo:

(A) Contract Risk

Neo's primary asset is its interest in the Wiagdon Thrust Gold Project held pursuant to the Wiagdon Thrust Joint Venture Agreement dated 7 December 2009 made between Oroya and Neo (**WTGP JV Agreement**) with Oroya. Neo is reliant on Oroya complying with the terms and conditions of the WTGP JV Agreement and the conditions attaching to the Tenements (as applicable). Should Oroya fail to comply with the terms of the WTGP JV Agreement, Neo's interest in the Wiagdon Thrust Gold Project may be adversely affected.

(B) Status of Tenements

The Wiagdon Thrust Gold Project comprises eleven granted exploration licences. Four of the granted exploration licences have expired and are subject to renewal applications, with the remaining granted exploration licences not expiring until May 2014. Neo cannot guarantee that the granted exploration licences will be renewed beyond their current expiry date and there is a material risk that, in the event Neo is unable to renew the granted Tenements beyond their current expiry date, Neo's proposed interest in the Project will be relinquished.

(C) Material Breach

If Neo commits a material breach of the WTGP JV Agreement and the breach remains un-remedied for a period of 60 days, Oroya will have the option to acquire the whole of the joint venture interest held by Neo by paying to Neo 85% of the value of Neo's joint venture interest and paying all liabilities due and unpaid by Neo under the WTGP JV Agreement. Neo would subsequently hold no interest in the Wiagdon Thrust Gold Project or any other mineral exploration project.

(D) Mining Joint Venture

Pursuant to the terms of the WTGP JV Agreement, in the event commercial mining operations commence on the Project, the parties to the joint venture will be required to enter into a production joint venture and contribute to joint venture expenditure in proportion to

their respective interests in the joint venture. If Neo does not contribute its proportionate share in a timely manner, its interest in the joint venture, and consequently its entitlement to a share of minerals derived from the Tenements, will dilute. If Neo's interest in the joint venture dilutes to 10% it will be deemed to have withdrawn from the joint venture and its interest will convert to a 2% net smelter royalty over mineral production. Neo would subsequently hold no interest in the Wiagdon Thrust Gold Project or any other mineral exploration project.

(iii) Perpetual's risks

In addition to the above mentioned specific risks to the Merged Group and Neo, the following are risks specific to Perpetual:

(A) Country specific

Perpetual has rights in respect of the Atoz Project, located in Indonesia.

Perpetual's operations in Indonesia are subject to a number of risks, including:

- potential difficulties in enforcing contractual rights;
- potential difficulties in protecting rights and interests in assets;
- increases in costs for mining, transportation and shipping; and
- economic, social and political volatility.

Any of these factors could materially and adversely affect Perpetual's business, results from operations and financial performance.

(B) Political risk

With its primary operations located in Indonesia, Perpetual's future operations may be impacted by currency fluctuations, political reform, change in Indonesian policies and procedures, civil unrest, social and religious conflict and deteriorating economic conditions.

The risk of terrorism activities in Indonesia and the resulting impact upon any future project is also a relevant risk factor that potential investors should consider.

The likelihood and the potential impact of these factors on the operations of Perpetual cannot be predicted

with any certainty, although they may include disruption to operations, increase costs or an inability to establish or continue mining exploration or development activities.

As set out in section 9.4.4 of the Independent Expert's Report, the Indonesian authorities are considering a number of regulatory changes proposed to be made to the Indonesian coal industry. These include a ban on low grade exports, introducing a coal export tax, limiting companies to coal production increase only if new coal reserves are identified, and introducing new foreign investment rules.

(C) Legal risk

Perpetual is subject to generic legal risks associated with entering into contracts with foreign counterparties and enforcing those contractual rights in foreign jurisdictions.

Pursuant to a share sale agreement dated 7 June 2012, Perpetual acquired all of the shares in SWER. Completion of the acquisition occurred on 20 February 2013. As at the date of this Scheme Booklet, Perpetual is still attending to stamping of the share transfer documentation with the Hong Kong Stamp Office. Perpetual will not be registered as the sole shareholder of SWER until the share transfer documentation is stamped. Therefore, until the share transfer documentation is stamped, Perpetual may not be able to rely on the documentation to legally enforce its rights in court proceedings.

In addition, Perpetual's exploration and development activities are subject to extensive mining laws and other legislation and regulation in force throughout Indonesia. Changes to the legal framework within which Perpetual operates cannot be predicted with any degree of certainty and changes may impact on the ability of Perpetual to operate in Indonesia and on the profitability of Perpetual.

Perpetual requires various permits to conduct its operations. In a foreign jurisdiction, the process of obtaining or renewing such permits can be particularly time consuming and costly and there is a risk that Perpetual will not be able to obtain or renew the requisite permits on acceptable terms, in a timely manner, or at all.

Any failure to comply with legal, regulatory or permit and approval requirements, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, it could result in suspension of

Perpetual's activities and forfeiture of its rights in respect of the Atoz Project.

Perpetual intends to minimise these risks by appointing a local Indonesian company as managers to oversee the day-to-day operations of the Atoz Project.

(e) **Transaction costs**

Neo management has estimated that the incremental costs associated with the Scheme will be approximately \$220,000 which includes legal, accounting and advisory fees, costs for the preparation of the Scheme Booklet, professional fees and costs associated with the despatch of documents.

5.6 Documents available for inspection

Copies of the following documents are available for inspection at the registered office of Neo between 9.30am and 4.30pm on Business Days up until the date of the Scheme Meeting:

- (a) the Neo Constitution;
- (b) the Perpetual Constitution;
- (c) the Merger Implementation Agreement;
- (d) the Perpetual Prospectus;
- (e) the financial statements of Neo for the year ended 30 June 2012; and
- (f) the half year financial statement of Neo for the year ended 31 December 2012.

6. INFORMATION ON NEO RESOURCES LTD

6.1 Introduction

This Section contains information in relation to Neo.

The Independent Expert's Report set out in Appendix 5 to this Scheme Booklet contains further information about Neo.

6.2 Background

Neo is a public company incorporated in Australia and listed on the ASX (ASX Code: NER). Neo's Shares are currently suspended from trading on the ASX and have been so since 10 October 2007.

Neo was incorporated on 26 August 1970 and Neo Shares were quoted on ASX on 30 April 1987. Prior to 2007, Neo was in the business of developing waste treatment technology. In 2007, Neo demerged its interest in its waste treatment technology business. Following the demerger, Neo Shares were suspended from trading on ASX and the Neo Board concentrated its efforts on identifying alternative business and investment opportunities.

In mid 2007 an independent third party was engaged to undertake investigations of a potential project. The review involved considerable effort and time however it had not reached a stage which would warrant Neo entering into a transaction by the deadline imposed by the ASX. The Board of Neo did not wish to enter into a transaction in haste solely to ensure the deadline imposed was met. As such, on 10 October 2007, Neo's securities were suspended from official trading on the ASX.

Neo's securities have remained suspended since this date.

6.3 Neo's assets

On 7 December 2009 Neo formed the Wiagdon Thrust Joint Venture (**WTJV**) with Oroya whereby Neo would earn up to 70% of the joint venture interest by spending \$1,500,000 over two (2) years, ending in April 2012 pursuant to the WTGP JV Agreement. The earn-in conditions have been satisfied and Neo is now the WTJV manager. The purpose of the WTJV is to explore and develop the extensive exploration licence portfolio covering a number of historic goldfields in the geologically significant Lachlan Fold Belt of New South Wales. Under the WTGP JV Agreement, Neo is required to fund all expenditures until production commences.

The Wiagdon Thrust Gold Project (**Wiagdon Thrust Gold Project**) has been taken to comprise:

- A suite of 11 contiguous exploration licenses (**Neo Tenements**) over an area of approximately 2,000km² in the Lachlan Fold Belt of New South Wales. It is centred upon the regional hub of Mudgee and extends from just north of Sofala in the south to Gulgong in the north, a strike distance of approximately 100km.
- Both towns of Sofala and Gulgong are noted for their exploration and mining history and the intervening country features numerous historic small hard rock and alluvial gold workings. Recorded past production

from adjacent or included historical goldfields exceeds 2.1 million ounces of gold.

- The Wiagdon Thrust Gold Project area lies within the north-eastern part of the Hill End Trough which is noted for its gold and base-metals mineralisation. The Wiagdon Thrust, from which the joint venture takes its name, is a major thrust fault which extends north-south (becoming the Mudgee fault north of Aarons Pass Granite) along the full coverage of the Neo Tenements. This major structure (and its splay faults) dominates the regional and local geology and much of the gold and base metal anomalism defined by Oroya, as well as a number of historic workings, are spatially associated with this structure and almost certainly controlled by it.
- Many large thrust faults are major crustal sutures of great longevity and frequent reactivation throughout geological history. They are commonly of considerable depth and are conduits into deep seated geological processes that are significant to mineralising events. Globally, there is a recognised common association of gold with major thrust faults and structural splays emanating from or parallel to them, and also with deformational and/or intrusive events responsible for or associated with those thrusts.
- A number of regional towns provide good exploration support services, while the area features an excellent network of good quality sealed and gravel roads which service the local agricultural community.

The Wiagdon (and other) Thrusts and their splay structures are major prospective regional faults which extend over the full extent of the Wiagdon Thrust Gold Project area.

The core strength of Neo's experienced management team is in the discovery and development of gold mines.

The Wiagdon Thrust Gold Project has extensive historic alluvial gold workings running through it from Sofala to Gulgong, approximately 100kms and has base metal signatures in addition to gold-copper (for example Cheshire), copper-zinc (for example Lue area, proximal to the tenements).

The Wiagdon Thrust Gold Project is located on the eastern side of the Hill End trough and adjoins Capertee High, which have a geological mirror image likeness to the western side where there are major copper (Cadia) and gold (McPhillamys) projects within 60 km. There are geological affinities and similarities to the western side 20km east of Hargraves and Hill End gold mines.

6.4 Neo's strategy

Neo's strategy is to develop the Wiagdon Thrust Gold Project to create significant value for Neo Shareholders.

Throughout the WTJV period to date, Neo has proceeded with its strategy of:

- (a) locating historical alluvial workings and producing interpreted paleo-drainage maps of ground truth alluvial gold areas and evaluate their potential for obscured primary gold sources;

- (b) conduct Geophysical Magnetic and Spectral Surveys;
- (c) follow up regional geochemical anomalies and back track to their source; and
- (d) identifying drill targets.

Recent exploration efforts have mainly focused on geophysical work. Results of the geophysics highlighted 3 Major Intrusives in a complex structural corridor. 14 Target areas have been identified to drill and Neo is currently putting in place all preliminary steps to proceed with its drilling program.

Neo is continuing with the following tasks with respect to the Wiagdon Thrust Gold Project:

- (a) conducting ground truth alluvial gold areas and evaluate their potential for obscured primary gold sources;
- (b) ground truth priority targets; and
- (c) drill identified primary targets.

Neo's principal exploration objective at the Wiagdon Thrust Gold Project is the discovery of large tonnage disseminated gold deposits. A large number of gold and gold-antimony prospects and alluvial gold deposits are known within the Wiagdon Thrust Gold Project area, but despite it being within an important gold province, a review of available data indicates that there has been only very limited or no modern gold exploration, with only limited shallow and very deep drilling. This contrasts markedly to the more advanced exploration and development history of the Western Australian goldfields.

6.5 Status of tenements

At 26 June 2013 the status of tenements comprising the Wiagdon Thrust Gold Project based upon mining tenement register searches of the tenements from the registers maintained by the New South Wales Department of Trade and Investment – Resources & Energy Division (NSW Trade & Investment) conducted on 26 June 2013 is as follows:

| TENEMENT | GRANT DATE | EXPIRY DATE | AREA SIZE (Blocks, Units or Hectares) | MINIMUM ANNUAL EXPENDITURE | SECURITY BONDS |
|---------------------------|-------------|--------------------------|---------------------------------------|----------------------------|--|
| EL6627 New South Wales | 06/09 /2006 | 05/09/ 2012 ¹ | 24 Units | \$60,000 per annum | Security Required: \$10,000 Security Held: \$10,000 |
| EL6628 New South Wales | 06/09 /2006 | 05/09/ 2012 ¹ | 35 Units | \$74,000 per annum | Security Required: \$10,000 Security Held: \$10,000 |
| EL6629 New South Wales | 06/09 /2006 | 05/09/ 2012 ¹ | 32 Units | \$67,000 per annum | Security Required: \$10,000 Security Held: \$10,000 |
| EL6789 New South Wales | 28/05 /2007 | 28/05/ 2014 | 22 Units | \$52,000 per annum | Joint Security ID: None Joint Security Required: \$10,000 |

| TENEMENT | GRANT DATE | EXPIRY DATE | AREA SIZE (Blocks, Units or Hectares) | MINIMUM ANNUAL EXPENDITURE | SECURITY BONDS |
|---------------------------|------------|-------------------------|---------------------------------------|----------------------------|---|
| | | | | | Joint Security Held: \$10,000 |
| EL7548 New South Wales | 21/05/2010 | 21/05/2014 | 78 Units | \$108,000 per annum | Joint Security ID: None Joint Security Required: \$10,000 Joint Security Held: \$10,000 |
| EL7549 New South Wales | 21/05/2010 | 21/05/2014 | 98 Units | \$128,000 per annum | Joint Security ID: None Joint Security Required: \$10,000 Joint Security Held: \$10,000 |
| EL7550 New South Wales | 21/05/2010 | 21/05/2014 | 85 Units | \$115,000 per annum | Joint Security ID: None Joint Security Required: \$10,000 Joint Security Held: \$10,000 |
| EL7551 New South Wales | 21/05/2010 | 21/05/2014 | 100 Units | \$130,000 per annum | Joint Security ID: None Joint Security Required: \$10,000 Joint Security Held: \$10,000 |
| EL7552 New South Wales | 21/05/2010 | 21/05/2014 | 73 Units | \$103,000 per annum | Joint Security ID: None Joint Security Required: \$10,000 Joint Security Held: \$10,000 |
| EL7553 New South Wales | 21/05/2010 | 21/05/2014 | 100 Units | \$130,000 per annum | Joint Security ID: None Joint Security Required: \$10,000 Joint Security Held: \$10,000 |
| EL7756 New South Wales | 31/05/2011 | 31/05/2013 ¹ | 3 Units | \$23,500 per annum | Security Required: \$10,000 Security Held: \$10,000 |

Notes:

1. EL6627, EL6628, EL6629 and EL7756 have expired and are subject to pending renewal applications. If a renewal is not granted Neo will not retain any interest in the respective tenement and it will be precluded from undertaking any further exploration activities on that tenement. Neo has applied for renewals which it expects will be granted however, it is not formally received notice of any extension.
2. There are no dealings/encumbrances registered over these tenements.

6.6 Financial information

The summary historical financial information below has been extracted from Neo's audited full year financial statements for the financial year ended 30 June 2012 and 30 June 2011.

Copies of Neo's audited financial statements (including all notes) have been published in Neo's annual reports and published by Neo on the ASX (ASX:NER).

The information in this section is a summary only of these financial statements which have been prepared for this Scheme Booklet. The summary financial information is intended to provide a high level overview of Neo's historical financial position and is not intended to provide the level of detail or understanding which is available from a review of the published financial reports which are available on ASX or Neo's website.

It should be noted that past financial performance is not an indicator of future performance.

Copies of the financial statements published by Neo can also be obtained by contacting the Company Secretary, Peter Patrick Torre on +61 8 6143 4100 during business hours.

STATEMENT OF COMPREHENSIVE INCOME

| | 30 June 2012 | 30 June 2011 |
|--|---------------------|---------------------|
| | \$ | \$ |
| Continuing operations | | |
| Revenues | 348 | 925 |
| Net loss on sale of investments | (952) | (21,225) |
| Impairment of financial assets at fair value | (91,491) | (225,046) |
| Director and Employee benefit expense | (78,000) | (78,000) |
| Discontinued capital raising costs | - | (129,239) |
| Share based payment expense | (100,000) | - |
| Other corporate and administration expenses | (134,342) | (160,895) |
| Loss before income tax | (404,437) | (613,480) |
| Income tax benefit/(expense) | - | - |
| Loss for the year from continuing operations | (404,437) | (613,480) |
| Other comprehensive income | - | - |
| Total comprehensive loss for the year | (404,437) | (613,480) |
| Loss attributable to members Neo Resources Limited | (404,437) | (613,480) |
| Comprehensive loss attributable to members of Neo Resources Limited | (404,437) | (613,480) |
| | Cents | Cents |
| Loss per share for loss from continuing operations attributable to the ordinary equity holders of the Company | | |
| Basic and Diluted loss per share | (0.74) | (1.28) |

STATEMENT OF FINANCIAL POSITION

| | 30 June 2012 | 30 June 2011 |
|--|------------------|------------------|
| | \$ | \$ |
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | 64,316 | 251,549 |
| Trade and other receivables | 76,783 | 113,864 |
| Financial assets - Shares | 104,560 | 196,050 |
| Financial assets - Options | - | 952 |
| Other current assets | 11,692 | 10,615 |
| Total current assets | 257,351 | 573,030 |
| Non-current assets | | |
| Exploration and evaluation expenditure | 1,783,515 | 1,288,729 |
| Property, plant and equipment | 3,283 | 13,022 |
| Total non-current assets | 1,786,798 | 1,301,751 |
| Total Assets | 2,044,149 | 1,874,781 |
| Liabilities | | |
| Current Liabilities | | |
| Trade and other payables | 435,787 | |
| Other liabilities | 411,178 | |
| Total non-current liabilities | 846,965 | 989,262 |
| Total liabilities | 846,965 | 989,262 |
| Net assets | 1,197,184 | 885,519 |
| Equity | | |
| Contributed equity | 11,504,149 | 10,838,047 |
| Reserves | 574,027 | 524,027 |
| Accumulated losses | (10,880,992) | (10,476,555) |
| Total equity | 1,197,184 | 885,519 |

Except as set out below, no Neo Director is aware of any material change to the financial position of Neo since the date of its last Annual Report (27 September 2012) other than as disclosed to ASX. A list of announcements made by Neo since 27 September 2012 (being the date of lodgement of its annual report for the year ended 30 June 2012) and before the lodgement for registration of this Scheme Booklet with ASIC is set out in Section 6.10.

- (a) Neo increased its spending on exploration and evaluation effort on the Wiagdon Thrust Gold Project, in which Neo earned its 70% interest, during the year ended 30 June 2012.

- (b) In May 2012 Neo issued a total of 630,000 Convertible Notes with a face value of \$1.00 each to raise \$630,000. The Convertible Notes have an interest component of 10% and mature on 30 September 2013. Neo has issued 1,000,000 Neo Shares as an establishment fee under the Convertible Note Agreement to the noteholder, Regional Management in October 2012. The Neo Shares were valued at \$0.10 per Neo Share (\$100,000 in total) being the most recent market value of funds raised via a share issue, which is also consistent with the conversion price under the terms of the Convertible Notes. The funds raised via the issue of Convertible Notes were used to fund exploration and bonds on the Wiagdon Thrust Gold Project.
- (c) In April 2013 Neo has agreed with Torre Corporate to write off approximately \$200,000 in professional services fees owed by the Company to Torre Corporate.

6.7 Neo Directors

The following is a description of the current directors of Neo:

- (a) **Peter Patrick Torre – Executive Director, Company Secretary (appointed Company Secretary on 3 July 2007 and Non-Executive Director on 22 October 2007) CA, ACIS, MAICD**

Mr Torre is the principal of the corporate advisory firm Torre Corporate which provides corporate secretarial services to a range of listed companies. Prior to establishing Torre Corporate, Mr Torre was a partner and Chairman of the National Corporate Services Committee of an internationally affiliated firm of Chartered Accountants working within its corporate services division for over nine years. Mr Torre is the company secretary of several ASX-listed companies, a director of Mission New Energy Limited and Mineral Commodities Limited and is one of the founding Directors of the charity organisation, "A Better Life Foundation WA". Mr Torre was also formerly a Director of Carbine Resources Limited and CI Resources Limited. Mr Torre holds a Bachelor of Business, is a Chartered Accountant, a Chartered Secretary and is a member of the Institute of Company Directors.

- (b) **John Charles Geary – Non-Executive Director (Appointed 30 May 2007) B. Bus, Grad. Dip Accounting, Grad Dip Adv. Taxation**

Mr Geary has 40 years' experience in the mineral exploration industry in Australia and overseas. His experience includes prospecting and the evaluation, acquisition, maintenance and compliance requirements associated with mining tenements.

Mr Geary has been actively engaged in the planning and implementation of many exploration programmes and his experience as a contract driller has enabled him to recognise and identify potential resource value. Mr Geary was born and educated in Perth, Western Australia and his experience and qualifications have been invaluable in the promotion, prospectus preparation and listing of a number of exploration companies on ASX.

Mr Geary is a Director and Company Secretary of Ventnor Resources Limited and has previously held the position of Executive Director and Company Secretary for a number of ASX listed exploration companies.

(c) **Colin Ross Hastings – Independent Non-Executive Director (Appointed 14 May 2010) Bsc Msc**

Mr Hastings is a geologist with over 25 years' international experience in the resource industry including operations, project generation and development.

Mr Hastings has held senior positions with large mining operations in Papua New Guinea, and closely involved in the development of the Simberi Gold Project in PNG. He was previously General Manager Resource Development for Allied Gold Mining Plc, which recently merged with St Barbara Ltd, and was responsible for delivery of the Gold Ridge mine re-development in the Solomon Islands.

Mr Hastings holds a BSc in Geology and MSc in Economic Geology.

Messrs Colin Hastings and Mark Victor Caruso are the proposed Neo nominees to the board of Perpetual, who will be appointed upon implementation of the Merger.

A profile of Mr Hastings is set out above and a profile of Mr Caruso follows.

(a) **Mark Victor Caruso – (to be appointed upon successful implementation of the Scheme to the Board of Perpetual as Neo's Nominee)**

Mr Caruso is a director of Simto Pty Ltd which is involved in mining, earthmoving and civil engineering construction earthworks. Mr Caruso has been a director of ASX listed Mineral Commodities Limited since September 2000 and is currently Executive Chairman responsible for the delivery of Mineral Commodities Limited's Tormin Mineral Sands Project in South Africa.

Mr Caruso was previously Executive Chairman of Allied Gold Mining PLC, a gold producing company which was previously listed on the main market of the London Stock Exchange, the Toronto Stock Exchange and the Australian Stock Exchange.

Mr Caruso was responsible for the delivery of Allied's Simberi Gold Project in Papua New Guinea and its Gold Ridge Project in the Solomon Islands. Mr Caruso resigned as Executive Chairman of Allied Gold Mining PLC on its successful merger with St Barbara Limited in September 2012.

6.8 Capital structure

As at 15 July 2013, Neo had 56,452,589 Neo Shares on issue, held by 1,494 holders.

As at 15 July 2013, Neo had the following substantial shareholders:

| Shareholder Name | Number of Neo Shares | Percentage shareholding |
|---------------------------------|----------------------|-------------------------|
| Cygnnet Management Limited | 3,000,000 | 5.31% |
| Mark Victor Caruso ¹ | 3,237,500 | 5.70% |
| Wall Street Properties Limited | 3,867,069 | 6.86% |
| Total | 10,104,569 | 17.87 |

Notes:

1. Mark Victor Caruso holds 400,000 directly and indirectly through his interest in Zurich Bay Holdings which holds 1,837,500 Neo Shares and Regional Management which holds 1,000,000 Neo Shares.

As at 15 July 2013, the top 20 Neo Shareholders held approximately 46.85% of the Neo Shares as indicated in the following table:

| Shareholder Name | Number of Neo Shares | Percentage shareholding |
|--|----------------------|-------------------------|
| Wall Street Properties Limited | 3,872,069 | 6.86 |
| Cygnnet Management Limited | 3,000,000 | 5.31 |
| Traditional Securities Group Pty Ltd <LPR Family A/C> | 2,000,000 | 3.54 |
| Zurich Bay Holdings ¹ | 1,837,500 | 3.25 |
| Orange Sun Investments Ltd | 1,400,000 | 2.48 |
| Ledgar Enterprises Pty Ltd <Arasdell Investment A/C> | 1,234,569 | 2.19 |
| Flourish Holdings Pty Ltd <The Capelli Family A/C> | 1,010,358 | 1.79 |
| Mount Street Investments Pty Ltd <The M J Blake S/F A/C> | 1,002,752 | 1.78 |
| Mr Spero Carras + Ms Evelyn Carras <Carras Investment A/C> | 1,000,000 | 1.77 |
| Contact Nominees Pty Ltd | 1,000,000 | 1.77 |
| Copley Pty Ltd ² | 1,000,000 | 1.77 |
| Ms Margaret Ann Hastings ³ | 1,000,000 | 1.77 |
| Muse Global Master Fund Ltd | 1,000,000 | 1.77 |
| Regional Management | 1,000,000 | 1.77 |
| Scintilla Capital Pty Ltd | 1,000,000 | 1.77 |
| Ms Katalin Torre ⁴ | 1,000,000 | 1.77 |
| International Mining Services Pty Ltd | 837,500 | 1.48 |
| Mining Employment Services Tanzania Pty Ltd | 837,500 | 1.48 |

| | | |
|---|-------------------|---------------|
| Ms Kathryn Yule | 800,000 | 1.42 |
| Mrs Andrea Murray <Murray Family Fund No 2 A/C> | 613,637 | 1.09 |
| *** REPORT TOTAL *** | 26,445,885 | 46.85 |
| *** REMAINDER *** | 30,006,704 | 53.15 |
| *** GRAND TOTAL *** | 56,452,589 | 100.00 |

Notes:

1. Mark Victor Caruso holds 400,000 directly and indirectly through his interest in Zurich Bay Holdings which holds 1,837,500 Neo Shares and Regional Management which holds 1,000,000 Neo Shares.
2. Copley Pty Ltd is controlled by Mr John Charles Geary.
3. The Neo Shares held by Mr Colin Ross Hastings are held by Ms Margaret Ann Hastings.
4. Mr Peter Patrick Torre holds 500,000 Neo Shares directly and has a relevant interest in 1,000,000 Neo Shares held by Ms Katalin Torre.

As at 15 July 2013, Neo had 1,000,000 Neo Options on issue.

It is a condition precedent to the Scheme that Neo enters into an agreement with the holder of Neo Options, Project Manager Dr Spero Carass, (on terms and conditions satisfactory in all respects to Perpetual) under which all the Neo Options are cancelled upon implementation of the Merger.

As at 15 July 2013, Neo had 630,000 Neo Convertible Notes on issue, which were all held by Regional Management on the terms of the Neo Convertible Note Agreement made between Neo and Regional Management. Regional Management is a company controlled by Mark Victor Caruso. Under the Merger Implementation Agreement, it is a condition precedent to the Scheme that Neo, Perpetual and Regional Management enter into an agreement (on the terms and conditions satisfactory in all respects to Perpetual) under which the parties agree to the Neo Convertible Note Agreement being novated from Neo to Perpetual, and the Neo Convertible Notes converting into 3,150,000 Perpetual Shares with effect immediately after implementation of the Scheme.

In accordance with Sections 169 and 170 of the Corporations Act, Neo maintains a register of the names of all Neo Shareholders, Neo Optionholders and holders of Neo Convertible Notes. Pursuant to Section 173 of the Corporations Act, those holders may, upon request to Neo:

- (a) inspect this register free of charge; and
- (b) obtain a copy of this register subject to payment of a prescribed fee to Neo.

6.9 Forward looking statement assumptions

Some of the statements appearing in this Scheme Booklet are in the nature of forward looking statements. Neo Shareholders should note that forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of Neo (or the Merged Group) to be materially different from future results, performance or achievements expressed or implied by such

statements. Neo Shareholders should read the information under the headings "Forward Looking Statements and Information" located in the Important Information section at the front of this Scheme Booklet.

6.10 Other information about Neo

Neo is subject to the periodic and continuous disclosure requirements of the Corporations Act and ASX Listing Rules. Specifically, Neo is a "disclosing entity" for the purposes of the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. Neo is required to notify ASX (subject to certain exceptions) immediately it becomes aware of any information concerning Neo which a reasonable person would expect to have a material effect on the price or value of its securities.

Copies of announcements made by Neo to ASX are available on the ASX website www.asx.com.au.

Neo has lodged the following announcements with ASX since the lodgement of the 2012 audited financial statements until the date of this Scheme Booklet:

| Date | Description of Announcement |
|-------------|--|
| 25/06/2013 | Neo and Perpetual enter into Loan Agreement |
| 25/06/2013 | PEC: Loan Agreement |
| 22/05/2013 | PEC: Company Update |
| 30/04/2013 | Convertible Note Deed Amendment |
| 30/04/2013 | Appendix 4C - quarterly |
| 26/04/2013 | Proposed Acquisition of Neo by Perpetual Resources Limited |
| 26/04/2013 | PEC: Proposed Acquisition Of Neo Resources Limited |
| 26/02/2013 | Appendix 4D and Half Yearly Report and Accounts |
| 29/01/2013 | Appendix 4C - quarterly |
| 12/12/2012 | Convertible Note Deed Amendment |
| 28/11/2012 | Results of Meeting |
| 26/10/2012 | Notice of Annual General Meeting |

Further announcements concerning developments relating to Neo will continue to be made available on the ASX website after the date of this Scheme Booklet. Certain disclosure documents and reports lodged in relation to Neo can also be obtained from ASIC.

7. INFORMATION ON PERPETUAL RESOURCES LTD

7.1 Background

Perpetual was incorporated in Victoria on 29 November 2011 and has been listed on the Australian Securities Exchange (ASX Code: PEC) since 27 February 2013.

Perpetual's principal activity is mining exploration with a dual strategy of developing an existing coal project in Indonesia, the Atoz Project, and identifying further potential acquisitions of tenements for exploration to complement the Atoz Project.

7.2 Group structure

The Perpetual corporate structure comprises Perpetual Resources Ltd and SWER a company incorporated in Hong Kong.

Pursuant to a share sale agreement dated 7 June 2012, Perpetual acquired all of the shares in SWER. Completion of the acquisition occurred on 20 February 2013. As at the date of this Scheme Booklet, Perpetual is still attending to stamping of the share transfer documentation with the Hong Kong Stamp Office. Perpetual will not be registered as the sole shareholder of SWER until the share transfer documentation is stamped.

7.3 Perpetual's strategy & objectives

Coal mining in West Sumatra is an embryonic business with numerous current coal mining operations, many of which are best described as "makeshift". Prior to Perpetual acquiring an interest in the Atoz Project, there had been no systematic exploration carried out over many of the known West Sumatran coal deposits.

Perpetual plans to be the first company to utilise best practice exploration techniques to explore coal deposits across West Sumatra, with a specific objective to be the first company to delineate a JORC Code compliant resource in West Sumatra.

Given the success of other local producers throughout the district, and the encouraging coal outcrops in the area, there is, in the Perpetual Directors' opinion, reasonable potential to establish a mining operation within the Atoz Mine Site.

In the medium to longer-term, Perpetual's objective is to identify further potential acquisitions that meet a range of select investment criteria to complement the Atoz Project.

7.4 Atoz Project

Pursuant to the SWER Mining Agreement with PT Atoz, Perpetual acquired rights to a coal mining and exploration tenement in West Sumatra, known as the Atoz Project.

The following is a summary of the features of the Atoz Project. Further details relating to the Atoz Project are set out in the Perpetual Prospectus and, in particular, the Independent Geologist's Report in section 6 of the Perpetual Prospectus. The Perpetual Prospectus can be viewed on the ASX website

www.asx.com.au (ASX Code: PEC) and is also available for inspection at Neo's registered office during normal business hours. The Perpetual Prospectus should be read in conjunction with subsequent announcements made by Perpetual to ASX which are also available on the ASX website, including the announcements listed in Section 7.9.

Further details of the SWER Mining Agreement are summarised in Section 7.5.

Atoz Project and Atoz Mine Site

The Atoz Project is a coal exploration and mining project undertaken pursuant to the Atoz Mining Licence at the Atoz Mine Site. The Atoz Mine Site covers 192.08 hectares and is located 60 kilometres south of Padang in the central west of West Sumatra. Coal deposits occur sporadically throughout the district.

The Atoz Mine Site lies immediately west of the Barisan Mountains where volcanics dominate with minor granitic intrusions exposed. Underlying the volcanics are remnants of basinal sediments that were developed unconformable over basement rocks. These sediments are of relatively thin extent, but in some areas the sediments are coal bearing. The sediments are deformed to varying degrees, depending on the local stress regime.

Indonesian geological setting

Indonesia is the world's largest archipelago, comprising five major islands and some 300 smaller island groups, situated where the Pacific and Indian Oceans join.

Tectonically, the country is bounded by the south-eastern extension of the Eurasian Plate, to the south and west by the Indian Ocean Plate and to the east by the Philippine Sea and Pacific Plates. The margins of both Plates are colliding, resulting in the consumption of plates along subduction zones, the creation of volcanic arcs and formation of compressional and oblique slip structures.

The physiographic setting of the Indonesian archipelago is dominated by two continental shelves. The Sunda Shelf lies to the west and the Sahul Shelf lies to the east, separated by a geologically complex region of deep sea basins and island arcs.

During the early-mid Miocene period (extending from about 23.03 to 5.33 million years ago), a volcanic island arc of basaltic volcanoes emerged as a result of the subduction of part of the Pacific Plate beneath the Eurasian Plate. Pillow lavas on Timor represent a late stage of this volcanism. During the late Miocene period, a new period of volcanism began with magmas of andesitic composition. Eruptions were violent, with large blocks and lapilli-crystal lithic tuffs being ejected and falling into onshore and offshore sedimentary basins.

Fringing coral reefs began to form in the early Pliocene period (extending from about 5.33 to 2.59 million years ago), to be followed by a significant reaction between the Indian, Pacific and Eurasian Plates. This was a major event in Indonesian geological history, and resulted in an uplift of at least 300 metres. With this uplift, the orientation of the outcrops of the district was set with north-west trending and shallow north-east dipping beds.

Sumatran geological setting

Sumatra is an island in western Indonesia. Covering some 435,000 km², it is the sixth largest island in the world. Geologically, it is affixed on the western edge of Sundaland, a southern extension of the Eurasian Plate.

The island's backbone is formed by the Barisan Mountains that run some 1,700 kilometres end to end along the island's western side, and divides the west and the east coasts. The slope towards the Indian Ocean is generally steep, consequently the west belt is mostly mountainous, with the exception of two lowland embayments in north Sumatra which are about 20 kilometres wide. The eastern belt of the island is covered by broad, hilly tracts and alluvial lowlands. The Barisan Mountains feature some 33 active volcanos.

Location and access

The Atoz Mine Site is situated at coordinates 01° 19' 15" south latitude, 100° 35' 40" east longitude. The climate is tropical, with wet season rainfall of up to 2,000 mm. The vegetation is mainly forest with stunted trees due to past logging and the high presence of volcanic outcrops in the district. The stream run-off is seasonal and the region has traditionally supported subsistence agriculture.

Access to the Atoz Mine Site is on a good bitumen road 76 kilometres south of Padang, with the journey taking two to three hours. There are several daily scheduled airline flights between Jakarta and Padang.

The Atoz Mine Site is located within 10 kilometres of the west coast of Sumatra. Currently, small shipments of coal are dispatched from Padang.

Field trip summary

During November 2011, representatives of Al Maynard & Associates Pty Ltd, Consulting Geologists, undertook a site visit of the Atoz Mine Site. During the site visit the main working areas of the Atoz Project were visited. Good exposures of coal mineralisation were observed in the workings. Coal mineralisation was observed to occur above a ferruginous, laminated sandstone that in turn, occurs above a limestone.

Some of the key observations from the site visit include:

- at waypoint (WP) 589 a strike of 2200 with a dip 220 north-west was observed to an approximately 2 metre wide seam within a surface stripped area at an elevation of 126 metres;
- at WP590 the footwall to the seam is exposed in a small pit at an elevation of 130 metres;
- a short distance to the north-west at WP591, on a small hilltop at an elevation of 155 metres, is an exposure in the road cutting with black shale over-lying thin coal seams of unknown quality; the strike is 2500 with a dip of 180 north-west;
- some 150 metres east of WP592 exists a good view of the neighbouring mining slot that is about 100 metres long and at an elevation of about 85 metres; dip and strike appear to be about east-west dipping 180 north;

- this strike continuity implies that at least approximately 400 metres of strike has been observed with sporadic outcrops that are yet to be fully substantiated by mapping. The rising ground to the large hill in the down-dip direction will limit an open pit unless coal seam width is substantially thicker;
- observed mine faces range in thickness from 0.5 to 2.0 metres where coal occurs as bedding parallel veins and stringers. The seams zone dips at 18 to 220 to the north-east with a possible strike extension of over 1 kilometre; and
- there is a distinct possibility that there could be duplication of horizons both as multiple beds and with local strike length on the tenement increased by folding. The generally thin shale parting to the two seams indicates that washing the coal may produce a cleaner, more valuable, saleable product.

Exploration potential and exploration program

The Perpetual Directors are of the view that in light of the regional geological setting, the existence of several companies producing coal in neighbouring locations and existing coal mineralisation observed during several site visits, the Atoz Project holds significant potential for further development and eventual production.

The geological setting at the pits is identical, indicating one coherent target zone. Due to the elevation of the seam and the surrounding topography, limited underground mining could also be considered, provided coal quality, local rock strength and a lack of weathering will permit mining, thereby creating additional upside.

There may be other seams in the Atoz Mine Site, but these would require full ground truthing with the aid of detailed mapping, geophysical survey and interpretation and subsequent investigation in detail. The full true potential of the Atoz Project cannot be estimated until drilling of targets has occurred but the Perpetual Directors are of the opinion that there is potential for significant tonnages.

In the immediate term, the Company is focused on implementing an exploration and development program, including:

- detailed mapping over the entire Atoz Mine Site;
- where possible, close spaced trenching where possible, with each trench being mapped in detail and sampled; and
- diamond drilling to test downdip continuity of the coal seams with results from this drilling program to be used to estimate a JORC Code compliant resource.

7.5 Atoz Project – material agreements

The following are summaries of material agreements which SWER has entered into in relation to the Atoz Project.

SWER Mining Agreement

On 27 December 2010, SWER and PT Atoz entered into the SWER Mining Agreement. By agreement between the parties, the terms of the SWER Mining Agreement were varied on 26 January 2011.

PT Atoz holds the Atoz Mining Licence in respect of the Atoz Project. Under the SWER Mining Agreement, PT Atoz has agreed to sell all of the coal that may be found at, and capable of being exploited or extracted from, the Atoz Mine Site.

PT Atoz is not required under the SWER Mining Agreement to deliver coal to SWER. Rather, the parties have agreed that the Atoz Project will be developed, managed and operated by representatives of SWER. To enable SWER's representatives to manage the Atoz Project, PT Atoz has agreed, amongst other things, to:

- (a) execute powers of attorney authorising SWER's representatives to act on behalf of Pt Atoz, and enter into contracts on behalf of Pt Atoz, in relation to the Atoz Project; and
- (b) ensure that all licences are in place to enable SWER to operate the Atoz Project and to extract and transport coal from the Atoz Mine Site.

SWER is required to pay the base price for the coal, which has been fixed for the term of the SWER Mining Agreement as the sum of:

- (a) US\$5.50 per metric tonne, payable upon delivery of the coal to the loading port; and
- (b) US\$9.50 per metric tonne, payable upon the coal being loaded on a ship for export.

In addition, SWER is required to pay all costs associated with mining the coal, which SWER is required to pay directly to the relevant recipients on behalf of PT Atoz.

The term of the SWER Mining Agreement continues until the expiration of the Atoz Mining Licence. If the Atoz Mining Licence is extended, the term of the SWER Mining Agreement will automatically extend for an equivalent period of time.

SWER has made an advance payment of US\$270,000 to PT Atoz (**Advance Payment**). The Advance Payment will be set-off against all amounts owing to PT Atoz in respect of the base price for coal.

SWER may terminate the SWER Mining Agreement at anytime if:

- (a) PT Atoz fails to fulfil its material obligations under the agreement so that SWER is unable to extract coal from the Atoz Mine Site;
- (b) the Atoz Mining Licence is revoked or otherwise becomes invalid;
- (c) PT Atoz becomes insolvent or is dissolved;
- (d) no coal is found in the Atoz Mine Site; or

- (e) the purchase of coal from PT Atoz is considered not to be economically viable.

If SWER terminates the SWER Mining Agreement, PT Atoz must repay to SWER all amounts paid by SWER to PT Atoz (except to extent that those amounts have been adjusted against the base price for the coal) plus a penalty of 25% of that amount.

PT Atoz may terminate the SWER Mining Agreement if SWER fails to pay the base price due for coal and does not remedy its failure within 10 Business Days of receiving notice from PT Atoz. If PT Atoz terminates the SWER Mining Agreement, it must repay to SWER the remaining balance of the Advance Payment.

PT Atoz has provided a number of standard warranties under the SWER Mining Agreement and warrants that, amongst other things, all necessary mining licences are valid and that there are no disputes in relation to Atoz Mine Site.

SW Royalty Agreement

SWER is party to an agreement to pay a royalty to SW Energy Resources Pte Ltd of US\$5.00 per tonne of all coal produced and sold from the Mine Site (**SW Royalty Agreement**).

The obligation to pay the royalty operates from the "Commencement Date" (being the later of the date that the SW Royalty Agreement was executed and the date coal is produced and sold from the Atoz Mine Site) until the "Termination Date" (being the later of the date that the SWER Mining Agreement is terminated and the date that the SW Royalty Agreement is terminated).

PCG Royalty Agreement

SWER is party to an agreement to pay a royalty to Perpetual Consulting Group Pty Ltd (**PCG**) of US\$1.00 per tonne of all coal produced and sold from the Atoz Mine Site (**PCG Royalty Agreement**).

The obligation to pay the royalty operates from the "Commencement Date" (being the later of the date that the PCG Royalty Agreement was executed and the date coal is produced and sold from the Atoz Mine Site) until the "Termination Date" (being the later of the date that the SWER Mining Agreement is terminated and the date that the PCG Royalty Agreement is terminated).

Neo Shareholders should note that both George Karafotias and Eric Jiang are also directors of PCG. Therefore, PCG is considered a related party of Perpetual. Prior to SWER entering into the PCG Royalty Agreement, the Perpetual Board formed the view that the PCG Royalty Agreement was being entered into on an arm's length basis and therefore did not require member approval.

Promoter Royalty Agreement

SWER is party to an agreement to pay a royalty to Wee Foong of US\$1.00 per tonne of all coal produced and sold from the Atoz Mine Site (**Promoter Royalty Agreement**).

The obligation to pay the royalty operates from the "Commencement Date" (being the later of the date that the Promoter Royalty Agreement was executed and the date coal is produced and sold from the Atoz Mine Site) until the

"Termination Date" (being the later of the date that the SWER Mining Agreement is terminated and the date that the Promoter Royalty Agreement is terminated).

Agency Agreement

SWER is party to an agency agreement with SW Energy Resources Pte Ltd (a company incorporated in Singapore) (**Agent**) under which the Agent has been appointed as SWER's agent in relation to the promotion and sale of coal acquired by SWER under the SWER Mining Agreement (**Agency Agreement**).

The scope of the Agent's appointment is restricted to:

- (a) advertising, marketing and promoting the coal produced at the Atoz Mine Site; and
- (b) obtaining orders for the coal produced at the Atoz Mine Site and submitting those orders to SWER.

In consideration for the Agent acting as SWER's agent and advertising, marketing and promoting the coal produced at the Atoz Mine Site, SWER has agreed to pay the Agent a commission. During each quarter during the term of the Agency Agreement, SWER will be required to pay a commission calculated as the lesser of:

- (a) US\$5.00 per tonne of coal sold during the quarter; or
- (b) 4% of net proceeds received by SWER for the sale of coal during the quarter.

The term of the Agent's appointment as SWER's ends on the earlier of the expiration or termination of the SWER Mining Agreement. In addition, either party will have the right to terminate the Agency Agreement if the other party, amongst other things, becomes insolvent or fails to comply with its obligations under the Agency Agreement and does not remedy the breach within 10 Business Days of receiving notice of the default.

7.6 Financial information

Since Perpetual's last annual accounts were released for the period 29 November 2011 to 30 June 2012 (**FY2012 Accounts**) the following events occurred which caused a material change to the financial position of Perpetual as shown in its FY2012 Accounts.

- (a) In February 2013, Perpetual completed an initial public offering under which Perpetual raised \$2,101,000 by issuing 10,505,000 Perpetual Shares.
- (b) In February 2013, Perpetual acquired all of the shares in the capital of SWER. In consideration for the acquisition, Perpetual issued 5,000,000 Perpetual Shares to SW Energy Resources Pte Ltd.

- (c) In June 2013, as a condition precedent to the implementation of the Scheme, Perpetual provided Neo with the Loan Advance (being a cash advance of \$350,000) subject to the following terms:
- (i) no interest accrues on the balance of the Loan Advance;
 - (ii) the Loan Advance is secured by a charge over the assets of Neo; and
 - (iii) if the Transaction does not proceed for any reason whatsoever, Neo must repay within 60 Business Days of the termination of the Merger Implementation Agreement the full balance of the Loan Advance plus interest accrued.

Due to the material nature of these changes, the FY2012 Accounts have not been included in this Scheme Booklet, but are available on the ASX website www.asx.com.au. An unaudited statement of net assets of Perpetual as at 30 April 2013 has been included in Section 3.7 of the Scheme Booklet.

The summary financial information is intended to provide a high level overview of Perpetual's historical financial position and is not intended to provide the level of detail or understanding which is available from a review of the published financial reports which are available on ASX or Perpetual's website.

It should be noted that past financial performance is not an indicator of future performance.

A list of announcements made by Perpetual since 27 February 2013 (being the date it was admitted to the official list of the ASX) and before the lodgement for registration of this Scheme Booklet with ASIC is set out in Section 7.9.

Further financial information on Perpetual may be found on its website at www.perpetualresources.com.au.

7.7 Perpetual Board and Management

(a) Ashley Wayne Kelly DipEd, Dip FS - Executive Chairman

Mr Kelly has worked within the stockbroking industry for over 17 years.

Beginning his career at Deutsche Bank, Mr Kelly next became a private client advisor with leading financial services firm Hartleys. He has been employed by Bell Potter Securities as a private client advisor since 2003, specialising in portfolio management and retirement planning. He has held the position of State Manager, South Australia since 2007.

Over a long career, Mr Kelly has developed specific expertise in a range of corporate disciplines including debt and equity raising, seed offerings, private and institutional placements, and initial public offerings.

In his current capacity as State Manager, South Australia of Bell Potter Securities, Mr Kelly bears the additional responsibility of being an ASX Responsible Executive and as such, has a supervisory role in relation to Bell Potter Securities' dealings with the ASX and in particular, ongoing compliance with the market rules of the ASX.

Mr Kelly holds a Diploma of Education from the University of South Australia, Diploma of Financial Services and is a director of ECSI Limited (ASX: ECS).

(b) **Eric Jiang B.Com (Hons), BA – Executive Director**

Mr Jiang completed a Bachelor of Commerce (Honours) and Bachelor of Arts from Monash University in 2000 and is a member of the Golden Key International Honours Society, the world's largest collegiate honour society recognising students who have excelled academically.

Mr Jiang has over 10 years experience in the financial services sector and in addition to holding senior executive and non-executive positions within several financial advisory firms, he has personally built a substantial financial advice practice advising retail and corporate clients.

In addition to his work within the financial services sector, Mr Jiang has developed broad expertise as a corporate consultant and advisor, and is a non-executive director of two listed groups; ECSI Limited (ASX: ECS) and Central Kimberley Diamonds Ltd (Frankfurt Stock Exchange).

(c) **George Karafotias BCom – Executive Director**

Mr Karafotias is a qualified accountant, having gained a Bachelor of Commerce from the University of Adelaide in 1998.

Since that time, he has been heavily involved in the corporate sector as both a business proprietor and corporate consultant. In this capacity, he has developed specific expertise in providing specialist advice to both listed and unlisted entities in the areas of corporate restructuring, refinancing, and debt and equity raising.

In relation to his experience with ASX-listed entities, Mr Karafotias is currently a director of Biron Apparel Limited (ASX: BIC), ECSI Limited (ASX: ECS) and Atech Holdings Limited (ASX: ATH). In addition, he is a director of Central Kimberley Diamonds Ltd – a diamond exploration and mining company with South African project interests – listed on the Frankfurt Stock Exchange.

In addition to his director-related activities, Mr Karafotias has provided company secretarial services to several listed groups over the years.

(d) **Brian Varndell – Consulting Geologist**

Mr Varndell is a Fellow Member of the Australasian Institute of Mining & Metallurgy (“AusIMM”) and has over 35 years of experience in managerial roles and consulting in the capacity of Acting or Chief Geologist. His experience encompasses all aspects of the resource sector including exploration, development and mining. Mr Varndell has worked in the Indonesian mining industry since 1988 and was permanently based in Indonesia between 1994 and 1999.

7.8 Capital structure

As at 15 July 2013, Perpetual had 41,805,000 Perpetual Shares on issue, held by 282 holders.

As at 15 July 2013, Perpetual had the following substantial shareholders:

| Shareholder Name | Number of Neo Shares | Percentage shareholding |
|-------------------------------|----------------------|-------------------------|
| Blue Mountain Investments Ltd | 8,000,000 | 19.14 |
| BCPC Pty Ltd | 7,500,000 | 17.94 |
| SW Energy Resources Pte Ltd | 5,000,000 | 11.96 |
| HYH Resource Co Pty Ltd | 3,333,333 | 7.97 |
| Total | 17,083,333 | 57.01 |

As at 15 July 2013, the top 20 Perpetual Shareholders held approximately 84.62% of Perpetual Shares as indicated in the following table:

| Shareholder Name | Number of Neo Shares | Percentage shareholding |
|--|----------------------|-------------------------|
| Blue Mountain Investments Ltd | 8,000,000 | 19.14 |
| BCPC Pty Ltd | 7,500,000 | 17.94 |
| SW Energy Resources Pte Ltd | 5,000,000 | 11.96 |
| HYH Resource Co Pty Ltd | 3,333,333 | 7.97 |
| Erin Jiang | 2,000,000 | 4.78 |
| George Karafotias | 2,000,000 | 4.78 |
| Mineral Commodities Limited | 1,750,000 | 4.19 |
| Ross Stanley Sutherland & Carolyn Ann Sutherland | 1,250,000 | 2.99 |
| Ashley Wayne Kelly | 1,000,000 | 2.39 |
| International Mining Supplies Pty Ltd | 625,000 | 1.50 |
| Regional Management Pty Ltd | 625,000 | 1.50 |
| Mr George Leonida | 416,667 | 1.00 |
| Mr Min Chen | 400,000 | 0.96 |
| Youhua Shan | 400,000 | 0.96 |
| Mr Ashley Wayne Kelly & Miss Rebecca Mousley <The Molly Kelly S/F A/C> | 250,000 | 0.60 |
| Mr James Nigel Kelly & Mrs Andrea Lee Kelly <JKA Super Fund A/C> | 200,000 | 0.48 |
| Mr Christopher Charles Delaney & Mrs Megan Rose Delaney | 175,000 | 0.42 |

| | | |
|--|-------------------|---------------|
| <The Delaney Super Fund A/C> | | |
| Mr Harvey John Collins & Ms Sandra Joy Lord <Lord Super Fund A/C> | 150,000 | 0.36 |
| Mr Utku Doktan | 150,000 | 0.36 |
| Mr Robert James Hay & Ms Julie Eunice Mary Moyce <RJ Hay Super Fund A/C> | 150,000 | 0.36 |
| *** REPORT TOTAL *** | 35,375,000 | 84.62 |
| *** REMAINDER *** | 6,430,000 | 15.38 |
| *** GRAND TOTAL *** | 41,805,000 | 100.00 |

Notes:

1. Perpetual Director or related entity: (1) Darren Morcombe (2) Richard Valenta (3) Creagh O'Connor

7.9 Other information about Perpetual

Perpetual is a "disclosing entity" for the purposes of the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. Perpetual is required to notify ASX (subject to certain exceptions) immediately it becomes aware of any information concerning it which a reasonable person would expect to have a material effect on the price or value of its securities.

Copies of announcements made by Perpetual to ASX are available on the ASX website www.asx.com.au (ASX:PEC). The following is a list of the latest disclosures made by Perpetual to ASX:

| Date | Description of Announcement |
|------------|--|
| 01/07/2013 | Commencement of Drilling |
| 25/06/2013 | NER: Neo and Perpetual enter into Loan Agreement |
| 25/06/2013 | Loan Agreement |
| 24/05/2013 | Appendix 3B |
| 22/05/2013 | Company Update |
| 20/05/2013 | Release of Securities from Escrow |
| 01/05/2013 | Engagement of Forty Resources |
| 01/05/2013 | Change of Director's Interest Notice |
| 01/05/2013 | Change of Director's Interest Notice |
| 01/05/2013 | Change of Director's Interest Notice |
| 29/04/2013 | Quarterly Activities Report |
| 26/04/2013 | NER: Proposed Acquisition of Neo by Perpetual Res. Limited |
| 26/04/2013 | Proposed Acquisition Of Neo Resources Limited |
| 07/03/2013 | Details of Company Address |

| | |
|------------|------------------------|
| 05/03/2013 | Drilling Update |
| 04/03/2013 | Letter to Shareholders |

Further announcements concerning developments relating to Perpetual will continue to be made available on the ASX website after the date of this Scheme Booklet. Certain disclosure documents and reports lodged in relation to Perpetual can also be obtained from ASIC.

8. AUSTRALIAN TAX CONSIDERATIONS

The following summary is a general description of the Australian income tax and Capital Gains Tax (**CGT**) consequences for Neo Shareholders if the Merger is approved and they dispose of their Neo Shares to Perpetual pursuant to the Scheme.

This summary is based on taxation law and practice in effect at the date of the Scheme Booklet. It is not intended to be an authoritative or comprehensive analysis of the taxation laws of Australia, nor does it consider any specific facts or circumstances that may apply to particular shareholders. Further, it does not deal with the taxation consequences of disposing of Neo Shares or Neo Options which may have been issued under an employee shares scheme, which may be subject to specific tax provisions.

The Australian tax consequences for Neo Shareholders of disposing of their Neo Shares will depend on a number of factors including:

- (a) whether they are an Australian resident or non-resident for tax purposes;
- (b) whether they hold their Neo Shares on capital, revenue account or as trading stock;
- (c) when they acquired their Neo Shares;
- (d) whether they are an individual, a company or a trustee of a complying superannuation entity; and
- (e) whether scrip for scrip rollover relief is available – see Section 8.2 below.

Given the complexity of the taxation legislation, Neo Shareholders should seek independent taxation advice regarding the tax consequences of disposing of Neo Shares given the particular circumstances which apply to them.

8.1 Taxation Consequences for Neo Shareholders

(a) **Shareholders holding Neo Shares as trading stock**

Neo Shareholders who hold their Neo Shares as trading stock (e.g., as a share trader) will be required to include the value of the consideration from the disposal of their Neo Shares in their assessable income.

(b) **Shareholders holding Neo Shares on Revenue Account**

The Australian tax consequences for Neo Shareholders who hold their Neo Shares on revenue account and who accept the offer to acquire the Neo Shares pursuant to the Scheme will be able to include the amount received (the market value of the Perpetual Shares) over the cost of acquisition of the Neo Shares as ordinary assessable income. Where the market value of Perpetual Shares is less than the cost of Neo Shares the loss may be claimed as a tax deduction.

(c) **Non-resident shareholders holding Neo Shares as trading stock or on revenue account**

Neo Shareholders who are a non-residents of Australia and whose Neo Shares were acquired as trading stock or otherwise on revenue account, should seek their own professional advice. The Australian tax treatment will depend on the source of any gain and whether a double tax agreement exists between their country of residence and Australia.

