



High  
Grade  
Metals

# PROSPECTUS

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**QUEST MINERALS LIMITED  
(TO BE RENAMED HIGH GRADE METALS LIMITED)  
ACN 062 879 583**

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For an offer of 150,000,000 Shares at an issue price of \$0.03 each to raise \$4,500,000 (**Public Offer**).

This Prospectus also contains an offer of 186,000,000 Consideration Shares, 65,000,000 Consideration Options, 120,000,000 Class A Performance Shares and 120,000,000 Class B Performance Shares to the Vendors (or their nominees) in consideration for the acquisition of all of the securities in Austrian Projects Corporation Pty Ltd (**Vendor Offer**).

(together, with the Public Offer, the **Offers**).

## **Conditional Offer**

The Public Offer is conditional upon the Public Offer Conditions outlined in Section 6.3 of this Prospectus being satisfied. In the event that the Public Offer Conditions are not satisfied, the Company will not proceed with the Public Offer and the Company will repay all Application Monies received. In the event that the Public Offer does not proceed, the Vendor Offer will also not proceed.

The Offers are not underwritten.

## **Re-compliance with Chapters 1 and 2**

In addition to the purpose of raising funds under the Public Offer and issuing Securities under the Vendor Offer, this Prospectus is issued for the purpose of re-complying with the admission requirements under Chapters 1 and 2 of the Listing Rules following a change to the nature and scale of the Company's activities.

## **Important Information**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

**An investment in the Securities offered pursuant to this Prospectus should be considered as speculative in nature.**

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## **1. Important Information**

### **1.1 Change in nature and scale of activities and re-compliance with Chapters 1 and 2 of the ASX Listing Rules**

At the Shareholder Meeting, the Company obtained Shareholder approval for a change to the nature and scale of its activities.

The ASX requires the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules. This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for re-admission to the Official List following a change to the nature and scale of the Company's activities.

The Company's securities were suspended from trading on ASX from the date of the Shareholder Meeting and will remain suspended until ASX approves the Company's re-compliance with the admission requirements of Chapters 1 and 2 of the ASX Listing Rules.

There is a risk that the Company may not be able to meet the requirements of ASX for re-admission to the Official List. In the event the Public Offer Conditions are not satisfied or the Company does not receive conditional approval for re-admission to the Official List then the Company will not proceed with the Offers and will repay all Application Monies received.

### **1.2 General**

This Prospectus is dated 30 January 2018 and was lodged with the ASIC on that date. The ASX, the ASIC and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

The expiry date of this Prospectus is that date which is 13 months after the date this Prospectus was lodged with the ASIC (**Expiry Date**). No Securities may be issued on the basis of this Prospectus after the Expiry Date.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary before deciding whether to invest. An investment in the Securities the subject of this Prospectus should be considered speculative. Please refer to Section 13 for details relating to risk factors that could affect the financial performance and assets of the Company.

Application will be made to the ASX within 7 days of the date of this Prospectus for Official Quotation of the Shares the subject of this Prospectus.

Persons wishing to apply for Securities under the Offers must do so using the applicable Application Form as provided with a copy of this Prospectus. The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus.

### **1.3 Website – electronic Prospectus**

A copy of this Prospectus can be downloaded from the website of the Company at [www.questminerals.com.au](http://www.questminerals.com.au). Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must only access this Prospectus from within Australia.

If you have received this Prospectus as an electronic prospectus, please ensure that you have received the entire Prospectus accompanied by the relevant Application Form. During the offer period, any person may obtain a copy of the Prospectus (free of charge) by contacting the Company Secretary on +61 8 9481 0389.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus, or any of those documents were incomplete or altered.

#### **1.4 Applicants outside Australia**

The offer of Securities made pursuant to this Prospectus is not made to persons to whom, or places in which, it would be unlawful to make such an offer of Securities. No action has been taken to register or qualify the Offers under this Prospectus or otherwise permit the Offers to be made in any jurisdiction outside of Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law in those jurisdictions and therefore persons who come into possession of this Prospectus should seek legal advice on, and observe, any of those restrictions. Failure to comply with these restrictions may violate securities laws.

It is the responsibility of any Applicant outside Australia to ensure compliance with all laws of any country relevant to his or her Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty that there has been no breach of such law and that all necessary approvals and consents have been obtained.

For further information see Section 6.15.

#### **1.5 Forward-looking statements**

This Prospectus may contain forward-looking statements which are identified by words such as 'may', 'should', 'will', 'expect', 'anticipate', 'believe', 'estimate', 'intend', 'scheduled' or 'continue' or other similar words. Such statements and information are subject to risks and uncertainties and a number of assumptions, which may cause the actual results or events to differ materially from the expectations described in the forward-looking statements or information.

Whilst the Company considers the expectations reflected in any forward-looking statements or information in this Prospectus are reasonable, no assurance can be given that such expectations will prove to be correct. The risk factors outlined in Section 13, as well as other matters not yet known to the Company or not currently considered material to the Company, may cause actual events to be materially different from those expressed, implied or projected in any forward-looking statements or information. Any forward-looking statement or information contained in this Prospectus is qualified by this cautionary statement.

#### **1.6 Photographs and diagrams**

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

#### **1.7 Definitions**

A number of defined terms are used in this Prospectus. Unless the contrary intention appears, the context requires otherwise or words are defined in Section 17, words and phrases in this Prospectus have the same meaning and interpretation as in the Corporations Act, the Listing Rules or the JORC Code.

#### **1.8 Disclaimer**

No person is authorised to give any information or to make any representation in relation to the Offers which is not contained in this Prospectus. Any information or representation not so

contained may not be relied upon as having been authorised by the Company or the Directors in relation to the Offers. You should only rely on information in this Prospectus.

## **1.9 Competent Person's Statement**

The information in this Prospectus which relates to Exploration Results is based on, and fairly represents, information and supporting documentation reviewed and compiled by Ian Buckingham of Global Resources & Infrastructure Pty Ltd (**GRI**). Mr Buckingham has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he had undertaken to qualify as a Competent Person as defined in the JORC Code. GRI consents to the inclusion in this Prospectus of the matters based on the information noted in the form and context in which it appears.

## **1.10 Enquiries**

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offers, please call the Company Secretary on +61 8 9481 0389.

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## 2. Corporate Directory

### Existing Directors

Mr Steven Formica (Non-Executive Chairman)  
Mr Jerome G Vitale (Non-Executive Director)  
Mr David Palumbo (Non-Executive Director)

### Company Secretary

Mr David Palumbo

### Proposed Directors

Mr Torey Marshall (Managing Director and CEO)  
Mr Hayden Locke (Non-Executive Director)

### Registered Office

Level 11, 216 St Georges Terrace  
Perth WA 6000

T: +61 8 9481 0389

F: +61 8 9463 6103

### Lead Manager

CPS Capital Group Pty Ltd  
Level 45, 108 St Georges Terrace  
Perth WA 6000

### Investigating Accountant

BDO Corporate Finance (WA) Pty Ltd  
38 Station Street  
Subiaco WA 6008

### Auditor\*

Grant Thornton Audit Pty Ltd  
Central Park  
Level 43 152 -158 St Georges Terrace  
Perth WA 6000

### Australian Solicitors

Edwards Mac Scovell  
Level 7, 140 St George's Terrace  
Perth WA 6000

### Austrian Solicitors

DLA Piper Weiss-Tessbach  
Rechtsanwalte Gmbh  
Schottenring 14  
1010 Vienna Austria

### Independent Geologist

Global Resources & Infrastructure Pty Ltd  
395 Collins Street, Lower Ground Floor  
Melbourne VIC 3000

### Share Registry\*

Advanced Share Registry Services  
110 Stirling Highway  
NEDLANDS WA 6009

T: +61 8 9389 8033

F: +61 8 9262 3723

### Company Website

[www.questminerals.com.au](http://www.questminerals.com.au)

### ASX Code

Current: QNL

Proposed: HGM

\* This entity is included for information purposes only and has not been involved in the preparation of this Prospectus.

### 3. Key Information and Indicative Timetable

Key information <sup>1</sup>	Full Subscription (\$4,500,000)
Issue price per Public Offer Share	\$0.03
Existing Shares on issue	116,937,867
Existing Options on issue	32,500,000
Shares to be issued under the Public Offer	150,000,000
Amount to be raised under the Public Offer (before costs)	\$4,500,000
Consideration Shares to be issued to Vendors	186,000,000
Consideration Options to be issued to certain Vendors	65,000,000
Class A Performance Shares to be issued to certain Vendors	120,000,000
Class B Performance Shares to be issued to certain Vendors	120,000,000
<b>General</b>	
Total cash on completion of the Offers (after costs of the Transaction and Public Offer)	\$5,017,366
Total Shares on issue on completion of the Offers	452,937,867
Total Performance Shares on issue on completion of the Offers	240,000,000
Total Options on issue upon completion of the Offers	97,500,000
Market capitalisation on completion of the Offers at \$0.03 per Share	\$13,588,136

**Note:** Please refer to Section 6.8 for further details relating to the proposed capital structure of the Company.

Indicative timetable	
Lodgement of this Prospectus with ASIC	30 January 2018
Opening Date for the Offers	30 January 2018
Closing Date for the Offers	9 February 2018
Completion of the Acquisition	26 February 2018
Issue of Securities under the Offers	26 February 2018
Dispatch of holding statements	26 February 2018
Expected date for Shares to be reinstated to trading on ASX	2 March 2018

**Note:** The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offers early without notice.

## 4. Investment Overview

This Section is not intended to provide full information for investors intending to apply for Securities offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety. The Securities offered pursuant to this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Shares.

Topic	Summary	Details
<b>Introduction</b>		
Who is the issuer of the Prospectus?	Quest Minerals Limited (ACN 062 879 583) (ASX: QNL) (to be renamed "High Grade Metals Limited") (the <b>Company</b> ).	Section 7.1
Who is the Company and what does it do?	<p>The Company was incorporated on 11 January 1994 and listed on the ASX on 13 February 1995, with a focus on mineral exploration and project evaluation in Australia.</p> <p>The Company currently holds a 100% interest in the Victory Bore Project, a gold exploration project located on E57/1036 in the mid-west region of Western Australia, near the town of Sandstone.</p> <p>As announced to ASX on 13 November 2017, the Company entered into a binding heads of agreement (<b>Heads of Agreement</b>) with Austrian Projects Corporation Pty Ltd (ACN 622 432 428) (<b>APC</b>) whereby the Company will acquire 100% of the issued APC Securities from the APC securityholders (<b>Vendors</b>) for the purposes of acquiring a 100% interest in a suite of cobalt and gold exploration tenements in Austria (<b>Austrian Cobalt and Gold Projects</b> or <b>Projects</b>) (the <b>Acquisition</b>).</p> <p>As contemplated in the Heads of Agreement, the parties subsequently entered into definitive share purchase agreements in relation to the assets comprising the Austrian Cobalt and Gold Projects on 29 January 2018 (<b>Share Acquisition Agreements</b>).</p>	Sections 7.1 and 7.2
Who is APC?	<p>APC was incorporated in Australia on 24 October 2017 for the purpose of acquiring the Austrian Cobalt and Gold Projects. APC acquired APC Cobalt GmbH and APC Gold GmbH, two-wholly owned subsidiaries under the law of Austria, one each to hold the assets constituting the Austrian Cobalt and Gold Projects respectively.</p> <p>The corporate structure of the Company following Completion is set out in Section 7.9. Further details on APC are also set out in Section 7.5 and in the Solicitor's Report on Title in Section 12.</p>	Sections 7.5, 7.9 and 12
<b>Business Model and Strategy</b>		
What are the Company's key assets and what are the Austrian	The Company's primary assets are its cash holdings of approximately \$492,000 as at 31 December 2017 and its exploration licence comprising the Victory Bore Project located in the mid-west region of Western Australia, near the town of	Sections 7.1, 7.2 and 7.6

Cobalt and Gold Projects?	<p>Sandstone, 560 km north east of Perth and 450 km east of the shipping port of Geraldton.</p> <p>Upon completion of the Transaction, the Company will hold a 100% interest in the Austrian Cobalt and Gold Projects.</p> <p>The Austrian Cobalt and Gold Projects are a portfolio of highly prospective Exploration Permits in Austria which include former high-grade cobalt, copper and nickel, and gold and silver mines and workings.</p> <p><b><u>Austrian Cobalt Projects</u></b></p> <p>The Austrian Cobalt Projects comprise four exploration concessions (Gratlsitz, Leogang, Seekar and Zinkwand) made up of 78 Exploration Permits, valid until 31 December 2021 and covering 44 km<sup>2</sup>.</p> <p><b><u>Austrian Gold Projects</u></b></p> <p>The Austrian Gold Projects comprise five exploration concessions (Schellgaden North, Schellgaden South, Kreuzeck West, Kreuzeck East and Goldeck-Sifflitz) made up of 300 Exploration Permits, valid until 31 December 2019 and covering a total area of approximately 170 km<sup>2</sup>.</p>	
What is the Company's business model and strategy?	<p>The Company is proposing to acquire 100% of the issued APC Securities from the Vendors pursuant to the Share Acquisition Agreements (refer to Sections 7.2 and 7.3).</p> <p>The primary objective of the Company is to focus on mineral exploration and resources opportunities that have the potential to deliver growth of the Company for the benefit of Shareholders. The Company will endeavour to achieve this objective by focusing on the exploration and development of the Austrian Cobalt and Gold Projects in the manner described in Sections 7.4 and 7.7. Further information on the Austrian Cobalt and Gold Projects is in the Independent Geologist's Report in Section 11.</p> <p>Upon completion of the Transaction, the Company aims to undertake a two year exploration program, focussing on the highly prospective cobalt/nickel/copper mineralisation of the Leogang and Seekar Projects and the high grade gold potential of the Schellgaden gold mine. The remaining lower priority exploration projects will be explored as time and budget allows over the next 5 years, subject to renewal of the relevant Exploration Permits.</p> <p>In summary, the Company's business model and strategy is to work towards commercialising the Austrian Cobalt and Gold Projects through exploration and development of cobalt, nickel, copper and gold within the Tenements.</p>	Sections 7.4 and 7.7

## The Offers

What is the Public Offer?	<p>Under this Prospectus, the Company invites the public to apply for up to 150,000,000 Shares, each at an issue price of \$0.03 to raise up to \$4,500,000 (before costs of the Offers).</p> <p>The minimum amount which must be raised under the Public Offer is the full amount, being \$4,500,000 (<b>Minimum Subscription</b>).</p> <p>The Public Offer is not underwritten.</p>	Sections 6.1 and 6.12(a)
What is the Vendor Offer?	This Prospectus also contains an offer of 186,000,000 Consideration Shares, 65,000,000 Consideration Options, 120,000,000 Class A Performance Shares and 120,000,000 Class B Performance Shares to the Vendors in consideration for the acquisition of all of the APC Securities.	Sections 6.2 and 6.12(b)
What are the conditions of the Public Offer?	<p>The Public Offer is conditional upon the following events occurring:</p> <ul style="list-style-type: none"> <li>the Company raising the Minimum Subscription (\$4,500,000) under this Prospectus;</li> <li>ASX approving the Company's re-compliance with the admission requirements of Chapters 1 and 2 of the Listing Rules and receiving conditional approval for the reinstatement to trading of its quoted securities from ASX on terms reasonably satisfactory to the Company; and</li> <li>completion of the Acquisition.</li> </ul> <p>If any of the Public Offer Conditions are not satisfied then the Company will not proceed with the Public Offer and the Company will repay all Application Monies received. In the event that the Public Offer does not proceed, the Vendor Offer will also not proceed.</p>	Section 6.3
Why are the Public Offer and the Vendor Offer being conducted?	<p>The purposes of the Public Offer and the Vendor Offer are to:</p> <ul style="list-style-type: none"> <li>meet the requirement that the Company re-complies with ASX's admission requirements in accordance with Chapters 1 and 2 of the Listing Rules;</li> <li>issue Consideration Shares, Consideration Options and Performance Shares to the Vendors as consideration for the acquisition of all of the APC Securities;</li> <li>meet the costs of the Offers;</li> <li>provide funding for exploration and development of the Austrian Cobalt and Gold Projects, as well as the Victory Bore Project; and</li> <li>provide funding for working capital and administration expenses for the Company.</li> </ul>	Section 6.6
What will the Company's capital structure look like after	The Company's capital structure on a post-Offers basis is set out in Section 6.8.	Section 6.8

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completion of  
the Offers?

### **The acquisition of APC**

What is the Acquisition?	The Acquisition is the Company's proposed acquisition of 100% of the issued capital of APC.	Section 7.2
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As announced to ASX on 13 November 2017, the Company entered into the Heads of Agreement whereby the Company will acquire 100% of the issued capital in APC from the Vendors for the purpose of acquiring the Austrian Cobalt and Gold Projects. As contemplated in the Heads of Agreement, the parties subsequently entered into the Share Acquisition Agreements on 29 January 2018.

What are the key terms of the Acquisition?	<p>The key terms of the Share Acquisition Agreements to effect the Acquisition are as follows:</p> <ul style="list-style-type: none"><li>• as consideration for the acquisition of 100% of the issued APC Securities, the Company will issue the following securities to the Vendors upon Completion:<ul style="list-style-type: none"><li>○ 186,000,000 Consideration Shares;</li><li>○ 65,000,000 Consideration Options;</li><li>○ 120,000,000 Class A Performance Shares; and</li><li>○ 120,000,000 Class B Performance Shares;</li></ul></li><li>• the Company will pay a net smelter royalty of 2.5% of all gold produced from the Austrian Gold Projects to Eurocan Anstalt (the vendor of these Projects) up to a total cumulative payment of US\$2,500,000;</li><li>• the satisfaction of a number of Conditions Precedent. The following Conditions Precedent remain outstanding at the date of this Prospectus:<ul style="list-style-type: none"><li>○ the Company raising the Minimum Subscription;</li><li>○ ASX approving the Company's re-compliance with the admission requirements of Chapters 1 and 2 of the Listing Rules and receiving conditional approval for the re-instatement to trading of its quoted securities from ASX on terms reasonably satisfactory to the Company; and</li><li>○ the appointment of Messrs Torey Marshall and Hayden Locke as Directors, to be effective on Completion;</li><li>○ APC and its subsidiaries having net liabilities of less than \$20,000;</li><li>○ execution by APC, the APC securityholders, or their nominees (as the case may be) of restriction agreements in respect of the Consideration Shares, Consideration Options, and/or Performance Shares as may be required by ASX;</li></ul></li></ul>	Section 7.3
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	<ul style="list-style-type: none"> <li>○ there being no material adverse change in the financial position of APC or the Company prior to Completion; and</li> <li>○ there being no material breach in any Vendor warranty at any time before Completion</li> </ul>	
What approvals were obtained at the Shareholder Meeting?	<p>At the Shareholder Meeting held on 19 January 2018, the Company obtained Shareholder approval for the following resolutions (together the <b>Acquisition Resolutions</b>):</p> <ul style="list-style-type: none"> <li>• the change to the nature and scale of the activities of the Company as a result of the Transaction;</li> <li>• the creation of the Performance Shares as a new class of share;</li> <li>• the issue of the Consideration Shares, Consideration Options and Performance Shares to the Vendors;</li> <li>• the issue of Shares pursuant to the Public Offer under this Prospectus;</li> <li>• the change of the Company's name to "High Grade Metals Limited";</li> <li>• the appointed of the Proposed Directors to the Board; and</li> <li>• participation of the Existing Directors in the Public Offer.</li> </ul>	Section 6.4
Why is the Company required to re-comply with Chapters 1 and 2 of the Listing Rules?	The Transaction constitutes a significant change to the nature and scale of the Company's activities such that ASX requires the Company to re-comply with Chapters 1 and 2 of the Listing Rules as if it were seeking admission to the Official List. This Prospectus is issued to assist the Company to re-comply with these requirements.	Section 6.5
<b>Key Risks</b>		
<p>Prospective investors should be aware that subscribing for Securities involves a number of risks and uncertainties. The risk factors set out in Section 13 and other risks applicable to all listed securities, may affect the value of the Securities in the future. Accordingly, an investment in the Company must be considered highly speculative. This Section summarises some of the key risks that apply to an investment in the Company. Investors should refer to Section 13 for a more detailed summary of the industry specific and general risks.</p>		
Conditional Acquisition and conditional Offers	<p>As noted above, the Acquisition is subject to a number of conditions. There is a risk that one or more of these conditions cannot be fulfilled, and in turn, the Acquisition will not proceed. In this event, the Company will not proceed with the Public Offer. In the event that the Public Offer does not proceed, the Vendor Offer will also not proceed.</p> <p>The Public Offer is subject to the Public Offer Conditions. There is a risk that one or more of these conditions cannot be fulfilled, and in turn, the Public Offer will not proceed. In this event, the Company will not proceed with the Acquisition or the Vendor Offer.</p> <p>If the Transaction is not completed, the Company will incur costs relating to advisors and other costs without any material benefit being achieved.</p>	Section 13.1(a)

Re-quotation of Shares on ASX	<p>As part of the change to the nature and scale of the Company's activities, ASX will require the Company to re-comply with Chapters 1 and 2 of the Listing Rules. At the Shareholder Meeting the Company obtained Shareholder approval for the Acquisition Resolutions. The Company's securities were suspended from Official Quotation on the same date.</p> <p>It is anticipated that the Company's securities will be suspended from trading from the date of the Shareholder Meeting until completion of the Transaction, re-compliance by the Company with Chapters 1 and 2 of the Listing Rules and compliance with any further conditions ASX imposes on such reinstatement.</p> <p>There is a risk that the Company will not be able to satisfy one or more of those requirements and that its securities will consequently remain suspended from trading.</p>	Section 13.1(b)
Liquidity risk	<p>On completion of the Transaction, the Company proposes to issue 186,000,000 Consideration Shares, 65,000,000 Consideration Options and 240,000,000 Performance Shares. Some of these Securities will be subject to escrow restrictions in accordance with Chapter 9 of the Listing Rules. This could be considered an increased liquidity risk as a large portion of Shares may not be able to be traded freely for a period of time.</p>	Section 13.1(c)
Risks associated with operations in Austria	<p><u>Government and political risk</u></p> <p>The Company's operating activities will be subject to laws and regulations governing expropriation of property, health and worker safety, employment standards, waste disposal, protection of the environment, mine development, land and water use, prospecting, mineral production, exports, taxes, labour standards, occupational health standards, toxic wastes, the protection of endangered and protected species and other matters.</p> <p>While the Company believes that it will be in substantial compliance with all material current laws and regulations affecting its proposed exploration activities, future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the Company or its subsidiaries or its properties, which could have a material adverse impact on the Company's current operations or planned development projects.</p> <p>Where required, obtaining necessary permits and licences can be a complex, time consuming process and the Company cannot be sure whether any necessary permits will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company or its subsidiaries from proceeding with any future exploration of its properties. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities.</p>	Section 13.1(d)

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### Permits

The Company's proposed operations are subject to receiving and maintaining licences and permits from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of licences/permits from any existing operations, additional licences/permits for any possible future changes to operations, or additional permits associated with new legislation. Prior to any development on any of its properties, the Company must receive licences/permits from appropriate governmental authorities. There is no certainty that the Company will continue to hold all licences/permits necessary to develop or continue operating at any particular property.

In Austria, it is possible for more than one party to obtain an Exploration Permit over the same ground: in such cases, the parties hold their rights in a priority order of ranking. For more information, refer to Section 7.8(b) and the Solicitor's Report on Title in Section 12.

### Government regulation of the mining industry

The Austrian activities of the Company will be subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Mining and exploration activities are also subject to various laws and regulations relating to the protection of the environment. Although the Company believes that its activities will be carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of the Company's properties. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a material adverse effect on the Company's business, financial condition and results of operations. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights application and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability.

### Access

Land access is critical for exploration and mining operations. Access to land can be affected by land ownership, including private (freehold) land, pastoral lease, regulatory requirements within Austria, and competing or underlying claim interests.

While access issues are faced by many mining exploration companies and are not considered unusual, the ability of the Company to explore its claims and exploit any deposits that may

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be discovered through access to critical infrastructure such as roads may be affected by any ownership rights, regulatory requirements, underlying claim interests, or any other land access rights being enforced.

#### Nature protection restrictions on some Exploration Permits

Some of the Exploration Permits making up the Schellgaden South, Kreuzeck East, Kreuzeck West, Seekar, and Zinkwand Projects are located in areas that have been designated under Austrian federal or state nature conservation laws as water protection zones, protected landscapes, “European nature reserves”, or protected natural monuments (**Protected Areas**). As a result, rights obtained under the affected Exploration Permits may not be able to be exercised at all, or not without restrictions. If exploration works were to be undertaken in Protected Areas, the exploration works would first have to be approved by the competent nature conservation authority by way of the issue of a formal decree.

The existence of nature protection restrictions on the affected Exploration Permits is not expected to inhibit the Company’s initial exploration program as, post-Completion, the Company intends to focus on Exploration Permits that are not affected by nature protection restrictions.

Early stages of exploration	APC’s operations in Austria are at an early stage of exploration and success will depend on the Company’s ability to implement its exploration strategy and define Exploration Results from the Projects that are compliant with JORC 2012. There can be no guarantee that the Company can or will be able, or that it will be commercially advantageous for the Company, to develop and of the Projects.	Section 13.1(e)
Historical Austrian results	<p>The Austrian Cobalt and Gold Projects are prospective for cobalt, nickel, copper and gold and contain historical mines and workings. The historical results should not be taken to be representative of the grades of mineralisation that may be encountered in a modern exploration program.</p> <p>Whilst the Company intends to undertake further exploration activities with the aim of defining a JORC Code compliant resource, no assurances can be given that the exploration will result in the determination of such a resource. Even if such a resource is identified, no assurance can be provided that it can be economically extracted.</p> <p>Resource and reserve estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when initially calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource and reserve estimates are imprecise and depend to some extent on interpretation which may prove to be inaccurate.</p>	Section 13.1(f)
Operational risk	The operations of the Company 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,	Section 13.1(h)

	<p>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.</p> <p>Post-Completion, no assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its Tenements. Until the Company is able to realise value from its Austrian Cobalt and Gold Projects, it is likely to incur ongoing operating losses</p>	
Reliance on key management personnel	<p>The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and directors. There can be no assurance that there will be no detrimental impact on the performance of the Company or its growth potential if one or more of these employees cease their employment and suitable replacements are not identified and engaged in a timely manner.</p> <p>If such contracts with key management personnel are terminated or breached, or if the relevant personnel were no longer to continue in their current roles, the Company would need to engage alternative staff, and the Company's operations and business may be adversely affected.</p>	Section 13.1(m)
Dilution	<p>On completion of the Offers, the number of Shares will increase from 116,937,867 to 452,937,867 if the Minimum Subscription is met. This means that each Share will represent a lower proportion of ownership of the Company. For existing Shareholders who do not subscribe for new Shares under the Public Offer, their percentage interest will be diluted by approximately 74% if the Minimum Subscription is met.</p>	Section 13.1(p)
Sufficiency of funding / future capital requirements	<p>The Company's business strategy will require substantial expenditure and there can be no guarantees that the Company's existing cash reserves and funds raised by the Public Offer will be sufficient to successfully achieve all the objectives of the Company's business strategy. Further funding of projects may be required by the Company to support the ongoing activities and operations of APC.</p> <p>Accordingly, the Company may need to engage in equity or debt financing to secure additional funds. If the Company is unable to use debt or equity to fund expansion after utilising the net proceeds of the Public Offer and existing working capital, there can be no assurance that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all.</p> <p>Any additional equity financing may be dilutive to the Company's existing Shareholders and any debt financing, if available, may involve restrictive covenants, which limit the Company's operations and business strategy. If the Company is unable to raise capital if and when needed, this could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities. Any inability to raise further funds may require the Company to dilute its equity position in any</p>	Section 13.1(q)

joint venture and may have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern.

### Proposed use of funds and other key details of the Offers

What is the proposed use of funds raised under the Public Offer?	<p>The Company intends to apply funds raised from the Public Offer, together with existing cash reserves, over the first two years following the re-instatement to trading of the Company's quoted securities as follows:</p> <ul style="list-style-type: none"> <li>• costs of the Transaction and the Offers;</li> <li>• continued exploration and development of the Victory Bore Project;</li> <li>• exploration and development of the Austrian Cobalt and Gold Projects;</li> <li>• working capital; and</li> <li>• administrative expenses.</li> </ul> <p>A detailed table setting out the proposed use of funds raised under the Public Offer is set out in Section 6.7.</p>	Section 6.7
Will the Company be adequately funded after completion of the Public Offer?	The Directors are satisfied that on completion of the Public Offer, the Company will have sufficient working capital to carry out its business and strategic objectives as set out in this Prospectus.	Sections 6.6 and 6.7
What rights and liabilities attach to the Shares being offered?	All Shares issued under the Offers will rank equally in all respects with existing Shares on issue. The rights and liabilities attaching to the Shares are described in Section 15.1.	Section 15.1
What rights and liabilities attach to the Performance Shares being offered to certain Vendors?	<p>The Performance Shares are shares that convert into Shares upon satisfaction of the relevant milestones applicable to each class of Performance Share.</p> <p>The rights and liabilities attaching to the Class A Performance Shares and Class B Performance Shares are described in Section 15.2.</p>	Section 15.2
Is the Public Offer underwritten?	No, the Public Offer is not underwritten.	Section 6.9
Who is the lead manager to the Public Offer?	<p>The Company has appointed CPS Capital Group Pty Ltd (AFSL: 294848) to act as lead manager to the Public Offer (<b>Lead Manager</b>). CPS has agreed to place \$4,500,000 worth of Shares under the Public Offer on a best endeavours basis.</p> <p>The Lead Manager was paid a fee of \$25,000 plus GST upon signing of the Lead Manager Mandate. The Lead Manager will also receive a management fee of 2% plus GST of the amount it raises</p>	Sections 6.16 and 14.6

	pursuant to the Public Offer and a placing fee of 3% plus GST of the amount it raises pursuant to the Public Offer.	
Will the Shares issued under the Offers be listed?	<p>The Company will apply for listing of the Shares offered under the Offers on ASX. Completion of the Offers is conditional on, amongst other matters, ASX approving this application.</p> <p>An application will be made by the Company to ASX for Official Quotation of the Shares issued upon the conversion of each Performance Share, or the exercise of each Consideration Option, within the time period required by the Listing Rules.</p>	Section 6.5
What are the tax implications of investing in Shares under the Offers?	The tax consequences of any investment in Shares will depend upon your particular circumstances. Prospective investors should obtain their own tax advice before deciding to invest.	Section 6.22
What is the Company's dividend policy?	<p>The Company does not expect to pay dividends in the near future as its focus will primarily be on using cash reserves to grow and develop the Projects.</p> <p>Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurances are given in relation to the payment of dividends, or that any dividends may attach franking credits.</p>	Section 6.11
How do I apply for Shares under the Public Offer?	Applications for Shares under the Public Offer must be made by completing a Public Offer Application Form and must be accompanied by a cheque in Australian dollars (or an electronic transfer to the bank account advised by the Company) for the full amount of the application being \$0.03 per Share. Cheques must be made payable to "Quest Minerals Limited" and should be crossed "Not Negotiable".	Section 6.12(a)
How do I apply for Securities under the Vendor Offer?	<p>The Vendor Offer is an offer to the Vendors (or their nominees) only.</p> <p>Only the Vendors (or their nominees) may accept the Vendor Offer. A personalised Vendor Offer Application Form will be issued to each Vendor (or their nominees) together with a copy of this Prospectus. The Company will only provide the Vendor Offer Application Forms to the persons entitled to participate in the Vendor Offer.</p>	Sections 6.12(b)
When will I receive confirmation that my application	It is expected that holding statements will be sent to successful Applicants by post on or about the dispatch date noted in the indicative timetable set out in Section 3.	Sections 3, 6.14 and 6.18

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has been successful?

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How can I find out more about this Prospectus or the Offers?      Questions relating to the Offers can be directed to the Company on +61 8 9481 0389.      Section 6.23

## **Board, Management and Substantial Shareholders**

Who are the Existing Directors and the Proposed Directors?      The Existing Directors are:      Section 8.1

- Mr Steven Formica (Non-Executive Chairman);
- Mr Jerome G Vitale (Non-Executive Director); and
- Mr David Palumbo (Non-Executive Director).

Following completion of the Transaction, the Company will make changes to its Board, with the resignation of Existing Director, Mr Jerome G Vitale, and the appointment of the Proposed Directors, such that the Board will then comprise:

- Mr Steven Formica (Non-Executive Chairman);
- Mr David Palumbo (Non-Executive Director);
- Mr Torey Marshall (Managing Director and Chief Executive Officer); and
- Mr Hayden Locke (Non-Executive Director).

Refer to Section 8.1 for details of the relevant experience and expertise of the Directors.

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Who are the key management personnel?      Following the completion of the Transaction, the key management personnel will include:      Section 8.2

- Steven Formica (Non-Executive Chairman);
- Mr Torey Marshall (Managing Director and Chief Executive Officer); and
- Mr Hayden Locke (Non-Executive Director).

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What are the significant interests of the Existing Directors and the Proposed Directors?      The interests of the Existing Directors and Proposed Directors are detailed in Section 8.3.      Sections 8.3, 8.4 and 8.6

The security holdings of the Existing Directors and Proposed Directors are set out in Section 8.4.

Section 8.6 sets out details of related party agreements with the Company from which the Existing Directors and Proposed Directors may benefit.

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Are there any relationships between the Company and parties involved in the Acquisition or      None of the Existing Directors holds any interest in APC or the Austrian Cobalt and Gold Projects.      Section 8.4

Proposed Directors, Messrs Torey Marshall and Hayden Locke, are shareholders of APC and Mr Marshall is the sole director. As part of the Acquisition:

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Offers that are relevant to investors?	<ul style="list-style-type: none"> <li>• Mr Marshall will receive 8,500,000 Consideration Shares, 20,000,000 Consideration Options and 13,300,000 Performance Shares; and</li> <li>• Mr Locke will receive 1,000,000 Consideration Shares, 2,000,000 Consideration Options and 2,000,000 Performance Shares,</li> </ul> <p>as their proportion of the total Consideration Securities.</p>	
Who will be the substantial holders of the Company?	<p>The Vendors will collectively hold 186,000,000 Shares on completion of the Offers (assuming the Vendors (or their nominees) do not subscribe for or receive additional Shares pursuant to the Public Offer). This represents approximately 41% of the issued capital if the Minimum Subscription is raised (on an undiluted basis). No single Vendor will hold more than 20% of the issued Shares post-Completion.</p> <p>Post-Completion, Eurocan Anstalt (the vendor of the Austrian Gold Projects) will hold 25,000,000 Shares, which represents 5.52% of the issued capital if the Minimum Subscription is raised (on an undiluted basis). On a diluted basis (ie, assuming all Options and Performance Shares were converted into Shares), Eurocan Anstalt would hold 61,000,000 Shares, representing 7.12% of the diluted capital.</p>	Section 15.4
<b>Miscellaneous</b>		
What material contracts are the Company and APC (and its subsidiaries) a party to?	<p>The material contracts of the Company and APC comprise:</p> <ul style="list-style-type: none"> <li>• Share Acquisition Agreements;</li> <li>• Lead Manager Mandate;</li> <li>• Executive Service Agreement – Torey Marshall;</li> <li>• Non-Executive Appointment Letter – Hayden Locke;</li> <li>• Gold Project Acquisition Agreement;</li> <li>• Cobalt Project Acquisition Agreement; and</li> <li>• Escrow Agreement.</li> </ul>	Sections 8.6 and 14
What is the financial position of the Company and APC post completion of the Offers and the Transaction?	<p>The Company is currently listed on ASX and its financial history, including its 2015, 2016 and 2017 Annual Reports are available on its website (<a href="http://www.questminerals.com.au">www.questminerals.com.au</a>) and on the ASX platform.</p> <p>APC has limited historical operations as it was incorporated on 24 October 2017 for the purpose of holding the Projects.</p> <p>Further financial information regarding the Company and APC is set out in Section 9 of this Prospectus and considered in the Investigating Accountant's Report in Section 10.</p>	Sections 9 and 10
Will any Shares be subject to escrow?	<p>Subject to the Company re-complying with Chapters 1 and 2 of the Listing Rules and the Company's quoted securities being re-instated to trading on ASX, it is expected that certain Consideration Shares, Consideration Options and Performance Shares will be classified by ASX as restricted securities and will be required to be</p>	Section 6.10

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held in escrow for up to 24 months from the date of re-instatement to trading of the Company's quoted securities.

No Shares issued under the Public Offer are expected to be subject to escrow.

Refer to Section 6.10 for further details of the escrow arrangements.

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## 5. Chairman's Letter

Dear Investor

On behalf of the Directors, I am pleased to present this Prospectus and to offer you the opportunity to invest in Quest Minerals Limited, to be renamed High Grade Metals Limited (**Company**). As announced to the ASX on 13 November 2017, the Company has entered into the Heads of Agreement to acquire 100% of the issued capital of APC from the Vendors for the purposes of acquiring the Austrian Cobalt and Gold Projects. The Heads of Agreement has now been replaced by the Share Acquisition Agreements.

The Austrian Cobalt and Gold Projects are a portfolio of highly prospective exploration permits in Austria which include former high-grade cobalt, copper and nickel, and gold and silver mines and workings. Following reinstatement to trading of its Shares on ASX, the Company's primary focus will be to work towards commercialising the Projects through exploration and development of cobalt, nickel, copper and gold within the Tenements.

This Prospectus has been issued by the Company for a public offering of 150,000,000 Shares at an issue price of \$0.03 each to raise \$4,500,000 (before costs) (**Public Offer**). The funds raised will be used for the expenses of the Offers, working capital, administrative expenses and to fund exploration and development of the Austrian Cobalt and Gold Projects, as well as the Company's existing Victory Bore Project. Refer to Section 6.7 for further details on the Company's proposed use of funds.

This Prospectus also contains an offer of 186,000,000 Consideration Shares, 65,000,000 Consideration Options, 120,000,000 Class A Performance Shares and 120,000,000 Class B Performance Shares (which may convert into Shares upon achievement of the relevant milestones) to the Vendors in consideration for the acquisition of all of the APC securities (**Vendor Offer**).

Refer to Section 6 of this Prospectus for more information in respect of the Public Offer and the Vendor Offer.

In addition to the purpose of raising funds under the Public Offer, this Prospectus is issued for the purpose of re-complying with the admission requirements under Chapters 1 and 2 of the Listing Rules following a change to the nature and scale of the Company's activities.

This Prospectus includes details of the Offers, the Company and APC, including the assets and proposed operations, together with a statement of the risks associated with investing in the Company. I recommend that you read this document carefully and seek independent professional advice before investing in the Company.

On behalf of the Directors, I commend the Public Offer to you and look forward to welcoming you as a shareholder of the Company.

Yours sincerely,



**Steven Formica**  
Non-Executive Chairman

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## 6. Details of the Offers

### 6.1 The Public Offer and Minimum Subscription

Pursuant to this Prospectus, under the Public Offer the Company offers 150,000,000 Shares at an issue price of \$0.03 each to raise \$4,500,000 (before costs of the Offers).

All Shares issued pursuant to the Public Offer will rank equally with the existing Shares on issue. Please refer to Section 15.1 for further information regarding the rights and liabilities attaching to the Shares.

The minimum amount which must be raised under the Public Offer is the full amount, being \$4,500,000 (**Minimum Subscription**). No Securities will be issued under this Prospectus until the Minimum Subscription has been received. If the Minimum Subscription is not received within 4 months after the date of this Prospectus (or such period as varied by ASIC), the Company will not issue any Securities under this Prospectus and will repay all Application Monies received (without interest) in accordance with the Corporations Act.

Please refer to Section 6.12(a) for details on how to apply for Shares under the Public Offer.

### 6.2 Vendor Offer

Pursuant to this Prospectus, the Company is also offering the following Securities to the Vendors (**Consideration Securities**) as consideration for the acquisition of all the issued capital of APC (together, the **Vendor Offer**):

- (a) 186,000,000 Consideration Shares;
- (b) 65,000,000 Consideration Options; and
- (c) 240,000,000 Performance Shares in two classes, as follows:
  - (i) 120,000,000 Class A Performance Shares, which are convertible into Shares on a one for one basis, upon the delineation of a JORC-compliant Mineral Resource estimate of at least Inferred category (as defined in the JORC Code) of a minimum of 500,000 ounces of gold or gold equivalent (in accordance with clause 50 of the JORC Code) at an average grade of at least 8 grams per tonne (**Class A Milestone**); and
  - (ii) 120,000,000 Class B Performance Shares, which are convertible into Shares on a one for one basis, upon completion of a positive Scoping Study (as defined in the JORC Code) in relation to any one or more Austrian Cobalt Project by an independent third-party expert which evidences an internal rate of return greater than 20% (using publicly available industry assumptions including deliverable spot commodity/mineral prices which are independently verifiable), provided that the total cumulative EBITDA over the life of the relevant Austrian Cobalt Project is over \$US50,000,000, and provided that (while the Company remains listed on ASX) the Scoping Study is released as an announcement on the ASX Announcements Platform and is not required by reason of regulatory intervention by ASX or ASIC to be retracted within a period of one month from the date of its release (**Class B Milestone**).

The expiry date for both classes of Performance Shares is to be 5 years from the date of issue.

All Consideration Shares issued pursuant to the Vendor Offer will rank equally with the existing Shares on issue. A summary of the rights and liabilities attaching to the Shares is set out in Section 15.1.

A summary of the terms and conditions of the Performances Shares is set out in Section 15.2. If the Performance Shares convert into Shares upon the relevant milestones being achieved, then the resultant Shares will rank equally with the existing Shares on issue.

Please refer to Section 6.12(b) for details on how the Vendors are to apply for Consideration Securities under the Vendor Offer. No Application Monies are payable under the Vendor Offer.

### **6.3 Public Offer Conditions**

The Public Offer is conditional upon the following events occurring:

- (a) the Company raising the Minimum Subscription (\$4,500,000) (see Section 6.1);
- (b) completion of the Acquisition (see Sections 7.2 and 7.3); and
- (c) ASX approving the Company's re-compliance with the admission requirements of Chapters 1 and 2 of the Listing Rules and the Company receiving conditional approval for the re-instatement to trading of its quoted securities from ASX on terms reasonably satisfactory to the Company (see Section 6.5),

(together, the **Public Offer Conditions**).

If the Public Offer Conditions are not achieved then the Company will not proceed with the Public Offer and will repay all Application Monies received (without interest) in accordance with the Corporations Act.

If the Public Offer does not proceed, the Vendor Offer under this Prospectus will also not proceed.

### **6.4 Shareholder Meeting**

At the Shareholder Meeting held on 19 January 2018, the Company obtained Shareholder approval for the:

- (a) change to the nature and scale of the activities of the Company as a result of the Transaction;
- (b) creation of the Performance Shares as a new class of share;
- (c) issue of the Consideration Shares, Consideration Options and Performance Shares to the Vendors;
- (d) issue of Shares pursuant to the Public Offer;
- (e) change of the Company's name to "High Grade Metals Limited";
- (f) appointment of the Proposed Directors to the Board; and
- (g) participation of the Existing Directors in the Public Offer.

(together, the **Acquisition Resolutions**).

### **6.5 Re-compliance with Chapters 1 and 2 of the Listing Rules**

The Transaction constitutes a significant change to the nature and scale of the Company's

activities such that the ASX requires the Company to re-comply with Chapters 1 and 2 of the Listing Rules as if it were seeking admission to the Official List. This Prospectus is issued to assist the Company to re-comply with these requirements.

The Company was suspended from trading from the date of the Shareholder Meeting and will not be re-instated until completion of the Transaction, re-compliance by the Company with Chapters 1 and 2 of the Listing Rules and compliance with any further conditions ASX imposes on such reinstatement.

The Company will apply to ASX for Official Quotation of the Shares issued pursuant to this Prospectus no later than 7 days from the date of this Prospectus. If the Shares are not admitted to quotation within 3 months after the date of this Prospectus, no Shares will be issued under this Prospectus and Application Monies will be refunded in full (without interest) in accordance with the Corporations Act.

The Company will not apply to ASX for Official Quotation of the Performance Shares. An application will be made by the Company to ASX for Official Quotation of the Shares issued upon the conversion of each Performance Share within the time period required by the Listing Rules.

The Company will not apply to ASX for Official Quotation of the Consideration Options. An application will be made by the Company to ASX for Official Quotation of the Shares issued upon the exercise of each Consideration Option within the time period required by the Listing Rules.

Neither ASX nor ASIC take responsibility for the contents of this Prospectus. The fact that ASX may grant Official Quotation to the Shares issued pursuant to this Prospectus is not to be taken in any way as an indication by ASX as to the merits of the Company or the Shares.

## 6.6 Purpose of the Offers

The purpose and key objectives of the Offers are to:

- (a) issue the Consideration Shares, Consideration Options and Performance Shares in consideration for the acquisition of all of the APC Securities;
- (b) meet the requirement that the Company re-complies with ASX's admission requirements in accordance with Chapters 1 and 2 of the Listing Rules;
- (c) meet the costs of the Offers;
- (d) provide funding for the exploration and development of the Austrian Cobalt and Gold Projects, as well the existing Victory Bore Project (refer to Sections 6.7 and 7.4); and
- (e) provide funding for working capital and administration expenses for the Company.

## 6.7 Use of funds

The Company intends to apply the funds raised from the Public Offer, together with existing cash reserves, over the first two years following the re-instatement to trading of the Company's quoted securities as follows:

PROPOSED USE OF FUNDS	Minimum Subscription (\$) (\$4,500,000)	Percentage of funds (%)
Cash prior to the Public Offer (31 December 2017)	492,000	9.86%

Funds raised under the Public Offer	4,500,000	90.14%
<b>Total Funds Available</b>	<b>4,992,000</b>	<b>100</b>
<b>USE OF FUNDS</b>		
Costs of the Transaction and Public Offer	571,068	11.44%
Exploration and development expenditure on the existing assets (Victory Bore ferrovanadium)	50,000	1.00%
Expenditure on the Austrian Cobalt Projects	1,565,000	31.35%
Expenditure on Austrian Gold Projects	1,685,000	33.75%
Working capital and administrative expenses	1,120,932	22.46%
<b>Total</b>	<b>4,992,000</b>	<b>100%</b>

**Note:**

1. Refer to Sections 6.7(a) for further information on the planned exploration activities and expenditure budget for each of the Company's projects (subject to Completion occurring). Further information on the Austrian Cobalt and Gold Projects is contained in the Independent Geologist's Report in Section 11.

To progress exploration and development of the Projects (including the Victory Bore Project) and achieve its business and strategic objectives, the Company intends to allocate capital as follows:

**(a) Exploration budget**

<b>Cobalt</b>	<b>1<sup>st</sup> year (\$)</b>	<b>2<sup>nd</sup> year (\$)</b>
Geophysics and Geology	100,000	50,000
Drilling	750,000	400,000
Environmental / CSR	40,000	30,000
Geochemistry	35,000	30,000
JORC resource	Nil	50,000
Metallurgical	30,000	Nil
Scoping studies	Nil	50,000
Engineering / Prefeasibility studies	Nil	Nil
<b>Total</b>	<b>955,000</b>	<b>610,000</b>

	<b>1,565,000</b>	
<b>Gold</b>	<b>1<sup>st</sup> year (\$)</b>	<b>2<sup>nd</sup> year (\$)</b>
Geophysics and Geology	75,000	Nil
Drilling	750,000	400,000
Environmental / CSR	70,000	30,000
Geochemistry	50,000	20,000
JORC resource	50,000	50,000
Metallurgical	50,000	Nil
Scoping studies	Nil	50,000
Engineering / Prefeasibility studies	40,000	50,000
<b>Total</b>	<b>1,085,000</b>	<b>600,000</b>
	<b>1,685,000</b>	
<b>Vanadium</b>	<b>1<sup>st</sup> year (\$)</b>	<b>2<sup>nd</sup> year (\$)</b>
Engineering / Prefeasibility studies	50,000	Nil
<b>Total</b>	<b>50,000</b>	
<b>Cumulative Total</b>	<b>3,300,000</b>	

**Note:**

1. See further, Section 7 of the Independent Geologist's Report in Section 11.

**(b) Costs of the Transaction and Public Offer**

	<b>Minimum (Full) Subscription (\$) (\$4,500,000)</b>
ASX Fees	73,790
ASIC Fees	2,400
Legal, Accounting, and Geologist Expenses	224,878
Share Registry Costs (incl. printing)	20,000
Capital Raising Fees	250,000
<b>Total</b>	<b>571,068</b>

The above tables are a statement of current intentions as at the date of this Prospectus. Investors should note that, as with any budget, the allocation of funds set out in the above tables may change depending on a number of factors, including the outcome of operational activities, regulatory developments and market and general economic conditions. In light of this, the Board reserves the right to alter the way the funds are applied.

The Directors are satisfied that upon completion of the Offers, the Company will have sufficient working capital to meet its stated objectives as set out in this Prospectus.

The use of further debt or equity funding will be considered by the Board where it is appropriate to expand exploration and development efforts, accelerate a specific project or capitalise on further opportunities.

## 6.8 Capital structure

The proposed pro forma capital structure of the Company following completion of the Acquisition and the Offers is set out in the tables below. Refer to Section 15.4 for a list of the substantial Shareholders on completion of the Acquisition and the Offers.

Minimum (Full) Subscription - \$4,500,000	Shares <sup>1</sup>	% holding post - Transaction (undiluted)	Performance Shares <sup>2</sup>	Options
On issue at the date of this Prospectus	116,937,867	25.82%	-	32,500,000 <sup>3</sup>
Issued pursuant to the Public Offer	150,000,000	41.06%	-	-
Issued pursuant to the Vendor Offer	186,000,000	33.12%	240,000,000	65,000,000 <sup>4</sup>
<b>Total (undiluted)</b>	<b>452,937,867</b>	<b>100%</b>	<b>240,000,000</b>	<b>97,500,000</b>
<b>Total (fully diluted)</b>	<b>790,437,867</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Notes:

1. Rights attaching to the Shares are summarised in Section 15.1.
2. Performance Shares consist of 120,000,000 Class A Performance Shares and 120,000,000 Class B Performance Shares. Further details in respect of the terms and conditions of the Performance Shares are set out in Section 15.2.
3. 32,500,000 Unlisted Options exercisable at \$0.03 each on or before 30 September 2020. Further details in respect of the terms and conditions of the Unlisted Options are set out in Section 15.3.
4. 65,000,000 Consideration Options exercisable at \$0.03 each on or before 30 September 2020 (i.e. issued on the same terms and conditions as the Company's existing Unlisted Options). Further details in respect of the terms and conditions of the Consideration Options are set out in Section 15.3.

## 6.9 No underwriting

The Offers are not underwritten.

## 6.10 Restricted securities

Subject to the Company re-complying with Chapters 1 and 2 of the Listing Rules and the Company's quoted securities being re-instated to trading on ASX, certain Consideration Shares, Consideration Options and Performance Shares issued under the Prospectus will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of reinstatement. During the period in which these securities are prohibited from being transferred, trading in Company's quoted securities may be less liquid which may impact on the ability of a Shareholder to dispose of his or her securities in a timely manner.

It is anticipated that:

- (a) 112,333,334 Consideration Shares issued pursuant to the Vendor Offer will be escrowed for 24 months from the date of re-instatement to quotation of the Company's quoted securities and 48,000,000 Consideration Shares will be escrowed for 12 months from the dates of issue in November 2017 of the APC Shares they replace;
- (b) 61,350,000 Consideration Options issued pursuant to the Vendor Offer will be escrowed for 24 months from the date of re-instatement to quotation of the Company's quoted securities and 3,650,000 Consideration Options will be escrowed for 12 months from their dates of issue; and
- (c) 84,000,000 Class A Performance Shares and 101,333,334 Class B Performance Shares issued pursuant to the Vendor Offer will be escrowed for 24 months from the date of re-instatement to quotation of the Company's quoted securities and 36,000,000 Class A Performance Shares and 18,666,666 Class B Performance Shares will be escrowed for 12 months from their dates of issue.

None of the Shares issued under the Public Offer are expected to be restricted securities.

The restricted securities listed above are subject to change depending on the escrow periods imposed by ASX in accordance with the Listing Rules. Prior to the Company's Shares being re-instated to trading on ASX, the Company will enter into escrow agreements with the recipients of the restricted securities in accordance with Chapter 9 of the Listing Rules, and the Company will announce to ASX full details (quantity and duration) of the Securities required to be held in escrow.

## 6.11 Dividend policy

The Company does not expect to declare any dividends in the near future as its focus will primarily be on using cash reserves to grow and develop the Austrian Cobalt and Gold Projects, as well as the Victory Bore Project.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurances can be given by the Company in relation to the payment of dividends or that franking credits may attach to any dividends.

## 6.12 How to apply

### (a) Public Offer

Applications for Shares under the Public Offer will only be accepted on the general application form accompanying this Prospectus (**Public Offer Application Form**). The Public Offer Application Form must be completed in accordance with the instructions set out on the back of the form.

The Public Offer Application Form must be accompanied by a personal cheque, payable in Australian dollars, or payment to the bank account advised by the Company, for an amount equal to the number of Shares for which the Applicant wishes to apply multiplied by the Application price of \$0.03 per Share. Cheques must be made payable to "**Quest Minerals Limited**" and should be crossed "**Not Negotiable**".

Applications under the Public Offer must be for a minimum of \$2,000 worth of Shares (66,667 Shares) and thereafter, in multiples of \$500 worth of Shares (16,667 Shares).

Completed Public Offer Application Forms and accompanying cheques (or payment to the bank account advised by the Company) must be received by the Company before

5.00pm (WST) on the Closing Date at either of the following addresses:

<b>Delivery Address</b>	<b>or</b>	<b>Postal Address</b>
Quest Minerals Limited c/- Advanced Share Registry Limited 110 Stirling Highway Nedlands WA 6009		Quest Minerals Limited c/- Advanced Share Registry Limited PO Box 1156 Nedlands WA 6909

Applicants under the Public Offer are urged to lodge their Public Offer Application Forms as soon as possible as the Public Offer may close early without notice.

An original, completed and lodged Public Offer Application Form together with a cheque for the Application Monies or a payment to the bank account advised by the Company, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Public Offer Application Form. The Public Offer Application Form does not need to be signed to be valid.

If the Public Offer Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors' decision as to whether to treat such an application as valid and how to construe, amend or complete the Public Offer Application Form is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the cheque or direct transfer for the Application Monies.

#### **(b) Vendor Offer**

The Vendor Offer is an offer to the Vendors (and/or their nominees) only. Only the Vendors (and/or their nominees) may apply for Securities under the Vendor Offer.

A personalised application form will be issued to the Vendors (and/or their nominees) together with a copy of this Prospectus (**Vendor Offer Application Form**). The number of Securities to be offered to the Vendors (and/or their nominees) will be outlined in the Vendor Offer Application Form provided by the Company. The Company will only provide the Vendor Offer Application Forms to persons entitled to participate in the Vendor Offer.

In order to apply for the issue of Consideration Shares, Consideration Options and Performance Shares under the Vendor Offer, the Vendors (and/or their nominees) must complete and return the personalised Vendor Offer Application Form to:

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Company Secretary  
Quest Minerals Limited  
Level 11, 216 St Georges Terrace  
Perth WA 6000

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by no later than 5.00pm (WST) on the Closing Date.

### **6.13 Application Monies to be held on trust**

Until the Shares are issued under this Prospectus, the Application Monies for Shares under the Public Offer will be held by the Company on trust on behalf of Applicants in a separate bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus. If the Shares to be issued under this Prospectus are not admitted to quotation within three months after the date of this Prospectus, no Shares will be issued under this Prospectus and Application Monies will be refunded in full without interest in accordance with the Corporations Act.

#### **6.14 Allocation of Shares**

The Directors will determine the recipients of the Shares under the Public Offer in consultation with the Lead Manager. The Directors (in conjunction with the Lead Manager) reserve the right to reject any application or to issue a lesser number of Shares than that applied for. If the number of Shares allocated is less than that applied for, or no issue is made, the surplus Application Monies will be promptly refunded by cheque to the Applicant (without interest).

Subject to ASX granting approval for quotation of the Shares, the issue of Shares will occur as soon as practicable after the Public Offer closes. Securities under the Vendor Offer will be issued on or about the same date as under the Public Offer. Holding statements will be dispatched as required by ASX.

It is the responsibility of Applicants to determine their allocation prior to trading in the Shares. Applicants who sell the Shares before they receive their holding statement will do so at their own risk.

#### **6.15 Applicants outside Australia**

This Prospectus does not, and is not intended to, constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register this Prospectus or qualify the Securities or otherwise permit a public offering of the Securities the subject of this Prospectus in any jurisdiction outside Australia.

It is the responsibility of Applicants outside Australia to obtain all necessary approvals for the issue of the Securities pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

#### **6.16 Lead Manager**

The Company has engaged CPS Capital Group Pty Ltd (AFSL: 294848) to act as lead manager to the Public Offer. CPS has agreed to place \$4,500,000 worth of Shares under the Public Offer on a best endeavours basis.

The Lead Manager was paid a fee of \$25,000 plus GST upon signing of the Lead Manager Mandate. The Lead Manager will also receive a management fee of 2% plus GST of the amount it raises pursuant to the Public Offer and a placing fee of 3% plus GST of the amount it raises pursuant to the Public Offer. Refer to Section 14.6 for a summary of the terms of the Lead Manager Mandate.

#### **6.17 Commissions on Application Forms**

The Company reserves the right to pay a commission of up to 3% (exclusive of GST) of amounts subscribed to any licensed securities dealers or Australian Financial Services Licensee in respect of valid Applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian Financial Services Licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian Financial Services Licensee.

#### **6.18 CHESS and Issuer Sponsorship**

The Company participates in the Clearing House Electronic Subregister System (**CHESS**). All trading on ASX in existing Shares is, and in new Shares will be, settled through CHESS. ASX

Settlement Pty Ltd (**ASXS**), a wholly-owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules. On behalf of the Company, the Share Registry operates an electronic issuer sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together make up the Company's principal register of securities.

Under CHESS, the Company will not issue certificates to Shareholders. Instead, Shareholders will receive a statement of their holdings in the Company. If an investor is broker sponsored, ASXS will send a CHESS statement.

The CHESS statement will set out the number of Securities issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Securities.

If you are registered on the Issuer Sponsored sub-register, your statement will be dispatched by the Share Registry and will contain the number of Securities issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their security holding changes. Shareholders may request a statement at any other time, however a charge may be made for additional statements.

## **6.19 Risks**

As with any investment in securities, there are risks associated with investing in the Company. The principal risks that could affect the financial and market performance of the Company are detailed in Section 13. An investment in the Securities on offer under this Prospectus should be considered speculative. Accordingly, before deciding to invest in the Company, applicants should read this Prospectus in its entirety and should consider all factors in light of their individual circumstances and seek appropriate professional advice.

## **6.20 Forecast financial information**

After considering *ASIC Regulatory Guide 170*, the Directors do not believe that they have a reasonable basis to reliably forecast future earnings of the Company and, accordingly, financial forecasts are not included in this Prospectus.

## **6.21 Privacy statement**

If you complete an Application for Securities, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your Application, service your needs as a security holder and to facilitate distribution payments and corporate communications to you as a security holder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your Shares in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that the Company holds about you. If you wish to do so, please contact the Share Registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

## **6.22 Taxation**

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offers, by consulting their own professional tax advisers. Neither the Company nor any of its Directors or officers accepts any liability or responsibility in respect of the taxation consequences of the matters referred to above.

## **6.23 Enquiries**

This is an important document and should be read in its entirety. Investors should consult with their professional advisers before deciding whether to apply for Securities under this Prospectus. Any investment in the Company under this Prospectus should be considered highly speculative.

Questions relating to the Offers can be directed to the Company on +61 8 9481 0389.

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## 7. Company and APC Overview

### 7.1 Background

The Company was registered on 11 January 1994, and listed on the ASX on 13 February 1995, with a focus on mineral exploration and project evaluation in Australia.

Following a consolidation of capital and recapitalisation, the Company's securities were reinstated to Official Quotation on 17 February 2017 after an interval of more than three years since they were last traded on 30 September 2013. The Company's principal activity since its reinstatement to Official Quotation has been mineral exploration, for gold and vanadium, at the Victory Bore Project.

The Company's primary assets are its cash holdings of approximately \$492,000 as at 31 December 2017 and its exploration licence comprising the Victory Bore Project located on EL 57/1036 in the mid-west region of Western Australia, near the town of Sandstone, 560 km north east of Perth and 450 km east of the shipping port of Geraldton.

### 7.2 Acquisition

As announced to ASX on 13 November 2017, the Company entered into the Heads of Agreement whereby the Company will acquire 100% of the issued APC Securities from the Vendors for the purposes of acquiring the Austrian Cobalt and Gold Projects.

The transaction contemplated by the Heads of Agreement includes (together, the **Transaction**):

- (a) the Acquisition;
- (b) the Public Offer;
- (c) the appointment of Torey Marshall as Managing Director / CEO, and Hayden Locke as a non-executive Director;
- (d) the Company changing its name to "High Grade Metals Limited"; and
- (e) the Company re-complying with Chapters 1 and 2 of the Listing Rules.

As contemplated in the Heads of Agreement, the parties subsequently entered into definitive share purchase agreements in relation to the assets comprising the Austrian Cobalt and Gold Projects. These Share Acquisition Agreements comprise:

- (a) the Share Sale Agreement dated 29 January 2018 between the Company, APC and 23 key and initial APC securityholders with respect to the sale by those APC securityholders of their APC Securities to the Company (**Share Sale Agreement**); and
- (b) short-form Minority Sale Agreements between the Company, APC and each of the remaining 22 APC securityholders (including the two vendors of the Austrian Cobalt and Gold Projects) dated 29 January 2018 with respect to the sale of their APC Securities to the Company (each, a **Minority Sale Agreement**).

Completion under the Share Sale Agreement and the Minority Sale Agreements is interdependent.

A summary of the material terms of the Share Acquisition Agreements is set out at Section 7.3 below.

### 7.3 Terms of the Transaction

The key terms of the Share Sale Agreement are as follows:

- (a) **(Conditions Precedent):** Completion of the Transaction is subject to and conditional upon a number of conditions precedent, some of which remain outstanding as at the date of this Prospectus, including:
- (i) Receipt of ASX conditional approval to re-admit the Company to the Official List, subject to re-compliance with Chapters 1 and 2 of the Listing Rules, such conditions to be reasonably satisfactory to the Company;
  - (ii) APC and its subsidiaries having net liabilities of less than \$20,000;
  - (iii) execution by APC, the APC shareholders, or their nominees (as the case may be) of restriction agreements with regard to the Consideration Shares, Consideration Options, and/or Performance Shares as may be required by ASX;
  - (iv) the Company receiving applications for the Minimum Subscription (\$4,500,000);
  - (v) no material adverse changes to the Company's or APC's financial position; and
  - (vi) there being no material breach in any Vendor warranty at any time before Completion,
- (together, the **Conditions Precedent**)
- (b) **(Consideration):** The Company will provide the following consideration for the acquisition of 100% of the APC Securities:
- (i) 186,000,000 Shares;
  - (ii) 65,000,000 Consideration Options, having an exercise price of 3 cents and expiring on 30 September 2020;
  - (iii) 240,000,000 Performance Shares in two classes:
    - (A) **Class A:** 120,000,000 Performance Shares, which are convertible into Shares on a one for one basis, upon the delineation of a JORC-compliant Mineral Resource estimate of at least Inferred category (as defined in the JORC Code) of a minimum of 500,000 ounces of gold or gold equivalent (in accordance with clause 50 of the JORC Code) at an average grade of at least 8 grams per tonne.
    - (A) **Class B:** 120,000,000 Performance Shares, which are convertible into Shares on a one for one basis, upon completion of a positive Scoping Study (as defined in the JORC Code) in relation to any one or more Austrian Cobalt Project by an independent third-party expert which evidences an internal rate of return greater than 20% (using publicly available industry assumptions including deliverable spot commodity/mineral prices which are independently verifiable), provided that the total cumulative EBITDA over the life of the relevant Austrian Cobalt Project is over \$US50,000,000, and provided that (while the Company remains listed on ASX) the Scoping Study is released

as an announcement on the ASX Announcements Platform and is not required by reason of regulatory intervention by ASX or ASIX to be retracted within a period of one month from the date of its release.

The expiry date for both classes of Performance Shares is to be 5 years from the date of issue. Their other terms will be the standard terms required by ASX.

- (iv) Payment of a net smelter royalty of 2.5% of all gold produced from the Austrian Gold Projects to Eurocan Anstalt (the vendor of these Projects) up to a total cumulative payment of US\$2,500,000.
- (c) **(Issue of Consideration Securities)**: The Company separately agrees to issue the relevant number and type of Consideration Securities to each APC securityholder, in return for the transfer to it of the equivalent number and type of APC Securities, either pursuant to the Share Sale Agreement or the individual Minority Sale Agreement as the case may be;
- (d) **(Warranties)**: The following warranties were provided to the Company under the various agreements:
  - (i) APC and key securityholders provided substantive warranties regarding APC, its subsidiaries and the Projects in the Share Sale Agreement;
  - (ii) All key and initial securityholders party to the Share Sale Agreement provided standard warranties regarding title to, and lack of encumbrances regarding, their respective APC Securities;
  - (iii) In each Minority Sale Agreement, the APC securityholder provided standard warranties regarding title to, and lack of encumbrances regarding, their APC Securities; and
  - (iv) It is intended that, post-Completion, the Company can rely on the Eurocan Gold Warranties and the Gravner Cobalt Warranties set out in the Cobalt Project Acquisition Agreement and the Gold Project Acquisition Agreement respectively (see further Sections 14.3 and 14.4).
- (e) **(Limitation of liability)**: Under the Share Sale Agreement, the liability of each APC securityholder for breach of warranty is limited to the cancellation of that APC securityholder's Consideration Shares; the liability of the Company for breaches of the Share Sale Agreement is limited to \$1,704,000.
- (f) **(Completion)**: Completion of the Acquisition will occur as soon as reasonably practicable after satisfaction (or waiver) of the last Condition Precedent **(Completion)**.
- (g) **(Change of name)**: Following successful completion of the Transaction, the Company proposes to change its name to "High Grade Metals Limited".

The Share Sale Agreement and the Minority Sale Agreements otherwise contains terms and conditions which are typical for agreements of that nature.

## 7.4 The Company's Business Model and Strategy

The Company is proposing to acquire 100% of the issued APC Securities from the Vendors pursuant to the Share Acquisition Agreements.

The primary objective of the Company is to focus on mineral exploration and resources opportunities that have the potential to deliver growth of the Company for the benefit of Shareholders. The Company will endeavour to achieve this objective by focusing on the exploration and development of the Austrian Cobalt and Gold Projects (as well as its existing Victory Bore Project) described in Section 7.6 and further explained in the Independent Geologist's Report in Section 11.

Following completion of the Transaction and reinstatement to Official Quotation, the Company aims to undertake a two-year exploration program, focussing on the highly prospective cobalt/nickel/copper mineralisation of the Leogang and Seekar projects and the high grade gold potential of the Schellgaden gold mine. The remaining lower priority exploration projects will be explored as time and budget allows over the next 5 years, subject to renewal of the relevant Exploration Permits.

The results of the exploration programs will determine the economic viability and possible timing for the commencement of further testing and commencement of any mining operations on the Projects.

In summary, the Company's business model and strategy is to work towards commercialising the Projects through exploration and development of cobalt, nickel, copper and gold within the Tenements.

Refer to Section 7.7 for further details of the Company's proposed exploration program, and to Section 6.7 for information regarding the Company's proposed use of funds.

## **7.5 Austrian Projects Corporation Pty Ltd**

### **(a) History**

APC was incorporated in Australia on 24 October 2017 for the purpose of acquiring the Austrian Cobalt and Gold Projects. APC acquired two wholly-owned subsidiaries under the law of Austria (APC Cobalt GmbH and APC Gold GmbH) to hold the assets constituting the Austrian Cobalt and Gold Projects respectively.

APC completed the acquisition of the Austrian Cobalt and Gold Projects from the respective Project vendors before Completion pursuant to the Cobalt Project Acquisition Agreement and the Gold Project Acquisition Agreement respectively. Refer to Sections 14.3 and 14.4 for further details of these agreements.

At Completion, the Company will acquire 100% of the issued APC Securities by the issue to APC securityholders of Consideration Securities in a corresponding class on a 1:1 ratio. In other words, holders of APC Shares will receive Shares. To the holders of APC Options and APC Class A and Class B Performance Shares, the Company will issue securities on identical terms that are convertible into Shares rather than APC Shares.

The issued capital of APC comprises:

- (i) 186,000,000 APC Shares;
- (ii) 65,000,000 APC Options (with the same terms and conditions as the Consideration Options);
- (iii) 120,000,000 APC Class A Performance Shares (with the same terms and conditions as the Class A Performance Shares); and
- (iv) 120,000,000 APC Class B Performance Shares (with the same terms and conditions as the Class B Performance Shares).

The corporate structure of the Company following Completion is set out in Section 7.9. Further

details on APC, APC Cobalt GmbH and APC Gold GmbH are also set out in the Solicitor's Report on Title in Section 12.

(b) **Vendors**

The securityholders of APC (i.e. the Vendors) are each unrelated parties of the Company, other than Messrs Torey Marshall and Hayden Locke, who are only related parties by virtue of being the Proposed Directors.

Two of the APC securityholders are vendors of the Austrian Cobalt and Gold Projects. The remaining APC securityholders are either initial securityholders or securityholders who provided seed capital.

Messrs Torey Marshall and Hayden Locke will have the following relevant interest in the Company upon completion of the Transaction due to their current relevant APC holdings (also refer to Section 8.4 for additional information):

Shareholder	Shares	% holding post-Transaction	Performance Shares	Options
<b>Undiluted</b>				
<b>Torey Marshall</b>	8,500,000	1.88%	13,300,000	20,000,000
<b>Hayden Locke</b>	1,000,000	0.22%	2,000,000	2,000,000
<b>Total Securities on issue in Company on completion of the Offers</b>	<b>452,937,867</b>	<b>100%</b>	<b>240,000,000</b>	<b>97,500,000</b>
<b>Diluted</b>				
<b>Torey Marshall</b>	41,800,000	5.29%	Nil	Nil
<b>Hayden Locke</b>	5,000,000	0.63%	Nil	Nil
<b>Total Securities on issue in Company on completion of the Offers</b>	<b>790,437,867</b>	<b>100%</b>	<b>Nil</b>	<b>Nil</b>

## 7.6 Austrian Cobalt and Gold Projects

The Austrian Cobalt and Gold Projects are a portfolio of highly prospective Exploration Permits in Austria which include former high-grade cobalt, copper and nickel, and gold and silver mines and workings. The Company considers that the Austrian Cobalt and Gold Projects to be a suite of attractive exploration and development assets.



*Location of Austrian Cobalt and Gold Projects (map prepared by Brian Naylor, Digimaps, for the Company)*

Set out below under “Tenure under Austrian Mining Law” is a description of what an Exploration Permit (each 0.567km<sup>2</sup> in area) entails. Technical information on the Projects, and a complete discussion on the prospectivity of the region, are to be found in the Independent Geologist’s Report in Section 11.

#### (a) **Austrian Cobalt Projects**

The **Austrian Cobalt Projects** comprise four exploration concessions made up of a total of 78 Exploration Permits. These are all valid until 31 December 2021. Together they cover a total area of approximately 44 km<sup>2</sup>.

Nickel and cobalt were mined in the region that includes the Austrian Cobalt Projects from the mid-16<sup>th</sup> century where the municipality of Leogang was famed for the richness of its cobalt and nickel mineralisation. Mining peaked in the late 1700s but the market fell away after the Napoleonic Wars according to the local museum at the Leogang township. Very little information is available on the production history of the area through time, as for the most part, no records existed.

The four exploration concessions are:

##### (i) **Gratspitz**

The Gratspitz Project is located within the Federal State of Tyrol, immediately to the east of Brixlegg and some 15 km NNE of Schwaz, on the eastern side of the Inn River. Thirty-seven Exploration Permits define this Project, the total area of which is approximately 15 km<sup>2</sup> and includes the historical Ramsberg and Theierberg mine sites. The Schwaz-Brixlegg Mining District is renowned as having been one of the richest silver producers in medieval times. The region was a significant producer of copper and cobalt.

##### (ii) **Leogang**

The Leogang Project encompasses one of the oldest and most famous mining localities in the Schwarzleo Valley, where mining was first documented in 1425. Located in the Federal State of Salzburg, the Project, comprising 30 Exploration Permits, covers an area of approximately 12 km<sup>2</sup>. It includes important mine sites where silver, mercury, copper, nickel, cobalt and lead ore were extracted and smelted in nearby villages, including Nockelberg and Leogang. These villages are particularly famous for their historical wealth of nickel and cobalt ores. Geologically, the Leogang Project lies on the boundary between the Greywacke Zone and Northern Calcareous Alps, north of the Tauern Window.

(iii) **Seekar**

The Seekar Project is located in the Federal State of Salzburg. The Seekar Project, comprising 9 Exploration Permits, covers a total area of 4 km<sup>2</sup> and includes historical mining sites first established during the 16th century and mined intermittently up until 1923, after World War I.

(iv) **Zinkwand**

The Zinkwand Project is located both on the northern and southern flanks of Zinkwand Mountain, the site of historic sulphide mining including both cobalt and nickel. The Zinkwand Project consists of 2 Exploration Permits covering an area of approximately 1 km<sup>2</sup>. Several historical mining adits within the Zinkwand Project are still accessible.



*Austrian Cobalt Projects. Map prepared by Brian Naylor, Digimaps, for the Company*

For a complete discussion on the prospectivity of the region that includes the Austrian Cobalt Projects, please see the Independent Geologist's Report in Section 11.

(b) **Austrian Gold Projects**

The **Austrian Gold Projects** comprise five exploration concessions made up of a total of 300 Exploration Permits. These are all valid until 31 December 2019. Together they cover a total area of approximately 170km<sup>2</sup>.

There are multiple deposit types in the Austrian Gold Projects, all with proximity to excellent basic infrastructure such as roads, towns and services. Like most areas in Central Europe that have historic workings, almost no records are accessible from conventional sources that are even loosely reliable. Adits, workings and mines can be numerous in records but not locatable present day.

The five exploration concessions are:

(i) **Schellgaden North and South**

The Schellgaden Project (comprising Schellgaden North and Schellgaden South) is referred to in historical records as a high-grade gold mine, somewhat supported by the results of the Argosy Mining GmbH channel sampling program completed in the mid-1990s. Located in the historic Schellgaden Mining District, named after the village of Schellgaden, the focus of the district's gold production until the early years of the 20th century. Schellgaden is located between the town of St. Michael/Lungau and the municipality of Muhr, county of Lungau, in the State of Salzburg. The Schellgaden North

Project consists of 36 Exploration Permits covering an area of 17.3km<sup>2</sup>, and Schellgaden South consists of 121 Exploration Permits.