(d) **Neo Shareholders holding Neo Shares on Capital Account**

In broad terms, the Australian tax consequences for Neo Shareholders who hold their Neo Shares on capital account and dispose of the Neo Shares pursuant to the Scheme will depend on whether or not 'scrip for scrip' capital gains tax rollover relief is available and, if available, is elected. The following discussion considers the general Australian tax consequences for Neo Shareholders where:

- (i) rollover relief is available and is elected; and
- (ii) rollover relief is not available or is not elected.

8.2 Approval of the Scheme where Rollover Relief is Available and is Elected

Australian-resident Neo Shareholders may be entitled to 'scrip for scrip' CGT rollover relief in respect of the consideration referable to Perpetual Shares where the exchange of the shares would otherwise realise an assessable capital gain. Broadly speaking, rollover relief is available to shareholders who exchange shares in one company for shares in another company where the transaction is made pursuant to an arrangement and provided certain qualifying conditions are satisfied.

In broad terms, these qualifying conditions include the requirement that Perpetual must make an offer to all shareholders in Neo to acquire their voting shares on substantially the same terms and Perpetual must become the owner of at least 80% of the voting shares in Neo as a consequence the Scheme.

If the qualifying conditions are satisfied and a Neo Shareholder elects for rollover relief to apply, the rollover relief is available.

The effect of the rollover relief is that the Neo Shareholder's total capital gain will be deferred until the Perpetual Shares are disposed of.

The CGT cost base of the new Perpetual Shares acquired in the exchange is determined by reasonably attributing to it the CGT cost base of the Neo Shares for which a rollover was obtained. For example, the CGT cost base for four (4) Neo Shares will be apportioned to the one (1) Perpetual Share received for the Neo Shares. Further, the Neo Shareholders will be taken to acquire their Perpetual Shares at the time they originally acquired their Neo Shares (for the purpose of determining any entitlement to a discount on an otherwise assessable capital gain in relation to a subsequent dealing in their new Perpetual Shares).

As discussed above, rollover relief will only be available if the qualifying conditions are satisfied and Neo Shareholders elect to apply for it. Further,

rollover relief is not available if Neo Shareholders realise a capital loss on the disposal of their Neo Shares.

Scrip for scrip rollover relief does not apply automatically and must be elected. The election to utilise scrip for scrip rollover relief is evidenced by the manner in which the tax return for the relevant income year is prepared although it may be prudent to keep a written record of that election with your tax records.

Given the complexity of the provisions governing rollover relief and the various qualifying conditions that need to be satisfied, Neo Shareholders should seek independent taxation advice regarding their particular circumstances.

It is imperative that non-residents seek independent tax advice to confirm their Australian tax position.

8.3 Approval of the Scheme where Rollover Relief is Not Available or is Not Elected

Approval of the Scheme is likely to involve a disposal by a Neo Shareholder of their Neo Shares for CGT purposes.

An Australian-resident Neo Shareholder may make a capital gain or capital loss, depending on whether their capital proceeds from the exchange are more than the cost base of their Neo Shares, or whether those capital proceeds are less than the cost base of those shares.

Neo Shareholders who are not resident in Australia for tax purposes will generally be subject to Australian CGT on the disposal of Neo Shares if:

- (a) together with their Associates, they directly or indirectly own at least 10% or more (by value) of the shares in Neo:
 - (i) at the time of the sale; or
 - (ii) throughout a 12 month period beginning no earlier than 24 months before the time of the sale and ending no later than the time of the sale; and
- (b) if more than 50% of the value of Neo's assets is attributable to Australian real property,

subject to the terms of any applicable double tax agreement. It is imperative that non-residents independently confirm their Australian tax position.

The capital proceeds that a Neo Shareholder will be taken to have received in respect of the disposal of their Neo Shares will generally be the market value of Perpetual Shares on the Merger Implementation Date.

The cost base of Neo Shares will generally be the cost at which they were acquired including any incidental costs of the acquisition.

Where the amount of capital proceeds received by a Neo Shareholder in respect of the disposal of their Neo Shares is greater than the cost base of those Neo Shares, then the shareholder should realise a capital gain for Australian CGT purposes.

Where the amount of capital proceeds received by a Neo Shareholder in respect of the disposal of their Neo Shares is less than the reduced cost base of

those Neo Shares, then the Neo Shareholder should realise a capital loss for Australian CGT purposes. Where it is expected that a capital gain will result, if a Neo Shareholder does not elect for rollover relief, or that relief is not available, then partial tax relief may be available in the form of the CGT discount.

Specifically, where Neo Shares have been held for at least 12 months before their disposal, a shareholder who is an individual, a complying superannuation entity or the trustee of a trust should be able to reduce the capital gain arising from the disposal of Neo Shares by the CGT discount (see below).

The CGT discount will be available if the relevant Neo Shares have been held for at least 12 months.

Subject to the Neo Shareholder having any capital losses or net capital losses from previous income years, where the CGT discount is available, eligible Neo Shareholders which are individuals or trustees of trusts will reduce the capital gain arising on the disposal of Neo Shares by one-half. For individuals, this reduced gain should be assessed at the shareholder's marginal tax rate. Trustees should seek specific advice regarding the tax consequences of distributions attributable to discounted capital gains.

Subject to a Neo Shareholder having any capital losses or net capital losses from previous income years, where Neo Shares are held by a complying superannuation entity and the CGT discount is available, the discount will reduce the nominal capital gain on the disposal of the shares by one-third.

The CGT discount is generally applied after taking into account any capital losses or net capital losses from previous income years. Neo Shareholders having any capital losses or net capital losses from previous income years should seek independent advice in relation to the potential availability of the CGT discount.

8.4 SCR Shareholders who are Companies will not be entitled to the CGT Discount

Companies are not entitled to the CGT discount. The capital gain or capital loss will be calculated with reference to the capital proceeds less the cost base or reduced cost base of the shares. Where a company realises a capital gain, it may be eligible to reduce that gain with capital losses from previous income years. We recommend that companies seek advice from their professional tax advisor in relation to the availability and deductibility of capital losses.

8.5 GST

Goods and Service Tax (**GST**) should not apply to the disposal of Neo Shares under the Scheme, the issue of Perpetual Shares under the Scheme, or any subsequent disposal of Perpetual Shares.

Neo Shareholders who are registered for GST purposes may not be entitled to full input tax credits for any GST incurred on costs associated with acquiring or disposing of securities in Perpetual or Neo. Neo Shareholders should seek their own tax advice in this respect.

9. ADDITIONAL INFORMATION

9.1 Rights attaching to the New Perpetual Shares

The New Perpetual Shares will, once issued, rank equally with existing Perpetual Shares, subject to trading restrictions imposed by ASX as set out in Section 2.15 of this Scheme Booklet. The rights and liabilities attaching to New Perpetual Shares and Perpetual Shares are:

- (a) set out in the Perpetual Constitution, a copy of which is available for inspection at Neo's registered office during normal business hours; and
- (b) in certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

The following is a broad summary of the more significant rights attaching to the New Perpetual Shares and Perpetual Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities attaching to New Perpetual Shares and Perpetual Shares. To obtain such a statement, Scheme Participants should seek independent legal advice.

Shares

The issue of Perpetual Shares, including the terms and timing of, as well as the consideration for an issue, is under the control of the Perpetual Directors, subject to the Corporations Act, Listing Rules and any rights attached to any special class of shares.

Preference shares

Perpetual has the power to issue preference shares. The Perpetual Constitution sets out a framework of rights for these preference share issues from which the Perpetual Board can determine to allot and issue preference shares, subject to the Corporations Act and Listing Rules, without the need to obtain further Perpetual Shareholder approval every time an allotment of preference shares is proposed.

Alterations of share capital

Perpetual may reduce or alter its share capital and Perpetual Shares may be converted or cancelled with Perpetual Shareholder approval, subject to the Corporations Act and ASX Listing Rules.

Liens

If Perpetual issues partly paid shares and a call is made on those shares is unpaid, Perpetual will have a lien over the shares on which the call is unpaid. The lien may be enforced by a sale of those shares.

Transfer of shares

Perpetual may participate in any clearing and settlement facility provided under the Corporations Act, the Listing Rules and the ASX Settlement Operating Rules. An instrument of transfer must be a proper ASX Settlement transfer or in a form that complies with the Perpetual Constitution or is permitted by the Corporations Act, Listing Rules or ASX Settlement Operating Rules. Transfers through ASX

Settlement are effected electronically in CHESS. For the purposes of Perpetual's participation in the CHESS, Perpetual may issue holding statements in lieu of share certificates. Perpetual will not charge any fee for registering a transfer of Perpetual Shares except as permitted by the Listing Rules. The Perpetual Directors may refuse to register a transfer of Shares in the circumstances permitted or required under the Corporations Act, the Listing Rules or the ASX Settlement Operating Rules.

Proportional takeovers

A proportional takeover bid is one in which the offeror offers only to buy a specified proportion, rather than all, of each shareholders' shares. The Perpetual Constitution provides for Perpetual Shareholder approval of any proportional takeover bid for Perpetual Shares. Subject to the Listing Rules and ASX Settlement Operating Rules, the provisions require the Perpetual Directors to refuse to register any transfer of Perpetual Shares made in acceptance of a proportional takeover offer until the requisite Perpetual Shareholder approval has been obtained. The provision in the Perpetual Constitution requiring Perpetual Shareholder approval of any proportional takeover bid for the Perpetual Shares expires on the third anniversary of its adoption or last renewal and is renewed when a resolution is passed by 75% or more of the Perpetual Shareholders.

Buy backs

Perpetual may buy back Perpetual Shares on any terms and at any time determined by the Perpetual Directors subject to compliance with the requirements of the Corporations Act and Listing Rules when undertaking such an alteration of capital.

Disposal of less than a marketable parcel

Perpetual may procure the disposal of Perpetual Shares where the Perpetual Shareholder holds less than a marketable parcel of Perpetual Shares within the meaning of the Listing Rules (being a parcel of Shares with a market value of less than A\$500). To invoke this procedure, the Perpetual Directors must first give notice to the relevant Perpetual Shareholder holding less than a marketable parcel of Perpetual Shares, who may then elect not to have his or her Perpetual Shares sold by notifying the Perpetual Directors.

Variation of class rights

Class rights attaching to a particular class of Perpetual Shares may be varied or cancelled with the consent in writing of holders of 75% of the Perpetual Shares in that class or by a special resolution of the holders of Perpetual Shares in that class.

Meetings of shareholders

Perpetual Directors may call a meeting of Perpetual Shareholders whenever they think fit. Perpetual Shareholders may call a meeting as provided by the Corporations Act. The Perpetual Constitution prescribes that the place, date and time, general nature of business, and any other information required by applicable law must be included in the notices of meetings of Perpetual Shareholders. All Perpetual Shareholders are entitled to receive a notice of meeting, reports and financial reports of Perpetual. Consistent with the

Corporations Act, a meeting may be held in two or more places linked together by audio-visual communication devices. A quorum for a meeting of Perpetual Shareholders is five Perpetual Shareholders.

Perpetual will hold annual general meetings in accordance with the Corporations Act and the ASX Listing Rules.

Voting of shareholders

Resolutions of Perpetual Shareholders will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. On a poll each eligible Perpetual Shareholder has one vote for each Perpetual Share held and a fraction of a vote for each partly paid share determined by the amount paid up on that share. A poll may be demanded by the chairperson of the meeting, any five Perpetual Shareholders entitled to vote present in person or by proxy, attorney or representative or by any one or more Perpetual Shareholders holding not less than 5% of the total voting rights of all Perpetual Shareholders having the right to vote.

Proxies

An eligible Perpetual Shareholder may appoint a proxy to attend and vote at the meeting on the Perpetual Shareholder's behalf. An appointment of a proxy is only effective if Perpetual receives the appointment not less than 48 hours before the scheduled commencement of the meeting and is in the form specified by the Perpetual Directors from time to time. A Perpetual Shareholder may appoint an individual or corporation to act as its proxy.

Directors

The minimum number of Perpetual Directors is three and the maximum number is not more than ten. The existing directors of Perpetual may appoint a new Perpetual Director to fill a casual vacancy or as an addition to the Perpetual Board. Any such Perpetual Director shall retire at the next annual general meeting of Perpetual (at which meeting he or she is eligible for election as a Perpetual Director). While Perpetual is admitted to the official list of the ASX, no Perpetual Director other than the managing director may hold office for longer than three years without submitting himself or herself for re-election.

Powers of directors

The business of Perpetual is to be managed by or under the direction of the Perpetual Directors.

Remuneration of directors

Perpetual may pay non-executive Perpetual Directors a maximum of the total amount as determined by the Perpetual Shareholders in general meeting and such sum must not be paid by way of commission on, or percentage of, profits or operating revenue.

The remuneration of executive Perpetual Directors will be subject to the provisions of any contract between each of them and Perpetual but will not be by way of commission on, or percentage of, profits or operating revenue.

Execution of documents

In accordance with the Corporations Act, Perpetual may execute documents without the use of a company seal.

Dividends

Subject to the Corporations Act, the Perpetual Directors may determine that a dividend is payable and may fix the amount, the time for payment and the method of payment of a dividend. Subject to any special rights attaching to Perpetual Shares (such as preference shares), dividends will be paid proportionately. Perpetual will not pay any interest on dividends.

Winding up

If Perpetual is wound up, the liquidator may, with the authority of a special resolution, divide among the Perpetual Shareholders in kind the whole or any part of the property of Perpetual, and may for that purpose set such value as they consider fair upon any property to be so divided, and may determine how the division is to be carried out as between the Perpetual Shareholders or different classes of Perpetual Shareholders. Distributions made on the winding up of Perpetual are to be proportional to a Perpetual Shareholder's paid up capital.

Quotation of the New Perpetual Shares

It is a condition precedent of the Merger Implementation Agreement that Perpetual applies to ASX for the quotation of the New Perpetual Shares. For further details refer to Section 2.6 of this Scheme Booklet.

9.2 Neo Securities held by Neo Directors

The number, description and amount of Neo Securities held by or on behalf of each Neo Director as at the date of this Scheme Booklet are as follows:

| Neo Director | Neo Shares | Percentage Interest in Neo Issued Capital |
|----------------------------------|------------------|---|
| Peter Patrick Torre ¹ | 1,500,000 | 2.70% |
| Colin Ross Hastings ² | 1,000,000 | 1.80% |
| John Charles Geary ³ | 1,000,000 | 1.80% |
| Total | 3,500,000 | 6.3% |

Notes:

- 1,000,000 Neo Shares are held by Mrs Kaitlin Torre (Director's spouse), and 500,000 Neo Shares are held by Mr Peter Patrick Torre;
- 1,000,000 Neo Shares are held by Mrs Margaret Hastings (Director's spouse); and
- 1,000,000 Neo Shares are held by Copley Pty Ltd, a company controlled by Mr John Charles Geary.

No Neo Directors hold any Neo Options or Neo Convertible Notes.

If the Scheme becomes Effective, these interests will be dealt with under the Scheme in the same manner as will apply to all other Neo Shareholders.

There has been no dealing in and no agreement to deal has been entered into in respect of any marketable securities of Neo by any Neo Director in the four months preceding the date of this Scheme Booklet.

9.3 Intentions of Neo Directors regarding their Neo Shares

Each Neo Director intends to vote the Neo Shares over which they have voting control in favour of the Scheme, in the absence of a Superior Proposal.

9.4 Interests of Neo Directors in Perpetual Securities

There are no Perpetual Securities held by or on behalf of any Neo Director as at the date of this Scheme Booklet.

There has been no dealing in and no agreement to deal has been entered into in respect of any marketable securities of Perpetual by any Neo Director in the four months preceding the date of this Scheme Booklet.

Neo Directors who are Eligible Participants will be entitled to receive Perpetual Shares in accordance with the terms of the Scheme.

9.5 Remuneration of Neo Directors

The non-executive directors of Neo are paid remuneration for their services as directors not exceeding in aggregate a maximum sum, which sum is fixed by Neo Shareholders at a general meeting. The current maximum aggregate sum which Neo Shareholders have fixed to be paid as fees to the non-executive directors of Neo is A\$150,000 per annum. This amount was set out in the original prospectus lodged by Neo (which was formerly ORT Limited) in October 2003. The amount has not been amended since the date of listing.

The remuneration of Neo's executive directors is fixed by the Neo Board and may consist of salary, bonuses or any other elements, but must not be a commission on, or percentage of operating revenue. Directors' remuneration entitlement for the year ended 30 June 2012 was as follows:

| Financial Year ended 30 June 2011 | | | | | | |
|-----------------------------------|----------------------|-----------------|-----------------------|-------------------------|---------|---------|
| Director | Position | Salary and fees | Non monetary benefits | Superannuation Benefits | Shares | Total |
| Peter Patrick Torre | Executive Director | 78,000 | Nil | Nil | Nil | 78,000 |
| Colin Ross Hastings | Independent Director | Nil | Nil | Nil | Nil | Nil |
| John Charles Geary | Director | Nil | Nil | Nil | Nil | Nil |
| Financial Year ended 30 June 2012 | | | | | | |
| Director | Position | Salary and fees | Non monetary benefits | Superannuation Benefits | Shares | Total |
| Peter Patrick Torre | Executive Director | 78,000 | Nil | Nil | Nil | 78,000 |
| Colin Ross Hastings | Independent Director | Nil | Nil | Nil | 100,000 | 100,000 |

| | | | | | | |
|--------------------|----------|-----|-----|-----|-----|-----|
| John Charles Geary | Director | Nil | Nil | Nil | Nil | Nil |
|--------------------|----------|-----|-----|-----|-----|-----|

There are no current accrued entitlements payable in respect of the current financial year which ended on 30 June 2013.

Since the financial year commencing on 30 June 2010, directors' fees have not been accrued or paid to any Neo Directors. Mr Colin Ross Hastings received 1,000,000 Neo Shares in lieu of fees in respect of services rendered in connection with the WTJV. During the financial year ended on 30 June 2012, fees were earned, but not paid, to Peter Patrick Torre in his capacity as company secretary relating to secretarial and administration services inclusive of rent and all overhead expenses. Neo has recently agreed with Torre Corporate, a company controlled by Peter Patrick Torre, to write off approximately \$200,000 in professional services fees owed by the Company to Torre Corporate. Each of the Neo Directors have agreed to release Neo absolutely and waive all their entitlements from Neo if the Scheme is Implemented.

The remuneration of the directors of Neo as outlined above is current as at the date of this Scheme Booklet, but is subject to adjustment in the ordinary course of business.

9.6 Perpetual Securities held by Perpetual Directors and proposed directors of the Merged Group

The number, description and amount of Perpetual Securities held by or on behalf of each Perpetual Director and proposed Perpetual Director as at the date of this Scheme Booklet are as follows:

| Perpetual Directors/Proposed Directors of the Merged Group ¹ | Perpetual Shares | Percentage Interest in Perpetual Issued Capital |
|---|------------------|---|
| Ashley Wayne Kelly | 1,050,000 | 2.51% |
| Eric Jiang | 2,000,000 | 4.78% |
| George Karafotias | 2,040,000 | 4.88% |
| Mark Victor Caruso | 625,000 | 1.49% |
| Colin Ross Hastings | Nil | Nil |
| Total | 5,715,000 | 13.67% |

Notes:

1. Perpetual proposes to cause the appointment of Mark Victor Caruso and Colin Ross Hastings nominated by Neo, to the Perpetual Board upon implementation of the Scheme.
2. Perpetual proposes to procure that those directors on the Perpetual Board, as Neo may nominate, excluding George Karafotias and Eric Jiang, resign from the Perpetual Board.

9.7 Neo Securities held by Perpetual Directors and proposed directors of the Merged Group

The number, description and amount of Neo Securities held by or on behalf of

each Perpetual Director and proposed Perpetual Director as at the date of this Scheme Booklet are as follows:

| Perpetual Directors/Proposed Directors of the Merged Group¹ | Neo Shares | Percentage Interest in Neo Issued Capital |
|---|-------------------|--|
| Ashley Wayne Kelly ² | Nil | Nil |
| Eric Jiang | Nil | Nil |
| George Karafotias | Nil | Nil |
| Mark Victor Caruso ¹ | 3,237,500 | 5.70% |
| Colin Ross Hastings ¹ | 1,000,000 | 1.80% |
| Total | 4,237,500 | 7.50% |

Notes:

1. Perpetual proposes to cause the appointment of Mark Victor Caruso and Colin Ross Hastings nominated by Neo, to the Perpetual Board upon implementation of the Scheme.
2. Perpetual proposes to procure that those directors on the Perpetual Board, as Neo may nominate, excluding George Karafotias and Eric Jiang, resign from the Perpetual Board. It is proposed that Ashley Wayne Kelly will resign.
3. No Perpetual Directors hold any Neo Options or Neo Convertible Notes.

If the Scheme becomes Effective, the Neo Shares held by Perpetual Directors and proposed Perpetual Directors will be dealt with under the Scheme in the same manner as will apply to all other Neo Shareholders.

There has been no dealing in and no agreement to deal has been entered into in respect of any marketable securities of Neo by any Neo Director in the four months preceding the date of this Scheme Booklet.

Mark Victor Caruso controls Regional Management which holds 630,000 Neo Convertible Notes on the terms of the Neo Convertible Note Agreement. Under the Merger Implementation Agreement, it is a condition precedent to the Scheme that Neo, Perpetual and Regional Management enter into an agreement (on terms and conditions satisfactory in all respects to Perpetual) under which the parties agree to the Neo Convertible Note Agreement being novated from Neo to Perpetual and amended so that the Neo Convertible Notes convert into 3,150,000 Perpetual Shares with effect immediately after the implementation of the Scheme.

Mark Victor Caruso is also the Executive Chairman of Mineral Commodities Limited and has a non-controlling interest in that company through Zurich Bay Holdings.

9.8 Intentions of Perpetual Directors and proposed directors of the Merged Group regarding their Neo Shares

Each Perpetual Director and proposed director of the Merged Group intends to vote the Neo Shares over which they have voting control in favour of the Scheme, in the absence of a Superior Proposal.

9.9 Remuneration of Perpetual Directors

The Perpetual Constitution provides that its non-executive directors may be paid for their services as Perpetual Directors, but the sum payable must not exceed such fixed sum per annum as may be determined by Perpetual in general meeting, to be divided among the Perpetual Directors and, in default of agreement, then in equal shares. As at the date of this Scheme Booklet, Perpetual has not set the non-executive director remuneration pool and Perpetual is not paying any non-executive director remuneration as there are no non-executive directors.

The remuneration of Perpetual's executive directors is fixed by the Perpetual Board and may consist of salary, bonuses or any other elements, but must not be a commission on, or percentage of operating revenue.

As at the date of this Scheme Booklet, the Perpetual Directors are entitled to be remunerated as follows:

| Director | Position | Remuneration |
|--------------------|------------------------------|--|
| Ashley Wayne Kelly | Chairman, Executive Director | \$60,000 plus statutory superannuation |
| Eric Jiang | Executive Director | \$90,000 plus statutory superannuation |
| George Karafotias | Executive Director | \$90,000 plus statutory superannuation |

The remuneration of the directors of Perpetual as outlined above is current as at the date of this Scheme Booklet, but is subject to adjustment in the ordinary course of business.

Perpetual intends to offer to appoint Mark Victor Caruso and Colin Ross Hastings as non-executive directors of Perpetual and to remunerate them for their services to the Perpetual board if the Scheme is implemented. The fees will be based upon the skill and experience that they will bring to the Perpetual board and, within the range of fees for non-executive directors of a company of Perpetual's size and operations.

9.10 Interests of Perpetual and Perpetual's associates in Neo Securities

As at the date of lodgement of this Scheme Booklet with ASIC:

- (a) other than as set out in this Scheme Booklet, neither Perpetual nor its associates have a Relevant Interest in any Neo Shares or any other marketable securities of Neo; and
- (b) other than as set out in this Scheme Booklet, no Perpetual Directors hold relevant interests (as defined in the Corporations Act) in any Neo Shares or any other marketable securities of Neo.

Perpetual does not have any voting power (as defined in the Corporations Act) in Neo as at the date of this Scheme Booklet.

Except as disclosed in this Scheme Booklet, during the four months before the date of this Scheme Booklet neither Perpetual nor any associate of Perpetual has:

- (a) provided, or agreed to provide, consideration for any Neo Securities; or
- (b) given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person, or an associate, to vote in favour of the Scheme or dispose of Neo Shares which benefit is not offered to all Neo Shareholders under the Scheme.

9.11 Benefits to Neo officers in connection with retirement from office

There is no current proposal for a payment or other benefit to be made or given to a director, secretary or executive officer of Neo or any Related Body Corporate of Neo, as compensation for the loss of, or as consideration for or in connection with his or her retirement from office in Neo or any Related Body Corporate of Neo as a result of the Scheme.

As at the date of this Scheme Booklet, other than as set out in the Scheme Booklet, no decision has been made by Neo or Perpetual to terminate the services of any officer or executive of Neo.

9.12 Agreements or arrangements connected with or conditional on the Scheme

Except as disclosed below or elsewhere in this Scheme Booklet, there are no agreements or arrangements made between any Neo Director and another person in connection with, or conditional on, the outcome of the Scheme other than in their capacity as a holder of Neo Securities.

- (a) Perpetual agreed in the Merger Implementation Agreement to indemnify Neo and its directors and officers against any loss suffered or incurred by reason of any breach of any of the representations and warranties provided by Perpetual in the Merger Implementation Agreement. Neo has provided a reciprocal indemnity. See clause 7 of the Merger Implementation Agreement.
- (b) In accordance with the terms of the Merger Implementation Agreement, if the Merger is implemented, each of Colin Ross Hastings and Mark Victor Caruso will join the board of Perpetual as non-executive directors.

The remuneration arrangements of Perpetual Directors is set out in section 9.9 of this Scheme Booklet.

9.13 Neo Directors' interests in Perpetual contracts

Except as disclosed elsewhere in this Scheme Booklet, no Neo Director has any interest in any contract entered into with Perpetual, or any interest as a creditor of Perpetual.

9.14 Disclosure of payments and benefits to Neo Directors, secretaries and executive officers

Except as disclosed elsewhere in this Scheme Booklet, no Neo Director, secretary or executive officer of Neo (or any of its Related Bodies Corporate) has agreed to receive, or is entitled to receive, any payment or benefit from Perpetual which is conditional on, or is related to, the Scheme.

9.15 Disclosure of interests

Except as disclosed in this Scheme Booklet, no:

- (a) Neo Director;
- (b) Perpetual Director;
- (c) person named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet; or
- (d) promoter of the Merged Group,

(together **Interested Persons**) holds, or held at any time during the two years before the date of this Scheme Booklet any interests in:

- (a) the formation or promotion of the Merged Group;
- (b) property acquired or proposed to be acquired by Perpetual in connection with the formation or promotion of the Merged Group or the offer of new Perpetual Shares under the Scheme; or
- (c) the offer of New Perpetual Shares under the Scheme.

9.16 Disclosure of fees and other benefits

Except as disclosed in this Scheme Booklet, neither Perpetual nor Neo has paid or agreed to pay any fees, or provided or agreed to provide any benefit to:

- (a) a proposed director of Perpetual to induce them to become or qualify as a director of Perpetual;
- (b) any Interested Person for services provided by that person in connection with the formation or promotion of the Merged Group; or
- (c) the offer of New Perpetual Shares under the Scheme.

9.17 Right to inspect and obtain copies of the Neo Share Register and the Neo Option Register

A holder of Neo Securities has the right to inspect the Neo Share Register and the Neo Option Register, which contain the name and address of each Neo Shareholder and Neo Optionholder and certain other prescribed details relating to Neo Securities, without charge.

A holder of Neo Securities also has the right to request a copy of the register, upon payment of a fee (if any) up to a prescribed amount.

9.18 Regulatory conditions and relief

9.18.1 Neo

Neo is not aware of any regulatory conditions it is required to comply with or regulatory relief it should apply for in connection with the Scheme.

9.18.2 Perpetual

Chapter 11 of the Listing Rules 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 Listing Rules as if the Company were applying for admission to the official list of ASX.

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

In response to a formal submission made by Perpetual to ASX, ASX has advised that, based solely on the information provided by Perpetual, Perpetual's proposed merger with Neo on the basis of the issue of one New Perpetual Share for every four Neo Shares pursuant to a scheme of arrangement under Part 5.1 of the Corporations Act between Neo and the Neo Shareholders:

- (a) requires shareholder approval under listing rule 11.1.2; and
- (b) will not cause ASX to require Perpetual to comply with chapters 1 and 2 of the Listing Rules as if it were applying for admission to the official list, on condition that the notice of meeting to approve the Transaction provides disclosures satisfactory to ASX that following the implementation of the Scheme, Perpetual, on the basis of cash held by it and Neo and without a fundraising being conducted by either of them, will have sufficient working capital to carry out its operations, including exploration programs for both Perpetual's existing projects and the projects held by Neo, for a period of at least 12 months.

In accordance with the advice received from ASX, Perpetual will be seeking shareholder for the Transaction for the purposes of ASX Listing Rule 11.1.2 at a general meeting of Perpetual Shareholders to be held on 19 August 2013. As outlined in Section 4.2, approval of the Transaction by Perpetual Shareholders in a condition precedent to the implementation of the Scheme.

In the notice of meeting sent to Perpetual Shareholders, Perpetual confirmed that, if the Merger proceeds, Perpetual, on the basis of cash held by it and Neo and without a fundraising being conducted by either of them, will have sufficient working capital to carry out its operations, including exploration programs for both Perpetual's existing projects and the projects held by Neo, for a period of at least 12 months.

9.19 No administrator

It is not proposed that any person be appointed to manage or administer the Scheme.

9.20 No relevant restrictions in the Neo Constitution

There are no restrictions on the right to transfer Neo Shares in the Neo Constitution.

9.21 No unacceptable circumstances

The Neo Directors are not aware of circumstances in relation to Neo's affairs that could reasonably be characterised as constituting "unacceptable circumstances" in relation to the Scheme for the purposes of Section 657A of the Corporations Act.

9.22 Neo Shareholders in jurisdictions outside Australia

This Scheme Booklet and the Scheme are subject to Australian disclosure requirements that may be different to those applicable in other jurisdictions. This Scheme Booklet and the Scheme do not in any way constitute an offer of securities in any place in which, or to any person to whom, it would not be lawful to make such an offer. Ineligible Foreign Shareholders, being any Scheme Participants whose address as shown in Register at 5.00 pm on the Record Date is outside of Australia and its external territories, New Zealand should refer to Section 4.11 for further information.

Perpetual will not issue New Perpetual Shares to an Ineligible Foreign Shareholder unless Neo and Perpetual are satisfied, acting reasonably, that the laws of that Neo Shareholder's country of residence (as shown in the Neo Register) permit the issue and allotment of New Perpetual Shares, either unconditionally or after compliance with conditions that are not unduly onerous. If you are an Ineligible Foreign Shareholder, you should refer to Section 4.11 for further information.

9.23 Lodgement of Scheme Booklet

This Scheme Booklet was lodged with the ASIC on 16 July 2013 pursuant to Section 411(2)(b) of the Corporations Act.

9.24 Litigation

To the best of the Neo Directors knowledge, there is no current, threatened or impending litigation against Neo.

To the best of the Perpetual Directors knowledge, there is no current, threatened or impending litigation against Perpetual.

9.25 Data in charts, graphs and tables

Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the latest reasonably practicable date before the date of this Scheme Booklet. Any discrepancies in any chart, graph or table between totals and sums of amounts presented or listed therein or to previously published financial figures are due to rounding.

9.26 Other material information

There is no other information material to the making of a decision in relation to the Scheme or a decision by Scheme Participants whether or not to agree to the Scheme, being information that is within the knowledge of any Neo Director or Perpetual Director or of a related company of either Neo or Perpetual and that has not previously been disclosed to Neo Shareholders other than as set out in this Scheme Booklet or the Appendices to this Scheme Booklet.

9.27 Neo interest in Perpetual Securities

As at the date of this Scheme Booklet, Neo holds no interest in any Perpetual Securities.

There have been no acquisitions or disposals of Perpetual Securities by Neo in the 4 months before the Scheme Booklet was registered with ASIC.

9.28 Perpetual interest in Neo Securities

As at the date of this Scheme Booklet, Perpetual has no interest in any Neo Securities.

There have been no acquisitions or disposals of Neo Securities by Perpetual in the 4 months before the Scheme Booklet was registered with ASIC.

9.29 Benefits given in the four months prior to the date of the Scheme Booklet in connection with the Scheme

In the 4 months before the Scheme Booklet was registered with ASIC, Perpetual has not given any benefit to a person that was likely to induce the other person, or an associate to:

- (a) vote in favour of the Scheme; or
- (b) dispose of Neo Shares,

and that benefit is not offered to all holders of Neo Shares.

9.30 Effect of Scheme on creditors

The Scheme, if implemented, will not materially prejudice Neo's ability to pay its creditors as it involves the purchase of Neo Shares rather than Neo's underlying assets. No new liability (other than the transaction costs) is expected to be incurred by Neo as a consequence of implementation of the Scheme.

9.31 Neo trading policy

Neo has a policy relating to the trading of Neo Securities (separate from and additional to the legal constraints imposed by the common law, the Corporations Act and the ASX Listing Rules). This policy applies to all directors and employees of Neo and their associates (including spouses, children, family trusts and family companies) as well as contractors, consultants, advisers and auditors. Under that policy, these individuals are prohibited from trading in Neo Securities while in possession of unpublished price sensitive information concerning Neo or any ASX listed company and outside designated periods.

9.32 Information in relation to Perpetual Shares

Perpetual Shares are listed on ASX.

The highest and lowest recorded sale prices of existing Perpetual Shares on ASX during the 3 months immediately preceding the date on which the Merger Proposal was announced to ASX (26 April 2013) and the respective dates of those sales, were:

| Date | Highest Price | Date | Lowest Price |
|--------------------|---------------|--|--------------|
| 5 and 7 March 2013 | \$0.22 | 21 March 2013, 18 and 23 April 2013 | \$0.20 |

The highest and lowest recorded sale prices of existing Perpetual Shares on ASX during the 3 months immediately preceding the date of this Scheme Booklet 16 July 2013 and the respective dates of those sales, were:

| Date | Highest Price | Date | Lowest Price |
|---|---------------|--------------------------------|--------------|
| 18 and 30 April 2013, 1 and 6 May 2013 | \$0.20 | 7 June 2013 and 2 July 2013 | \$0.18 |

The last recorded sale price of Perpetual Shares on ASX on 2 July 2013 was \$0.18.

9.33 Information in relation to Neo Shares

Neo Shares are listed on ASX. However they have been suspended since 10 October 2007.

The last recorded sale price of Neo Shares on ASX on 10 October 2007 was \$0.014 which was the price prior to the consolidation of all the issued capital of Neo which was conducted on a one (1) for ten (10) basis.

9.34 Consents, disclaimers of responsibility and fees

9.34.1 Consents

- (a) Perpetual has consented to the inclusion of the Perpetual Information in the form and context in which the statements appear and has not withdrawn its consent before the date of this Scheme Booklet. Perpetual has not authorised or caused the issue of this Scheme Booklet.
- (b) Ernst & Young has given its consent to:
 - (i) the inclusion of its Independent Expert's Report on the Scheme in this Scheme Booklet in the form and context in which it appears in Appendix 5;
 - (ii) the references to its Independent Expert's Report in this Scheme Booklet being made in the form and context in which each such reference is made; and
 - (iii) be named in this Scheme Booklet as the Independent Expert,

and has not withdrawn that consent before the date of this Scheme Booklet. Ernst & Young has not authorised or caused the issue of this Scheme Booklet. The interests of Ernst & Young are disclosed in the Independent Expert's Report.

- (c) Al Maynard & Associates has given its consent to:
- (i) the inclusion of its Independent Technical Specialist's Report on the Scheme in this Scheme Booklet in the form and context in which it appears in Appendix 5;
 - (ii) the references to his Independent Technical Specialist's Report in this Scheme Booklet being made in the form and context in which each such reference is made;
 - (iii) be named in this Scheme Booklet as the Independent Technical Specialist; and
 - (iv) the inclusion of the summary of the site visit of the Atoz Mine Site undertaken by Al Maynard & Associates Pty Ltd under the heading "Field trip summary" in Section 7.4,

and has not withdrawn that consent before the date of this Scheme Booklet. Al Maynard & Associates has not authorised or caused the issue of this Scheme Booklet. The interests of Al Maynard & Associates are disclosed in the Independent Technical Specialist's Report.

- (d) Steinepreis Paganin has given its consent to be named as the legal adviser to Neo in the form and context in which it is named. Steinepreis Paganin has not authorised or caused the issue of this Scheme Booklet and takes no responsibility for its content.
- (e) KD Johns & Co has given its consent to the inclusion of its report on the taxation implications of the Merger contained in Section 8 of this Scheme Booklet, and the references to its report in this Scheme Booklet being made in the form and context in which each such reference is made. KD Johns & Co has not authorised or caused the issue of this Scheme Booklet and takes no responsibility for its content.
- (f) Computershare Investor Services has given its consent to be named as Neo's Registry in the form and context in which it is named. Computershare Investor Services has not authorised or caused the issue of this Scheme Booklet and takes no responsibility for its content.
- (g) Dr Spero Carras and Mr Brian Varndell have each given their consent to be named the person responsible for specific information in this Scheme Booklet as described in 9.35 of this Scheme Booklet. Neither Dr Spero Carras nor Mr Brian Varndell have authorised or caused the issue of this Scheme Booklet and neither takes responsibility for its content.

To the maximum extent permitted by law, each party named above expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Scheme Booklet other than a reference to its name and the statement (if any) included in this Scheme Booklet with the consent of that party as specified in this Section.

K&L Gates has been named as the legal adviser to Perpetual in this Scheme Booklet for information purposes only.

9.34.2 Disclaimers of responsibility

Each person named in Section 9.34.1:

- (a) has not authorised or caused the issue of this Scheme Booklet;
- (b) does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based (other than as specified in this section); and
- (c) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Scheme Booklet, other than a reference to its name and any statements (if any) included in this Scheme Booklet with the consent of that person as specified in this section.

9.34.3 Fees

Each person named in Section 9.34.1 as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet will be entitled to receive professional fees charged in accordance with their normal basis of charging or as set out below.

The fee for professional services paid or payable to the Independent Expert (in respect of the Independent Expert's Report) is approximately \$35,000 (plus GST) plus reimbursement of expenses for the preparation of the report.

The fee for professional services paid or payable to the Independent Technical Specialist (for the Independent Technical Specialist's Report) is approximately A\$14,000 (plus GST).

The fee for professional services paid or payable to KD Johns & Co (for the preparation of Section 8) is approximately A\$2,500 (plus GST).

The fee for professional services paid or payable to Steinepreis Paganin to the date of this Scheme Booklet (including for due diligence and court related aspects of the Scheme) is approximately A\$75,000 (plus GST).

The fee for professional services paid or payable to Computershare Investor Services to the date of this Scheme Booklet is approximately A\$27,000 (plus GST).

9.35 Competent Person Statements

The information in this Scheme Booklet that relates to exploration results of the Wiagdon Thrust Gold Project is based on information compiled by Dr Spero Carras. Dr Carras is a Fellow of the Australasian Institute of Mining and Metallurgy and consultant to Neo Resources Limited. Dr Carras has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Carras consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this Scheme Booklet which related to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Brian Varndell, who is a Fellow member of the Australasian Institute of Mining and Metallurgy. Mr Varndell is an associate of Al Maynard & Associates an independent consultant to the Company. Mr Varndell has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Minerals Resources and Ore Reserves". Mr Vardnell consents to inclusion in the Scheme Booklet of the matters based on his information in the form and context in which it appears.

9.36 Supplementary information

If, between the date of despatch of this Scheme Booklet and the date of the Scheme Meeting, Neo becomes aware of:

- (a) a misleading or deceptive statement in this Scheme Booklet;
- (b) an omission from this Scheme Booklet of information which is required by the Corporations Act or the Corporations Regulations; or
- (c) a new circumstance that:
 - (i) has arisen since the Scheme Booklet was despatched to Scheme Participants; and
 - (ii) would have been required to be included in this Scheme Booklet had it arisen before the Scheme Booklet was lodged,

that is materially adverse from the point of view of a Scheme Participant,

Neo will prepare a supplementary document to this Scheme Booklet that remedies this defect or provides information about the new circumstance.

The form which the supplementary document may take will depend on the nature and timing of the defect or the new circumstance. Subject to obtaining relevant approvals from the Court and ASIC, Neo may circulate and publish any supplementary document by making an announcement to ASX through the Perpetual announcement platform.

The Neo Directors recommendation to Neo Shareholders to vote in favour of the Scheme and their intention to vote in favour of the Scheme is subject to the occurrence of any new circumstances. As a result of the Neo Directors' duty to act in the best interests of Neo Shareholders generally, should a material new circumstance occur which alters the basis or relative value of the transaction, each of the Neo Directors reserves their right to vary their recommendation.

10. GLOSSARY

10.1 Definitions

In this Scheme Booklet (other than the Appendices), unless the context requires otherwise:

\$ or A\$ means the lawful currency of Australia.

AASB 3 has the meaning given to that term in Section 3.7 of the Scheme Booklet.

Advance Payment has the meaning given to the terms in Section 7.5 of this Scheme Booklet.

Agency Agreement has the meaning given to the terms in Section 7.5 of this Scheme Booklet.

Agent has the meaning given to the terms in Section 7.5 of this Scheme Booklet.

AIFRS has the meaning given to that term in Section 3.7 of this Scheme Booklet.

Appendix means an appendix to this Scheme Booklet.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) and, where the context requires, the financial market that it operates.

ASX Settlement means ASX Settlement Pty Ltd (ACN 008 504 532).

ASX Settlement Operating Rules mean the operating rules of ASX Settlement.

Atoz Mine Site means the area the subject of the Atoz Mining Licence, being a coal mining area of 192 Ha located at Nagari Tambang, Kecamatan IV Jurai, West Sumatra, Indonesia.

Atoz Mining Licence means the Operational Production Mining License regarding the operation of, and production of coal from, the Mine Site, issued by Decree of Regent of Pesisir Selatan in favour of Pt Atoz dated 28 October 2009 and bearing IUP Number 516/466/Kpts/BPT-PS/2009.

Atoz Project means the coal exploration and mining project undertaken pursuant to the Atoz Mining Licence and the Atoz Mine Site.

Business Day means a weekday on which trading banks are open for business in Perth, Western Australia and Melbourne, Victoria.

CGT has the meaning given to that term in section 8 of this Scheme Booklet.

CHES means the Clearing House Electronic Subregister System operated by ASX Settlement.

Competing Transaction means an expression of interest, proposal, offer, transaction or arrangement pursuant to which a person, other than Perpetual or any of its Related Entities, will, if the expression of interest, proposal, offer, transaction or arrangement is entered into or completed:

- (a) acquire (whether directly or indirectly) or become the holder of, or otherwise acquire or have an economic interest in all or a substantial part of the business of Neo or any of its subsidiaries;
- (b) acquire a relevant interest in, or become the holder of, or otherwise acquire, have a right or obligation to acquire or have an economic interest, directly or indirectly, in 50% or more of Neo's voting shares;
- (c) acquire control (as determined in accordance with section 50AA of the Corporations Act) of Neo or any of its subsidiaries; or
- (d) otherwise acquire or merge with Neo,

whether by way of takeover offer, scheme of arrangement, shareholder approved acquisition, capital reduction or buy-back, share issue, sale or purchase of shares or assets, joint venture, dual-listed company structure (or other synthetic merger), or other transaction or arrangement.

Corporations Act means the Corporations Act 2001 (Cth).

Corporations Regulations means Corporations Regulations 2001 (Cth).

Computershare Investor Services means Computershare Investor Services Pty Limited (ABN 48 078 279 277).

Court means the Federal Court of Australia.

Deed Poll means the deed poll dated 15 July 2013 executed by Perpetual set out in Appendix 3, pursuant to which Perpetual covenants in favour of the Scheme Participants to perform its obligations under the Scheme.

Effective means the coming into effect, pursuant to Section 411(10) of the Corporations Act of the order of the Court made under Section 411(4)(b) (and if applicable Section 411(6) of the Corporations Act) in relation to the Scheme.

Effective Date means the date on which an office copy of the relevant Scheme Orders are lodged with ASIC pursuant to Section 411(10) of the Corporations Act or, if an earlier date is specified in the Scheme Order for the coming into effect of the Scheme, that earlier date.

FY2012 Accounts has the meaning given to that term in Section 7.6 of this Scheme Booklet.

Government Agency means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any state.

GST has the meaning given to that term in section 8.5 of this Scheme Booklet.

Independent Expert means Ernst & Young.

Independent Expert's Report or **IER** means the report from the Independent Expert set out Appendix 5 to this Scheme Booklet, and any update to such report that the Independent Expert issues.

Independent Technical Specialist means Al Maynard & Associates.

Independent Technical Specialist's Report means the report from the Independent Technical Specialist set out as an annexure to the Independent Expert's Report in Appendix 5 to this Scheme Booklet, and any update to such report that the Independent Technical Specialist issues.

Ineligible Foreign Shareholder means a Scheme Participant whose address as shown in the Register is a place outside Australia and its external territories, New Zealand or any other jurisdiction agreed in writing between Neo and Perpetual.

Interested Persons has the meaning given to that term in Section 9.15 of this Scheme Booklet.

JORC Code means the 2004 Edition of the *Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves*, which is available at www.jorc.org.

Listing Rules means the official listing rules of ASX.

Loan Advance has the meaning given to that term in Section 4.2 of this Scheme Booklet.

Material Adverse Change means an event, circumstance, disclosure or effect occurring after the Merger Implementation Agreement, which, in the reasonable opinion of Perpetual, has caused, or could reasonably be expected to have caused, a material adverse change to the business, financial or trading position, assets or liabilities, profitability or prospects of Neo, taken as a whole, including where it becomes known to Perpetual that information disclosed by Neo is, or is likely to be, incomplete, incorrect or untrue or misleading.

Merged Group means the merged group entities comprising Perpetual and all of its subsidiaries and Neo and all of its subsidiaries following implementation of the Scheme.

Merger or **Merger Proposal** means the proposed merger of Neo and Perpetual pursuant to the terms of the Scheme.

Merger Implementation Agreement means the agreement dated 26 April 2013 between Neo and Perpetual to give effect to the Merger as varied by a deed of variation dated 1 July 2013 copies of which are included in Appendix 1.

Merger Implementation Date means the date which is five Business Days after the Record Date.

Neo means Neo Resources Ltd (ACN 007 708 429).

Neo Board means the board of directors of Neo.

Neo Constitution means the constitution of Neo.

Neo Convertible Note Agreement means the convertible note deed between Neo and Regional Management dated 2 May 2012 as varied by a letter of acknowledgement dated 10 October 2012, letter of amendments to the convertible note deed dated 12 December 2012, and a variation agreement dated 29 April 2013 under which Neo issued the Neo Convertible Notes to Regional Management.

Neo Convertible Notes means the convertible notes in the capital of Neo issued on the terms and conditions set out in the Neo Convertible Note Agreement.

Neo Director means a director of Neo.

Neo Information means the information contained in this Scheme Booklet other than the Perpetual Information and the Independent Expert's Report.

Neo Optionholder means each person who is registered as the holder of a Neo Option.

Neo Options mean an unlisted option issued by Neo expiring on 1 July 2014 each with an exercise price of \$0.20 and giving the holder of the option the right to subscribe for one Neo Share.

Neo Securities means Neo Shares, Neo Options and Neo Convertible Notes.

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

Neo Shareholder means each person who is registered as the holder of a Neo Share.

Neo Tenements means the mining tenements in which Neo has an interest listed in Section 6.3 which comprise the Wiagdon Thrust gold joint venture project between Neo and Oroya.

New Perpetual Shares means the Perpetual Shares to be issued under the Scheme as the Scheme Consideration.

Notice means the notice convening the Scheme Meeting.

Novation and Variation Deed has the meaning given to that term in Section 4.2 of this Scheme Booklet.

Option Cancellation Agreement has the meaning given to that term in Section 4.2 of this Scheme Booklet.

Oroya means Oroya Mining Limited (ACN 009 146 794).

PCG has the meaning given to the terms in Section 7.5 of this Scheme Booklet.

PCG Royalty Agreement has the meaning given to that term in Section 7.5 of this Scheme Booklet.

Perpetual means Perpetual Resources Ltd (ACN 154 516 533).

Perpetual Board means the board of directors of Perpetual.

Perpetual Constitution means the constitution of Perpetual.

Perpetual Director means a director of Perpetual.

Perpetual Information means information contained in:

- (a) the subsections headed 'Nature of this document', 'Responsibility statement', 'Forward looking statements' and 'Privacy' in the Important Notices section of the Scheme Booklet as they relate to Perpetual;

- (b) Section 1.3 of the Scheme Booklet as it relates to Perpetual;
- (c) Section 1.6 of the Scheme Booklet as it relates to Perpetual;
- (d) Section 2.6 of the Scheme Booklet as it relates to Perpetual;
- (e) Section 2.15 of the Scheme Booklet as it relates to Perpetual;
- (f) Section 3.4 of the Scheme Booklet as it relates to Perpetual's contribution to the Merged Group;
- (g) Section 3.5 of the Scheme Booklet as it relates to Perpetual's contribution to the Merged Group;
- (h) Section 3.8 of the Scheme Booklet as it relates to Perpetual Securities;
- (i) Section 4.11 of the Scheme Booklet as it relates to Perpetual;
- (j) Section 5.5(d) of the Scheme Booklet as it relates to Perpetual;
- (k) Section 7 of the Scheme Booklet;
- (l) Section 1.1 of the Scheme Booklet;
- (m) Section 9.6 of the Scheme Booklet;
- (n) Section 9.7 of the Scheme Booklet as it relates to the current Perpetual Directors;
- (o) Section 9.8 of the Scheme Booklet as it relates to the current Perpetual Directors;
- (p) Section 9.9 of the Scheme Booklet;
- (q) Section 9.10 of the Scheme Booklet;
- (r) Section 9.15 of the Scheme Booklet as it relates to Perpetual;
- (s) Section 9.16 of the Scheme Booklet as it relates to Perpetual;
- (t) Section 9.18.2 of the Scheme Booklet;
- (u) Section 9.24 of the Scheme Booklet as it relates to Perpetual;
- (v) Section 9.28 of the Scheme Booklet;
- (w) Section 9.29 of the Scheme Booklet; and
- (x) Section 9.35 of the Scheme Booklet as it relates to Perpetual.

Perpetual Prospectus means the prospectus dated 14 September 2012 in relation to the offer of shares in Perpetual.

Perpetual Securities means Perpetual Shares and New Perpetual Shares.

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

Perpetual Shareholder means each person who is registered as the holder of a Perpetual Share.

Prescribed Occurrence has the meaning given to that term in the Merger Implementation Agreement.

Proceeds has the meaning given to that term in Section 4.11 of this Scheme Booklet.

Promoter Royalty Agreement has the meaning given to that term in Section 7.5 of this Scheme Booklet.

PT Atoz means PT Atoz Nusantara Mining Company (a company incorporated in Indonesia).

Record Date means 5.00pm on the fifth Business Day after the date on which the Scheme becomes Effective.

Regional Management means Regional Management Pty Ltd (ACN 106 755 622).

Register or **Neo Registry** means the register of members of Neo maintained in accordance with the Corporations Act by Computershare Investor Services.

Related Body Corporate has the meaning given in section 50 of the Corporations Act.

Sale Agent means the agent appointed in relation to the Scheme by Perpetual to sell the New Perpetual Shares that would have otherwise been issued to Ineligible Foreign Shareholders.

Scheme or **Scheme of Arrangement** means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act to be made between Neo and the Scheme Participants, a copy of which is set out in Appendix 2 to the Scheme Booklet.

Scheme Booklet means this Scheme Booklet, including the Appendices.

Scheme Consideration means one (1) New Perpetual Share for every four (4) Neo Shares held by a Scheme Participant at the Record Date.

Scheme Information Line means a free telephone information service in relation to the Scheme operated by Computershare Investor Services and available by calling 1300 850 505 during business hours.

Scheme Meeting means the meeting of Neo Shareholders ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act and held at 9:00am (Perth time) on 19 August 2013 at BDO, 38 Station Street, Subiaco, Western Australia 6008 to consider and, if thought fit, to approve the Scheme.

Scheme Orders means the orders of the Court approving the Scheme pursuant to section 411(4)(b) of the Corporations Act.

Scheme Participant means a Neo Shareholder registered in the Register as a holder of Neo Shares as at 5.00pm on the Record Date.

Second Court Date means the first day on which the Court hears the application for the Scheme Orders is heard or, if the application is adjourned for any reason, the first day on which the adjourned application is heard.

Second Court Hearing means the hearing of the application to the Court for an order under Section 411(4)(b) of the Corporations Act approving the Scheme.

Superior Proposal means a publicly announced bona fide proposal from a person other than Perpetual as to a Competing Transaction (and not resulting from a breach by Neo of its obligations under the Merger Implementation Agreement):

- (a) which the Neo Board, acting in good faith, and after taking advice from its legal and financial advisers, determines:
 - (i) is reasonably capable of being completed on a timely basis taking into account all aspects of the Competing Transaction, including having regard to legal, regulatory and financial matters including any conditions precedent; and
 - (ii) would result in an outcome that is superior to the Scheme Participants than the Scheme, taking into account all terms and conditions of the Competing Transaction; and
- (b) purports to offer consideration per Neo Share which is greater than the Scheme Consideration per Neo Share, where the value of the offer consideration is determined as follows:
 - (i) if the consideration offered is a cash sum only, the amount of that cash sum;
 - (ii) if the consideration offered is scrip consideration, the VWAP of the relevant shares being offered as scrip consideration for the 5 trading days immediately prior to the announcement of the Competing Transaction; and
 - (iii) if the consideration offered is a combination of cash consideration and scrip consideration, the aggregate of the amount of the cash sum and the value of the scrip component calculated using the principles set out in paragraph (ii) above.

SW Royalty Agreement has the meaning given to that term in Section 7.5 of this Scheme Booklet.

SWER means SW Energy Resources Company Limited (a company incorporated in Hong Kong).

SWER Mining Agreement means the mining agreement dated 27 December 2010 made between SWER and PT Atoz as varied by agreement dated 20 January 2011.

Transaction means the acquisition of all of the Neo Shares by Perpetual through implementation of the Scheme in accordance with the terms of the Merger Implementation Agreement.

Wiagdon Thrust Gold Project has the meaning given to that term in Section 6.3 of this Scheme Booklet.

WTGP JV Agreement has the meaning given to that term in Section 5.5(d)(ii)(A) of this Scheme Booklet.

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

WTJV has the meaning given to that term in Section 6.3 of this Scheme Booklet.

Zurich Bay Holdings means Zurich Bay Holdings Pty Ltd ACN 009 422 093.

10.2 Interpretation

In this Scheme Booklet (other than the Appendices):

- (a) All dates and times are Perth, Western Australia times unless otherwise stated.
- (b) Words and phrases not otherwise defined in this Scheme Booklet have the same meaning (if any) given to them in the Merger Implementation Agreement.
- (c) The singular includes the plural and vice versa.
- (d) A reference to a person includes a reference to a corporation.
- (e) Headings are for ease of reference only and do not affect the interpretation of the Scheme Booklet.
- (f) A reference to a Section is to a section in this Scheme Booklet unless stated otherwise.