(ii) **Goldeck - Siflitz**

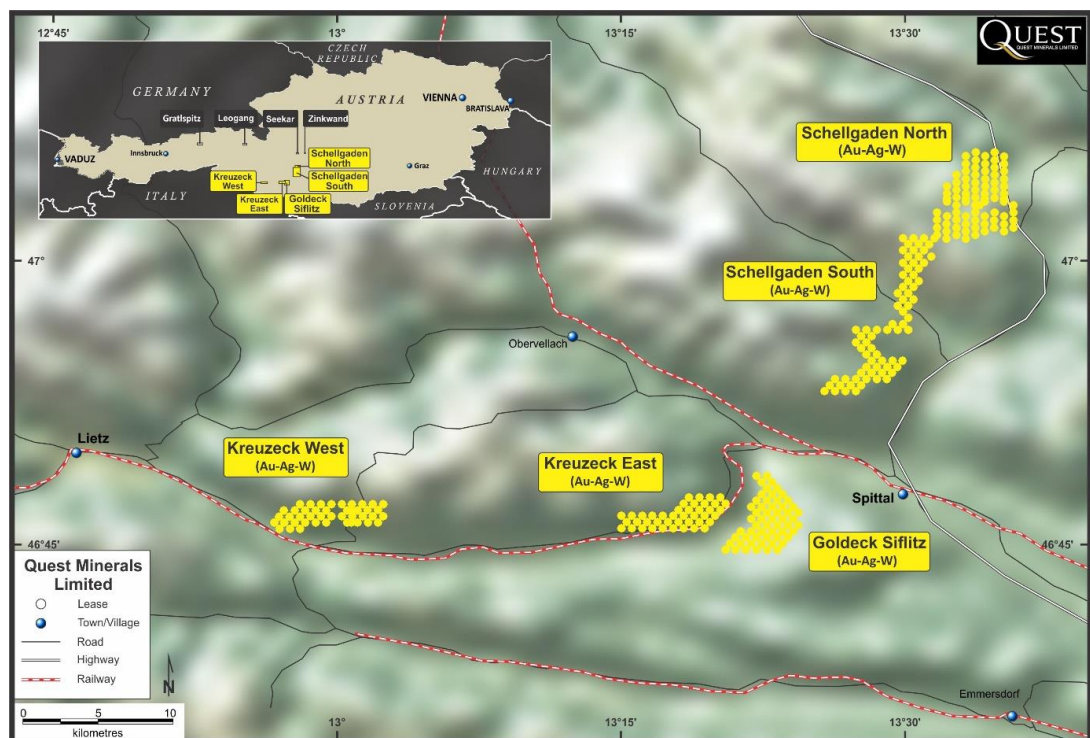
This Project consists of 57 Exploration Permits covering an area of 27.6 km<sup>2</sup> and encompasses the historic mine workings of Guginock.

(iii) **Kreuzeck East**

This Project comprises 42 Exploration Permits, encompasses a total area of approximately 20.5 km<sup>2</sup> and includes the historic mine workings of Lengholz and Lessnig-Radlberg within the Goldeck-Kreuzeck Mining District.

(iv) **Kreuzeck West**

This Project consists of 44 Exploration Permits covering an area of 23.9 km<sup>2</sup>. It also lies within the Goldeck-Kreuzeck Mining District and hosts the greatest variety of mineralisation styles of the Austrian Gold Projects.



*Austrian Gold Projects. Map prepared by Brian Naylor, Digimaps, for the Company*

For a complete discussion on the prospectivity of the region, please see the Independent Geologist's Report in Section 11.

## 7.7 Proposed Exploration Program – Priority Areas

The exploration program will be centred on cobalt-nickel-copper in and around the historic Leogang mine (inclusive of Nockelberg and surrounds), and the historic high grade Schellgaden gold mine. The Company believes these Projects represent the highest priority targets in its exploration portfolio.

The areas of focus are those where historic mines (and infrastructure) exist, where there is a level of certainty about the presence of a mineralised layer that could prove to be more extensive (exploration required), and where the information available supports that contention. With exploration success, the Company believes these Projects could be fast-tracked towards production.

The exploration program will be centred on cobalt-nickel-copper in and around the historic Leogang mine (inclusive of Nockelberg and surrounds), and the historic high grade Schellgaden gold mine. The Company believes these Projects represent the highest priority targets in its exploration portfolio.

The style of mineralisation is amenable to delineation by a range of geophysical methods. These may be undertaken either prior to or after exploration drilling, and include airborne potential field in addition to test programs of induced polarisation, electro magnetics and resistivity. These surveys will supplement environmental baselining, field mapping, geochemical sampling, underground mine engineering assessments, metallurgical studies, and potentially scoping/prefeasibility studies which will be undertaken where appropriate.

Based on the results of these initial rounds of exploration it is intended to undertake a minimum of 1000m of reconnaissance drilling (Phase 1), to be followed by an additional drilling phase of approximately 2000m (during Year 2).

The Company's proposed exploration budget is set out below and discussed in Section 7 of the Independent Geologist's Report (included at Section 11 of this Prospectus). It is also set out at Section 6.7(a) with respect to use of funds.

<b>Cobalt</b>		<b>Year 1</b>	<b>Year 2</b>
Geophysics and Geology		\$100,000	\$50,000
Drilling		\$750,000	\$400,000
Environmental/CSR		\$40,000	\$30,000
Geochemistry		\$35,000	\$30,000
JORC Code Resource quantification		Nil	\$50,000
Metallurgical		\$30,000	Nil
Scoping Studies		Nil	\$50,000
Engineering/Prefeasibility Studies		Nil	Nil
<b>Total</b>		<b>\$955,000</b>	<b>\$610,000</b>
<b>Gold</b>			
Geophysics and Geology		\$75,000	\$0
Drilling		\$750,000	\$400,000
Environmental/CSR		\$70,000	\$30,000
Geochemistry		\$50,000	\$20,000
JORC Code Resource quantification		\$50,000	\$50,000
Metallurgical		\$50,000	Nil
Scoping Studies		Nil	\$50,000
Engineering/Prefeasibility Studies		\$40,000	\$50,000
<b>Total</b>		<b>\$1,085,000</b>	<b>\$600,000</b>
<b>Vanadium</b>			
Engineering/Prefeasibility Studies		\$50,000	Nil
<b>Total</b>		<b>\$50,000</b>	<b>Nil</b>
Corporate Overhead		\$400,000	\$400,000
<b>Cumulative total</b>		<b>\$2,490,000</b>	<b>\$1,610,000</b>

Where exploration results are positive, the Company will accelerate the studies assessing the economic viability of the Projects including underground mine engineering assessments, metallurgical studies leading to scoping/prefeasibility studies where results are positive.

The remaining lower priority exploration projects will be explored as time and budget allows over the next 5 years, subject to renewal of the relevant Exploration Permits.

## 7.8 Tenure under Austrian Mining Law

### (a) Introduction

Austrian mining law is governed by the federal *Mineral Raw Materials Act (Mineralrohstoffgesetz)* of 1999 (*Bundesgesetzblatt, (BGBl) I, no 35, 1999, as amended*) (**MinroG**). MinroG regulates prospecting and exploration for minerals, and extraction, production and processing of minerals in Austria. Activities governed by the MinroG are the responsibility of the federal Austrian Ministry for Science, Research and the Economy (**Mining Authority**).

There are three categories of minerals under the MinroG:

- *Bergfreie* (“Free-for-mining” minerals). These minerals are set out in section 3 of the MinroG, and are not at the landowner’s disposal (i.e., they do not belong to the person who owns the surface of the land). *Bergfreie* minerals can be extracted by any person meeting certain legal requirements. The category includes metallic ores and many industrial minerals. Gold, nickel, copper and cobalt are all classified as *bergfreie*.
- *Bundeseigene* (“State-owned” minerals). These minerals belong to the State, and include hydrocarbons and minerals containing uranium and thorium.
- *Grundeigene*. All minerals not *bergfreie* or *bundeseigene* are classified as *grundeigene*, and belong to the landowner (although a Mining Licence holder may in certain circumstances become entitled to them).

Upon the grant of an Exploration Permit or Mining Licence (see below), ownership of the *bergfreie* minerals is allocated to the Exploration Permit or Mining Licence holder.

### (b) Exploration Tenures

An Exploration Permit (*Schurfberechtigung*) entitles the holder exclusively to explore for *bergfreie* minerals in the area covered by the Exploration Permit.

An Exploration Permit is circular in shape, with a radius of 425 metres (for an area of 0.567km<sup>2</sup>). To ensure that the whole of a proposed area for exploration is completely covered, a number of Exploration Permits are applied for in an overlapping pattern of circles.

A party other than an Exploration Permit can apply for a Mining Licence (*Bergwerksberechtigung*) (see below) over an area covered by an Exploration Permit if that other party shows the feasibility of its mining project. However, if the Exploration Permit holder holds sufficient Exploration Permits overlapping in a ‘secure pattern’, that will preclude the grant of a Mining Licence to another party.

A works program has to be approved in writing by the Mining Authority in order for an Exploration Permit to be granted. There is no minimum annual expenditure requirement, but the Exploration Permit holder must submit annual reports on its exploration activities to the Mining Authority.

The term of an Exploration Permit is five calendar years (including the year in which the Exploration Permit is granted). An extension for a further five years can be applied for at the end of that period, provided that the annual exploration activities reports lodged by the Exploration Permit holder have been approved by the Mining Authority for each of the preceding five years. Having performed the work in one Exploration Permit is sufficient for the

extension of up to 100 Exploration Permits forming part of a contiguous exploration area made up of overlapping Exploration Permits

The annual prospecting fee (*Freischurfgebühren*) payable to the Mining Authority is €8.72 per Exploration Permit.

Prior to commencing exploration, an Exploration Permit holder must obtain consent for surface access from the relevant landowner. If such consent is not forthcoming, the Exploration Permit holder can apply to the Mining Authority for compulsory access, to be determined on a case-by-case basis.

Exploration Permits are transferable.

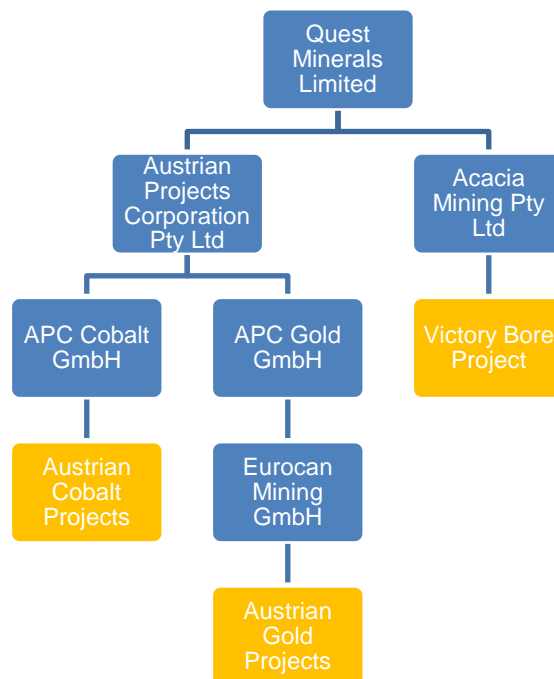
The holder of an Exploration Permit can apply for the right to exclude the granting of a Mining Licence to any other party within a rectangle of 48,000m<sup>2</sup> based on a centre point that is identical to the centre of an Exploration Permit circle. This right to a “Reservation Field” (*Vorbehaltsfeld*) has to be claimed from the Mining Authority at the latest at the time of any *in situ* hearing for the grant of a Mining Licence to another party.

### (c) Mining Production Tenures

This is discussed in detail in the Solicitor’s Report on Title in Section 12.

## 7.9 Corporate structure

At Completion, the corporate structure of the Company will be as follows:



APC Cobalt GmbH and APC Gold GmbH were shelf companies acquired in Austria to hold the Tenements constituting the Austrian Cobalt Projects and the company holding the Tenements in the Austrian Gold Projects respectively.

The Company (through its wholly-owned subsidiary APC, and APC's wholly-owned Austrian subsidiaries) will be the sole holder of a 100% legal and beneficial interest in the Projects.

#### **7.10 Financial information**

Financial information in relation to the Company and APC is set out in Section 9 and in the Investigating Accountant's Report in Section 10.

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## **8. Directors, Key Management and Corporate Governance**

### **8.1 Director profiles**

Subject to completion of the Transaction, it is intended that the Board will be comprised of Messrs Steven Formica, David Palumbo, Torey Marshall and Hayden Locke. Existing Director Mr Jerome G Vitale intends to resign as a Director following completion of the Transaction.

Brief profiles of the Directors of the Company following Completion are set out below.

**(a) Mr Steven Formica – Non-Executive Chairman**

Mr Formica brings to the Company practical management and business development experience. He has been a successful businessman and operations manager for over 30 years in a number of privately held business ventures including manufacturing, construction, landscape contracting, property development, and integrated wholesale and retail businesses. More recently he has been a successful investor and non-executive director in mineral resource companies. Mr Formica is currently a non-executive director of ASX-listed companies Bowen Coking Coal Limited, Lindian Resources Limited and Mintails Limited, and formerly chairman of Enerji Limited.

**(b) Mr David Palumbo – Non-Executive Director**

Mr Palumbo is a Chartered Accountant with over ten years' experience in the accounting and financial reporting of ASX listed and unlisted companies, which includes five years as an external auditor. He provides corporate advisory and financial management advice and specialises in corporate compliance, statutory reporting and financial accounting services.

Mr Palumbo is currently a non-executive director and company secretary for ASX listed companies Krakatoa Resources Limited (ASX: KTA) and Roto-Gro International Limited (ASX: RGI) and company secretary for European Cobalt Ltd (ASX: EUC) and several other public companies.

**(a) Mr Torey Marshall – Managing Director and Chief Executive Officer**

Mr Marshall is a Chartered Professional (Geology) of AusIMM, and holds a BSc (Hons) and MSc from the University of South Australia. He has been a member of the international resources community for over 17 years having worked in mining, geothermal, petroleum and associated infrastructure projects across South America, Africa, North America and Europe. Mr Marshall has worked for numerous large and small businesses as both advisor and member of the management team (such as EVP Business Development for Eagle Graphite Corporation), inclusive of being a Managing Director and CEO of several companies in the public (Earth Heat Resources Ltd/Rampart Energy Ltd) as well as private corporate environments (Red Gum Resources Ltd prior to listing on the ASX, and WAMA Gold). He has been responsible for development of strategic direction, identification and acquisition of new projects, execution of exploration and development programs (and building the teams thereof), inclusive of capital markets (arranging over \$500m in equity and project funding) across a range of projects globally.

**(b) Mr Hayden Locke – Non-Executive Director**

Mr Locke is a former investment banker (JP Morgan, London) and private equity investment manager (Barclays) with transactional experience across multiple industries from both the buy and sell-side. He has nearly 10 years' experience in corporate development, M&A and financing. His most recent experience is leading the in-house corporate development, strategy and sales and marketing function for a small-medium listed specialty fertiliser company based in London and Spain. Prior to that, Mr Locke

was Corporate Executive for ASX-listed Papillon Resources Ltd which was sold to B2Gold Corp in 2014. Mr Locke studied engineering, commerce and geology,

## 8.2 Key management personnel

Following Completion, the key management personnel of the Company will comprise:

- (a) Steven Formica (Non-Executive Chairman);
- (b) Torey Marshall (proposed Managing Director and Chief Executive Officer); and
- (c) Hayden Locke (proposed Non-Executive Director).

Please refer to the employment agreement summaries in Section 8.6 for details of the material terms of engagement of the key management personnel.

### Other management

The current Company Secretary, David Palumbo, is retained on a contract-basis through Mining Corporate Pty Ltd in relation to the services he provides as Company Secretary and will continue in this role for the Company after Completion.

### Consultants

The Company expects to be able to obtain the services of Dr Hans Klob to hold project management roles in-country with respect to the Austrian Cobalt and Gold Tenements, as required by Austrian law for the holding of mineral tenures. Refer to Sections 14.3(g) and 14.4(f).

## 8.3 Directors' interests

Other than as set out in this Prospectus, no Director has, or had within 2 years before lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offers; or
- (c) the Offers,

and the Company has not paid any amount or provided any benefit, or agreed to do so, to any Director, either to induce that Director to become, or to qualify them as, a director of the Company, or otherwise, for services rendered by them in connection with the formation or promotion of the Company or the Offers.

## 8.4 Directors' interests in Securities

Directors are not required under the Constitution to hold any Shares to be eligible to act as Director.

The interests of the Existing Directors in Securities as at the date of this Prospectus are as follows:

Director	Shares	Performance Shares	Options	% (undiluted)	% (fully diluted)
Steven Formica	5,900,000 <sup>1</sup>	-	-	5.05%	3.95%
Jerome G Vitale	1,175,001 <sup>2</sup>	-	2,500,000 <sup>3</sup>	1.00%	2.46%
David Palumbo	250,000	-	-	0.21%	0.17%

**Notes:**

1. 5,900,000 Shares are held by Stevsand Holdings Pty Ltd <Formica Horticultural A/C>, a company of which Mr Formica is a director.
2. 125,000 Shares are held by Verde Technologies Pty Ltd, an entity controlled by Mr Vitale. 750,000 Shares are held by Molly Clara Ragusini, the spouse of Mr Vitale. 200,000 Shares are held by Vincenzo Vitale and Serafina Vitale, the parents of Mr Vitale. 100,001 Shares are held directly by Mr Vitale.
3. 2,500,000 Unlisted Options are held by Haramount Pty Ltd, an entity controlled by Jerome G Vitale, with an issue price of \$0.00001 and exercisable at \$0.03 each on or before 30 September 2020.

Further details in respect of the terms and conditions of the Unlisted Options are set out in Section 15.3.

At the Shareholder Meeting held on 19 January 2018, the Company obtained Shareholder approval for participation of the Existing Directors in the Public Offer. Messrs Jerome G Vitale, David Palumbo and Steven Formica have advised that they (or their nominees) intend to subscribe for 2,250,000 Shares, 2,250,000 Shares and 12,500,000 Shares under the Public Offer respectively.

The Proposed Directors have advised that they do not intend to subscribe for any Shares under the Public Offer.

The anticipated interests of the Directors in Securities, following completion of the Acquisition and completion of the Offers (assuming no subscription for Shares under the Public Offer by the Proposed Directors as noted above), are as follows:

Director	Shares	% Shareholding (Minimum Subscription)	Performance Shares	Options
Steven Formica	11,900,000 <sup>1</sup>	2.63%	-	-
David Palumbo	2,500,000 <sup>2</sup>	0.52%	-	-
Torey Marshall	8,500,000 <sup>3</sup>	1.88%	13,300,000 <sup>4</sup>	20,000,000 <sup>5</sup>
Hayden Locke	1,000,000 <sup>3</sup>	0.22%	2,000,000 <sup>4</sup>	2,000,000 <sup>5</sup>

**Notes:**

1. Mr Formica has advised that he intends to allocate 6,500,000 Shares of the 12,500,000 Shares to related party nominees in none of whose Shares Mr Formica has a relevant interest (as approved by Shareholders at the Shareholder Meeting).
2. Mr Palumbo have advised that he will not subscribe for his full entitlement under the Public Offer and intends to allocate Shares to related party nominees, in none of whose Shares he has a relevant interest (as approved by Shareholders at the Shareholder Meeting).
3. Consideration Shares to be issued to the Proposed Directors under the Vendor Offer. Refer to Section 15.1 for a summary of the rights and liabilities attaching to Shares.
4. Performance Shares to be issued to the Proposed Directors under the Vendor Offer. Refer to Section 15.2 for the full terms and conditions of the Performance Shares.
5. Consideration Options issued under the Vendor Offer, exercisable at \$0.03 each on or before 30 September 2020 (i.e. issued on the same terms and conditions as the existing Unlisted Options). Further details in respect of the terms and conditions of the Consideration Options are set out in Section 15.3.

## 8.5 Remuneration of Directors

The Constitution provides that the remuneration of non-executive Directors will not be more than the aggregate fixed sum determined by a general meeting of Shareholders, which is \$300,000 per annum.

The remuneration of Directors is reviewed annually by the Company.

The Directors are entitled to be reimbursed out of the funds of the Company such reasonable travelling, accommodation and other expenses the Directors may incur when travelling to or from meeting of the Director or Committee or when otherwise engaged on the business of the Company.

Details of the annual remuneration (inclusive of any applicable superannuation) of the Existing Directors for the financial years ended 30 June 2016 and 30 June 2017 are as follows:

Director	Financial year ending 30 June 2016	Financial year ending 30 June 2017
Steven Formica <sup>1</sup>	Nil	Nil
Jerome G Vitale <sup>2</sup>	\$2,254	\$132,475 <sup>4</sup>
David Palumbo <sup>3</sup>	Nil	\$8,875 <sup>5</sup>

**Notes:**

1. Mr Formica was appointed non-executive Director on 3 January 2017 and Non-Executive Chairman on 18 January 2017.
2. Mr Vitale was the Managing Director until 18 January 2017 when he was appointed as a non-executive Director.
3. Mr Palumbo was appointed Company Secretary on 16 December 2016 and non-executive Director on 18 January 2017.
4. Comprised of: (a) director fees totaling \$80,000 for successful completion of re-instatement of the Company to trading on the ASX on 17 February 2017; (b) director fees since re-instatement totaling \$22,500; and (c) 2,500,000 Unlisted Options acquired by Mr Vitale with a deemed fair value of \$0.012 per Unlisted Option (using the Black-Scholes pricing model).
5. Fees paid or payable to Mr Palumbo's employer, Mining Corporate Pty Ltd.

The current annual remuneration (inclusive of any applicable superannuation) payable to each of the Existing Directors as at the date of this Prospectus until Completion of the Transaction is as follows:

Director	Current Annual Remuneration
Steven Formica	Nil <sup>1</sup>
Jerome G Vitale	\$24,000 <sup>2</sup>
David Palumbo	\$24,000

**Notes:**

1. The Board has resolved, in accordance with the Constitution, to pay Mr Formica a one off payment of \$60,000 in fees for past services provided outside the scope of the ordinary duties of a non-executive Chairman, including for services performed in connection with the re-instatement of the Company to trading on the ASX on 17 February 2017, and additional services performed with respect to identifying new opportunities for the Company in Austria. Mr Formica had previously agreed to waive any director fees until such time that the workload associated with his duties as Chairman was further assessed.
2. Reduced from \$60,000 per annum to \$24,000 per annum from August 2017.

The annual remuneration (inclusive of any applicable superannuation, unless stated otherwise) payable to each of the Directors following completion of the Transaction is as follows:

Director	Annual Remuneration following Completion
Steven Formica	\$84,000
David Palumbo	\$24,000
Torey Marshall	\$200,000 <sup>1</sup>
Hayden Locke	\$36,000

**Note:**

1. Exclusive of applicable superannuation.

A summary of the material terms of employment of Torey Marshall (the proposed Managing Director and Chief Executive Officer of the Company), Torey Marshall (a proposed Non-Executive Director of the Company) and the other key management personnel are outlined in Sections 8.6 and 8.7 below.

## 8.6 Agreements with Directors or Related Parties

### (a) Executive Service Agreement – Mr Torey Marshall

The principal terms of the executive services agreement (**ESA**) with Torey Marshall dated 18 January 2018 for the position of Managing Director and Chief Executive Officer include the following:

- (i) **Term:** Mr Marshall's engagement will commence on the date of Completion and shall continue until terminated by either party in accordance with the terms of the ESA.
- (ii) **Remuneration:** Mr Marshall will be paid fees for his services in the form of a salary totalling \$200,000 per annum plus superannuation. Mr Marshall will also have the opportunity to earn performance-based bonuses, based on key performance indicators set by the Company from time to time and any other matter that the Company deems appropriate.
- (iii) **Expenses:** The Company will reimburse Mr Marshall for all reasonable expenses incurred in the performance of his duties in connection with the business of the Company.
- (iv) **Termination:** Either party may terminate the ESA at their sole discretion by giving the other party three months' written notice.

Other industry standard provisions for a senior executive of a public listed company are included in the ESA.

Refer to Section 8.1(b) for a profile of Torey Marshall.

### (b) Non-Executive Letter of Appointment – Mr Hayden Locke

Hayden Locke will be paid non-executive Director's fees of \$36,000 per annum (inclusive of statutory superannuation contributions) for the position of non-executive Director. Non-executive directors' fees are determined within an aggregate directors' fee pool limit under the Constitution.

Refer to Section 8.1(b) for a profile of Hayden Locke.

(c) **Non-Executive Letter of Appointment – Mr Steven Formica**

Steven Formica will be paid non-executive Director's fees of \$84,000 per annum (inclusive of statutory superannuation contributions) for the position of non-executive Chairman. Non-executive directors' fees are determined within an aggregate directors' fee pool limit under the Constitution.

Refer to Section 8.1(a) for a profile of Steven Formica.

(d) **Relationship between Proposed Directors and APC**

Messrs Torey Marshall and Hayden Locke are both shareholders of APC and Mr Marshall is the sole director.

Refer to Sections 7.5(b) and 8.4 for details of interests the Proposed Directors will have in the Company following completion of the Transaction.

(e) **Deeds of indemnity, insurance and access**

The Company is party to a deed of indemnity, insurance and access with each of the Existing Directors and is proposing to enter into similar deeds with each of the Proposed Directors upon their appointment. Under these deeds, the Company indemnifies each Director to the extent permitted by the Corporations Act against any liability arising as a result of the Director acting as a director of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant Director and must also allow the Directors to inspect board papers in certain circumstances.

## **8.7 Agreements with key management personnel**

Refer to Section 8.6(a) for a summary of the key terms of Torey Marshall's Executive Services Agreement for the position of Managing Director and Chief Executive Officer.

Refer to Section 8.6(b) for a summary of the key terms of Hayden Locke's Non-Executive Letter of Appointment for the position of non-executive Director.

Refer to Section 8.6(c) for a summary of the key terms of Steven Formica's Non-Executive Chairman Letter of Appointment for the position of non-executive Chairman.

### **Other management**

The current Company Secretary, David Palumbo, is retained on a contract-basis through Mining Corporate Pty Ltd in relation to the services he provides in his capacity as Company Secretary.

## **8.8 Corporate governance**

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted *The Corporate Governance Principles and Recommendations (3rd Edition)* as published by ASX Corporate Governance Council (**Recommendations**).

In light of the Company's size and nature, the Board considers that the current Board is a cost effective and practical method of directing and managing the Company. As the Company's

activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website ([www.questmineral.com.au](http://www.questmineral.com.au)).

## **8.9 Board of Directors**

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- (a) maintain and increase Shareholder value;
- (b) ensure a prudential and ethical basis for the Company's conduct and activities; and
- (c) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- (a) developing initiatives for profit and asset growth;
- (b) reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- (c) acting on behalf of, and being accountable to, the Shareholders; and
- (d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

## **8.10 Composition of the Board**

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto:

- (a) membership of the Board will be reviewed regularly to ensure the mix of skills and expertise is appropriate; and
- (b) the composition of the Board has been structured so as to provide the Company with an adequate mix of directors with industry knowledge, technical, commercial and financial skills together with integrity and judgment considered necessary to represent shareholders and fulfil the business objectives of the Company.

The Board currently consists of three (3) Directors of whom one (1) is considered independent, being Mr David Palumbo. Following completion of the Transaction, the Board will be comprised of four (4) Directors, namely Messrs Steven Formica, David Palumbo, Torey Marshall and Hayden Locke. The Directors consider the size and composition of the proposed Board, as well as the balance of skills and expertise, is appropriate for the Company for its planned level of activity.

The Board undertakes appropriate checks before appointing a person as a Director or putting forward to Shareholders a candidate for election as a Director.

The Board ensures that Shareholders are provided with all material information in the Board's possession relevant to a decision on whether or not to elect or re-elect a Director.

The Company shall develop and implement a formal induction program for Directors which allows new directors to participate fully and actively in Board decision-making at the earliest opportunity, and enable new Directors to gain an understanding of the Company's policies and procedures.

#### **8.11 Identification and management of risk**

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

#### **8.12 Ethical standards**

The Board is committed to the establishment and maintenance of appropriate ethical standards.

#### **8.13 Independent professional advice**

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

#### **8.14 Remuneration arrangements**

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is initially determined by the Company in a general meeting and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable.

The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$300,000 per annum.

In addition, a Director may be paid fees or other amounts (i.e. subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs additional or special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Director's time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

#### **8.15 Trading policy**

The Board has adopted a policy that sets out the guidelines on the sale and purchase of Securities by its directors, officers, employees and contractors. The policy generally provides that for Directors, the written acknowledgement of the Chair (or the Board in the case of the Chairman) must be obtained prior to trading.

#### **8.16 External audit**

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

#### **8.17 Audit committee**

The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

#### **8.18 Diversity policy**

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

#### **8.19 Departures from Recommendations**

Under the ASX Listing Rules, the Company will be required to provide a statement in its annual financial report or on its website disclosing the extent to which it has followed the Recommendations during each reporting period. Where the Company has not followed a Recommendation, it must identify the Recommendation that has not been followed and give reasons for not following it.

The Company's compliance and departures from the Recommendations are set out in its Corporate Governance Statement in the corporate governance information section of the Company's website ([www.questminerals.com.au](http://www.questminerals.com.au)).

#### **8.20 Directors' disclosure regarding previous directorships**

Steven Formica was a director of Bundok Resources Pty Ltd (ACN 141 401 710) (**Bundok**) a wholly-owned subsidiary of Lindian Resources Limited. On 11 March 2015, voluntary administrators were appointed to Bundok and at the second meeting of the company's creditors held on 23 April 2015, a special resolution was passed to wind up the company.

Steven Formica was the sole director of Byford Central Pty Ltd (ACN 107 147 955) (**Byford**). On 5 January 2012, St George Bank Limited appointed receivers to Byford. The receivers retired on 9 October 2014. Byford was deregistered on 23 April 2016.

The other Existing Directors and the Proposed Directors have considered the above circumstances and are of the view that the past involvement of Mr Formica in these companies in no way impacts his continuing role as a non-executive Director and Chairman and his contribution to the Company.

Hayden Locke was a director of Branding By Air Pty Ltd (ACN 149 647 110) (**BBA**). On 17 October 2016 voluntary administrators were appointed to BBA and at a meeting of creditors held on 2 February 2017, a special resolution was passed to wind up the company.

The Existing Directors and the other Proposed Director have considered the above circumstances and are of the view that the past involvement of Mr Hayden in BBA in no way impacts his proposed role as a non-executive Director.

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## **9. Financial Information**

Following the completion of the Transaction, the Company will be focussed on the exploration and development of the Austrian Cobalt and Gold Projects, as well as the Victory Bore Project. Therefore, in the opinion of Directors, the Company's past operations and financial historical information will not be of significant relevance to future activities.

The Directors consider that it is not possible to accurately predict the future revenues or profitability of the Company or the Projects, or whether any material revenues or profitability will eventuate.

Given the Projects are in the exploration stage, it is difficult to make an evaluation of the Company's financial prospects. Accordingly, no assurance can be given by that the Company that the Projects will achieve commercial viability.

The initial funding for the Company's future activities will be generated from the Public Offer and existing cash reserves. The Company may need to raise further capital in the future to continue to explore and develop the Projects, and such amounts may be raised by further equity raisings or debt or quasi-debt funding if required. As a result of the above, the Company is not in a position to disclose any of the key financial ratios or financial information other than the financial statements included in the Investigating Accountant's Report in Section 10.

Potential investors should read the Investigating Accountant's Report in full before making any investment decision.

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## **10. Investigating Accountant's Report**



**QUEST MINERALS LIMITED (TO BE  
RENAMED HIGH GRADE METALS LIMITED)**  
Investigating Accountant's Report

30 January 2018

30 January 2018

The Directors  
Quest Minerals Limited  
Suite 1, 467 Scarborough Beach Road  
OSBOURNE PARK WA 6017

Dear Directors

## INVESTIGATING ACCOUNTANT'S REPORT

### 1. Introduction

BDO Corporate Finance (WA) Pty Ltd (**'BDO'**) has been engaged by Quest Minerals Limited (**'Quest'** or **'the Company'**) to prepare this Investigating Accountant's Report (**'Report'**) in relation to the historical financial information and pro forma historical financial information of Quest, for inclusion in the Prospectus. The Prospectus is required under Australian Securities Exchange (**'ASX'**) requirements for Quest to re-comply with Chapters 1 and 2 of the ASX Listing Rules, as a result of Quest entering into share sale agreements with Austrian Projects Corporation Pty Ltd (**'APC'**) and the shareholders of APC (**'Vendors'**) to acquire 100% of the issued capital of APC (referred to as **'the Acquisition'**). In consideration for the Acquisition, the Company will issue the Vendors a total of 186 million Consideration Shares, 65 million Consideration Options and 240 million Performance Shares.

Broadly, the Prospectus will offer up to 150 million Shares at an issue price of \$0.03 each to raise up to \$4.5 million before costs (**'the Offer'**).

Expressions defined in the Prospectus have the same meaning in this Report. BDO Corporate Finance (WA) Pty Ltd (**'BDO'**) holds an Australian Financial Services Licence (AFS Licence Number 316158).

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

### 2. Scope

You have requested BDO to perform a review engagement in relation to the historical and pro forma historical financial information described below and disclosed in the Prospectus.

The historical and pro forma historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

You have requested BDO to review the following historical financial information (together the **'Historical Financial Information'**) included in the Prospectus:

- the audited historical Statements of Financial Position, Profit or Loss and Other Comprehensive Income and Cash Flows of Quest for the years ended 30 June 2015, 2016 and 2017;
- the audited historical Statement of Financial Position and Profit or Loss and Other Comprehensive Income of APC for the period 24 October 2017 (incorporation) to 30 November 2017; and
- the audited historical Statement of Financial Position and Profit or Loss and Other Comprehensive Income of Eurocan Mining GmbH (**'Eurocan'**) for the years ended 31 December 2015, 2016 and 2017.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

The Historical Financial Information for Quest has been extracted from the financial report of Quest for the years ended 30 June 2015, 2016 and 2017, which was audited by Grant Thornton Audit Pty Ltd (**'Grant Thornton'**) in accordance with the Australian Auditing Standards.

For the year ended 30 June 2015, Grant Thornton issued a qualified audit opinion on the financial report as Grant Thornton were unable to obtain sufficient appropriate audit evidence as to whether the loan payable of \$812,915, plus accrued interest of \$102,360, were payable at the balance date at the amount recorded in the financial report. Grant Thornton also included an Emphasis of Matter in the audit opinion for the year ended 30 June 2015, stating that the Company's ability to pay its debts as and when they fall due was dependent upon the successful re-capitalisation of Quest.

For the year ended 30 June 2016, Grant Thornton issued an unmodified audit opinion on the financial report, but included a paragraph outlining a material uncertainty relating to going concern, stating that the Company's ability to pay its debts as and when they fall due was dependent upon the successful re-capitalisation of Quest.

For the year ended 30 June 2017, Grant Thornton issued an unmodified audit opinion on the financial report.

The Historical Financial Information for APC has been extracted from the financial report of APC for the period ended 30 November 2017, which was audited by Grant Thornton in accordance with the Australian Auditing Standards.

For the period ended 30 November 2017, Grant Thornton issued an unmodified audit opinion on the financial report, but included an Emphasis of Matter paragraph regarding the basis of accounting and restriction on distribution. Emphasis of Matter states that the financial report has been prepared for the purpose of fulfilling the Directors' financial reporting responsibilities and Corporations Act 2001. As a result, the financial report may not be suitable for another purpose.

The Historical Financial Information for Eurocan has been extracted from the financial report of Eurocan for the years ended 31 December 2015, 2016 and 2017, which was audited by WD Wirtschaftsprüfungs und Steuerberatungs GmbH ('WD') in accordance with the International Financial Reporting Standards.

For the year ended 31 December 2017, WD issued an unmodified audit opinion on the financial report, but included an Emphasis of Matter paragraph regarding the negative equity position of Eurocan.

#### *Pro Forma Historical Financial Information*

You have requested BDO to review the following pro forma historical financial information (the '**Pro Forma Historical Financial Information**') of Quest included in the Prospectus:

- the pro forma historical Statement of Financial Position as at 30 June 2017.

The Pro Forma Historical Financial Information has been derived from the historical financial information of the Company, after adjusting for the effects of the subsequent events described in Section 6 of this Report and the pro forma adjustments described in Section 7 of this Report. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Section 7 of this Report, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information has been compiled by Quest to illustrate the impact of the events or transactions described in Section 6 and Section 7 of the Report on Quest's financial position as at 30 June 2017. As part of this process, information about Quest's financial position has been extracted by the Company from its financial statements for the year ended 30 June 2017.

### **3. Directors' Responsibility**

The directors of the Company are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information so that they are free from material misstatement, whether due to fraud or error.

### **4. Our Responsibility**

Our responsibility is to express limited assurance conclusions on the Historical Financial Information and the Pro Forma Historical Financial Information. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our review procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the financial information.

## 5. Conclusion

### *Historical Financial Information*

Based on our review engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in the Appendices to this Report, and comprising:

- the audited Statements of Financial Position, Profit or Loss and Other Comprehensive Income and Cash Flows of Quest for the years ended 30 June 2015, 30 June 2016 and 30 June 2017;
- the audited Statements of Financial Position and Profit or Loss and Other Comprehensive Income of APC for the period 24 October 2017 (incorporation) to 30 November 2017; and
- the audited Statements of Financial Position and Profit or Loss and Other Comprehensive Income of Eurocan for the years ended 31 December 2015, 2016 and 2017,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

### *Pro Forma Historical Financial information*

Based on our review engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information as described in the Appendices to this Report, and comprising:

- the pro forma historical Statement of Financial Position of Quest as at 30 June 2017,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

## 6. Subsequent Events

The pro-forma consolidated statement of financial position reflects the following events that have occurred subsequent to the period ended 30 June 2017 for Quest and 30 November 2017 for APC:

- APC agreed to acquire mineral projects in Austria prior to 30 November 2017 as follows:
  - Austrian gold projects ('**Austrian Gold Projects**') via the follow consideration:
    - US\$50,000 (A\$65,266 at the closing AUDUSD exchange rate of 0.7661) non-refundable initial payment on 10 November 2017;
    - US\$50,000 (A\$64,918 at the closing AUDUSD exchange rate of 0.7702) payment paid on 21 December 2017 post balance date; and
    - 25 million shares and 36 million performance shares issued on 21 December 2017 post balance date.

The Austrian Gold Projects have been acquired via the acquisition of the company, Eurocan, which holds the Austrian Gold Projects. Therefore, as well as acquiring the Austrian Gold Projects, APC has acquired the remaining assets and liabilities of Eurocan. BDO has reviewed the historical audit files of Eurocan. See Appendix 4 for Eurocan historical financial statements.

As per the share purchase and transfer agreement between Eurocan Mining Anstalt and APC Gold GmbH ('**APC Gold**'), a wholly owned subsidiary of APC, Eurocan has an outstanding related party loan from Eurocan Mining Anstalt, a shareholder of Eurocan, for the value of \$185,055 as at 31 December 2017. As part of the transaction, the related party loan will have its ownership transferred from Eurocan Mining Anstalt to APC Gold for nil consideration, which is a gain on acquisition. Consequently, the loan will be eliminated on consolidation of APC.

- Austrian cobalt projects ('**Austrian Cobalt Projects**') via the follow consideration:
  - A\$30,000 non-refundable initial payment on 15 November 2017;
  - A\$120,000 payment paid on 19 December 2017 post balance date;
  - 15 million shares and 17 million performance shares issued on 19 December 2017 post balance date;
  - A further payment of A\$190,000 is required on completion of the acquisition of the cobalt projects.

(The Austrian Cobalt Projects have been acquired via acquisition of the Austrian Cobalt Projects from the vendor. Therefore there is no additional assets or liabilities being acquired as part of the acquisition.)

- On completion of the Acquisition, the parties agree to ensure that the 40 million shares and 53 million performance shares described above are to be transferred to Quest and Quest will issue the same amount of shares and performance shares to the relevant Vendors of APC.

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided by the Directors, to the best of our knowledge and belief no other material transaction or event outside of the ordinary business of Quest or APC, not described above, has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

## 7. Assumptions Adopted in Compiling the Pro-forma Consolidated Statement of Financial Position

The pro forma historical Statement of Financial Position is shown in Appendix 2. This has been prepared based on the financial statements as at 30 June 2017, the subsequent events set out in Section 6, and the following transactions and events relating to the issue of Shares under the Prospectus:

- Quest will change its name from Quest Minerals Limited to High Grade Metals Limited;
- The issue of 150 million Shares at an offer price of \$0.03 each to raise \$4.5 million before costs pursuant to the Prospectus;
- Capital raising costs ('**Costs of the Offer**') are estimated to be \$342,199, which are to be offset against the contributed equity;
- Costs of the Acquisition ('**Costs of the Acquisition**') are estimated to be \$228,869, which are to be expensed through accumulated losses;
- The issue of 186 million Shares in the Company to the Vendors of APC as part of the consideration for 100% of the issued ordinary shares in APC ('**Consideration Shares**');;

- The issue of 65 million share options in the Company to certain Vendors of APC as part of the consideration for 100% of the issued options in APC (**‘Consideration Options’**). The Consideration Options are exercisable at \$0.03 at any time up to expiry on 30 September 2020.
- The issue of 240 million performance shares in the Company to certain Vendors of APC as part of the consideration for 100% of the issued performance shares in APC (**‘Consideration Performance Shares’**). The Consideration Performance Shares are split into two classes as follows:
  - Class A: 120 million performance shares, which are convertible into Shares on a one-for-one basis, upon the delineation of a JORC-compliant Mineral Resource estimate of at least Inferred category (as defined in the JORC Code) of a minimum of 500,000 ounces of gold or gold equivalent (in accordance with clause 50 of the JORC Code) at an average grade of at least 8 grams per tonne (**‘Class A Performance Shares’**); and
  - Class B: 120 million performance shares, which are convertible into Shares on a one-for-one basis, upon completion of a positive Scoping Study (as defined in the JORC Code) in relation to any one or more Austrian Cobalt Project by an independent third-party expert which evidences an internal rate of return greater than 20% (using publicly available industry assumptions including deliverable spot commodity/mineral prices which are independently verifiable), provided that the total cumulative EBITDA over the life of the relevant Austrian Cobalt Project is over US\$50 million and provided that (while the Company remains listed on ASX) the Scoping Study is released as an announcement on the ASX Announcements Platform and is not required by reason of regulatory intervention by ASX or ASIC to be retracted within a period of one month from the date of its release (**‘Class B Performance Shares’**).

The expiry date for the Consideration Performance Shares is to be 5 years from the date of issue.

- As part of the Acquisition, Quest will be required to pay a net smelter royalty of 2.5% of all gold produced from the Austrian Gold Projects up to a total cumulative payment of US\$2.5 million.

## 8. Independence

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the Acquisition or the Offer other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received.

## 9. Disclosures

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 2 of this Report, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

Yours faithfully

**BDO Corporate Finance (WA) Pty Ltd**

A handwritten signature in black ink, appearing to read 'Peter Toll', with a long horizontal stroke extending to the right.

**Peter Toll**

Director

# APPENDIX 1

## QUEST MINERALS LIMITED (TO BE RENAMED HIGH GRADE METALS LIMITED)

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Audited for the year ended 30-Jun-17	Audited for the year ended 30-Jun-16	Audited for the year ended 30-Jun-15
<b>Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Interest income	2,214	5	192
Asset and liabilities transferred to creditors trust	-	-	2,757,640
Expenses reimbursed by creditors trust	-	38,050	108,896
Other income	-	-	135,868
Expenses			
Professional fees	(1,176,470)	(81,200)	(177,510)
Impairment of exploration and evaluation expenditure	-	(10,067)	(6,011)
Exploration and evaluation expenditure written off	-	-	(427)
Administrative expenses	(21,206)	(299)	(134,456)
Expenses of voluntary administration	-	-	(5,739)
Asset transferred to creditors trust	(180,000)	(131,265)	-
<b>Loss before income tax expense</b>	<b>(1,375,462)</b>	<b>(184,776)</b>	<b>2,678,453</b>
Income tax benefit/(expense)	-	-	-
<b>Net Loss for the period</b>	<b>(1,375,462)</b>	<b>(184,776)</b>	<b>2,678,453</b>

This consolidated statement of profit or loss and other comprehensive income shows the historical financial performance of Company and is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 3 and the prior year financial information set out in Appendix 4. Past performance is not a guide to future performance.

## APPENDIX 2

### QUEST MINERALS LIMITED (TO BE RENAMED HIGH GRADE METALS LIMITED)

#### PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Quest Audited as at 30-Jun-17 Notes	APC Audited as at 30-Nov-17	Subsequent events	Pro-forma adjustments	Pro-forma after issue
		\$	\$	\$	\$	\$
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	2	874,582	588,770	(184,918)	3,738,932	5,017,366
Trade and other receivables	3	92,614	3,045	638	-	96,297
Other assets		10,004	-	-	-	10,004
<b>TOTAL CURRENT ASSETS</b>		<b>977,200</b>	<b>591,815</b>	<b>(184,280)</b>	<b>3,738,932</b>	<b>5,123,667</b>
<b>NON CURRENT ASSETS</b>						
Exploration and evaluation expenditure	4	47,975	-	1,678,100	190,000	1,916,075
<b>TOTAL NON CURRENT ASSETS</b>		<b>47,975</b>	<b>-</b>	<b>1,678,100</b>	<b>190,000</b>	<b>1,916,075</b>
<b>TOTAL ASSETS</b>		<b>1,025,175</b>	<b>591,815</b>	<b>1,493,820</b>	<b>3,928,932</b>	<b>7,039,742</b>
<b>CURRENT LIABILITIES</b>						
Trade and other payables	5	100,600	137,378	1,664	-	239,642
Accruals	6	-	-	11,835	-	11,835
<b>TOTAL CURRENT LIABILITIES</b>		<b>100,600</b>	<b>137,378</b>	<b>13,499</b>	<b>-</b>	<b>251,477</b>
<b>NON CURRENT LIABILITIES</b>						
Related party loans	7	-	-	-	-	-
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>100,600</b>	<b>137,378</b>	<b>13,499</b>	<b>-</b>	<b>251,477</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>924,575</b>	<b>454,437</b>	<b>1,480,321</b>	<b>3,928,932</b>	<b>6,788,265</b>
<b>EQUITY</b>						
Contributed equity	8	94,338,750	771,000	1,200,000	(86,672,813)	9,636,937
Reserves	9	1,746,900	26,131	-	(1,746,900)	26,131
Accumulated losses	10	(95,161,075)	(342,694)	280,321	92,348,645	(2,874,803)
<b>TOTAL EQUITY</b>		<b>924,575</b>	<b>454,437</b>	<b>1,480,321</b>	<b>3,928,932</b>	<b>6,788,265</b>

<sup>#</sup> The cash and cash equivalents balance above does not account for working capital spent during the period from 1 July 2017 (for Quest), and from 1 December 2017 (for APC) until completion. From their most recent respective reporting dates, Quest and APC have spent approximately \$490,000 in total on working capital of Quest and APC. From the date of this Report until the end of February 2018, the estimated working capital requirement for Quest and APC combined is estimated to be approximately \$120,000, at which time the Acquisition and the Offer is expected to be completed.

The pro-forma statement of financial position after the Offer is as per the statement of financial position before the Offer adjusted for any subsequent events and the transactions relating to the issue of shares pursuant to the Prospectus. The statement of financial position is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 3 and the prior year financial information set out in Appendix 4.

**APPENDIX 3**  
**QUEST MINERALS LIMITED (TO BE RENAMED HIGH GRADE METALS LIMITED)**  
**NOTES TO AND FORMING PART OF THE HISTORICAL FINANCIAL INFORMATION**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted in the preparation of the historical financial information included in this Report have been set out below.

**a) Basis of preparation of historical financial information**

The historical financial information has been prepared in accordance with the recognition and measurement, but not all the disclosure requirements of the Australian equivalents to International Financial Reporting Standards ('AIFRS'), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

The financial information has also been prepared on a historical cost basis, except for derivatives and available-for-sale financial assets that have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged are adjusted to record changes in the fair value attributable to the risks that are being hedged. Non-current assets and disposal group's held-for-sale are measured at the lower of carrying amounts and fair value less costs to sell.

**b) Going Concern**

The historical financial information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The ability of the Company to continue as a going concern is dependent on the success of the fundraising under the Prospectus. The Directors believe that the Company will continue as a going concern. As a result the financial information has been prepared on a going concern basis. However should the fundraising under the Prospectus be unsuccessful, the entity may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the Company not continue as a going concern.

**c) Reporting Basis and Conventions**

The report is also prepared on an accrual basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**d) Principles of consolidation**

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Quest at the end of the reporting period. A controlled entity is any entity over which Quest has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the

power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated statement of financial position and statement of financial performance. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

#### *Business combinations*

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of financial performance. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is re-measured each reporting period to fair

value through the statement of financial performance unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of financial performance.

**e) Income Tax**

The income tax expense or benefit (revenue) for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognized from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**f) Cash and Cash Equivalents**

Cash and cash equivalents includes cash at bank and in hand, deposits held at call with financial institutions, other short-term highly liquid deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

**g) Trade and other receivables**

Trade receivables are recognised as the amount receivable and are due for settlement no more than 90 days from the date of recognition. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off against the receivable directly unless a provision for impairment has previously been recognised.

A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Loans granted are recognised at the amount of consideration given or the cost of services provided to be reimbursed.

**h) Revenue Recognition**

Revenues are recognised at fair value of the consideration received net of the amount of GST.

### *Interest*

Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

#### **i) Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

#### **j) Trade and Other Payables**

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company. Trade accounts payable are normally settled within 30 days of recognition.

#### **k) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between proceeds (net of transaction costs) and the redemption amount is recognised in the statement of financial performance over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

#### **l) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flow on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authorities are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

#### **m) Exploration and Evaluation Expenditure**

Exploration and evaluation expenditure, including costs of acquiring the licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Company has obtained the legal rights to explore the area are recognised in the statement of financial performance.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- I. The expenditures are expected to be recouped through successful development and exploitation or from sale of the area of interest; or

- II. Activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purpose of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

When an area of interest is abandoned or the directors decide that it is not commercial, and accumulated costs in respect of that area are written off in the financial period the decision is made.

#### **n) Impairment of assets**

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### *Financial Assets*

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

#### *Non-Financial Assets*

The carrying amounts of the non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the statement of financial performance. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

#### **o) Contributed Equity**

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

#### **p) Financial Instruments**

##### *Recognition*

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

##### *Financial liabilities*

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

#### **q) Employee Benefits**

##### *Wages and Salaries, Annual Leave and Sick Leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the statement of financial position date are recognised in respect of employees' services rendered up to statement of financial position date and measured at amounts expected to be paid when the liabilities are settled.

Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable. Liabilities for wages and salaries are included as part of Other Payables and liabilities for annual and sick leave are included as part of Employee Benefit Provisions.

##### *Long Service Leave*

Liabilities for long service leave are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the statement of financial position date using the projected unit credit method. Consideration is given to expect future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using national government bond rates at the statement of financial position date with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

##### *Share-based payments transactions*

The Company provides benefits to employees (including directors) of the Company in the form of share options. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employee becomes unconditionally entitled to the options. The fair

value of the options granted is measured using Black-Scholes valuation model, taking into account the terms and conditions upon which the options were granted.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, on a straight line basis over the period from grant date to the date on which the relevant employees become fully entitled to the award (“vesting date”). The amount recognised as an expense is adjusted to reflect the actual number that vest.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

#### **r) Accounting estimates and judgements**

In the process of applying the accounting policies, management has made certain judgements or estimations which have an effect on the amounts recognised in the financial information.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

##### *Valuation of share based payment transactions*

The valuation of share-based payment transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black Scholes model taking into account the terms and conditions upon which the instruments were granted.

##### *Options*

The fair value of options issued is determined using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

##### *Determination of fair values on exploration and evaluation assets acquired in business combinations*

On initial recognition, the assets and liabilities of the acquired business are included in the statement of financial position at their fair values. In measuring fair value of exploration projects, management considers generally accepted technical valuation methodologies and comparable transactions in determining the fair value. Due to the subjective nature of valuation with respect to exploration projects with limited exploration results, management have determined the price paid to be indicative of its fair value.

##### *Recoverability of capitalised exploration and evaluation expenditure*

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the company decides to exploit the related lease itself, or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

### Taxation

The Company is subject to income taxes in Australia. Significant judgement is required when determining the Company's provision for income taxes. The Company estimates its tax liabilities based on the Company's understanding of the tax law.

	Audited 30-Jun-17 \$	Pro-forma after Offer \$
<b>NOTE 2. CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents	874,582	5,017,366
Audited balance of Quest at 30 June 2017		874,582
Audited balance of APC at 30 November 2017		588,770
		1,463,352
<i>Subsequent events of APC:</i>		
Austrian Gold Projects cash consideration payment		(64,918)
Austrian Cobalt Projects cash consideration payment		(120,000)
		(184,918)
<i>Pro-forma adjustments:</i>		
Proceeds from Shares issued under the Prospectus		4,500,000
Costs of the Offer		(342,199)
Costs of the Acquisition		(228,869)
Additional cash payment as part of acquisition of Austrian Cobalt Projects		(190,000)
		3,738,932
Pro-forma Balance		5,017,366

	Audited 30-Jun-17 \$	Pro-forma after Offer \$
<b>NOTE 3. TRADE AND OTHER RECEIVABLES</b>		
Trade and other receivables	92,614	96,297
Audited balance of Quest at 30 June 2017		92,614
Audited balance of APC at 30 November 2017		3,045
		95,659
<i>Subsequent events of APC:</i>		
Acquisition of Eurocan assets and liabilities		638
		638
Pro-forma Balance		96,297

	Audited 30-Jun-17 \$	Pro-forma after Offer \$
<b>NOTE 4. EXPLORATION AND EVALUATION EXPENDITURE</b>		
Exploration and evaluation expenditure	47,975	1,916,075
Audited balance of Quest at 30 June 2017		47,975
Audited balance of APC at 30 November 2017		-
		47,975
<i>Subsequent events of APC:</i>		
Capitalisation of Austrian Gold Projects initial non-refundable payment		65,266
Capitalisation of Austrian Cobalt Projects initial non-refundable payment		30,000
Austrian Gold Projects cash consideration payment		64,918
Austrian Cobalt Projects cash consideration payment		120,000
Issue of shares as part of consideration for Austrian Gold Projects		750,000
Issue of shares as part of consideration for Austrian Cobalt Projects		450,000
Acquisition of Eurocan assets and liabilities		197,916
		1,678,100
<i>Pro forma adjustments:</i>		
Additional cash payment as part of acquisition of Austrian Cobalt Projects		190,000
		190,000
Pro-forma Balance		1,916,075

	Audited 30-Jun-17 \$	Pro-forma after Offer \$
<b>NOTE 5. TRADE AND OTHER PAYABLES</b>		
Trade and other payables	100,600	239,642
Audited balance of Quest at 30 June 2017		100,600
Audited balance of APC at 30 November 2017		137,378
		237,978
<i>Subsequent events of APC:</i>		
Acquisition of Eurocan assets and liabilities		1,664
		1,664
Pro-forma Balance		239,642

	Audited 30-Jun-17 \$	Pro-forma after Offer \$
<b>NOTE 6. ACCRUALS</b>		
Accruals	-	11,835
Audited balance of Quest at 30 June 2017		-
Audited balance of APC at 30 November 2017		-
		-
<i>Subsequent events of APC:</i>		
Acquisition of Eurocan assets and liabilities		11,835
		11,835
Pro-forma Balance		11,835

	Audited 30-Jun-17 \$	Pro-forma after Offer \$
<b>NOTE 7. RELATED PARTY LOAN</b>		
Related party loan	-	-
Audited balance of Quest at 30 June 2017		-
Audited balance of APC at 30 November 2017		-
<i>Subsequent events of APC:</i>		
Acquisition of Eurocan assets and liabilities		185,055
Transfer of related party loan to APC Gold		(185,055)
Pro-forma Balance		-

	Audited 30-Jun-17 \$	Pro-forma after Offer \$
<b>NOTE 8. CONTRIBUTED EQUITY</b>		
Contributed equity	94,338,750	9,636,937
	<b>Number of shares</b>	<b>\$</b>
Fully paid ordinary share capital of Quest at 30 June 2017	116,937,867	94,338,750
Fully paid ordinary share capital of APC at 30 November 2017	36,000,000	771,000
	152,937,867	95,109,750
<i>Subsequent events of APC:</i>		
Issue of shares in APC as part of consideration for Austrian Gold Projects	25,000,000	750,000
Issue of shares in APC as part of consideration for Austrian Cobalt Projects	15,000,000	450,000
	40,000,000	1,200,000
<i>Pro-forma adjustments:</i>		
Proceeds from Shares issued under the Prospectus	150,000,000	4,500,000
Costs of the Offer	-	(342,199)
Issue of Shares to the Vendors of APC under the Acquisition (refer Note 12)	186,000,000	3,508,136
Elimination of Quest's issued capital upon Acquisition (refer Note 12)	-	(94,338,750)
Elimination of APC Shares	(76,000,000)	-
	260,000,000	(86,672,813)
Pro-forma Balance	452,937,867	9,636,937

	Audited 30-Jun-17 \$	Pro-forma after Offer \$
<b>NOTE 9. RESERVES</b>		
Reserves	1,746,900	26,131
Audited balance of Quest at 30 June 2017		1,746,900
Audited balance of APC at 30 November 2017		26,131
<i>Pro-forma adjustments:</i>		
Elimination of Quest's reserves upon Acquisition (see Note 12)		(1,746,900)
Pro-forma Balance		26,131

	Audited 30-Jun-17 \$	Pro-forma after Offer \$
<b>NOTE 10. ACCUMULATED LOSSES</b>		
Accumulated losses	(95,161,075)	(2,874,803)
Audited balance of Quest at 30 June 2017		(95,161,075)
Audited balance of APC at 30 November 2017		(342,694)
		(95,503,769)
<i>Subsequent events of APC:</i>		
Capitalisation of Austrian Gold Projects initial non-refundable payment		65,266
Capitalisation of Austrian Cobalt Projects initial non-refundable payment		30,000
Gain on transfer of related party loan to APC Gold		185,055
		280,321
<i>Pro-forma adjustments:</i>		
Elimination of Quest's accumulated losses upon Acquisition (see Note 12)		95,161,075
Amount recognised as ASX listing expense upon Acquisition (see Note 12)		(2,583,561)
Costs of the Acquisition		(228,869)
		92,348,645
Pro-forma Balance		(2,874,803)

#### NOTE 11: PERFORMANCE SHARES AND OPTIONS ON ISSUE

Summary of Performance Shares and Options on issue post transaction is as follows:

Performance Shares Number on issue	Expiry date	Exercise price	Vesting condition
120,000,000	5 years from date of issue	Nil	Convertible into Shares on a one-for-one basis, upon the delineation of a JORC-compliant Mineral Resource estimate of at least Inferred category (as defined in the JORC Code) of a minimum of 500,000 ounces of gold or gold equivalent (in accordance with clause 50 of the JORC Code) at an average grade of at least 8 grams per tonne
120,000,000	5 years from date of issue	Nil	Convertible into Shares on a one-for-one basis, upon completion of a positive Scoping Study (as defined in the JORC Code) in relation to any one or more Austrian Cobalt Project by an independent third-party expert which evidences an internal rate of return greater than 20% (using publicly available industry assumptions including deliverable spot commodity/mineral prices which are independently verifiable), provided that the total cumulative EBITDA over the life of the relevant Austrian Cobalt Project is over US\$50 million and provided that (while the Company remains listed on ASX) the Scoping Study is released as an announcement on the ASX Announcements Platform and is not required by reason of regulatory intervention by ASX or ASIC to be retracted within a period of one month from the date of its release
Options Number on issue	Expiry date	Exercise price	Vesting condition
97,500,000	30-Sep-20	\$0.03	Nil

#### NOTE 12: PROVISIONAL ACCOUNTING FOR THE ACQUISITION

A summary of the details with respect to the Acquisition as included in our Report is set out below. These details have been determined for the purpose of the pro-forma adjustments as at 30 June

2017, and will require re-determination based on the identifiable assets and liabilities as at the successful acquisition date, which may result in changes to the value as disclosed below.

Under the Acquisition, Quest acquires all the shares in APC by issuing a total of 186,000,000 Ordinary Shares, 65,000,000 Consideration Options and 240,000,000 Consideration Performance Shares to the Vendors of APC. APC shareholders will obtain a controlling interest in Quest, equating to a controlling interest in the combined entity following the Acquisition. APC has thus been deemed the acquirer for accounting purposes as its shareholders will own approximately 61.40% ( $186,000,000 / 302,837,867$ ) of the consolidated entity (prior to any dilutionary effects of the exercise of any options or performance shares currently on issue or issued in relation to the Acquisition). Quest's Board of Directors will also be changed, with one of the three Directors currently on Quest's Board set to resign, with two new Directors to be nominated by APC to join the Quest Board of Directors. The Acquisition of APC by Quest is not deemed to be a business combination, as Quest is not considered to be a business under *AASB 3 Business Combinations*.

As such the consolidation of these two companies is on the basis of the continuation of APC with no fair value adjustments, whereby APC is deemed to be the accounting parent. Therefore the most appropriate treatment for the transaction is to account for it under *AASB 2 Share Based Payments*, whereby APC is deemed to have issued shares to Quest shareholders in exchange for the net assets held by Quest.

In this instance, the value of the Quest shares provided has been determined as the notional number of equity instruments that the shareholders of APC would have had to issue to Quest to give the owners of Quest the same percentage ownership in the combined entity. We have deemed this to be \$3,508,136.

The pre-acquisition equity balances of Quest are eliminated against this increase in Issued capital upon consolidation and the balance is deemed to be the amount paid for the ASX listing status of Quest, being \$2,583,561, and is treated as a share based payment.

The net assets acquired, and the amount recognised as an ASX listing expense, are as follows:

	Acquiree's carrying amount prior to Acquisition
<b>NOTE 12. PROVISIONAL ACCOUNTING FOR THE ACQUISITION</b>	<b>\$</b>
Cash and cash equivalents	874,582
Trade and other receivables	92,614
Other assets	10,004
Exploration and evaluation expenditure	47,975
Trade and other payables	(100,600)
<b>Net identifiable assets of Quest upon Acquisition</b>	<b>924,575</b>
Fair value of Consideration	3,508,136
<b>Amount recognised as ASX listing expense upon Acquisition</b>	<b>2,583,561</b>

#### **NOTE 13: RELATED PARTY DISCLOSURES**

Transactions with Related Parties and Directors Interests are disclosed in the Prospectus.

#### **NOTE 14: COMMITMENTS AND CONTINGENCIES**

Quest will be required to pay a net smelter royalty of 2.5% of all gold produced from the Austrian Gold Projects up to a total cumulative payment of US\$2.5 million.

At the date of the Report, apart from above, no material commitments or contingent liabilities exist that we are aware of, other than those disclosed in the Prospectus.

**APPENDIX 4**  
**EUROCAN MINING GMBH**  
**HISTORICAL FINANCIAL INFORMATION**

	Audited as at 31-Dec-17 EUR	Audited as at 31-Dec-16 EUR	Audited as at 31-Dec-15 EUR	Audited as at 31-Dec-17 AUD
<b>Statement of Financial Position</b>				
<b>CURRENT ASSETS</b>				
Trade and other receivables	415	415	5,627	638
<b>TOTAL CURRENT ASSETS</b>	415	415	5,627	638
<b>TOTAL ASSETS</b>	415	415	5,627	638
<b>CURRENT LIABILITIES</b>				
Trade and other payables	1,082	24,296	22,681	1,664
Accruals	7,700	600	846	11,835
<b>TOTAL CURRENT LIABILITIES</b>	8,782	24,896	23,527	13,499
<b>NON CURRENT LIABILITIES</b>				
Related party loan	120,397	86,495	79,802	185,055
<b>TOTAL NON CURRENT LIABILITIES</b>	120,397	86,495	79,802	185,055
<b>TOTAL LIABILITIES</b>	129,179	111,391	103,329	198,554
<b>NET ASSETS/(LIABILITIES)</b>	<b>(128,764)</b>	<b>(110,976)</b>	<b>(97,702)</b>	<b>(197,916)</b>
<b>EQUITY</b>				
Contributed equity	35,000	35,000	35,000	53,796
Accumulated losses	(163,764)	(145,976)	(132,702)	(251,712)
<b>TOTAL EQUITY</b>	<b>(128,764)</b>	<b>(110,976)</b>	<b>(97,702)</b>	<b>(197,916)</b>

*Note the Eurocan Balance Sheet as at 31 December 2017 denominated in AUD has been translated at the closing AUDEUR rate on 31 December 2017 of 0.6506 sourced from Bloomberg.*

	Audited year ended 31-Dec-17 EUR	Audited year ended 31-Dec-16 EUR	Audited year ended 31-Dec-15 EUR
<b>Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>			
<b>Revenues</b>			
Other operating income	100	345	-
<b>Expenses</b>			
Other operating expenses	(16,137)	(11,557)	(6,037)
<b>Loss before income tax expense</b>	<b>(16,037)</b>	<b>(11,212)</b>	<b>(6,037)</b>
Taxes on income and profit	(1,750)	(2,062)	(1,750)
<b>Net Loss for the period</b>	<b>(17,787)</b>	<b>(13,274)</b>	<b>(7,787)</b>

**AUSTRIAN PROJECTS CORPORATION PTY LTD**

**HISTORICAL FINANCIAL INFORMATION**

	Audited for the period ended 30-Nov-17 \$
<b>Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>	
Expenses	
Administration	(9,932)
Audit fees	(15,000)
Travel expenses	(15,077)
Legal fees	(101,800)
Acquisition costs	(200,885)
<b>Loss before income tax expense</b>	<b>(342,694)</b>
Income tax benefit/(expense)	-
<b>Net Loss for the period</b>	<b>(342,694)</b>
Exchange differences on translation of foreign operations which may subsequently be reclassified to profit or loss	2,296
<b>Net Loss for the period</b>	<b>(340,398)</b>

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## **11. Independent Geologist's Report**

15 January 2018

BY EMAIL: [steve@formicagroup.com.au](mailto:steve@formicagroup.com.au)

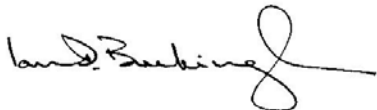
Steve Formica  
Quest Minerals Limited  
Suite 1, 467 Scarborough Beach Road  
Osborne Park  
Western Australia 6017

**Re: Authorisation to Use Signature.**

By this letter I, Ian David Buckingham, Managing Director, authorise Steve Formica of Quest Minerals Limited (ACN 062 879 583), or nominee lawyers (Edwards Mac Scovell), to apply my signature to the Independent Geologist's Report written under the name of Global Resources & Infrastructure Pty Ltd (ACN 132 038 861) for inclusion in a Prospectus, dated on or about January 2018, to be issued by Quest Minerals Limited.

The use of Ian Buckingham's signature is provided solely on the basis that it is for affixing to the Independent Geologist's Report written by Global Resources & Infrastructure Pty Ltd and must not be affixed to any other documents that the company may issue.

Sincerely  
**Global Resources & Infrastructure Pty Ltd**

A handwritten signature in black ink, appearing to read 'Ian D. Buckingham', with a stylized flourish at the end.

Ian D. Buckingham  
Managing Director

# INDEPENDENT GEOLOGIST REPORT

1/15/2018

Global Resources & Infrastructure Pty Ltd

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## 1 EXECUTIVE SUMMARY

Quest Minerals Limited (the “Company” or “QNL”) commissioned Global Resources & Infrastructure Pty Ltd (“GRI”) to provide an Independent Geological Report on nine Austrian cobalt and gold Projects (“the Projects”), which it is seeking to obtain 100% interests in, through the planned acquisition of Austrian Projects Corporation Pty Ltd (“APC”), as announced to the Australian Securities Exchange on 13 November 2017.

APC’s Cobalt Projects (“the Cobalt Projects”) are contained in four separate Exploration Areas (Gratlsnitz, Leogang, Seekar and Zinkwand), that cover a total area of 44 km<sup>2</sup> and include sites of historical base metal and cobalt mining. APC’s Gold Projects (“the Gold Projects”) are contained in five separate Exploration Areas (Schellgaden North & South, Kreuzeck West, Kreuzeck East and Goldeck-Sifflitz) and cover a total area of 170 km<sup>2</sup>. These concessions encompass historical gold, silver and base metal mining sites.

The majority of the Projects are located within the Eastern Alps fringing the Tauern Window, a geologic feature created by tectonic denudation during the Alpine Orogeny, which exposed underlying metamorphosed Palaeozoic basement and related rocks.

APC’s Projects encompass some former mine sites that were worked for centuries, including several with historical accounts of high-grade mineral recoveries. However, none of APC’s Projects have been subject to modern (within the past 20 years), systematic exploration and, accordingly, none contain classifiable resources. Two gold projects, Schellgaden North and Kreuzeck West, have had “exploration targets” assigned to them by previous researchers/explorers, with Schellgaden North the focus of exploration attention in the 1990’s by Argosy Minerals Limited. Nevertheless, the mineralisation in both projects is not sufficiently well constrained to be classified as an Exploration Target within the meaning of the JORC Code (2012).

The range of mineralisation styles represented across the Projects (from strata-bound mineralisation within low-grade metamorphic sequences to massive sulphide and fahlore mineralisation associated with intrusive vein or fault related breccias), reflects the long and complex geologic history of Austria. Modern understanding of mineralised fluid controls within this Alpine setting, coupled with each Project hosting mineralisation, which in some instances extends over several kilometres of strike length, and which has not been subject to previous, modern, systematic exploration justifies the Company’s proposed exploration program and budget.

## 2 DECLARATIONS

### 2.1 Scope and Purpose of Report

This Independent Geological Report ("Report") was commissioned by Quest Minerals Limited (ACN 062 879 583) ("QNL"). This Report was prepared by Global Resources & Infrastructure Pty Ltd ("GRI") for inclusion in a Prospectus, dated on or about January 2018, and in connection with a share purchase agreement to acquire Austrian Projects Corporation Pty Ltd ("APC") and raise \$4.5 million in capital, through the issue of QNL shares at \$0.03 per share ("the Transaction"), as announced to the Australian Securities Exchange on 13 November 2017. Specifically, this Report details a review of APC's 100% owned exploration concessions (subject to final transfers being effected as contractually described to GRI), which comprise nine Exploration Areas, covering cobalt and gold exploration projects ("the Projects").

The scope of work undertaken in preparing this Report is as follows:

- Data Review of available technical reports and maps;
- Review of relevant geological databases;
- Geological/mineralogical interpretation based on available information and data;
- Exploration Target reviews, estimations if justified and reporting in compliance with the JORC Code (2012) guidelines;
- Independent assessment of the geological issues, including risks, associated with proposed exploration and development within the Projects' Exploration Areas; and
- Review of the proposed exploration program and budget and opinion on the appropriateness thereof.

This Report has been prepared in accordance with The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (hereinafter referred to as the "JORC Code (2012)"). In addition, the Report has been prepared in accordance with the appropriate professional standards, as required for the preparation of valuation and independent expert reports relating to mineral assets in compliance with the VALMIN Code (2015) and to ASIC Regulatory Guides 111 (Content of Expert Reports) and 112 (Independence of Experts).

### 2.2 Principles

Mineral Resources quoted in this Report are reported in accordance with the JORC Code (2012). Where tonnage / grade estimates are not considered to meet the requirements of the JORC Code (2012), then they are not referred to as Mineral Resources. A draft of this Report was presented to the management of QNL for comment and correction of any errors of fact. GRI had no reason to

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believe that any information provided by QNL to GRI for preparing this Report is misleading or that any material facts have been withheld.

GRI's assessment of the Projects and proposed exploration programs and budgets, contained herein, is based on technical reviews of relevant data, including data provided by QNL. GRI has accepted that these data were provided in good faith and that there was no reason to believe that any technical information obtained, or provided to it, is erroneous or misleading.

### **2.3 Limitations, Indemnities and Consents**

The opinions expressed in this Report are based on technical reviews of relevant data, obtained through publicly available sources or unpublished company data files, including data provided by QNL. GRI had no reason to believe that any technical information obtained, or provided to it, is erroneous or misleading. Whilst efforts have been made to ensure the accuracy and relevance of this information, GRI cannot take responsibility, subject to applicable law and the VALMIN Code (2015), if the opinions and / or conclusions within this Report are based on incomplete or misleading information provided by QNL. Additionally, those opinions and / or conclusions assume continuation of prudent industry practices and maintenance of the character and integrity of the subject exploration permits, by QNL, throughout the periods considered herein.

GRI has expressed no opinion on matters that require legal or other specialised expertise or knowledge. As such, this Report does not include any formal assessment of environmental, social or other factors, which may impact on future exploration and development of the Projects however, GRI has included comments on non-geological factors, which it considers relevant where they have become apparent during the course of preparing this Report.

In respect of this Report and its use by QNL, QNL has agreed to indemnify and hold harmless GRI, its directors, officers and their associates against any claims damages, liabilities, losses or actions to which they, or any of them, may become subject under any securities act, statute or common law, except in respect of fraudulent conduct, negligence or wilful misconduct.

This Report is provided to QNL solely for the purpose of inclusion in a Prospectus or supplementary Prospectus dated on or about January 2018.

Neither the whole, nor any part of this Report, nor any reference thereto, may be included in, or with, or attached to any document, or used for any other purpose, without the prior written consent of GRI to the form and context in which it appears.

## 2.4 Site Inspection

As part of preparing this Report GRI did not undertake a site visit. However, Ian Buckingham, the author of this Report, has travelled extensively throughout the general region where these concessions are held, during two separate visits in July 2015 and September 2016. As such he has a good understanding of the general geology, structural geometry, geomorphologic and mineralisation styles and habitats developed throughout the locales, which are the subject of this Report.

## 2.5 Disclosure

Prior to this Report GRI has not undertaken any work on behalf of QNL. For preparing this Report GRI was recompensed a no-success, lump sum for professional fees, together with reimbursement of expenses of approximately AUD \$15,000 plus GST.

## 2.6 Statement of Competence

This Report has been prepared by Global Resources & Infrastructure Pty Ltd, a Melbourne-based geological management consultancy that has operated since 2007. This Report was compiled, authored and edited by Mr Ian Buckingham, Managing Director and Principal Consultant of GRI.

Mr Buckingham has the requisite experience and expertise to be considered a Specialist in accordance with the VALMIN Code (2015).

Mr Buckingham:

- Graduated from Royal Melbourne Institute of Technology with a Bachelor of Applied Science, majoring in Applied Geology and a Master of Business Administration;
- Has over 45 years of experience in the resources sector including geological exploration resource estimation, technical, financial and management assessments of projects and their valuations;
- Has worked in the exploration and mining development of projects for commercial extraction of gold, copper, base metals, coal, iron ore, PGMs, specialty metals, diamonds, industrial minerals, oil and gas, geothermal energy, lithium, strategic minerals and fertilizers;
- Has been Managing Director and Principal Consultant of Global Resources & Infrastructure Pty Ltd for the past 10 years;
- Has at least 10 years of relevant and recent experience in the technical assessment of mineral assets and at least an additional 10 years of recent and relevant experience in the valuation of mineral assets; and
- Is a Fellow, Australasian Institute of Mining and Metallurgy (FAusIMM), (Member # 210351).

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For the purposes of the JORC Code 2012, Mr Buckingham is considered a Competent Person with experience relevant to the style of mineralisation and the types of deposit under consideration. The information in this report which relates to Exploration Targets and Exploration Results has been compiled by Mr Buckingham and he consents to its inclusion in the form and context in which it appears in this Prospectus.

## **2.7 Statement of Independence & Reasonableness**

GRI, its Directors, and their immediate families are independent of QNL and have no financial interests in it, or any of its associated companies nor with any of the mineral assets or joint ventures or principal parties of the mineral assets, the subject of this Report.

GRI believes that the inputs, assumptions and overall technical assessment included in this Report is in line with industry standards and meets the Reasonable Grounds Requirement of the VALMIN Code (2015).