APPENDIX 1 – MERGER IMPLEMENTATION AGREEMENT

**PERPETUAL RESOURCES LIMITED
ACN 154 516 533
(PERPETUAL)**

and

**NEO RESOURCES LIMITED
ACN 007 708 429
(NEO)**

MERGER IMPLEMENTATION AGREEMENT

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SCHEDULE 1 – TIMETABLE

SCHEDULE 2 – SCHEME OF ARRANGEMENT

SCHEDULE 3 – DEED POLL

SCHEDULE 4 – NEO TENEMENTS

THIS AGREEMENT is made the 26th day of April 2013

BETWEEN

PERPETUAL RESOURCES LIMITED (ACN 154 516 533) of Suite 1, Level 11, 499 St Kilda Road, Melbourne, Victoria 3004 (**Perpetual**).

AND

NEO RESOURCES LIMITED (ACN 007 708 429) of Unit B2, 431 Roberts Road, Subiaco, Western Australia 6008 (**Neo**).

RECITALS

- A.** Neo and Perpetual have agreed that Perpetual will acquire all of the Neo Shares by means of scheme of arrangement under Part 5.1 of the Corporations Act between Neo and Neo Shareholders.
- B.** Neo and Perpetual have agreed in good faith to implement the scheme of arrangement on the terms of this agreement as set out in the operative part of this agreement, in consideration of, among other things, the mutual promises contained in this agreement.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Agreement components

This agreement includes any schedule.

1.2 Definitions

The meanings of the terms used in this document are set out below.

ASIC means the Australian Securities and Investments Commission.

ASIC Review Period means the period from the date on which the draft of the Scheme Booklet is submitted by Neo to ASIC to the date on which ASIC confirms that it has no objection to the form of the Scheme Booklet.

ASX means ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.

Competing Transaction means an expression of interest, proposal, offer, transaction or arrangement pursuant to which a person, other than Perpetual or any of its Related Entities, will, if the expression of interest, proposal, offer, transaction or arrangement is entered into or completed:

- (a) acquire (whether directly or indirectly) or become the holder of, or otherwise acquire or have an economic interest in all or a substantial part of the business of Neo or any of its subsidiaries;

- (b) acquire a relevant interest in, or become the holder of, or otherwise acquire, have a right or obligation to acquire or have an economic interest, directly or indirectly, in 50% or more of Neo's voting shares;
- (c) acquire control (as determined in accordance with section 50AA of the Corporations Act) of Neo or any of its subsidiaries; or
- (d) otherwise acquire or merge with Neo,

whether by way of takeover offer, scheme of arrangement, shareholder approved acquisition, capital reduction or buy-back, share issue, sale or purchase of shares or assets, joint venture, dual-listed company structure (or other synthetic merger), or other transaction or arrangement.

Confidential Information means all information that is not generally available to the public at the time of disclosure other than by reason of a breach of this agreement or that is in fact, or should reasonably be regarded as, confidential to the party to whom it belongs or relates, but does not include the existence, terms, conditions and content of this agreement.

Convertible Note means the convertible note in the capital of Neo issued on the terms and conditions set out in the Convertible Note Agreement.

Convertible Note Agreement means the agreement between Neo and Regional Management dated 2 May 2012 as varied by a letter of acknowledgement dated 10 October 2012, letter of amendments to the convertible note deed dated 12 December 2012, and a variation agreement dated on or about the date of this Deed under which Neo issued the Convertible Note to Regional Management.

Business Day means a weekday on which trading banks are open for business in Perth, Western Australia and Melbourne, Victoria.

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

Court means the Supreme Court of Western Australia.

Deed Poll means a deed poll in favour of the Scheme Shareholders substantially in the form of Schedule 3.

Effective means when used in relation to a scheme of arrangement under Part 5.1 of the Corporations Act, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the scheme of arrangement.

Encumbrance means:

- (a) any:
 - (i) legal or equitable interest or power created, arising in or reserved in or over an interest in any property or asset; or
 - (ii) security for payment of money, performance of obligations or protection against default (including a mortgage, bill of sale, charge, lien, pledge, trust, power or retention of title arrangement, right of set-off, assignment of income, garnishee order, monetary claim and flawed deposit arrangement);

- (b) any thing or preferential interest or arrangement of any kind giving a person priority or preference over claims or other persons with respect to any property or asset;
- (c) a security interest as defined in the *Personal Property Securities Act 2009 (Cth)*; or
- (d) any agreement or arrangement (whether legally binding or not) to grant or create anything referred to in paragraphs (a), (b) or (c).

End Date means 30 November 2013.

Government Agency means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any state.

Independent Expert means the independent expert in respect of the Scheme appointed by Neo.

Independent Expert's Report means the report prepared by the Independent Expert in relation to the Scheme, including any update to that report or any supplementary report prepared by the Independent Expert.

Implementation Date means the fifth Business Day after the Record Date.

Indemnified Parties means Neo and its directors and officers.

Ineligible Foreign Shareholder means a Scheme Shareholder whose address as shown in the Neo Share Register is a place outside Australia and its external territories or New Zealand and other jurisdictions agreed in writing between the parties.

Intellectual Property means all items of intangible property and includes trademarks and service marks (whether or not registered or registration has been applied for), domain names, trade names, business names, designs, brand names, patents, patent applications, inventions (whether or not patented), trade secrets and copyrights (whether or not registered or registration has been applied for).

Listing Rules means the official listing rules of the ASX.

Material Adverse Change means an event, circumstance, disclosure or effect occurring after the date of this agreement, which, in the reasonable opinion of Perpetual, has caused, or could reasonably be expected to have caused, a material adverse change to the business, financial or trading position, assets or liabilities, profitability or prospects of Neo, taken as a whole, including where it becomes known to Perpetual that information disclosed by Neo is, or is likely to be, incomplete, incorrect or untrue or misleading.

Neo Board means the board of directors of Neo.

Neo Options means an unlisted option issued by Neo expiring on 1 July 2014 with an exercise price of \$0.20 and giving the holder of the option the right to subscribe for one Neo Share.

Neo Optionholder means each person who is registered as the holder of a Neo Option.

Neo Share means a fully paid ordinary shares in the capital of Neo.

Neo Shareholder means each person who is registered as the holder of a Neo Share.

Neo Share Register means the register of members of Neo maintained by or on behalf of Neo in accordance with section 168(1) of the Corporations Act.

New Perpetual Shares means the Perpetual Shares to be issued under the Scheme as the Scheme Consideration.

Perpetual Board means the board of directors of Perpetual.

Perpetual Information means information regarding Perpetual and its subsidiaries provided by Perpetual to Neo in writing for inclusion in the Scheme Booklet.

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

Perpetual Shareholder means each person who is registered as the holder of a Perpetual Share.

Prescribed Occurrence means (other than as required by this agreement or the Scheme) the occurrence of any of the following between the date of this agreement and 5.00pm on the day before the Second Court Date:

- (a) Neo converting all or any of its shares into a larger or smaller number of shares;
- (b) Neo or a subsidiary of Neo resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
- (c) Neo or a subsidiary of Neo:
 - (i) entering into a buy-back agreement; or
 - (ii) resolving to approve the terms of a buy-back agreement under the Corporations Act;
- (d) Neo declaring, paying or distributing any dividend, bonus or other share of its profits or assets or returning or agreeing to return any capital to its members;
- (e) Neo or a subsidiary of Neo issuing shares (other than on exercise of a Neo Option), or granting an option over its shares, or agreeing to make such an issue or grant such an option;
- (f) Neo or a subsidiary of Neo issuing, or agreeing to issue, securities convertible into shares or debt securities;
- (g) Neo or a subsidiary of Neo making any change to its constitution;
- (h) Neo or a subsidiary of Neo disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (i) Neo or a subsidiary of Neo:

- (i) acquiring or disposing of;
- (ii) agreeing to acquire or dispose of; or
- (iii) offering, proposing, announcing a bid or tendering for, any business, assets, entity or undertaking;
- (j) Neo or a subsidiary of Neo charging, or agreeing to charge, the whole, or a substantial part, of its business or property;
- (k) Neo or a subsidiary of Neo creating, or agreeing to create, any mortgage, charge, lien or other encumbrance over the whole, or a substantial part, of its business or property otherwise than:
 - (i) in the ordinary course of business; and
 - (ii) a lien which arises by operation of law or legislation securing an obligation that is not yet due;
- (l) Neo or a subsidiary of Neo:
 - (i) entering into any contract or commitment requiring payments by Neo and its subsidiary;
 - (ii) waiving any material third party default; or
 - (iii) accepting as a settlement or compromise of a material matter less than the full compensation due to Neo or a subsidiary of Neo, otherwise than in the ordinary course of business;
- (m) Neo or a subsidiary of Neo resolving that it be wound up;
- (n) a liquidator or provisional liquidator of Neo or of a subsidiary of Neo being appointed;
- (o) a court making an order for the winding up of Neo or of a subsidiary of Neo;
- (p) an administrator of Neo or of a subsidiary of Neo being appointed under the Corporations Act;
- (q) Neo or a subsidiary of Neo being deregistered as a company or otherwise dissolved;
- (r) Neo or a subsidiary of Neo executing a deed of company arrangement;
- (s) a receiver, or a receiver and manager, being appointed in relation to the whole, or a substantial part, of the property of Neo or of a subsidiary of Neo;
- (t) Neo or a subsidiary of Neo entering into or materially amending any employment, consulting, severance or similar agreement or arrangement with officers, directors or other executives of Neo or a subsidiary of Neo or otherwise materially increasing compensation or benefits for any of the above other than in the ordinary course of

business or pursuant to contractual arrangements in effect on the date of this agreement;

- (u) Neo or a subsidiary of Neo entering into any enterprise bargaining agreement other than in the ordinary course of business or pursuant to contractual arrangements in effect on the date of this agreement;
- (v) Neo or a subsidiary of Neo taking or omitting to take action which would result in a breach of law material to Neo and its subsidiaries;
- (w) Neo or a subsidiary of Neo licensing, selling or otherwise giving any third party rights under any of the material Intellectual Property that Neo or a subsidiary of Neo owns or has a right to use, other than in the ordinary course of business or pursuant to contractual requirements in effect on the date of this agreement;
- (x) Neo or a subsidiary of Neo changing any accounting policy applied by them to report their financial position; or
- (y) Neo or a subsidiary of Neo entering into or resolving to enter into a transaction with any related party of Neo as defined in section 228 of the Corporations Act.

Record Date means 5.00pm on the fifth Business Day after the date on which the Scheme becomes Effective.

Regional Management means Regional Management Pty Ltd (ACN 106 755 622).

Regulatory Approvals has the meaning given to that term in clause 3.1(a).

Related Body Corporate means has the meaning given in section 50 of the Corporations Act.

Sale Agent means the agent appointed in relation to the Scheme by Neo to sell the New Perpetual Shares that would have otherwise been issued to Ineligible Foreign Shareholders.

Scheme means the scheme of arrangement under Part 5.1 of the Corporations Act between Neo and the Neo Shareholders as described in clause 4 and substantially in the form of Schedule 2.

Scheme Booklet means the information described in clause 6.2(c) to be approved by the Court and despatched to the Neo Shareholders which must include the Scheme, an explanatory statement complying with the requirements of the Corporations Act, the Independent Expert's Report (either a full form or concise version), notices of meeting and proxy forms in the form the parties agree.

Scheme Consideration means one (1) New Perpetual Share for every four (4) Neo Shares held by a Scheme Shareholder at the Record Date.

Scheme Meeting means the meeting of Neo Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act.

Scheme Shareholder means a Neo Shareholder as at the Record Date.

Second Court Date means the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard.

Superior Proposal means a publicly announced bona fide proposal from a person other than Perpetual as to a Competing Transaction (and not resulting from a breach by Neo of its obligations under this agreement):

- (a) which the Neo Board, acting in good faith, and after taking advice from its legal and financial advisers, determines:
 - (i) is reasonably capable of being completed on a timely basis taking into account all aspects of the Competing Transaction, including having regard to legal, regulatory and financial matters including any conditions precedent; and
 - (ii) would result in an outcome that is superior to the Scheme Shareholders than the Scheme, taking into account all terms and conditions of the Competing Transaction; and
- (b) purports to offer consideration per Neo Share which is greater than the Scheme Consideration per Neo Share, where the value of the offer consideration is determined as follows:
 - (i) if the consideration offered is a cash sum only, the amount of that cash sum;
 - (ii) if the consideration offered is scrip consideration, the VWAP of the relevant shares being offered as scrip consideration for the 5 trading days immediately prior to the announcement of the Competing Transaction; and
 - (iii) if the consideration offered is a combination of cash consideration and scrip consideration, the aggregate of the amount of the cash sum and the value of the scrip component calculated using the principles set out in paragraph (ii) above.

Tenements means the mining tenements in which Neo has an interest listed in Schedule 4 which comprise the Wiagdon Thrust gold joint venture project between Neo and Oroya Mining Limited.

Timetable means the timetable set out in Schedule 1, as may be amended from time to time by agreement between the parties.

Transaction means the acquisition of all of the Neo Shares by Perpetual through implementation of the Scheme in accordance with the terms of this agreement.

Transaction Documents means this agreement and the Scheme Booklet.

1.3 Interpretation

In this agreement, headings are for convenience only and do not affect interpretation and, unless the context requires otherwise:

- (a) words importing the singular include the plural and vice versa;
- (b) words importing a gender include any gender;

- (c) other parts of speech and grammatical forms of a word or phrase defined in this agreement have a corresponding meaning;
- (d) a reference to a person includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture, a partnership, a trust and any Government Agency;
- (e) a reference to a clause, party, attachment, exhibit or schedule is a reference to a clause of, and a party, attachment, exhibit and schedule to this agreement, and a reference to this agreement includes any attachment, exhibit and schedule;
- (f) a reference to a statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations ordinances or by laws amending, consolidating or replacing it, whether passed by the same or another Government Agency with legal power to do so, and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;
- (g) a reference to any document (including this agreement) is to that document as varied, novated, ratified or replaced from time to time;
- (h) the word 'includes' in any form is not a word of limitation;
- (i) a reference to '\$' or 'dollar' is to Australian currency;
- (j) a reference to any time is a reference to that time in Perth, Western Australia;
- (k) a term defined in or for the purposes of the Corporations Act has the same meaning when used in this agreement; and
- (l) a reference to the Listing Rules includes any variation, consolidation or replacement of these rules and is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

1.4 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

2. AGREEMENT TO PROCEED WITH THE TRANSACTION

2.1 Neo to propose Scheme

Neo agrees to propose and implement the Scheme on and subject to the terms and conditions of this agreement.

2.2 Perpetual to assist

Perpetual agrees to comply with its obligations under the Scheme, this agreement and any other Transaction Document to which it is a party and will assist Neo in proposing and implementing the Scheme, in accordance with the terms of this agreement.

3. CONDITIONS PRECEDENT

3.1 Conditions precedent to Scheme

Subject to this clause 3.1, the Scheme will not become Effective until, and the obligations of Perpetual under clause 6.4 are subject to, the satisfaction or waiver of each of the following conditions precedent to the extent and in the manner set out in clauses 3.2 and 3.3:

| Conditions precedent | | Party entitled to benefit |
|----------------------|---|---------------------------|
| (a) | Regulatory Approvals: Subject to clause 3.6, ASIC and the ASX issue or provide any consents or approvals or do other acts necessary or desirable to implement the transactions contemplated by clause 4 (in so far as that clause relates to the Scheme), including ASIC issuing a letter relating to the Scheme in accordance with section 411(17)(b) of the Corporations Act, before 5.00pm on the day before the Second Court Date. | Perpetual |
| (b) | (i) Neo Shareholder approval: Neo Shareholders approve the Scheme at the Scheme Meeting by the requisite majorities under the Corporations Act. (ii) Perpetual Shareholder Approval: Perpetual Shareholders approve the Transaction for the purposes of ASX Listing Rule 11.1.2. | Both parties |
| (c) | Court approval: The Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act. | Both parties |
| (d) | Restraints: No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the Scheme is in effect at 5.00pm on the day before the Second Court Date. | Perpetual |
| (e) | Material Adverse Change: No Material Adverse Change occurs, | Perpetual |

| | Conditions precedent | Party entitled to benefit |
|-----|--|----------------------------------|
| | or is discovered, announced, disclosed or otherwise becomes known to Perpetual between the date of this agreement and 5.00 pm on the day before the Second Court Date. | |
| (f) | <p>Prescribed Occurrence and breach of obligations:</p> <p>(i) No Prescribed Occurrence has occurred; and</p> <p>(ii) Neo is not in breach, in any material respect, of its obligations under clause 6 or any of its other obligations under this agreement,</p> <p>at 5.00pm on the day before the Scheme Meeting and at 5.00pm on the day before the Second Court Date.</p> | Perpetual |
| (g) | <p>Neo's representations and warranties: The representations and warranties of Neo set out in this agreement that are qualified as to materiality are true and correct, and the representations of Neo set out in this agreement that are not so qualified are true and correct in all material respects, in each case as of the date of this agreement and as at 5.00pm on the day before the Second Court Date as though made on and as of that time, except to the extent any such representation or warranty expressly relates to an earlier date (in which case, as of that date).</p> | Perpetual |
| (h) | <p>Continuous disclosure: Between the date of this agreement and 5.00pm on the day before the Second Court Date, Perpetual does not become aware of any matter, event, action or circumstance:</p> <p>(i) which is materially adverse in relation to Neo or its Related Bodies Corporate;</p> <p>(ii) in respect of which Neo has</p> | Perpetual |

| Conditions precedent | | Party entitled to benefit |
|----------------------|---|---------------------------|
| | <p>not complied with its disclosure obligations under Listing Rule 3.1 at any time; and</p> <p>(iii) which was not previously disclosed to Perpetual.</p> | |
| (i) | <p>Independent Expert recommendation: The Independent Expert opines that the Scheme is in the best interests of Neo Shareholders (and does not change such opinion prior to the Second Court Date).</p> | Perpetual |
| (j) | <p>Directors' recommendation: Between the date of this agreement and the Scheme Meeting, the directors of Neo do not change or withdraw their recommendation to Neo Shareholders to vote in favour of the Scheme.</p> | Perpetual |
| (k) | <p>Cancellation of Neo Options: Neo enters into an agreement with each of the Neo Optionholders (on terms and conditions in all respects satisfactory to Perpetual) under which all of the Neo Options are cancelled in accordance with all applicable laws.</p> | Perpetual |
| (l) | <p>Novation of Convertible Note Agreement: Neo, Perpetual and Regional Management enter into an agreement (on terms and conditions in all respects satisfactory to Perpetual) under which the parties agree:</p> <p>(i) the Convertible Note Agreement is novated from Neo to Perpetual; and</p> <p>(ii) the Convertible Note converts into 3,150,000 Perpetual Shares,</p> <p>with effect immediately after implementation of the Scheme.</p> | Perpetual |
| (m) | <p>Loan Advance: The parties enter into a facility agreement (on terms and</p> | Neo |

| Conditions precedent | Party entitled to benefit |
|----------------------|--|
| | <p>conditions in all respects satisfactory to Perpetual) under which:</p> <ul style="list-style-type: none"> (i) Perpetual will provide Neo a cash advance of up to \$350,000 (Loan Advance); (ii) no interest will accrue on the balance of the Loan Advance ; (iii) the Loan Advance is secured by a charge over the assets of Neo; and (iv) if the Transaction does not proceed for any reason whatsoever, Neo must repay within 60 Business Days of the termination of this agreement the full balance of the Loan Advance plus interest accrued. |

3.2 Best endeavours

Neo and Perpetual must each use their best endeavours to procure that:

- (a) each of the conditions precedent in clause 3.1 are satisfied as soon as practicable after the date of this agreement; and
- (b) there is no occurrence within the control of Neo or Perpetual or their subsidiaries that would prevent the conditions precedent in clause 3.1 being satisfied (as the context requires).

3.3 Waiver of conditions precedent

- (a) The conditions precedent in clauses 3.1(b) and 3.1(c) cannot be waived.
- (b) The condition precedent in clause 3.1(m) is for the sole benefit of Neo and may only be waived by Neo (in its absolute discretion) in writing.
- (c) The remaining conditions precedent in clause 3.1 are for the sole benefit of Perpetual and may only be waived by Perpetual (in its absolute discretion) in writing.
- (d) If a party waives the breach or non-fulfilment of any of the conditions precedent in clause 3.1 that it is permitted to waive, that waiver does not prevent it from suing the other party for any breach of this agreement that resulted in the breach or non-fulfilment of the condition precedent.

3.4 Consultation on failure of condition precedent

- (a) **Consultation:** If:
- (i) any event occurs which would prevent any of the conditions precedent in clause 3.1 being satisfied, or there is an occurrence that is reasonably likely to prevent the condition precedent being satisfied by the date specified in this agreement for its satisfaction (except as the result of a deliberate action of Neo); or
 - (ii) the Scheme has not become Effective by the End Date,
- the parties must consult in good faith to:
- (i) determine whether the Transaction may proceed by way of alternative means or methods;
 - (iii) change the date of the application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme or adjourning that application (as applicable) to another date agreed by Neo and Perpetual (being a date no later than 5 Business Days before the End Date); or
 - (iv) extend the relevant date or End Date.
- (b) **Termination:** If the parties are unable to reach agreement under clause 3.4(a) within 5 Business Days of becoming aware of the relevant occurrence or by the End Date, then unless that condition precedent is waived as provided in clause 3.3, either party may terminate this agreement without any liability to the other party because of that termination, unless the relevant occurrence or the failure of the condition precedent to be satisfied, or failure of the Scheme to become Effective, arises out of a breach by the terminating party of clause 6 or clause 3.2.

3.5 Certain notices

- (a) **Notice of failure of condition precedent:** If, before the time specified for satisfaction of a condition precedent, any event that will prevent that condition precedent being satisfied occurs, the party with knowledge of that event must immediately give the other party written notice of that event.
- (b) **Waiver:** A waiver of a breach or non-fulfilment in respect of one condition precedent does not constitute:
- (i) a waiver of breach or non-fulfilment of any other condition precedent resulting from the same event; or
 - (ii) a waiver of breach or non-fulfilment of that condition precedent resulting from any other event.
- (c) **Notice of changes:** Neo and Perpetual must promptly advise each other orally and in writing of any change or event causing, or which, so far as can reasonably be foreseen, would cause:

- (i) a representation or warranty provided in this agreement to be false;
- (ii) a breach or non-fulfilment of any of the conditions precedent; or
- (iii) a material breach of this agreement.

3.6 Regulatory approval

For the purposes of clause 3.1(a), a Regulatory Approval will be regarded as having been obtained even though a condition has been attached to that Regulatory Approval, if the parties agree to treat the approval as having been obtained.

4. TRANSACTION STEPS

4.1 Scheme

Neo must propose a scheme of arrangement under which:

- (a) all of the Neo Shares held by Scheme Shareholders will be transferred to Perpetual; and
- (b) the Scheme Shareholders will be entitled to receive the Scheme Consideration, being one (1) New Perpetual Share for every four (4) Neo Shares held at the Record Date.

4.2 Scheme Consideration

Perpetual undertakes and warrants to Neo (in Neo's own right and separately as trustee or nominee for each of the Scheme Shareholders) that in consideration of the transfer to Perpetual of each Neo Share held by a Scheme Shareholder at the Record Date under the terms of the Scheme, Perpetual will on the Implementation Date:

- (a) accept that transfer;
- (b) provide the Scheme Consideration in accordance with the Scheme; and
- (c) promptly apply for the New Perpetual Shares issued to Scheme Shareholders to be listed for quotation on ASX.

4.3 Ineligible Foreign Shareholders

Unless Perpetual and Neo are satisfied, acting reasonably, that the laws of all relevant jurisdictions permit the issue of New Perpetual Shares to an Ineligible Foreign Shareholder either unconditionally or after compliance with requirements that are not unduly onerous, Perpetual has no obligation to allot or issue New Perpetual Shares to the Ineligible Foreign Shareholder under the Scheme and, instead, must procure that the New Perpetual Shares that would have otherwise been issued to the Ineligible Foreign Shareholder are issued to the Sale Agent for sale, and the net proceeds of sale will be distributed amongst those Ineligible Foreign Shareholders in accordance with the Scheme.

4.4 No amendment to Scheme

Neo must not consent to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of, the Scheme without the prior written consent of Perpetual.

5. TERMINATION

5.1 Termination

Without prejudice to any other rights of termination under this agreement, either party may terminate this agreement by written notice to the other party at any time before 5.00pm on the day before the Second Court Date if:

- (a) the other party is in material breach of any provision of this agreement (including any material breach of the representations and warranties given by that other party in clause 7), the party wishing to terminate has given written notice to the other party setting out the relevant circumstances and stating an intention to terminate, and the relevant circumstances continue to exist 5 Business Days (or any shorter period ending at 5.00pm on the day before the Second Court Date) from the time the notice is given; or
- (b) a Court or Government Agency has taken any action permanently restraining or otherwise prohibiting the Transaction, or has refused to do anything necessary to permit the Transaction, and the action or refusal has become final and cannot be appealed.

5.2 Effect of termination

If this agreement is terminated by either Neo or Perpetual under clauses 3.4(b) or 5, except to the extent that the termination results from a breach by either party of its obligations under this agreement, this agreement will become void and have no effect, without any liability or obligation on the part of Neo or Perpetual, other than the provisions of clauses 7.5, 7.6, 9, 11.1 and 11.2, which will remain in force after termination.

6. IMPLEMENTATION

6.1 Obligations of both parties

Without limiting the general nature of clause 2, each party must:

- (a) **Regulatory approvals**
 - (i) promptly apply for all relevant Regulatory Approvals specified in clause 3.1(a) and provide to the other a copy of all those applications;
 - (ii) take all steps it is responsible for as part of the approval process, including responding to requests for information at the earliest practicable time; and
 - (iii) provide the other party with all information reasonably requested in connection with the applications for Regulatory Approval,

but neither party is required to take any action which would require the divestiture of material assets of Neo or Perpetual and their subsidiaries;

- (b) **Certificate:** at the hearing on the Second Court Date, provide to the Court a certificate confirming whether or not the conditions precedent in clause 3.1 (other than the conditions in clause 3.1(c)) have been satisfied or waived in accordance with this agreement. A draft of such certificate must be provided by each party to the other party by 5.00 pm on the Business Day prior to the Second Court Date; and
- (c) **Timing:** consult with each other regularly in relation to the Timetable for performing their respective obligations and use all reasonable endeavours and commit necessary resources so as to implement the Transaction as soon as reasonably practicable and substantially in accordance with the Timetable.

6.2 Neo's obligations

Without limiting the general nature of clause 2, Neo must take all necessary steps to implement the Transaction as soon as is reasonably practicable, including doing any acts on behalf of Neo Shareholders, and including each of the following:

- (a) **recommendation of the Scheme:** state, when the Transaction is announced (on the basis of representations made to it by each of the Neo directors) that:
 - (i) the Neo Board unanimously:
 - (A) considers that the Scheme is in the best interests of Neo Shareholders; and
 - (B) recommends that Neo Shareholders vote in favour of the Scheme at the Scheme Meeting and approve the Scheme; and
 - (ii) each director of Neo that holds or controls Neo Shares intends to cause those Neo Shares to be voted in favour of the Scheme,subject to there being no Superior Proposal and, in respect of the Scheme, subject to the Independent Expert concluding that the Scheme is in the best interests of Neo Shareholders.
- (b) **Independent Expert:** promptly appoint the Independent Expert and provide all assistance and information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's Report for inclusion in the Scheme Booklet;
- (c) **Scheme Booklet:** prepare a Scheme Booklet in accordance with all applicable laws and in particular with the Corporations Act, ASIC Regulatory Guide 60 (and all other regulatory guides) and the Listing Rules in consultation with Perpetual as to the content and presentation of the Scheme Booklet. This consultation must include allowing Perpetual reasonable opportunity to review and make comments on successive drafts of the Scheme Booklet prior to lodgement with ASIC and obtaining Perpetual's consent to the inclusion of the Perpetual Information and is subject to clause 6.3. The Scheme Booklet must also:

- (i) subject to clause 6.8, include a statement by the Neo Board recommending that Neo Shareholders vote in favour of the Scheme in accordance with clause 6.2(a);
 - (ii) include a statement by the Neo Board that each director of Neo that holds or controls Neo Shares intends to cause those Neo Shares to be voted in favour of the Scheme in accordance with clause 6.2(a);
 - (iii) include a statement that Neo is responsible for the content of the Scheme Booklet other than, to the maximum extent permitted by law, the Perpetual Information and the Independent Expert's Report; and
 - (iv) subject to clause 6.3(c), and provided Perpetual has consented to the form and content of the information in accordance with clause 6.3(c), include a statement that Perpetual is responsible for the Perpetual Information (and no other part of the Scheme Booklet);
- (d) **update Scheme Booklet:** promptly update the Scheme Booklet with any information that arises after the Scheme Booklet has been despatched and until the date of the Scheme Meeting that is necessary to ensure that the Scheme Booklet does not contain any material statement that is false or misleading in a material respect including because of any material omission from that statement;
 - (e) **section 411(17)(b) statement:** apply to ASIC for the production of a statement under section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme;
 - (f) **approval of ASIC review draft:** as soon as practicable after preparation of an advanced draft of the Scheme Booklet for lodgement with ASIC, convene a meeting of the Neo Board for the purpose of approving the Scheme Booklet for lodgement with ASIC;
 - (g) **lodgement of draft Scheme Booklet with ASIC:** provide an advanced draft of the Scheme Booklet in a form reasonably acceptable to both parties to ASIC for its review and approval for the purposes of section 411(2) of the Corporations Act, and liaise with ASIC during the ASIC Review Period;
 - (h) **ASIC Review Period:** during the ASIC Review Period, keep Perpetual informed of any matters raised by ASIC in relation to the Scheme Booklet, and use reasonable endeavours, in co-operation with Perpetual, to resolve any such matters;
 - (i) **approval of Scheme Booklet:** as soon as practicable after the end of the ASIC Review Period, convene a meeting of the Neo Board for the purpose of approving the Scheme Booklet for despatch to Neo Shareholders;
 - (j) **despatch Scheme Booklet:** despatch the Scheme Booklet, which complies with clause 6.2(c), in respect of the Scheme to Neo Shareholders;
 - (k) **court direction:** apply to the Court for orders pursuant to section 411(1) of the Corporations Act directing Neo to convene the Scheme Meeting;

- (l) **Scheme Meeting:** convene the Scheme Meeting to approve the Scheme, as directed by the Court;
- (m) **shareholder approval:** seek the approval of Neo Shareholders for the Scheme;
- (n) **Court documents:** reasonably consult with Perpetual in relation to the content of the documents required for the purpose of each of the Court hearings held for the purpose of sections 411(1) and 411(4)(b) of the Corporations Act in relation to the Scheme (including originating process, affidavits, submissions and draft minutes of Court orders) and consider in good faith, for the purpose of amending drafts of those documents, comments from Perpetual and its authorised representatives on those documents;
- (o) **Court approval:** apply to the Court for orders approving the Scheme as approved by the Neo Shareholders at the Scheme Meeting;
- (p) **lodge copy of Court order:** lodge with ASIC an office copy of the Court order approving the Scheme on the day such office copy is received (or such later date as agreed in writing between the parties) and:
 - (i) as soon as practicable thereafter, determine who are the Scheme Shareholders, and their entitlements to the Scheme Consideration as at the Record Date;
 - (ii) on the Implementation Date cause to be registered all transfers of Neo Shares to Perpetual; and
 - (iii) do all other things contemplated by or necessary to lawfully give effect to the Scheme and the orders of the Court approving the Scheme;
- (q) **access to information:** provide to Perpetual and its authorised representatives reasonable access (subject to reasonable written notice) to employees, offices and other facilities, and to the books and records, of Neo and its subsidiaries for the purpose of implementing the Transaction;
- (r) **proxy information:** between the date the Scheme Booklet is despatched and the day prior to the Scheme Meeting, on a daily basis, or otherwise as reasonably requested by Perpetual, provide Perpetual with details of proxies received in relation to the resolutions to be considered at the Scheme Meeting;
- (s) **Prescribed Occurrences:** between the date of this agreement and 5.00pm on the day before the Second Court Date, ensure that no Prescribed Occurrences occur except in accordance with this agreement; and
- (t) **time of the essence:** to the extent within the control of Neo, ensure that the Implementation Date occurs in accordance with the timing set out in the Timetable. Neo agrees the timing in the Timetable is of the essence and that a material breach of this clause 6.2(t) will entitle Perpetual to terminate this agreement by written notice to Neo.

6.3 Disagreement on content of Scheme Booklet

If the parties disagree on the form or content of the Scheme Booklet:

- (a) they must consult in good faith to try to settle an agreed form of the Scheme Booklet;
- (b) failing agreement within 5 Business Days, the dispute must be referred to the Chairmen of Perpetual and Neo; and
- (c) if within 5 Business Days of the referral to the Chairmen there is still no agreement between the parties, the final form and content of the Scheme Booklet must be determined by Neo, acting reasonably and if Perpetual disagrees with the final form and content:
 - (i) Neo must include a statement to that effect in the Scheme Booklet; and
 - (ii) if Perpetual's concerns relate to Perpetual Information, Neo must include a statement that Perpetual takes no responsibility for the relevant form or content to the extent that Perpetual disagrees with the final form or content.

6.4 Perpetual's obligations

Without limiting the general nature of clause 2, Perpetual must execute all documents and do all acts and things within its power as may be necessary or desirable for the implementation of the Transaction on a basis consistent with this agreement, and in particular Perpetual must:

- (a) **Perpetual Information:** prepare and provide to Neo the Perpetual Information for inclusion in the Scheme Booklet;
- (b) **update Perpetual Information:** promptly provide to Neo any information that arises after the Scheme Booklet has been despatched and until the date of the Scheme Meeting that may be necessary to ensure that the Scheme Booklet, in relation to the Perpetual Information contained in it, does not, contain any material statement that is false or misleading in a material respect including because of any material omission from that statement;
- (c) **Independent Expert's Report:** provide any assistance or information reasonably requested by Neo or by the Independent Expert in connection with the preparation of the Independent Expert's Report;
- (d) **assistance:** provide any assistance or information reasonably requested by Neo in connection with the preparation of the Scheme Booklet and any other document to be sent to Neo Shareholders in order to facilitate shareholder approval of the Scheme;
- (e) **meeting of Perpetual Board:** as soon as practicable after the preparation of the advanced draft of the Scheme Booklet for lodgement with ASIC and as soon as practicable after the end of the ASIC Review Period and finalisation of the Scheme Booklet to be despatched to shareholders, obtain Perpetual Board approval of those sections of the Scheme Booklet that comprise the Perpetual Information;

- (f) **Deed Poll:** on or before the Business Day before the First Court Date, execute the Deed Poll in favour of Scheme Shareholders;
- (g) **Scheme Consideration:** if the Scheme becomes Effective, provide the New Perpetual Shares that comprise the Scheme Consideration in accordance with the Deed Poll on the Implementation Date; and
- (h) **accuracy of Perpetual Information:** confirm to Neo the accuracy of the Perpetual Information in the Scheme Booklet.

6.5 Conduct of business

From the date of this agreement up to and including the Implementation Date, Neo and each of its Related Bodies Corporate must conduct their respective businesses in the ordinary and proper course of business and make all reasonable efforts to:

- (a) keep available the services of their officers and employees; and
- (b) preserve their relationships with customers, suppliers, licensors, licensees and others having business dealings with Neo and any subsidiary of Neo.

6.6 Maintenance of the Tenements

From the date of this agreement up to and including the Implementation Date, Neo must:

- (a) keep each Tenement in good standing;
- (b) not sell, transfer, assign, surrender or otherwise deal with any part of any Tenement without first obtaining the prior written consent of Perpetual;
- (c) not terminate any Tenement or render it liable to forfeiture, cancellation, revocation, termination or suspension;
- (d) not create or allow any Encumbrance over any Tenement without Perpetual's prior written consent;
- (e) not amend, or seek to vary the operation of, any Tenement without Perpetual's prior written consent;
- (f) not do or cause to be done anything that may cause any breach of Neo's obligations under any Tenement; and
- (g) pass as soon as practicable on to Perpetual any material notices or communications which Neo receives in relation to the Tenements from time to time.

6.7 Appointment and resignation of Directors

As soon as practicable after the Second Court Date:

- (a) Perpetual will take all actions necessary and in accordance with the Perpetual constitution, to:
 - (i) cause the appointment of Mark Caruso and Ross Hastings nominated by Neo (and who are not otherwise members of the Perpetual Board), to the Perpetual Board; and

- (ii) procure that such directors on the Perpetual Board as Neo may nominate, excluding George Karafotias and Eric Jiang, must resign with effect from the Effective Date and that each such director must provide written notice to the effect that they have no claim outstanding for loss of office, remuneration or otherwise against Perpetual.

6.8 Neo Board recommendation

- (a) Subject to clause 6.8(b), Neo must procure (so far as it is within its power and control to do so) that the Neo Board unanimously recommends that Neo Shareholders vote in favour of the Scheme in the absence of a Superior Proposal.
- (b) Neo must procure that the Neo Board collectively, and the members of the Neo Board individually, give the recommendation set out in clause 6.8(a) and do not change, withdraw or modify its or their recommendation in favour of the Scheme unless:
 - (i) the Neo Board determines in good faith (after receiving independent legal advice from its external legal advisors) that, by virtue of their fiduciary duties, they are required to change, withdraw or modify their recommendation;
 - (ii) in respect of the recommendation to Neo Shareholders to vote in favour of the Scheme only, in the Independent Expert's Report, the Independent Expert does not opine that the Scheme is in the best interests of Neo Shareholders; or
 - (iii) Perpetual has materially breached any provision of this agreement, including if any Perpetual Information or any representation by Perpetual in clause 7.1 is or becomes materially misleading.
- (c) If any director of Neo or the Neo Board proposes to change its recommendation in accordance with clause 6.8(b):
 - (i) Neo must notify Perpetual in writing not less than 3 Business Days before the Neo Board, or one or more Neo directors, announces a change, withdrawal or modification recommendation, that such a change, withdrawal or modification to the recommendation is to occur; and
 - (ii) the parties must consult in good faith to consider and determine whether the recommendation in place at that time can be maintained.

7. REPRESENTATIONS AND UNDERTAKINGS

7.1 Perpetual's representations

Perpetual represents and warrants to Neo (in its own right and separately as trustee or nominee for each of the other Indemnified Parties) that:

- (a) the Perpetual Information provided to Neo for inclusion in the Scheme Booklet will be provided in good faith and on the understanding that each of the Indemnified Parties will rely on that information to prepare

the Scheme Booklet and to propose and implement the Scheme in accordance with the Corporations Act;

- (b) the Perpetual Information provided under clause 6.4(a) in the Scheme Booklet, as at the date the Scheme Booklet is despatched to Neo Shareholders, will not contain any statement which is materially misleading or deceptive including by way of omission from that statement;
- (c) Perpetual will, as a continuing obligation, provide to Neo all further or new information which arises after the Scheme Booklet has been despatched until the date of the Scheme Meeting which is necessary to ensure that there would be no breach of clause 7.1(b) if it applied as at the date on which that information arose;
- (d) the execution and delivery of this agreement has been properly authorised by all necessary corporate action of Perpetual;
- (e) Perpetual has full corporate power and lawful authority to execute, deliver and perform this agreement; and
- (f) this agreement does not conflict with or result in the breach of or default under Perpetual's constitution or any other agreement or any writ, order or injunction, judgment, law, rule or regulation to which it is party or by which it is bound.

7.2 Perpetual's indemnity

Perpetual agrees with Neo (in its own right and separately as trustee or nominee for each of the other Indemnified Parties) to indemnify the Indemnified Parties against any claim, action, damage, loss, liability, cost, expense or payment of whatever nature and however arising which any of the Indemnified Parties suffers, incurs or is liable for arising out of any breach of any of the representations and warranties in clause 7.1.

7.3 Neo's representations

Neo represents and warrants to Perpetual and its directors and officers (in its own right and separately as trustee or nominee for each of the Perpetual directors and officers) that:

- (a) no information (other than the Perpetual Information) contained in the Scheme Booklet, as at the date the Scheme Booklet is despatched to Neo Shareholders, will contain any statement which is materially misleading or deceptive, including by way of omission from that statement;
- (b) the execution and delivery of this agreement has been properly authorised by all necessary corporate action of Neo;
- (c) Neo has full corporate power and lawful authority to execute and deliver this agreement and to perform or cause to be performed its obligations under this agreement;
- (d) this agreement does not conflict with or result in the breach of or default under any provision of Neo's constitution or any material term or provision of any agreement or any writ, order or injunction, judgment,

law, rule or regulation to which it is party or subject or by which it is bound;

- (e) Neo has complied in all material respects with its continuous disclosure obligations under Listing Rule 3.1 and, other than for this Transaction, it is not relying on the carve-out in Listing Rule 3.1 to withhold any material information from public disclosure;
- (f) as at the date of this agreement there are:
 - (i) 56,452,589 Neo Shares on issue;
 - (ii) 1,000,000 Neo Options on issue; and
 - (iii) 630,000 Convertible Notes on issue;
- (g) the Neo Shares referred to in clause 7.3(f)(i):
 - (i) comprise all of the share capital in Neo; and
 - (ii) were all properly issued; and
- (h) other than as set out in clause 7.3(f):
 - (i) there are no securities convertible into shares of Neo; and
 - (ii) there are no options or other entitlements of any kind over any shares of Neo or to have shares in Neo issued.

7.4 Neo's indemnity

Neo agrees with Perpetual (in its own right and separately as trustee or nominee for each of Perpetual's directors and officers) to indemnify Perpetual and its directors and officers from any claim, action, damage, loss, liability, cost, expense or payment of whatever nature and however arising which Perpetual or any of its directors or officers suffers, incurs or is liable for arising out of any breach of any of the representations and warranties in clause 7.3.

7.5 Survival of representations

Each representation and warranty in clauses 7.1 and 7.3:

- (a) is severable;
- (b) survives the termination of this agreement; and
- (c) is given with the intention that liability under it is not confined to breaches which are discovered before the date of termination of this agreement.

7.6 Survival of indemnities

Each indemnity in this agreement (including those in clauses 7.2 and 7.4):

- (a) is severable;
- (b) is a continuing obligation;

- (c) constitutes a separate and independent obligation of the party giving the indemnity from any other obligations of that party under this agreement; and
- (d) survives the termination of this agreement.

8. PUBLIC ANNOUNCEMENTS

8.1 Announcement of Scheme

Immediately after the execution of this agreement, Neo and Perpetual must issue a joint public announcement in an agreed form, including the matters contemplated in clause 6.2(a).

8.2 Public announcement and submissions

- (a) Subject to clause 8.3, no public announcement in connection with any Transaction Document or the Scheme may be made other than in a form approved by both parties.
- (b) No submission for any Regulatory Approval under this agreement may be made by one party without reasonable consultation with the other party.
- (c) Each party must use all reasonable endeavours to provide the approval and constructively participate in the consultation contemplated by clauses 8.2(a) and 8.2(b) as soon as practicable.

8.3 Required disclosure

If a party is required by law or the Listing Rules to make any announcement or disclosure relating to the subject matter of a Transaction Document or the Scheme, it may do so only after it has given the other party at least 1 Business Day notice (or any lesser period of notice required or permitted by the effect of a legal obligation), but in any event prior notice must be given to the other party and the party must consult to the fullest extent possible with the other party regarding the form and content of the announcement or disclosure.

9. CONFIDENTIALITY

9.1 Obligations of confidentiality

Each party (**Receiving Party**) receiving, possessing or otherwise acquiring Confidential Information of any other party (**Disclosing Party**) acknowledges that the Disclosing Party's Confidential Information is the property of and confidential to or a trade secret of the Disclosing Party. Subject to clause 9.2, the Receiving Party must:

- (a) keep the Disclosing Party's Confidential Information confidential and not directly or indirectly disclose, divulge or communicate that Confidential Information to, or otherwise place that Confidential Information at the disposal of, any other person without the prior written approval of the Disclosing Party;
- (b) take all reasonable steps to secure and keep secure all Disclosing Party's Confidential Information coming into its possession or control; and

- (c) not deliberately memorise, use, modify, reverse engineer or make copies, notes or records of the Disclosing Party's Confidential Information for any purpose other than in connection with the performance by the Receiving Party of its obligations under this agreement.

9.2 Exceptions

The obligations of confidentiality under clause 9.1 do not apply to any information that:

- (a) is generally available to the public (other than by reason of a breach of this agreement); or
- (b) is required to be disclosed by or under:
 - (i) any applicable law;
 - (ii) any order or instrument of any court of Government Agency; or
 - (iii) the Listing Rules.

10. CONDUCT OF COURT PROCEEDINGS

- (a) Neo and Perpetual are entitled to separate representation at all Court proceedings affecting the Transaction.
- (b) This agreement does not give Neo or Perpetual any right or power to give undertakings to the Court for or on behalf of the other party without that party's consent.
- (c) Neo and Perpetual must give all undertakings to the Court in all Court proceedings which are reasonably required to obtain Court approval and confirmation of the Transaction as contemplated by this agreement.

11. DUTY, COSTS AND EXPENSES

11.1 Stamp duty

Perpetual must:

- (a) pay all stamp duties and any fines and penalties with respect to stamp duty in respect of this agreement or the Scheme or the steps to be taken under this agreement or the Scheme; and
- (b) indemnify Neo against any liability arising from failure to comply with clause 11.1(a).

11.2 Costs and expenses

Except as otherwise provided in this agreement, each party must pay its own costs and expenses in connection with the negotiation, preparation, execution and performance of this agreement and the proposed, attempted or actual implementation of this agreement, the Scheme and the Transaction Documents.

12. GENERAL

12.1 No representation or reliance

- (a) Each party acknowledges that no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this agreement, except for representations or inducements expressly set out in this agreement.
- (b) Each party acknowledges and confirms that it does not enter into this agreement in reliance on any representation or other inducement by or on behalf of any other party, except for any representation or inducement expressly set out in this agreement.
- (c) Each party acknowledges and confirms that clauses 12.1 (a) and (b) do not prejudice any rights a party may have in relation to information which has been filed by the other party with the ASIC or ASX.

12.2 No merger

The rights and obligations of the parties do not merge on completion of the Transaction. They survive the execution and delivery of any assignment or other document entered into for the purpose of implementing the Transaction.

12.3 Consents

Any consent referred to in, or required under, this agreement from any party may not be unreasonably withheld, unless this agreement expressly provides for that consent to be given in that party's absolute discretion.

12.4 Notices

Any communication under or in connection with this agreement:

- (a) must be in writing;
- (b) must be addressed as shown below:

| Name: | Address: | Fax no: | Attention: |
|-----------------------------|--|----------------|-----------------------------------|
| Neo Resources Limited | Unit B2, 431 Roberts Road SUBIACO, WA, AUSTRALIA, 6008 | (08) 9381 2330 | Peter Torre, Company Secretary |
| | Copied to Steinepreis Paganin Level 4, The Read Buildings 16 Milligan Street PERTH, WA, AUSTRALIA, 6000 | (08) 9321 4000 | Jonathan Murray Partner |
| Perpetual Resources Limited | Suite 3, Level 10 499 St Kilda Road MELBOURNE, VIC, AUSTRALIA, 3004 | (03) 9866 5859 | Eric Jiang, Company Secretary |
| | Copied to: K&L Gates Level 25, 525 Collins Street MELBOURNE, VIC, AUSTRALIA, 3000 | (03) 9205 2055 | Jol Rogers, Partner |

(or as otherwise notified by that party to the other party from time to time);

- (c) must be signed by the party making the communication or by a person duly authorised by that party;
- (d) must be delivered or posted by prepaid post to the address, or sent by fax to the number, of the addressee, in accordance with clause 12.4(b); and
- (e) is regarded as received by the addressee:
 - (i) if sent by prepaid post, on the third Business Day after the date of posting to an address within Australia, and on the fifth Business Day after the date of posting to an address outside Australia;
 - (ii) if sent by fax, at the local time (in the place of receipt of that fax) which then equates to the time at which that fax is sent as shown on the transmission report which is produced by the machine from which that fax is sent and which confirms transmission of that fax in its entirety, unless that local time is not a Business Day, or is after 5.00pm on a Business Day, when that communication will be regarded as received at 9.00am on the next Business Day; and
 - (iii) if delivered by hand, on delivery at the address of the addressee as provided in clause 12.4(b), unless delivery is not made on a Business Day, or after 5.00pm on a Business Day, when that communication will be regarded as received at 9.00am on the next Business Day.

12.5 Governing law and jurisdiction

- (a) This agreement is governed by the laws of Western Australia.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of the courts of Western Australia and courts competent to hear appeals from those courts.

12.6 Waivers

- (a) Failure to exercise or enforce, a delay in exercising or enforcing, or the partial exercise or enforcement of any right, power or remedy provided by law or under this agreement by any party does not in any way preclude, or operate as a waiver of, any exercise or enforcement, or further exercise or enforcement, of that or any other right, power or remedy provided by law or under this agreement.
- (b) Any waiver or consent given by any party under this agreement is only effective and binding on that party if it is given or confirmed in writing by that party.
- (c) No waiver of a breach of any term of this agreement operates as a waiver of another breach of that term or of a breach of any other term of this agreement.

12.7 Variation

This agreement may only be varied by a document signed by or on behalf of each of the parties.

12.8 Assignment

A party may not assign, novate or otherwise transfer any of its rights or obligations under this agreement without the prior written consent of the other party.

12.9 Further action

Each party will do all things and execute all further documents necessary to give full effect to this agreement.

12.10 Entire agreement

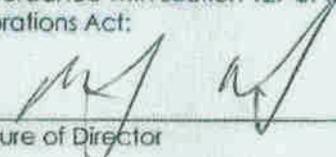
This agreement supersedes all previous agreements in respect of its subject matter and embodies the entire agreement between the parties.

12.11 Counterparts

- (a) This agreement may be executed in any number of counterparts.
- (b) All counterparts, taken together, constitute one instrument.
- (c) A party may execute this agreement by signing any counterpart.

EXECUTED AS AN AGREEMENT:

EXECUTED BY
PERPETUAL RESOURCES LIMITED
ACN 154 516 533
in accordance with section 127 of the
Corporations Act:



Signature of Director



Signature of Director/Secretary

Ashley Wayne Kelly

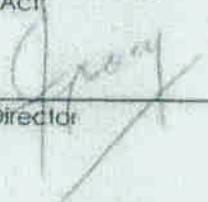
Full name of Director

GEORGE KARAKOSTAS

Full name of Director/Secretary
*Delete if not applicable

*Delete if not applicable

EXECUTED BY
NEO RESOURCES LIMITED
ACN 007 708 429
in accordance with section 127 of the
Corporations Act:



Signature of Director



Signature of Director/Secretary

John Geary

Full name of Director

Peter Torke

Full name of Director/Secretary

*Delete if not applicable

SCHEDULE 1 – TIMETABLE

| Event | Date |
|---|----------------|
| Lodge Scheme Booklet with ASIC | 4 June 2013 |
| Application in respect of the Court hearing to be held on the First Court Date, filed with the Court, served on ASIC and delivered to ASX | 4 June 2013 |
| First Court Date | 25 June 2013 |
| Printing and despatch of Scheme Booklet | 28 June 2013 |
| Scheme Meeting held | 29 July 2013 |
| Second Court Date | 30 July 2013 |
| Lodge Court order with ASIC (Effective Date) | 30 July 2013 |
| Record Date | 30 August 2013 |
| Implementation Date (Record Date plus five Business Days) | 6 August 2013 |

SCHEDULE 2 – SCHEME OF ARRANGEMENT

Pursuant to section 411 of the *Corporations Act 2001 (Cth)*

PARTIES

NEO RESOURCES LIMITED (ACN 007 708 429) of Unit B2, 431 Roberts Road, Subiaco, Western Australia 6008 (**Neo**).

AND

Each Scheme Shareholder as defined in the Implementation Agreement

RECITALS

- A.** Perpetual and Neo have entered into a merger implementation agreement for the implementation of this Scheme (**Implementation Agreement**).
- B.** Pursuant to the Implementation Agreement, Neo has agreed to propose a restructure of Neo by way of the Scheme under Part 5.1 of the Corporations Act, the effect of which will be to make Neo a wholly owned subsidiary of Perpetual.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATIONS

1.1 Definitions

Terms defined in the Implementation Agreement have the same meaning when used in this Scheme.

1.2 Interpretation

In this Scheme, unless the context otherwise requires:

- (a) references to a recital, clause, schedule, annexure or exhibit is to a recital, clause, schedule, annexure or exhibit of or to this Scheme;
- (b) a reference to this Scheme or another instrument includes any variation or replacement of any of them;
- (c) a reference to any statute shall include any amendment, replacement or re-enactment of such statute for the time being in force and any by-laws, statutory instruments, rules, regulations, notices, orders, directions, consents or permissions made under such statute and any conditions attaching to them;
- (d) the singular includes the plural and vice versa;
- (e) a reference to any gender includes all genders;
- (f) a reference to a person includes a reference to the person's executors, administrators, substitutes, successors and permitted assigns;
- (g) a covenant, representation or warranty in favour of two or more persons is for the benefit of them jointly and severally;

- (h) a covenant, representation or warranty on the part of two or more persons binds them jointly and severally;
- (i) a reference to currency is to the currency of Australia;
- (j) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning; and
- (k) the words "including", "such as", "particularly" and similar expressions do not imply limitation.
- (l) headings are for convenience of reference only and do not affect interpretation.
- (m) no rules of construction shall apply to the disadvantage of one party on the basis that that party put forward this Scheme or any part of this Scheme.
- (n) if the day on which any act, matter or thing is to be done under or pursuant to this Scheme is not a Business Day, that act, matter or thing may be done on the next Business Day.

2. PRELIMINARY

2.1 Neo and Perpetual

- (a) Neo is public company registered in South Australia and is a company limited by shares.
- (b) At 24 April 2013 Neo's issued share capital consisted of 56,452,589 fully paid ordinary shares.
- (c) Perpetual is a listed public company registered under the laws of Victoria and is a company limited by shares.

2.2 Summary of the Scheme

- (a) If the Scheme becomes Effective, on the Implementation Date:
 - (i) Perpetual will provide the Scheme Consideration to Scheme Shareholders in accordance with the Scheme and the Deed Poll; and
 - (ii) all the Neo Shares held by Scheme Shareholders will be transferred to Perpetual and Neo will enter the name of Perpetual in the Neo Share Register in respect of the Neo Shares held by Scheme Shareholders.
- (b) Perpetual and Neo have agreed by executing the Implementation Agreement to implement the Scheme.
- (c) Perpetual has agreed by executing the Deed Poll that Perpetual will provide the Scheme Consideration to the Scheme Shareholders in accordance with the terms of the Deed Poll.

3. CONDITIONS

- (a) The Scheme is conditional on:

- (i) all the conditions precedent in clause 3.1 of the Implementation Agreement having been satisfied or waived in accordance with the terms of the Implementation Agreement;
 - (ii) as at 5.00pm on the day before the Second Court Date, the Implementation Agreement having not been terminated in accordance with its terms; and
 - (iii) approval of this Scheme by the Court pursuant to section 411(4)(b) of the Corporations Act.
- (b) The satisfaction of clause 3(a) is a condition precedent to the operation of clauses 4 and 5.
- (c) The Scheme will lapse and be of no further force or effect if the Scheme does not become Effective on or before the End Date or any later date that Neo and Perpetual agree in writing.
- (d) Perpetual and Neo will, at the hearing on the Second Court Date, provide to the Court a certificate confirming whether or not the conditions precedent in clause 3.1 (other than the conditions in clause 3.1(c)) have been satisfied or waived in accordance with the Implementation Agreement. The certificate constitutes conclusive evidence that such conditions precedent are satisfied, waived or taken to be waived.

4. IMPLEMENTATION OF THE SCHEME

4.1 Lodgement

Neo will lodge with ASIC an office copy of the Court order approving the Scheme on the day such office copy is received (or such later date as agreed in writing between the parties).

4.2 Transfer of Neo Shares

On the Implementation Date:

- (a) subject to the issue of the Scheme Consideration in the manner contemplated by clause 5.2, the Neo Shares held by the Scheme Shareholders, together with all rights and entitlements attaching to the Neo Shares as at the Implementation Date, will be transferred to Perpetual, without the need for any further act by any Scheme Shareholder by:
 - (i) Neo delivering to Perpetual a duly completed and executed share transfer form or forms (or master share transfer form) to transfer all the Neo Shares held by the Scheme Shareholders to Perpetual; and
 - (ii) Perpetual duly executing such transfer form or forms attending to the stamping of the form or forms (if required) and delivering it or them to Neo for registration; and
- (b) immediately after receipt of the transfer form or forms in accordance with clause 4.2(a)(ii), Neo must, subject to Perpetual carrying out the steps referred to in clause 4.2(a), enter, or must procure the entry of, the name of Perpetual in Neo Share Register in respect of the Neo Shares.

5. SCHEME CONSIDERATION

5.1 Form of Scheme Consideration

- (a) Each Scheme Shareholder is entitled to receive the Scheme Consideration in respect of the Neo Shares held by that Scheme Shareholder.
- (b) The Scheme Consideration is to be one (1) New Perpetual Share for every four (4) Neo Shares held by a Scheme Shareholder.

5.2 Provision of Neo Scheme Consideration

- (a) On or before the Implementation Date, in consideration of the transfer of the Neo Shares to Perpetual, Neo must procure that Perpetual:
 - (i) in relation to each Scheme Shareholder, issues such number of Perpetual Shares to which that Scheme Shareholder is entitled under clause 5.1; and
 - (ii) promptly applies for the New Perpetual Shares issued to Scheme Shareholders to be listed for quotation on ASX.
- (b) The obligations of Neo under clause 5.2(a) will be satisfied by Perpetual:
 - (i) no later than the Implementation Date, dispatching a share certificate or holding statement (or equivalent document) in respect of the requisite number of New Perpetual Shares issued to each Scheme Shareholder in the name of each Scheme Shareholder by prepaid post to their registered address (as at the Record Date); and
 - (ii) on the Implementation Date, entering the name and registered address (as at the Record Date) of each Scheme Shareholder on the register of members of Perpetual as the holder of the New Perpetual Shares issued to them under this Scheme.

5.3 Ineligible Foreign Shareholder

- (a) Unless Perpetual and Neo are satisfied, acting reasonably, that the laws of all relevant jurisdictions permit the issue of New Perpetual Shares to an Ineligible Foreign Shareholder either unconditionally or after compliance with requirements that are not unduly onerous, Perpetual will be under no obligation under the Scheme to provide, and will not provide, any Perpetual Shares to an Ineligible Foreign Shareholder, and instead:
 - (i) subject to clause 5.4, Perpetual must issue the Perpetual Shares which would otherwise be required to be provided to the Ineligible Foreign Shareholders under the Scheme to the Sale Agent;
 - (ii) Perpetual must procure that, as soon as reasonably practicable after the Implementation Date, the Sale Agent, in consultation with Perpetual, sells or procures the sale, of all the Perpetual Shares issued to the Sale Agent and remits to Perpetual the proceeds of sale (after deduction of any applicable brokerage, stamp duty and other costs, taxes and charges) (**Proceeds**); and

- (iii) Perpetual must pay, or procure the payment of, to each Ineligible Foreign Shareholder the amount "A" calculated in accordance with the following formula and rounded to the nearest cent:

$$A = (B \div C) \times D$$

where

B = the number of Perpetual Shares that would have been issued to that Ineligible Foreign Shareholder had it not been an Ineligible Foreign Shareholder; and

C = the total number of Perpetual Shares which would otherwise have been issued to Ineligible Foreign Shareholders and which are issued to the Sale Agent; and

D = the Proceeds (as defined in clause 5.3(a)(ii)).

- (b) None of Neo, Perpetual or the Sale Agent gives any assurance as to the price that will be achieved for the sale of Perpetual Shares described in paragraph 5.3(a).

5.4 Rounding of fractional entitlements and splitting

- (a) Any fractional entitlement of a Scheme Shareholder to a part of a New Perpetual Share will be rounded down to the nearest whole number of New Perpetual Shares.
- (b) If Perpetual is of the opinion, formed reasonably, that several Scheme Shareholders, each of which holds a holding of Neo Shares which results in a fractional entitlement to New Perpetual Shares, have, before the Record Date, been party to a shareholding splitting or division in an attempt to obtain an advantage by reference to the rounding provided for in the calculation of each Scheme Shareholder's entitlement to the Scheme Consideration, Perpetual may direct Neo to give notice to those Scheme Shareholders:
- (i) setting out the names and registered addresses of all of them;
 - (ii) stating that opinion; and
 - (iii) attributing to one of them specifically identified in the notice the Neo Shares held by all of them,

and, after the notice has been so given, the Scheme Shareholder specifically identified in the notice shall, for the purposes of the Scheme, be taken to hold all those Neo Shares and each of the other Scheme Shareholders whose names are set out in the notice shall, for the purposes of the Scheme, be taken to hold no Neo Shares.

5.5 Joint holders

In the case of Neo Shares held in joint names:

- (a) any New Perpetual Share must be issued to and registered in the name of the joint holders; and
- (b) the share certificate or holding statement (or equivalent document) in respect of the requisite number of New Perpetual Shares must be sent to the holder whose name appears first in the Neo Share Register as at the Record Date.

6. ISSUE OF NEW PERPETUAL SHARES

6.1 Issue

- (a) The New Perpetual Shares will be duly and validly issued in accordance with all applicable laws.
- (b) Each Scheme Shareholder agrees to become a member of Perpetual and agrees to be bound by the Perpetual's constitution as in force from time to time.
- (c) Each Scheme Shareholder will be deemed to have irrevocably appointed Perpetual and each of its directors and officers (jointly and severally) as its attorneys for the purpose of executing any form of application or transfer required for the Perpetual Shares.
- (d) On issue, the New Perpetual Shares will be fully paid and free from any mortgage, charge, lien, Encumbrance or other security interest, except to the extent provided for in Perpetual's constitution.

7. DEALING IN NEO SHARES

7.1 Dealings prior to Record Date

- (a) To establish the identity of the Scheme Shareholders, dealings in Neo Shares will only be recognised if registrable transfers in respect of those dealings are received on or before the Record Date at the place where the Neo Share Register is kept.
- (b) Neo must register registrable transfers of the kind referred to in clause 7.1(a) on the Record Date.
- (c) Neo will not accept for registration or recognise for any purpose any transfer in respect of Neo Shares received after the Record Date.
- (d) If this Scheme becomes Effective, a holder of Neo Shares (and any person claiming through that holder) must not dispose of or purport to dispose of any Neo Shares or any interests in them after the Record Date.

7.2 Dealings after Neo Record Date

- (a) For the purpose of determining entitlements to the Scheme Consideration, Neo must maintain the Neo Share Register in accordance with the provisions of this clause 7 until the Scheme Consideration has been paid to the Scheme Shareholders. The Neo Share Register in this form will solely determine entitlements to the Scheme Consideration.

- (b) All statements of holding for Neo Shares will cease to have effect from the Record Date as documents of title in respect of those shares. As from the Record Date, each entry current at that date on the Neo Share Register will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Neo Shares relating to that entry.
- (c) As soon as possible on or after the Record Date and, in any event, by 5.00pm on the Business Day after the Record Date, Neo will ensure that details of the names, registered addresses and holdings of Neo Shares for each Scheme Shareholder are available to Perpetual in the form Perpetual reasonably requires.

8. GENERAL SCHEME PROVISIONS

8.1 Consent

If the Court proposes to approve the Scheme subject to any alterations or conditions, Neo may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which Perpetual has consented in writing.

8.2 Agreement of Scheme Shareholders

Each Scheme Shareholder:

- (a) agrees to the transfer of its Neo Shares in accordance with this Scheme and agrees to the variation, cancellation or modification of the rights attached to their Neo Shares constituted by or resulting from the Scheme; and
- (b) acknowledges that this Scheme binds Neo and all Scheme Shareholders (including those who do not attend the Scheme Meeting or do not vote at that meeting or vote against the Scheme at that Scheme Meeting).

8.3 Warranties by Scheme Shareholders and title to Neo Shares

- (a) Each Scheme Shareholder is deemed to have warranted to Neo in its own right, and appointed and authorised Neo as its attorney and agent to warrant to Perpetual on its behalf, that:
 - (i) all of its Neo Shares which are transferred to Perpetual under the Scheme will, on the date on which they are transferred to Perpetual, be fully paid and free from all mortgages, charges, liens, Encumbrances and interests of third parties of any kind whether legal or otherwise, and free of restrictions on transfer of any kind; and
 - (ii) it has full power and capacity to sell and to transfer its Neo Shares to Perpetual together with any rights attaching to those shares.

Neo undertakes that it will provide such warranty to Perpetual as agent and attorney for each Scheme Shareholder.

- (b) To the extent permitted by law, the Neo Shares transferred under the Scheme will be transferred free from all mortgages, charges, liens, Encumbrances and interests of third parties, whether legal or otherwise.

8.4 Beneficial entitlement to Neo Scheme Shares

Perpetual will be beneficially entitled to the Neo Shares transferred to it under the Scheme pending registration by Neo of Perpetual in the Neo Share Register as the holder of the Neo Shares.

8.5 Authority given to Neo

- (a) Scheme Shareholders will be deemed to have authorised Neo to do and execute all acts, matters, things and documents on the part of each Scheme Shareholder necessary to implement the Scheme, including executing, as agent and attorney of each Scheme Shareholder, a share transfer or transfers or a master share transfer form in relation to Neo Shares as contemplated by clause 8.5(b).
- (b) Each Scheme Shareholder, without the need for any further act, irrevocably appoints Neo and all of its directors, secretaries and officers (jointly and severally) as its attorney and agent for the purpose of:
 - (i) enforcing the Deed Poll against Perpetual;
 - (ii) executing any document necessary to give effect to the Scheme, including without limitation a proper instrument of transfer of its Neo Shares for the purposes of section 1071B of the Corporations Act which may be a master transfer of all the Neo Shares held by Scheme Shareholders.

8.6 Appointment of sole proxy

On the Scheme becoming Effective and until Neo registers or procures the registration of Perpetual as the holder of all Neo Shares held by the Scheme Shareholders in the Neo Share Register, each Scheme Shareholder:

- (a) is deemed to have irrevocably appointed Perpetual as attorney and agent (and directed Perpetual in such capacity) to appoint an officer or agent nominated by Perpetual as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Neo Shares registered in its name and sign any shareholders' resolutions, whether in person, by proxy or by corporate representative and no Scheme Shareholder may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than as pursuant to this clause 8.6(a)); and
- (b) must take all other actions in the capacity of a registered holder of Neo Shares as Perpetual reasonably directs.

9. GENERAL

9.1 Duty

Any duty (including related interest or penalties) payable in respect of this Scheme or any instrument created in connection with it must be paid by Perpetual.

9.2 Governing law and jurisdiction

- (a) This Scheme is governed by and must be construed in accordance with the laws in force in Western Australia.
- (b) The parties submit to the non-exclusive jurisdiction of the courts of that State and the Commonwealth of Australia in respect of all matters arising out of or relating to this Neo Scheme, its performance or subject matter.

9.3 Notices

Any communication under or in connection with this Scheme:

- (a) must be in writing;
- (b) must be addressed as shown below:

| Name: | Address: | Fax no: | Attention: |
|-----------------------|--|----------------|-----------------------------------|
| Neo Resources Limited | Unit B2, 431 Roberts Road SUBIACO, WA, AUSTRALIA, 6008 | (08) 9381 2330 | Peter Torre, Company Secretary |
| | Copied to Steinepreis Paganin Level 4, The Read Buildings 16 Milligan Street PERTH, WA, AUSTRALIA, 6000 | (08) 9321 4000 | Jonathan Murray Partner |
| Scheme Shareholder | The registered address of the Scheme Shareholder as shown in the Neo Share Register | | |

- (c) must be signed by the party making the communication or by a person duly authorised by that party;
- (d) must be delivered or posted by prepaid post to the address of the addressee, in accordance with clause 9.3(b); and
- (e) is regarded as received by the addressee:
 - (i) if sent by prepaid post, on the third Business Day after the date of posting to an address within Australia, and on the fifth Business Day after the date of posting to an address outside Australia; or
 - (ii) if delivered by hand, on delivery at the address of the addressee as provided in clause 9.3(b), unless delivery is not made on a Business Day, or after 5.00pm on a Business Day, when that communication will be regarded as received at 9.00am on the next Business Day.

9.4 Failure to give notice

The accidental omission to give notice of the Scheme Meeting or non-receipt of such notice by a Scheme Shareholder will not invalidate the Scheme Meeting or proceedings of the Scheme Meeting, unless otherwise ordered by the Court.

9.5 Non merger

A term or condition of, or act done in connection with, this Scheme does not operate as a merger of any of the rights or remedies of the parties under this Scheme and those rights and remedies continue unchanged.

9.6 No right of set-off

Unless this Scheme expressly provides otherwise, a party has no right of set-off against a payment due to another party.

9.7 Further action

A party must, at its own expense and within a reasonable time of being requested by another party to do so, do all things and execute all documents necessary to give full effect to this Scheme and the transactions contemplated by it.

SCHEDULE 3 – DEED POLL

THIS DEED POLL is made the _____ day of _____ 2013

PARTIES

PERPETUAL RESOURCES LIMITED (ACN 154 516 533) of Suite 1, Level 11, 499 St Kilda Road, Melbourne, Victoria 3004 (**Perpetual**),

in favour of:

Each Scheme Shareholder as defined in the Implementation Agreement

RECITALS

- A. Perpetual and Neo have entered into a merger implementation agreement for the implementation of the Scheme (**Implementation Agreement**).
- B. Pursuant to the Implementation Agreement, Neo has agreed to propose a restructure of Neo by way of the Scheme under Part 5.1 of the Corporations Act, the effect of which will be to make Neo a wholly owned subsidiary of Perpetual.
- C. Perpetual has agreed to do all things which may be necessary or expedient on its part to implement the Scheme, but subject to the satisfaction of the conditions precedent referred to in clause 3.1 of the Implementation Agreement.
- D. Perpetual is entering into this Deed Poll for the purpose of covenanting in favour of the Scheme Shareholders to perform its obligations under the Implementation Agreement.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATIONS

1.1 Definitions

Terms defined in the Implementation Agreement have the same meaning when used in this Deed Poll.

1.2 Interpretation

In this Deed Poll, unless the context otherwise requires:

- (a) references to a recital, clause, schedule, annexure or exhibit is to a recital, clause, schedule, annexure or exhibit of or to this Deed Poll;
- (b) a reference to this Deed Poll or another instrument includes any variation or replacement of any of them;
- (c) a reference to any statute shall include any amendment, replacement or re-enactment of such statute for the time being in force and any by-laws, statutory instruments, rules, regulations, notices, orders, directions, consents or permissions made under such statute and any conditions attaching to them;
- (d) the singular includes the plural and vice versa;

- (e) a reference to any gender includes all genders;
- (f) a reference to a person includes a reference to the person's executors, administrators, substitutes, successors and permitted assigns;
- (g) a covenant, representation or warranty in favour of two or more persons is for the benefit of them jointly and severally;
- (h) a covenant, representation or warranty on the part of two or more persons binds them jointly and severally;
- (i) a reference to currency is to the currency of Australia;
- (j) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning; and
- (k) the words "including", "such as", "particularly" and similar expressions do not imply limitation.
- (l) headings are for convenience of reference only and do not affect interpretation.
- (m) no rules of construction shall apply to the disadvantage of one party on the basis that that party put forward this Deed Poll or any part of this Deed Poll.
- (n) if the day on which any act, matter or thing is to be done under or pursuant to this Deed Poll is not a Business Day, that act, matter or thing may be done on the next Business Day.

2. NATURE OF DEED POLL

Perpetual acknowledges that this Deed Poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it.

3. CONDITIONS PRECEDENT

3.1 Conditional obligations

Perpetual's obligations under clauses 4 and 5 are subject to the Scheme becoming Effective.

3.2 Deadline for satisfaction

If:

- (a) the Implementation Agreement is terminated in accordance with its terms; or
- (b) the Scheme is not Effective on or before the End Date,

then the obligations of Perpetual under this Deed Poll do not commence and this Deed Poll will automatically terminate and be of no further force or effect, unless Perpetual and Neo otherwise agree.

3.3 Release upon termination

If this Deed Poll is terminated under this clause 3 then, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) Perpetual is released from its obligations to further perform this Deed Poll except those obligations contained in clause 8 and any other obligations which by their nature survive termination; and
- (b) Scheme Shareholders retain the rights they have against Perpetual in respect of any breach which occurred before this Deed Poll is terminated.

4. SCHEME OBLIGATIONS

Perpetual will comply with its obligations under the Implementation Agreement and do all things necessary or expedient on its part to implement the Scheme.

5. PAYMENT OF SCHEME CONSIDERATION

Without limiting the generality of clause 4, but subject to clause 3, in consideration of the transfer to Perpetual of all of the Neo Shares held by the Scheme Shareholders under the terms of the Scheme, Perpetual will provide, or procure the provision of, the Scheme Consideration to the Scheme Shareholders in accordance with clause 4.2 of the Implementation Agreement.

6. WARRANTIES

Perpetual represents and warrants that:

- (a) it is a corporation validly existing under the laws of its place of incorporation;
- (b) it has the corporate power to enter into and perform its obligations under this Deed Poll and to carry out the transactions contemplated by this Deed Poll;
- (c) it has taken all necessary corporate action to authorise its entry into this Deed Poll and has taken or will take all necessary corporate action to authorise the performance of this Deed Poll and to carry out the transactions contemplated by this Deed Poll; and
- (d) this Deed Poll is valid and binding upon it.

7. CONTINUING OBLIGATIONS

This Deed Poll is irrevocable and, subject to clause 3, remains in full force and effect until:

- (a) Perpetual has completely performed its obligations under this Deed Poll; or
- (b) the earlier termination of this Deed Poll under clause 3.

8. STAMP DUTY

Perpetual must pay all stamp duty imposed on this Deed Poll and on any instrument or other document executed to give effect to this Deed Poll.

9. GENERAL

9.1 Cumulative rights

The rights, powers and remedies of Perpetual and the Scheme Shareholders under this Deed Poll are cumulative with the rights, powers or remedies provided by law independently of this Deed Poll.

9.2 Further acts and documents

Perpetual must promptly do all further acts and execute and deliver all further documents (in form and content reasonably satisfactory to Neo) required by law or reasonably requested by Neo to give effect to this Deed Poll.

9.3 Waiver and variation

- (a) A provision or a right under this Deed Poll may not be waived except in writing signed by the person granting the waiver.
- (b) A provision of this Deed Poll may not be varied unless the variation is agreed to by Neo in which event Perpetual will enter into a further Deed Poll in favour of the Scheme Shareholders giving effect to such amendment.

10. GOVERNING LAW AND JURISDICTION

This Deed Poll is governed by the laws of Western Australia. Perpetual irrevocably submits to the non-exclusive jurisdiction of the Courts of Western Australia.

11. ASSIGNMENT

The rights and obligations of a person under this Deed Poll are personal. They cannot be assigned, charged or otherwise dealt with, and no person shall attempt or purport to do so.

Executed as a deed poll

EXECUTED BY)
PERPETUAL LIMITED)
ACN 154 516 533)
in accordance with the Corporations Act:)

Signature of Director

Signature of Director/Secretary

Full name of Director

Full name of Director/Secretary

*Delete if not applicable

SCHEDULE 4 – NEO TENEMENTS

| Tenement description |
|----------------------|
| EL6627 |
| EL6628 |
| EL6629 |
| EL6789 |
| EL7548 |
| EL7549 |
| EL7550 |
| EL7551 |
| EL7552 |
| EL7553 |
| EL7756 |

**PERPETUAL RESOURCES LIMITED
ACN 154 516 533
(PERPETUAL)**

and

**NEO RESOURCES LIMITED
ACN 007 708 429
(NEO)**

**DEED OF VARIATION - MERGER IMPLEMENTATION
AGREEMENT**

BETWEEN

PERPETUAL RESOURCES LIMITED (ACN 154 516 533) of Suite 1, Level 11, 499 St Kilda Road, Melbourne, Victoria 3004 (**Perpetual**).

AND

NEO RESOURCES LIMITED (ACN 007 708 429) of Unit B2, 431 Roberts Road, Subiaco, Western Australia 6008 (**Neo**).

RECITALS

- A. On 26 April 2013 Neo and Perpetual entered into Merger Implementation Agreement.
- B. Neo and Perpetual agree that the Merger Implementation Agreement be varied on the terms and conditions set out in this Deed.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Deed:

Deed means the deed constituted by this document and includes the recitals.

Merger Implementation Agreement means the agreement entered into between Neo and Perpetual dated 26 April 2013 and titled "Merger Implementation Agreement".

Party means a party to this Deed and **Parties** has a corresponding meaning.

1.2 Interpretation

In this Deed unless the context otherwise requires:

- (a) headings are for convenience only and do not affect its interpretation;
- (b) an obligation or liability assumed by, or a right conferred on, 2 or more Parties binds or benefits all of them jointly and each of them severally;
- (c) the expression **person** includes an individual, the estate of an individual, a corporation, an authority, an association or joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (d) a reference to any party includes that party's executors, administrators, successors and permitted assigns, including any person taking by way of novation;
- (e) a reference to any document (including this Deed) is to that document as varied, novated, ratified or replaced from time to time;

- (f) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (g) words importing the singular include the plural (and vice versa) and words indicating a gender include every other gender;
- (h) reference to parties, clauses, schedules, exhibits or annexures are references to parties, clauses, schedules, exhibits and annexures to or of this Deed and a reference to this Deed includes any schedule, exhibit or annexure to this Deed;
- (i) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning; and
- (j) a reference to \$ or **dollar** is to Australian currency.

2. VARIATION

Neo and Perpetual agree that with effect from the date of the Merger Implementation Agreement, the Merger Implementation Agreement is varied by:

- (a) deleting the definition of "**Court**" in clause 1.1 and replacing it with the following:

"Court means the Federal Court of Australia."; and

- (b) replacing the table in Schedule 1 with the following table:

| Event | Date |
|--|--------------------------|
| <i>Lodge Scheme Booklet with ASIC</i> | <i>1 July 2013</i> |
| <i>Application in respect of the Court hearing to be held on the First Court Date, filed with the Court, served on ASIC and delivered to ASX</i> | <i>1 July 2013</i> |
| <i>First Court Date</i> | <i>16 July 2013</i> |
| <i>Printing and despatch of Scheme Booklet</i> | <i>19 July 2013</i> |
| <i>Scheme Meeting held</i> | <i>19 August 2013</i> |
| <i>Second Court Date</i> | <i>29 August 2013</i> |
| <i>Lodge Court order with ASIC (Effective Date)</i> | <i>29 August 2013</i> |
| <i>Record Date (Effective Date plus five Business Days)</i> | <i>5 September 2013</i> |
| <i>Implementation Date (Record Date plus five Business Days)</i> | <i>17 September 2013</i> |

3. OTHER TERMS TO REMAIN IN FULL FORCE AND EFFECT

Other than as varied by this Deed, the terms and conditions of the Merger Implementation Agreement remain in full force and effect.

4. GOVERNING LAW

This Deed shall be governed by and construed in accordance with the law from time to time in the State of Western Australia, the Commonwealth of Australia and the Parties agree to submit to the non-exclusive jurisdiction of the courts of Western Australia, the Commonwealth of Australia and the courts that hear appeals therefrom.

5. VARIATION

No modification or alteration of the terms of this Deed shall be binding unless made in writing dated subsequent to the date of this Deed and duly executed by the Parties.

6. COSTS**6.1 Stamp Duty**

All stamp duty assessed on or in respect of this Deed shall be paid by the Perpetual.

6.2 Legal Costs

Each Party shall bear their own legal costs of and incidental to the preparation, negotiation and execution of this Deed.

7. MISCELLANEOUS**7.1 Severance**

If any provision of this Deed is invalid and not enforceable in accordance with its terms, all other provisions which are self-sustaining and capable of separate enforcement without regard to the invalid provision, shall be and continue to be valid and forceful in accordance with their terms.

7.2 Entire Agreement

This Deed shall constitute the sole understanding of the Parties with respect to the subject matter and replaces all other agreements with respect thereto.

7.3 Counterparts

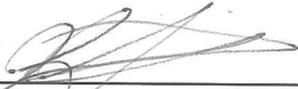
This Deed may be executed in any number of counterparts (including by way of facsimile) each of which shall be deemed for all purposes to be an original and all such counterparts taken together shall be deemed to constitute one and the same instrument.

7.4 Time

Time shall be of the essence in this Deed in all respects.

EXECUTED by the Parties as a Deed.

EXECUTED BY)
PERPETUAL RESOURCES LIMITED)
ACN 154 516 533)
in accordance with section 127 of the)
Corporations Act:)



Signature of Director



Signature of Director/Secretary

GEORGE KARAPODIAS

Full name of Director

ERIC JIANG

Full name of Director/Secretary
*Delete if not applicable

*Delete if not applicable

EXECUTED BY)
NEO RESOURCES LIMITED)
ACN 007 708 429)
in accordance with section 127 of the)
Corporations Act:)

Signature of Director

Signature of Director/Secretary

Full name of Director

Full name of Director/Secretary

*Delete if not applicable

EXECUTED by the Parties as a Deed.

EXECUTED BY)
PERPETUAL RESOURCES LIMITED)
ACN 154 516 533)
in accordance with section 127 of the)
Corporations Act:)

Signature of Director

Signature of Director/Secretary

Full name of Director

Full name of Director/Secretary
*Delete if not applicable

*Delete if not applicable

EXECUTED BY)
NEO RESOURCES LIMITED)
ACN 007 708 429)
in accordance with section 127 of the)
Corporations Act:)

Signature of Director

Signature of Director/Secretary

Full name of Director

Full name of Director/Secretary

*Delete if not applicable

APPENDIX 2 – SCHEME OF ARRANGEMENT

SCHEME OF ARRANGEMENT

Pursuant to section 411 of the *Corporations Act 2001 (Cth)*

PARTIES

NEO RESOURCES LIMITED (ACN 007 708 429) of Unit B2, 431 Roberts Road, Subiaco, Western Australia 6008 (**Neo**).

AND

Each Scheme Shareholder as defined in the Implementation Agreement

RECITALS

- A.** Perpetual and Neo have entered into a merger implementation agreement for the implementation of this Scheme (**Implementation Agreement**).
- B.** Pursuant to the Implementation Agreement, Neo has agreed to propose a restructure of Neo by way of the Scheme under Part 5.1 of the Corporations Act, the effect of which will be to make Neo a wholly owned subsidiary of Perpetual.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATIONS

1.1 Definitions

Terms defined in the Implementation Agreement have the same meaning when used in this Scheme.

1.2 Interpretation

In this Scheme, unless the context otherwise requires:

- (a) references to a recital, clause, schedule, annexure or exhibit is to a recital, clause, schedule, annexure or exhibit of or to this Scheme;
- (b) a reference to this Scheme or another instrument includes any variation or replacement of any of them;
- (c) a reference to any statute shall include any amendment, replacement or re-enactment of such statute for the time being in force and any by-laws, statutory instruments, rules, regulations, notices, orders, directions, consents or permissions made under such statute and any conditions attaching to them;
- (d) the singular includes the plural and vice versa;
- (e) a reference to any gender includes all genders;
- (f) a reference to a person includes a reference to the person's executors, administrators, substitutes, successors and permitted assigns;

- (g) a covenant, representation or warranty in favour of two or more persons is for the benefit of them jointly and severally;
- (h) a covenant, representation or warranty on the part of two or more persons binds them jointly and severally;
- (i) a reference to currency is to the currency of Australia;
- (j) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning; and
- (k) the words "including", "such as", "particularly" and similar expressions do not imply limitation.
- (l) headings are for convenience of reference only and do not affect interpretation.
- (m) no rules of construction shall apply to the disadvantage of one party on the basis that that party put forward this Scheme or any part of this Scheme.
- (n) if the day on which any act, matter or thing is to be done under or pursuant to this Scheme is not a Business Day, that act, matter or thing may be done on the next Business Day.

2. PRELIMINARY

2.1 Neo and Perpetual

- (a) Neo is public company registered in South Australia and is a company limited by shares.
- (b) At 24 April 2013 Neo's issued share capital consisted of 56,452,589 fully paid ordinary shares.
- (c) Perpetual is a listed public company registered under the laws of Victoria and is a company limited by shares.

2.2 Summary of the Scheme

- (a) If the Scheme becomes Effective, on the Implementation Date:
 - (i) Perpetual will provide the Scheme Consideration to Scheme Shareholders in accordance with the Scheme and the Deed Poll; and
 - (ii) all the Neo Shares held by Scheme Shareholders will be transferred to Perpetual and Neo will enter the name of Perpetual in the Neo Share Register in respect of the Neo Shares held by Scheme Shareholders.
- (b) Perpetual and Neo have agreed by executing the Implementation Agreement to implement the Scheme.

- (c) Perpetual has agreed by executing the Deed Poll that Perpetual will provide the Scheme Consideration to the Scheme Shareholders in accordance with the terms of the Deed Poll.

3. CONDITIONS

- (a) The Scheme is conditional on:
- (i) all the conditions precedent in clause 3.1 of the Implementation Agreement having been satisfied or waived in accordance with the terms of the Implementation Agreement;
 - (ii) as at 5.00pm on the day before the Second Court Date, the Implementation Agreement having not been terminated in accordance with its terms; and
 - (iii) approval of this Scheme by the Court pursuant to section 411(4)(b) of the Corporations Act.
- (b) The satisfaction of clause 3(a) is a condition precedent to the operation of clauses 4 and 5.
- (c) The Scheme will lapse and be of no further force or effect if the Scheme does not become Effective on or before the End Date or any later date that Neo and Perpetual agree in writing.
- (d) Perpetual and Neo will, at the hearing on the Second Court Date, provide to the Court a certificate confirming whether or not the conditions precedent in clause 3(a) (other than the conditions in clause 3(a)(iii)) have been satisfied or waived in accordance with the Implementation Agreement. The certificate constitutes conclusive evidence that such conditions precedent are satisfied, waived or taken to be waived.

4. IMPLEMENTATION OF THE SCHEME

4.1 Lodgement

Neo will lodge with ASIC an office copy of the Court order approving the Scheme on the day such office copy is received (or such later date as agreed in writing between the parties).

4.2 Transfer of Neo Shares

On the Implementation Date:

- (a) subject to the issue of the Scheme Consideration in the manner contemplated by clause 5.2, the Neo Shares held by the Scheme Shareholders, together with all rights and entitlements attaching to the Neo Shares as at the Implementation Date, will be transferred to Perpetual, without the need for any further act by any Scheme Shareholder by:
- (i) Neo delivering to Perpetual a duly completed and executed share transfer form or forms (or master share transfer form) to

transfer all the Neo Shares held by the Scheme Shareholders to Perpetual; and

- (ii) Perpetual duly executing such transfer form or forms attending to the stamping of the form or forms (if required) and delivering it or them to Neo for registration; and
- (b) immediately after receipt of the transfer form or forms in accordance with clause 4.2(a)(ii), Neo must, subject to Perpetual carrying out the steps referred to in clause 4.2(a), enter, or must procure the entry of, the name of Perpetual in Neo Share Register in respect of the Neo Shares.

5. SCHEME CONSIDERATION

5.1 Form of Scheme Consideration

- (a) Each Scheme Shareholder is entitled to receive the Scheme Consideration in respect of the Neo Shares held by that Scheme Shareholder.
- (b) The Scheme Consideration is to be one (1) New Perpetual Share for every four (4) Neo Shares held by a Scheme Shareholder.

5.2 Provision of Neo Scheme Consideration

- (a) On or before the Implementation Date, in consideration of the transfer of the Neo Shares to Perpetual, Neo must procure that Perpetual:
 - (i) in relation to each Scheme Shareholder, issues such number of Perpetual Shares to which that Scheme Shareholder is entitled under clause 5.1; and
 - (ii) promptly applies for the New Perpetual Shares issued to Scheme Shareholders to be listed for quotation on ASX.
- (b) The obligations of Neo under clause 5.2(a) will be satisfied by Perpetual:
 - (i) no later than the Implementation Date, dispatching a share certificate or holding statement (or equivalent document) in respect of the requisite number of New Perpetual Shares issued to each Scheme Shareholder in the name of each Scheme Shareholder by prepaid post to their registered address (as at the Record Date); and
 - (ii) on the Implementation Date, entering the name and registered address (as at the Record Date) of each Scheme Shareholder on the register of members of Perpetual as the holder of the New Perpetual Shares issued to them under this Scheme.

5.3 Ineligible Foreign Shareholder

- (a) Unless Perpetual and Neo are satisfied, acting reasonably, that the laws of all relevant jurisdictions permit the issue of New Perpetual Shares to an Ineligible Foreign Shareholder either unconditionally or after compliance with requirements that are not unduly onerous, Perpetual will be under

no obligation under the Scheme to provide, and will not provide, any Perpetual Shares to an Ineligible Foreign Shareholder, and instead:

- (i) subject to clause 5.4, Perpetual must issue the Perpetual Shares which would otherwise be required to be provided to the Ineligible Foreign Shareholders under the Scheme to the Sale Agent;
- (ii) Perpetual must procure that, as soon as reasonably practicable after the Implementation Date, the Sale Agent, in consultation with Perpetual, sells or procures the sale, of all the Perpetual Shares issued to the Sale Agent and remits to Perpetual the proceeds of sale (after deduction of any applicable brokerage, stamp duty and other costs, taxes and charges) (**Proceeds**); and
- (iii) Perpetual must pay, or procure the payment of, to each Ineligible Foreign Shareholder the amount "A" calculated in accordance with the following formula and rounded to the nearest cent:

$$A = (B \div C) \times D$$

where

B = the number of Perpetual Shares that would have been issued to that Ineligible Foreign Shareholder had it not been an Ineligible Foreign Shareholder; and

C = the total number of Perpetual Shares which would otherwise have been issued to Ineligible Foreign Shareholders and which are issued to the Sale Agent; and

D = the Proceeds (as defined in clause 5.3(a)(ii)).

- (b) None of Neo, Perpetual or the Sale Agent gives any assurance as to the price that will be achieved for the sale of Perpetual Shares described in paragraph 5.3(a).

5.4 Rounding of fractional entitlements and splitting

- (a) Any fractional entitlement of a Scheme Shareholder to a part of a New Perpetual Share will be rounded down to the nearest whole number of New Perpetual Shares.
- (b) If Perpetual is of the opinion, formed reasonably, that several Scheme Shareholders, each of which holds a holding of Neo Shares which results in a fractional entitlement to New Perpetual Shares, have, before the Record Date, been party to a shareholding splitting or division in an attempt to obtain an advantage by reference to the rounding provided for in the calculation of each Scheme Shareholder's entitlement to the Scheme Consideration, Perpetual may direct Neo to give notice to those Scheme Shareholders:
 - (i) setting out the names and registered addresses of all of them;

- (ii) stating that opinion; and
- (iii) attributing to one of them specifically identified in the notice the Neo Shares held by all of them,

and, after the notice has been so given, the Scheme Shareholder specifically identified in the notice shall, for the purposes of the Scheme, be taken to hold all those Neo Shares and each of the other Scheme Shareholders whose names are set out in the notice shall, for the purposes of the Scheme, be taken to hold no Neo Shares.

5.5 Joint holders

In the case of Neo Shares held in joint names:

- (a) any New Perpetual Share must be issued to and registered in the name of the joint holders; and
- (b) the share certificate or holding statement (or equivalent document) in respect of the requisite number of New Perpetual Shares must be sent to the holder whose name appears first in the Neo Share Register as at the Record Date.

6. ISSUE OF NEW PERPETUAL SHARES

6.1 Issue

- (a) The New Perpetual Shares will be duly and validly issued in accordance with all applicable laws.
- (b) Each Scheme Shareholder agrees to become a member of Perpetual and agrees to be bound by the Perpetual's constitution as in force from time to time.
- (c) Each Scheme Shareholder will be deemed to have irrevocably appointed Perpetual and each of its directors and officers (jointly and severally) as its attorneys for the purpose of executing any form of application or transfer required for the Perpetual Shares.
- (d) On issue, the New Perpetual Shares will be fully paid and free from any mortgage, charge, lien, Encumbrance or other security interest, except to the extent provided for in Perpetual's constitution.

7. DEALING IN NEO SHARES

7.1 Dealings prior to Record Date

- (a) To establish the identity of the Scheme Shareholders, dealings in Neo Shares will only be recognised if registrable transfers in respect of those dealings are received on or before the Record Date at the place where the Neo Share Register is kept.
- (b) Neo must register registrable transfers of the kind referred to in clause 7.1(a) on the Record Date.

- (c) Neo will not accept for registration or recognise for any purpose any transfer in respect of Neo Shares received after the Record Date.
- (d) If this Scheme becomes Effective, a holder of Neo Shares (and any person claiming through that holder) must not dispose of or purport to dispose of any Neo Shares or any interests in them after the Record Date.

7.2 Dealings after Neo Record Date

- (a) For the purpose of determining entitlements to the Scheme Consideration, Neo must maintain the Neo Share Register in accordance with the provisions of this clause 7 until the Scheme Consideration has been paid to the Scheme Shareholders. The Neo Share Register in this form will solely determine entitlements to the Scheme Consideration.
- (b) All statements of holding for Neo Shares will cease to have effect from the Record Date as documents of title in respect of those shares. As from the Record Date, each entry current at that date on the Neo Share Register will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Neo Shares relating to that entry.
- (c) As soon as possible on or after the Record Date and, in any event, by 5.00pm on the Business Day after the Record Date, Neo will ensure that details of the names, registered addresses and holdings of Neo Shares for each Scheme Shareholder are available to Perpetual in the form Perpetual reasonably requires.

8. GENERAL SCHEME PROVISIONS

8.1 Consent

If the Court proposes to approve the Scheme subject to any alterations or conditions, Neo may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which Perpetual has consented in writing.

8.2 Agreement of Scheme Shareholders

Each Scheme Shareholder:

- (a) agrees to the transfer of its Neo Shares in accordance with this Scheme and agrees to the variation, cancellation or modification of the rights attached to their Neo Shares constituted by or resulting from the Scheme; and
- (b) acknowledges that this Scheme binds Neo and all Scheme Shareholders (including those who do not attend the Scheme Meeting or do not vote at that meeting or vote against the Scheme at that Scheme Meeting).

8.3 Warranties by Scheme Shareholders and title to Neo Shares

- (a) Each Scheme Shareholder is deemed to have warranted to Neo in its own right, and appointed and authorised Neo as its attorney and agent to warrant to Perpetual on its behalf, that:

- (i) all of its Neo Shares which are transferred to Perpetual under the Scheme will, on the date on which they are transferred to Perpetual, be fully paid and free from all mortgages, charges, liens, Encumbrances and interests of third parties of any kind whether legal or otherwise, and free of restrictions on transfer of any kind; and
- (ii) it has full power and capacity to sell and to transfer its Neo Shares to Perpetual together with any rights attaching to those shares.

Neo undertakes that it will provide such warranty to Perpetual as agent and attorney for each Scheme Shareholder.

- (b) To the extent permitted by law, the Neo Shares transferred under the Scheme will be transferred free from all mortgages, charges, liens, Encumbrances and interests of third parties, whether legal or otherwise.

8.4 Beneficial entitlement to Neo Scheme Shares

Perpetual will be beneficially entitled to the Neo Shares transferred to it under the Scheme pending registration by Neo of Perpetual in the Neo Share Register as the holder of the Neo Shares.

8.5 Authority given to Neo

- (a) Scheme Shareholders will be deemed to have authorised Neo to do and execute all acts, matters, things and documents on the part of each Scheme Shareholder necessary to implement the Scheme, including executing, as agent and attorney of each Scheme Shareholder, a share transfer or transfers or a master share transfer form in relation to Neo Shares as contemplated by clause 8.5(b).
- (b) Each Scheme Shareholder, without the need for any further act, irrevocably appoints Neo and all of its directors, secretaries and officers (jointly and severally) as its attorney and agent for the purpose of:
 - (i) enforcing the Deed Poll against Perpetual;
 - (ii) executing any document necessary to give effect to the Scheme, including without limitation a proper instrument of transfer of its Neo Shares for the purposes of section 1071B of the Corporations Act which may be a master transfer of all the Neo Shares held by Scheme Shareholders.

8.6 Appointment of sole proxy

On the Scheme becoming Effective and until Neo registers or procures the registration of Perpetual as the holder of all Neo Shares held by the Scheme Shareholders in the Neo Share Register, each Scheme Shareholder:

- (a) is deemed to have irrevocably appointed Perpetual as attorney and agent (and directed Perpetual in such capacity) to appoint an officer or agent nominated by Perpetual as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Neo Shares

registered in its name and sign any shareholders' resolutions, whether in person, by proxy or by corporate representative and no Scheme Shareholder may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than as pursuant to this clause 8.6(a)); and

- (b) must take all other actions in the capacity of a registered holder of Neo Shares as Perpetual reasonably directs.

9. GENERAL

9.1 Duty

Any duty (including related interest or penalties) payable in respect of this Scheme or any instrument created in connection with it must be paid by Perpetual.

9.2 Governing law and jurisdiction

- (a) This Scheme is governed by and must be construed in accordance with the laws in force in Western Australia.
- (b) The parties submit to the non-exclusive jurisdiction of the courts of that State and the Commonwealth of Australia in respect of all matters arising out of or relating to this Neo Scheme, its performance or subject matter.

9.3 Notices

Any communication under or in connection with this Scheme:

- (a) must be in writing;
- (b) must be addressed as shown below:

| Name: | Address: | Fax no: | Attention: |
|-----------------------|--|-------------------|--------------------------------------|
| Neo Resources Limited | Unit B2, 431 Roberts Road SUBIACO, WA, AUSTRALIA, 6008 | (08) 9381 2330 | Peter Torre, Company Secretary |
| | Copied to Steinepreis Paganin Level 4, The Read Buildings 16 Milligan Street PERTH, WA, AUSTRALIA, 6000 | (08) 9321 4000 | Jonathan Murray Partner |
| Scheme Shareholder | The registered address of the Scheme Shareholder as shown in the Neo Share Register | | |

- (c) must be signed by the party making the communication or by a person duly authorised by that party;

- (d) must be delivered or posted by prepaid post to the address of the addressee, in accordance with clause 9.3(b); and
- (e) is regarded as received by the addressee:
 - (i) if sent by prepaid post, on the third Business Day after the date of posting to an address within Australia, and on the fifth Business Day after the date of posting to an address outside Australia; or
 - (ii) if delivered by hand, on delivery at the address of the addressee as provided in clause 9.3(b), unless delivery is not made on a Business Day, or after 5.00pm on a Business Day, when that communication will be regarded as received at 9.00am on the next Business Day.

9.4 Failure to give notice

The accidental omission to give notice of the Scheme Meeting or non-receipt of such notice by a Scheme Shareholder will not invalidate the Scheme Meeting or proceedings of the Scheme Meeting, unless otherwise ordered by the Court.

9.5 Non merger

A term or condition of, or act done in connection with, this Scheme does not operate as a merger of any of the rights or remedies of the parties under this Scheme and those rights and remedies continue unchanged.

9.6 No right of set-off

Unless this Scheme expressly provides otherwise, a party has no right of set-off against a payment due to another party.

9.7 Further action

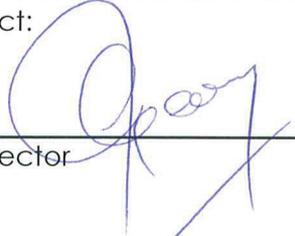
A party must, at its own expense and within a reasonable time of being requested by another party to do so, do all things and execute all documents necessary to give full effect to this Scheme and the transactions contemplated by it.

EXECUTED as a deed dated 1 July 2013.

EXECUTED BY
NEO RESOURCES LIMITED
ACN 007 708 429

in accordance with section 127 of the
Corporations Act:

)
)
)
)



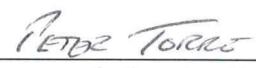
Signature of Director



Signature of Director/Secretary



Full name of Director



Full name of Director/Secretary

*Delete if not applicable

APPENDIX 3 – DEED POLL

DEED POLL

THIS DEED POLL is made the 15th day of July 2013

PARTIES

PERPETUAL RESOURCES LIMITED (ACN 154 516 533) of Suite 1, Level 11, 499 St Kilda Road, Melbourne, Victoria 3004 (**Perpetual**),

in favour of:

Each Scheme Shareholder as defined in the Implementation Agreement

RECITALS

- A. Perpetual and Neo have entered into a merger implementation agreement for the implementation of the Scheme (**Implementation Agreement**).
- B. Pursuant to the Implementation Agreement, Neo has agreed to propose a restructure of Neo by way of the Scheme under Part 5.1 of the Corporations Act, the effect of which will be to make Neo a wholly owned subsidiary of Perpetual.
- C. Perpetual has agreed to do all things which may be necessary or expedient on its part to implement the Scheme, but subject to the satisfaction of the conditions precedent referred to in clause 3.1 of the Implementation Agreement.
- D. Perpetual is entering into this Deed Poll for the purpose of covenanting in favour of the Scheme Shareholders to perform its obligations under the Implementation Agreement.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATIONS

1.1 Definitions

Terms defined in the Implementation Agreement have the same meaning when used in this Deed Poll.

1.2 Interpretation

In this Deed Poll, unless the context otherwise requires:

- (a) references to a recital, clause, schedule, annexure or exhibit is to a recital, clause, schedule, annexure or exhibit of or to this Deed Poll;
- (b) a reference to this Deed Poll or another instrument includes any variation or replacement of any of them;
- (c) a reference to any statute shall include any amendment, replacement or re-enactment of such statute for the time being in force and any by-laws, statutory instruments, rules, regulations, notices, orders, directions, consents or permissions made under such statute and any conditions attaching to them;

- (d) the singular includes the plural and vice versa;
- (e) a reference to any gender includes all genders;
- (f) a reference to a person includes a reference to the person's executors, administrators, substitutes, successors and permitted assigns;
- (g) a covenant, representation or warranty in favour of two or more persons is for the benefit of them jointly and severally;
- (h) a covenant, representation or warranty on the part of two or more persons binds them jointly and severally;
- (i) a reference to currency is to the currency of Australia;
- (j) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning; and
- (k) the words "including", "such as", "particularly" and similar expressions do not imply limitation.
- (l) headings are for convenience of reference only and do not affect interpretation.
- (m) no rules of construction shall apply to the disadvantage of one party on the basis that that party put forward this Deed Poll or any part of this Deed Poll.
- (n) if the day on which any act, matter or thing is to be done under or pursuant to this Deed Poll is not a Business Day, that act, matter or thing may be done on the next Business Day.

2. NATURE OF DEED POLL

Perpetual acknowledges that this Deed Poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it.

3. CONDITIONS PRECEDENT

3.1 Conditional obligations

Perpetual's obligations under clauses 4 and 5 are subject to the Scheme becoming Effective.

3.2 Deadline for satisfaction

If:

- (a) the Implementation Agreement is terminated in accordance with its terms; or
- (b) the Scheme is not Effective on or before the End Date,

then the obligations of Perpetual under this Deed Poll do not commence and this Deed Poll will automatically terminate and be of no further force or effect, unless Perpetual and Neo otherwise agree.

3.3 Release upon termination

If this Deed Poll is terminated under this clause 3 then, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) Perpetual is released from its obligations to further perform this Deed Poll except those obligations contained in clause 7 and any other obligations which by their nature survive termination; and
- (b) Scheme Shareholders retain the rights they have against Perpetual in respect of any breach which occurred before this Deed Poll is terminated.

4. SCHEME OBLIGATIONS

Perpetual will comply with its obligations under the Implementation Agreement and do all things necessary or expedient on its part to implement the Scheme.

5. PAYMENT OF SCHEME CONSIDERATION

Without limiting the generality of clause 4, but subject to clause 3, in consideration of the transfer to Perpetual of all of the Neo Shares held by the Scheme Shareholders under the terms of the Scheme, Perpetual will provide, or procure the provision of, the Scheme Consideration to the Scheme Shareholders in accordance with clause 4.2 of the Implementation Agreement.

6. WARRANTIES

Perpetual represents and warrants that:

- (a) it is a corporation validly existing under the laws of its place of incorporation;
- (b) it has the corporate power to enter into and perform its obligations under this Deed Poll and to carry out the transactions contemplated by this Deed Poll;
- (c) it has taken all necessary corporate action to authorise its entry into this Deed Poll and has taken or will take all necessary corporate action to authorise the performance of this Deed Poll and to carry out the transactions contemplated by this Deed Poll; and
- (d) this Deed Poll is valid and binding upon it.

7. CONTINUING OBLIGATIONS

This Deed Poll is irrevocable and, subject to clause 3, remains in full force and effect until:

- (a) Perpetual has completely performed its obligations under this Deed Poll; or

- (b) the earlier termination of this Deed Poll under clause 3.

8. STAMP DUTY

Perpetual must pay all stamp duty imposed on this Deed Poll and on any instrument or other document executed to give effect to this Deed Poll.

9. GENERAL

9.1 Cumulative rights

The rights, powers and remedies of Perpetual and the Scheme Shareholders under this Deed Poll are cumulative with the rights, powers or remedies provided by law independently of this Deed Poll.

9.2 Further acts and documents

Perpetual must promptly do all further acts and execute and deliver all further documents (in form and content reasonably satisfactory to Neo) required by law or reasonably requested by Neo to give effect to this Deed Poll.

9.3 Waiver and variation

- (a) A provision or a right under this Deed Poll may not be waived except in writing signed by the person granting the waiver.
- (b) A provision of this Deed Poll may not be varied unless the variation is agreed to by Neo in which event Perpetual will enter into a further Deed Poll in favour of the Scheme Shareholders giving effect to such amendment.

10. GOVERNING LAW AND JURISDICTION

This Deed Poll is governed by the laws of Western Australia. Perpetual irrevocably submits to the non-exclusive jurisdiction of the Courts of Western Australia.

11. ASSIGNMENT

The rights and obligations of a person under this Deed Poll are personal. They cannot be assigned, charged or otherwise dealt with, and no person shall attempt or purport to do so.

Executed as a deed poll

EXECUTED BY)
PERPETUAL LIMITED)
ACN 154 516 533)
in accordance with the Corporations Act:)



Signature of Director



Signature of Director/Secretary

GEORGE KARAFOTIAS
Full name of Director

ERIC JANK
Full name of Director/Secretary

*Delete if not applicable

APPENDIX 4 – NOTICE OF SCHEME MEETING

NEO RESOURCES LTD
ACN 007 708 429

NOTICE OF COURT ORDERED SCHEME MEETING FOR HOLDERS OF NEO SHARES

Notice is hereby given that by an order of the Federal Court of Australia (**Court**) made on 16 July 2013, pursuant to Section 411(1) of the Corporations Act, a meeting of holders of fully paid ordinary shares in the capital of Neo Resources Ltd (**Company**) will be held at 9:00am (Perth time) on 19 August 2013 at BDO, 38 Station Street, Subiaco, Western Australia 6008.

AGENDA

BUSINESS

The purpose of this Scheme Meeting is to consider and, if thought fit, to agree to a scheme of arrangement (with or without modification) to be made between the Company and the holders of Neo Shares (**Scheme**).

A copy of the Scheme and a copy of the Explanatory Statement required by Section 412 of the Corporations Act in relation to the Scheme accompany and form part of this Scheme Booklet.

Words and expressions defined in the Scheme Booklet to which this Notice forms part have the same meanings where used in this Notice.

SPECIAL BUSINESS

Resolution 1 – Approval of Scheme of Arrangement

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

“That, for the purpose of Section 411(4) of the Corporations Act and for all other purposes, Shareholder approval is given for the Scheme of Arrangement to be entered into between the Company and the Scheme Participants (as more particularly described in the Scheme of Arrangement which is contained as Appendix 2 of the Scheme Booklet of which this Notice forms part), with or without modification as approved by the Federal Court of Australia.”

Short Explanation: For the proposed Scheme to be binding in accordance with Section 411 of the Corporations Act, the resolution must be approved by:

- (a) a majority in number of the holders of Neo Shares present and voting (either in person or by proxy or by representative); and
- (b) at least 75% of the total number of votes cast on the resolution.

Court Approval: The proposed Scheme (with or without modification) is subject to subsequent approval by the Court. If the resolution put to this meeting is approved by the requisite majorities, the Company intends to apply to the Court for orders to give effect to the Scheme.

Advertisement: Where this Notice is advertised unaccompanied by the Scheme Booklet containing inter alia the Scheme, a copy of the Scheme Booklet may be obtained by anyone entitled to attend the Scheme Meeting by contacting the company secretary.

**DATED THIS 16 JULY 2013
BY ORDER OF THE BOARD OF
NEO RESOURCES LTD**

TIME AND PLACE OF SCHEME MEETING AND HOW TO VOTE

Venue

A meeting of holders of fully paid ordinary shares will be held at:

BDO
38 Station Street
Subiaco, Western Australia 6008

How to Vote

You may vote by attending the meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person, attend the meeting on the date and at the place set out above. The meeting will commence at 9:00am.

Voting by Proxy

To vote by proxy, please complete and sign the proxy form enclosed with this Notice of Scheme Meeting as soon as possible and either:

- send the proxy by facsimile to the Company's share registry on facsimile number (within Australia) 1800 783 447 or (outside Australia) +61 3 9473 2555; or
- mail it to the Company's share registry at:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

so that it is received not later than **9:00am (Perth time) on 17 August 2013**.

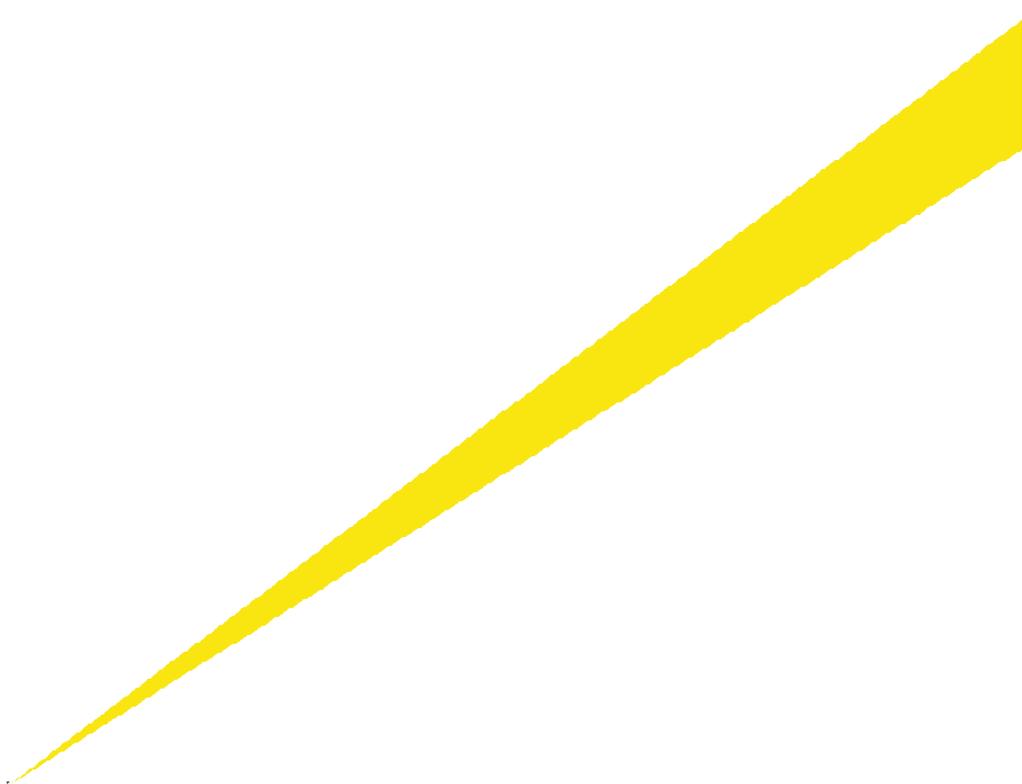
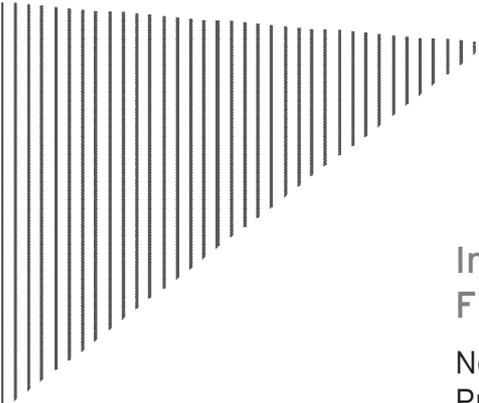
If after reading this Scheme Booklet you have any questions regarding the proxy forms or the Scheme Meeting, please contact the Scheme Information Line on 1300 850 505 during business hours.