### 3 PROJECT OVERVIEW

APC's Cobalt and Gold Projects, the subject of this Report, are all located in Austria, a country which covers an area of about 84,000 km<sup>2</sup> within central Europe. Austria extends for about 550 km in an east-west direction and about 300 km in a north-south direction, reflecting its dominant Eastern Alps physiography, formed during the Alpine Orogeny. Austria has a population of 8.7 million and is member state of the European Union. It is considered to have a very low level of Country Risk (Best's Country Risk Report, August 22, 2017) with very low levels of political and financial systems risks.

The locations of APC's Cobalt Projects are shown in Figures 1 & 2. They comprise four discrete Exploration Areas (Gratlsitz, Leogang, Seekar and Zinkwand), spread in an east-west direction over a distance of 125 km, from western Austria into central Austria. Collectively, and as delineated by 78 concessional circles ("*Freischürfe*"), these concessions occupy a total area of 44 km<sup>2</sup> and remain valid until 31 December 2021.

The locations of APC's Gold Projects are also shown in Figure 1. They comprise five discrete Exploration Areas (Schellgaden North & South, Kreuzeck West, Kreuzeck East, and Goldeck-Sifflitz), spread roughly along the arcuate trend around the south-eastern fringe of the Tauern Window, a geological feature of the Eastern Alps. Collectively, these concessions occupy a total exploration area of 170 km<sup>2</sup> and remain valid until 31 December 2019.



Figure 1: - Location of APC's Cobalt and Gold Projects (from Quest Minerals Ltd, November 2017).

Austria is located within a temperate climatic zone. The west and northwest is dominantly influenced by a temperate Atlantic climate, whereas the east is influenced more by a continental climate. Temperatures depend largely on altitude, with averages 5°C lower for each additional 300 m of elevation. Typically, localities at altitudes of less than 1750 m are snow free by mid-April,

whereas it is mid-May for those with altitudes of greater than 2000 m. Heavy snow falls can be expected across all higher altitudes from mid-October, with permanent snow cover above altitudes of 1600 m - 1700 m by mid to late November. Winter snow cover is a hindrance to surface exploration and mining activities and as such the best weather window for conducting these activities is April to October.

All mining concessions in Austria are governed by the Mineral Raw Material Act of 1999. An Exploration Permit (*Schurfberechtigung*) entitles the holder exclusivity to explore for “free to mine minerals” (*Bergfreie*) within the permit area. Each permit area (*Freischürfe*) is circular in shape, with a radius of 425 m (covering a total area of 0.567 km<sup>2</sup>). Typically, a Schurfberechtigung comprises a number of Freischürfe arranged in an overlapping pattern in order that the entirety of the Exploration Area is covered. Total coverage prevents applications for overlying and coincident grants of Mining Licences by third parties.



Figure 2: - Location of APC's Cobalt Projects (from Quest Minerals, November 2017)

## 4 REGIONAL GEOLOGICAL SETTING

The geology of Austria can be divided into distinct provinces (Figure 3).

- The **Bohemian Massif**, located in the northern part of Austria comprising a deeply eroded remnant of medium-grade metamorphic rocks of Precambrian to Palaeozoic age and extensive granite plutons of Variscan age.
- The **Molasse Zone** comprises a sedimentary infill of late Eocene to middle Miocene age forming a foreland basin, of up to 4000 m thick, deposited from the adjacent south-eastern mountain areas.
- The **Helvetic Zone**, represents the narrowed eastern continuation of the Swiss Helvetic Zone and comprises a series of limestones, marls and rare sandstones, ranging in age from Lower Jurassic to Eocene. They have been intensively deformed during subsequent northwards directed tectonic transportation with differential uplift and erosion producing a series of outliers (klippen) and exposed underlying basement (windows) including the Tauern Window, which exposes the underlying Pennin rocks of the Eastern Alps. The Helveticum is the main formation within the Swiss Alps; in Austria, it occurs mainly in small crustal fragments and layers along the northern rim of the Eastern Alps (e.g. the Flysch Zone).
- The **Austro-Alpine Unit** occupies the highest tectonic position in the Eastern Alps. This huge allochthonous thrust-sheet exhibits an extremely complex internal structure. In vertical direction, it can be subdivided into two (Upper and Lower Austro-Alpine) or three (Upper, Middle and Lower Austro-Alpine) subunits, each of which comprises a pre-Alpine crystalline basement with its Palaeozoic and Mesozoic sedimentary cover.

Of particular importance in considering the mineral prospectivity of the Projects are two major geological units; the Tauern Window and the Greywacke Zone.

### Tauern Window

Within the Eastern Alps of Austria, the Penninic Units occur in several narrow outcrop zones, where erosion of the overriding tectonic thrust units (nappes) of the East Alpine have been partially eroded away to create so-called “geological windows” (klippes), geological structures where rocks of older, lower, rock units are exposed beneath the tectonically higher (overlying) rock units. The “*Tauernfenster*” (Tauren Window) is the largest and most important such window in Austria, roughly elliptical in shape it has a major axis, in the east-west direction, of 160 km and minor axis, in the north-south direction, of some 30 km (Figure 4). Physiographically, the Tauern Window is expressed by a mountain chain forming part of the Eastern Alps.

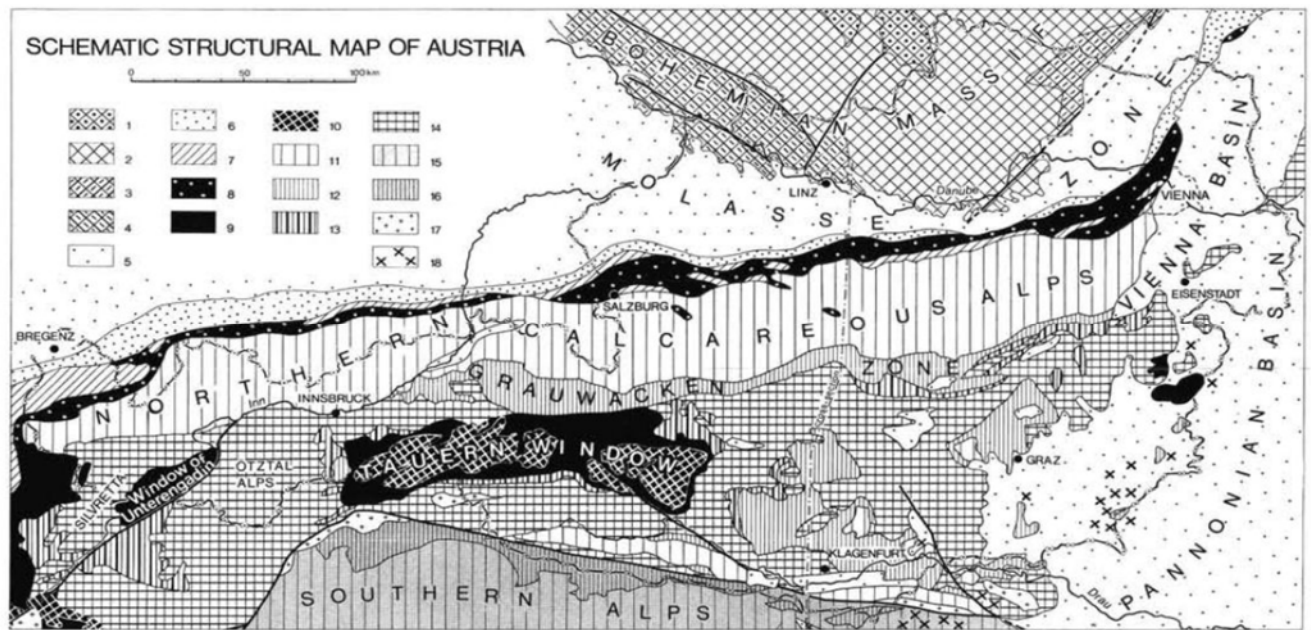


Figure 3: - Major tectonic and geologic units of Austria.

The Tauern Window exposes an initially subducted, cool piece of stacked oceanic and continental crust that was metamorphosed during the Early Tertiary. The oldest, deepest, tectonic units are exposed near the axial culmination of the Tauern Window. These Penninic Units, or Penninicum, constitute a very important lithologic package in Austria and are widely distributed across the Western Alps, including the Schellgaden and Goldeck-Kreuzneck mining districts where they have a close association with mineralisation. The older Penninian epi-metamorphic rock formations are of volcanic, volcanoclastic and sedimentary origin, deposited during the Early Palaeozoic in a series of west-east trending marine basins (e.g. volcanic island-arc basins). Active, mostly andesitic to rhyolitic but also basaltic, volcanism dominated these basins during sedimentation up until the end of the Ordovician (Höll & Maucher, 1976). The rock sequences can be divided into two main lithological suites. One is formed by the cores of "Zentralgneis" (Central Gneiss), the other one by their "Schieferhülle" which literally means "schist mantle" or "schist cover", composed of Palaeozoic and Mesozoic rocks. This strongly deformed rock assemblage exhibits a very complex internal structure.

Several styles of mineralisation are closely associated to structures formed during exhumation of the Tauern Window. Ebner et al. (1999) noted mineralisation hosted within late Variscan granitoids, in clastic and carbonate rocks of the Permo-Mesozoic sedimentary cover and in Jurassic –

Cretaceous ophiolitic serpentinites and oceanic metabasites. Argon age dating indicates a clustering of gold bearing quartz veins at around 19 Ma. This is related to late Oligocene slab breakoff of the northerly subducting Penninic crust which triggered a heat flow event and resultant intrusion of Periadriatic magmatics and associated dyke swarms within the Austroalpine metamorphic basement south of the Tauern Window. This was also the heat source for widespread hydrothermal mineralisation, which was controlled by late Alpine fault, shear, and extensional tectonics, and subdivided into dominantly Au-As and Sb (As-Au-Pu-Cu) ore paragenesis.

Mineralisation at this time has been explained in terms of the mixing of surficial waters and metamorphic waters, driven by hydrothermal convection cells during retrograde leaching of host rock complexes, mixing within brittle crust along fault systems. The gold veins of the Tauern Window were generated during late stage uplift and cooling of the metamorphic core complex. Decompression and extensional relaxation resulted in the formation of NE-SW to NNE-SSW trending veins in which mineralisation preferentially occurred. As such the Tauern gold veins are classified as metamorphogenic deposits formed along deeply penetrating extensional structures and from fluids generated from hydrothermal convection cells during retrograde leaching of suitable host rocks. Such models are applicable within APC's Gold Projects as well as in the Leogang Project and Zinkwand Project.

In the Austroalpine domain, east of the Tauern Window, mineralisation clearly illustrates a "metallo-genetic heritage" where later fluids remobilised and transported pre-Alpine mineralisation. Evidence for this is seen in mineralisation within low angle ductile normal faults and cross-cutting veins that have been formed by deeply penetrating fluids.

### **Western Greywacke Zone**

The Leogang Project and Gratlspitz Project are located within the Greywacke Zone – a major tectono-stratigraphic unit of the Austroalpine system. Major lithologies within the Western Greywacke Zone include turbidites, greywackes and limestones, of Ordovician to Upper Carboniferous age, as well as felsic and mafic volcanic rocks, of Ordovician age, grouped into four tectonic units (Mostler 1973; Loth et al. 2001); the Wildseeloder Unit, Hochhorndler Imbricate Zone, Glemmtal Unit and Uttendorfer Imbricate Zone. The Wildseeloder Unit (Heinisch, 1988), or Alpach unit according to Mostler (1970), is characterized by weakly deformed and non-metamorphosed Devonian dolomites, while the Glemmtal Unit is characterised by mainly clastic rocks.

The Western Greywacke Zone is overlain by Permian to Lower Triassic clastics and Triassic to Lower Cretaceous carbonates of the Tirolian Nappe system of the Northern Calcareous Alps (Rantitsch & Judik, 2009).

The characteristic structural feature of the Alps, including the Eastern Alps in Austria, is their nappe structure. That is, large crustal plates formed as geological-tectonic units, comparable to a blanket or thin skin, have been thrust upon each other during plate movements of the Alpine orogenic processes. Within the area of the Northern Alps three main geological/tectonic units are distinguished today - Helveticum, Penninicum and East-Alpine. These units are stacked on top of each other and all show internal structures consistent with there having been each subjected to substantial tectonic transport in a north to north-west direction.

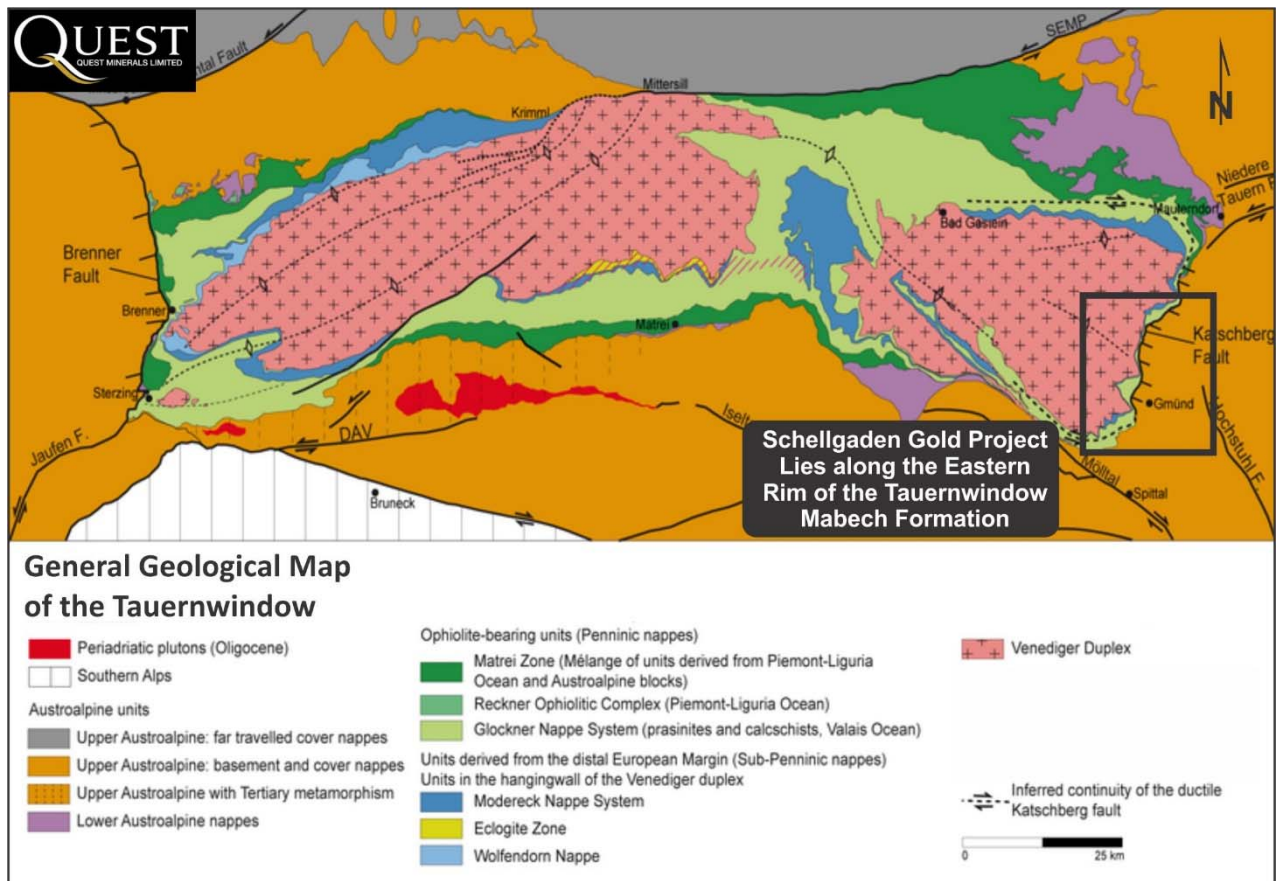


Figure 4: - The Tauern Window (with oldest metamorphosed and crystalline basement units shown in pink) highlighting the position of the Schellgaden Gold Project area in the east. (Source: Mineral & Erz – Hohe Tauern, Natural History Museum, Vienna, 1994)

## 5 COBALT PROJECTS

### 5.1 Overview

APC's Cobalt Projects are all located in western and central Austria, extending from Gratspitz, in the west, to Zinkwand, in the east (Figure 5).



Figure 5: - Location of APC's Cobalt Projects

The **Gratspitz Project** is located within the Federal State of Tyrol, immediately to the east of Brixlegg and some 15 km NNE of Schwaz, on the eastern side of the Inn River. Thirty-Seven Freischürfe define the Exploration Area, the total area of which is approximately 15 km<sup>2</sup> and includes the historical Ramsberg and Theierberg mine sites. The Schwaz-Brixlegg Mining District, is renowned as having been one of the richest silver producers in Medieval times (Wolkersdorfer & Wackwitz, 2004). The region was a significant producer of copper and cobalt. It also hosts the type locality of the mercurian fahlore variety 'schwazite'. This mineralised material is dominantly mono-mineralic fahlore and occurs as strata-bound, discordant veins, and breccia bodies across a 20-km belt hosted mostly within the Devonian Schwaz Dolomite. The structural style of the mineralisation is similar to that of Mississippi Valley type deposits (Arlt & Diamond, 1998).

The **Leogang Project** encompasses one of the oldest and most famous mining localities, in the Schwarzleo Valley, where mining was first documented in 1425. Located in the Federal State of Salzburg, the Exploration Area, comprising 30 Freischürfe, covers an area of approximately 12 km<sup>2</sup>. It includes important mine sites where silver, mercury, copper, nickel, cobalt and lead ore were extracted and smelted in nearby villages, including Nockelberg and Leogang. These villages are particularly famous for their historical wealth of nickel and cobalt ores. Geologically, the Leogang

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Project lies on the boundary between the Greywacke Zone and Northern Calcareous Alps, north of the Tauern Window.

The **Seekar Project** is located in the Federal State of Salzburg. Its Exploration Area, comprising 9 Freischürfe, covers a total area of 4 km<sup>2</sup> and includes historical mining sites first established during the 16th century and mined intermittently up until 1923, after World War I. Mineralisation is associated with hydrothermal vein sulphides and is typically polymetallic Cu-Ag-Ni-Co-Sb bearing. Vein thicknesses of up to 2 m have been historically mined.

The **Zinkwand Project** is located both on the northern and southern flanks of Zinkwand Mountain, the site of historic sulphide mining including both cobalt and nickel. The Zinkwand Exploration Area consists of 2 Freischürfe covering an area of approximately 1 km<sup>2</sup>. Several historical mining adits within the Exploration Area are still accessible.

## 5.2 Leogang Project

### 5.2.1 Location, Geographical Setting & Infrastructure

The Leogang Project is located approximately 3 km west of Leogang (population circa 3,200) and 11 km west of Saalfelden (population 16,000) in the District of Zell am See, Federal State of Salzburg. Immediately to the north lies the Leogang Mountains, forming part of the Northern Calcareous Alps. These are separated by deeply incised valleys from the Kitzbühel Alps to the south and the Steinernes Meer to the east. Their dominant limestone composition is reflected in a characteristic karst topography giving rise to steep-sided high plateau with sharply undulating high cirques and broad glacial u-shaped valleys, fringed by scree dominated upper slopes. Extensive cave systems are found within the karst topography, including the Lamprechtsofen, which extends for over 50 km. At 2,634 metres Birnhorn is the highest peak in the immediate area. Leogang and Saalfelden are popular winter sport and summer mountain hiking resorts.

Most of the infrastructure, including roadways, are developed within the valleys, the B311 and B164 providing good sealed road access to both Leogang and Saalfelden.

### 5.2.2 Mining Tenure

The Exploration Area comprises 30 Freischürfe and covers a total area of approximately 12 km<sup>2</sup>, including the historical Nockelberg and Leogang mine sites. The location of the Exploration Area is shown on Figure 6.

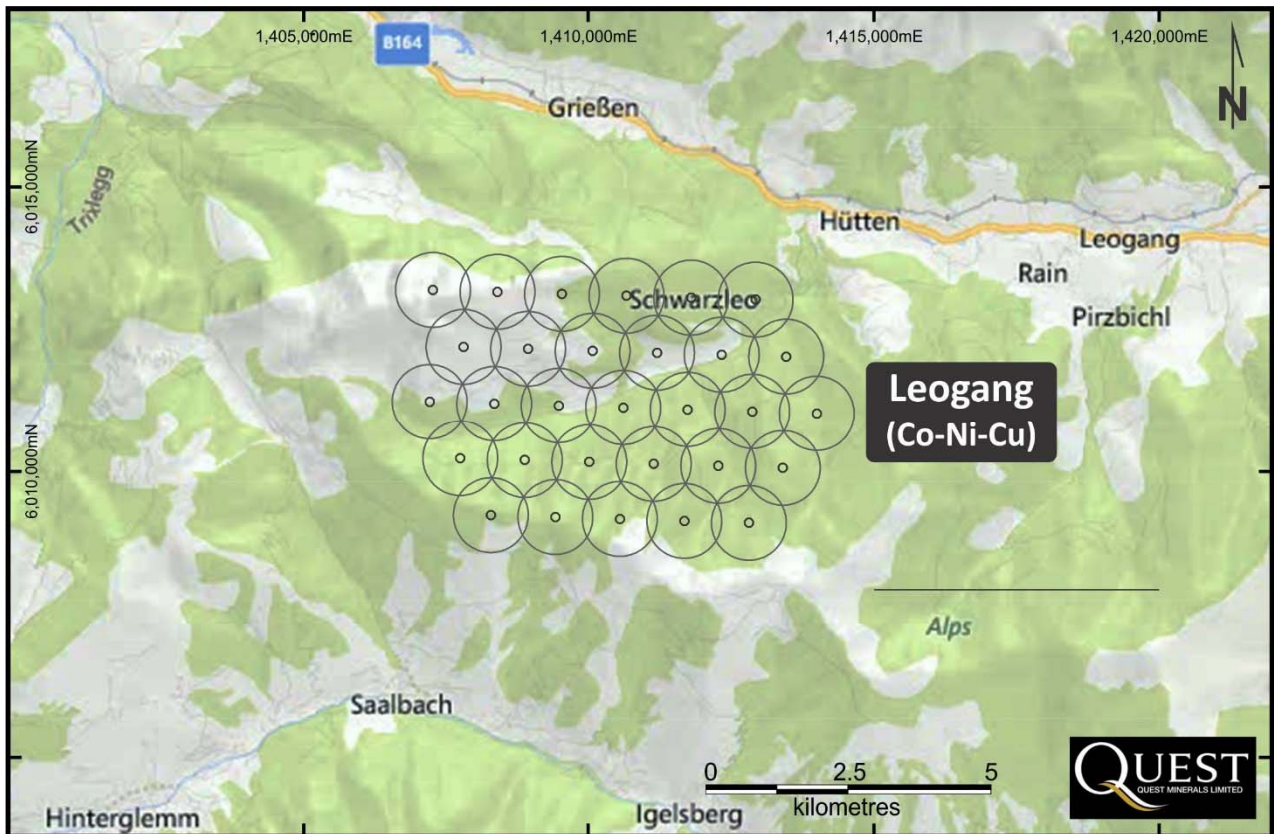
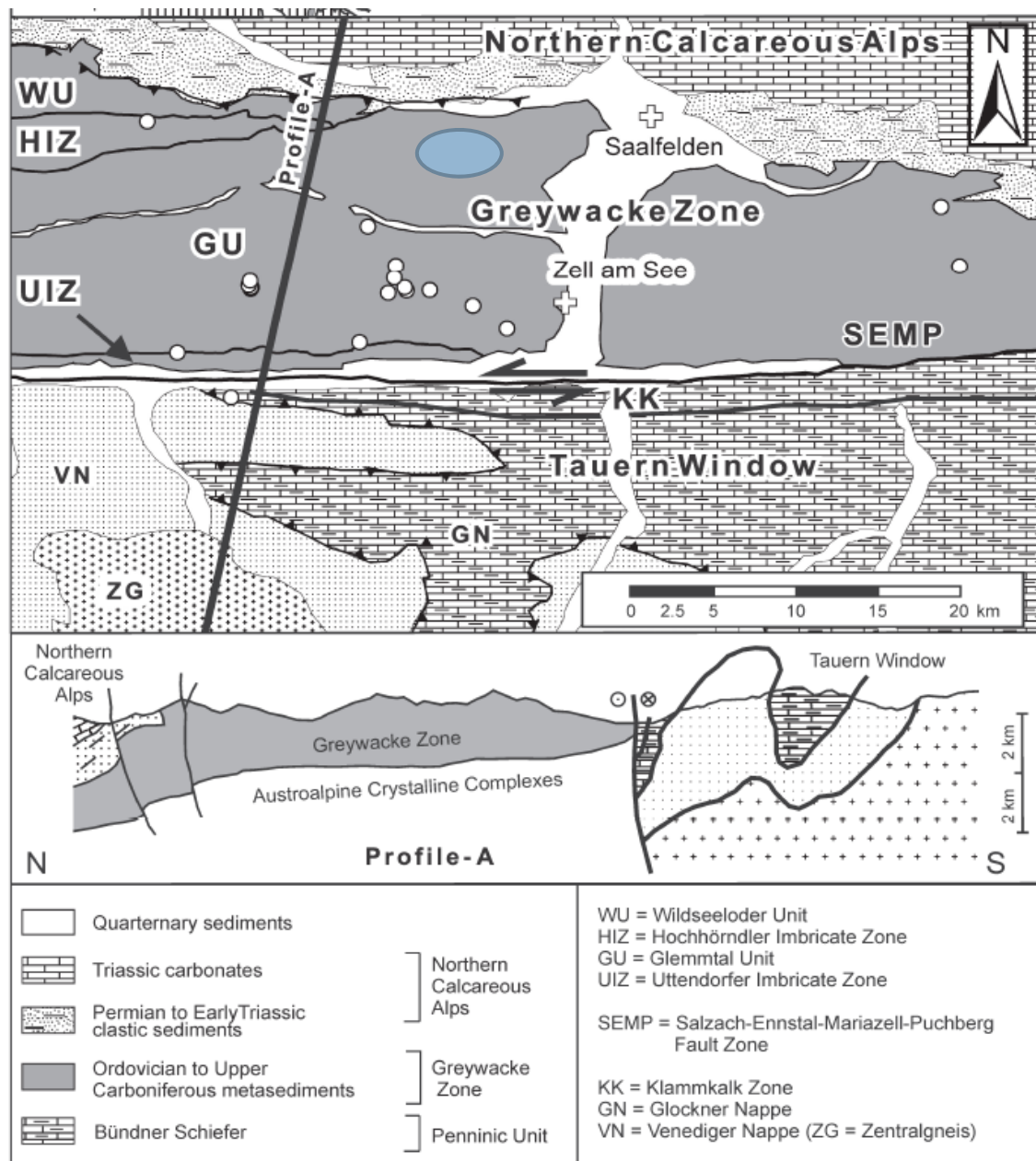


Figure 6: - Topography of the Leogang Project showing the location of the 30 overlapping Freischürfe comprising this Project's Exploration Area.

### 5.2.3 Geological Setting

Figure 7 shows the geological setting of the Leogang Project within the Eastern Alps. Geologically,



**Figure 7:** - Geology of the Leogang Project, (from Rantitch & Judik, 2009). The Project's Exploration Area (position approximately shown by the blue coloured oval) lies within the Greywacke Zone, which is separated from the Tauern Window, in the south, by the SEMP Fault Zone.

the Exploration Area lies within the Greywacke Zone, approximately 15 km north of the Tauern Window, from which it is separated by the Salzach-Ennstal-Mariazell-Puchberg ("SEMP") Fault Zone. This is a significant sinistral fault system separating lower grade metamorphic rocks of the central Western Greywacke Zone from the now exhumed greenschist to eclogite grade metamorphic rocks of the Tauern Window. As such, the SEMP Fault Zone represents the boundary

between Mesozoic sequences of the Northern Calcareous Alps and Austroalpine and Penninic basement rocks of the Central Eastern Alps. As illustrated, on the cross-section in Figure 7, in this area the Western Greywacke Zone attains a maximum thickness of between 2 km – 3 km.

Age dating of synkinematic muscovite grains record a metamorphic peak at 98 to 102 Ma, with a second event ca. 70 Ma. Rantitsch & Judik (2009) also reported a thermal overprint in the Oligocene (28-35 Ma), associated with the exhumation of the Penninic unit, which produced a thermal aureole extending northwards towards the Leogang Project area. This later Tertiary event was central to that region's last stage of mineral remobilisation.

#### 5.2.4 Previous Exploration History & Exploitation

Nickel and cobalt were mined in the region from the mid-16th century when Leogang was famed for the diversity of its mineralogy and rich ore grades. At various times in its past, cobalt, nickel, copper and silver have been mined at Leogang. However, historical mining records are incomplete and unreliable, although it is clear that a mineralised body has been exploited over a considerable period of time.

Table 1 : Historical reported results within the Cobalt rich Leogang-Nockelberg area.

Sample	Grades	Comments	Source
<b>Nockelberg</b>	Co 1.95%-4.65% Ni 1.55%-3.14% Cu 2.19%-12.7%	High grade rock chips reported	Haditsch & Mostler, 1970.
<b>Schwarzleo/Leogang</b>	Co 11.67%-15.76% Ni 6.52%-8.12% Cu 3.82%-4.91%	High grade rock chips reported	Haditsch & Mostler, 1970.

#### 5.2.5 Local Geology & Mineralisation

Paar et al., (1989) describe the Leogang style of mineralisation as one characterised by a diverse suite of polymetallics, with more than 60 different ore-bearing and gangue minerals having been identified. These polymetallics are hosted within Upper Silurian - Lower Devonian carbonate rocks, rich in organic matter (Haditsch & Mostler, 1970). A major proportion of the mineralisation, dominated by Cu-Ni-Pb-Hg-Ag bearing ores, is strata-bound and isotopic age dating implies a Devonian age.

According to Lengauer (1987), basic volcanism is considered to be the main source of the mineralisation. Mineralised breccias, as well as vein-type mercurian tennantite-bearing ores, occur along Upper Cretaceous to Early Tertiary aged tectonic lineaments. This latter mineralisation is interpreted by Lengauer (1987) to represent remobilization and reconcentration, during heat and

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fluid flow events associated with the Alpine Orogeny, of earlier Palaeozoic mineralisation. Preferential fluid flow along brittle boundaries at that time accounts for why many of the historical mine sites are located near the intersection of strata-bound deposits and brecciated veins formed in association with Upper Cretaceous to Early Tertiary Alpine tectonic movements. These veins are the source of the extremely high grades of Cu, Co and Ag. Paar et al., (1989) noted that the strata-bound mineralisation displays a pronounced Cu- Pb, Pb and Pb-Hg mineral zonation.

Rantitsch & Judik (2009) correlated a thermal overprint, occurring in the Oligocene (28-35 Ma) and associated with exhumation of the Penninic Units of the Tauern Window with the formation of a distinct thermal aureole. During this event, advective heat transport and circulating fluids overprinted the Cretaceous high-temperature metamorphic pattern creating a retro-grade thermal aureole, which extended at least 10 km north of the SEMP Fault Zone, in the direction towards the base of the Northern Calcareous Alps and Leogang Project area, (Figure 7).

### **5.2.6 Prospectivity**

Artisanal mining has established the presence of high grade vein related mineralisation, however, there is very little systematic, modern exploration to identify local controls and the overall extent of this mineralisation, especially in the subsurface. Subsurface control is largely restricted to intersections encountered in historical adits, which extend from the western and eastern mountain faces. Consequently, there is at this stage insufficient data to develop a coherent geological model of the Project's overall resource potential.

What limited exploration and research material that does exist comes from geological surface mapping and sampling of outcrops or exposures within the remaining accessible adits. Collectively this body of work has noted the complex structural environment as well as a strong strata-bound component to the cobalt bearing mineralisation which, coincidentally, was not the focus of historical exploitation.

## **5.3 Seekar Project**

### **5.3.1 Location, Geographical Setting & Infrastructure**

The Seekar Project is located between 1 and 3 km to the north of Obertauern and 20 km south of Radstadt (population 5,000) in the District of St. Johann im Pongau, Federal State of Salzburg. Topographically, the Exploration Area encompasses an eastern opening cirque with local peaks at Seekarspitze (2,350 m) to the north, Seekareck (2,217 m) to the west and Grunmalasee (1,938 m) to the south. These, delineate a cirque ridge line which extends some 200 m - 300 m above the valley floor, the site of several small lakes. Most of the Exploration Area lies above the tree line and



Figure 8: - Typical topography of the Seekar Project area.

the ground surface is covered with high meadow grass, scree and scattered rock debris (Figure 8). Many of the historic mines are located in the vicinity of the Obertauern ski resort, at altitudes ranging between 1800 m - 2200 m. Obertauern lies at an altitude of 1650 m - 1750 m and is accessible from Radstadt via the B99. Unsealed roads provide access onto the higher flanks of the surrounding mountains, and hiker trails extend around the ridge lines provide foot access to a number of the higher altitude historical adits.

### 5.3.2 Mining Tenure

The Seekar Project lies within an Exploration Area, comprising nine Freischürfe (Figure 9), encompasses the entire known historic mine workings and a total area of approximately 4 km<sup>2</sup>. The Exploration Area extends over approximately 3 km in NW-SE oriented rhomboidal shape (Figure 9);

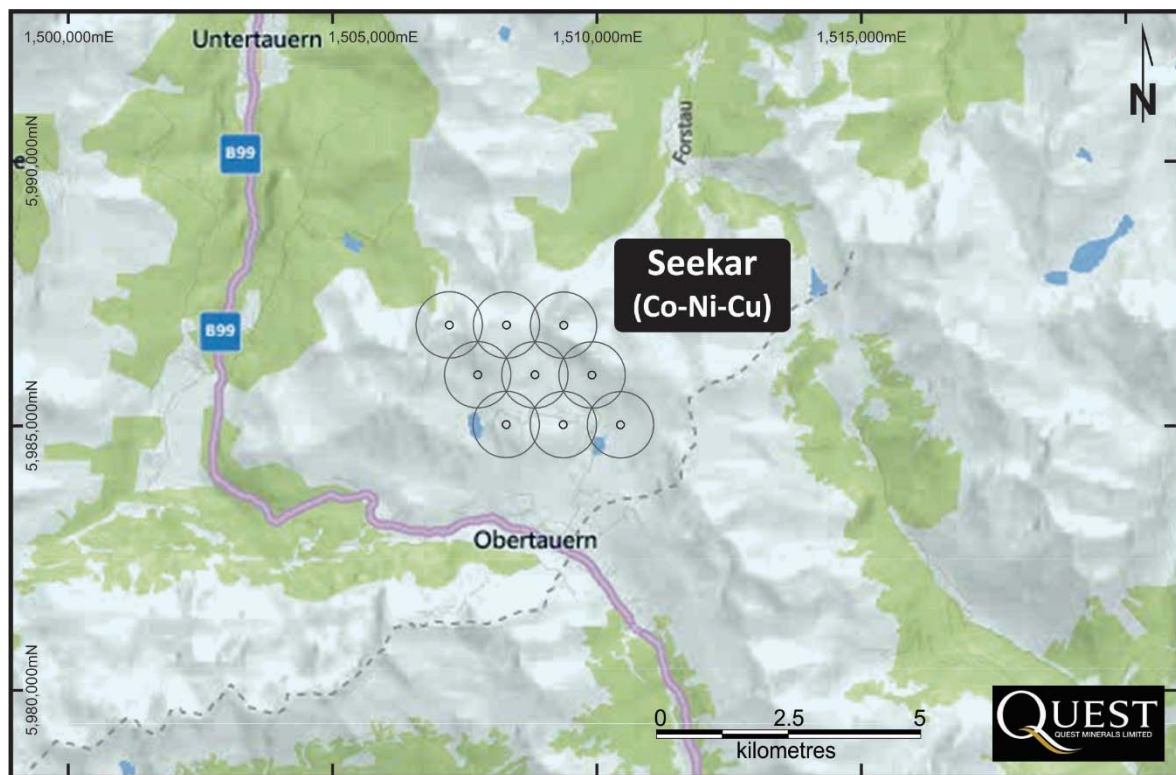


Figure 9: - Topography of the Seekar Project showing the location of the Exploration Area comprising 9 overlapping Freischürfe

from Seekarhaus Hotel to the summit of Seekarspitze.

### 5.3.3 Geological Setting

Regionally, the Seekar Project lies within the Radstadt Tauern. Dominated by inverted, erosionally truncated multiple nappe structures topographic highs, such as Seekarspitze and Seekareck, represent nappe cores of the oldest lithological units. These comprise crystalline basement of the Lower Central Austroalpine (formerly the Middle Austroalpine of Tollman (1964)), and include the Tweng crystalline, which consists of para-gneisses, mica-schists, amphibolites and porphyritic granite-gneiss. In turn, these overlie younger, recumbently folded lithologies of a dominantly quartz-phyllite nappe, of Upper Silurian to Lower Devonian age, which locally outcrop below the topographic highs, across the mountain flanks.

### 5.3.4 Previous Exploration History & Exploitation

Mining at Seekar is documented as far back as the 16<sup>th</sup> Century and continued intermittently until after the end of World War 1, in 1923. Historic production rates and grades were not systematically recorded, however, records of some 200 tonnes of material mined in 1917 show that it contained between 2.36% - 4.45% Cu and 250 g/t Ag; (no grades have been reported for any other metals). Mining occurred at a number of discrete locations, and was mainly extracted via adits although there is evidence of some shallow surface pit mining. It has been estimated that approximately 10,000 m<sup>3</sup> of material now forms a number of conspicuous dumps. Table 2, presents a summary of the known details of the most important of the historical workings.

Table 2 Historical mining locations reported in the Seekar area.