Your proxy form is enclosed.

VOTING ELIGIBILITY

Pursuant to the orders of the Federal Court of Australia dated 16 July 2013, the date and time for determining the identity of those entitled to attend and vote and the meeting is 9:00am (Perth time) on 17 August 2013.

APPENDIX 5 – INDEPENDENT EXPERT’S REPORT



Independent Expert's Report and
Financial Services Guide

Neo Mining Limited
Proposed acquisition by Perpetual Resources Limited

25 June 2013

Part 1 - Independent Expert's Report

The Directors
Neo Resources Limited
Unit B9
431 Roberts Road
Subiaco WA 6008

25 June 2013

Dear Sirs

Proposed acquisition by Perpetual Resources Limited

On 26 April 2013, Neo Resources Limited ("Neo" or the "Company") and Perpetual Resources Limited ("Perpetual") announced that they had entered into a Merger Implementation Agreement ("MIA") under which Perpetual intends to acquire all of the issued shares in Neo by way of a scheme of arrangement (the "Scheme"). Under the Scheme, Neo shareholders ("Neo Shareholders") will receive one Perpetual share for every four Neo shares held for a total of 14,113,147 Perpetual shares.

Neo is a gold exploration company listed on the Australian Securities Exchange ("ASX"). The Company has been suspended from trading on the ASX since October 2007 due to non-compliance with ASX Listing Rule 12.1. This listing rule requires an entity's operations to be sufficient to warrant the continued quotation of its securities. Accordingly, Neo's shares have not traded since that date.

Perpetual was admitted to the ASX in February 2013 as an Australian based company with coal exploration assets located in Indonesia.

As a condition precedent to the Scheme, Neo is required to novate the 630,000 convertible notes (the "Convertible Notes") held by Regional Management Pty Ltd ("Regional Management") to Perpetual. The Convertible Notes will be convertible into 3,150,000 fully paid Perpetual shares.

As a further condition precedent to the Scheme, there is a requirement that the holders of Neo options agree to the cancellation of their options upon implementation of the Scheme.

On completion of Scheme, based on the number of shares the respective companies currently have on issue, Neo Shareholders will own 25.2% of the issued shares in Perpetual. By including the Perpetual shares that will be issued to Regional Management on the conversion of the Convertible Notes, Neo Shareholders will have a collective 29.2% interest in Perpetual¹. This ignores any shares in Perpetual that Neo Shareholders currently own.

Neo Shareholders are to consider a resolution seeking approval of the Scheme at a general meeting of the Company that is to be held in August 2013 (the "Scheme Meeting"). If the Scheme is approved and all the other conditions precedent are met, the acquisition of Neo by Perpetual will be implemented. We recommend that Neo Shareholders read the Scheme Booklet to obtain a full understanding of the Scheme.

¹ This assumes the Convertible Notes with a principal of \$630,000 are converted on the implementation date of the Scheme. If the Scheme is implemented and Regional Management does not immediately convert the Convertible Notes, interest will accrue on the principal amount outstanding. The accrued interest will be convertible to Perpetual shares at the same conversion rate as the principal.

Under clause 8303 of Schedule 8 of the Corporations Regulations 2001 (the “Regulations”), if the other party to the Scheme has a 30% or more interest in the company the subject of the scheme or if the parties to the scheme have a common director then the documents sent to shareholders must be accompanied by a report prepared by an independent expert in which that person provides an opinion as to whether or not the proposed scheme is in the best interests of shareholders and sets out the reasons for that opinion.

As Perpetual does not own any shares in Neo and there are no common directors an independent expert’s report is not specifically required in relation to the Scheme. Notwithstanding, the Directors of Neo have engaged Ernst & Young Transaction Advisory Services Limited (“Ernst & Young Transaction Advisory Services”) to prepare an independent expert’s report in relation to the Scheme as if such a report was required under the Regulations.

Accordingly, we have prepared this independent expert’s report to consider whether or not, in our opinion, the Scheme is in the best interests of Neo Shareholders and setting out the reasons for that opinion. Our report is to be included in the Scheme Booklet being sent to Neo Shareholders in respect to the Scheme Meeting.

Neither the Corporations Act (the “Act”) nor the Regulations define the term ‘in the best interests of’. Australian Securities and Investments Commission has however issued Regulatory Guide 111: *Content of expert reports* (“RG 111”) which provides guidance as to what matters an independent expert should consider when determining whether or not a particular transaction is in the best interests of shareholders.

A key matter under RG 111 that an expert needs to consider when determining the appropriate form of analysis is whether or not the effect of the transaction is comparable to a takeover offer and is therefore representative of a ‘control transaction’.

Since Neo Shareholders, collectively, are only expected to own 29.2% of Perpetual (25.2% excluding the shares to be issued to Regional Management upon conversion of the Convertible Notes), the Scheme results in a change of control and as such for the purposes of an independent expert report, the Scheme should be treated as a takeover offer.

In the circumstance of a scheme that achieves the same outcome as a takeover offer, RG 111 suggests that the form of the analysis undertaken by the independent expert should be substantially the same as for a takeover offer. Independent expert’s reports required under the Act in the circumstance of a takeover are required to provide an opinion as to whether or not the takeover offer is ‘fair and reasonable’. While there is no definition of ‘fair and reasonable’, RG 111 provides some guidance as to how the term should be interpreted in a range of circumstances. With respect to a takeover offer:

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

RG 111 states that, in the case of a scheme, if an expert can conclude that an offer is ‘fair and reasonable’ then he or she will be able to conclude that the scheme is ‘in the best interests’ of shareholders.

RG 111 states that the comparison of the value of the consideration and the value of the securities subject to a takeover offer is to be made assuming 100% ownership of the target and it is “inappropriate to apply a discount on the basis that the shares being acquired represent a minority or portfolio parcel of shares”.

Summary of Opinion

In Section 9.2, we set out our valuation conclusions. In our assessment we adopted the net asset backing approach to value a Neo share and both the net asset backing and market approaches to value the consideration being offered by Perpetual, being one Perpetual share for every four Neo shares (“Scheme Consideration”).

We note that for the assessment of the fair value of a Neo share, we have applied a marketability discount to account for the continued suspension of Neo's shares on the ASX since October 2007.

In assessing the fair value of the shares of both companies under the terms of the Scheme, Neo Shareholders are receiving a premium on the high end of the range and at the preferred value and a discount at the low end of the range, as detailed in the table below.

| Comparison of Values - Neo and Perpetual on a net asset backing basis | | | |
|---|--------------|-------------|------------------|
| | Low | High | Preferred |
| Fair value of Neo share - 100% controlling interest (cents) | 3.1 | 4.1 | 3.7 |
| Fair value of the consideration: | | | |
| Fair value of Perpetual share - minority interest basis (cents) | 7.8 | 30.9 | 15.8 |
| Scheme ratio (1:4) | 0.25 | 0.25 | 0.25 |
| Fair value of Perpetual share under terms of the Scheme (cents) | 2.0 | 7.7 | 4.0 |
| Premium/(discount) of Scheme Consideration over value of Neo share (cents) | (1.1) | 3.6 | 0.3 |
| Premium/(discount) of Scheme Consideration over value of Neo share (%) | (35%) | 88% | 8% |

Source: EY analysis

On this basis, Neo Shareholders are receiving a premium of 88% on the high end of the range, a premium of 8% at the preferred value and a discount of 35% at the low end of the range.

As our secondary approach, we have considered the fair value range assessed for a Neo share on a 100% controlling interest basis to the fair value of Perpetual's share under the market approach based on Perpetual's share trading prices up to the date before the Scheme was announced. Our assessment is summarised below:

| Comparison of values - Neo on a net asset backing basis and Perpetual on a trading price basis | | | |
|---|------------|-------------|------------------|
| | Low | High | Preferred |
| Fair value of Neo share - 100% controlling interest (cents) | 3.1 | 4.1 | 3.7 |
| Fair value of the consideration: | | | |
| Perpetual share price -24 April 2013 (cents) | 21.5 | 21.5 | 21.5 |
| Scheme ratio (1:4) | 0.25 | 0.25 | 0.25 |
| Fair value of Perpetual share under terms of the Scheme (cents) | 5.4 | 5.4 | 5.4 |
| Premium/(discount) of Scheme Consideration over value of Neo share (cents) | 2.3 | 1.3 | 1.7 |
| Premium/(discount) of Scheme Consideration over value of Neo share (%) | 74% | 32% | 46% |

Source: EY analysis

On this basis, Neo's Shareholders are receiving a premium in the range of 32% to 74%.

We note that due to the low liquidity of Perpetual's shares, the share price noted above may not be reflective of fair value.

On the basis that there is a premium of Scheme Consideration over the fair value range of a Neo share, in our opinion, the Scheme is considered to be fair to Neo Shareholders.

In Sections 9.3 we set out commercial and qualitative factors that we considered in assessing the Scheme. In Section 9.4 we set out other significant matters for Neo Shareholders to consider.

While individual Neo Shareholders may interpret these factors differently depending on their own circumstances, in Ernst & Young Transaction Advisory Services' opinion the potential advantages of the Scheme outweigh the potential disadvantages to the Neo Shareholders as a whole.

Taking into consideration the matters detailed in this independent expert's report, in the opinion of Ernst & Young Transaction Advisory Services, the Scheme is in the best interests of Neo Shareholders.

Other Matters

This independent expert's report has been prepared specifically for Neo Shareholders. Neither Ernst & Young Transaction Advisory Services, Ernst & Young nor any employee thereof undertakes responsibility to any person, other than Neo Shareholders, in respect of this report, including any errors or omissions howsoever caused.

This independent expert's report constitutes general financial product advice only and has been prepared without taking into consideration the individual circumstances of Neo Shareholders. The decision as to whether to approve or not approve the Scheme is a matter for individual Neo Shareholders. Neo Shareholders should have regard to the Notice of Meeting and Scheme Booklet prepared by the Directors and management of Neo. Neo Shareholders who are in doubt as to the action they should take in relation to the Scheme should consult their own professional adviser.

Our opinion is made as at the date of this letter and reflects circumstances and conditions as at that date. This letter must be read in conjunction with the full independent expert's report as attached.

Ernst & Young Transaction Advisory Services has prepared a Financial Services Guide in accordance with the Act. The Financial Services Guide is included as Part 2 of this report.

Yours faithfully
Ernst & Young Transaction Advisory Services Limited

A handwritten signature in black ink, appearing to read 'Ken Pendergast'.

Ken Pendergast
Director and Representative

A handwritten signature in black ink, appearing to read 'Brenda Moore'.

Brenda Moore
Representative

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1. Introduction

1.1 Overview of the Scheme

Neo Resources Limited (“Neo” or the “Company”) is a gold exploration company listed on the Australian Securities Exchange (“ASX”). The Company has been suspended from trading on the ASX since October 2007 due to non-compliance with ASX Listing Rule 12.1. This listing rule requires an entity’s operations to be sufficient to warrant the continued quotation of its securities. Accordingly, Neo’s shares have not traded since that date.

On 26 April 2013 (the “Announcement Date”), Neo and Perpetual Resources Limited (“Perpetual”) announced that they had entered into a Merger Implementation Agreement (“MIA”) under which Perpetual intends to acquire all of the issued shares in Neo by way of a scheme of arrangement (the “Scheme”). Under the Scheme, Neo shareholders (“Neo Shareholders”) will receive one Perpetual share for every four Neo shares held, for a total of 14,113,147 Perpetual shares.

Based on Perpetual’s closing share price on 24 April 2013 (being the last trading day before the Announcement Date) of 21.5 cents, the Scheme implies a market value of Neo of \$3.0 million or 5.4 cents per Neo share.

Neo’s sole asset is its 70% interest in the Wiagdon Thrust Joint Venture (“WTJV”) gold project (“WTJV Gold Project”). The WTJV Gold Project is an early stage exploration project located in New South Wales. The project does not have any identified Joint Ore Reserves Committee (“JORC”) compliant reserves or resources.

Perpetual was admitted to the ASX in February 2013 as an Australian based company with coal exploration assets located in Indonesia. Perpetual’s major asset is the 192 hectare Atoz coal project (the “Atoz Project”) located in West Sumatra, Indonesia.

Following the implementation of the Scheme, the combined operations of the two entities (the “Merged Group”), will consist of an early stage gold exploration project in Australia and an early stage coal exploration project in Indonesia.

As a condition precedent to the Scheme, Neo is required to novate the 630,000 convertible notes held by Regional Management Pty Ltd (“Regional Management”) (the “Convertible Notes”) to Perpetual. Regional Management is a shareholder of Neo and is controlled by Mr Mark Caruso. In addition to the Neo shares held by Regional Management, Mr Caruso also owns shares in Neo in his own name and through Zurich Bay Holdings Pty Ltd (“Zurich Bay Holdings”). In accordance with the MIA, the Convertible Notes will become convertible to 3,150,000 fully paid Perpetual shares.

As at 26 April 2013, Neo had 1,000,000 options outstanding (“Neo Options”). As a further condition precedent to the Scheme, there is a requirement that holders of Neo options (“Neo Optionholders”) agree to the cancellation of their Neo Options upon implementation of the Scheme.

The following table summarises the number of shares the respective companies have on issue and the number of shares Perpetual will need to issue to Neo Shareholders if the Scheme becomes effective.

| Capital structure of Neo and the shares to be issued | |
|--|-------------------|
| Neo: | |
| - Number of shares on issue | 56,452,589 |
| Scheme terms: | |
| - Number of Perpetual shares | 1.00 |
| - Per number of Neo shares | 4.00 |
| Total Perpetual shares to be issued to Neo shareholders | 14,113,147 |

Source: EY analysis and Scheme Booklet

As at the Announcement Date, Perpetual had 41,805,000 ordinary shares on issue. The following tables summarise the position of the Merged Group after the Scheme. The first table illustrates the number of shares outstanding before the Convertible Notes are converted to Perpetual shares, with the second table illustrating the position assuming the Convertible Notes have been converted.

| Analysis of the Merged Group's capital structure post the Scheme before the conversion of the Convertible Notes | | |
|--|-------------------|---------------|
| Number of shares on completion of the Scheme | | |
| - Perpetual shares on issue | 41,805,000 | 74.8% |
| - Total Perpetual shares to be issued to Neo Shareholders | 14,113,147 | 25.2% |
| | 55,918,147 | 100.0% |

Source: EY analysis

| Analysis of the Merged Group's capital structure post the Scheme after the conversion of the Convertible Notes | | |
|---|-------------------|---------------|
| Number of shares on completion of the Scheme | | |
| - Perpetual shares on issue | 41,805,000 | 70.8% |
| - Total Perpetual shares to be issued to Neo Shareholders | 14,113,147 | 23.9% |
| - Total Perpetual shares to be issued to Regional Management (note 1) | 3,150,000 | 5.3% |
| | 59,068,147 | 100.0% |

Source: EY analysis

Note 1 - Shares to be issued to Regional Management upon conversion of the Convertible Notes. In accordance with the agreement between Neo, Perpetual and Regional Management, if the Scheme is implemented, the Convertible Notes have a maturity date of 31 December 2014. The Convertible Notes may be converted to Perpetual shares at any time between the implementation date of the Scheme and the expiry date. This number of shares to be issued does not include the shares to be issued to Regional Management for the shares in Neo it currently owns.

The analysis shows that on implementation of the Scheme, Neo Shareholders will have a collective 25.2% interest in Perpetual with current Perpetual shareholders retaining 74.8%. Upon conversion of the Convertible Notes, Neo Shareholders will collectively hold a 23.9% interest in Perpetual with the shares issued to Regional Management representing a further 5.3% interest. Regional Management, through conversion of the Convertible Notes and its current shareholding of 625,000 shares in Perpetual, will have a 6.4% interest in Perpetual.

The current Board of Directors of Neo and Perpetual are summarised as follows:

Neo - Board of Directors

| | |
|-----------------------|------------------------|
| Peter Torre | Executive Director |
| John Geary | Non-Executive Director |
| (Colin) Ross Hastings | Non-Executive Director |

Source: Neo

Perpetual - Board of Directors

| | |
|-------------------|---------------------------------|
| Ashley Kelly | Executive Director and Chairman |
| Eric Jiang | Executive Director |
| George Karafotias | Executive Director |

Source: Perpetual ASX announcements

Under the MIA, Perpetual will appoint two of Neo's nominees as Directors to its Board. The proposed directors are Mr Ross Hastings (a Director of Neo) and Mr Mark Caruso. Mr Ashley Kelly will resign as a director of Perpetual. Accordingly, after completion of the Scheme, Perpetual will have four members on its Board of Directors.

Neo Shareholders are to consider a resolution seeking approval of the Scheme at a general meeting of the Company that is to be held in August 2013 (the "Scheme Meeting"). For the Scheme to take effect, the majority of Neo Shareholders in number (i.e. more than 50%) who attend and vote at the Scheme Meeting and at least 75% of the votes that may be cast on the resolution by Neo Shareholders present and voting at the Scheme Meeting, either in person or by proxy or representative, must approve the Scheme.

If the Scheme is approved and all the other conditions precedent are met, the acquisition of Neo by Perpetual will be implemented. We recommend that Neo Shareholders read the Scheme Booklet to obtain a full understanding of the Scheme.

The Neo Board of Directors have unanimously recommended Neo Shareholders to, in the absence of a superior proposal, vote in favour of the Scheme and have stated that they intend to do so in regard of their own holdings in Neo.

1.2 Conditions precedent

Completion of the Scheme is subject to a number of conditions (some of which, pursuant to the MIA, may be waived by agreement between Neo and Perpetual) including, amongst other matters:

- ▶ Neo Shareholders, Perpetual shareholders and the Federal Court of Australia approving the Scheme;
- ▶ any regulatory authority approvals necessary to implement the Scheme (including from the Australian Securities and Investments Commission ("ASIC") and the ASX) being obtained and not withdrawn;
- ▶ Neo enters into an agreement with each of the Neo Optionholders (on terms and conditions in all respects satisfactory to Perpetual) under which all of the Neo Options are cancelled in accordance with all applicable laws;
- ▶ The Convertible Note Agreement between Neo and Regional Management being novated from Neo to Perpetual and the Convertible Notes becoming convertible into 3,150,000 Perpetual Shares;

- ▶ The provision of a non-interest bearing advance by Perpetual to Neo of \$350,000;
- ▶ An independent expert's report concluding that the Scheme is in the best interests of Neo Shareholders;
- ▶ The Neo Board does not change or withdraw its recommendation to vote in favour of the Scheme;
- ▶ Perpetual does not become aware of any matter, event, action or circumstance which is materially adverse in relation to Neo, in respect of which Neo has not complied with its disclosure obligations under ASX Listing Rule 3.1 at any time and which was not previously disclosed to Perpetual;
- ▶ The representations and warranties of Neo set out in the MIA are true and correct, and the representations of Neo set out in the agreement that are not so qualified are true and correct in all material respects, up to the Second Court Date;
- ▶ No Neo prescribed occurrences have occurred and Neo is not in breach, in any material respect, of its obligations under the MIA; and
- ▶ No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the Scheme.

Full disclosure of the conditions precedent to the Scheme is included in the Scheme Booklet.

2. Scope of this report

2.1 Purpose of the report

The Scheme is a scheme of arrangement being conducted under the provisions of Section 411 of the Corporations Act (the “Act”). Under clause 8303 of Schedule 8 of the Corporations Regulations 2001 (the “Regulations”), if the other party to the scheme holds at least 30% of the company the subject of the scheme or if the parties have a common director then the documents sent to shareholders must be accompanied by a report prepared by an independent expert in which that entity provides an opinion as to whether or not the scheme is in the best interest of shareholders and sets out the reasons for that opinion.

As Perpetual does not own any shares in Neo and there are no common directors, an independent expert's report is not specifically required in relation to the Scheme. Notwithstanding, the Directors of Neo have engaged Ernst & Young Transaction Advisory Services Limited (“Ernst & Young Transaction Advisory Services” or “EY”) to prepare an independent expert's report in relation to the Scheme as if such a report was required under the Regulations.

Accordingly, we have prepared this independent expert's report expressing whether or not, in our opinion, the Scheme is in the best interests of Neo Shareholders and setting out the reasons for that opinion.

Our report is to be included in the Scheme Booklet being sent to Neo Shareholders in respect to the Scheme Meeting.

This independent expert's report considers the interests of the Neo Shareholders as a whole and not individually. Individual Neo Shareholders may have issues that affect them in particular ways that are not general to all shareholders as a whole and this report cannot, and does not, consider such issues.

2.2 Basis of assessment

Neither the Act nor the Regulations define the term ‘in the best interests of’. ASIC has however issued Regulatory Guide 111: *Content of expert reports* (“RG 111”) which provides guidance as to what matters an independent expert should consider when determining whether or not a particular transaction is in the best interests of shareholders.

A key matter under RG 111 that an expert needs to consider when determining the appropriate form of analysis is whether or not the effect of the transaction is comparable to a takeover offer and is therefore representative of a ‘control transaction’.

To consider whether the Scheme will result in a change of control, we have considered following factors:

- ▶ the respective shareholder base of Perpetual post the Scheme and the collective interests of the Neo Shareholders and existing Perpetual shareholders;
- ▶ the mix of the members of the Board and senior management of Perpetual post the Scheme;
- ▶ contribution by Neo and Perpetual to the assets and liabilities of Perpetual post the Scheme;
- ▶ whether any shareholder from either company will be in a position to control or significantly influence Perpetual post the Scheme; and
- ▶ the intentions of the Board and management of Neo and Perpetual on entering into the Scheme.

After considering these factors, in our view, the Scheme represents a control transaction.

In the circumstance of a scheme that achieves the same outcome as a takeover offer, RG 111 indicates that the form of the analysis undertaken by the independent expert should be substantially the same as for a takeover. Independent expert reports required under the Act in the circumstance of a takeover are required to provide an opinion as to whether or not the takeover offer is 'fair and reasonable'. While there is no definition of 'fair and reasonable', RG 111 provides some guidance as to how the term should be interpreted in a range of circumstances.

With respect to a takeover offer:

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

RG 111 states that, in a scheme, if an expert can conclude that the offer is 'fair and reasonable' then he or she will be able to conclude that the scheme is in the 'best interests' of shareholders.

RG 111 states that the expert should examine the value of that consideration and compare it with the valuation of the target's securities assuming 100% ownership of the target and it is "inappropriate to apply a discount on the basis that the shares being acquired represent a minority or portfolio parcel of shares".

In assessing whether the Scheme is fair and reasonable and therefore in the best interests of Neo Shareholders, we have compared the fair value of the Neo shares being given up with the fair value of the Perpetual shares being issued. In assessing the value of a Neo share, we have assumed 100% ownership, which implicitly includes a control premium. In assessing the fair value of a Perpetual share we have not included a control premium as Neo Shareholders will receive shares representing a minority or portfolio interest in Perpetual.

If the value of the shares being issued by Perpetual under the terms of the Scheme is equal to or greater than the value assessed for a Neo share then the Scheme would be in the best interests of Neo Shareholders. Value is required to be measured on a 'fair value' basis.

"Fair value" is considered to be "*the price at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer both acting at arm's length*". Our assessment of the fair value of a Neo share and the fair value of the shares being issued by Perpetual are on a basis consistent with this definition.

In assessing whether the Scheme is in the best interests of Neo Shareholders, in addition to considering whether or not it is 'fair', we have consider a range of other factors including:

- ▶ whether the fair value of a Neo share is higher or lower than the value of the Scheme Consideration;
- ▶ whether the Scheme Consideration includes a premium for control;
- ▶ the rationale for the Scheme;
- ▶ other qualitative factors which we believe represent either advantages or disadvantages to Neo Shareholders;
- ▶ the likelihood of an alternative superior offer being made to Neo Shareholders; and
- ▶ alternatives available to Neo Shareholders.

In considering the fair value of Neo and Perpetual we have relied on the report prepared by AI Maynard & Associates Pty Ltd ("AI Maynard") (the "AI Maynard Report"), who was appointed as the independent technical expert to undertake a technical assessment and valuation of the mineral assets of both companies. A copy of the AI Maynard Report is attached in full at Appendix D and should be read in conjunction with our report.

In placing reliance on the AI Maynard Report we have satisfied ourselves as to AI Maynard's competence and expertise. We are also satisfied that the assumptions, methodologies and source data used by AI Maynard are reasonable and appropriate and that the report contains sufficient information to support the conclusions drawn.

Our fair value assessments of Neo and Perpetual are detailed in Section 7 and 8, respectively.

All amounts in this report are expressed in Australian dollars ("A\$") unless otherwise stated.

In undertaking our analysis and preparing this report, we have had access to management information in relation to Neo and Perpetual. A list of the sources of information used and relied on is contained in Appendix B.

A glossary summarising the abbreviations we have used in this report is contained in Appendix C.

2.3 Shareholders' decisions

This independent expert's report has been prepared specifically for Neo Shareholders at the request of the Directors with respect to the Scheme. As such, Ernst & Young Transaction Advisory Services, Ernst & Young and any member or employee thereof, take no responsibility to any entity other than Neo Shareholders, in respect of this report, including any errors or omissions howsoever caused.

This report constitutes general financial product advice only and has been prepared without taking into consideration the individual circumstances of the Neo Shareholders. The decision to approve or not approve the Scheme is a matter for individual shareholders. Neo Shareholders should consider the advice in the context of their own circumstances, preferences and risk profiles. Neo Shareholders should have regard to the Notice of Meeting and Scheme Booklet prepared by the Directors and management of the Company. Neo Shareholders who are in doubt as to the action they should take in relation to the Scheme should consult their own professional adviser.

Ernst & Young Transaction Advisory Services has prepared a Financial Services Guide in accordance with the Act. The Financial Services Guide is included as Part 2 of this report.

2.4 Independence

Prior to accepting this engagement, we considered our independence with respect to Neo and Perpetual with reference to ASIC Regulatory Guide 112 *independence of experts*. In our opinion, we are independent of Neo and Perpetual.

Ernst & Young, and global affiliations, have not provided any services to Neo or Perpetual in relation to the Scheme.

We note that AI Maynard has provided services to Perpetual with regard to the Atoz Project. Through discussions with AI Maynard, and through confirmation of their independence from Perpetual, we are satisfied that AI Maynard is independent from Neo and Perpetual.

2.5 Limitations and reliance of scope

In the preparation of this independent expert's report, Ernst & Young Transaction Advisory Services was provided with information in respect of Neo and Perpetual and obtained additional information from public sources, as set out in Appendix B.

We have had discussions with the management of Neo and Perpetual in relation to the operations, financial position, operating results and outlook of each company.

Ernst & Young Transaction Advisory Services' opinion is based on economic, market and other external conditions prevailing at the date of this report. Such conditions can change over relatively short periods of time and these changes can be material.

This independent expert's report is also based upon financial and other information provided by Neo and Perpetual in relation to the Scheme. Ernst & Young Transaction Advisory Services has considered and relied upon this information. Neo has represented to Ernst & Young Transaction Advisory Services that to its knowledge the information provided is correct and that there are no material facts which have been omitted.

Ernst & Young Transaction Advisory Services provided draft copies of this report to the management of Neo and Perpetual for their comments as to factual accuracy, as opposed to opinions, which are the responsibility of Ernst & Young Transaction Advisory Services alone. Amendments made to this report as a result of this review have not changed the methodology or conclusions reached by Ernst & Young Transaction Advisory Services.

The information provided to Ernst & Young Transaction Advisory Services has been evaluated through analysis, enquiry and review for the purposes of forming an opinion as to whether the Scheme is in the best interest of Neo Shareholders. However, Ernst & Young Transaction Advisory Services does not warrant that its enquiries have identified all of the matters that an audit, an extensive examination or due diligence review might disclose.

Preparation of this report does not imply that we have, in any way, audited the accounts or records of Neo. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles in Australia.

In forming our opinion we have also assumed that:

- ▶ matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed;
- ▶ the information set out in the Scheme Booklet to be sent by Neo to Neo Shareholders is complete, accurate and fairly presented in all material respects;
- ▶ the publicly available information relied upon by Ernst & Young Transaction Advisory Services in its analysis was accurate and not misleading; and
- ▶ the Scheme will be implemented in accordance with its terms.

To the extent that there are legal issues relating to assets, properties, or business interests or issues relating to compliance with applicable laws, regulations and policies, we assume no responsibility and offer no legal opinion or interpretation on any issue.

The statements and opinions given in this independent expert's report are given in good faith and in the belief that such statements and opinions are not false or misleading.

This report should be read in the context of the full qualifications, limitations and consents set out in Appendix A.

This report has been prepared in accordance with APES 225: Valuation Services (revised) ("APES 225") issued by the Accounting Professional & Ethical Standards Board Limited in May 2012. In accordance with APES 225, we have performed a Valuation Engagement, which is defined as "an engagement where the valuer is free to choose the valuation approaches, methods and procedures as appropriate to the circumstances. The estimate of value that results is a conclusion of value."

3. Overview of Neo

3.1 Company background

Neo is currently a gold exploration company that listed on the ASX in 1987. Its sole asset is a 70% interest in the WTJV Gold Project, which is an early stage gold exploration project located in the Lachlan Ford Belt of New South Wales. Neo has no other business operations and has remained suspended from trading on the ASX since October 2007.

3.1.1 ASX suspension and business operations

On 9 October 2007, Neo (formerly ORT Limited) was suspended from trading on the ASX due to non-compliance with ASX Listing Rule 12.1. This listing rule requires an entity's operations to be sufficient to warrant the continued quotation of its securities.

Neo's business operations had effectively ceased in May 2006 with the demerger of AnaeCo Limited ("AnaeCo") via an in specie distribution of nearly all the shares in AnaeCo owned by Neo to its then shareholders². Prior to the demerger of AnaeCo, Neo's business focus, through AnaeCo, was centred on the waste management industry.

Over the remainder of 2006 and across 2007, Neo looked for new business opportunities and engaged a third party to assist in identifying and investigating new projects. Neo also completed a \$720,000 share placement to ensure that funds were available when new business opportunities were presented. However, due to a lack of suitable transactions being identified, Neo did not acquire a business within the timeframe provided by the ASX and its shares were suspended from trading on the ASX in October 2007.

Following suspension from the ASX, Neo's Board continued to review business and investment opportunities, with a focus on the mining industry. In December 2009 Neo announced that it had entered into the WTJV agreement with Oroya Mining Limited ("Oroya"). At the same time the Company undertook a rights issue to fund its exploration commitments under the WTJV.

Neo stated its intention to satisfy the requirements of the ASX in order to have its shares reinstated for trading. To achieve this, Neo has to re-comply with Chapters 1 and 2 of the ASX Listing Rules, which amongst other things, required Neo to lodge a prospectus with ASIC for the offer of securities at no less than 20 cents each. A prospectus was issued in July 2010; however, Neo did not achieve the minimum capital raising threshold of \$1.5 million, which meant that its shares remained suspended from trading.

Despite the unsuccessful attempt to have the Company's shares reinstated for trading on the ASX, Neo's Board has continued to pursue capital raising opportunities to fund the WTJV and to meet its working capital requirements. Neo remains a listed entity with its shares suspended from trading on the ASX.

3.1.2 WTJV Gold Project

Neo entered into the WTJV arrangement with Oroya in December 2009. At that time Oroya owned 10 gold and base metal exploration licenses that covered approximately 2,000 square kilometres in the Lachlan Ford Belt of New South Wales. Since the inception of the WTJV, Neo has managed the project with consultation with Oroya. To earn a 70% interest in the WTJV Gold Project, Neo was required to fund \$1.5 million of exploration over a two year period. In April 2012, Neo announced that it had completed its earn-in of the 70% interest in the WTJV Gold Project. Under the agreement with Oroya, Neo is required to fund all expenditures until production commences at the WTJV Gold Project.

² Subsequent to the demerger, Neo held approximately 20,000 shares in AnaeCo and \$1.0 million of convertible notes.

The WTJV Gold Project now comprises 11 exploration licenses, located in and around the Mudgee region of central west New South Wales, approximately 260 kilometres north west of Sydney extending from Gulgong in the north to Sofala in the south, with a strike distance of approximately 100 metres. Recorded past production from adjacent areas exceeds an estimated 2.1 million ounces of gold. The WTJV Gold Project is an early stage exploration project with no JORC compliant reserves or resources. Over its two year earn in period, Neo performed the following activities:

- ▶ Located historical alluvial workings and producing interpreted paleo-drainage maps;
- ▶ Ground truth alluvial gold areas and evaluated their potential for primary gold sources;
- ▶ Conducted geophysical magnetic and spectral surveys;
- ▶ Followed up regional geochemical anomalies and founded their sources; and
- ▶ Identified primary targets through geochemical soil sampling programs.

Neo's main exploration objective for the WTJV Gold Project is to discover large tonnage disseminated gold deposits. While a large number of gold prospects and alluvial gold deposits are known within the region, available data indicates that there has been limited or no modern gold exploration performed, with only limited shallow and no deep drilling.

For further information on the WTJV Gold Project refer to the AI Maynard Report and the Scheme Booklet.

3.1.3 Capital raisings

A summary of Neo's capital raisings initiatives since October 2007, both successful and unsuccessful, is set out below:

| Date | Description |
|---------------|--|
| December 2009 | ▶ 1:1 non-renounceable rights issue to Neo Shareholders at 0.5 cents per share to raise up to \$1.122 million. Approximately 37% of shares available under the rights issue were subscribed and Neo had to place a further 7% of shares to achieve minimum subscription. |
| July 2010 | ▶ Capital raising at 20 cents per share to raise up to \$3 million. The capital raising was undersubscribed and Neo refunded all application monies. |
| July 2011 | ▶ Placement at 10 cents per share to raise up to \$700,000. The placement was made to US based Casimir Capital L.P. with 6,554,276 ordinary shares issued. |
| April 2012 | <p>▶ Proposed issue to Regional Management of 750,000 Tranche A Convertible Notes to raise \$750,000, with a conversion ratio of 10 shares each per Convertible Note (i.e. 10 cents per share). The Tranche A Convertible Notes had an initial maturity date of 15 December 2012; however, this has since been extended to 15 September 2013. At the date of this Report, 630,000 Tranche A Convertible Notes had been issued.</p> <p>Regional Management was also issued an option to subscribe for a further 750,000 Tranche B Convertible Notes with a face value of \$1 each. Regional Management has confirmed that this option will not be taken up.</p> <p>Neo issued 1,000,000 ordinary shares to Regional Management as an establishment fee pursuant to the Convertible Note Deed.</p> |

Source: Neo ASX announcements

3.2 Financial information

3.2.1 Neo's financial performance

A summary of Neo's financial performance for the years ended 30 June 2011 and 2012 ("FY11A" and "FY12A") and the nine months ended 30 April 2013 ("YTDApr13A") is shown below. The amounts have been sourced from Neo's audited financial statements, except for Apr13A, which have been sourced from management accounts.

| Neo - Statement of financial performance | | | |
|---|------------------|------------------|------------------|
| \$ | FY11A | FY12A | YTDApr13A |
| Revenue | 925 | 348 | 202,015 |
| Project expenses | - | - | - |
| Net loss on sale of investments | (21,225) | (952) | (22,044) |
| Impairment of financial assets | (225,046) | (91,491) | (31,368) |
| Director and employee benefit expense | (78,000) | (78,000) | - |
| Discontinued capital raising costs | (129,239) | - | - |
| Share based payment expense | - | (100,000) | - |
| Transaction costs | - | - | (132,308) |
| Interest expense | - | - | (43,975) |
| Other corporate and administration expenses | (160,895) | (134,342) | (133,962) |
| Loss after income tax | (613,480) | (404,437) | (161,642) |

Source: Neo financial statements

The trading performance of Neo reflects the nature of its principal activities as an exploration company. Further discussion regarding Neo's financial performance is provided below.

- ▶ Revenue in FY11A and FY12A is financial in nature and solely relates to interest received. In YTDApr13A, approximately \$200,000 represents the reversal of previously recognised expenses related to consulting services received;
- ▶ The net loss on sale of investments and the impairment of financial assets expense in period relates to the decline in market value of Neo's investment in AnaeCo. The last shares held by Neo in AnaeCo were sold in the four months to 30 April 2013;
- ▶ Transaction costs in YTDApr13A includes the 1,000,000 ordinary shares issued at \$0.10 each as an establishment fee in relation to the issue of the Convertible Notes to Regional Management during the period;
- ▶ Discontinued capital raising costs incurred in FY11A relate to the \$3 million capital raising that was ultimately cancelled because the minimum subscription was not reached;
- ▶ The share based payment expense in FY12A is in relation to 1,000,000 shares issued to Mr Ross Hastings, a Director of Neo, for services provided to Neo. The fair value of these shares was assessed by the Company to be \$100,000; and
- ▶ Other corporate and administration expenses include ASX fees, professional fees, insurance, share registry expenses and depreciation.

3.2.2 Neo's financial position

Included below is a summary of Neo's financial position as at 30 June 2011 and 2012 ("Jun11A" and "Jun12A") and as at 30 April 2013 ("Apr13A"). All amounts have been sourced from Neo's audited financial accounts, except for Apr13A, which have been sourced from management accounts.

| Neo - Statement of financial position | | | |
|--|------------------|------------------|------------------|
| \$ | Jun11A | Jun12A | Apr13A |
| Current Assets | | | |
| Cash and cash equivalents | 251,549 | 64,316 | 154,296 |
| Trade and other receivables | 113,864 | 76,783 | 10,885 |
| Financial assets - shares | 196,050 | 104,560 | - |
| Financial assets - options | 952 | - | - |
| Other current assets | 10,615 | 11,692 | 12,860 |
| | 573,030 | 257,351 | 178,041 |
| Non-Current Assets | | | |
| Exploration and evaluation expenditure | 1,288,729 | 1,783,515 | 2,102,985 |
| Property, plant and equipment | 13,022 | 3,283 | 406 |
| | 1,301,751 | 1,786,798 | 2,103,391 |
| Total Assets | 1,874,781 | 2,044,149 | 2,281,432 |
| Current Liabilities | | | |
| Trade and other payables | 728,084 | 435,787 | 456,665 |
| Borrowings | - | - | 673,975 |
| Other liabilities | 261,178 | 411,178 | 15,251 |
| Total Current Liabilities | 989,262 | 846,965 | 1,145,891 |
| Total Liabilities | 989,262 | 846,965 | 1,145,891 |
| Net Assets | 885,519 | 1,197,184 | 1,135,541 |

Source: Neo financial statements

Note: Apr13A accounts are unaudited

Similar to the income statement, Neo's financial position reflects its nature as an exploration company, with its major balance being exploration and evaluation expenditure. Further discussion on Neo's financial position is provided below.

- ▶ Trade and other receivables consist of Goods and Services Tax ("GST") receivable and funds held in bank accounts on behalf of shareholders relating to the sale of unmarketable parcels of shares;
- ▶ Financial assets are shares and options held by Neo in AnaeCo. The shares in AnaeCo have since been sold and the options were not exercised and expired on 31 May 2012;
- ▶ Other current assets were wholly comprised of prepayments at Jun11A and Jun12A;
- ▶ Exploration and evaluation expenditure relates to capitalised exploration expenditure invested in the WTJV Gold Project;
- ▶ Property, plant and equipment is comprised of field equipment, office equipment and computer software;
- ▶ Trade and other payables relates primarily to trade payables settled on 30 day terms, with a smaller amount being attributable to funds payable to shareholders relating to the sale of unmarketable parcels of shares. Shareholders are entitled to these funds upon completing the necessary claims procedures;

- ▶ Borrowings of \$673,975 at Apr13A relate to the 630,000 Convertible Notes issued during the year, with a face value of \$1.00 each, with the remainder relating to accrued interest; and
- ▶ Other liabilities at Jun12A included a \$400,000 prepayment in relation to a proposed issue of the Convertible Notes announced on 17 April 2012. At Jun12A, the Convertible Notes had not been issued. The remaining amount of \$11,178 relates to amounts owing on the sale of unmarketable parcels of shares.

3.3 Capital structure and major shareholders

As at the Announcement Date Neo had the following securities on issue:

- ▶ 56,452,589 fully paid ordinary shares;
- ▶ 1,000,000 unlisted options exercisable at 20 cents expiring on 1 July 2014; and
- ▶ 630,000 Convertible Notes with a face value of \$1.00 each, expiring on 30 September 2013.

The Convertible Notes were issued under an agreement between Neo and Regional Management in May 2012. Regional Management is controlled by Mr Caruso. The Convertible Notes have a face value of \$1.00 and are convertible at a price of 10 cents per share, resulting in the issuance of 6.3 million Neo shares upon conversion.

The Convertible Notes were originally set to mature on 12 December 2012. Prior to that date, Neo negotiated with Regional Management to extend the maturity date to 30 April 2013. As discussions regarding the proposed transaction with Perpetual had commenced leading up to 30 April 2013, Neo further negotiated with Regional Management to extend the maturity date to 30 September 2013.

As condition precedents to the Scheme, the Neo Options will be cancelled and the Convertible Notes are to be novated to Perpetual. If the Scheme is implemented, the Convertible Notes will be convertible into 3,150,000 Perpetual shares and with the maturity date extended to 31 December 2014. Subsequent to the implementation date of the Scheme, interest will accrue on the Convertible Notes until they have been converted. The conversion rate for any accrued interest is the same as the principal, being 20 cents. As a result, additional shares may be issued for the conversion of any interest accrued on the principal sum outstanding on the Convertible Notes.

As at 24 April 2013, Neo had approximately 1,500 shareholders with the top 10 shareholders (on a beneficial interest basis) holding 43.0% of the shares on issue. The 10 largest shareholders of Neo at that date are summarised in the following table.

| Neo - Shareholder profile as at 24 April 2013 | | |
|---|--------------------------------------|-------------------|
| | No. of shares | % |
| 1 | Wall Street Properties Limited | 3,872,069 6.9% |
| 2 | Cygnat Management Limited | 3,000,000 5.3% |
| 3 | Mr Mark Caruso | 3,237,500 5.7% |
| 4 | Traditional Securities Group Pty Ltd | 2,000,000 3.5% |
| 5 | Mr Peter Torre | 1,500,000 2.7% |
| 6 | Orange Sun Investments Ltd | 1,400,000 2.5% |
| 7 | Ledgar Enterprises Pty Ltd | 1,234,569 2.2% |
| 8 | Flourish Holdings Pty Ltd | 1,010,358 1.8% |
| 9 | Mount Street Investments Pty Ltd | 1,002,752 1.8% |
| 10 | Mr Spero Carras and Ms Evelyn Carras | 1,000,000 1.8% |
| 10 | Contact Nominees Pty Ltd | 1,000,000 1.8% |
| 10 | Mr John Geary | 1,000,000 1.8% |
| 10 | Mr Ross Hastings | 1,000,000 1.8% |
| 10 | Muse Global Master Fund Ltd | 1,000,000 1.8% |
| 10 | Scintilla Capital Pty Ltd | 1,000,000 1.8% |
| Top 10 shareholders | | 24,257,248 43.0% |
| Other Neo shareholders | | 32,195,341 57.0% |
| Total shares on issue as at 24 April 2013 | | 56,452,589 100.0% |

Source: Neo management

We make the following comments with regard to the Neo shareholder profile:

- ▶ There are no shareholders who hold a significant influence in Neo;
- ▶ Mr Mark Caruso's shares are held through Regional Management (1,000,000 shares) and Zurich Bay Holdings Pty Ltd ("Zurich Bay Holdings") (1,837,500 shares), which are companies owned by Mr Caruso. He also holds 400,000 shares in his name;
- ▶ Mr Peter Torre's shares are held through both himself (500,000) and Ms Katalin Torre (1,000,000);
- ▶ Mr John Geary's shares are held through Copley Pty Ltd; and
- ▶ Mr Ross Hastings' shares are held through Ms Margaret Ann Hastings.

3.4 Board of Directors

The Neo Board of Directors is outlined in the table below.

| Neo - Board of Directors | |
|--------------------------|------------------------|
| Peter Torre | Executive Director |
| John Geary | Non-Executive Director |
| (Colin) Ross Hastings | Non-Executive Director |

Source: Neo 2012 Annual Report

4. Perpetual

4.1 Company background

Perpetual is a coal exploration company that commenced trading on the ASX in February 2013. Since the company's inception in 2011, Perpetual has undertaken various capital raisings to fund its activities to date. Its primary asset is the Atoz Project, an exploration project located in West Sumatra, Indonesia.

The Perpetual initial public offering ("IPO") had an offer price of \$0.20 per share to raise a maximum of \$3 million. Perpetual raised \$2.1 million by the issue of 10.5 million fully paid ordinary shares at \$0.20 per share. Perpetual has 41.8 million shares on issue with 27 million shares are held in escrow.

In the short term, Perpetual is aiming to explore and evaluate the Atoz Project while working to identify other tenements with above average potential for coal mineralisation, development and extraction. Perpetual's longer term objective is to identify and develop multiple coal mines throughout Indonesia and to supply high grade thermal coal to power generation markets throughout Asia.

4.1.1 Atoz Project

The Atoz Project is an early stage coal exploration prospect located approximately 50 kilometres south of Padang in West Sumatra, Indonesia. The mining licence ("Mining Licence") covers approximately 192 hectares and the mine site can be accessed via road from Padang.

SW Energy Resources Company Limited ("SWER"), Perpetual's wholly owned subsidiary, entered into an agreement with PT Atoz Nusantara Mining ("PT Atoz") in December 2010 (the "Mining Agreement"). PT Atoz holds the Mining Licence in respect of the Atoz Project. Under the Mining Agreement, PT Atoz has agreed to sell all of the coal that is extracted from the mine to SWER. In return, SWER will develop and manage the Atoz Project.

SWER is required to pay a base price for coal sourced from the Atoz Project, which has been fixed for the term of the Mining Agreement as the sum of:

- ▶ US\$5.50 per metric tonne, payable upon delivery of the coal to the loading port; and
- ▶ US\$9.50 per metric tonne, payable upon the coal being loaded on a ship for export.

In addition, SWER is required to pay all costs associated with mining the coal. The term of the Mining Agreement continues until the expiration of the Mining Licence. If the Mining Licence is extended, the term of the Mining Agreement will automatically extend for an equivalent period of time.

Further information on the Mining Agreement and other agreements entered into by SWER can be found in the Scheme Booklet.

At the time of listing on the ASX, limited exploration work had been performed at the Atoz Project. In the immediate term, Perpetual intends to implement an exploration and development program with an initial two year budget of US\$1.525 million. The first phase of this program will consist of detailed site mapping and close spaced trenching, with each trench being mapped in detail and sampled. The second phase of the program will involve infill diamond drilling to test downdip continuity of the coal seams. It is expected that the first phase will be performed over four months and the second phase over five months, with results from the drilling program to be used to develop a JORC compliant resource statement within 12 months of work commencing.

In March 2013 Perpetual announced that a field team had visited the mine site in order to prepare for an upcoming drilling program. In May, Perpetual announced that PT. Forty Resources had been engaged to commence a drilling program at the Atoz Project, with the initial drilling program consisting of 12 possible holes of up to 1,000 metres.

4.2 Financial information

4.2.1 Perpetual's financial performance

A summary of Perpetual's financial performance for FY12A and YTD Apr13A is included below. The FY12A amounts have been sourced from Perpetual's audited financial statements and YTD Apr13A amounts have been sourced from management accounts.

| Perpetual - Statement of financial performance | | |
|--|------------------|------------------|
| \$ | FY12A | YTD Apr13A |
| Revenue | - | - |
| Operating expenses | | |
| Administrative and corporate expenses | (56,310) | (96,095) |
| Due diligence costs | (51,547) | - |
| Employee benefits expense | (1,500) | (151,865) |
| Occupancy expenses | (13,058) | - |
| Loss after income tax | (122,415) | (247,960) |

Source: Perpetual financial statements

Note: YTD Apr13A has been sourced from unaudited management accounts

The trading performance of Perpetual reflects the nature of its principal activities as an exploration company. The costs incurred to YTD Apr13A include expenses relating to Perpetual's recent IPO.

4.2.2 Perpetual's financial position

Included below is a summary of Perpetual's financial position as at Jun12A and Apr13A. The amount for Jun12A has been sourced from Perpetual's audited financial statements and the Apr13A amounts have been sourced from management accounts.

| Perpetual - Statement of financial position | | |
|---|----------------|------------------|
| \$ | Jun12A | Apr13A |
| Current Assets | | |
| Cash and cash equivalents | 364,379 | 1,873,753 |
| Other assets | 43,525 | 46,608 |
| Total Assets | 407,904 | 1,920,360 |
| Non Current Assets | | |
| Exploration and evaluation expenditure | - | 1,000,000 |
| | - | 1,000,000 |
| Total Assets | 407,904 | 2,920,360 |
| Current Liabilities | | |
| Trade and other payables | 33,962 | 12,826 |
| Total Liabilities | 33,962 | 12,826 |
| Net Assets | 373,942 | 2,907,534 |

Source: Perpetual financial statements

Note: Apr13A has been sourced from unaudited management accounts

In relation to Perpetual's financial position we note that Perpetual's cash balance reflects the IPO completed in February 2013.

4.3 Capital structure and major shareholders

At the date of this report, Perpetual had 41,920,000 fully paid ordinary shares on issue. Of this, approximately 27 million shares are currently held in escrow.

As at 24 April 2013, the top 10 shareholders (on a beneficial interest basis) held 79.4% of the shares on issue. The 10 largest shareholders of Perpetual at that date are summarised in the following table. At 24 April 2013, Perpetual had approximately 282 shareholders.

| Perpetual - Shareholder profile as at 24 April 2013 | | | |
|---|---|---------------|--------|
| | | No. of shares | % |
| 1 | Blue Mountain Investments Ltd | 8,000,000 | 19.1% |
| 2 | BCPC Pty Ltd | 7,500,000 | 17.9% |
| 3 | SW Energy Resources Pte Ltd | 5,000,000 | 12.0% |
| 4 | HYH Resource Co Pty Ltd | 3,333,333 | 8.0% |
| 5 | Mr Eric Jiang | 2,000,000 | 4.8% |
| 6 | Mr George Karafotias | 2,040,000 | 4.9% |
| 7 | Mineral Commodities Limited | 1,750,000 | 4.2% |
| 8 | Ross Stanley Sutherland and Carolyn Ann | 1,250,000 | 3.0% |
| 9 | Mr Ashley Kelly | 1,075,000 | 2.6% |
| 10 | Regional Management | 625,000 | 1.5% |
| 10 | International Mining Supplies Pty Ltd | 625,000 | 1.5% |
| Top 10 shareholders | | 33,198,333 | 79.4% |
| Other Perpetual shareholders | | 8,606,667 | 20.6% |
| Total shares on issue as at 24 April 2013 | | 41,805,000 | 100.0% |

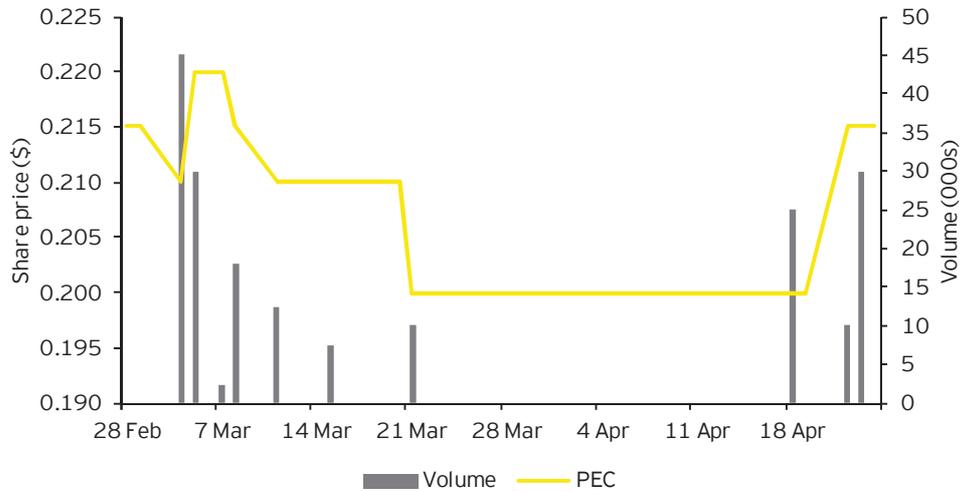
Source: Perpetual management

We note that Mr Caruso is the Executive Chairman of Mineral Commodities Limited and has a non-controlling interest in the company through Zurich Bay Holdings. On this basis, the shareholdings for Mineral Commodities Limited and Regional Management have been shown separately.

4.4 Share price performance

The chart below shows the daily share price and trading volumes for Perpetual between 28 February 2013, the date on which Perpetual's shares first traded, and 24 April 2013, the last trading day prior to the Announcement Date of 26 April 2012. The trading price is based on the daily closing price.

Perpetual historical share price



Source: S&P Capital IQ

The announcement made by Perpetual on 5 March 2013, relating to the commencement of drilling at the Atoz Project, may have had an impact on the company's share price and volume of shares traded on that date.

The following table summarises the monthly trading prices of Perpetual's shares on the ASX over the period 1 March 2013 to 24 April 2013.

| Period | High | Low | Close | VWAP | Monthly Volume | Liquidity | Liquidity after escrow |
|------------------|-------|-------|-------|-------|----------------|-----------|------------------------|
| | A\$ | A\$ | A\$ | A\$ | 000s | % | % |
| March 2013 | 0.220 | 0.200 | 0.200 | 0.211 | 125.1 | 0.3% | 0.8% |
| To 24 April 2013 | 0.215 | 0.200 | 0.215 | 0.205 | 65.0 | 0.2% | 0.4% |

Source: S&P Capital IQ, EY Analysis

Note: Liquidity after escrow adjusts shares outstanding for the number of securities held in escrow

The table and chart show that over the period considered, Perpetual is currently trading on very low volumes with very little liquidity. The company's share price has remained consistent with the IPO price.

4.5 Board of Directors

The Perpetual board of Directors is outlined in the table below.

Perpetual - Board of Directors

| | |
|-------------------|---------------------------------|
| Ashley Kelly | Executive Director and Chairman |
| Eric Jiang | Executive Director |
| George Karafotias | Executive Director |

Source: Perpetual's Prospectus

5. Profile of the Merged Group

5.1 Capital structure and major shareholders

Based on the number of shares Neo and Perpetual have on issue at the date of this report, Neo Shareholders will have a collective 25.2% interest in Perpetual with current Perpetual shareholders retaining 74.8%.

| Analysis of the Merged Group's capital structure post the Scheme before the conversion of the Convertible Notes | | |
|--|-------------------|---------------|
| Number of shares on completion of the Scheme | | |
| - Perpetual shares on issue | 41,805,000 | 74.8% |
| - Total Perpetual shares to be issued to Neo Shareholders | 14,113,147 | 25.2% |
| | <u>55,918,147</u> | <u>100.0%</u> |

Source: EY analysis

Upon conversion of the Convertible Notes, Neo Shareholders will collectively hold a 23.9% interest in Perpetual. Regional Management, through conversion of the Convertible Notes and its current shareholding of 625,000 shares in Perpetual, will have a 6.4% interest in Perpetual.

| Analysis of the Merged Group's capital structure post the Scheme after the conversion of the Convertible Notes | | |
|---|-------------------|---------------|
| Number of shares on completion of the Scheme | | |
| - Perpetual shares on issue | 41,805,000 | 70.8% |
| - Total Perpetual shares to be issued to Neo Shareholders | 14,113,147 | 23.9% |
| - Total Perpetual shares to be issued to Regional Management (note 1) | 3,150,000 | 5.3% |
| | <u>59,068,147</u> | <u>100.0%</u> |

Source: EY analysis

Note 1 - Shares to be issued to Regional Management upon conversion of the Convertible Notes. This assumes the \$630,000 of Convertible Notes is converted on the implementation date of the Scheme. This amount does not include the shares to be issued to Regional Management for its currently owned Neo shares.

Immediately after the Scheme is implemented Neo Shareholders will collectively hold a minority share in the Merged Group.

The pro forma top 10 shareholders of the Merged Group, based on the respective top 10 list for Neo and Perpetual, will be as follows:

| The Merged Group - Proforma shareholder base | | |
|--|--|-------------------|
| | No. of shares | % |
| 1 | Blue Mountain Investments Ltd | 8,000,000 13.5% |
| 2 | BCPC Pty Ltd | 7,500,000 12.7% |
| 3 | Mr Mark Caruso (Ex-Neo) | 4,584,375 7.8% |
| 4 | SW Energy Resources Pte Ltd | 5,000,000 8.5% |
| 5 | HYH Resource Co Pty Ltd | 3,333,333 5.6% |
| 6 | Mr Eric Jiang | 2,000,000 3.4% |
| 7 | Mr George Karafotias | 2,040,000 3.5% |
| 8 | Ross Stanley Sutherland and Carolyn Ann Sutherland | 1,250,000 2.1% |
| 9 | Mr Ashley Kelly | 1,075,000 1.8% |
| 10 | Wall Street Properties Limited (Ex-Neo) | 968,017 1.6% |
| Top 10 shareholders | | 35,750,725 60.5% |
| Other Merged Group shareholders | | 23,317,422 39.5% |
| Total shares on issue | | 59,068,147 100.0% |

Source: Neo and Perpetual Management and EY analysis

Based on this pro forma analysis, two of the top 10 shareholders of the Merged Group will be ex-Neo Shareholders. No shareholder is expected to have an interest of greater than 13.5% of the shares in the Merged Group.

5.2 Board and management

Post-Scheme the Board of the Merged Group will be comprised of members nominated by Neo and two members of the Perpetual Board. Accordingly, after completion of the Scheme, the Merged Group will have four Board members.

The proposed Neo nominees are Mr Caruso and Mr Hastings, with Mr Hastings being a current director of Neo. Mr Kelly will resign as a director of Perpetual and existing Perpetual directors Eric Jiang and George Karafotias will continue.

5.3 Pro forma financial position

Included below is a pro forma summary of the assets and liabilities of the Merged Group after the implementation of the Scheme. The pro forma is consistent with the pro forma included in the Scheme Booklet.

The pro forma financial position is based on the management accounts for Neo and Perpetual as at 30 April 2013, with adjustments for the following items:

- ▶ The conversion of the Convertible Notes to Perpetual Shares;
- ▶ An uplift of the net assets of NEO after taking into account fair value of the WTJV Gold Project based on the preferred value in the AI Maynard Report; and
- ▶ The cancellation of the Neo Options.

Further details of the adjustments can be found in the Scheme Booklet.

| Pro forma statement of financial position | | | | Merged |
|---|-----------|-----------|-------------|-----------|
| \$ | Neo | Perpetual | Adjustments | Group |
| Current Assets | | | | |
| Cash and cash equivalents | 154,296 | 1,873,753 | - | 2,028,049 |
| Trade and other receivables | 10,885 | 46,608 | - | 57,493 |
| Other current assets | 12,860 | - | - | 12,860 |
| | 178,041 | 1,920,360 | - | 2,098,401 |
| Non-Current Assets | | | | |
| Exploration and evaluation expenditure | 2,102,985 | 1,000,000 | 1,597,015 | 4,700,000 |
| Property, plant and equipment | 406 | - | - | 406 |
| | 2,103,391 | 1,000,000 | 1,597,015 | 4,700,406 |
| Total Assets | 2,281,432 | 2,920,360 | 1,597,015 | 6,798,808 |
| Current Liabilities | | | | |
| Trade and other payables | 456,665 | 12,826 | - | 469,492 |
| Borrowings | 673,975 | - | (630,000) | 43,975 |
| Other liabilities | 15,251 | - | - | 15,251 |
| Total Current Liabilities | 1,145,891 | 12,826 | (630,000) | 528,718 |
| Total Liabilities | 1,145,891 | 12,826 | (630,000) | 528,718 |
| Net Assets | 1,135,541 | 2,907,534 | 2,227,015 | 6,270,090 |

Source: Scheme Booklet

6. Valuation methodology and approach

6.1 Definition of fair value

In forming our opinion as to whether or not the Scheme is in the best interests of Neo Shareholders, we have assessed whether the fair value of a Neo share is higher or lower than the fair value of the consideration being offered by Perpetual under the terms of the Scheme, represented by 0.25³ of a Perpetual share (the “Scheme Consideration”). Fair value is generally defined as:

“the price at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer both acting at arm’s length”.

Our assessment of the fair value of Neo and Perpetual has been prepared on a basis consistent with this definition.

In a control transaction, RG 111 considers an offer to be ‘fair’ if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer, and if considered ‘fair’ the offer is also considered ‘reasonable’. If a transaction is determined to be ‘fair and reasonable’ under this test then, in the circumstances of a scheme, it is considered to be in the ‘best interests of’ shareholders.

RG 111 states that the comparison of the value of the consideration and the value of the securities the subject of a takeover offer is to be made assuming 100% ownership of the target and it is “inappropriate to apply a discount on the basis that the shares being acquired represent a minority or portfolio parcel of shares”.

In our opinion, the Scheme represents a control transaction in that, amongst other considerations, Perpetual will be in a position to control the Merged Group. On this basis, while we have assessed the Scheme by comparing the fair value of the Neo shares being given up with the fair value of the Perpetual shares being issued, in valuing Neo, we have assumed 100% ownership, which implicitly includes a control premium. In assessing the fair value of Perpetual we have not included a control premium as Neo Shareholders will hold minority interests in Perpetual.

6.2 Valuation methodology and approach

RG 111 provides guidance on the valuation methods that an independent expert should consider when valuing a company. These methods include the:

- ▶ Discounted cash flow method and the estimated realisable value of any surplus assets;
- ▶ Application of earnings multiples (appropriate to the business or industry in which the entity operates) to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets;
- ▶ Amount that would be available for distribution to security holders on an orderly realisation of assets;
- ▶ Quoted price for listed securities, when there is a liquid and active market and allowing for the fact that the quoted price may not reflect their value, should 100% of the securities be available for sale;

³ For every four Neo shares held, Neo Shareholders will receive one Perpetual share.

- ▶ Recent genuine offers, if any, received by the target for any business units or assets as a basis for valuation of those business units or assets; and
- ▶ Amount that any alternative acquirer might be willing to offer if all the securities in the target were available for purchase.

Each methodology is appropriate in certain circumstances. The decision as to which methodology to apply generally depends on the nature of the asset being valued, the methodology most commonly adopted in valuing such an asset and the availability of appropriate information.

The discounted cash flow methodology involves calculating the net present value of cash flows that are expected to be derived from future activities. The forecast cash flows are discounted by a discount rate that reflects the time value of money and the risk inherent in the cash flows. This methodology is particularly appropriate in valuing projects, businesses and companies that are in a start up phase and are expecting considerable volatility and/or growth in earnings during the growth phase, as well as businesses with a finite life (such as mining projects). The utilisation of this methodology generally requires that the asset be sufficiently advanced to enable management to provide long term cash flows with some degree of robustness.

The capitalisation of earnings methodology involves capitalising the earnings of a project, a business or a company at an appropriate multiple, which reflects the risks underlying the earnings together with growth prospects. This methodology is theoretically most appropriate where a company or business is expected to generate a relatively stable level of earnings but in practice, is also frequently used in a range of other circumstances.

The net asset backing methodology involves consideration of the net realisable value of the assets of a business or company on a going concern basis, assuming an orderly realisation of those assets. This value includes a discount to allow for the time value of money and for reasonable costs of undertaking the realisation. It is not a valuation on the basis of a forced sale, where assets may be sold at values materially different to their fair value.

Market based assessments relate to the valuation of companies, the shares of which are traded on a stock exchange. While the relevant share price would, prima facie, constitute the market value of the shares, such market prices usually reflect the prices paid for small parcels of shares and as such do not include a control premium relevant to a significant parcel of shares.

6.3 Valuation methodology adopted

In determining the appropriate methodology with which to value Neo and Perpetual we have considered the methodologies available and the nature of the operations of Neo and Perpetual.

We note that:

- ▶ As Neo and Perpetual only hold early stage exploration projects, it was not possible to utilise the discounted cash flow methodology in view of the lack of suitable forecast financial information;
- ▶ As neither Neo nor Perpetual operate an ongoing businesses it is not possible to utilise the capitalisation of earnings methodology; and
- ▶ In assessing the value of Neo we were unable to use the market based assessment methodology as the shares in Neo are suspended from trading on the ASX.

Based on the above considerations and using our experience, we have selected the net asset backing methodology to value Neo and Perpetual. We consider this approach to be the most appropriate in the circumstances.

When applying the net asset backing methodology, we have derived the fair market value of the issued shares of each company. We have:

- ▶ Identified the assets and liabilities held by each of the entities and made enquiries as to whether the carrying value of these assets and liabilities are representative of fair value; and
- ▶ Calculated the fair value of the issued share capital of each company.

Prior to reaching our valuation conclusions, we have assessed the reasonableness of our valuation calculations by cross-checking our valuation ranges using other valuation methodologies.

7. Valuation of Neo

7.1 Approach

In considering the value of Neo, we determined the share value of Neo on a controlling interest basis. We have valued Neo using a net asset backing approach, having regard to the fair value of the underlying assets and liabilities on a going concern basis.

In valuing Neo's interest in the WTJV Gold Project, we have relied on the independent valuation report prepared by AI Maynard dated 25 June 2013. A copy of the AI Maynard Report is included in Appendix D.

In addition to relying on the values assessed by AI Maynard for the WTJV Gold Project, we have also considered the fair value of other assets and liabilities held by Neo.

7.2 Valuation of the WTJV Gold Project

AI Maynard has valued the WTJV Gold Project utilising the Multiple of Exploration Expenditure ("MEE") Method. An explanation of this approach can be found in section 2.5 of the AI Maynard Report.

In applying this approach, AI Maynard applied factors to the WTJV Gold Project's historic exploration expenditure. Details of the calculations are included in Appendix 1 of the AI Maynard Report.

The following table summarises the fair value range assessed by AI Maynard for the WTJV Gold Project.

| Neo - Fair value of the WTJV Project | | | |
|--|--------------|--------------|------------------|
| <i>A\$000s</i> | Low | High | Preferred |
| Fair value of the WTJV Project (100% basis) | 4,700 | 5,800 | 5,300 |
| Fair value of the WTJV Project (70% basis) | 3,290 | 4,060 | 3,710 |

Source: AI Maynard Report

AI Maynard has assessed the fair value of the WTJV Gold Project to be in the range of \$4.7 million to \$5.8 million, with a preferred value of \$5.3 million.

On a 70% interest basis, the fair value of the WTJV Gold Project is \$3.3 million to \$4.1 million, with a preferred value of \$3.7 million.

7.3 Valuation of other assets and liabilities

In reviewing Neo's balance sheet as at 30 April 2013, we identified the following assets and liabilities which are not represented in the value of the WTJV Gold Project.

- ▶ cash;
- ▶ trade and other receivables;
- ▶ other current assets comprised of prepayments;
- ▶ trade and other payables;
- ▶ borrowings; and
- ▶ other liabilities are comprised of amounts owing on the sale of unmarketable shares.

The fair values of the items noted above were considered to be commensurate with their book value.

We also discussed with Neo whether there are any assets and liabilities not represented in the Company's accounts. Neo's management have confirmed that there are no such assets or liabilities.

7.4 Valuation

Our valuation of Neo on a net asset backing basis after considering the underlying value of the Company's assets and liabilities on a going concern basis is summarised in the following table. Our assessment is primarily based on Neo's balance sheet as at 30 April 2013, which Neo management has confirmed has not significantly changed subsequent to that date. Where appropriate, we have made adjustments for the values assessed by AI Maynard for the Company's interest in the WTJV Gold Project.

| Neo - Summary of the fair values of underlying assets and liabilities | | | |
|--|----------------|----------------|------------------|
| <i>A\$000s</i> | Low | High | Preferred |
| WTJV Project (70% interest) | 3,290.0 | 4,060.0 | 3,710.0 |
| Cash | 154.3 | 154.3 | 154.3 |
| Working capital | (445.8) | (445.8) | (445.8) |
| Other assets and liabilities | (2.4) | (2.4) | (2.4) |
| Interest bearing debt | (674.0) | (674.0) | (674.0) |
| Fair value of equity | 2,322.1 | 3,092.1 | 2,742.1 |

Source: AI Maynard Report and EY analysis

Accordingly, based on this assessment we have determined the fair value of Neo on a net asset backing basis to be in the range of between \$2.3 million and \$3.1 million, with a preferred value of \$2.7 million. Given the valuation method applied by AI Maynard in valuing Neo's interest in the WTJV Gold Project and our overall approach, this assessment represents the value of Neo on a 100% interest basis, including, by definition, a control premium. The preferred value within the range is derived from AI Maynard's valuation of the WTJV Gold Project.

The value per Neo share based on these values is determined as follows:

| Neo - Fair value per share on a 100% controlling interest basis | | | |
|--|------------|-------------|------------------|
| | Low | High | Preferred |
| Fair value of equity (\$000) | 2,322.1 | 3,092.1 | 2,742.1 |
| Number of shares on issue (000s) | 56,452.6 | 56,452.6 | 56,452.6 |
| Fair value of a Neo share - 100% interest (cents) | 4.1 | 5.5 | 4.9 |

Source: EY analysis

Accordingly, on a 100% interest basis we have assessed the fair value of a Neo share to be in the range of 4.1 cents and 5.5 cents, with a preferred value of 4.9 cents.

We note that our valuation range above has not been adjusted to account for the lack of marketability of Neo's shares as a result of the suspension of Neo's shares on the ASX since October 2007.

Due to the suspension of Neo's shares, a significant discount could be applied to reflect that Neo Shareholders do not currently have a ready market in which to sell their shares and realise their underlying value.

By including a marketability discount of 25%, based on empirical evidence from Australian and international studies, we assessed the fair value of a Neo share to be in the range of 3.1 cents to 4.1 cents, with a preferred value of 3.7 cents as shown in the table below.

| Neo - Fair value per share on a 100% controlling interest basis after marketability discount | | | |
|---|------------|-------------|------------------|
| | Low | High | Preferred |
| Fair value of a Neo share - 100% interest (cents) | 4.1 | 5.5 | 4.9 |
| Marketability discount | 25% | 25% | 25% |
| Fair value of a Neo share - 100% interest (cents) | 3.1 | 4.1 | 3.7 |

Source: EY analysis

7.5 Valuation conclusion

Based on the above analysis we conclude that the value of a Neo share on a control basis in the range of 3.1 cents to 4.1 cents, with a preferred value of 3.7 cents.

8. Valuation of Perpetual

8.1 Approach

In considering the value of Perpetual, we determined the share value of Perpetual on a minority interest basis given that Neo Shareholders will have a minority interest in the Merged Group. We have applied the net asset backing approach as our primary valuation methodology, assuming a going concern basis.

In valuing Perpetual's interest in the Atoz Project, we have relied on the AI Maynard Report. A copy of the AI Maynard Report is included in Appendix D.

In addition to relying on the values assessed by AI Maynard for the Atoz Project, we have also considered the fair value of other assets and liabilities held by Perpetual. Given that these additional assets and liabilities do not constitute a going concern, we have valued them on a net asset basis.

8.2 Valuation of the Atoz Project

AI Maynard has valued the Atoz Project utilising the Empirical Method. An explanation of this approach is detailed in section 2.5 of the AI Maynard Report.

In adopting this approach, AI Maynard applied a per tonne value to an estimate of the tonnes associated with the Atoz Project. Further details for this approach are included in Section 5.2 of the AI Maynard Report.

The following table summarises the fair value range assessed by AI Maynard for the Atoz Project.

| Perpetual - Fair value of the Atoz Project | | | |
|--|----------------|-----------------|----------------|
| <i>\$000s</i> | Low | High | Preferred |
| Fair value of the Atoz Project (100% basis) | 2,300.0 | 14,900.0 | 6,700.0 |

Source: AI Maynard Report

As stated in the AI Maynard Report, coal mining in West Sumatra is a developing and emerging industry. There has been no systematic exploration carried out in the region so the economic potential of the region remains untested. The wide range of values assessed in the AI Maynard Report reflects the early stage of the Atoz Project and the area's developing mining industry.

AI Maynard has assessed the fair value of the Atoz Project to be in the range of \$2.3 million to \$14.9 million with a preferred value of \$6.7 million.

8.3 Valuation of other assets and liabilities

In reviewing Perpetual's balance sheet as at 30 April 2013, we identified the following assets and liabilities which are not represented in the values of the exploration project.

- ▶ cash;
- ▶ other current assets comprised of trade and other receivables; and
- ▶ trade and other payables.

The fair values of the items noted above were considered to be commensurate with their book value.

We also discussed with Perpetual whether there are any assets and liabilities not represented in the company's accounts. Perpetual's management have confirmed that there are no such assets or liabilities.

8.4 Valuation

Our valuation of Perpetual on a net asset backing basis after considering the underlying value of the company's assets and liabilities on a going concern basis is summarised in the following table. Our assessment is primarily based on Perpetual's balance sheet as at 30 April 2013, which Perpetual management has confirmed has not significantly changed subsequent to that date. Where appropriate, we have made adjustments for the values assessed by AI Maynard for the Company's exploration project.

| Perpetual - Summary of the fair values of underlying assets and liabilities | | | |
|--|----------------|-----------------|------------------|
| <i>\$000s</i> | Low | High | Preferred |
| Atoz Coal Project | 2,300.0 | 14,900.0 | 6,700.0 |
| Cash | 1,873.8 | 1,873.8 | 1,873.8 |
| Working capital | 33.8 | 33.8 | 33.8 |
| Fair value of equity | 4,207.5 | 16,807.5 | 8,607.5 |

Source: AI Maynard and EY analysis

Accordingly, based on this assessment we have determined the fair value of Perpetual on a net asset backing basis to be in the range of between \$4.2 million and \$16.8 million, with a preferred value of \$8.6 million. Given the valuation methods applied by AI Maynard in valuing Perpetual's interest in the Atoz Project and our overall approach, this assessment represents the value of Perpetual on a 100% interest basis, including, by definition, a control premium. The preferred value within the range is derived from AI Maynard's valuation of the WTJV Gold Project.

The value per share based on these values is determined as follows:

| Perpetual - Value per share on a controlling interest basis | | | |
|--|-------------|-------------|------------------|
| | Low | High | Preferred |
| Fair value of equity (A\$000s) | 4,207.5 | 16,807.5 | 8,607.5 |
| Number of shares on Issue (000s) | 41,805.0 | 41,805.0 | 41,805.0 |
| Fair value of an Perpetual share - 100% interest (cents) | 10.1 | 40.2 | 20.6 |

Source: EY analysis

Accordingly, on a 100% interest basis we have assessed the fair value of a Perpetual share to be in the range between 10.1 cents and 40.2 cents, with a preferred value of 20.6 cents.

After the Scheme, Neo Shareholders will receive shares which represent a minority interest. Since the total net asset value shown in the table above assumes 100% effective control, we have applied a minority interest discount which is the inverse of a control premium.

Empirical studies have shown that control premiums are typically in the range of 20% to 40%, with most around 30%. A control premium of 30% implies a minority interest discount of approximately 23% (i.e. $1 - (1 / (1 + 30\%))$).

In applying a discount of 23% to value the shares of Perpetual on a minority interest basis, the assessed fair value of a Perpetual share is in the range of 7.8 cents and 30.9 cents, with a preferred value of 15.8 cents, as shown in the table below.

| Perpetual - Value per share on a minority interest basis | | | |
|--|------------|-------------|-------------|
| | Low | High | Preferred |
| Fair value of a Perpetual share - 100% interest (cents) | 10.1 | 40.2 | 20.6 |
| Minority interest discount | 23% | 23% | 23% |
| Fair Value of an Perpetual share - minority interest basis (cents) | 7.8 | 30.9 | 15.8 |

Source: EY analysis

8.5 Valuation cross check

We have compared our assessed valuation range of a Perpetual share with recent market trading, as shown in the table below. In conducting our analysis we have reviewed the trading prices of Perpetual's shares before 24 April 2013, being the last trading day before the Announcement Date.

The observed illiquidity of Perpetual's shares⁴, may impact the reliance that can be placed on adopting the trading price of Perpetual's shares as an appropriate basis to measure the fair value of Perpetual.

| Perpetual historic share trading data | |
|---------------------------------------|------|
| | \$ |
| Close | 0.22 |
| 1 day VWAP (note 1) | 0.21 |
| 5 day VWAP | 0.20 |
| 10 day VWAP | 0.20 |
| 20 day VWAP | 0.20 |

Source: S&P Capital IQ and EY analysis

VWAP - volume weighted average price

Note 1 - The one day VWAP represents the VWAP for 23 April 2013 as there was no trading of Perpetual's shares on 24 April 2013.

We note that the trading prices above do not incorporate a premium for control, and inherently reflect a minority interest. The prices are consistent with the IPO price of 20 cents from February 2013.

Having regard to these factors, the trading prices are within the range of values assessed in adopting the net asset backing approach.

8.6 Valuation conclusion

Based on the above analysis we conclude that the value of a Perpetual share on a minority interest basis in the range of 7.8 cents and 30.9 cents, with a preferred value of 15.8 cents.

⁴ Only 1.3% of the unescrowed Perpetual shares have traded since the company's IPO.

9. Assessment of the Scheme

9.1 Approach

In forming our opinion as to whether the Scheme is fair and reasonable, and therefore in the best interests of Neo Shareholders, we have considered:

- ▶ whether the fair value of a Neo share is higher or lower than the value of the Scheme Consideration;
- ▶ whether the Scheme Consideration includes a premium for control;
- ▶ The rationale for the Scheme;
- ▶ Other qualitative factors which we believe represent either advantages or disadvantages to Neo Shareholders;
- ▶ The likelihood of an alternative superior offer being made to Neo Shareholders; and
- ▶ alternatives available to Neo Shareholders.

9.2 Fairness

9.2.1 Overview

In determining whether the Scheme is in the best interests of Neo Shareholders we have compared the fair value assessed for a Neo share with the Scheme Consideration being offered by Perpetual represented by the fair value of a Perpetual share under the terms of the Scheme, being 0.25 of a Perpetual share for each Neo share held (i.e. one Perpetual share for every four Neo shares held).

Our fair value assessment for a Neo share and a Perpetual share adopts a net asset backing approach as our primary methodology. As a cross check to our assessment of the value of a Perpetual share, we have adopted the market approach. We note that the low level of liquidity observed in Perpetual's share trading history may result in the share prices not being reflective of fair value.

On the basis that the Scheme represents a control transaction, we have performed the comparison based on Neo on a 100% interest basis and Perpetual on a minority interest basis.

We note that for the assessment of the fair value of a Neo share, we have applied a marketability discount to account for current suspension of Neo's shares.

9.2.2 Fair value of Neo and Perpetual on a net asset backing basis

The comparison of values below is based on the fair values assessed for Neo in Section 7 and for Perpetual in Section 8. We note that the fair value of both companies presented below is based on an assessment of each company's value on a net asset backing basis after consideration of the underlying value of its assets and liabilities.

| Comparison of Values - Neo and Perpetual on a net asset backing basis | | | |
|---|--------------|------------|------------|
| | Low | High | Preferred |
| Fair value of Neo share - 100% controlling interest (cents) | 3.1 | 4.1 | 3.7 |
| Fair value of the consideration: | | | |
| Fair value of Perpetual share - minority interest basis (cents) | 7.8 | 30.9 | 15.8 |
| Scheme ratio | 0.25 | 0.25 | 0.25 |
| Fair value of Perpetual share under terms of the Scheme (cents) | 2.0 | 7.7 | 4.0 |
| Premium/(discount) of Scheme Consideration over value of Neo share (cents) | (1.1) | 3.6 | 0.3 |
| Premium/(discount) of Scheme Consideration over value of Neo share (%) | (35%) | 88% | 8% |

Source: EY analysis

On this basis, Neo Shareholders are receiving a premium of 88% on the high end of the range, a premium of 8% at the preferred value and a discount of 35% at the low end of the range.

Although this analysis provides a range of fair values of a Perpetual share, if the Scheme proceeds Neo Shareholders will receive Perpetual shares that are traded on the ASX. As such, the 'fair value' of the consideration Neo Shareholders will receive will be dependent on the prices at which Perpetual shares trade on the ASX after the implementation of the Scheme, which may be greater than, or lower than, the fair value range for a Perpetual share presented above.

9.2.3 Fair value of Neo on a net asset backing basis and Perpetual on a trading price basis

As our secondary approach, we have considered the fair value range assessed for a Neo Share on a 100% controlling interest basis to the fair value of Perpetual's share under the market approach based on Perpetual's share trading prices up to the date before the Scheme was announced. Our assessment is summarised below:

| Comparison of values - Neo on a net asset backing basis and Perpetual on a trading price basis | | | |
|--|------------|------------|------------|
| | Low | High | Preferred |
| Fair value of Neo share - 100% controlling interest (cents) | 3.1 | 4.1 | 3.7 |
| Fair value of the consideration: | | | |
| Perpetual share price -24 April 2013 (cents) | 21.5 | 21.5 | 21.5 |
| Scheme ratio | 0.25 | 0.25 | 0.25 |
| Fair value of Perpetual share under terms of the Scheme (cents) | 5.4 | 5.4 | 5.4 |
| Premium/(discount) of Scheme Consideration over value of Neo share (cents) | 2.3 | 1.3 | 1.7 |
| Premium/(discount) of Scheme Consideration over value of Neo share (%) | 74% | 32% | 46% |

Source: EY analysis

On this basis, Neo's Shareholders are receiving a premium in the range of 32% to 74%.

We note that due to the low liquidity of Perpetual's shares, the share price noted above may not be reflective of fair value.

9.2.4 Comparison of values

Based on the analysis shown above, Neo Shareholders will receive a premium at the high end of the range and at the preferred value and a discount at the low end of the range when using the net asset backing approach to value Perpetual.

In valuing Perpetual using a market approach, Neo Shareholders are receiving a premium at both the low end and high end of the range.

Consideration of the prices at which Perpetual's shares have traded on the ASX since the announcement of the Scheme is contained in Section 9.5.1. In this regard, it should be noted that Perpetual shares closed at 18 cents per share on 24 June 2013. This represents a premium of 45% on the low end of the fair value assessed for Neo and a premium of 10% at the high end. This analysis indicates that if Perpetual's share price did not change and Neo's Shareholders sold their Perpetual shares they may receive a premium.

In addition, we have not applied a liquidity discount to the share prices observed for a Perpetual share. If a discount was applied, the premium observed would decrease accordingly.

9.2.5 Fairness Conclusion

In considering the fair values assessed for the Scheme Consideration using both methodologies, on the basis that there is a premium of Scheme Consideration over the fair value range of a Neo share, in our opinion, the Scheme is considered to be fair to Neo Shareholders.

9.3 Reasonableness

RG 111 provides that "An offer is reasonable if it is fair. It might also be reasonable if, despite being not fair, the expert believes that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer."

In addition to the fairness conclusion described above, in assessing whether or not the Scheme is reasonable, we have had regard to the commercial and qualitative factors set out in Section 9.4, including the likely advantages and disadvantages to the shareholders if the Scheme is implemented, with the advantages and disadvantages to those shareholders if it is not. We note that individual Neo Shareholders may interpret these factors differently depending on their specific circumstances.

We have also considered other factors in Section 9.5.

9.4 Commercial and qualitative factors

9.4.1 Pro forma value of the Merged Group

Included below is a pro forma valuation of the Merged Group based on the valuation of the respective companies detailed in Sections 8 and 9. The tables also illustrate the implied share prices of the Merged Group on a controlling interest basis, on a minority interest basis (by applying a discount of 23%) and the range of share prices under the terms of the Scheme.

The tables illustrate the position of the Merged Group upon implementation of the Scheme, with and without the conversion of the Convertible Notes.

| Pro forma value of the Merged Group - before conversion of the Convertible Notes | | | |
|--|-------|--------|-----------|
| | Low | High | Preferred |
| Value of Neo - 100% controlling interest basis (\$000s) (note 1) | 2,322 | 3,092 | 2,742 |
| Value of Perpetual - 100% controlling interest basis (\$000s) | 4,208 | 16,808 | 8,608 |
| Pro forma value of the Merged Group (\$000s) | 6,530 | 19,900 | 11,350 |
| Number of shares the Merged Group will have on issue after Scheme (m) (note 2) | 55.9 | 55.9 | 55.9 |
| Implied value per share on a controlling interest basis (cents) | 11.7 | 35.6 | 20.3 |
| Implied value per share on a minority interest basis (cents) | 9.0 | 27.4 | 15.6 |
| Implied value per share under terms of the Scheme (cents) | 2.3 | 6.9 | 3.9 |

Source: EY analysis

Note 1 - The value of Neo includes the outstanding balance of the Convertible Notes liability.

Note 2 - The number of shares the Merged Group will have on issue after the Scheme includes Perpetual's shares currently outstanding and the number of shares being issued to Neo Shareholders. Refer to Section 5.1 for the calculations.

| Pro forma value of the Merged Group - after conversion of the Convertible Notes | | | |
|---|-------|--------|-----------|
| | Low | High | Preferred |
| Value of Neo - 100% controlling interest basis (\$000s) (note 1) | 2,952 | 3,722 | 3,372 |
| Value of Perpetual - 100% controlling interest basis (\$000s) | 4,208 | 16,808 | 8,608 |
| Pro forma value of the Merged group (\$000s) | 7,160 | 20,530 | 11,980 |
| Number of shares the Merged Group will have on issue after Scheme (m) (note 2) | 59.1 | 59.1 | 59.1 |
| Implied value per share on a controlling interest basis (cents) | 12.1 | 34.8 | 20.3 |
| Implied value per share on a minority interest basis (cents) | 9.3 | 26.8 | 15.6 |
| Implied value per share under terms of the Scheme (cents) | 2.3 | 6.7 | 3.9 |

Source: EY analysis

Note 1 - The value of Neo does not include the outstanding balance of the Convertible Notes liability due to the assumption that the Convertible Notes will be converted.

Note 2 - The number of shares the Merged Group will have on issue after the Scheme includes Perpetual's shares currently outstanding, the number of shares being issued to Neo Shareholder and the shares to be issued to Regional Management for the Convertible Notes, assuming conversion on the implementation date. Refer to Section 5.1 for the calculations.

The pro forma value indicates a value per share on a minority basis for the Merged Group before the conversion of the Convertible Notes to be in the range of between 9.0 cents and 27.4 cents. By adjusting the range of share prices to the terms of the Scheme, being one Perpetual share for every four Neo shares, the range is between 2.3 cents and 6.9 cents per share.

By considering the impact of the conversion of the Convertible Notes on the fair value of the Merged Group, the pro forma value indicates a value per share on a minority basis for the Merged Group to be in the range of between 9.3 cents and 26.8 cents. By adjusting the range of share prices to the terms of the Scheme, the range is between 2.3 cents and 6.7 cents per share.

As such, the fair value of the Merged Group is similar with or without the conversion of the Convertible Notes.

The comparison of the fair value of a Neo share to the pro forma value of the Merged Group is shown in the table below.

| Comparison of Values - Neo and the Merged Group after conversion of the Convertible Notes | | | |
|---|-------|------|-----------|
| | Low | High | Preferred |
| Fair value of Neo share - 100% controlling interest (cents) | 3.1 | 4.1 | 3.7 |
| Fair value of the consideration: | | | |
| Fair value of a Merged Group share - minority interest basis (cents) | 9.3 | 26.8 | 15.6 |
| Scheme ratio | 0.25 | 0.25 | 0.25 |
| Fair value of the Merged Group under terms of the Scheme (cents) | 2.3 | 6.7 | 3.9 |
| Premium/(discount) of Merged Group value over value of Neo share (cents) | (0.8) | 2.6 | 0.2 |
| Premium/(discount) of Merged Group value over value of Neo share (%) | (26%) | 63% | 5% |

Source: EY analysis

Neo Shareholders are receiving a premium of approximately 63% on the high end of the range and a discount of 26% on the low end of the range. At the preferred value, Neo Shareholders are receiving a premium of 5%.

Any premium assessed is to the advantage of Neo Shareholders.

9.4.2 Control

In considering issues of control of the Merged Group we have considered the following matters:

- ▶ The Board of Directors and management of the Merged Group;
- ▶ The relative interests held in the Merged Group by Neo and Perpetual; and
- ▶ Whether any shareholder would be in a position to control or significantly influence the Merged Group.

Board of Directors and management of the Merged Group

Under the MIA, Perpetual will appoint two of Neo's nominees as directors to its Board. The proposed directors are Mr Mark Caruso and Mr Ross Hastings (Mr Hastings is currently a director of Neo). Mr Ashley Kelly will resign as a director of Perpetual. Accordingly, after completion of the Scheme, Perpetual will have four members on its Board, with two representatives from Neo.

Relative interests in the Merged Group

Immediately after the Scheme is implemented Neo Shareholders will collectively hold a minority share in the Merged Group. As such Perpetual shareholders would collectively be in a position to control the Merged Group.

Based on the number of shares Neo and Perpetual have on issue at the date of this report, Neo Shareholders will collectively hold a 29% interest⁵ in the Merged Group and Perpetual shareholders will hold 71%.

Pro forma top 10 shareholders of the Merged Group

We have considered whether any shareholder of Neo or Perpetual is likely to be in a position of influence or control of the Merged Group should the Scheme proceed. In this regard, included below is a summary of the pro forma top 10 shareholders of the Merged Group based on the shareholders identified for Neo and Perpetual prior to the Scheme.

| The Merged Group - Proforma shareholder base | | |
|--|-------------------|---------------|
| | No. of shares | % |
| 1 Blue Mountain Investments Ltd | 8,000,000 | 13.5% |
| 2 BCPC Pty Ltd | 7,500,000 | 12.7% |
| 3 Mr Mark Caruso (Ex-Neo) | 4,584,375 | 7.8% |
| 4 SW Energy Resources Pte Ltd | 5,000,000 | 8.5% |
| 5 HYH Resource Co Pty Ltd | 3,333,333 | 5.6% |
| 6 Mr Eric Jiang | 2,000,000 | 3.4% |
| 7 Mr George Karafotias | 2,040,000 | 3.5% |
| 8 Ross Stanley Sutherland and Carolyn Ann Sutherland | 1,250,000 | 2.1% |
| 9 Mr Ashley Kelly | 1,075,000 | 1.8% |
| 10 Wall Street Properties Limited (Ex-Neo) | 968,017 | 1.6% |
| Top 10 shareholders | 35,750,725 | 60.5% |
| Other Merged Group shareholders | 23,317,422 | 39.5% |
| Total shares on issue | 59,068,147 | 100.0% |

Source: Neo and Perpetual management

Note - The shares allocated to Mr Mark Caruso include the shares held by Regional Management, including the shares allocated through the conversion of the Convertible Notes.

⁵ This percentage includes Regional Management's shares after conversion of the Convertible Notes.

The analysis shows that on a pro forma basis, no single shareholder would hold a greater than 13.5% interest in the Merged Group, with the top 10 shareholders holding a total of 60.5% of the issued shares. On this basis, no single shareholder would be in a position of influence or control. It is of note that two of the top 10 shareholders of the Merged Group will be ex-Neo Shareholders, with those two holding a combined interest in the Merged Group of approximately 9.5%.

9.4.3 Advantages

Increased share liquidity and marketability

Once the Scheme is implemented, Neo Shareholders will own shares in Perpetual, which currently trades on the ASX. Since October 2007 Neo Shareholders have had no ready market for their shares given Neo has been suspended from trading on the ASX.

In order to have the suspension lifted, Neo has to re-comply with Chapters 1 and 2 of the ASX Listing Rules, which amongst other things, requires Neo to lodge a prospectus with ASIC for the offer of securities at no less than 20 cents each.

Although Neo has attempted to raise funds under the terms required by the ASX, it has not been successful and as such has remained suspended. Without being listed, the ability of Neo to source the required funds to continue the development of the WTJV Gold Project is uncertain. In addition, Neo Shareholders will not have a ready market for their shares.

As a result of the Scheme, Neo Shareholders will exchange their shares for Perpetual shares that are listed on the ASX.

As described in Section 4.4, Perpetual's shares have had very little liquidity since its IPO at the end of February 2013. Subsequent to the Scheme, the Merged Group will have a broader shareholders base which may result in the liquidity of Perpetual's shares increasing.

Regardless of whether the liquidity of Perpetual's shares increases as a result of the Scheme, any increase in the marketability of Neo's shares as a result of the Scheme is considered an advantage to Neo Shareholders.

The Convertible Note will not be required to be repaid

As a condition precedent to the Scheme, the Convertible Note will be novated to Perpetual. As a result, the Convertible Notes will not be required to be repaid by Neo.

Under the agreement entered into between Neo and Regional Management in 2012, the Convertible Notes were originally set to mature on 12 December 2012. Since that time, the Convertible Notes Deed was amended to extend the maturity date to 30 April 2013. In April 2013, the maturity date was further extended to 30 September 2013. If the Scheme does not proceed, and Neo remains unlisted, the likelihood of Regional Management agreeing to convert the Convertible Notes into Neo shares is considered to be minimal. As at 30 September 2013, if Regional Management requests for the Convertible Notes to be repaid, unless Neo is able to secure financing from an alternate source, it is unlikely that the Company would have sufficient funds to do so.

The novation of the Convertible Notes as part of the Scheme is to the benefit of Neo Shareholders.

Additional capital for the WTJV Gold Project

As a condition precedent to the Scheme, Perpetual has provided \$350,000 to Neo as a loan to continue work on the WTJV Gold Project. The loan is secured against the assets of Neo and in the event that the Scheme is not implemented, Neo is required to repay the advance to Perpetual within 60 days.

Neo Shareholders will hold an interest in a wider portfolio of assets

Neo Shareholders will have an interest in the Merged Group that will include an expanded portfolio of exploration projects in Australia and Indonesia, with exposure to the gold and coal industries. Accordingly, Neo Shareholders, after implementation of the Scheme, will have an interest in a wider and more diversified group of gold and coal assets as compared to Neo on a standalone basis.

Shareholders will continue to participate in possible future increases in the value of Neo

Our assessment reflects assumptions in relation to potential future growth opportunities available to Neo as part of the Merged Group. While our valuation gives recognition to the fact that Neo's growth prospects may be enhanced as a result of the Scheme, it also recognises that the extent to which this will occur is uncertain. Existing Shareholders will continue to participate in any future increases in the value of the Merged Group's shares which includes future growth realised through both the Atoz Project and the WTJV Gold Project.

9.4.4 Disadvantages

Consideration is not paid in cash

Since the consideration to be paid to Neo Shareholders is in the form of shares as opposed to cash, the value of the Perpetual shares received by Neo Shareholders will be dependent upon the price at which Perpetual shares trade once the Scheme is implemented. As the consideration is fixed at one Perpetual share for every four Neo Shares held, the implied value of the consideration will change.

Exposure to additional risks

While the Scheme will increase the diversification of the assets that Neo Shareholders will have exposure to through the Merged Group, Neo Shareholders will also be subject to the risks associated with Perpetual's mineral assets.

In particular, Neo Shareholders will be exposed to the Indonesian coal industry through the Merged Group. There is some uncertainty regarding the Indonesian coal industry following the announcement of a number of regulatory changes being proposed by the Indonesian government. These include a ban on low grade coal exports, introducing a coal export tax, limiting companies to coal production increases only if new coal reserves are identified, and introducing new foreign investment rules.

Loss of control

If the Scheme proceeds, after the conversion of the Convertible Notes Neo Shareholders will collectively hold approximately 29% of the Merged Group and will no longer collectively control Neo and its future operations. In stating this, the shareholder with the largest shareholding in the Merged Group will have a 13.5% interest. As such, no individual shareholder will have control of the Merged Group.

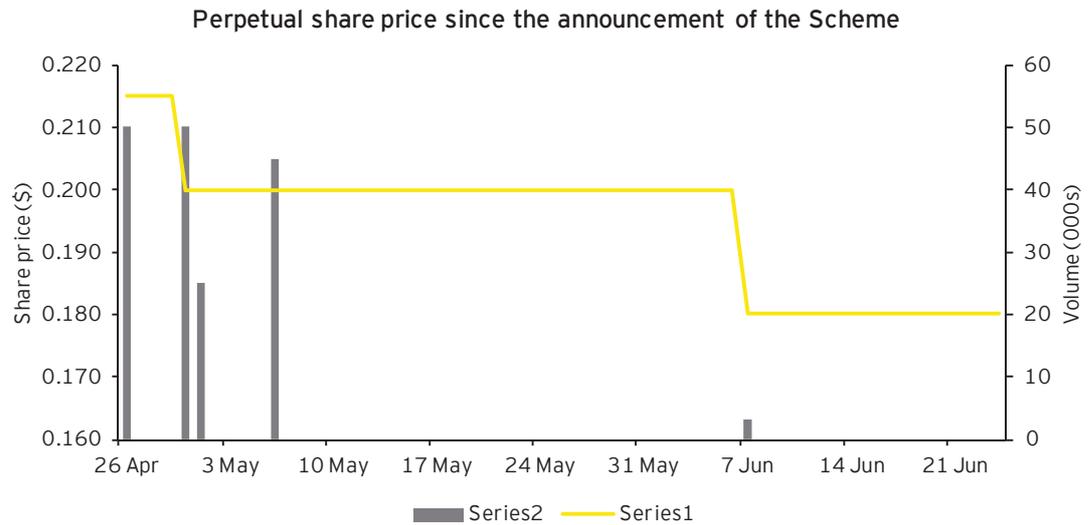
Transaction costs

Neo management has estimated that incremental costs associated with the Scheme, excluding any success fees, will be approximately \$220,000. These incremental costs include legal, accounting and advisory fees, costs for the preparation of the Scheme Booklet, professional fees and costs associated with the dispatch of documents.

9.5 Other considerations

9.5.1 Market reaction to the Scheme

The last trading price of a Perpetual share on 24 April 2013, being the last trading day prior to the announcement of the Scheme, was 21.5 cents. Based on the daily closing price of the Company's shares, the following chart illustrates the prices and volumes at which the Company's shares traded over the period 26 April 2013 to 24 June 2013.



Source: S&P Capital IQ, EY analysis

Based on this analysis the market appears to be indifferent to the Scheme.

9.5.2 Alternatives

As an alternative to the Scheme proceeding, Neo Shareholders can vote against the Scheme in the hope of either realising greater value through maintaining the stand alone business of Neo or for a superior proposal emerging. There is no evidence to suggest that the Neo Shareholders would be better off under this alternative. We note that in the event that the Scheme does not proceed, Neo Shareholders will continue to experience no marketability due to Neo's shares being suspended from trading on the ASX.

9.5.3 No alternative offers

We have discussed with the Directors of Neo the likelihood of alternative offers emerging. The Directors of Neo have advised that they are not aware of any alternative or superior offer for the Company.

9.5.4 Board view

We note that the Directors of Neo have unanimously recommended the Scheme to Neo Shareholders, in the absence of a superior proposal.

9.5.5 Tax implications

Ernst & Young Transaction Advisory Services has not considered the specific taxation implications for individual Neo Shareholders. If the Scheme is approved, Neo Shareholders may be liable to pay tax on the disposal of their Neo shares. The specific tax consequences of the Scheme will vary depending on the circumstances of each individual Neo Shareholder.

Neo Shareholders should consider the information contained in the Scheme Booklet in relation to taxation implications. These specific tax consequences need to be borne in mind by each Neo Shareholder in weighing up the merits of the Scheme. Neo Shareholders who are in doubt as to the action they should take in relation to the Scheme should consult their own professional advisers.

9.5.6 Other considerations

This independent expert's report has been prepared to assist Neo's Shareholders in assessing the merits of the Scheme. In doing so, the report provides general information only and does not consider the individual situation, objectives and needs of each Neo Shareholder. On this basis, Neo Shareholders should consider whether this report is appropriate for their circumstances, having regard to their own situation, objectives and needs before relying on or taking action based on this report. If there is any doubt, Neo Shareholders should seek their own professional advice.

Whether individual Neo Shareholders should vote to approve the Scheme depends upon their own individual situation, objectives and needs, as well as their view as to the reasonableness factors associated with whether or not to approve the Scheme.

9.5.7 Terms of the novation of the Convertible Notes

As a condition precedent to the Scheme, the Convertible Notes will be novated from Neo to Perpetual and the Convertible Notes will be amended so that they convert into 3,150,000 Perpetual shares.

Based on the original terms of the Convertible Note, the conversion rate for the Convertible Notes with a face value of \$630,000 was 10 cents. Prior to the amendment, Regional Management was set to receive 6,300,000 Neo shares upon conversion. If the Convertible notes were converted prior to the completion of the Scheme, and those shares were eligible to participate in the Scheme, those shares would result in the receipt of 1,575,000 shares⁶.

If the Scheme does not proceed, and Neo remains unlisted, the likelihood of Regional Management agreeing to convert the Convertible Notes into Neo shares is minimal.

As a result of the novation of the Convertible Notes to Perpetual and the amendment to the conversion factor, the Convertible Notes will be redeemed for 3,150,000 Perpetual shares, resulting in a 100% increase in the number of Perpetual shares to be received by Regional Management compared to what Neo Shareholders will receive under the Scheme.

It must be noted, however, that the conversion factor of the Convertible Notes under the novation equates to a conversion price of 20 cents per share, which approximates the share price of Perpetual when the MIA was entered into as well as Perpetual's IPO price. The issue of the 3,150,000 shares at 20 cents on conversion equates to \$630,000, being the face value of the Convertible Notes⁷. On this basis, the terms of the novation of the Convertible Notes appear to be at arm's length.

To assess the impact of the conversion of the Convertible Notes on the Neo Shareholders, refer to Section 9.4.1. The calculations show that there is minimal impact on the overall value of a share of the Merged Group, with or without the conversion of the Convertible Notes.

⁶ Based on the conversion factor of one Perpetual share for every four Neo shares held.

⁷ The conversion of the current principal sum outstanding of \$630,000 at a rate of 20 cents per share is calculated assuming Regional Management will not receive consideration for any interest or other fees and charges that have accrued in respect of the Convertible Notes from the date they were issued to the implementation date of the Scheme.

9.5.8 Terms of the cancellation of the Neo Options

As a condition precedent to the Scheme, Neo is required to enter into an agreement with the Neo Optionholders to cancel the Neo Options (on terms and conditions satisfactory in all respects to Perpetual). We understand that the Neo Options are held by a single optionholder. No consideration is payable for the cancellation.

The Neo Options are unlisted and expire on 1 July 2014, with an exercise price of 20 cents each and giving the holder the right to subscribe for one Neo share.

Based on the range of fair values assessed for a Neo share, it is unlikely that the Neo Optionholder would elect to exercise the Neo Options prior to the expiry date. As such, the cancellation of the Neo Options for nil consideration appears reasonable and at arm's length.

10. Conclusion

In the absence of a superior proposal, Ernst & Young Transaction Advisory Services considers the Scheme to be fair and reasonable to Neo Shareholders, and is therefore in the best interests of Neo Shareholders.

Appendix A Statement of qualifications and declarations

Ernst & Young Transaction Advisory Services, which is wholly owned by Ernst & Young, holds an Australian Financial Services Licence under the Act and its representatives are qualified to provide this report. The directors of Ernst & Young Transaction Advisory Services responsible for this report have not provided financial advice to Neo.

Prior to accepting this engagement, Ernst & Young Transaction Advisory Services considered its independence with respect to Neo with reference to Regulatory Guide 112, *Independence of experts*.

This report has been prepared specifically for the Shareholders of Neo in relation to the Scheme. Neither Ernst & Young Transaction Advisory Services, Ernst & Young and any employee thereof undertakes responsibility to any person, other than the Shareholders, in respect of this report, including any errors or omissions howsoever caused.

The statements and opinions given in this report are given in good faith and the belief that such statements and opinions are not false or misleading. In the preparation of this report Ernst & Young Transaction Advisory Services has relied upon and considered information believed after due inquiry to be reliable and accurate. Ernst & Young Transaction Advisory Services has no reason to believe that any information supplied to it was false or that any material information has been withheld from it. Ernst & Young Transaction Advisory Services has evaluated the information provided to it by Neo, its advisors, as well as other parties, through inquiry, analysis and review, and nothing has come to its attention to indicate the information provided was materially mis-stated or would not afford reasonable grounds upon which to base its report. Ernst & Young Transaction Advisory Services does not imply and it should not be construed that it has audited or in any way verified any of the information provided to it, or that its inquiries could have verified any matter which a more extensive examination might disclose.

The information relied upon in the preparation of this report is set out in Appendix B to this report.

Neo has provided an indemnity to Ernst & Young Transaction Advisory Services for any claims arising out of any mis-statement or omission in any material or information provided to it in the preparation of this report.

Ernst & Young Transaction Advisory Services provided draft copies of this report to Neo and Perpetual for comments as to factual accuracy, as opposed to opinions, which are the responsibility of Ernst & Young Transaction Advisory Services alone. Changes made to this report as a result of this review by the directors and management have not changed the methodology or conclusions reached by Ernst & Young Transaction Advisory Services.

Ernst & Young Transaction Advisory Services will receive a professional fee based on time spent in the preparation of this report estimated at approximately \$35,000 (exclusive of GST). Ernst & Young Transaction Advisory Services will not be entitled to any other pecuniary or other benefit whether direct or indirect, in connection with the making of this report.

Mr Ken Pendergast, a director and representative of Ernst & Young Transaction Advisory Services and a partner of Ernst & Young and Ms Brenda Moore, a representative of Ernst & Young Transaction Advisory Services and an Executive Director of Ernst & Young have assumed overall responsibility for this report. Both have the necessary experience and professional qualifications appropriate to the advice being offered. Other Ernst & Young Transaction Advisory Services staff have been consulted in the preparation of this report where appropriate.

It is not intended that the report should be used for any other purpose other than to be included in the Scheme Booklet to be sent to Neo Shareholders with respect to the Scheme. In particular, it is not intended that this report should be used for any other purpose other than as an expression of its opinion as to whether or not the Scheme is in the best interests of Neo Shareholders.

Ernst & Young Transaction Advisory Services consents to the issue of this report in the form and context in which it is included in the Scheme Booklet.

Appendix B Sources of information

In arriving at our views, we have had regard to the following sources of information:

- ▶ audited financial statements of Neo for the financial years ended 30 June 2011 and 30 June 2012 and management accounts for the period ended 30 April 2013;
- ▶ audited financial statements of Perpetual for the financial years ended 30 June 2012 and management accounts for the period ended 30 April 2013;
- ▶ Scheme Booklet for a scheme of arrangement between Neo and Perpetual;
- ▶ the AI Maynard Report, included in Appendix D of this report;
- ▶ details of the Convertible Notes and Neo Options provided by Neo management;
- ▶ details of company shareholders as provided by Neo and Perpetual management;
- ▶ ASX announcements for Neo and Perpetual including quarterly reports;
- ▶ Pro forma financial information provided by Neo Management;
- ▶ company websites for Neo and Perpetual; and
- ▶ market data obtained from sources including ThompsonOne, S&P Capital IQ, DatAnalysis and Factiva.

In addition we held discussions and corresponded with various members of the management of Neo and Perpetual.

Appendix C Glossary

| Abbreviation | Full Title / Description |
|--|---|
| \$ | Australian dollars |
| Act | The Corporations Act |
| AI Maynard | AI Maynard Consultants Pty Ltd |
| AI Maynard Report | Independent technical review of mining projects prepared by AI Maynard dated 25 June 2013. |
| AnaeCo | AnaeCo Limited |
| Announcement Date | 26 April 2013 |
| APES 225 | APES 225: Valuation Services (revised) |
| ASIC | Australian Securities and Investment Commission |
| ASX | Australian Securities Exchange |
| Atoz Project | Atoz coal project, being Perpetual's major asset |
| Board | Board of Directors |
| Convertible Notes | The 630,000 convertible notes held by Regional Management |
| Ernst & Young Transaction Advisory Services, Ernst & Young, EY | Ernst & Young Transaction Advisory Services Limited |
| FY11A, FY12A, YTD Apr13A | Financial year ending 30 June 2011, 2012 and the nine months ending 30 April 2013 |
| GST | Goods and Services Tax |
| IPO | Initial Public Offering |
| JORC | Joint Ore Reserves Committee |
| Jun 11A, June 12A and Apr13A | Financial position as at 30 June 2011, 30 June 2012 and 30 April 2013 |
| LOM | Life of mine |
| MEE | Multiple of Exploration Expenditure |
| Merged Group | The combined operations of Neo and Perpetual post-Scheme implementation |
| MIA | Merger Implementation Agreement |
| Mining Agreement | Agreement entered into between SWER and PT Atoz in December 2010 |
| Mining Licence | Mining exploration licence within the Atoz Project |
| Neo Optionholders | Holders of Neo Options |
| Neo Options | The 1 million options outstanding in Neo as at the Announcement Date |
| Neo Shareholders | Shareholders of Neo |
| Neo, the Company | Neo Resources Limited |
| Oroya | Oroya Mining Limited |
| Perpetual | Perpetual Resources Limited |
| PT Atoz | PT Atoz Nusantara Mining |
| Regional Management | Regional Management Pty Ltd |
| Regulations | Corporations Regulations 2001 |
| RG 111 | Regulatory Guide 111: Content of expert reports |
| Scheme | The proposed merger between Neo and Perpetual |
| Scheme Booklet | Booklet prepared for the Scheme, to which this report is attached |
| Scheme Consideration | The consideration offered by Perpetual, being one Perpetual share for every four Neo shares |
| Scheme Meeting | General meeting of the Company that is to be held on in August 2013. |
| SWER | SW Energy Resources Company Limited |
| US\$ | United States dollar |
| WTJV | Wiagdon Thrust Joint Venture |
| WTJV Gold Project | Wiagdon Thrust Joint Venture gold project |
| Zurich Bay Holdings | Zurich Bay Holdings Pty Ltd |



Appendix D The AI Maynard Report

AL MAYNARD & ASSOCIATES Pty Ltd

Consulting Geologists

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Australian & International Exploration & Evaluation of Mineral Properties

**INDEPENDENT TECHNICAL VALUATION
OF
PERPETUAL RESOURCES LTD

MINERAL ASSETS IN INDONESIA

AND

NEO RESOURCES LIMITED

MINERAL ASSETS IN AUSTRALIA**

PREPARED FOR

Ernst & Young Transaction Advisory Services Limited

Author: Brian J Vamdell BSc (Spec HonsGeol), FAusIMM
Company: Al Maynard & Associates Pty Ltd
Date: 24th June, 2013

EXECUTIVE SUMMARY

Ernst & Young Transaction Advisory Services Limited (“Ernst & Young”) has been appointed by the Directors of Neo Resources Limited (“Neo”) to prepare an Independent Experts Report (“IER”) in relation to the transaction between Perpetual Resources Ltd (“PRL”) whereby Perpetual intends to acquire Neo via a scheme of arrangement where Neo shareholders are to receive one PRL share for every four Neo shares held. Ernst & Young has appointed Al Maynard & Associates (“AM&A”) to undertake a Valuation Report (“ValRep”) of both the Neo and PRL mineral assets.