Adit	Details
<b>Emil-Unterbaustollen</b>	Close to Seekarhaus Hotel; started in 1910; length 450 m; portal collapsed; dump (ca. 500 m <sup>3</sup> ) with pyrite, chalcopyrite, fahlore; water from mine used for water supply
<b>Johann-Jakob-Erbstollen</b>	Altitude 1860 m; portal collapsed; large dump (estimated 2,000 –4,000 m <sup>3</sup> ) with pyrite, chalcopyrite, fahlore; water from mine used for water supply.
<b>Margarethen-Stollen</b>	Altitude 1880 m.
<b>Oberes Stöllerl</b>	Between Margarethen-Stollen and open pit mine.
<b>Unnamed small open-pit mine</b>	Dump with Fe-carbonate (indicating polymetallic mineralization) and sulphides; dump volume ca. 1,000–2,000 m <sup>3</sup> .
<b>Mittelstollen</b>	Altitude 1930 m; NW of open-pit mine; length 180 m, trending WNW; dumps with Fe-carbonate.
<b>Gottesgab-(Gottberat-)Stollen</b>	Altitude 1936 m; close to ski slope; numerous collapsed portals and small open-pit workings nearby; dumps with Fe-carbonates and sulphides (pyrite/chalcopyrite); volume of dumps unknown.

Table 3 Historical recorded mineralized material grades from the Seekar deposit.

Sample	Grades	Comments	Source
<b>Average grade</b>	Cu 2.35–4.45% Ag 250 g/t	Average grade from production in early 20 <sup>th</sup> Century (80–200 t/year).	Feitzinger et al., 1998.
<b>High-grade massive sulphide material</b>	Cu 22% Ag 850 g/t	massive sulphide material.	Feitzinger et al., 1998.
<b>High-grade massive sulphide material (chalcopyrite)</b>	Cu 28.5 %	Sample by P. P. Heigl, Innsbruck; assayed in 1878.	Archive of Krings family.

<b>High-grade fahlore-bearing material</b>	Cu 8 % Ag 414 g	Sample by P. P. Heigl, Innsbruck; assayed in 1878.	Archive of Krings family.
<b>Fahlore</b>	Sb > 20%  Ag 1.3 %  Zn 10 %  Sn 360 g/t  Ni 70 g/t  Co 85 g/t	No. 13, massive fahlore with chalcopyrite, hosted in ankerite.	Schroll & Ibrahim, 1959.
<b>Fahlore</b>	Sb > 20%  Ag 0.2 %  Zn 0.4 %  Sn 30 g/t  Ni 600 g/t  Co 100 g/t	No. 14, massive fahlore with chalcopyrite, hosted in ankerite.	Schroll & Ibrahim, 1959.
<b>Soil sample</b>	Cu 4,000 mg/kg	4 m in front of Gottesgab adit; sampling by Juritsch in 1997.	Feitzinger et al., 1998.
<b>Soil sample</b>	Cu 5,000 mg/kg	50 m in front of Gottesgab adit; sampling by Juritsch in 1997.	Feitzinger et al. 1998.

### 5.3.5 Local Geology & Mineralisation

Two different mineralisation types can be distinguished at Seekar:

- An older (probably syn-sedimentary) mineralisation, dominated by pyrite. This mineralisation is thought to be similar to the mineralised horizons at Zinkwand.
- A younger epigenetic vein-type Cu-Ag(-Ni-Co)-Sb mineralisation which is associated with various carbonates and quartz. The main minerals are chalcopyrite, Ag(Sn-Ni) bearing fahlore (Ag-tetrahedrite), galena, sphalerite, para-rammelsbergite (nickel arsenate) and pyrite.

Despite cobalt bearing minerals being described at Seekar, including the occurrence of primary and secondary cobalt minerals (e.g. erythrite) frequently found on the dumps outside the disused,

historical adits, the extent of cobalt mineralisation has never been properly explored in the modern era.

### 5.3.6 Prospectivity

The presence of massive sulphides, reportedly with Cu grades of +22% (Table 3), as well as fahlores containing polymetallic mineralisation including Ni and Co, point to this area hosting a variety of mineralisation styles which, based on the distribution of historical workings, could have regionally extensive significance. Despite this historical mining and geological evidence and relative ease of access this area has not been subjected to modern exploration techniques.

## 5.4 Gratlspitz Project

### 5.4.1 Location, Geographical Setting & Infrastructure

The Gratlspitz Project is located in the District of Kufstein in the Federal State of Tyrol. It lies immediately to the east of Brixlegg (population ~3,000, altitude 530 m), in the Lower Inn Valley, the Inn River forming a tributary of the Danube. Schwaz, the largest commercial centre in the region with a population of approximately 15,000, is located on the Inn River approximately 15 km to the south.

The Gratlspitz Project lies in a northern climatic region. The temperate regime has a distinct cold season, characterised by snowfall. The highest precipitation is recorded in June, July and August with more than 100 mm mean precipitation per month, whilst the mean annual precipitation is about 1,000 mm.

The Exploration Area extends from the outskirts of Brixlegg and Rattenberg in the west, over scarps creating the eastern wall of the Innal Valley and southeast to encompass part of the Kitzbühel Alps. These Alps form part of the western slate or Greywacke Zone. The mountain top profiles and the cirques are relatively smooth; their slopes mostly covered with numerous alpine meadows containing stands of spruce, fir and beech.

The Exploration Area lies mainly between altitudes of 700 m to 1100 m, however, in the extreme southeast it rises to in excess of 1800 m. The gentle cirques and valley areas at lower altitudes have been largely cleared to create alpine meadows for agrarian activity whereas the steeper slopes retain tall stands of firs, giving way to rock outcrops along the mountain top profiles dominating in the southeast, towards Gratlspitz (altitude 1898 m).

The Project is well serviced with infrastructure, the E45 autobahn and the railway connect link Brixlegg with other provincial centres and numerous secondary and tertiary roads and unsealed tracks provide access across much of the Exploration Area. Brixlegg is also the location of

Montanwerke Brixlegg AG, Austria's only copper producer, with a capacity to produce over 100,000 tpa of cathodic copper, from smelting recycled materials.

#### 5.4.2 Mining Tenure

The Exploration Area is composed of thirty-seven Freischürfe, covering a total area of approximately 15 km<sup>2</sup> (Figure 10). It encompasses historic mine sites including Ramsberg and Theierberg (Figure 11).

#### 5.4.3 Geological Setting

Geologically, the Gratlspitz Project is located within the Schwaz-Brixlegg Mining District, on the western margin of the East-Alpine Greywacke Zone (Figure 11). Arlt & Diamond (1998) described the Palaeozoic basement of this Mining District as being principally composed of metagranitic gneiss (Kellerjoch Gneiss) and Upper Ordovician to Silurian clastic metasediments and alkalic volcanics. These are capped by the Schwaz Dolomite, a Devonian platform carbonate unit of up to 800 m thickness (Pirkl, 1961).

These units were subject to multiple orogenesis. Initially involving folding, faulting and metamorphism during the Hercynian Orogeny and then, following burial beneath a thick post-orogenic molasse and Permian clastic sediment cycles ("*Buntsandstein*") and Triassic shallow water carbonate deposition, the Alpine Orogeny. Both the Permo-Mesozoic sediments and the underlying Palaeozoic complex were weakly metamorphosed, overturned and transported to their

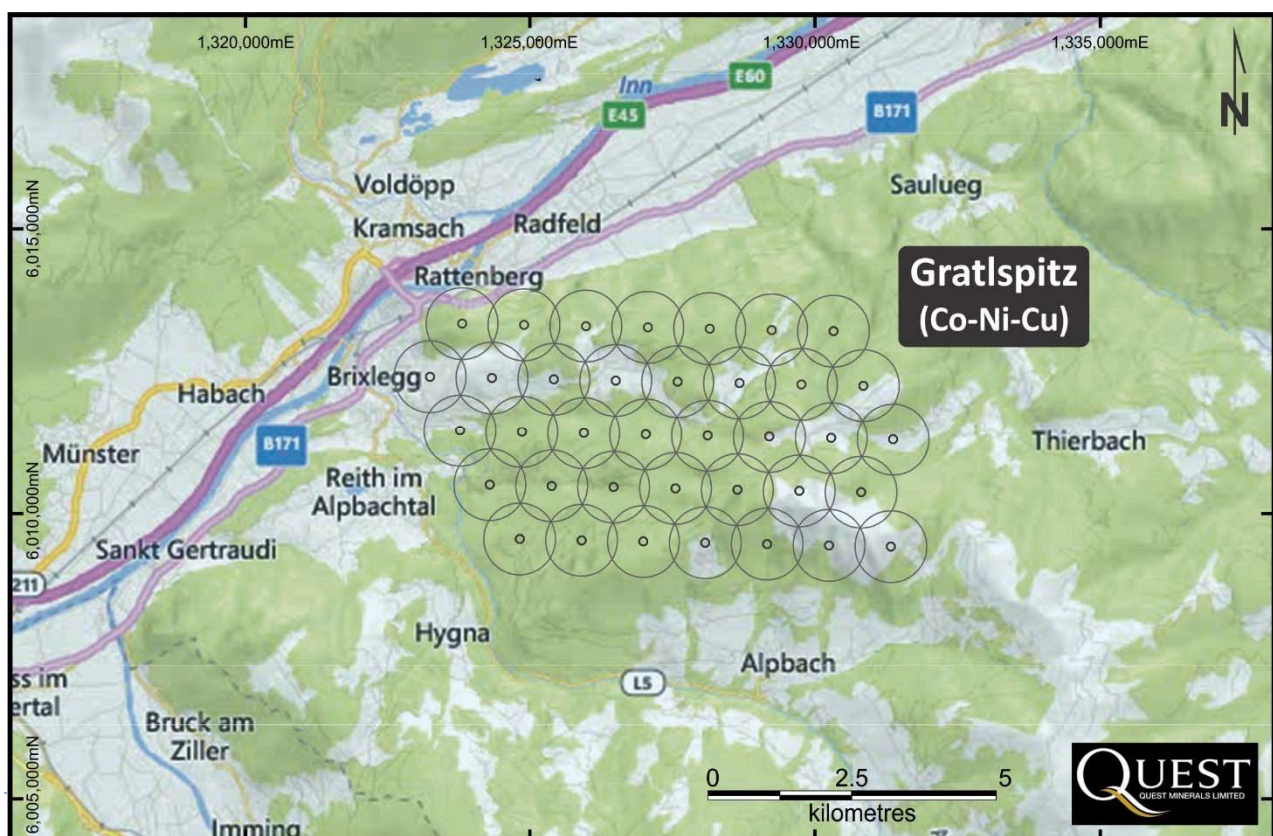


Figure 10: - Topography of the Gratlspitz Project showing the location of individual Freischürfe comprising the Exploration Area.

present location as part of the Upper Austroalpine nappes sequences during this Alpine event (Arlt & Diamond, 1998). Finally, the units were block-faulted during late Alpine uplift.

#### 5.4.4 Previous Exploration History & Exploitation

As outlined in Section 5.1 the Schwaz-Brixlegg Mining District is a renowned mining region, famous as the type locality of the mercurian fahlore variety 'schwazite'. Mineralisation occurs as strata-bound, discordant veins, and breccia bodies within a 20 km long belt hosted mainly with the Devonian Schwaz Dolomite, in a style similar to that of Mississippi Valley type deposits (Arlt & Diamond, 1998). The region was also a significant producer of copper and cobalt. Exploitation of copper deposits of the Greywacke Zone was initiated in the Lower Inn Valley at least by the Late Bronze Age (9<sup>th</sup> Century BC – Breitenlechner et al., 2013). The first recording of a copper and silver refinery at Brixlegg dates back to 1463. By the beginning of the 20<sup>th</sup> century, following a decline in ore extraction in Tyrol, production was shifted to the recovery of copper from scrap metal alloys.

Between 1420 and 1827, it has been estimated that some 190,000 tons of Cu and 2,600 tons of Ag were mined in this area. Cobalt occurrences are located at "Silberberg" (2 km south-southeast of Brixlegg), "Geyer", which lies close to Zimmermoos, 2 km - 6 km southeast of Brixlegg, and on the flanks of Gratspitz Mountain, at altitudes of between ca. 900 m and 1800 m. Historic reports suggest grades mined in 1922 were 140 g/t Ag and 2.17% Cu (Table 4).

Table 4 Historical exploration data reported over the Gratspitz area.

Sample	Grades	Comments	Source
<b>Sample</b>	Ag 90g/t & 140g/t Cu 1.93% & 2.17%	Sample from 1922.	Austrian Geological Survey, Vienna
<b>Dump Material</b>	Ag 207g/t Cu 0.6%	Dump sample from 1922.	Hoppe 1922, Austrian Geological Survey, Vienna

#### 5.4.5 Local Geology & Mineralisation

Arsenical tetrahedrite is almost the exclusive primary mineral assemblage of the Schwaz and Brixlegg deposits. The mineralisation is hosted in the Palaeozoic Schwarz Dolomite and consists of fahlore, bornite, enargite, galena, sphalerite; and various nickel and cobalt bearing minerals (such

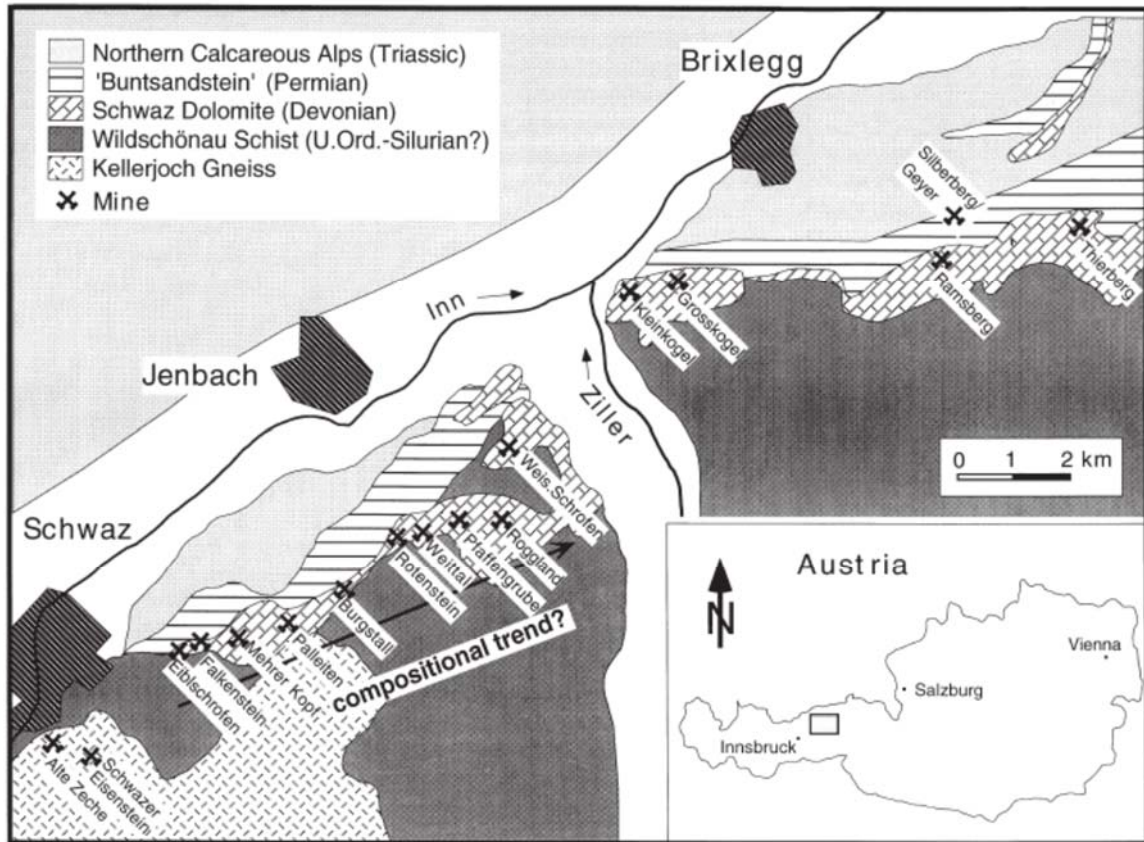


Figure 11: - Geology and location of historical silver mines in the Schwaz-Brixlegg Mining District (from Arlt & Diamond, 1998)



Figure 12: - Samples rich in posnjakite and erythrite (Co-bearing, red) from dumps of Gilgen adit (portal at 942 m asl), Silberberg west slope, Schwaz-Brixlegg area. Source: <https://www.mindat.org/photo-683947.html>

as vaesit, fersdorffite, cattierite, cobaltite) are also known to occur (Figure 12). Nickel and cobalt were mined in underground workings at Silberberg from 1941 – 1944. A channel sample from the adit showed 0.25% (Ni + Co combined) and higher-grade material was reported containing up to 1.38% Co and 0.98% Ni (O. Schmidegg, unpublished report from the Geological Survey of Austria). The mineralisation at Geyer is very similar to that at Silberberg and shows a Fe-Co-Ni dominated mineral paragenesis.

In the area of Brixlegg, Triassic limestones are partly mineralised with copper, lead and zinc ores, and minor cobalt and silver minerals. Whereas the fahlore composition in the gneiss and the Schwarz Dolomite is predominantly arsenical tetrahedrite, that in the Triassic limestone units is mainly tennantite. The underlying schist, of the Lower Palaeozoic, and the Permian red sandstone lithologies are not mineralised (Arlt & Diamond 1998).

#### 5.4.6 Prospectivity

The presence of a ~20km strike length of historical high grade fahlore bearing polymetallic material within the Schwarz Dolomite, in a style similar to that of Mississippi Valley mineralisation, coupled with the overlying Triassic limestones containing copper, lead and zinc mineralisation, with minor cobalt and silver, strongly suggest that the Gratlspitz Project has had access to extensive mineralising system(s). Nevertheless, and despite the area's moderate altitude and ease of access,

it has not been subjected to modern exploration. Most of the massive sulphide replacement bodies in this area are likely to have distinct geophysical signatures, including high density, low resistivity, electrical chargeability (when excited by induced polarization) and, providing magnetite or pyrrhotite is present, higher magnetic susceptibility. As such, the Gratlspitz Project's style of mineralisation should be amenable to modern geophysical exploration techniques.

## 5.5 Zinkwand Project

### 5.5.1 Location, Geographical Setting & Infrastructure

The Zinkwand Project is located on the boundary of the Federal states of Salzburg and Styria, between the municipalities of Weißpriach (Salzburg) and Schladming (Styria), approximately 15 km south of Schladming. Both the northern and southern faces of the Zinkwand Mountain host historic cobalt mining sites, ranging in altitudes between 2,200 m and 2,440 m. These historic mines sites are currently only accessible by foot (hiking trails), although a private forestry road leads to a mountain hut, which is located in an adjacent valley (altitude 1,872 m). Sealed public roads provide access to Eschachalm, which is located at an altitude of approximately 1,200 m. Further mineralised zones are known in Vetternspeitz Mountain, which is located in the vicinity of Zinkwand. Several of the historical adits are still accessible.

### 5.5.2 Mining Tenure

The Exploration Area for Zinkwand comprises two Freischürfe, covering an area of approximately 1 km<sup>2</sup> (Figure 13). Although a small area, this permit encompasses the entire known historic workings.

### 5.5.3 Geological Setting

Zinkwand is located in the Schladming crystalline unit of the Weißpriach Nappe within the Silvretta-Seckau Nappe system (Janoshek & Matura 1980), the lowest nappe system of the Upper Austroalpine. The Schladming crystalline unit is highly metamorphosed, most recently during the Alpine Orogeny when it was influenced by a retrograde greenschist facies overprint.

### 5.5.4 Previous Exploration History & Exploitation

Table 5 : Historical exploration data reported over the Zinkwand – Vottern area

Sample	Grades	Comments	Source
<b>High-grade massive sulphide</b>	Ag 550 ppm Co 2.1% Ni 27.3%	No further specification on material type.	H.W. Fuchs, 1988. (Austrian Geological Survey, Vienna)

<b>High-grade massive sulphide material</b>	Ag 16 ppm Co 3.4% Ni 19.8%	No further specification on material type.	H.W. Fuchs, 1988. (Austrian Geological Survey, Vienna)
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Mining (especially for silver) in the Schladming area, which includes the Zinkwand deposit, had its period of prosperity in Medieval times, although Zinkwand mining history falls into three distinct phases. Initially, during Medieval times, Ag, Cu, and Pb were mined. In the second phase, commencing in the 17th century, cobalt, used for the fabrication of blue pigments, was the primary focus of mining. After rich Ni mineralisation was found in 1814, the third mining phase focused on nickel ores with high grade material (such as nickeline-rich), mined between 1840 and 1847 having grades of up to 11% Ni, 1% Co, 1 % Cu, and between 0.1% and 0.4% Ag. Figure 14 illustrates an early 19<sup>th</sup> Century plan of the underground workings including adits, cross-cuts and drifts mined along the mineralised horizons. The last systematic study, by Hiessleitner in 1929, indicated that some of the mines had been completely exploited, while the continuity of some other mineralised

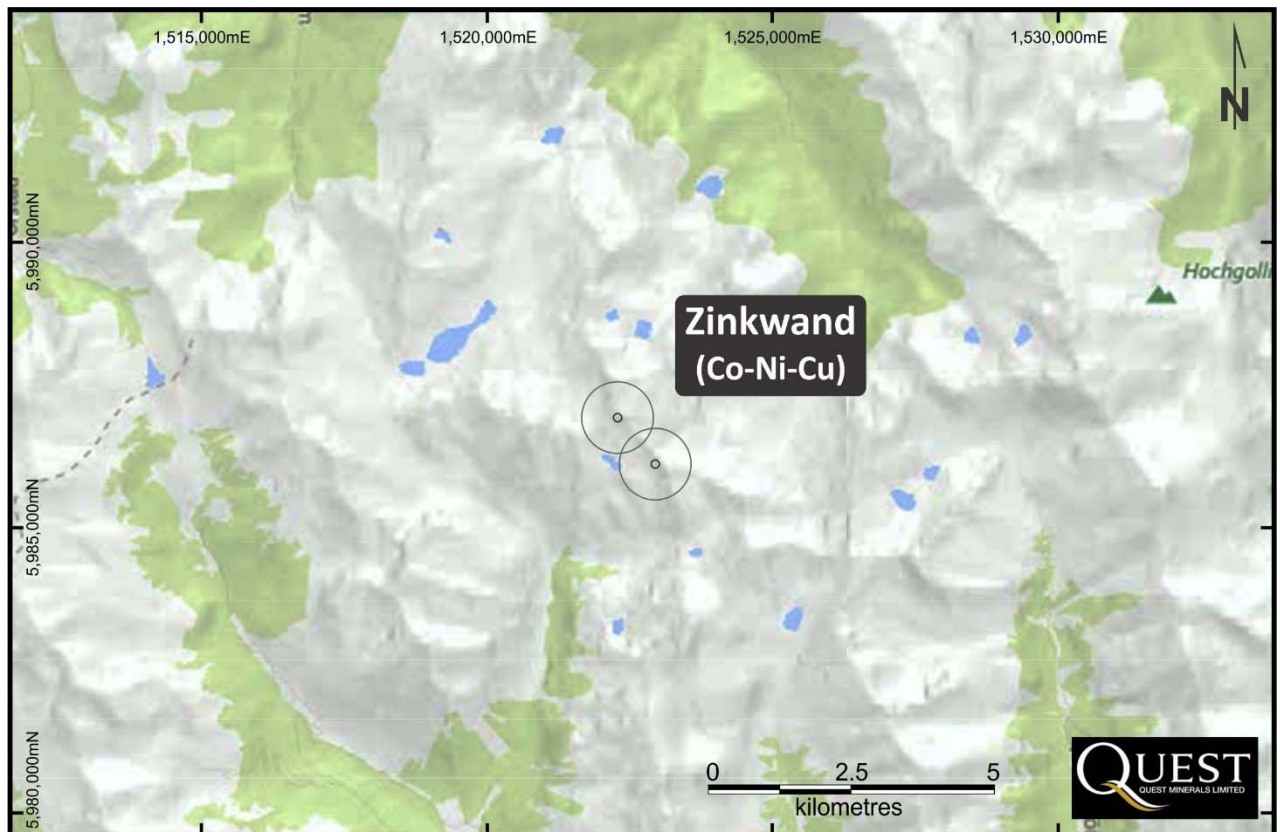


Figure 13: - Topography of the Zinkwand Project area showing the location of the Exploration Area comprising 2 overlapping Freischürfe.

horizons had not been explored.

#### 5.5.5 Local Geology & Mineralisation

Tollmann (1980), classified the Zinkwand deposit as a hydrothermal vein-type Co-Ni-As-Bi style of mineralisation. The mineralisation is hosted in metamorphically overprinted volcano-sedimentary rocks of the Schladming crystalline unit. These deposits are often bound to quartzite-schists, quartzite-phyllites, gneiss-phyllites, as well as foliated iron-sulphide rich phyllitic beds, which regionally give rise to five distinct styles of polymetallic mineralisation of which Zinkwand's vein type Co-Ni-Bi-Ag mineralisation is one (Unterweissacher, 2013). Ag-rich lead-zinc and chalcopyrite mineralisation was the focus for early historical silver mining within the Schladming region.

The primary source of the mineralisation is attributed to bimodal, calcalkine volcanism associated with a magmatic arc or rift zone of Early Palaeozoic age (Tollmann 1980). Leaching and mobilisation processes during the Alpine Orogeny remobilised this mineralisation. Gneisses, black schists and minor amphibolites form the host rocks of the deposit within the Zinkwand area. The main mineralisation is bound to carbonate veins crosscutting black schists. The black schists are characterised by limonitic weathering and attain thicknesses of up to several metres (Unterweissacher, 2013). It has been noted that the Ni-Co mineralisation is confined to the intersection of carbonate veins with black schist where the presence of nickeline gives a distinctive

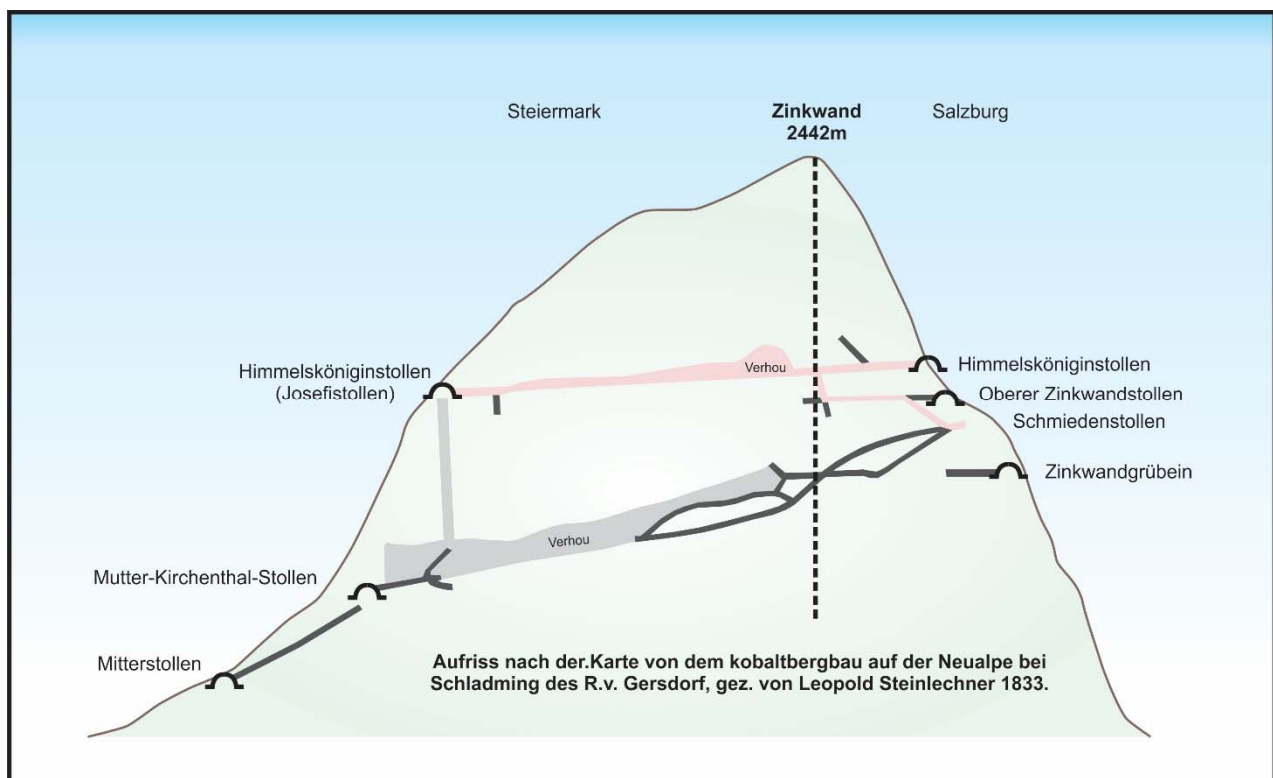


Figure 14: - Illustrative cross-section showing historical underground workings at Zinkwand

copper red colouration (Unterweissacher, 2013), making it easily identified. As-rich minerals sometimes replace the nickeline and chalcopyrite, sphalerite, pyrrhotite, galena, native arsenic, and pyrite occur as accessory minerals (Unterweissacher, 2013). The veins themselves are composed

of granular textured quartz, calcite and ankerite. As shown in Table 5, Zinkwand has historically hosted some extremely high-grade Ni and Co ores, mainly as arsenides and sulphides in minerals such as chloanthite, skutterudite, rammelsbergite and gersdorffite.

Detailed geothermometry and isotope studies (Unterweissacher, 2013) indicated the mixing of high temperature metamorphically derived brines emanating from the black schists mixed with lower temperature meteoric waters to produce the mineralisation at Zinkwand. This mixing was facilitated after the peak of the Alpine metamorphic event when extensional tectonics provided additional pathways for fluid migration (Unterweissacher, 2013).

#### **5.5.6 Prospectivity**

Mineralisation at Zinkwand has not been the focus of recent exploration despite the long history of mining and new appreciations of regional structural controls on mineralised fluid flow. The style of mineralisation is likely to lend itself to a variety of modern geophysical exploration techniques which, when coupled with detailed surface geological mapping, should enable the determination of potential subsurface extensions away from the known historically mined sites.

## 6 GOLD PROJECTS

### 6.1 Overview

Each of Gold Projects lies in south-central Austria, within or adjacent to the Tauern Window. Schellgaden North and South, being contiguous, are considered as one area for the purposes of this Report. Schellgaden North and South are located in the Schellgaden Mining District. Geologically the Schellgaden (Gold) Mining District extends along the eastern rim of the Tauern Window, from the upper Mur Valley in the north, south of the town of Gmünd in Carinthia. The remaining three Gold Projects (Goldeck-Sifflitz, Kreuzeck East – Lengholz, and Kreuzeck West – Rabant), lie within the Goldeck-Kreuzeck Mining District. This extends east-west for more than 40 km around the south-eastern rim of the Tauern Window along the north and east slopes of the Upper Drau Valley of Carinthia (Figure 15). In both instances, the lowest tectonic-lithological units exposed in this region are the Palaeozoic

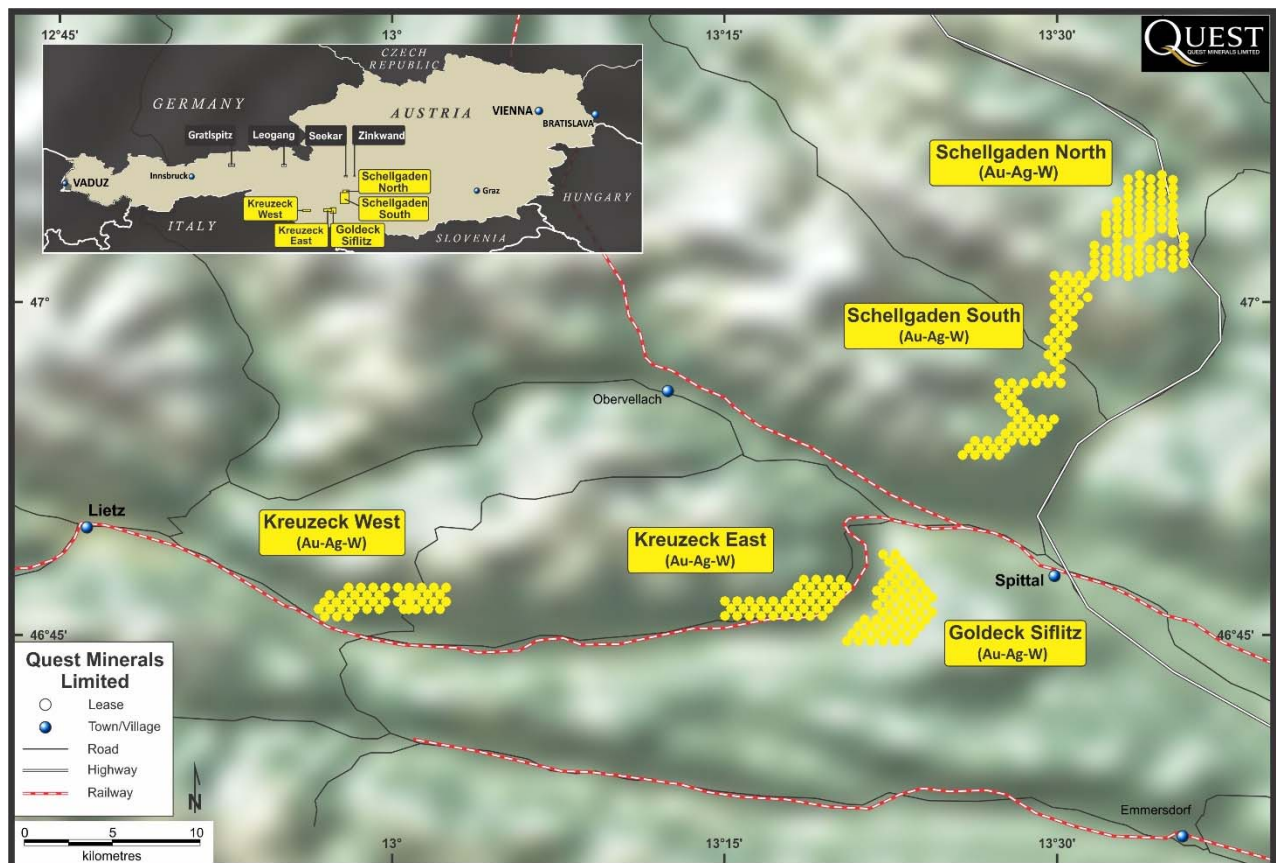


Figure 15: - Geographic Location of the gold concessions in Austria.

to Mesozoic Penninicum (Janoschek & Matura, 1980).

**Schellgaden North and South.** Located in the historic Schellgaden Mining District, named after the village of Schellgaden, the focus of the district's gold production until the early years of the 20th Century. Schellgaden is located between the town of St. Michael/Lungau and the Municipality of Muhr, County of Lungau, in the State of Salzburg. The Schellgaden North Project consists of 36 Freischürfe covering an area of 17.3km<sup>2</sup>, and Schellgaden South consists of circa 120 Freischürfe.

**Goldeck - Siflitz Project** consists of 57 Freischürfe covering an area of 27.6 km<sup>2</sup> and encompasses the historic mine workings of Guginock.

**Kreuzeck East Project** lies within an Exploration Area, comprising 42 Freischürfe, encompassing a total area of approximately 20.5 km<sup>2</sup> and including the historic mine workings of Lengholz and Lessnig-Radlberg within the Goldeck-Kreuzeck Mining District.

**Kreuzeck West Project** consists of 44 Freischürfe covering an area of 23.9 km<sup>2</sup>. Also lying within the Goldeck-Kreuzeck Mining District, it hosts the greatest variety of mineralisation styles; from strata-bound, and discordant vein-type deposits of stibnite and gold (as at Rabant), strata-bound disseminated gold-arsenopyrite- (base metal sulphides) in metamorphic schists (as at Gurskerkammer), stratiform massive polymetallic sulphide ores (as at Strieden-Knappenstube Mine), to discordant gold-bearing quartz veins (as at Fundkofel Mine).

## 6.2 Schellgaden Project

### 6.2.1 Location, Geographical Setting & Infrastructure

Schellgaden North & South is located within the upper Mur Valley, County of Lungau in the Federal State of Salzburg (Figure 16). There is ready access into the area via the Tauern Autobahn A10, a major European freeway, traversing the mountain ridge between Salzburg and Carinthia, east of Kareck Mountain (2,481 m).

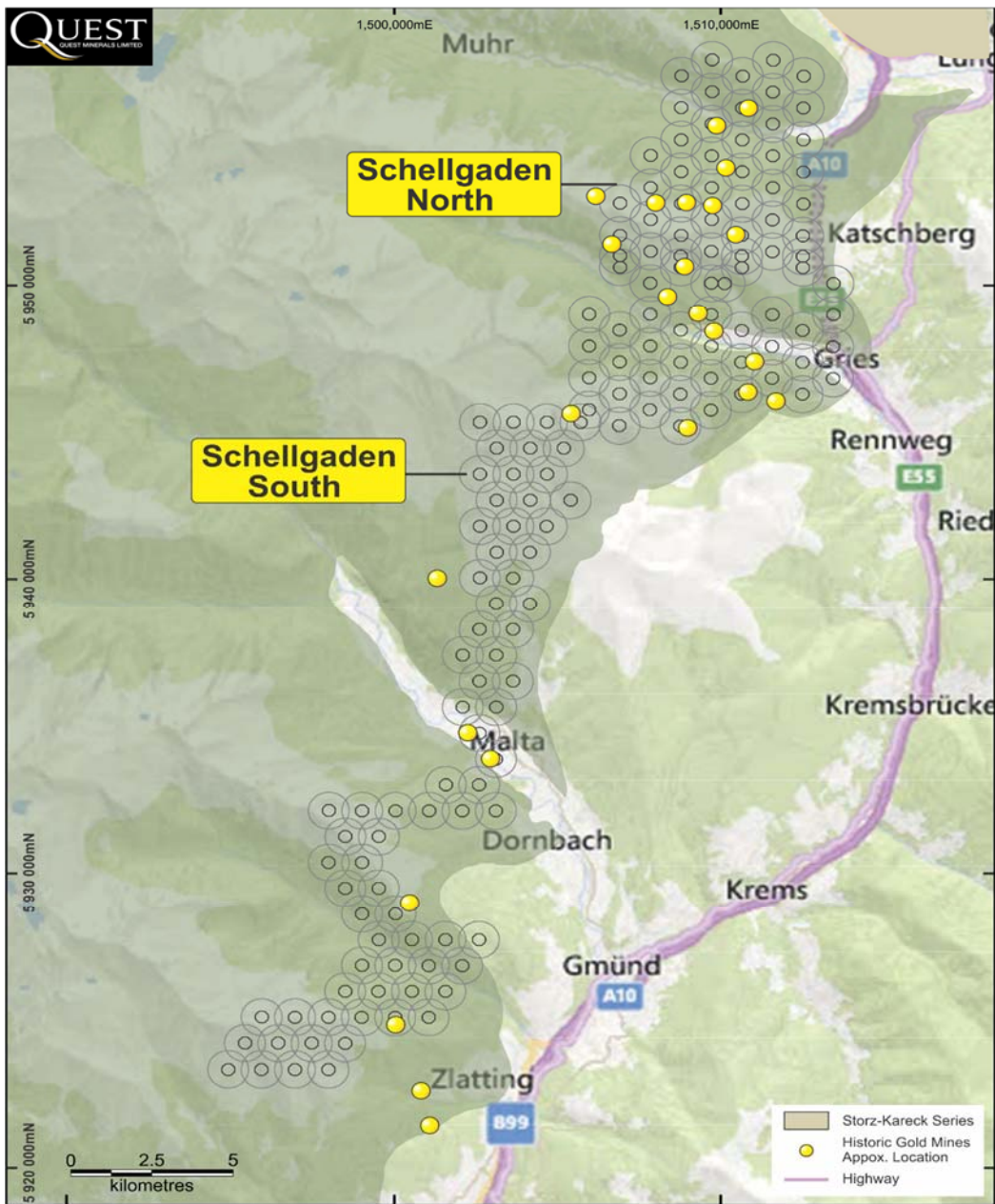


Figure 16: - Schematic Map of the Schellgaden North & South Exploration Areas comprising overlapping Freischürfe together with the locations of main historic gold mines (shown as yellow circles).