PRL is an Australian based, Indonesian focussed exploration company. PRL holds 100% of the rights to the promising PT Atoz Nuasantara Mining (“PT Atoz”) coal exploration tenement in West Sumatra, an area regarded as an emerging coal province (Fig 1). Coal mining in West Sumatra is an embryonic business with mining currently conducted along very primitive lines. There has been no systematic exploration carried out over any of the known coal deposits. PRL plans to be the first company to utilise best practice exploration techniques to explore coal deposits of West Sumatra. The PRL objective is to be the first company to delineate a JORC Code compliant Resource in West Sumatra.



Figure 1: PRL Indonesia Project Location.

Given the success of other local producers throughout the district, and the encouraging coal outcrops in the area, there is reasonable potential to establish a mining operation within the project area.

The tenement, as an approved production IUP, covers an area of 192.1ha and is located 60km south of Padang in the central west of West Sumatra and is a greenfields project with anthracitic coal outcrops in two areas. There is good potential to identify significant quantities of anthracitic coal.

PRL has just commenced a detailed mapping, trenching and drilling program. The objective of the drilling program is to delineate a JORC Compliant Resource of 1 million tonnes. This Target Mineralisation estimate is conceptual in nature as there has been insufficient exploration to define a mineral resource under JORC Code guidelines and it is uncertain whether further exploration will result in the determination of a mineral resource. This conceptual target may or may not be outlined with future work, either in whole or in part.

PRL is also well positioned to secure additional tenements on West Sumatra. During the next six months PRL will identify other tenements with above average potential. Agreements will be signed with all owners with whom PRL manage to negotiate favourable terms. The objective is to acquire three more tenements during the next six months.

The Neo regional scale Wiagdon Thrust Gold Project tenements in eastern NSW, 180km northwest of Sydney, comprise a package of 11 Exploration Licences (“EL”) where Neo has earned a 70% interest. The tenements cover a number of primary gold and gold-antimony prospects and alluvial gold workings in the Lachlan Fold Belt in northern New South Wales (Fig 2).

The original Oroya Mining Limited (“Oroya”) data review indicated that despite the Project being located within an historically significant gold and antimony province, there has been little modern exploration for gold, antimony or base metals within the area. Neo will focus its search on gold and base metals targets within large scale disseminated gold, gold-antimony and copper-gold deposits, vein gold stockworks and epithermal gold systems; secondary target types are high grade quartz vein and placer gold deposits.

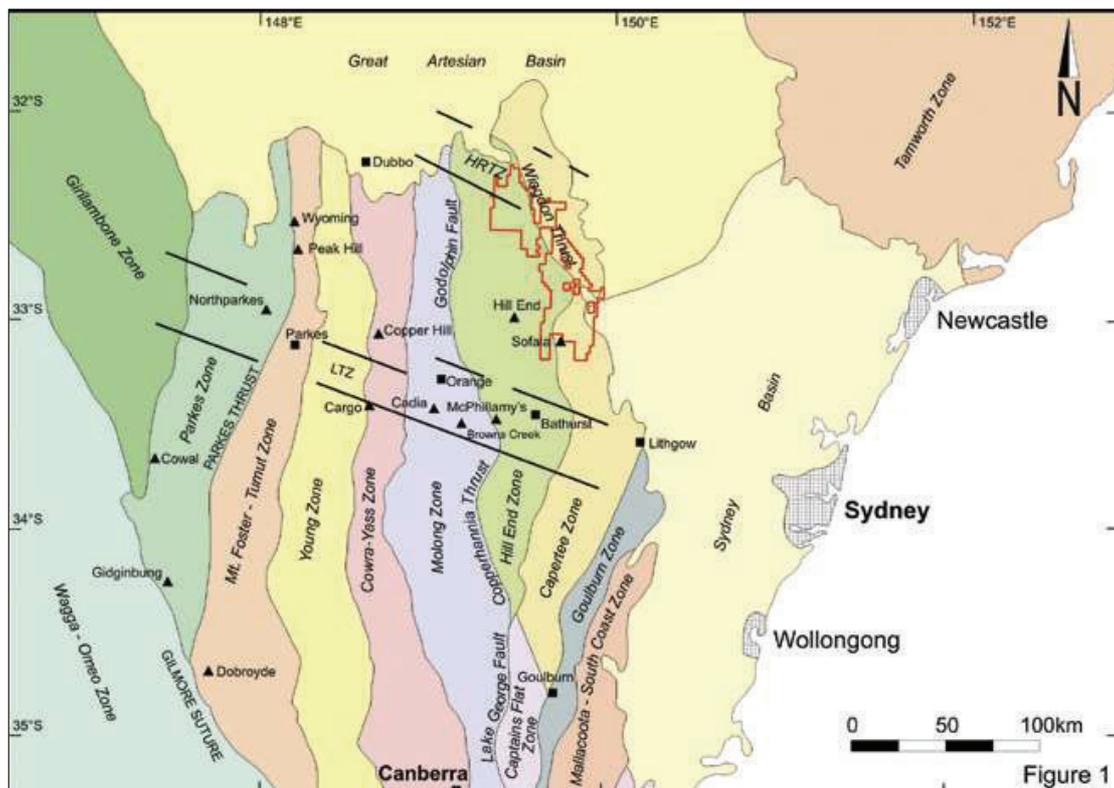


Figure 2: Neo Wiagdon Thrust Project Location on Regional Geological NSW Map.

The Neo project is situated within the Lachlan Fold Belt (“LFB”). This is one of several orogenic fold belts making up the large system of sedimentary, volcanic and intrusive

rocks known as the Tasman Fold Belt System which underlies much of Australia's eastern continental margin (Vandenberg et.al., 1992).

The rocks of the LFB outcrop extensively throughout New South Wales and Victoria. Internally, the belt is composed of a series of anticlinoria and synclinoria zones aligned on parallel north to NW trends, with associated regional scale faults of varying magnitude. Granites have commonly been intruded preferentially into anticlinoria zones.

Gold and base metal mineralisation styles within the LFB are diverse and fall within a broad continuum of host rock types, structural settings and mineralogy. From an economic perspective, the most important of these include porphyry (intrusive-hosted) copper-gold, orogenic quartz-hosted gold and associated alluvial gold, epithermal gold-silver and sediment-hosted quartz gold-antimony. The project area straddles the contact between the Hill End Zone (Hill End Trough) to the west and the Capertee Zone to the east, the contact being defined by the Wiagdon Thrust fault zone.

Neo benefits from a geochemical exploration program carried out during 2006-8 by Oroya, with limited follow up sampling and geological assessment of geochemical anomalies during 2008-9.

Neo has recently had NSW government airborne geophysical data processed and enhanced, to use in ongoing interpretation of geological and geochemical data, and to further classify and rank the main six geochemical anomalies for follow-up exploration work.

Exploration by Neo Resources is directed at the discovery of large tonnage, medium-grade, fine-grained gold deposits. Neo has a sound proposed exploration program and budget.

For the exploration potentials in both countries, it is the writer's opinion that the current cash value for 100% of the PT Atoz Project is A\$6.7 million from within the range of A\$2.3 million to A\$14.9 million as at 4th June 2013.

The cash value for 100% of the Wiagdon Project is considered to be A\$5.3 million from within the range of A\$4.7 million to A\$5.8 million as at 4th June 2013 and the Neo 70% share is accordingly valued at a preferred A\$3.7 million from within the range A\$3.3 million to A\$4.1 million.

The combined cash value of both projects is considered to be A\$10.4 million from within the range A\$5.6 million to A\$19.0 million.

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The Directors
Ernst & Young Transaction Advisory Services Limited
Ernst & Young Building,
11 Mounts Bay Road,
Perth, WA, 6000
Australia

24th June 2013

Attn: Mr K. Pendergast

Dear Sirs,

1.0 Introduction

This report has been prepared by Al Maynard and Associates (“AM&A”) at the request of Mr Ken Pendergast of Ernst & Young Transaction Advisory Services Limited (“Ernst & Young”) to provide an independent technical valuation report (“ITV”) on the cash value of the Neo Resources Limited’s (“Neo”) relevant interests in New South Wales, Australia and Perpetual Resources Ltd (“PRL”) relevant interests in Indonesia at 24th June, 2013.

Ernst & Young has been appointed by the Directors of Neo to prepare an Independent Experts Report (“IER”) in relation to the transaction between PRL whereby PRL intends to acquire Neo via a scheme of arrangement where Neo shareholders are to receive one PRL share for every four Neo shares held. Ernst & Young has appointed Al Maynard & Associates (“AM&A”) to undertake this ValRep of both the Neo and PRL mineral assets. The Ernst & Young IER will determine whether the transaction is in the best interests of Neo shareholders

PRL is a company listed on the Official List of Australian Securities Exchange Limited (“ASX”). PRL is a mineral exploration company established to acquire, explore, evaluate and exploit mineral resource projects at the PT Atoz Painan Coal Project in West Sumatra, Indonesia.

Neo is an Australian unlisted public company which holds exploration assets in northern New South Wales, Australia that are prospective for primarily base and precious metals.

1.1 Scope and Limitations

This independent valuation and its accompanying geological description have been prepared at the request of Ernst & Young to provide the writer’s opinion of the current cash value of the projects listed in this report.

This valuation has been prepared in accordance with the requirements of the Valmin code (2005) as adopted by the Australian Institute of Geoscientists (‘AIG’) and the Australasian Institute of Mining and Metallurgy (‘AusIMM’).

This valuation is valid as at 24th June, 2013 and refers to the writer’s opinion of the value of the mineral assets at this date. This valuation can be expected to change over time having regard to political, economic, market and legal factors. The valuation can also vary due to the success or otherwise of any mineral exploration that is conducted either on the properties concerned or by other explorers on prospects in the near environs. The valuation could also be affected by the consideration of other exploration data, not in the public domain, affecting the properties which have not been made available to the author.

In order to form an opinion as to the value of any property, it is necessary to make assumptions as to certain future events, which might include economic and political factors and the likely exploration success. The writer has taken all reasonable care in formulating these assumptions to ensure that they are appropriate to the case. These assumptions are based on the writers’ technical training and experience in the mining industry. The opinions expressed represent the writer’s fair professional opinion at the time of this report. These opinions are not however, forecasts as it is never possible to predict accurately the many variable factors that need to be considered in forming an opinion as to the value of any mineral property.

The valuation methodology of mineral properties is exceptionally subjective. If an economic reserve or resource is subsequently identified then this valuation will be dramatically low relative to any later valuations, or alternatively if further exploration is unsuccessful it is likely to decrease the value of the tenements.

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

There are a number of generally accepted procedures for establishing the value of mineral properties with the method employed depending upon the circumstances of the property. When relevant, AM&A uses the appropriate methods to enable a balanced analysis. Values are presented as a range and the preferred value is identified.

The readers should form their own opinion as to the reasonableness of the assumptions made and the consequent likelihood of the values being achieved. The information presented in this report is based on technical reports provided by Neo supplemented by our own inquiries. At the request of AM&A copies of relevant technical reports and agreements were made available.

Neo 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 Neo.

Neo and PRL have warranted to AM&A that full disclosure has been made of all material information in its respective possession or knowledge and that such information is complete, accurate and true. None of the information provided by Neo and PRL has been specified as being confidential and not to be disclosed in our reports. As recommended by the Valmin Code, Neo and PRL have indemnified AM&A for any liability that may arise from AM&A's reliance on information provided by Neo and PRL. By the acceptance and use of this report Neo and PRL agree to such indemnity.

It should be noted that in all cases, the fair valuation of the mineral properties presented is analogous with the concept of "valuation in use" commonly applied to other commercial valuations. This concept holds that the properties have a particular value only in the context of the usual business of the company as a going concern. This value will invariably be significantly higher than the disposal value, where, there is not a willing seller. Disposal values for mineral assets may be a small fraction of going concern values.

In accordance with the Valmin Code, we have prepared the "Range of Values" as shown in Section 5.0. Regarding the project it is considered that sufficient geotechnical data has been provided from the reports covering the previous exploration of the areas to enable an understanding of the geology. This, coupled with general knowledge of the areas provides sufficient information to form an opinion as to the current value of the mineral assets.

1.2 Statement of Competence

This report has been prepared by Brian J. Varndell BSc(SpecHonsGeol) FAusIMM a geologist with over 40 years in the industry and 35 years in mineral asset valuation. The writer holds the appropriate qualifications, experience and independence to qualify as an independent "Expert" under the definitions of the Valmin Code. A field trip to the Indonesian PT Atoz Project area was undertaken in November 2011 and he is also familiar with the various Lachlan Fold Belt terranes in New South Wales.

2.0 Valuation of the Mineral Assets – Methods and Guides

With only exploration potential on the tenements it is very difficult to place a singular dollar value on any mining tenement portfolio. However, with due regard to the guidelines for assessment and valuation of mineral assets and mineral securities as adopted by the AusIMM Mineral Valuation Committee on 17th February, 1995 – the Valmin Code (updated 1999 & 2005) – we have derived the estimates listed below using the appropriate method for the current technical value of the mineral exploration properties as described.

The following ASIC publications have also been duly referred to and considered in relation to the valuation procedure: 'Regulatory Guidelines' 111 & 112.

The subjective nature of the valuation task is kept as objective as possible by the application of the guideline criteria of a “fair value”. This is a value that an informed, willing, but not anxious, arms’ length purchaser will pay for a mining (or other) property in a transaction devoid of “forced sale” circumstances.

2.1 General Valuation Methods

The Valmin Code identifies various methods of valuing mineral assets, including:-

- Discounted cash flow,
- Joint Venture and farm-in terms for arms’ length transactions,
- Precedents from similar asset sales/valuations,
- Multiples of exploration expenditure,
- Ratings systems related to perceived prospectivity,
- Real estate value and,
- Empirical Method (Rule of thumb or Yardstick approach).

2.2 Discounted Cash Flow/Net Present Value

This method provides an indication of the value of a property with identified reserves. It utilises an economic model based upon known resources, capital and operating costs, commodity prices and a discount for risk estimated to be inherent in the project. The discount is subjective according to the valuer’s opinion. The percentages used will vary according to the details of any particular deposit such as grade, waste: ore ratio, metallurgical recovery and other relevant factors. Alternatively a value can be assigned on a royalty basis commensurate with the *insitu* contained metal value.

Net present value (‘NPV’) is determined from discounted cash flow (‘DCF’) analysis where reasonable mining and processing parameters can be applied to an identified ore reserve. It is a process that allows perceived capital costs, operating costs, royalties, taxes and project financing requirements to be analysed in conjunction with a discount rate to reflect the perceived technical and financial risks and the depleting value of the mineral asset over time. The NPV method relies on reasonable estimates of capital requirements, mining and processing costs.

2.3 Joint Venture Terms

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

2.4 Similar Transactions

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

2.5 Multiple of Exploration Expenditure

The multiple of exploration expenditure method (‘MEE’) is used whereby a subjective factor (also called the prospectivity enhancement multiplier or ‘PEM’) is based on previous expenditure on a tenement with or without future committed exploration expenditure and is used to establish a base value from which the effectiveness of exploration can be assessed. Where exploration has produced documented positive results a MEE multiplier can be selected that takes into account the valuer’s judgment of the prospectivity of the tenement and the value of the database. MEEs can typically range from 0 to 3.0 and occasionally up to 5.0 (where exceptional results are yielded) applied to previous exploration expenditure to derive a dollar value.

2.6 Ratings System of Prospectivity (Kilburn)

The most readily accepted method of this type is the modified Kilburn Geological Engineering/Geoscience Method and is a rating method based on the basic acquisition cost (‘BAC’) of the tenement that applies incremental, fractional or integer ratings to a BAC cost with respect to various prospectivity factors to derive a value. Under the Kilburn method the valuer is required to systematically assess four key technical factors which enhance, downgrade or have no impact on the value of the property. The factors are then applied serially to the BAC of each tenement in order to derive a value for the property. The factors used are; off-property attributes, on-property attributes, anomalies and geology. A fifth factor that may be applied is the current state of the market.

2.7 Empirical Methods (Yardstick – Real Estate)

The market value determinations may be made according to the independent expert's knowledge of the particular property. This can include a discount applied to values arrived at by considering conceptual target models for the area. The market value may also be rated in terms of a dollar value per unit area or dollar value per unit of resource in the ground. This includes the range of values that can be estimated for an exploration property based on current market prices for equivalent properties, existing or previous joint venture and sale agreements, the geological potential of the properties, regarding possible exploration potential, and the probability of present value being derived from individual recognised areas of mineralisation. This method is termed a "Yardstick" or a "Real Estate" approach. Both methods are inherently subjective according to technical considerations and the informed opinion of the valuer.

2.8 General Comments

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

The values derived for this report have been concluded after taking into account:-

- The general geological environment of the property under consideration is taken into account to determine the exploration potential;
- Current market values for properties in similar or analogous locations;
- Current commodity prices.

2.9 Environmental implications

Information to date indicates that the project areas have not been reviewed by an environmental specialist for their fauna or flora species regarded as being rare, threatened or endangered. This will need to be reviewed.

2.10 Other Claims

No other claims against the tenement are known.

2.11 Commodities-Metal prices

Where appropriate, current metal prices are used sourced from the usual metal market publications or commodity price reviews. (eg; "Kitco.com").

2.12 Resource/Reserve Summary

There are no identified JORC Code compliant resources within the projects.

2.13 Previous Valuations

No other valuation of these projects have been commissioned that AM&A is aware of.

2.14 Encumbrances/Royalty

No royalty payments are considered in this valuation especially for the PT Atoz agreement.

3.0 Background Information

3.1 Introduction

This valuation has been provided by way of a detailed study of information provided by Neo and PRL on both of the projects up to 4th June, 2013.

3.2 Specific Valuation Methods

There are several methods available for the valuation of a mineral prospect ranging from the most favoured DCF analysis of identified Reserves to the more subjective rule-of-thumb assessments such as the Yardstick

or Empirical methods or Comparative Value/Similar Transactions method. These methods are discussed above in Section 2.0.

4.0 Project Information

4.1 Indonesia - Sumatra

4.1.1 Introduction

PRL is an Australian based, Indonesian focussed, exploration company. PRL holds the rights, via an offtake arrangement with PT Atoz, to a promising coal exploration tenement in West Sumatra, an area regarded as an emerging coal province. Coal mining in West Sumatra is an embryonic business with mining conducted along very primitive lines. There has been no systematic exploration carried out over any of the known coal deposits. PRL plans to be the first company to utilise best practice exploration techniques to explore coal deposits of West Sumatra. The Company's objective is to be the first company to delineate a JORC Code Compliant Resource in West Sumatra.

Given the success of other local producers throughout the district, and the encouraging coal outcrops in the area, there is reasonable potential to establish a mining operation within the project area.

The PT Atoz production IUP covers 192.1ha in the Pesisir Selatan Regency, Padang in the district of West Sumatra, Indonesia. Coal deposits occur sporadically throughout the district.

The coal strata at Atoz belong to the Painan Formation and coal occurs as 18-22°NW dipping seams that strike from northeast to southwest. Geological interpretation shows that the seam in the main pit area extends for at least 400m along strike. There is a potential strike-length of 1.0km and possible multiple seams within the tenement. To the extreme west of the tenement is another outcrop area indicating some 300m of strike.

PRL plans to acquire and assess all GIS data sets for the district with a view to generating additional prospective targets within the area.

Given the success of other local producers throughout the district, and the encouraging coal outcrops in the area, there is reasonable potential to identify a sizeable resource within the project area.

4.1.2 Location and Access

The PT Atoz Project at Painan is situated at coordinates 01° 19' 15" South Latitude, 100°35'40" East Longitude, approximately 900km northwest of Jakarta (Fig 1 & 3). The climate is tropical, with wet season rainfall of up to 2,000mm. The vegetation is mainly forest with stunted trees due to past logging and the high presence of volcanic outcrops in the district. The stream run-off is seasonal and the region has traditionally supported subsistence agriculture.

Painan is located 50km south of Padang (76km by road) and the journey on a good bitumen road takes 2-3 hours. The main site is 5km from the coast in low foothills. There are several daily scheduled airline flights between Jakarta and Padang.



Figure 3: PRL Tenement Location on DTM Map.

The tenement is located within 10km of the coast. Small shipments of coal are currently being dispatched from Padang. Small coastal traders transport the coal to market where consolidation of cargo is possible prior to sale on the International market if not used for local consumption.

4.1.3 Tenure

During February 2009, Indonesia's new Law 4/2009 on Mineral and Coal Mining came into effect, replacing Mining Law No. 11/1967. Under the previous Indonesian national law, the mid-tier companies involved in the activities of mineral exploration, development and production are primarily regulated by the *Kuasa Pertambangan* ("KP"). The SKIP is issued upon application and allows for initial survey for a two month period. The KP is issued over a specific area with separate permits granted for each of the five stages of operation, as following:

- General survey - 2 years
- Exploration - 3 to 5 years renewable
- Exploitation (mining) - up to 30 years
- Processing and refining, transport and sale.

The New Mining Law, which was implemented in February 2009, provides that KP authorisations will be collapsed into a single form of mining right, known as an Ijin Usaha Pertambangan ("IUP") within a set timeframe. The IUP license is a legally binding agreement which appoint the investor (foreigner/national) as

exclusive contractor for a specified area. The first issue is the Exploration IUP, which authorises activities from general survey, exploration through to mining feasibility. For manganese the maximum period that an Exploration IUP can be held is eight years. With the grant of the first permit, the company has the automatic right to second issue of permit that allows for commercial mining and production. This second permit, Production IUP, is valid for 20 years with two 10 year extensions.

The project area contains coal bearing sediments. PRL has the rights to an IUP covering 192.1ha of ground prospective for coal (Fig 3).

| Type | Tenement No | Current owner | PRL share | Mineral | Granted | Expires | Area (ha) |
|------------------|----------------------|--------------------------|-----------|---------|------------|------------|-----------|
| IUP Exploitation | 516/466/Kpts-PS/2098 | PT Atoz Nusantara Mining | 100% | Coal | 28/10/2009 | 28/10/2017 | 192.1 |

Table 1: Tenement Details for the PRL Coal Project.

Environmental Impact Assessment (“Amdal”) has been completed, submitted and approved for the tenement.

There are no known forest areas in the district. Mining is permissible and there are no significant issues foreseen with forestry classification items.

4.1.4 Geology

4.1.4.1 Regional Geology

Indonesia is the largest archipelago in the world, comprising five major islands and 300 smaller island groups. There are some 18,000 islands in total of which 6,000 are inhabited. The archipelago is situated where the Pacific and Indian Oceans join. Tectonically, the country is bounded by the south-eastern extension of the Eurasian Plate, to the south and west by the Indian Ocean Plate and to the east by the Philippine Sea and Pacific Plates (Fig 3).

The margins of these Plates are colliding, resulting in the consumption of plates along subduction zones, the creation of volcanic arcs and formation of compressional and oblique slip structures.

The physiographic setting of the Indonesian archipelago is dominated by two continental shelves. The Sunda Shelf lies to the west and the Sahul Shelf lies to the east, separated by a geologically complex region of deep sea basins and island arcs. The Banda Arc, a west facing horse-shore shaped arc in eastern Indonesia, defines the locus of the three converging and colliding major plates. Splinters of the Mesozoic southern Tethyan crust now form the base of the Banda Sea and on the surrounding islands, dismembered ophiolites can be found in high mountains. The Banda Terrane is regard as a dismembered, high level nappe consisting of forearc basin and volcanic arc lithologies.

During the early mid Miocene period, a volcanic island arc of basaltic volcanoes emerged as a result of the subduction of part of the Pacific oceanic plate beneath the Eurasian continental plate. Pillow lavas on Timor represent a late stage of this volcanism. Sedimentation in restricted offshore and onshore basins gave rise to calc-arenites and marls. During the late Miocene, a new period of volcanism commenced with magmas of andesitic composition. Eruptions were violent, with large blocks and lapilli-crystal lithic tuffs being ejected and falling into onshore and offshore sedimentary basins.

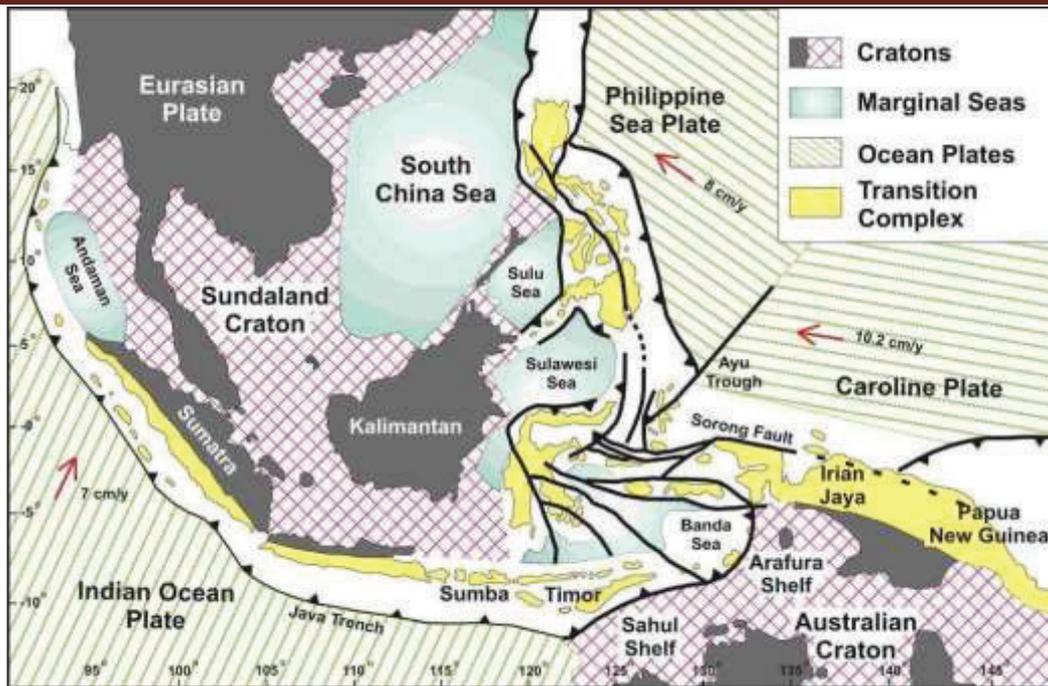


Figure 4: Tectonic Setting of Indonesia.

Fringing coral reefs began to form in the early Pliocene period, to be followed by a major event in Indonesia geological history, namely the reaction between the Indian, Pacific and Eurasian plates. Uplift of at least 300m occurred and the orientation of the outcrops of the district was set with NW trending and shallow NE dipping beds. These landforms have been recently modified by Quaternary erosion.

Sumatra Island is the most northwest oriented physiographic expression, affixed on the western edge of Sundaland, a southern extension of the Eurasian Continental Plate (Fig 4). Sumatra Island has an area of about 435,000km², measuring 1650km from Banda Aceh in the north to Tanjungkarang in the south. Its width is about 100-200km in the northern part and about 350km in the southern part. The main geographical trendlines of the island are rather simple. Its backbone is formed by the Barisan Range which runs along the western side. This region divides the west and the east coasts. The slope towards the Indian Ocean is generally steep, consequently the west belt is mostly mountainous, with the exception of two lowland embayments in north Sumatra which are about 20km wide. The eastern belt of the island is covered by broad, hilly tracts of Tertiary Formations and alluvial lowlands. At Diamond Point, in Aceh, this low eastern belt has a width of about 30km and its width increases to 150-200km in central and south Sumatra.

Sumatra Island is interpreted to be constructed by collision and suturing of discrete micro-continents in late Pre-Tertiary times. At the present-day, the Indian Ocean Plate is being subducted beneath the Eurasian Continental Plate in a N20°E direction at a rate of between 6-7cm/yr. This zone of oblique convergence is marked by the active Sunda Arc Trench system which extends for more than 5000km, from Burma in the north to where the Australian Plate is in collision with Eastern Indonesia in the south. The basinal configuration of Sumatra is directly related to the presence of the subduction induced non-volcanic forearc and the volcano-plutonic back-arc that comprise the morpho-structural backbone of the Island.

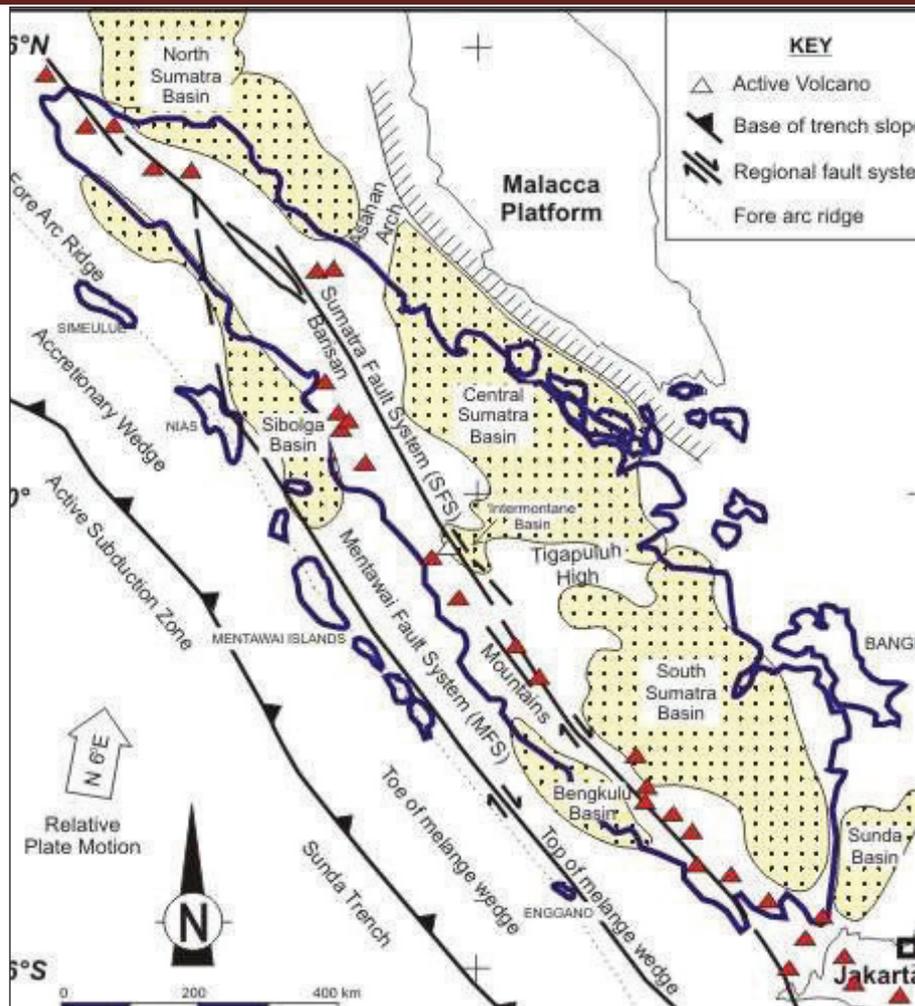


Figure 5: Regional Geological Setting of Sumatra Island.

In general the region can be divided into five regions (Fig 4).

- Sunda outer-arc ridge, located along the active margin of the Sunda forearc basin and separate from the trench slope
- Sunda forearc basin, lying between the accreting non-volcanic outer-arc ridge with submerged segments, and the volcanic back arc of Sumatra
- Sumatra back arc basins including North, Central and South Sumatra basin. The system developed as distinct depressions at the foot of the Barisan range
- Barisan mountain range that occupies the axial part of the island and is composed mainly of Permo-Carboniferous to Mesozoic rocks
- Sumatra intra-arc or intermontane basin, separated by subsequent uplift and erosion from this former depositional area, thus with similar lithologies to the fore-and back-arc basins.

4.1.4.2 Atoz Tenement Local Geology

The tenement area lies immediately west of the Barisan Range where volcanics dominate with minor granitic intrusions exposed. Underlying the volcanics are remnants of basinal sediments that were developed unconformable over basement rocks. These sediments are of relatively thin extent but in some areas are coal bearing. The sediments are deformed to varying degrees dependant on the local stress regime.

The local rocks stratigraphically present are:

Qal – Recent silt, sand, mud, clay and gravel deposits.

Qou – Undifferentiated acid volcanic rocks comprising lava, crustal and vitric tuff, tuff, tuff-breccia, ignimbrite and obsidian of acid to intermediate composition. Obsidian occurs in the upper reaches of S. Teboin Bukit Cermin. These rocks are dacitic in composition. The crystal tuff is composed of quartz and feldspar with a matrix of silica, chlorite hornblende and calcite that locally contain andesite fragments. A few banded rhyolite flows also occur. Aplite, dacitic quartz porphyry and andesite dykes occur locally. These rocks are interpreted to be early Quaternary in age.

Tomp – are Oligo-Miocene volcanic rocks with minor amounts of sedimentary rocks. The volcanics consist of lava, breccia, tuff breccia, crystal tuff ignimbrite, and lithic tuff, mostly andesitic with detrital sandy clay, glass, and chert with cement of glass, calcite, quartz, and feldspar. Crystal tuff contains abundant feldspar and quartz with a groundmass of sericitic clay mineral, and glass, included arkose, bituminous shale, shaley coal, tuffaceous sandstone, andesitic tuff and tuff breccia. Sedimentary rocks south of G. Kerinci is inferred to be Oligo-Miocene in age. Thickness reaches 700 m. In the Painan Quadrangle mining occurs in the Painan Formation.

Tgr – granite that occurs mainly as biotite granite, quartz porphyry and graphic granite. The granite occurs as cores within granodiorite stocks in the area south of G. Kernici. These granites are inferred to be of Middle Miocene age because of their association with the granodiorite stocks.

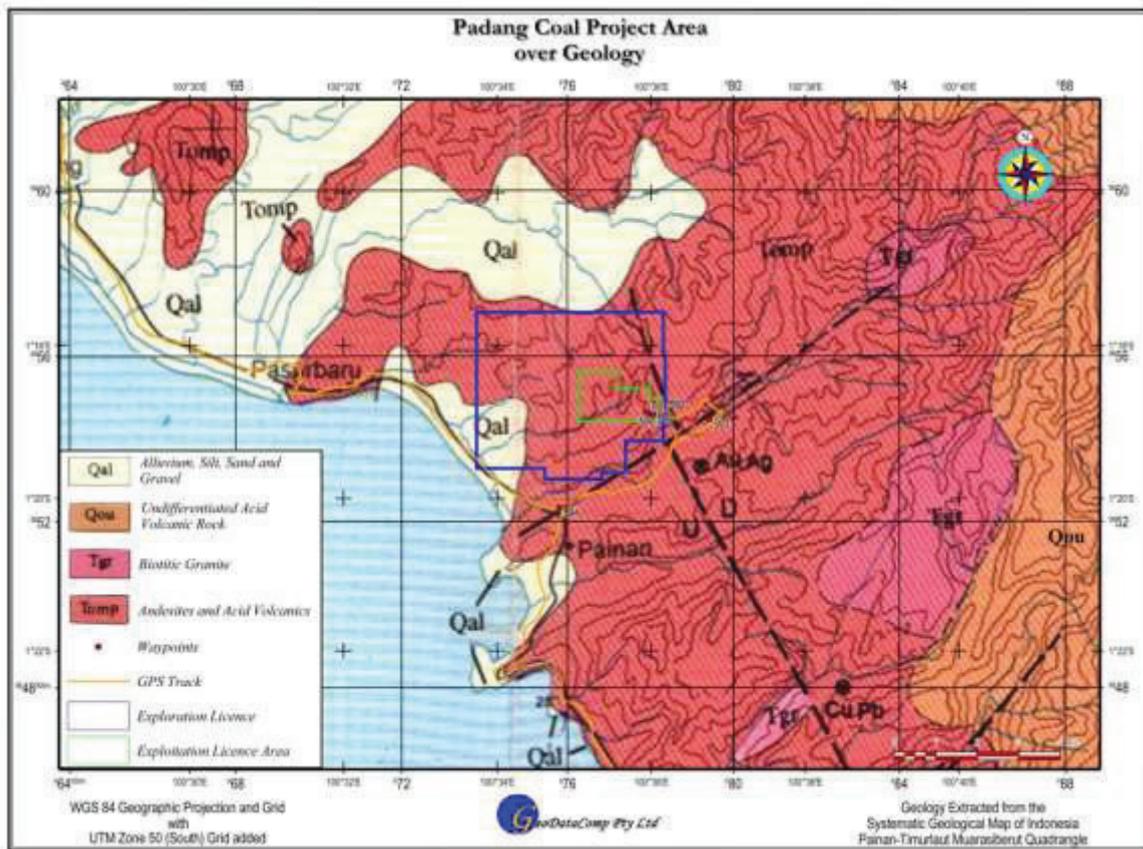


Figure 6: Local Geological Map with PRL Tenements.

The local geological map is inaccurate to the extent that it does not show the outcropping sediments. The area requires detailed mapping to show the remnant overlying volcanic flows and dykes that served to metamorphose the coal with a significant increase in rank.

4.1.4.3 Local Working Areas

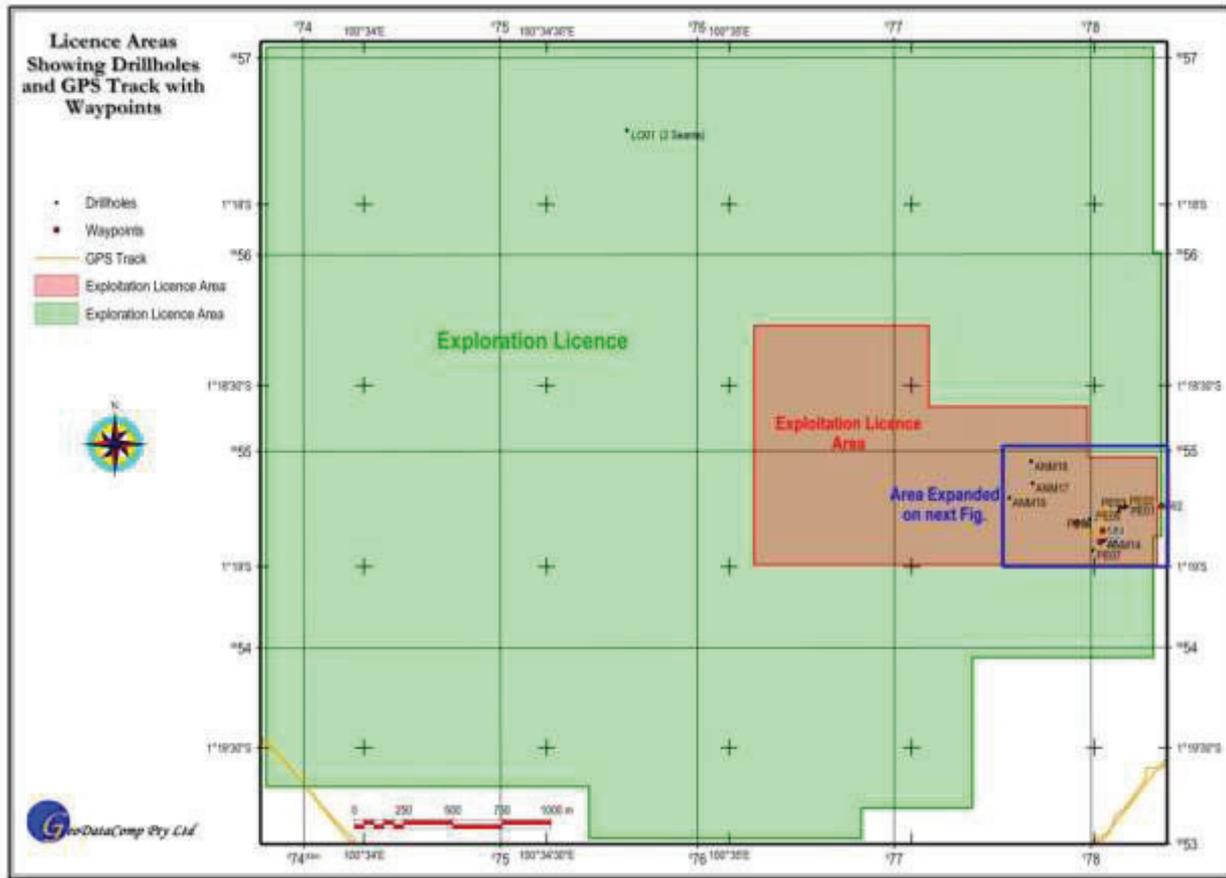


Figure 7: PRL Tenement area Local Drillhole Collar Map.

Good exposures of the coal mineralisation can be viewed in the working areas. Coal occurs above ferruginous, laminated sandstone above a lower limestone unit (Figs 8 to 11). There are indications that this laminated sandstone has been faulted.

At WP589 a strike of 220° with a dip 22° NW was observed to an approximately 2m wide seam within a surface stripped area at an elevation of 126m (Fig 7). At WP590 the footwall to the seam is exposed in small pit at an elevation of 130m.

A short distance to the northwest at WP591 on a small hilltop at an elevation of 155m is an exposure in the road cutting with black shale over-lying thin coal seams of unknown quality; the strike is 250° with a dip of 18° NW (Fig 8).

From here a footpath goes about 1km west to a manually mined coal area where exposure is poor with a dip and strike the same as main mined area.

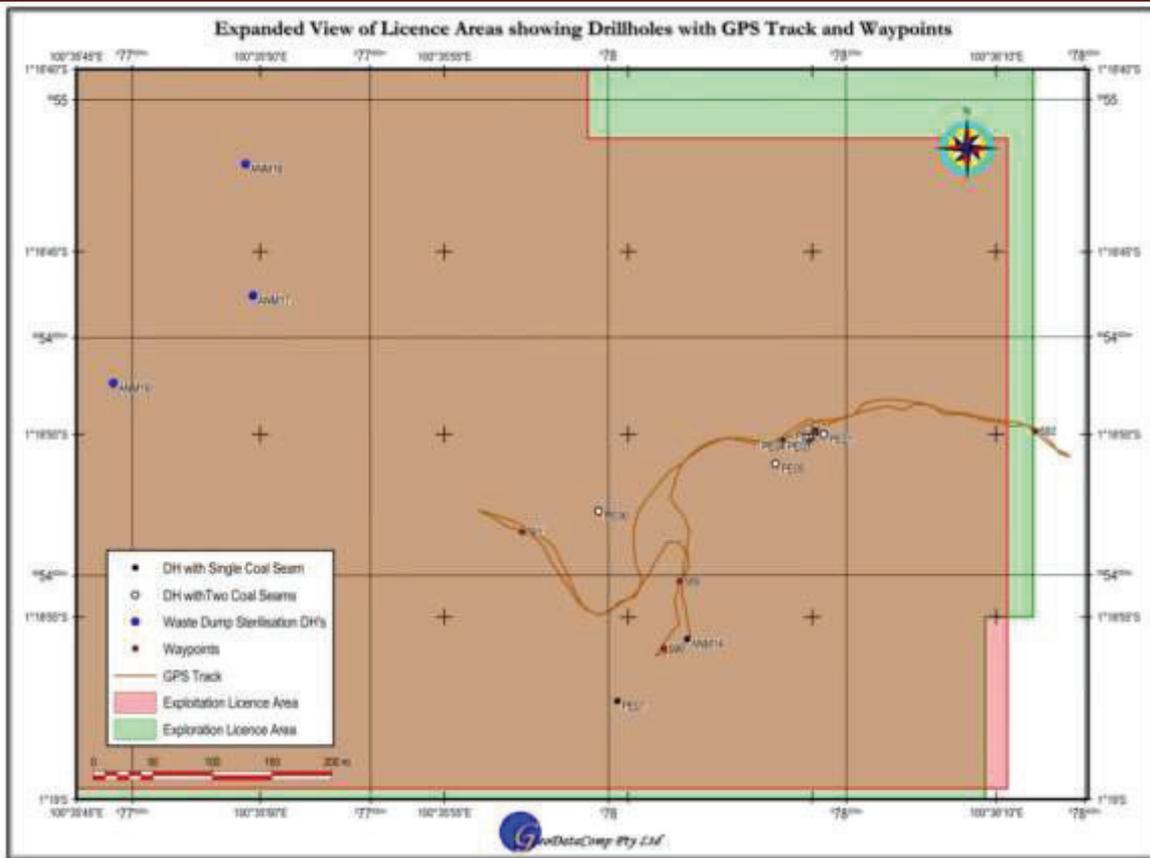


Figure 8: Expanded Map of Main Painan Coal Outcrop Area.

Strike continuity implies that at least approximately 400m of strike can be observed with sporadic outcrops that are yet to be fully substantiated by mapping. The rising ground to the large hill in the down-dip direction could limit an open pit to the northeast unless coal seam width is substantially thicker.

Observed mine faces have seams that range in thickness from 0.5 to 2.0m where the coal occurs as bedding parallel veins and stringers. The seams zone dips at 18-22° to the NW with a possible strike extension of over 1km.

There is a distinct possibility that there could be duplication of horizons both as multiple beds and with local strike length on the tenement increased by folding. The generally thin shale parting to the two seams indicates that washing the coal may produce a cleaner, more valuable, saleable product.



Figure 9: (L) WP589 View S to Cleared Mining Area, (R) View over Stripped Area of WP589.



Figure 10: (L) Unclean Footwall of Seam, (R) Coal in NW Face of Pit.



Figure 11: (L) WP589 Pit Exposing Main Seam Footwall, (R) View of Hill Covering a Portion of the Down-dip Pit Area.

4.1.5 Previous Exploration.

Limited details of earlier exploration are available elucidating drilling that was undertaken with an underpowered “Power Rig” with extremely limited depth capacity.

Where holes did achieve coal seam intersections no samples were sent for assay, so the intersections are only useful as partial volume indicators. Poor records for 28 holes for 445.39m are available with major information presented in Table 2 below.

Figures 6 and 8 show the holes that did achieve seam intersections, other holes have been omitted from the maps as they generally were lost in hard formations prior to reaching target depth. Additional drilling using appropriate equipment is required.

| Hole ID | Longitude E | | | Latitude S | | | z | Depth m | Coal From | Coal To | m | Notes |
|-----------|--------------|----|------|------------|----|------|-----|---------------|-----------|---------|------|-------|
| | ° | ' | " | ° | ' | " | | | | | | |
| PE01 | 100 | 36 | 05.3 | 01 | 18 | 50.0 | 84 | 3.54 | 0.25 | 0.85 | 0.6 | |
| | | | | | | | | 0 | 1.10 | 2.70 | 1.6 | |
| PE02 | 100 | 36 | 05.1 | 01 | 18 | 49.9 | 86 | 3.60 | 2.00 | 3.15 | 1.15 | |
| PE03 | 100 | 36 | 04.9 | 01 | 18 | 50.2 | 91 | 2.00 | 0.60 | 1.85 | 1.25 | |
| PE04 | 100 | 36 | 04.2 | 01 | 18 | 50.2 | 94 | 3.40 | 2.00 | 3.25 | 1.25 | |
| PE05 | 100 | 36 | 04.0 | 01 | 18 | 50.8 | 96 | 3.80 | 2.00 | 2.50 | 0.50 | |
| | | | | | | | | 0 | 2.70 | 3.87 | 1.17 | |
| PE06 | 100 | 35 | 59.2 | 01 | 18 | 52.1 | 110 | 7.00 | 4.20 | 4.70 | 0.50 | |
| | | | | | | | | 0 | 5.25 | 6.60 | 1.35 | |
| PE07 | 100 | 35 | 59.7 | 01 | 18 | 57.3 | 116 | 2.10 | 1.25 | 2.10 | 0.85 | |
| LO01 | 100 | 34 | 43.2 | 01 | 17 | 47.7 | 72 | 3.55 | 1.40 | 1.90 | 0.50 | |
| | | | | | | | | 0 | 2.25 | 3.05 | 0.80 | |
| ANM01 | | | | | | | | 24.00 | 12.50 | 14.00 | 1.50 | |
| ANM02 | | | | | | | | 7.90 | | | | Short |
| ANM03 | | | | | | | | 18.00 | | | | Short |
| ANM04 | | | | | | | | 23.00 | | | | Lost |
| ANM05 | | | | | | | | 25.00 | 11.80 | 13.10 | 1.30 | |
| ANM06 | | | | | | | | 18.50 | | | | Short |
| ANM07 | | | | | | | | 23.50 | | | | Short |
| ANM08 | 100 | 35 | 59.3 | 01 | 18 | 52.0 | 129 | 6.00 | | | | Lost |
| ANM09 | 100 | 36 | 00.2 | 01 | 18 | 56.5 | 131 | 25.00 | | | | Short |
| ANM10 | 100 | 35 | 57.3 | 01 | 18 | 57.0 | 143 | 30.50 | | | | Short |
| ANM11 | 100 | 35 | 58.0 | 01 | 18 | 56.2 | 137 | 10.50 | | | | Lost |
| ANM12 | 100 | 35 | 57.0 | 01 | 18 | 57.8 | 144 | 25.50 | | | | Short |
| ANM13 | | | | | | | | 17.50 | 9.80 | 10.20 | 0.40 | Lost |
| ANM14 | 100 | 36 | 01.6 | 01 | 18 | 55.6 | 130 | 33.0 | 24.50 | 25.35 | 0.85 | |
| ANM15 | 100 | 35 | 59.1 | 01 | 18 | 56.3 | 130 | 15.00 | | | | Lost |
| ANM16 | 100 | 35 | 49.6 | 01 | 18 | 42.6 | 143 | 27.00 | | | | WD |
| ANM17 | 100 | 35 | 49.8 | 01 | 18 | 46.2 | 134 | 27.00 | | | | WD |
| ANM18 | 100 | 35 | 49.8 | 01 | 18 | 46.2 | 132 | 9.00 | | | | Twin |
| ANM19 | 100 | 35 | 46.0 | 01 | 18 | 48.6 | 126 | 17.5 | | | | WD |
| ANM20 | | | | | | | | 33.0 | | | | |
| 28 | Total | | | | | | | 445.39 | | | | |

Table 2: PRL Partial Drillhole Data.

The location of LO1, provided the data is correct, indicates additional potential in the northwest of the tenement; however a ground check is required (Fig 6).

Quality of the anthracitic coal is approximately 7,400kcal/kg based on assays, mostly for the 5,000t material sold to date and the other a recent pit channel sample (Table 3).

The recent sample taken from the working pit faces was analysed in a Korean Laboratory and clearly indicates the coal is anthracite.

| Date | Type | ∑H ₂ O% ar | Inh. H ₂ O% adb | Ash% adb | Vol % adb | FC% adb | ∑S% adb | CV kcal/kg adb | HGI |
|-------------|---------|--------------------------|----------------------------------|-------------|-----------------|------------|------------|----------------------|-----|
| Jan 2006 | Bulk | 8.32 | 7.06 | 8.92 | 4.00 | 80.02 | 1.00 | 6,921 | 32 |
| May 2008 | Bulk | 11.96 | 4.95 | 9.00 | 14.93 | 71.12 | 2.33 | 7,004 | |
| I Dec 2008 | Bulk | 5.34 | 4.26 | 6.27 | 4.99 | 84.48 | 2.32 | 7,391 | |
| II Dec 2008 | Bulk | 4.79 | 3.79 | 5.81 | 4.69 | 85.71 | 2.69 | 7,524 | |
| II Dec 2008 | Bulk | 5.04 | 4.36 | 5.95 | 4.48 | 85.21 | 2.65 | 7,469 | |
| Sept 2010 | Bulk | 3.6 | 2.17 | 8.04 | 5.69 | 84.10 | 2.33 | 7,476 | 33 |
| Korea 2012 | Channel | na | 1.17 | 10.98 | 6.47 | 81.38 | 2.76 | 7,410 | na |

Table 3: PRL Coal Sample Material Results.

4.1.6 Exploration Potential

Limited work has been completed at the tenement and mapping is required with associated trenching and drilling to define the full potential.

There are several companies producing coal in the district.

The potential of the Atoz Project could be significant. The geological setting at the pits is identical indicating one coherent target zone. Due to the elevation of the seam and the surrounding topography limited underground mining could also be considered provided coal quality and local rock strength and a lack of weathering will permit mining thereby creating additional upside.

No Target Mineralisation estimates can be attempted until more reliable data is collected.

There could be other seams on the tenement but these need full ground-truthing with the aid of detailed mapping, geophysical survey and interpretation and subsequent investigation in detail. The full true potential of the project cannot be estimated until drilling of targets has occurred but there is undoubtedly potential for significant tonnages of anthracitic coal.

A comprehensive exploration program has been proposed supported by an A\$1.525 million budget.

4.1.7 PT Atoz Conclusions

The development of high-grade coal has been confirmed at various sites within the tenement. Interpretation of satellite imagery indicates that there could be other seams in the area. Painan is an encouraging exploration target in an area considered to hold significant potential.

The harbour at Padang is being expanded and deepened. The tenement is within 50km of the harbour. Once this development has been completed it will be possible to export coal in bulk carriers direct to clients instead of the current smaller parcel handling used at present.

Coal mining in West Sumatra is an embryonic business with mining conducted along very primitive lines. There has been no systematic exploration carried out anywhere so the economic potential of the region remains untested.

The PT Atoz Project has merit since it is situated over ground that has not been subjected to best systematic, modern day exploration methodology. Accordingly an Exploration Budget of US\$1.525 has been allocated.

4.2. Australia – New South Wales

4.2.1 Wiagdon Introduction

The Neo regional scale Wiagdon Thrust Gold Project tenements in eastern NSW, 180km northwest of Sydney, comprise a package of 11 Exploration Licences (“EL”) where Neo has earned a 70% interest. The tenements cover a number of primary gold and gold-antimony prospects and alluvial gold workings in the Lachlan Fold Belt in northern New South Wales (Fig 12).

The original Oroya data review indicated that despite the Project being located within an historically significant gold and antimony province, there has been little modern exploration for gold, antimony or base metals within the area. Neo will focus its search on gold and base metals targets within large scale disseminated gold, gold-antimony and copper-gold deposits, vein gold stockworks and epithermal gold systems; secondary target types are high grade quartz vein and placer gold deposits.

4.2.2 Location, Access and Infrastructure

The project is located in eastern NSW, with its centre being 180km northwest of Sydney (Fig 1) within the Dubbo and Bathurst 1:250,000 sheet areas. It covers approximately 110km of strike, from just north of Sofala village in the south to beyond Gulgong in the northwest.

Infrastructure and access in the region is excellent. Grazing, cropping, horticulture, quarrying and mining of coal and magnetite are the principal economic activities. Only a small part of the region is Crown Land. The town of Mudgee is the geographical centre of the prospective belt within the tenement area. The exploration area encompasses low timber clad ranges and open grasslands where the principal land use is pastoral agriculture. Sealed and good quality gravel roads enable good access to all parts of the area.

Oroya obtained permission from private land owners and public land managers to gain access for their low impact stream sediment sampling and reconnaissance geology. Neo will negotiate further access with land holders.

4.2.3 Tenement Details

The Project consists of 11 granted ELs, with expiry dates ranging from May, 2013 to May 2014 (Table 4). The aggregate area of the licences is 674 blocks covering approximately 1,925km², and the aggregate annual expenditure requirement on them is currently \$1,024,500.