The towns St Michael / Lungau and Rennweg are located near the north and south entrances, respectively, of the A10's Katschberg Tunnel. Parallel to the A10, a major federal highway ("Katschberg-Bundesstraße") crosses the Kareck Range through the Katschberg Pass (1,641 m), only 2 to 3 km east of the Exploration Area. Additionally, local ready access from two sides, the Mur Valley (from north and northwest) and the Katschberg Pass federal highway (from east), is provided by a well-developed network of small community and forestry roads as well as mountain trails, passable both by small motor vehicles and trucks. A partly asphalted community road leads directly from the Katschberg Pass Summit in a westerly direction to the main portals of the two largest and most important historic gold mines; Stüblbau and Schulterbau, as well as to Schellgaden North's main area of exploration focus for ECM (the previous owner/operator of the Exploration Area), its so-called "Stüblbau Resource Block" (Figure 17),

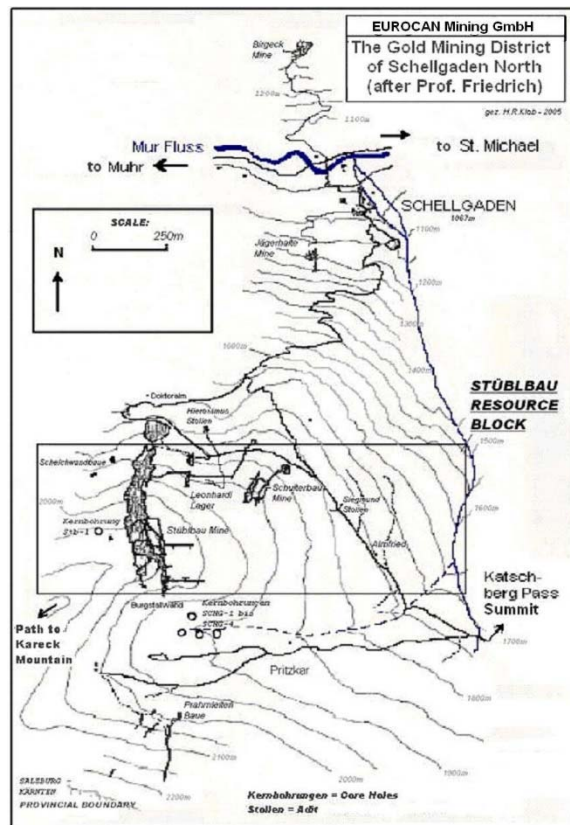


Figure 17: - Map showing Historic Mines and the Stüblbau Resource Block (Source: ECM NI-43-101, 2011).

although it is not a resource within the definition of the JORC Code (2012)

The Schellgaden Exploration Area ranges in altitude from ~1,100 m in the upper Mur Valley to over 2,400 m on the Kareck mountain peaks and, as outlined in Section 3, climatic conditions largely depend upon altitude. Winter-like conditions, with heavy snow falls occur in this area by mid-October, at altitudes of over 1,600 m – 1,700m. Permanent winter snow cover is usually present by mid-November.

Accommodation, provisions and supplies are located at St. Michael, Lungau, Muhr, Rennweg, and



Figure 18: - Topography of the Schellgaden North Exploration Area comprising 36 overlapping Freischürfe.

Carinthia.

### 6.2.2 Mining Tenure

The Schellgaden North Exploration Area consists of 36 overlapping Freischürfe covering a contiguous area of 17.3km<sup>2</sup> (Figure 18). The Exploration Permits were renewed for 5 years on December 31, 2014 and can be renewed for a further 5 years providing the work program (which

includes some core drilling) is completed before December 31, 2019. The Schellgaden South Exploration Area is zig-zag shaped and extends in an overall north-south direction for more than 25 km from near Zlatting, in the south, to west of Rennweg in the north (Figure 16).

### **6.2.3 Previous Exploration History and Exploitation**

Gold mining at Schellgaden dates back to pre-Roman times. Known gold mines, such as Stüblbau, date back to the 12th-13th Century and the smaller Schulterbau Mine is likely to be considerably older. Chroniclers described the presence of some 150 gold mines during the heyday of mining in the 16th Century. Accordingly, Schellgaden has been considered one of the richest and most active gold mining districts in Austria. Although frequently interrupted, mining activity continued until the first half of the 20th Century. The largest, and historically most productive, gold mines are located west of the Katschberg Pass Summit, beneath the north-eastern (and south-eastern) Kareck range (Figures 16 & 17).

ARGOSY MINING AUSTRIA EXPLORATION 1995 - GEOCHEMICAL DATA (Analysis by Bondar-Clegg, Vancouver, Canada)																																			
SCHELLGADEN GOLD DISTRICT 1995 Channel Sampling Program: STÜBLBAU MINE; SCHULTERBAU MINE; KNAPPENSTUBE & KNAPPENSTUBE EAST; RAMSBACHER BAUE																																			
Statistical Parameters Calculated for Gold and 34 Additional Elements Separated by Mine and Ore Horizon																																			
I. Stüblbau Mine	Au gdd	Ag ppm	Cu ppm	Pb ppm	Zn ppm	Mo ppm	Ni ppm	Co ppm	Cd ppm	Bi ppm	As ppm	Sb ppm	Fe %	Mn ppm	Te ppm	Ba ppm	Cr ppm	V ppm	Sn ppm	W ppm	La ppm	Al %	Mg %	Ca %	Na %	K %	Sr ppm	Y ppm	Ga ppm	Li ppm	Nb ppm	Sc ppm	Ta ppm	Ti %	Zr ppm
Barbara Lager: Samples ST-BA 1 - 27 (Number of Samples: 30)																																			
Lowest	1062	1.2	179	177	10	2	11	7	<0.2	<5	<5	<5	0.95	278	<10	35	9	3	<20	<20	3	0.24	0.03	0.26	<0.01	0.12	14	2	<2	<1	<1	<5	<10	<0.01	<1
Highest	27737	>50.0	12046	>10000	74	86	178	54	14.0	30	18	41	4.31	1019	73	289	127	24	<20	61	11	1.46	2.04	5.80	0.03	0.43	164	16	<2	10	<1	<5	<10	0.03	<1
Mean	7508	12.3	3113	6182	42	21	55	22	1.7	6.5	6	8	2.30	616	14	110	30	11	<20	23	7	0.68	1.13	2.67	0.017	0.24	93	6	<2	4	<1	<5	<10	0.01	<1
Barbara Lager: Samples ST-BA 28 - 30 (Number of Samples: 3)																																			
Lowest	3069	15.6	3452	>10000	67	5	78	19	3.3	26	38	19	2.70	668	11	74	28	13	<20	<20	11	0.70	1.60	3.14	0.02	0.33	185	7	5	3	7	<5	<10	<0.01	<1
Highest	16937	21.4	8482	>10000	99	20	105	28	5.7	50	59	28	3.10	886	20	95	68	16	<20	<20	17	0.94	2.22	4.71	0.03	0.36	293	10	8	10	8	<5	<10	<0.01	<1
Mean	10612	18.8	6166	>10000	78	35	91	23	4.7	39	50	24	3.02	760	15	83	44	14	<20	<20	15	0.86	1.82	3.81	0.02	0.34	221	9	6	5	9	<5	<10	0.01	<1
Handgend Lager: Samples ST-HA 0 - 21P (Number of Samples: 20)																																			
Lowest	135	1.2	238	1455	21	4	30	11	0.7	<5	21	9	1.21	314	<10	19	16	1	<20	<20	5	0.11	0.11	0.36	<0.01	0.07	19	2	<2	<1	<1	<5	<10	<0.01	<1
Highest	27017	20.4	8300	>10000	76	95	145	34	62.6	44	900	42	3.64	1049	15	389	192	39	<20	329	30	1.53	2.34	5.32	0.03	0.61	207	13	11	12	14	<5	<10	0.07	<1
Mean	8352	9.5	1699	8187	50	25	74	23	6.1	14	48	16	2.45	705	10	139	42	13	<20	58	15	0.67	1.46	2.91	0.02	0.29	113	8	6	4	8	<5	<10	0.02	<1
II. SCHULTERBAU MINE (TABLE 4A): (Number of Samples: 19)																																			
Lowest	81	0.2	44	29	35	2	16	7	<0.2	<5	11	<5	1.01	437	<10	58	6	3	<20	<20	11	0.23	0.69	1.60	0.02	0.15	83	5	4	<1	5	<5	<10	<0.01	<1
Highest	12994	13.7	1507	8663	100	63	41	28	1.9	12	30	15	2.35	961	<10	266	23	11	<20	<20	47	0.67	2.00	4.72	0.03	0.45	269	12	8	3	13	<5	<10	<0.01	<1
Mean	3300	2.6	282	1871	22	19	24	15	0.6	6	19	8	1.68	685	<10	142	13	6	<20	<20	25	0.44	1.30	3.02	0.02	0.27	159	9	5	1.6	9	<5	<10	<0.01	<1
III. KNAPPENSTUBE MINE (TABLE 5A): (Number of Samples: 24)																																			
Lowest	30	<0.2	39	28	9	3	13	6	<0.2	<5	10	<5	0.78	413	<10	31	10	5	<20	<20	2	0.27	0.22	1.55	<0.01	0.16	47	2	4	1	2	<5	<10	<0.01	<1
Highest	16800	73.0	7642	>10000	63	72	43	75	5.1	56	72	166	4.88	986	35	473	89	73	<20	75	6	3.07	2.90	8.50	0.02	0.55	189	6	15	18	7	7	<10	0.10	<1
Mean	2680	6.4	1476	2873	47	15	28	26	0.92	16	39	17	2.81	776	11	104	31	29	<20	24	4	1.84	1.97	4.97	0.01	0.34	120	4	10	9	4	5	<10	0.03	<1
IV. KNAPPENSTUBE EAST MINE (TABLE 5A): (Number of Samples: 3)																																			
Lowest	60	0.5	722	489	19	3	12	12	1.3	<5	<5	<5	2.14	170	<10	30	5	<1	<20	<20	3	0.02	0.01	0.01	<0.01	0.02	26	<1	<2	<1	<1	<5	<10	<0.01	<1
Highest	31200	46.1	15943	>10000	50	21	24	20	3.2	5	<5	16	2.56	293	30	184	20	1	<20	<20	8	0.32	0.20	>10.0	<0.01	0.03	187	33	<2	<1	<1	<5	<10	<0.01	<1
Mean	15174	22.0	7116	8627	32	13	17	15	2.0	5	<5	9	2.33	218	17	85	12	1	<20	<20	5	0.12	0.09	3.37	<0.01	0.02	84	12	<2	<1	<1	<5	<10	<0.01	<1
V. RAMSBACHER BAUE MINE (TABLE 5A): (Number of Samples: 3)																																			
Lowest	2751	23.1	1312	>10000	53	4	52	27	2.8	14	9	16	1.41	207	11	20	12	<1	<20	<20	<1	<0.01	0.01	0.13	<0.01	<0.01	20	<1	<2	<1	<1	<5	<10	<0.01	<1
Highest	6781	77.0	8947	>10000	124	23	63	47	9.1	65	26	100	2.42	493	26	36	13	1	<20	<20	3	0.06	1.50	3.01	<0.01	0.04	165	2	4	<1	2	<5	<10	<0.01	<1
Mean	5257	57.0	6084	>10000	80	13	59	37	5.6	44	19	49	1.93	337	18	29	12.6	1	<20	<20	2	0.04	0.51	1.18	<0.01	0.02	72	1	2	<1	1	<5	<10	<0.01	<1

Figure 19: - Channel sample geochemistry – Schellgaden North Mines; Low, High and Mean Values for all elements analysed. (Source: AMG, 2002)

Although not adequately documented, gold grades of up to 3 ozs/ton have been reported from the Stüblbau Mine at Schellgaden North. Given that it contains a stoped out area of about 600 m in length and 60 m -100 m width, a total production figure (of gold) had been estimated by the former operator

(ECM) assuming historical grades of 10 - 15 g/t (0.3 ozs to 0.5 ozs Au/t). However, these estimates could be tempered with other information such as; unconfirmed grades of one to several ounces of gold per ton (a range of 30 to 120 g/t) have been variously reported. Multi-ounce grades are not unreasonable when considered within the context of geochemical analysis of old stopes, conducted in 1995, which yielded peak grades of 30 g/t and over 90 g/t on an undiluted basis (ECM Confidential reports, Figure 19). Combined with estimated production from the Schulterbau Mine, the known collective historic production from mines in the Schellgaden North Project area may have been significant. However, it is to be emphasized that this is based on known stopes whereas STB-1 intercepted a 2.5m high stope in a 3m thick 'Schellgaden-type' mineralised layer in what appears to have part of unknown mine workings, west of and about 25 - 30m below the lowest known Stüblbau workings, at a drill depth from 239.5m to 242.0m (Refer to Figure 21). Therefore, exploration potential may be duplicated by as yet unknown workings/subsurface drives.

Apart from the known mine survey undertaken by VOEST Alpine Steel in the 1980's, which was designed to focus on scheelite occurrences within the old mines, little is known of exploration efforts in the area prior to the Canadian company, Argosy Minerals Corp, acquiring the Schellgaden North tenement holdings in 1995 through its Salzburg based subsidiary ("AMG").

In May-June 1995, AMG undertook systematic geochemical sampling of accessible stope faces in a number of historic mines in Schellgaden North & South. From a total of 133 channel samples, geochemical analyses, of gold and 34 other elements, provided the first modern evaluation of the Schellgaden mineralised layers. Channel samples collected by AMG from the faces of exposed stopes from Stüblbau (Barbara Lager – 33 samples, Hangend Lager – 20 samples, Schulterbau – 19 samples), and a number of other Schellgaden mines located within the Kareck Series, when geochemically evaluated revealed average gold grades of 7,508 ppb to 10,012 ppb (7.5 – 10.0 g/t) for the Barbara Lager in the Stüblbau Mine and average grades of 8,352 (8.3 g/t) in the Schulterbau Mine. Peak grades of nearly 1 ozs/t (34,280 ppb) were recorded in the Knappenstube East Mine (Figure 19).

In addition, AMG commissioned the first modern metallurgical studies on mineralised samples randomly chosen from several stopes inside the Stüblbau Mine.

In 1995 AMG drilled four diamond core holes (SCHG-1 to SCHG-4) to a depth of +100 m south of the Stüblbau mineralised bodies. Detailed analyses, correlations and compilations of all available data, including the core hole results enabled the first documented geological model to be prepared of the Schellgaden-type gold mineralised deposits of the Kareck Series (Figures 20, 21 & 22). Amongst other things that model included a very detailed geological - geochemical (gold) analysis of drill hole Stb-1 core samples, which intersected over 295 m of Kareck Formation (Figure 22). It confirmed the presence of three discrete mineralised horizons; defined as the Schulterbau Horizon, Upper Kareck Formation ("KF"),

Stüblbau Horizon (Leonhardi, Hangend and Barbara Lager), “Middle KF”, and Pritzkar-Horizon or “Lower KF” (Figure 22). In addition, it identified seven other gold bearing horizons with multi-element potential.

Recognition of these additional gold mineralised bearing layers allowed AMG to delineate a prospective target area, which was called the “Stüblbau (Gold) Resource Block”. This block, covering an area of 500 m - 600 m (north to south) and 1,500m (east to west) lies beneath the north-eastern ridge of the Kareck range and includes the former gold mines of Stüblbau and Schulterbau (Figures 20 & 22). Despite delineating this target, the subsequent down-turn in international gold prices saw little work undertaken during the period 1998 to 2002. AMG subsequently completed reviews and metallurgical testing, underground geochemical sampling, analyses of historical back-filled waste rock at Stüblbau &

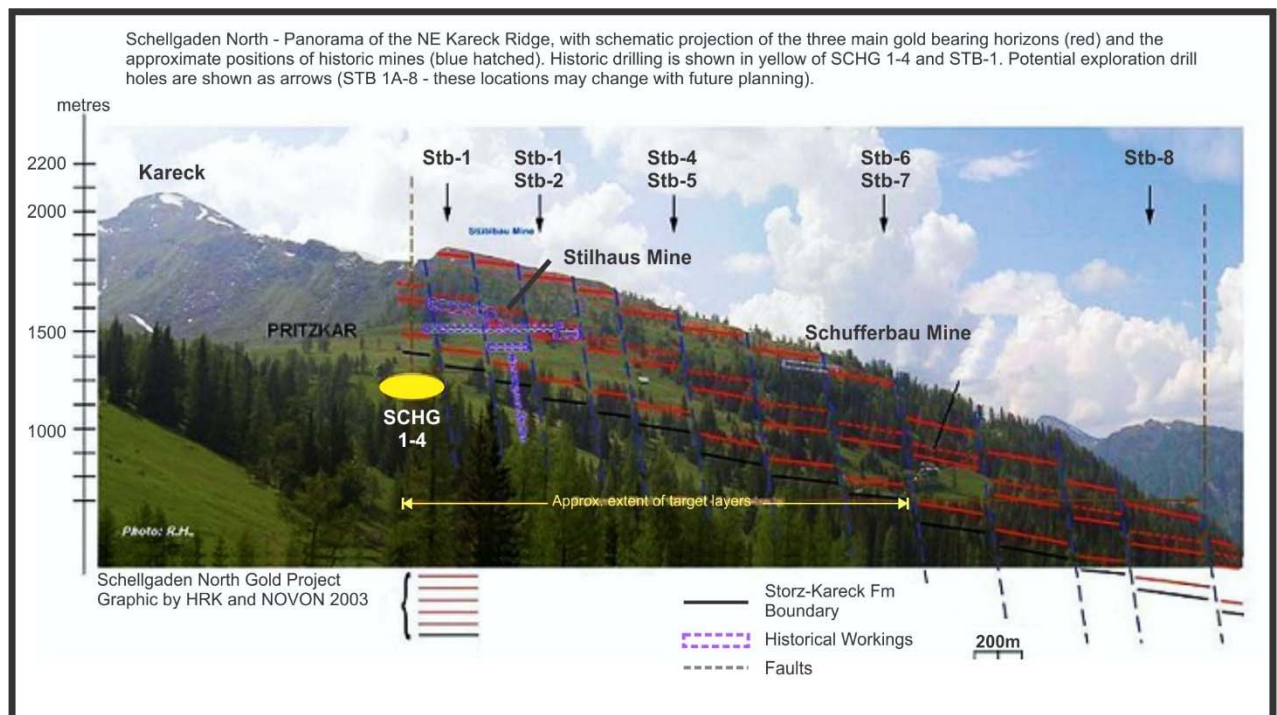


Figure 20: - Schematic east-west cross section superimposed onto a photo of the Northeast Kareck Ridge, showing the locations of the Stüblbau and Schulterbau mines and Stüblbau Resource Block and exploration core holes. (Source: HRK, 1997)

Schulterbau, a Prefeasibility Study,

mineralised material bulk sampling and compilation of data for an updated NI 43-101 Report. Core hole ECM-1 was drilled and the Exploration Area renewed.

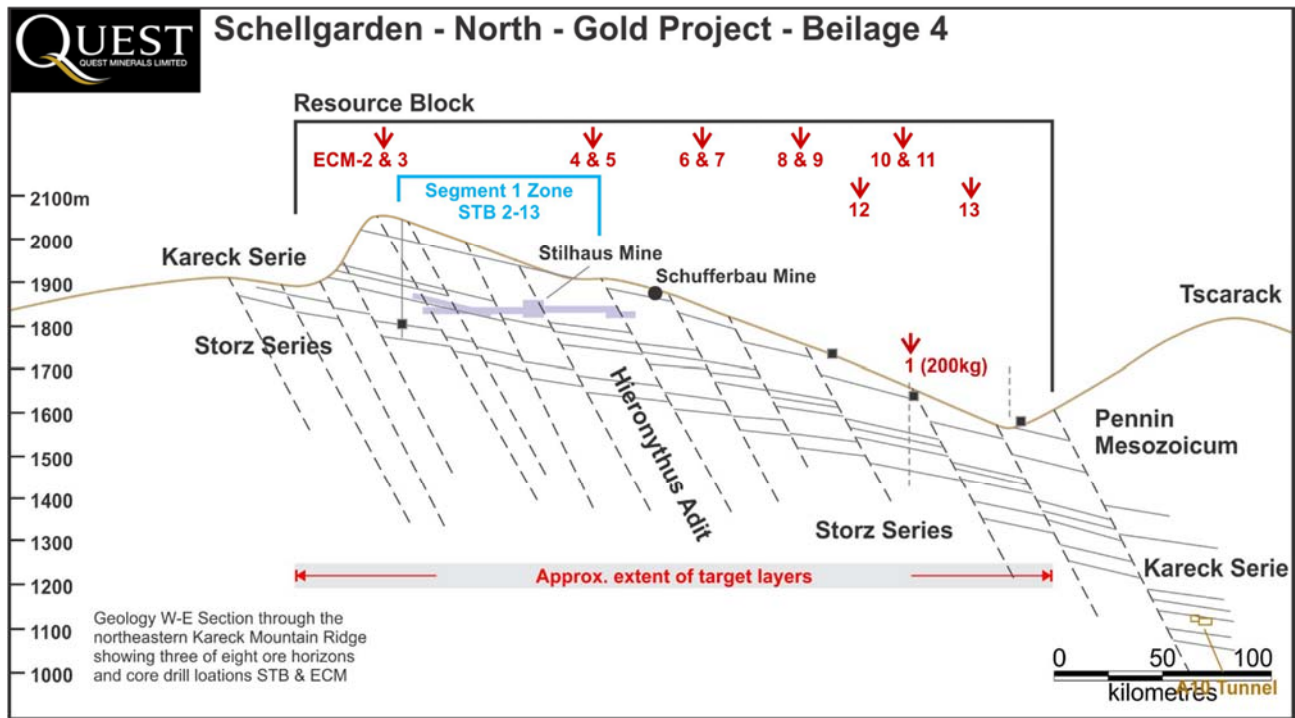


Figure 21: - Geological east-west cross section through the Northeast Kareck Ridge (StRB) showing old mines, the three originally (1995) predicted and verified (1997) main ore horizons within the Kareck Series, and projected diamond core drill holes for Phase 1 of the Company's Schellgaden North Gold Project. (Source: HRK, 1997)

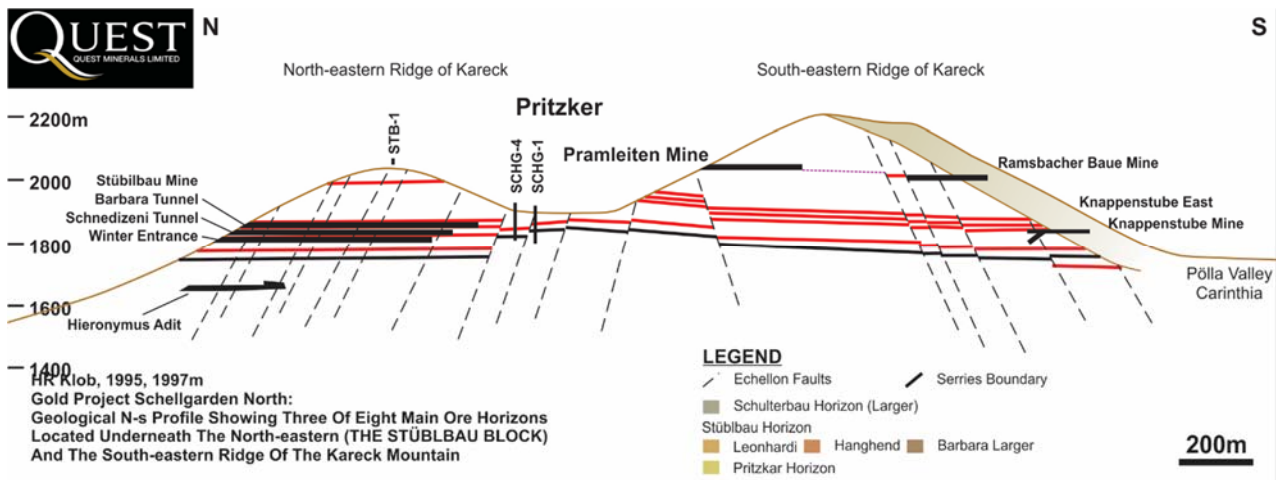


Figure 22: - Geological north-south cross section through the Northeast and Southeast Kareck ridges showing three of the main ore horizons, postulated in the 1995 model and the structural relationships within the Schellgaden North Project Area along N/S strike. (Source: HRK, 1997)

#### 6.2.4 Geological Setting

The Schellgaden Gold Mining District extends along the eastern rim of the Tauern Window and coincides with the Habach Formation, a Palaeozoic autochthonous unit over 1,000 m thick. Locally, it is subdivided into the lower Storz Series [syn. for formation] and the overlying Kareck Series.

- The Storz Series consists mainly of epi-metamorphic schists and amphibolites of basic/mafic to felsic volcanic and volcanoclastic origin, and serpentinitised meta-gabbros. In its lower portion, between 50 m and 150m above the Upper Mur Valley to the north and south of Schellgaden village, two small historic gold mines (Birgeck and the Jägerhalte) attest to that portion's gold bearing capacity. Assay results of the 1995 drill holes (SCHG-1 to SCHG-4) by AMG, which penetrated up to about 60 m of the uppermost Storz Series, also confirmed the presence of alternating gold-bearing and gold-barren intervals. The Storz Series generally exhibits a retrograded amphibolite facies metamorphic grade.
- The overlying Kareck Series shows a distinct lithological transition zone consisting of quartzitic, chloritic and/or slightly carbonaceous mica schists of andesitic to rhyolitic volcanic and volcanoclastic origin, dominated by rhythmically recurring cycles of rhyolitic (acidic) to andesitic (basic-intermediary) volcanics, which outcrops over more than one hundred kilometers along the northern and eastern rim of the Tauern Window. In this area, it is

estimated to have a thickness of 350 m to 400 m. This sequence was deposited in a pre-Permian marine volcanic island-arc basinal setting. The gold-mineralised layers and lenses occurring within this schistose sequence, are interpreted to be of volcanic-exhalative origin, that is, they were formed by rhythmically repeated submarine effusions of base metal/gold bearing volcanogenic hydrothermal solutions over the basin floor. Schists of the Kareck Series exhibit a lower grade metamorphism (greenschist facies) than the underlying Storz Series, which is also considered to be the result of retrograde metamorphism.

Volcanogenic activities during the deposition of the Penninian Unit resulted in a complex sequence of syngenetic, strata-bound mineralised deposits being formed. These deposits included lead-zinc ores (occasionally with barite and fluorite) in sedimentary rocks, and massive sulphide mineralisation with copper, scheelite, stibnite and cinnabar in volcanic rocks. Most of the deposits are of volcanic/exhalative origin, occurring as east-west oriented zones of mineralisation. Regional overlapping of metallogenetic processes subsequently created unique mineral habitats. Tungsten and antimony mineralisation, often with considerable gold, are attributed to the earliest stage of the metallogenetic evolution. Representative of this mineralisation style is the scheelite deposit of Mittersill/Felber Tauern, on the northwestern rim, where tungsten mining has been active for decades in what is the largest tungsten mine of Europe. At the eastern rim of the Tauern Window, in the area of Schellgaden – Gmünd, the Habach Formation shows the same type of mineralisation, but with a predominance of gold and sulphides, and only occasional quantities of scheelite. The gold mineralised layers of the Habach Formations, upper Kareck Series, were classified by Höll & Maucher (1976) as syngenetic exhalative style of mineralisation. Höll & Maucher (1976) described the gold-tungsten mineralisation as also belonging to this earliest system of metallogenesis in the Alps, which is generally dominated by scheelite deposits. Only in Schellgaden is gold dominant over tungsten (Höll & Maucher, 1976).

This syngenetic style of the exhalative mineralisation reflects the morphological conditions of the basin floor during deposition, specifically whether the mineralised layers formed as (1) more continuous beds (e.g. at a rather flat basin floor) or as (2) more lenticular thickening and thinning, and/or pinching out (e.g. on morphologically structured basin floors with elevations and pool - or channel-like depressions). Detailed lithological and geochemical sampling of the almost 300 m of Kareck Series drill core of Stb-1 (1997) (Figure 23) indicated a cyclicity of gold-bearing exhalative hydrothermal events. Each event occurred over a discrete period of deposition, now equivalent to a compacted thicknesses of 10 m – 25 m, separated by “barren” schist intercalations, which can range in thickness from few meters to 10 m -15 m. Höll & Maucher (1976) noted that specific exhalative events may not have formed contemporaneous proximal mineralised bodies in the circumstances cited in situation (2) above, however, they may still have “contaminated” the contemporary basin sediments with traces or higher grades of gold and base metals during their early stages of deposition and compaction.

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### 6.2.5 Local Geology and Mineralisation

The Schellgaden-type gold mineralised layers typically exhibit a fine grained saccharoid quartz matrix with lenses and thin intercalations of mica and/or chlorite, and disseminated, or in bands or pods of sulphides (pyrite, chalcopyrite, galena and very little sphalerite, in some cases scheelite). Gold occurs as free gold, fine and disseminated, but also often in grains of up to several millimetres in size.

In Schellgaden North, and specifically within the Stüblbau mine area, single individual strata-bound mineralised layers occurring within the mineralised Kareck Series have been observed to be strongly folded and intercalated between otherwise flat layers of schists. This type of folding is localised and caused by slumping of the original marine sediments. In the Hangend Lager, folding is associated with local thickening of the mineralised bodies. Overall, structuring within the Kareck Series appears to be less complex than in the underlying Storz Series and in the units of the overlying and over-thrusted sequences of the “Unter (Lower) and Ober (Upper) East-Alpine” Nappes.

As illustrated in the geological cross-sections (Figure 22) sequences of the Kareck Series dip easterly, more or less in the same angle ( $10^{\circ}$  -  $30^{\circ}$ ) as expressed by the overlying slope of the Northeast Kareck Ridge. The morphology of the ridge’s flank, showing distinct flattening and steepening, probably reflects the dip slope geometry of the north-south striking en-echelon fault planes.

The pervasive faulting of this area was the subject of a structural lineation study by the previous owners of the concession areas, particularly across the so named “Stüblbau Resource Block”. The results of that study highlighted the presence of two systems of en-echelon faulting:

- One system, has a north-south strike and a dip about  $60^{\circ}$  -  $70^{\circ}$  east. Within the Stüblbau Mine this fault trend (“Schnedizeni-Bruch”) was utilized to drive one of the main access tunnels, the “Schnedizeni- Stollen”. The magnitude of displacement, down to the east, along this fault trend ranges between few metres to 30 m – 40 m.
- The second system, has an east-west strike and steep northerly dip in the area of the Northeast Kareck Ridge where the physiography results a series of fault block displacements successively down into the Mur Valley. Proximal to the Southeast Kareck Ridge a similar pattern is evident, but to the south with fault blocks displaced down into the Pölla Valley. Additionally, the block faulting has also created horst, such as at Pritzkar, which was identified through AMG’s drilling of SCHG-1 to SCHG-4 (1995). In contrast to the ~ 90 m fault displacement between Pritzkar Horst and the down thrust block to its north, most throws associated with this fault system are generally only of a few metres magnitude.

In addition to these two fault systems there are subordinate northeast-southwest and northwest-southeast oriented lineations noted, however, little is known about their structural nature and origin.

The surface limit of HRK's "Stüblbau Resource Block", east of the Gon Valley, coincides with the Kareck Series dipping beneath sequences of the Mesozoic Penninicum (Figure 22). During construction of the "Katschberg-Tunnel", part of the A10 Tauern Autobahn, the tunneling intersected a Schellgaden-type mineralised layer within the Kareck Series, indicating its down-dip continuity some further 500 m east of its previously known limit. Likewise, north-south extension of Schellgaden type layers is documented by a multitude of historical gold mines, located between the northern slopes of the upper Mur Valley, near Schellgaden/Lungau, Salzburg and the town of Gmünd and the Malta Valley in Carinthia.

One of the more important potentially significant outcomes of work to date has been the re-defining of the mineralisation bearing horizons. At Stüblbau three (sub) horizon lagers (Barbara, Hangend and Leonhardi lagers) were upgraded to "Horizon" status in their own right, whilst seven, new, additional gold bearing informal horizons were recognised. This is significant for correlation purposes and ultimately determining the geometry of the overall mineralised horizons of the Kareck Series, particularly their displacements across faults. Although literature refers to the Habach Formation as containing Schellgaden-type gold mineralisation, nearly 80% of all the historical mine locations are sited within Kareck Series sequences. The underlying Storz Series of the Habach Formation has historically received far less attention, presumably reflecting its intrinsically more restricted mineralogical habitat and diminished prospectivity.

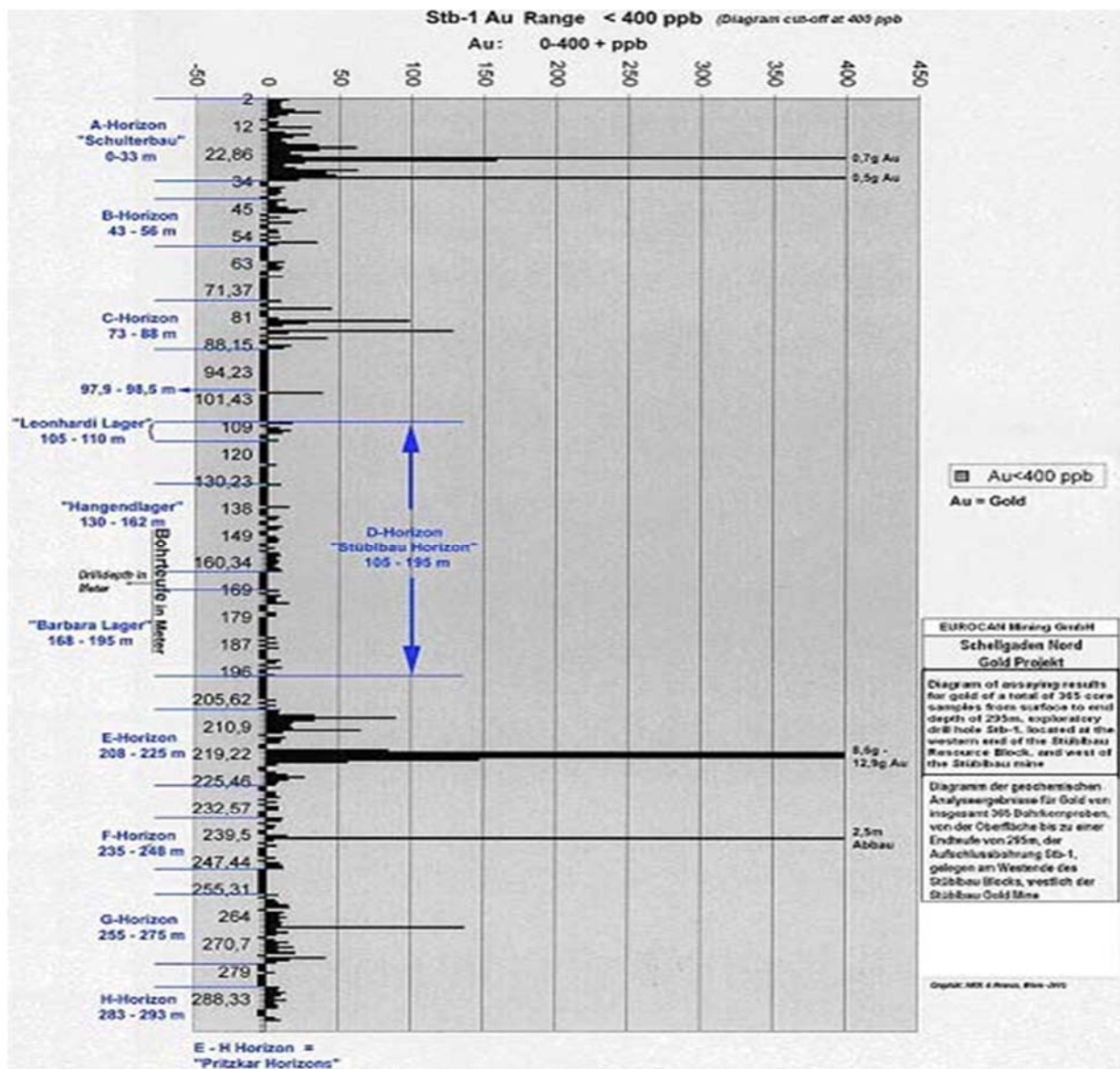


Figure 23: - Diagram of geochemical results for gold in Stb-1

### 6.2.6 Prospectivity

Schematically, the prospectivity of future exploration opportunities in this area are summarized on Figure 24. These are based on the previous work of AMG and HRK. Detailed mapping of the underground stopes by AMG, in conjunction with channel profile samples of the Barbara and Hangend lagers in the Stüblbau Mine, confirmed that each had produced gold from several stacked gold mineralised layers. Gold mineralisation in the lowest sub-horizon, the Barbara Lager, was only mined west of the central Schnedizeni Fault. Structural mapping indicates that its eastern

continuation may be down-thrust by an estimated 25 m - 30 m. If so, this lower fault block has not been mined and represents a significant untapped gold mineralisation target for future exploration.