A renewal application for EL7756 was submitted prior to the expiry date and advice from the department is awaited.

| Type/No | Area - Blocks | Current owner | Neo share % | Mineral | Granted | Expires | Expenditure Commitment AS 000s |
|----------|---------------|---------------|-------------|---------|-----------|-----------|--------------------------------|
| EL 6627 | 30 | Neo | 70 | Group 1 | 6-9-2006 | 5-9-2014 | 77 |
| EL 6628 | 44 | Neo | 70 | Group 1 | 6-9-2006 | 5-9-2014 | 82 |
| EL 6629 | 37 | Neo | 70 | Group 1 | 6-9-2006 | 5-9-2014 | 76 |
| EL 6789 | 22 | Neo | 70 | Group 1 | 28-5-2007 | 28-5-2014 | 52 |
| EL 7548 | 78 | Neo | 70 | Group 1 | 28-5-2010 | 21-5-2014 | 108 |
| EL 7549 | 98 | Neo | 70 | Group 1 | 28-5-2010 | 21-5-2014 | 128 |
| EL 7550 | 85 | Neo | 70 | Group 1 | 28-5-2010 | 21-5-2014 | 115 |
| EL 7551 | 100 | Neo | 70 | Group 1 | 28-5-2010 | 21-5-2014 | 130 |
| EL 7552 | 73 | Neo | 70 | Group 1 | 28-5-2010 | 21-5-2014 | 103 |
| EL 7553 | 100 | Neo | 70 | Group 1 | 28-5-2010 | 21-5-2014 | 130 |
| EL 7756* | 7 | Neo | 70 | Group 1 | 31-5-2011 | 31-5-2013 | 23.5 |
| Total | 674 | | | | | | 1024.5 |

Table 4: Tenement Details for the Neo Wiagdon Project.

*A renewal application for EL7756 has been submitted and Department advice is awaited.

4.2.4 Geological setting

4.2.4.1 Regional geology

The Wiagdon Project is situated within the Lachlan Fold Belt (“LFB”) one of several orogenic fold belts making up the large system of sedimentary, volcanic and intrusive rocks known as the Tasman Fold Belt System which underlies much of Australia’s eastern continental margin (Vandenberg et.al., 1992).

Rocks of the LFB outcrop extensively throughout New South Wales and Victoria. Internally, the belt is composed of a series of anticlinoria and synclinoria zones aligned on parallel north to NW trends, with associated regional scale faults of varying magnitude. Granites have commonly been intruded preferentially into anticlinorial zones.

Stratigraphic ages vary across the full extent of the Palaeozoic, from Cambrian to early Carboniferous. Four orogenic episodes have resulted in extensive folding, strong compression, uplift and metamorphism which have influenced the LFB. Various types of hydrothermal mineralising events commonly occurred during the waning phases of these orogens (Fig 13).

Gold and base metal mineralisation styles within the LFB are diverse and fall within a broad continuum of host rock types, structural settings and mineralogy. From an economic perspective, the most important of these include porphyry (intrusive-hosted) copper-gold, orogenic quartz-hosted gold and associated alluvial gold, epithermal gold-silver and sediment-hosted quartz gold-antimony.

Regionally the Parkes, Young, Molong, Capertee and Murrumbidgee-South Coast Zones are ‘structural highs’ or anticlinoria, with mainly Cambrian to Silurian rocks exposed. The Mt. Foster-Tumut, the Cowra-Yass, the Hill End (formerly known as the ‘Hill End Trough’), Captains Flat and the Goulburn Zones are structural lows (‘synclinoria’) containing younger Silurian-Carboniferous sequences. Major faults comprise the boundaries between most of the folds, and significant mineral deposits are frequently associated with these structures.

The project area straddles the contact between the Hill End Zone to the west and the Capertee Zone to the east, the contact being defined by the Wiagdon Thrust fault zone.

Within the three structural highs of Parkes, Molong and the Capertee Zones, and also part of the Cowra-Yass Zone which partially overlies portions of the Molong Zone, substantial belts of early Ordovician to early Silurian basic volcanic and intermediate intrusive rocks comprise the Macquarie Arc, which is host to some major recent mineral deposit discoveries and developments. These include the very large Cadia Valley and the large North Parkes porphyry copper-gold deposits, the Cowal epithermal gold deposit and the Wyoming-Caloma orogenic gold deposits. Towards the western margin of the Hill End Zone, the recent McPhillamy discovery occurs in sulphidic Silurian volcanics and sediments, which has positive implications for the project coverage of the northeastern margin of the Hill End Zone.

The first officially sanctioned gold discovery in Australia was made in 1851 at Ophir on the western margin of the Hill End Zone, about 40km SW of Sofala. There is no official record of gold production by area in NSW prior to 1875 but some significant gold production from the project area would undoubtedly be included in the 232t of gold reported in NSW government records prior to 1875.

Significant historical alluvial and hard-rock gold production is recorded from the northern Hill End Trough, mostly from outside the project area but immediately adjacent to it, with reported production in excess of 129t of gold (4.15Moz). Recorded production from the Gulgong, Mudgee, Sofala, Hill End, Hargraves and Windeyer goldfields is 67t of gold (2.15Moz). The largest hard-rock production of 20.7t (666,000oz) was from Hawkin’s Hill at Hill End less than 20km west of the project and Gulgong with more than 17.3t of gold, partly from hard-rock sources and Hargraves with 8.6t were the largest alluvial goldfields.

The locations of the better-documented alluvial gold leads within and adjoining the project area are shown in Fig12. It is believed that additional leads to those shown were also worked at various times, but have not been compiled into the official records such as in the Crudine area in the southern part of the project area. The map also indicates that the hard-rock sources of some of these alluvial deposits may be located within the southern half of the project area.

Part of the actual production from all of these goldfields may have been from within the project area since Cambells Creek could have been reported with Hargreaves-Winder-Pyramul and that from the Box Ridge may have been included with Hill End and Sofala. There are also many historical small workings with unknown production in the Sofala and Gulgong environs.

Gold has also been recorded from some antimony occurrences, including 50-100t of stibnite (SbS_2) with “several hundred ounces of gold” mined at the Razorback Mine.

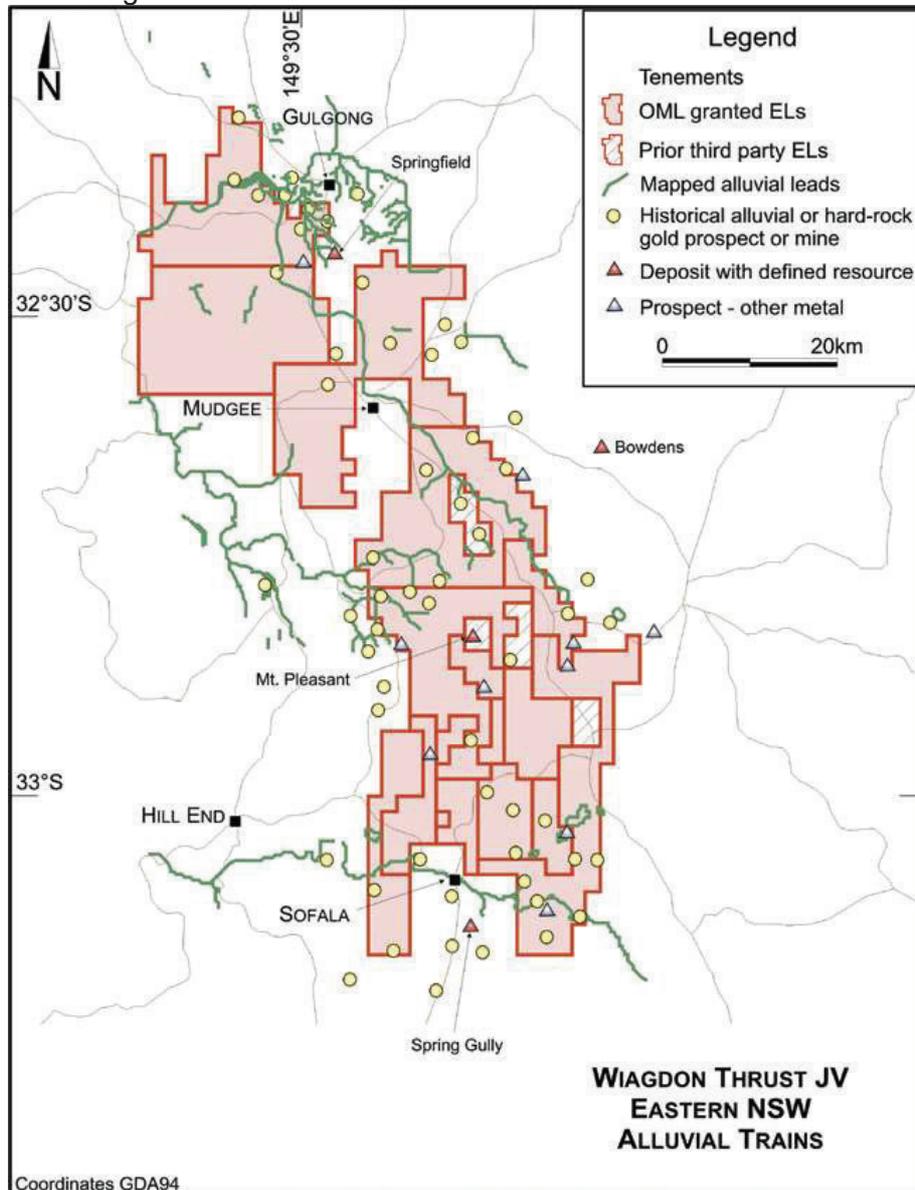


Figure 12: Wiagdon Area Main Alluvial leads.

Two styles of hard-rock gold mineralisation have been worked in the region:-

- Nuggetty style gold in quartz veins and
- Fine grained gold sometimes in sulphides.

The later style of mineralisation that was less attractive to nineteenth century miners is the main focus of the Neo exploration programs.

4.2.4.2 Local Geology

The project area straddles the contact between the Hill End Zone to the west and the Capertee Zone to the east, the contact being defined by the Wiagdon Thrust Fault Zone locally termed the Wiagdon Fault in the south of the area and the Mudgee Fault in the north (Fig 13).

The Capertee Zone consists of Ordovician mafic to intermediate volcanics, sediments and minor intermediate intrusive bodies as the Sofala Volcanics in the south, and the Buranah Volcanics in the north, representing the NE belt of the Macquarie Volcanic Arc (“MVA”). These are overlain by a complex sequence of Silurian and Devonian sediments including extensive limestones and intermediate and acid volcanics which have been complexly folded and faulted. Mafic to intermediate volcanics and associated volcanoclastic sediments of the Macquarie Arc rocks are an important host to porphyry copper-gold mineralisation in the Molong and Parkes Zones, to the west which host Cadia, Copper Hill and Northparkes.

The Hill End Trough is a more regular, but broadly folded and locally faulted sequence of Silurian and Devonian mostly deep water marine sediments and acid volcanics. The Trough first opened during the early Silurian in an extensional tectonic environment. The acid volcanics deposited in the trough resulted from the evolution and extrusion of granitic magmas, derived from the melting of silica-rich continental crust, in contrast to the deeper, silica-poor mantle source of the MVA rocks.

During the mid-Devonian and again in the Carboniferous, the Trough was subjected to compressional forces from the northeast, resulting in cessation of deposition, and complex folding and faulting of the sediments and volcanics deposited in them. Further shallower rifting occurred in limited areas during the middle and late Devonian with the extrusion of more evolved acid volcanics and widespread deposition of terrestrial to very shallow marine sediments in a continental setting.

By the end of the Devonian an essentially stable continental crust had formed in the area. Late magmatic activity, in the Carboniferous probably associated with the subduction of the New England plate beneath the young continent from the east-northeast resulted in the intrusion of a series of granite bodies across the area, most notably the Aarons Pass Granite in the east of the project area. Acid volcanic rocks extruded nearby during the opening of the Sydney Basin to the east during the may be associated with the conclusion of that magmatic event.

Remnants of the flat-lying Permian sediments occur within the project area and are locally limit exposures. Finally during the Tertiary widespread volcanic centres extruded basaltic lavas over the continental surface. No precious or base metal mineralisation is associated with this event, but remnants of lava flows and volcanic vents exist in the project area.

Two WNW trending structural corridors, known as the Lachlan and Hunter River Transverse Zones (“LTZ”, “HRTZ”), are depicted in Figure 1. These corridors, active from at least the Early Ordovician until the late Tertiary, are the envelopes of bands of crustal structures which cut the Lachlan Fold Belt fabric at high angles. They are believed to be deep-seated structures that had a significant influence in localising mineralisation.

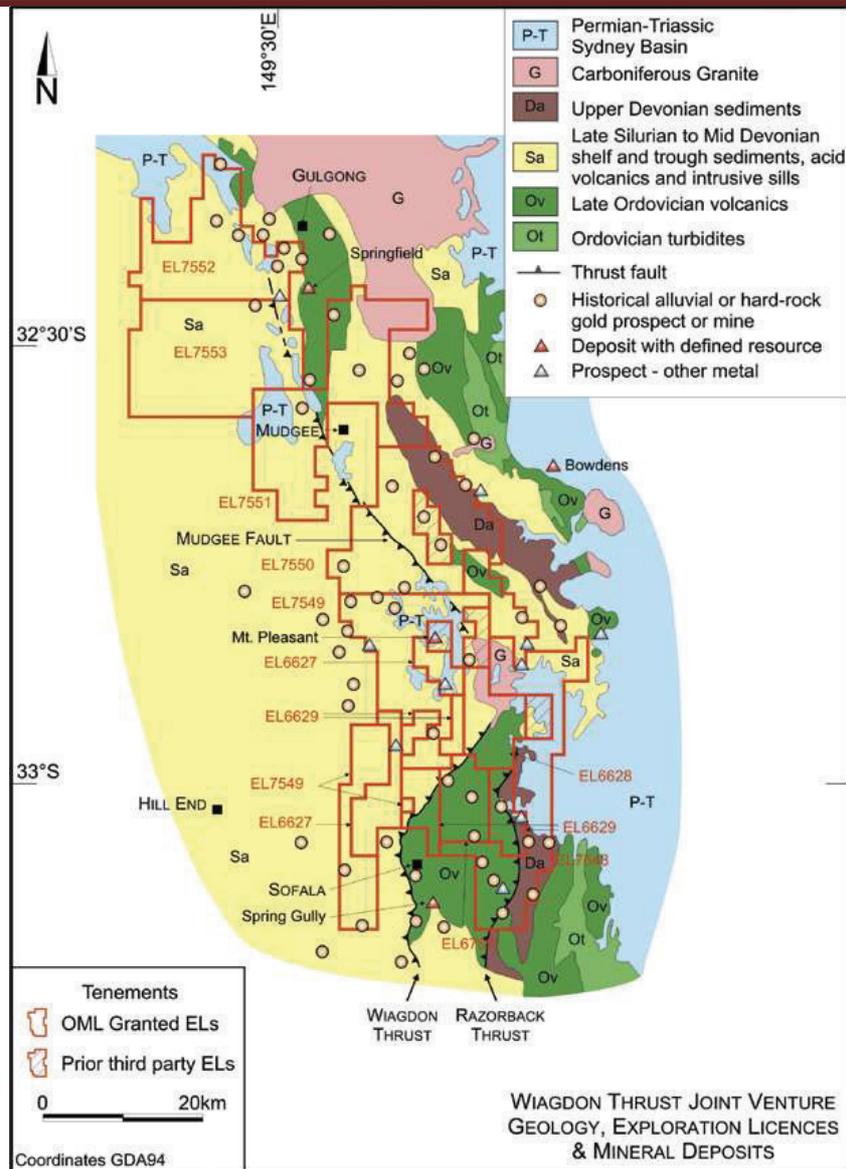


Figure 13: Wiagdon Project Regional Geology with Tenements and Major Mineral Deposits.

4.2.4.3 Exploration History

The Oroya detailed review of prior exploration in the region identified that a large number of exploration programs have been undertaken in and around the project area for gold and base metals as well as for a number of other metallic and non-metallic commodities since the 1960s.

The exploration was directed at copper, lead-zinc, silver, molybdenum, tungsten, diamonds, barytes, kaolin, limestone and dolomite. Deposit types sought were gold in veins and vein-stockworks, antimony ± gold, granite-hosted gold, porphyry copper-gold, lead-zinc in skarn deposits, epithermal silver and gold, base metals in stratiform VMS deposits, tungsten in quartz vein-stockworks, and molybdenum in porphyry systems and greisens. From about 1980 onwards, a number of sub-economic to economic discoveries were made, including:

- Mt. Pleasant - a porphyry molybdenum-tungsten deposit within a concealed cupola of the Carboniferous Aarons Pass Granite with a resource of 32.5Mt at 0.074% MoS. Some strongly anomalous gold values were obtained from several rock chip samples collected from outcrops peripheral to the prospect.
- Bowdens - an epithermal silver-base metals deposit within Permian rhyolites, to the north of Lue. Resources total 18.8Mt at 99g/t silver, 0.32% lead and 0.37% zinc, for a contained silver content of approximately 60Moz.
- Spring Gully - gold mineralisation in quartz-carbonate network veins of Carlin Style fault- sediment-sulphide mineralisation with anomalous arsenic and antimony in Silurian Chesleigh Formation sediments

beneath the late Ordovician Sofala Volcanics. A thrust fault separates the two formations. A resource of 3.6Mt at 1.0g/t gold was estimated by Gold Fields Exploration within the main area of drilling.

- Springfield - located between Gulgong and Mudgee, quartz-carbonate-arsenopyrite-pyrite fracture fillings in the altered eastern margin of a monzodiorite dyke was discovered by International Mining Corporation N.L. and later drilled by Newcrest Mining, for a resource of 1.44Mt at 1.43g/t gold. Mineralisation is classified as a disseminated orogenic gold deposit, and shows many geological similarities to the Alkane Wyoming deposits at Tomingley. It lies at the head of the Springfield Gully Alluvial Lead which was worked in the late nineteenth and early twentieth centuries and was essentially concealed by shallow overlying alluvium.

The Oroya review identified that the majority of the project area had not been adequately sampled for the target types sought. Only limited sampling and analysis had been undertaken for the key indicator suites copper-gold, antimony-gold or gold-arsenic that might identify the geochemical footprints of potentially large disseminated fine gold or gold base metal systems. It has only recently been possible to undertake regional geochemical exploration for these mineralisation styles using sampling and analytical methods of the appropriate sensitivity. This includes great advances in the understanding of regolith influences on geochemistry, sampling methods and sample representivity, and in cost-effective laboratory instrumental techniques to achieve reliable and repeatable element detection at parts-per-billion levels.

These historical shortcomings have been compounded by the very limited drilling in or near the project area. Almost all drilling undertaken has been shallow and wide-spaced of only a reconnaissance nature with no deep drilling. Neo is building on the Oroya database generated from work from 2006-9 that generally focused only on geochemical surveys.

Oroya's main program was regional-scale geochemical stream sediment sampling across the project area in which both coarse fraction and fine fraction samples were collected from each of more than 700 sample sites (Fig 14). The coarse fraction (-2mm) was analysed by the BLEG cyanide leach technique for gold and the fine fraction (-80#, equivalent to -180 micron) was analysed by the ICP-MS and ICP-AES techniques for a broad element suite including gold, antimony and arsenic.

Analytical results outlined seven large areas of anomalous metal values defined by various associations of BLEG and ICP gold and supporting elements (Fig 15). Key anomalies include:

- Crudine – an area of Siluro-Devonian sedimentary rocks around the Crudine settlement including the Edwards antimony-gold mine (Fig 16), Stinking Water Creek and Sugarloaf Creek. Analytical values obtained include BLEG to 3,076ppb gold, and (from the -80# fraction) up to 4ppb gold, 2,850ppb antimony, 12ppm arsenic, 127ppm Zn and 1,500ppb molybdenum.

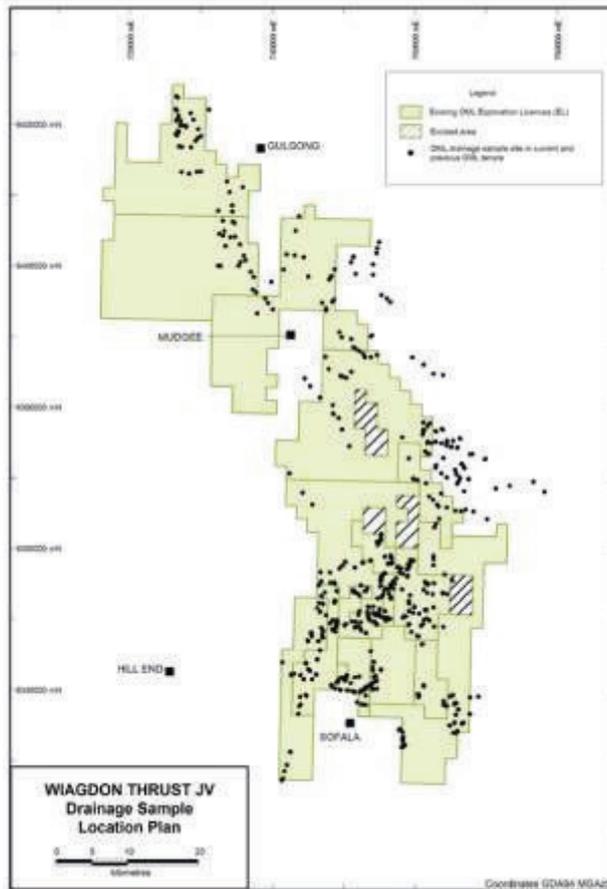


Figure 14: Wiagdon Project Stream Sediment Sites.

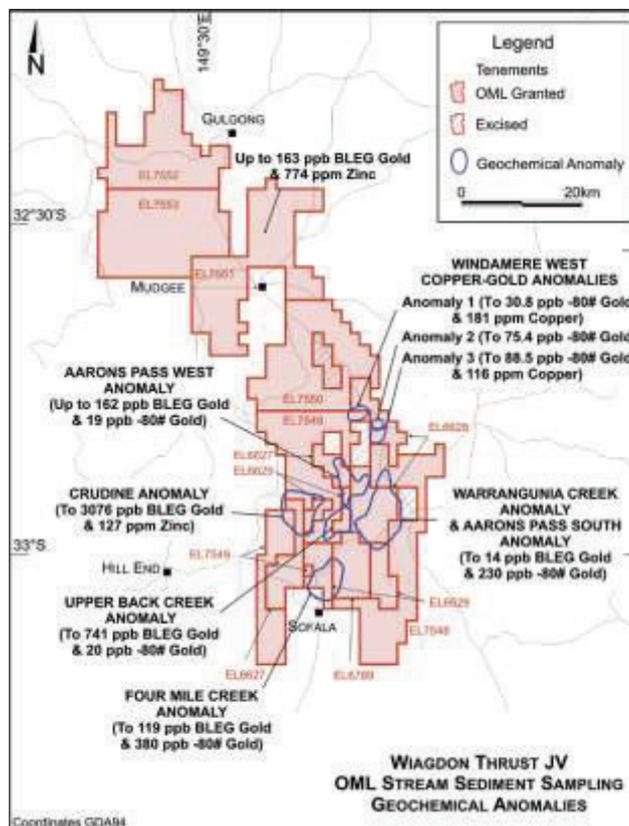


Figure 15: Wiagdon Project Key Stream Sediment Anomalies.



Figure 16: Crudine-Edwards Adit with quartz-limonite stockwork in sediments with Antimony-Gold Mineralisation.

- Upper Back Creek is a north-south anomalous zone in Siluro-Devonian rocks in the headwaters of Back Creek, east of Crudine, immediately west of the important Wiagdon Thrust. Some small historical gold mines are situated within this area and are believed to be partly the source of the anomaly. Analytical results include BLEG to 741ppb gold, and from the -80# fraction, up to 20ppb gold, 3,930ppb antimony, 39ppm arsenic, 280ppb mercury, 380ppb bismuth and 138ppm zinc.

The distinctly anomalous antimony values (higher than in small gullies draining the Edwards antimony mine area) indicates that the area warrants priority follow-up for possible Fosterville-style mineralisation, including around known gold mines. Two mullock samples with no vein quartz collected from old mine dumps returned 2.0ppm and 1.7ppm gold.

- Warrungia Creek and Aaron's Creek Pass South anomalies include the NNE trending Warrungia Creek anomaly in Ordovician Sofala Volcanics between the Wiagdon Thrust in the west and the Razorback Thrust in the east. The anomalous area is essentially continuous with the Upper Back Creek anomaly to its west, but is distinguished by anomalous copper values associated with anomalous gold values and by the older volcanic bedrock. Molybdenum and bismuth are anomalous with analytical BLEG results to 14ppb gold, and -80# fraction to 230ppb gold, 1,560ppb antimony, 86ppm arsenic, 160ppb silver, 104ppm copper, 1,560ppb molybdenum and 2,510ppb bismuth.

- The Aarons Pass West area is continuous northwards from the Upper Back Creek area in Siluro-Devonian rocks west of the Wiagdon Thrust and has a stronger and more extensive geochemical response. It covers the Glasscock base metals prospect. Analytical results include BLEG to 162ppb gold, and -80# to 19ppb gold, 174ppm arsenic, 7,890ppb antimony, 950ppb silver, 103ppm lead, 491ppm zinc, 150ppb mercury, 1,240ppb molybdenum and 970ppb bismuth.

Extensive quartz veining is present 3km SE of the Glasscock base metals prospect, and two samples from rock outcrop in a creek gave 25ppm and 23ppm silver, up to 950ppm arsenic, 802ppm bismuth, 250ppm copper, 461ppm lead, 204ppm antimony, 386ppm zinc, and anomalous tungsten and tellurium.

- The Windamere West area has been resolved into three discrete anomalies which have been delineated in five broad drainage cells that drain a late Silurian shelf-and-slope sequence on the western margin of the Capertee Zone, just to the northeast of the Mudgee Fault (Fig 8).

Anomaly 1 has gold values within the 3.3x2.0km area that range from 4.0-30.8ppb, copper from 85-181ppm and arsenic from 8.6-15.4ppm. At the base of the Millsville Formation, some large limestone lenses and an apparent rhyolite dome (high-level intrusive) complex have been mapped, and these are seen as significant potential sources for the anomalous metals (i.e. possible carbonate replacement and skarn-hosted gold mineralisation; and epithermal gold mineralisation within auto-brecciated rhyolite domes

and around the margins of the domes). Rhyolite domes intruded to high levels within contemporaneous sediments and volcanoclastics frequently host low-sulphidation epithermal gold- silver deposits. There is also potential for a fine gold source in carbonaceous mudstones of the Toolamanang Formation.

Anomaly 2 falls within a small 1.8x1.6km drainage cell within the Toolamanang Formation, 1.5km to the east of the rhyolite dome complex. Gold values range from 6.4-75.4ppb, copper from 76-84ppm, and arsenic from 3.3-5.7ppm.

Anomaly 3 is 3x2km and falls within parts of two large drainage cells largely within the Toolamanang Formation, with the base of the Millsville Formation exposed along its western margin. Most of the anomaly lies within the magnetic aureole of the Aarons Pass Granite which outcrops at the southern extremity of the anomaly area suggesting that the granite extends under much of the anomaly area at shallow depth, and that there is a genetic connection between the granite, skarn occurrences and aplite dykes. Within the anomaly gold values range from 1.3-88.5ppb, copper from 19-116ppm, arsenic from 4.2-17.4ppm, molybdenum from 0.58-1.21ppm and tin from less than detection level to 11ppm.

- The Four Mile Creek returned up to 119ppb gold by BLEG and in -80# samples to 380ppb gold, with copper to 212ppm, arsenic to 44ppm and weakly anomalous molybdenum to 1.3ppm. This extensive area in Ordovician volcanics may partly reflect anomalies discovered by previous explorers, such as the Mead's and Dry Flat Creek prospects, but some strongly anomalous values are interpreted to have other sources. A rock sample of float from east of the Mead's Prospect area returned 256ppm copper, 271ppm zinc and 218ppm arsenic.

Neo have recently processed and enhanced NSW government acquired airborne geophysical data to use in ongoing interpretation of geological and geochemical data, and to further classify and rank geochemical anomalies for follow-up exploration work. An example of this 'work in progress' is presented in Figure 17. The most intense and coherent red areas are the response to Tertiary basalt plugs and flows most of which are located outside the project area. Less intense and less coherent red to yellow zones represent Ordovician volcanic sequences and Carboniferous I-type granite intrusions.

In the extreme south of the image, the Ordovician Sofala Volcanics, sediments and intrusives are evident as a broad green area, with spotty red and yellow highs. The Four Mile Creek anomaly falls within a strong clustering of the magnetic highs, and a very coherent intense high to the south reflects an intensely magnetic area of Ordovician mafic volcanics. The arcuate intense high to the east of the Four Mile Creek Anomaly, lying mostly to the east of the project is mapped Tertiary basalt.

Further north, generally between the Aarons Pass South, Aarons Pass West and Windamere West geochemical anomalies, an annular magnetic high is the Aarons Pass Granitic intrusion. This is known to extend at shallow depths beneath the surrounding rocks, represented by a broad green area in the image, with a small double-peaked high to the west identified by extensive diamond drilling as the Mt. Pleasant porphyry molybdenum-tungsten deposit.

In the extreme north of the image, east and southeast of Gulgong a large area of highs reflects a number of Carboniferous granitic intrusives and to the immediate southwest and south of Gulgong, several intense highs represent Tertiary basalt.

It is significant that the Aaron's Pass Granite was emplaced at a major flexure in the Wiagdon Thrust System and that at least one strongly mineralised system, the Mt. Pleasant Deposit, was evolved from part of this intrusion. The granite appears to have been emplaced along an east-west structure which would have been active from the Carboniferous through to the Tertiary. Late stage differentiates have been mapped extending from this granite, generally along the thrust system, to the NW and for considerable distances to the SW, and the image suggests that further cupolae of the granite may exist at depth along the structure, beneath the Four Mile Creek anomaly and beyond. Such intrusive bodies with associated hydrothermal activity in a strongly fractured belt of rocks strongly enhances the prospectivity of this area with a cluster of weakly anomalous stream sediment copper values in the area of the Four Mile Creek Anomaly.

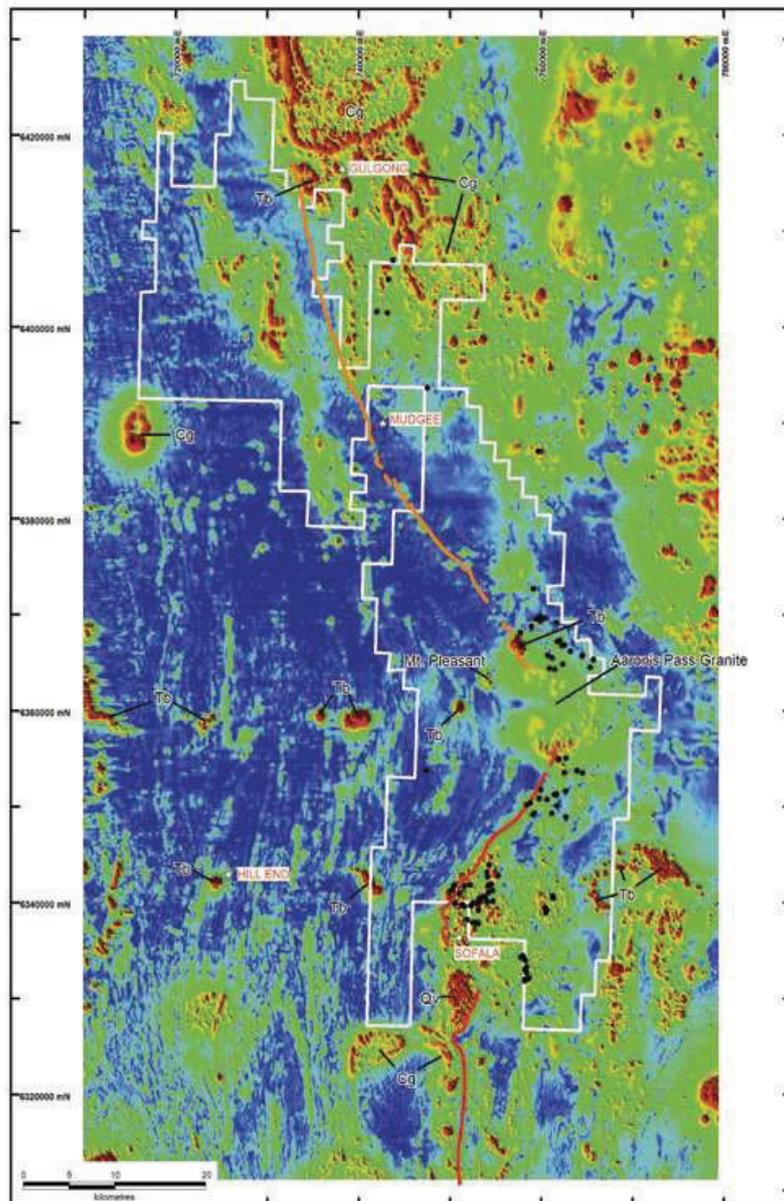


Figure 17: Wiagdon Project TMI with >55ppm Cu Sample Sites.
 *Trace of Wiagdon Thrust (red) and Mudgee Fault (orange)

4.2.5 Wiagdon Project Potential

The Neo exploration program is directed at the discovery of large tonnage, medium-grade, fine-grained gold deposits. The primary target models are Fosterville-style sulphide gold deposits, McPhillamys'-style shear-hosted deposits, Carlin-style replacement gold targets, and porphyry-style and intrusion-related molybdenum-tungsten deposits. Secondary targets include Orogenic Quartz Lodes, Wyoming-Caloma style fracture veinlet systems, skarn-hosted base metal-gold deposits, and porphyry-style copper-gold deposits.

- The Fosterville gold deposits with +2.5Mozs Au in central Victoria occur in similar sedimentary rocks to those along the eastern margin of the Hill End Trough, and are localised along a high-angle thrust fault. The very fine gold occurs within arsenic and antimony-rich sulphides with minor quartz which have partly replaced sandstone horizons against the major and secondary faults. Individual lenses of mineralisation are up to 400m long. This mineralisation style was not obvious to early prospectors who mainly targeted massive quartz reefs and has also not been a target of many modern explorers.

Within the project area antimony mineralisation is widespread, as are gold and arsenic geochemical anomalies, and sulphide-locked gold has been reported in arrays of quartz-carbonate veinlets at a

number of locations. Recognition of this style of mineralisation would be difficult where it is deeply weathered, and possibly largely obscured by soil cover, the widespread alluvial cover and older cover rocks.

- The McPhillamys +3.0Moz Au Deposit is situated 60km to the SW of the project area on the western margin of the Hill End Trough is a recent major discovery, with very limited surface expression (Alkane, 2009). The mineralisation occurs in fine sulphides hosted by sheared Silurian acid volcanics and sediments, close to the major Godolphin Fault, which is the bounding structure to the Hill End Trough in that area. Little is known of the genesis of the deposit, but a number of additional lenses of mineralisation may be present along strike, and they would have potential to boost the tonnage. A discrete lens of low-grade zinc sulphide mineralisation is present along one side of the drilled mineralised body.

The potential for the development of similar geological processes that existed at McPhillamys is considered to be high within the project area due to the comparable structural setting, the presence of similar lithologies and proximity to intrusive bodies. The surface expression of such mineralisation is also likely to be subtle.

- Carlin style deposits were originally identified in northern Nevada and constitute one of the world's greatest sources of gold, most of it being discovered and mined since the middle of the twentieth century. They occur near a major thrust fault (Radtke, 1985). The deposits mainly occur in strongly altered Palaeozoic limey siltstones, with strongly enriched levels of arsenic, antimony and hydrocarbons, and the gold is typically very fine-grained. Combined with the common presence of thick cover rocks identification was difficult. There are some similarities between this style of deposit and the Fosterville style.

Potential for Carlin-style deposits exists in the various limestone-bearing sequences along the Wiagdon Thrust, and the Ordovician volcanic \pm chert \pm limestone sequences in the Sofala-Four Mile Creek and Windamere West areas.

- Sub-economic porphyry-style molybdenum-tungsten mineralisation exists in a small cupola or stock of the Aarons Pass Granite and there is high potential for non-outcropping repetitions of this style either on the flanks of the main granite and to the NW and SE in the vicinity of the fault system.

Associated styles of molybdenum-tungsten mineralisation, including sheeted quartz vein deposits and limestone replacement skarn bodies could also have developed close to the Aarons Pass Granite and its derivatives. Scheelite rich skarns may produce only a weak magnetic signature thereby eluding discovery by traditional prospecting and surface exploration.

- The Bendigo reefs in central Victoria are the best examples of Orogenic Slate Belt Quartz Leads with gold mineralisation. Close to the project area substantial gold production was obtained from bedding-parallel thick quartz vein sets at Hill End and from large quartz saddle-reefs at Hargraves which closely resemble those deposits exploited in central Victoria. The gold mineralisation in the Hill End Trough is believed to have been emplaced either during a middle Devonian deformation event or during the major early Carboniferous deformation event.
- The Wyoming and Caloma Deposits discovered by Alkane Resources occur in Ordovician volcanics and sediments where fracture systems have developed along the margins of and across more competent feldspar-porphyry sills. They are regarded as a type of orogenic style gold deposit that are anomalous in arsenic and situated between two major fault systems.

The Springfield deposit south of Gulgong is very similar to this style of deposit and there is potential for the discovery of similar mineralisation mainly in the Burranah Volcanics at the northern end of the project area.

- Significant lead-zinc-silver skarn mineralisation and gold deposits were mined from Silurian Dungree acid volcanics and sediments intruded by early Carboniferous granitoid bodies at Leadville 37km north of

Gulgong. The ore was rich in pyrite, pyrrhotite and magnetite and very responsive to Induced Polarisation surveying. Similar rock sequences, intruded by Carboniferous granite bodies, exist within the tenements south of Mudgee.

- Potential also exists for the discovery of porphyry and intrusion-related quartz-sulphide stockwork copper and gold deposits within the Ordovician volcanic units within the project area.

The proposed exploration program includes:

- completion of the remaining 40% of the regional stream sediment sampling
- additional review and compilation of historic exploration data for selected areas prior to follow up field work on geochemical anomalous areas with local infill sampling programs as required
- compilation and interpretation of all available geophysical data
- grid-based soil geochemical and rock chip sampling to identify probable bedrock source areas for the sediment geochemical anomalies
- delineate alluvial deposits within follow up areas to evaluate their potential to obscure gold source areas in bedrock and as indicators of nearby bedrock sources
- geological mapping and rock sampling of defined follow up areas including petrographic examination of altered rock types with compilation and interpretation of obtained data
- ground geophysical surveying where appropriate to aid definition of drill targets
- drilling of prime bedrock targets to directly test apparent mineralisation and to identify definitive vectors to mineralisation

AM&A's opinion is that a reasonable pro-forma budget of \$2M has been prepared by Neo.

5.0 Valuation of the Projects

5.1 Introduction

To determine a fair market value several aspects need to be considered. As there is only exploration potential the DCF method is not applicable. The Kilburn Method is considered to generate such a wide range of values that it is not relevant here. Therefore a form of the Empirical Method is considered appropriate for the Painan Project and the MEE method is used for the Wiagdon Project since detailed exploration expenditure is available and described below.

5.2 MEE and Empirical Method

We consider Exploration Potential as a measure of worth and in this valuation have used the MEE method applied to exploration expenditure multiplied by selected factors as described above to arrive at valuation conclusions for Wiagdon. Working details are provided in Appendix 1 and Appendix 2 (=Table 6) lists the tenement corner point details.

For the PT Atoz Project in Indonesia an empirical estimation was used based on potential strike length, width of possible pit and seam thickness potential. An in situ value of A\$10 per tonne was then applied (the royalty style payment due to Atoz from production have also been ignored).

The results from these estimation processes are summarised in Table 2. Comparable transactions or other methods are not considered applicable here as we are valuing the exploration potential and not resources and have not sighted any recent similar comparable transactions for either region.

For the exploration potentials in both countries, it is the writer's opinion that the current cash value for 100% of the PT Atoz Project is A\$6.7 million from within the range of A\$2.3 million to A\$14.9 million as at 4th June 2013. The cash value for 100% of the Wiagdon JV Project is considered to be A\$5.3 million from within the range of A\$4.7 million to A\$5.8 million as at 4th June 2013 and the Neo 70% share is accordingly valued at a preferred A\$3.7 million from within the range A\$3.3 million to A\$4.1 million. The combined cash value of both projects is considered to be A\$10.4 million from within the range A\$5.6 million to A\$19.0 million.

| Holder | Preferred | Low | High |
|----------|-----------|------|------|
| | A\$M | A\$M | A\$M |
| Neo | 3.7 | 3.3 | 4.1 |
| PRL | 6.7 | 2.3 | 14.9 |
| Combined | 10.4 | 5.6 | 19.0 |

Table 5: Current Cash Value Ranges for the Neo and PRL Projects.

6.0 Conclusion

The development of high-grade coal has been confirmed at various sites within the Painan Project. Painan is an encouraging exploration target in an area considered to hold significant potential.

Coal mining in West Sumatra is an embryonic business with mining conducted along very primitive lines. There has been no systematic exploration carried out anywhere so the economic potential of the region remains untested. The Painan Project has merit since it is situated over ground that has not been subjected to best systematic, modern day exploration methodology. Accordingly an Exploration Budget of US\$1,525 has been allocated.

The Neo exploration program is directed at the discovery of large tonnage, medium-grade, fine-grained gold deposits. The primary target models are Fosterville-style sulphide gold deposits, McPhillamy's-style shear-hosted deposits, Carlin-style replacement gold targets, and porphyry-style and intrusion-related molybdenum-tungsten deposits. Secondary targets include Orogenic Quartz Lodes, Wyoming-Caloma style fracture veinlet systems, skarn-hosted base metal-gold deposits, and porphyry-style copper-gold deposits. Preliminary geochemical and aeromagnetic evidence indicates that all these styles of mineralisation may be identified within the project area.

For the exploration potentials at both projects, it is the writer's opinion that the current cash value for 100% of the PT Atoz Project is A\$6.7 million from within the range of A\$2.3 million to A\$14.9 million as at 24th June 2013. The cash value for 100% of the Wiagdon Project is considered to be A\$5.3 million from within the range of A\$4.7 million to A\$5.8 million as at 24th June 2013 and the Neo 70% share is accordingly valued at a preferred A\$3.7 million from within the range A\$3.3 million to A\$4.1 million. The combined cash value of both projects is ascribed at A\$10.4 million from within the range A\$5.6 million to A\$19.0 million.

Yours faithfully,



Allen J. Maynard BAppSc(Geol), MAIG, MAusIMM.

Competent Persons Statement

The information in this report which relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Brian Varndell, a Fellow of the Australasian Institute of Mining & Metallurgy ("AusIMM") and independent consultant to the Company. Mr Varndell is a consultant of Al Maynard & Associates Pty Ltd and has many years of experience in exploration and mining in a variety of mineral deposit styles. Mr Varndell has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Varndell consents to inclusion in the report of the matters based on his information in the form and context in which it appears.

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8.0 Glossary of Technical Terms and Abbreviations

| | |
|-----------------|--|
| Aeromagnetic | A survey made from the air for the purpose of recording magnetic Survey characteristics of rocks. |
| Alluvial | Transported and deposited by water. |
| Complex | An assemblage of rocks or minerals intricately mixed or folded together. |
| Conformable | Beds deposited upon one another in uninterrupted sequence. |
| Conglomerate | Sedimentary rock formed by the cementing together of rounded water- worn pebbles, distinct from breccia. |
| Diamond drill | Rotary drilling using diamond impregnated bits, to produce a solid continuous core sample of the rock. |
| Dip | The angle at which a rock layer, fault of any other planar structure is inclined from the horizontal. |
| Dyke | A tabular intrusive body of igneous rock that cuts across bedding at a high angle. |
| Fault | A fracture in rocks on which there has been movement on one of the sides relative to the other, parallel to the fracture. |
| Felsic | Descriptive of an igneous rock which is predominantly of light coloured minerals (antonym: of mafic). |
| Footwall | Rocks underlying mineralisation . |
| Granite | A coarse grained igneous rock consisting essentially of quartz and more alkali feldspar than plagioclase. |
| Intercept | The length of rock or mineralisation traversed by a drillhole. |
| JORC | Joint Ore Reserves Committee- Australasian Code for Reporting of Identified Resources and Ore Reserves. |
| Magnetic Survey | Systematic collection of readings of the earth's magnetic field. |
| Mineralisation | In economic geology, the introduction of valuable elements into a rock body. |
| Ore | A mixture of minerals, host rock and waste material which is expected to be mineable at a profit. |
| Outcrop | The surface expression of a rock layer (verb: to crop out). |
| Palaeochannel | A drainage channel of the geological past which may be buried. |
| Palaeozoic | A time period from approximately 590 to 225 million years ago. |
| Porphyry | A rock with conspicuous crystals in a fine-grained ground mass. |
| Primary | Mineralisation which has not been affected by near surface mineralisation oxidising process. |
| Proterozoic | The geological age after Archaean, approximately 570 to 2400 million years ago. |
| Quartz | A very common mineral composed of silicon dioxide-SiO ₂ . |
| Quaternary | A division of geological time ranging between 1.8 million years and the present. |
| RAB | Rotary Air Blast (as related to drilling)—A drilling technique in which the sample is returned to the surface outside the rod string by compressed air. |
| RC | Reverse Circulation (as relating to drilling)—A drilling technique in which the cuttings are recovered through the drill rods thus minimising sample losses and contamination. |
| Recent | Geological age from about 20,000 years ago to present (synonym: Holocene). |
| Reconnaissance | A general examination or survey of a region with reference to its main features, usually as a preliminary to a more detailed survey. |
| Remote Sensing | Geophysical data obtained by satellites processed and presented Imagery as photographic images in real or false colour combinations. |

Neo – Perpetual – Independent Appraisal of Mineral Projects

| | |
|----------------|--|
| Reserve | In-situ mineral occurrence which has had mining parameters applied to it, from which valuable or useful minerals may be recovered. |
| Resource | In-situ mineral occurrence from which valuable or useful minerals may be recovered, but from which only a broad knowledge of the geological character of the deposit is based on relatively few samples or measurements. |
| Sandstone | A cemented or otherwise compacted detrital sediment composed predominantly of quartz grains. |
| Shear (zone) | A zone in which shearing has occurred on a large scale so that the rock is crushed and brecciated. |
| Stratigraphy | The succession of superimposition of rock strata. Composition, sequence and correlation of stratified rock in the earth's crust. |
| Strike | The direction or bearing of the outcrop of an inclined bed or structure on a level surface. |
| Subcrop | The surface expression of a mostly concealed rock layer. |
| Syncline | A fold where the rock strata dip inwards towards the axis (antonym: anticline). |
| Ultramafic | Synonymous with ultrabasic. |
| Unconformable | Descriptive of rocks on either side of an unconformity. |
| Unconformity | Lack of parallelism between rock strata in sequential contact, caused by a time break in sedimentation. |
| Volcanic | Relating to the eruption of a volcano. |
| Volcaniclastic | Describes clastic fragments of volcanic origin. |

CHEMICAL SYMBOLS

| | | | |
|----|------------|----|-----------|
| Ag | Silver | As | Arsenic |
| Au | Gold | Bi | Bismuth |
| Cu | Copper | Mn | Manganese |
| Mo | Molybdenum | Ni | Nickel |
| Pb | Lead | Zn | Zinc |

ABBREVIATIONS

| | | | |
|-----------------|------------------|----------------|------------------|
| B | billion | cm | centimetre |
| ha | hectare | km | kilometre |
| km ² | square kilometre | m | metre |
| m ² | square metre | m ³ | cubic metre |
| mm | millimetre | M | million |
| t | tonne | tpa | tonnes per annum |

UNITS OF CONCENTRATION

| | | | |
|-----|-------------------|-----|-------------------|
| ppb | parts per billion | ppm | parts per million |
|-----|-------------------|-----|-------------------|

Appendix 1: Valuation Worksheets

NEO – NSW Tenements

| Tenement | Grant | Blocks | Exp to 2012 | MEE Factor | Total \$ | Low 90% | High 110% | Data |
|----------|------------|--------|----------------|------------------|------------------|-------------|-------------|---------------|
| EL6627 | 6/09/2006 | 30 | \$553,696 | 1.40 | \$775,174 | | | ss & mag |
| EL6628 | 6/09/2006 | 44 | \$729,722 | 1.50 | \$1,094,583 | | | good ss & mag |
| EL6629 | 6/09/2006 | 37 | \$640,062 | 1.50 | \$960,093 | | | good ss & mag |
| EL6789 | 28/05/2007 | 22 | \$293,553 | 1.40 | \$410,974 | | | ss & mag |
| EL7548 | 21/05/2010 | 78 | \$137,701 | 1.20 | \$165,241 | | | minor ss |
| EL7549 | 21/05/2010 | 98 | \$875,684 | 1.20 | \$1,050,821 | | | minor ss |
| EL7550 | 21/05/2010 | 85 | \$151,659 | 1.20 | \$181,991 | | | minor ss |
| EL7551 | 21/05/2010 | 100 | \$166,357 | 1.20 | \$199,628 | | | minor ss |
| EL7552 | 21/05/2010 | 73 | \$130,932 | 1.20 | \$157,118 | | | ss & mag |
| EL7553 | 21/05/2010 | 100 | \$167,419 | 1.40 | \$234,387 | | | good ss & mag |
| EL7756 | | | \$29,108 | 1.20 | \$34,930 | | | minor ss |
| | | | \$3,875,893 | | \$5,264,940 | | | |
| | | | | Total \$M | 5.26 | 4.74 | 5.79 | |
| | | | | Neo 70% | 3.69 | 3.32 | 4.05 | |
| | | | | | Preferred | Low | High | |
| | | | Rounded | NSW @ 70% | 3.7 | 3.3 | 4.1 | |
| | | | | INDONESIA | 6.7 | 2.3 | 14.9 | |
| | | | | A\$M | 10.4 | 5.6 | 19.0 | |

PEC- Indonesian Tenements

| Type | Tenement No | Current owner | PRL share | Mineral | Granted | Expires | Area (ha) |
|------------------|----------------------|--------------------------|---------------|------------|--------------|------------------|-----------|
| IUP Explorasi | TBA | PT Atoz Nusantara Mining | 100 | Coal | TBA | TBA | 1686.00 |
| IUP Exploitation | 516/466/Kpts-PS/2098 | PT Atoz Nusantara Mining | 100 | Coal | 28/10/2009 | 28/10/2017 | 192.08 |
| East Area | | | | | | | |
| | Strike | Width (Horiz) | Seam m | SG | t | In situ \$/t | Val M\$ |
| Min | 400 | 150 | 2 | 1.5 | 180000 | 10 | 1.80 |
| Main | 700 | 200 | 3 | 1.5 | 525000 | 10 | 5.25 |
| Max | 1000 | 250 | 3 | 1.5 | 1125000 | 10 | 11.25 |
| West Area | | | | | | | |
| Min | 150 | 100 | 2 | 1.5 | 45000 | 10 | 0.45 |
| Main | 250 | 150 | 3 | 1.5 | 140625 | 10 | 1.41 |
| Max | 400 | 200 | 3 | 1.5 | 360000 | 10 | 3.60 |
| | | 2.3 | Totals | Min | 2.25 | Low | |
| | | 6.7 | | | 6.66 | Preferred | |
| | | 14.9 | | Max | 14.85 | High | |

Appendix 2

| Point | Long E | | | Lat S | | |
|-------|--------|----|------|-------|----|------|
| | ° | ' | " | ° | ' | " |
| 01 | 100 | 35 | 04.0 | -01 | 18 | 20.1 |
| 02 | 100 | 35 | 32.8 | -01 | 18 | 20.1 |
| 03 | 100 | 35 | 32.8 | -01 | 18 | 33.5 |
| 04 | 100 | 35 | 58.9 | -01 | 18 | 33.5 |
| 05 | 100 | 35 | 58.9 | -01 | 18 | 41.9 |
| 06 | 100 | 36 | 10.1 | -01 | 18 | 41.9 |
| 07 | 100 | 36 | 10.3 | -01 | 18 | 59.7 |
| 08 | 100 | 35 | 04.0 | -01 | 18 | 59.7 |

Table 6: PT Atoz Exploitation Licence Corner Point Co-ordinates.

**THIS FINANCIAL SERVICES GUIDE FORMS PART OF THE
INDEPENDENT EXPERT'S REPORT**

25 June 2013

PART 2 - FINANCIAL SERVICES GUIDE

1. Ernst & Young Transaction Advisory Services

Ernst & Young Transaction Advisory Services Limited ("Ernst & Young Transaction Advisory Services" or "we," or "us" or "our") has been engaged to provide general financial product advice in the form of an Independent Expert's Report ("Report") in connection with a financial product of another person. The Report is set out in Part 1.

2. Financial Services Guide

This Financial Services Guide ("FSG") provides important information to help retail clients make a decision as to their use of the general financial product advice in a Report, information about us, the financial services we offer, our dispute resolution process and how we are remunerated.

3. Financial services we offer

We hold an Australian Financial Services Licence which authorises us to provide the following services:

- ▶ financial product advice in relation to securities, derivatives, general insurance, life insurance, managed investments, superannuation, and government debentures, stocks and bonds; and
- ▶ arranging to deal in securities.

4. General financial product advice

In our Report we provide general financial product advice. The advice in a Report does not take into account your personal objectives, financial situation or needs.

You should consider the appropriateness of a Report having regard to your own objectives, financial situation and needs before you act on the advice in a Report. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain an offer document relating to the financial product and consider that document before making any decision about whether to acquire the financial product.

We have been engaged to issue a Report in connection with a financial product of another person. Our Report will include a description of the circumstances of our engagement and identify the person who has engaged us. Although you have not engaged us directly, a copy of the Report will be provided to you as a retail client because of your connection to the matters on which we have been engaged to report.

5. Remuneration for our services

We charge fees for providing Reports. These fees have been agreed with, and will be paid by, the person who engaged us to provide a Report. Our fees for Reports are based on a time cost or fixed fee basis. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority. The estimated fee for this Report is \$35,000 (inclusive of GST).

Ernst & Young Transaction Advisory Services is ultimately owned by Ernst & Young, which is a professional advisory and accounting practice. Ernst & Young may provide professional services, including audit, tax and financial advisory services, to the person who engaged us and receive fees for those services.

Except for the fees and benefits referred to above, Ernst & Young Transaction Advisory Services, including any of its directors, employees or associated entities should not receive any fees or other benefits, directly or indirectly, for or in connection with the provision of a Report.

6. Associations with product issuers

Ernst & Young Transaction Advisory Services and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.

7. Responsibility

The liability of Ernst & Young Transaction Advisory Services, if any, is limited to the contents of this Financial Services Guide and the Report.

8. Complaints process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial services. All complaints must be in writing and addressed to the AFS Compliance Manager or Chief Complaints Officer and sent to the address below. We will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service Limited.

9. Compensation Arrangements

The Company and its related entities hold Professional Indemnity insurance for the purpose of compensation should this become relevant. Representatives who have left the Company's employment are covered by our insurances in respect of events occurring during their employment. These arrangements and the level of cover held by the Company satisfy the requirements of section 912B of the Corporations Act 2001.

| | |
|---|---|
| <p>Contacting Ernst & Young Transaction Advisory Services</p> <p>AFS Compliance Manager Ernst & Young 680 George Street Sydney NSW 2000</p> <p>Telephone: (02) 9248 5555</p> | <p>Contacting the Independent Dispute Resolution Scheme:</p> <p>Financial Ombudsman Service Limited PO Box 3 Melbourne VIC 3001 Telephone: 1300 78 08 08</p> |
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