Similarly, the mineralised horizon of the stratigraphically higher Hangend Lager, mined in the eastern fault block, appears at about the same underground level as the lower Barbara Lager west of the Schnedizeni Fault, reflecting the 25 m - 30 m down-thrust of the eastern block across it. A westerly continuation of the mineralised horizon should therefore be encountered about 25 m to 30 m above the present Barbara Lager stopes. If so, this also represents a gold mineralisation target for future exploration.

In summary if the correlations across the Schnedizeni Fault, shown on Figure 24, are correct then there is considerable scope for both lagers to have “mirror image” reflections about this fault. AMG, in a review of historical data, could not find any evidence that these extensions (“mirror images”) had been either previously contemplated or pursued.

However, in its current form there is still insufficient detail, including verified historical data, to classify any of these mineralisation targets as Exploration Targets within the classification of the JORC Code (2012) or as a resource, and as such the concept must be considered as a pure exploration risk.

### 6.2.7 Proposed Work Program

QNL’s “short-term” objectives are to delineate and upgrade potential mineralisation targets to the status

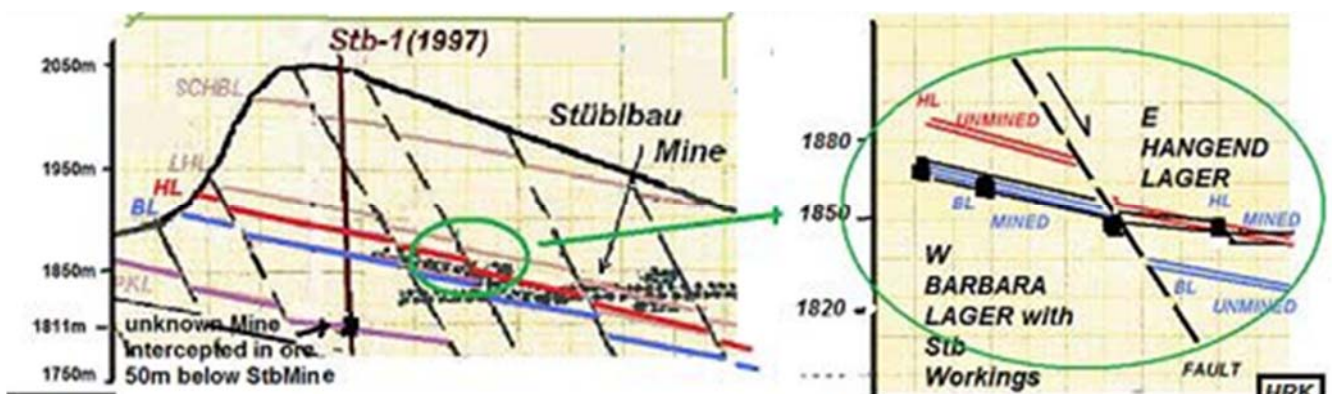


Figure 24: - Schematic Geological east-west cross section of the Kareck Series in the western part of the Stüblbau Resource Block with the projection of the north-south striking and east-dipping en-echelon Schnedizeni Fault, separating the two main historical producing horizons (“Hauptlager”) of the Stüblbau Mine, the stratigraphically lower “Barbara Lager” and the higher “Hangend Lager” [see green oval].

of Exploration Target, within the context of the JORC Code (2012), as early as possible in order to begin drilling. This is planned to involve both surface and underground core drilling within the Stüblbau Mine

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perimeter following a 3-D Laser Survey, and conduct both appropriate geophysical and geochemical surveys across ECM's "Stüblbau Resource Block" area. In detail, this program is designed to:

- Delineate the occurrence, extent, and grade of residual mineralised bodies inside and along the outside boundaries of the mine, many of them having already been evaluated, measured and analysed, so that they can be delineated to sufficient confidence to enable their classification to Resource Status in accordance with the JORC Code (2012);
- Test and intercept potential gold mineralised layers, including the western and eastern portion of Hangend Lager and Barbara Lager gold mineralised bodies on both sides of the Schnedizeni Fault; and
- Explore for gold mineralisation below the current mine workings, as these could be relatively easily accessed by an exploratory base tunnel, therefore reducing dilution with waste rock from having to create a new adit. This material could then be stockpiled for processing.

## **6.3 Goldeck – Siflitz Project**

### **6.3.1 Location, Geological Setting & Infrastructure**

Located on the western rim of the Tauern Window the Goldeck-Siflitz Project lies to the south of Lumfeld (Figure 25) on the eastern side of Lind-Drau Valley in southwestern Carinthia in the Mining District of Leoben. The valley is the focus of major regional transportation networks including rail, the E66 and B100 roadways, and local roads connecting Feistritz, in the north, and Fellbach, in the south.

### **6.3.2 Mining Tenure**

The Goldeck-Siflitz Project lies within an Exploration Area comprising 57 Freischürfe (Figure 25), which with a total area of approximately 27.6 km<sup>2</sup>, encompass the historic mine workings of Guginock. The Exploration permits were renewed for 5 years in December 2014.

### 6.3.3 Geological Setting

The general alignment of gold-antimony mineralisation, within the Goldeck-Kreuzeck mountain range, distinctly follows the trace of the Drau Valley lineament, a large scale tectonic suture of possible Variscan

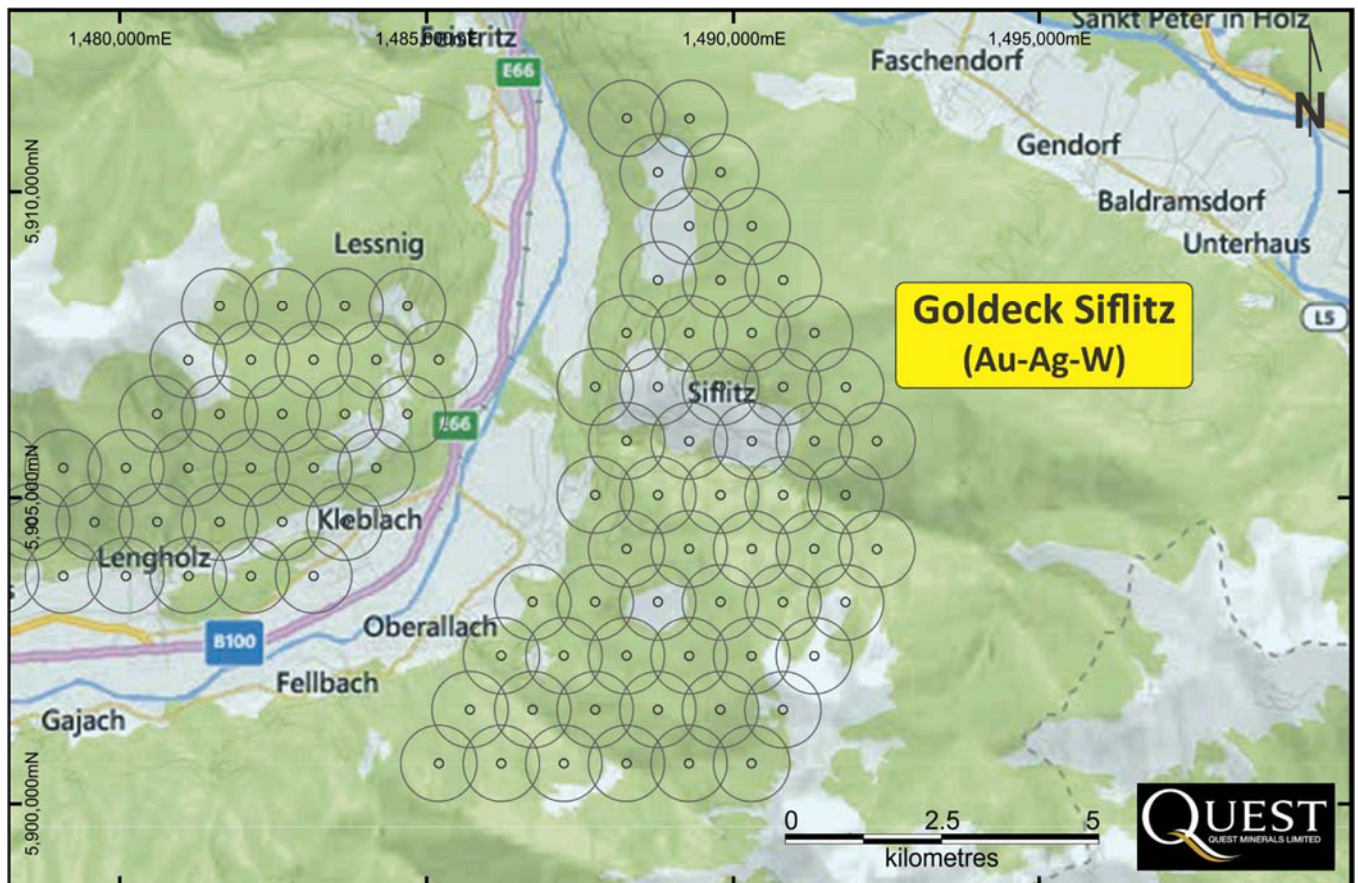


Figure 25: - Map of Goldeck-Siflitz Exploration Area comprising 57 Freischürfe, covering an area of 27.6km<sup>2</sup>.

age dominated by the east-west trending "Draubruch" (Drau Fault). Oriented east-west, this is offset by younger northwest-southeast trending fault lines, giving rise to a complexity of intersecting fault trends readily identifiable on Landsat imagery (Figure 26). These pervasive younger faults are described as part of the "Germanotypic" fault pattern, which developed and extended over the whole of the eastern-Alpine region, in association with extensive thrusting during the emplacement of the Alpine nappes. In this region, the Drau Valley lineation separates the metamorphic-crystalline Goldeck-Kreuzeck Formation, to its north, from the Mesozoic "Drau Range" Formation of the Gailtaler Alpen.

### 6.3.4 Previous Exploration History & Exploitation

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The Goldeck -Kreuzeck area (the western part is also referred to as the Kreuzeck area) has been known from the Middle ages for its deposits of gold and antimony. The large number of mine dumps and traces of collapsed mine entrances occur across the Exploration Area, provide testimony to its long history of mining. During the height of mining, between 1460 and 1560, and despite primitive mining methods and poor recovery, it is reported that annual production over the whole area reached 4,000 kg gold.

At Guginock, more recent exploration was undertaken in the 1920's on an Early Medieval and 18<sup>th</sup> Century antimony mine. To its north lies the ancient Siflitz Gold Mining District, which was exploited during the 16<sup>th</sup> and 17<sup>th</sup> Centuries from over 106 independent mine sites, most located at the western slopes of Siflitz Berg, below the "Weißwände", at altitudes of between 1,100 and 1,350 m.

### 6.3.5 Local Geology and Mineralisation

A large number of mineralized material occurrences (Sb, Hg, Au, Ag, Cu, Pb, Zn, W) have been mined in the Goldeck-Kreuzeck mountain ranges. Some occurrences appear strata-bound, although a large number are definitely associated with massive tectonic fault-shear and over-thrust zones (e.g. Guginock).

Those that appear to be structurally controlled mineralised bodies, including the deposits of Goldeck and Kreuzeck, have been described as Alpidic, since Alpine orogenic processes have overprinted pre-existing tectonic, metamorphic and metallogenetic signatures. Their mineralisation is preferentially developed in low angle thrust and fault-shears zones, frequently oriented parallel to strike but slightly divergent in dip.

However, the origins of these mineral occurrences remain contentious, specifically whether they are syngenetic or occurred as a result of epigenetic emplacement. At Goldeck and Kreuzeck, Maucher et al., (1976), as well as other researchers, have interpreted the mineralisation to be syngenetic, stratabound, of Early to Middle Palaeozoic age created by submarine-volcanic-exhalative processes contemporaneous with sedimentation. As a consequence of several younger, post-depositional orogenic events (particularly the Variscan and Alpine events) this earlier mineralisation was partially remobilised with the mineralised fluids moving along dilatationary or mechanical conduits such as thrust zones, by fault-shearing, imposing a habitat imitating "structurally controlled" mineralisation.

The habitat of the polymetallic mineralisation, with predominance for Sb, As and Au and subordinate Hg, Pb, Cu and W, ranges from lens shaped and stringer-type mineralised bodies hosted in fault-shear zones (stibnite) quartz-sulphide veins, quartz-sulphide stock work or disseminated sulphide impregnation, and/or combinations thereof.

At Goldeck the local structural geology is dominated by an eastern extension of the east-west Drau Fault, which southwest of the Goldeck Mountain peak, follows the younger southeast trend. Here, the

lithological sequences represent a package, characterized by imbrications and/or repeated nappe-type overthrusting of presumably Variscan age, overprinted by Alpine tectonism. In this package, at least three episodes of faulting are recognised, northwest, northeast and east-west, parallel to the Drau Valley-Fault. Mining sites in the Sifflitz district indicate that east-west trending faults and related shear zones were historically preferentially exploited for gold.

An adit driven in 1922 for 65 m to undercut the old antimony workings at the Guginock Mine, encountered phyllitic mica schists for 42 m before it reached marble, host rock for antimony ore in the old workings 30 m above. This marble-schist contact is extremely faulted and fault/sheared with very steep to vertical, east-west striking fault and fault-shear planes, and fault sheared in wedges of strongly folded and brecciated marble and calc-schist. The contact is interpreted as not being stratigraphical, but rather coincident with a shallow south dipping over-thrust plane, between two independent nappe-type bands of lithologies stacked up, to three times over each other, which is typical for the Goldeck area. The contact zone was found to be mineralised with pyrite, two generations of arsenopyrite, gold and traces of base metal sulphides at grades from about 3 to 20 g/t Au. Re-sampling by BBU (Bleiberg Bergwerksunion), an Austrian Government owned mining company, in the 1970s indicated gold grades ranging from 4.8 to 18.2 g/t Au, averaging 12 g/t Au.

The subsequent drilling of three 100 m diamond core holes, located east and west of the Guginock Mine, confirmed this tenor of grade and similar structural conditions without yielding additional volume to the Guginock mineralised material. A geological/structural mapping program conducted over a 2 km wide north-south zone, commencing 500 m west Guginock and running east to the upper Sifflitz Graben and Kaisergraben Valleys, demonstrated the extension of this east-west trending fault/fault-shear zone for a length of over 5 km.

At least six fault trends, parallel to that mapped at Guginock, were the focus of intensive historical gold exploitation (involving over 106 mines), slightly to the north, within the Sifflitz/Berg Gold District, where free gold was also found in zones of gray, glassy quartz up to 4 m wide in fault-shears and fault zones. Likewise, and again similar to Guginock, stibnite was mined near the top of Sifflitz Berg (Weißwände) from marble, in the hanging wall to the graphite phyllite, host rock to gold below.

Mineralisation, with gold-bearing arsenopyrite, similar to that found in the Guginock gold bearing fault/shear zone, occur in outcrops of steep beds exposed to southern tributaries to the Sifflitz valley and in the Sifflitz and Kaisergraben stream beds. This valley lies on an eastern continuation of the Guginock Fault trend.

### 6.3.6 Prospectivity

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The “Guginock Prospect” presents a specific opportunity to evaluate mineralisation along one segment of the Goldeck Fault system, where 1920s explorers discovered a significantly mineralised system. Its eastern extension coincides with the Sifflitz Graben - Kaiser Graben, a valley complex deeply eroded along an east to east-southeast trending fault zone. This area, explored in the 1980s by Minerex, an Austrian Government company, has yielded overlapping anomalies for gold, arsenic and tungsten extending over a strike extent of ~5 km, from the Guginock Mine to the upper Sifflitz and Kaisergraben valleys. The extent of historical mineralisation, and more recent positive geological studies indicate that this area may have been subject to significant mineralisation, which warrants further exploration evaluation.

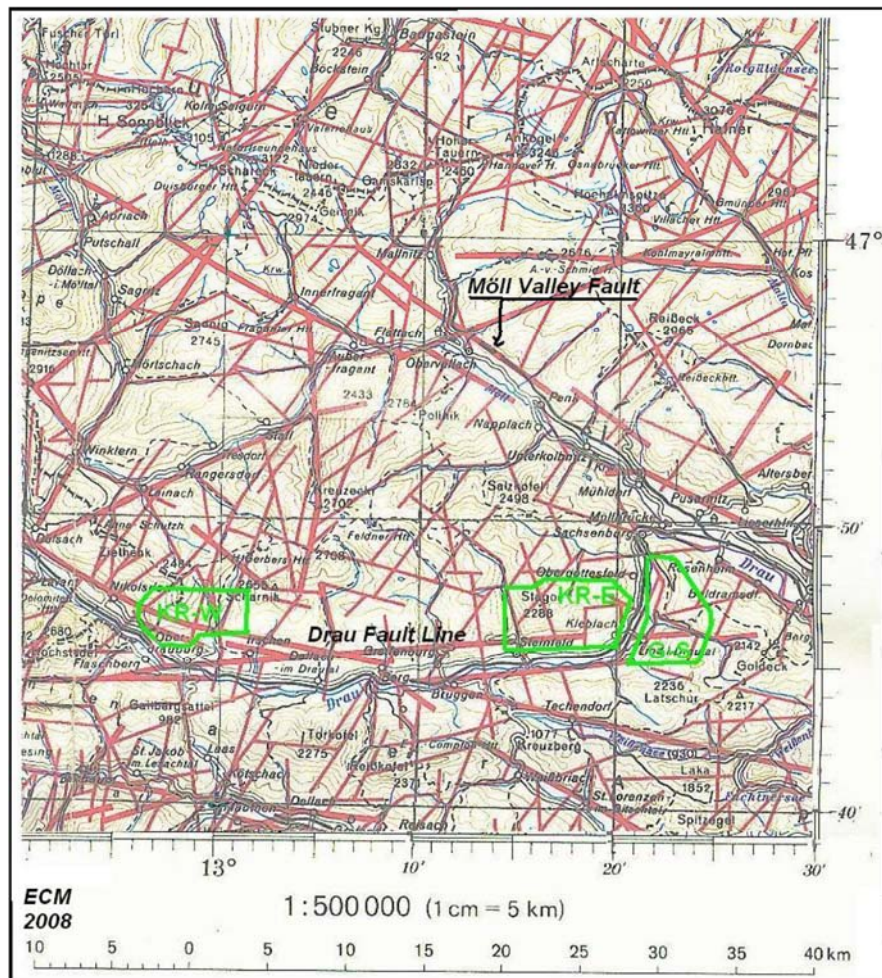


Figure 26: - Landsat Photo Lineament Map of western Salzburg and the area of the Goldeck-Kreuzeck Concessions in western Carinthia [Map section copied from the Landsat Photo-Lineament Map 1:500,000 by Geol. Survey of Austria, GBA, Vienna, Austria, 1984]

## 6.4 Kreuzeck East Project

### 6.4.1 Location, Geographical Setting & Infrastructure

The Kreuzeck East Project covers the southern slopes of the eastern Kreuzeck Mountains, between Steinfeld in the west and Lessnig in the east, in southwestern Carinthia. The Exploration Area includes two famous old mining districts; the very rich gold mines north of Lengholz and the stibnite deposits of Lessnig-Radlberg. Compared to other mining centres in the area relatively little is known of these and of the other, many, individual mines that have for a long time been abandoned and inaccessible. Given its

immediate proximity, the Kreuzeck Project shares common geographical setting and access to infrastructure as the Goldeck-Sifflitz Project (Section 6.3.1).

#### 6.4.2 Mining Tenure

The Kreuzeck East Project lies within an Exploration Area comprising 42 Freischürfe, which encompasses a total area of approximately 20.5 km<sup>2</sup> (Figure 27) and includes the historic mine workings of Lengholz and Lessnig-Radlberg in the Mining District of Leoben. The was renewed for 5 years in December 2014.

#### 6.4.3 Geological Setting

Given its contiguous position the geological setting for the Kreuzeck East Project is shared by that of

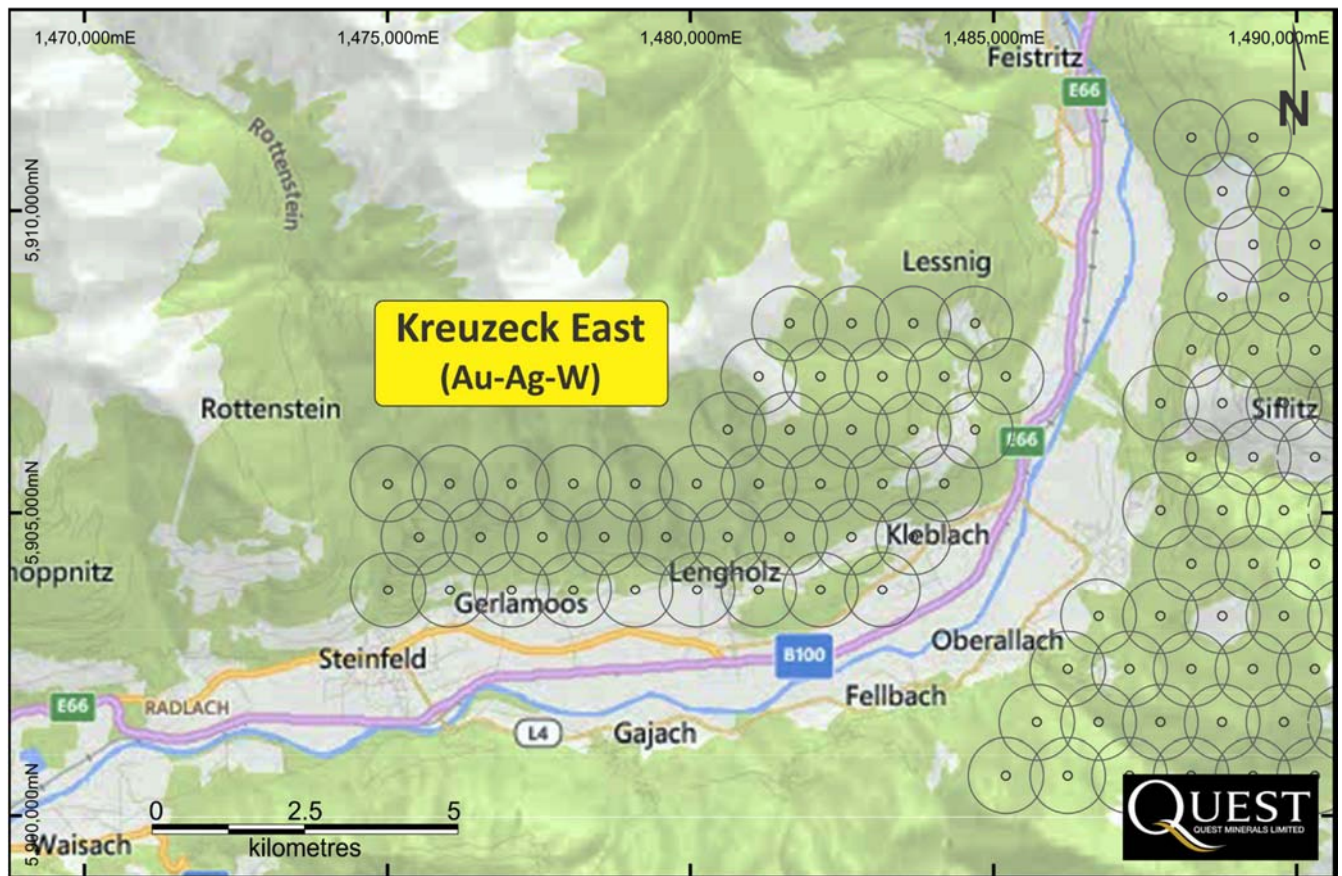


Figure 27: - Map of the Kreuzeck East Exploration Area comprising 42 Freischürfe encompassing an area of 20.5 km<sup>2</sup>.

Goldeck-Sifflitz Project as outlined in Section 6.3.3.

#### 6.4.4 Previous Exploration History & Exploitation

The Kreuzeck East Project includes the historic Lengholz gold mines and the stibnite mines of Lessnig-Radlberg. Gold was discovered in 1544 in Lengholz and by the time this mining site was abandoned, in the 17<sup>th</sup> Century, some 15 galleries were reported to have been mined. At Lengholz, in comparison to the Sifflitzberg mines, free gold was associated and mined from arsenopyrite-smoky quartz veins within east-west striking fault-shear zones, intersecting the host rocks at varying angles. The mined zones had thicknesses of up to about two metres.

In contrast Lessnig-Radlberg was mined later, from the 18<sup>th</sup> to the beginning of the 20<sup>th</sup> centuries, and for stibnite. The style of mineralisation is similar to the Rabant stibnite deposits of Kreuzeck West, with stibnite occurring in lenticular to stringer type mineralised bodies along an east-west striking fault-shear zone in graphitic mica schists.

#### 6.4.5 Local Geology & Mineralisation

Because of its proximity the local geology is very much an extension of that found in the adjacent Goldeck-Sifflitz Exploration Area (Section 5.4.5). However, the polymetallic sulphide association is dominated by arsenopyrite, with pyrite, galena, Ag-tetrahedrite, and bismuth. Gold occurs in millimeter size grains in free form as well as with quartz and chlorite. Host rocks for the mineralisation are metamorphic schists.

#### 6.4.6 Prospectivity

The distinct differences in mineralisation between Lessnig-Radlberg and Lengholz suggest that a detailed structural analysis is warranted, including analysis of possible stock-work related structures and vertical zonation. It is conceivable that these mineralisation differences represent different degrees of subsequent denudation and that the dominant stibnite mineralisation is the product of a greater preservation of the higher levels of the regional mineralised system, in contrast to the gold-arsenopyrite dominated areas of Lengholz where the impregnation and/or mineralisation along east-west trending fault-shear zones may represent deeper zones of mineralisation, the shallower counterparts to Lessnig-Radlberg having been stripped off and eroded away.

Such a structural analysis should include the whole Goldeck-Kreuzeck group of old gold-stibnite mining centres.

### 6.5 Kreuzeck West Project

#### 6.5.1 Location, Geographical Setting & Infrastructure

The Kreuzeck West Project is located in the Goldeck-Kreuzeck Mining District, between Nörsach-East Tyrol and Irschen, north of the Drau Valley. The Project includes four significant historical mines; Rabant, Gurskerkammer, Fundkofel, and Knappenstube-Strieden.

### 6.5.2 Mining Tenure

The Kreuzeck West Project lies within an Exploration Area, comprising 44 Freischürfe, which encompasses a total area of approximately 23.9 km<sup>2</sup> (Figure 28). The Exploration permits were renewed for 5 years in December 2014. Lying within Carinthia and East Tyrol, the Exploration Area

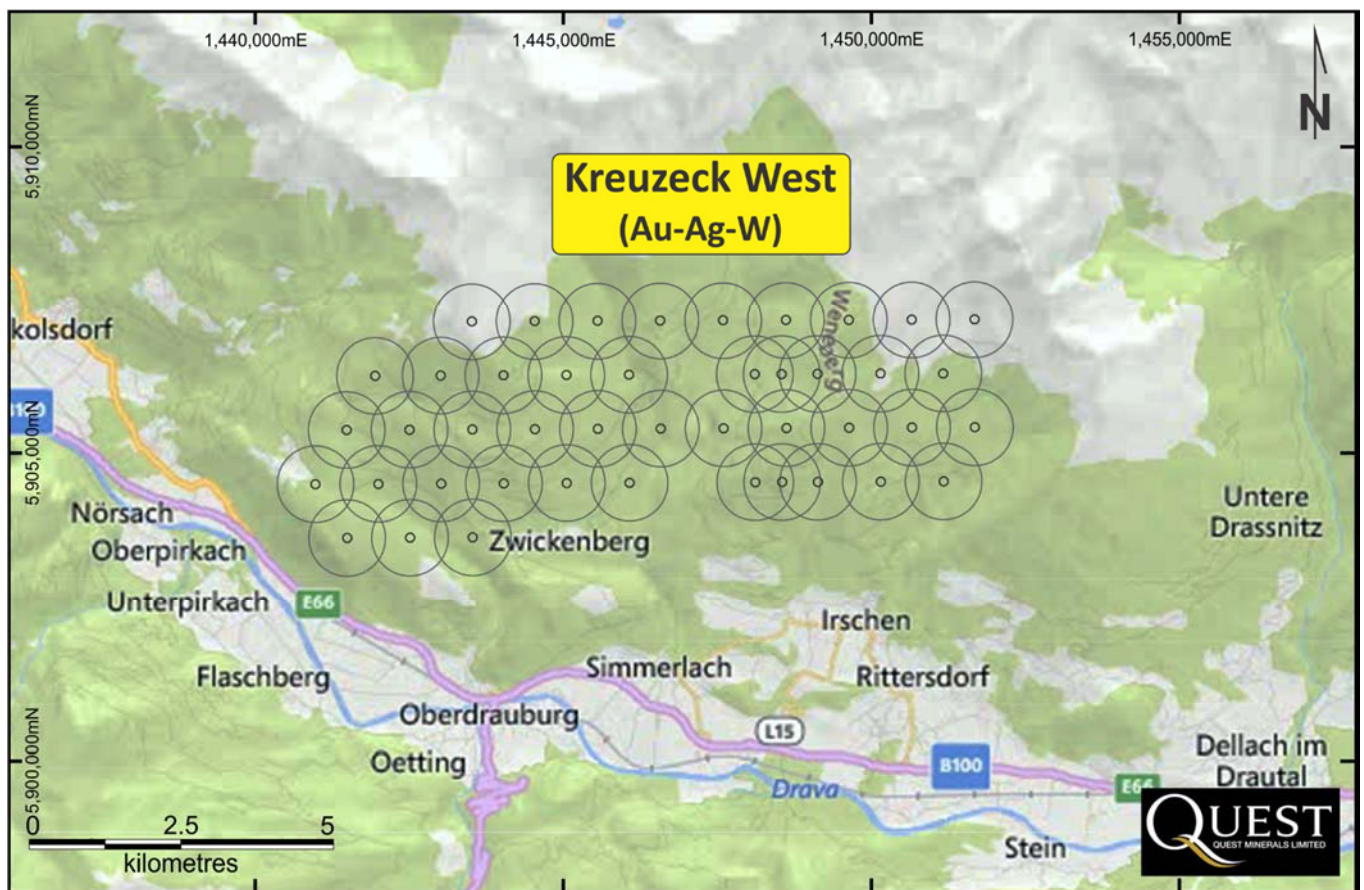


Figure 28: - Map of Kreuzeck West Project showing the Exploration Area comprising 44 Freischürfe covering an area of 23.9 km<sup>2</sup>.

contains four significant historical mines spread across the Mining Districts of Leoben and Innsbruck.

### 6.5.3 Geological Setting

As described in Section 6.1 the Kreuzeck West Project lies on the southern rim of the Tauern Window where it is physiographically expressed along the north and east slopes of the Upper Drau Valley of Carinthia (Figure 25).

#### 6.5.4 Local Geology & Mineralisation

Previous mining activities suggest a regional trend, or zoning, from predominantly stibnite mineralized bodies (such as encountered in the Rabant Mine) to stibnite and arsenopyrite-gold (such as encountered in the Gurskerkammer Mine) to gold and silver in the east (such as encountered in the Fundkofel Mine). Gold at the Fundkofel Mine is mostly bound to arsenopyrite, in shoots limited to a “greenstone” belt.

Stibnite mineralised bodies in the Rabant area, with their lenticular to layer like shapes, are interpreted as stratiform, as is the Gurskerkammer Mine’s stibnite and arsenopyrite-gold mineralisation, whereas the Fundkofel Mine gold mineralisation is related to vein-like, discordant structures suggesting an hydrothermal origin.

At Fundkofel, a series of chlorite-amphibolite schist, meta-tuffites and mica schists trending east-west and dipping 34-40° north, are intersected by steeper dipping to vertical gold-mineralisation bearing veins. These veins have been described as ranging in widths from 0.2 m – 2.4 m, normally pinch out within the mica schist, but open up in the meta-volcanics. They consist of quartz, hydrothermally altered sericite, tourmaline and contain visible gold and minor arsenopyrite, pyrite, stibnite and other mineral phases. The average gold grade calculated from channel samples taken over 1 metre sample intervals of all exposed target zones are 14.7 g/t Au (6.6 g/t Ag).

By contrast stratabound style of mineralisation is known from the Kreuzeck-West location of "Strieden-Knappenstube", near Fundkofel with pyrrhotite and base metal sulphides. At the same location, discordant quartz-sulphide-gold veins have been mined, suggesting remobilisation of mineralisation during Alpine overprinting. The thickness of the massive sulphide body varies from 0.1 m - 2.2 m, with additional impregnations up to 3 m in the host rock. Ore minerals are pyrite, pyrrhotite, sphalerite, chalcopyrite, galena and arsenopyrite. High gold grades appear to coincide with galena-quartz veining penetrating massive sulphide ore.

#### 6.5.5 Prospectivity

As noted in Section 6.5.4 the Strieden-Knappenstube mineralisation is strata-bound and an earlier Self Potential (“SP”) geophysical survey, together with soil geochemistry purportedly indicated a potential 3.6 km long mineralised sulphide belt. This also warrants follow-up, especially since the largest and deepest extending SP anomalies occur to the southeast of the mine, consistent with the conjecture that the potentially mineralised body increases in that direction.

At the Fundkofel Mine the average gold grade calculated from channel samples taken over 1 metre sample intervals of all exposed target zones is 14.7 g/t Au (6.6 g/t Ag). Geologic observations, in part

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made during AMG's 1995 geological and structural survey of the area surrounding the mine are supportive of a much larger mineralised area, and additional veins or groups of veins in continuation of the Fundkofel veins to the east and west within the greenschist belt.

Each of these areas warrants further exploration.

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## 7 WORK PROGRAM AND BUDGET

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The proposal by APC to focus on an exploration program, centred on cobalt, nickel and copper mineralisation, in and around the historic Leogang mine (inclusive of Nockelberg and surrounds), and the historic high grade Schellgaden Gold mine is, based on the available information, warranted.

Whilst these are considered to have exploration risk exposure, the available knowledge does mitigate some of this risk especially where subsurface control has been provided by underground access to historical adits and drifts.

The style of mineralisation is amenable to delineation by a range of geophysical methods. These may be undertaken either prior to or after exploration drilling, and include airborne potential field in addition to test programs of Induced Polarisation, Electro Magnetics and Resistivity. These surveys will supplement environmental baselining, field mapping, geochemical sampling, underground mine engineering assessments, metallurgical studies, and potentially scoping/prefeasibility studies which will be undertaken where appropriate.

Based on the results of these initial rounds of exploration it is intended to undertake a minimum of 1000m of reconnaissance drilling (Phase 1), to be followed by an additional drilling phase of approximately 2000m (during Year 2).

<b>Cobalt</b>	<b>Year 1</b>	<b>Year 2</b>
Geophysics and Geology	\$100,000	\$50,000
Drilling	\$750,000	\$400,000
Environmental/CSR	\$40,000	\$30,000
Geochemistry	\$35,000	\$30,000
JORC Code (2012) "Resource"		
quantification		\$50,000
Metallurgical	\$30,000	
Scoping Studies		\$50,000
Engineering/Prefeasibility Studies		
<b>Total</b>	\$955,000	\$610,000
<b>Gold</b>		
Geophysics and Geology	\$75,000	\$0
Drilling	\$750,000	\$400,000
Environmental/CSR	\$70,000	\$30,000
Geochemistry	\$50,000	\$20,000
JORC Code (2012) "Resource"		
quantification	\$50,000	\$50,000
Metallurgical	\$50,000	
Scoping Studies		\$50,000
Engineering/Prefeasibility Studies	\$40,000	\$50,000
<b>Total</b>	\$1,085,000	\$600,000
<b>Vanadium</b>		
Engineering/Prefeasibility Studies	\$50,000	
<b>Total</b>	\$50,000	\$0
Corporate Overhead	\$400,000	\$400,000
<b>Cumulative total</b>	\$2,490,000	\$1,610,000

GRI considers the proposed exploration budget is consistent with the mineral status and potential of the projects. The proposed expenditure is sufficient to meet (exceed), the minimum statutory expenditure requirements of the tenure

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## 8.1 Definitions for IGR

Terms not included in this glossary are used in accordance with their definitions in the Australian Concise English Dictionary.

**Adit:** A nearly horizontal passage from the surface by which the underground mine workings are entered.

**Ag:** Chemical symbol for element silver.

**Albitic:** Of or related to albite feldspar.

**Allochthonous:** A term applied to rocks of which the dominant constituents have not been formed *in situ*.

**Alpine Orogeny:** A major tectonic event, occurring mainly between 65 and 2.5 million years ago, although it is still active today involving the collision of the African and Eurasian plates, and the closure of the Tethys Ocean as its underlying oceanic lithosphere was subducted northwards beneath the Eurasian Plate.

**Alluvial/Alluvium:** Sediment deposited by a stream or river.

**Amphibolite:** A metamorphic rock composed mostly of amphibole and plagioclase.

**Andesite /Andesitic:** A volcanic rock composed essentially of andesine and one or more mafic constituents.

**Anticline:** A fold that is convex upward or had such an attitude at some stage of development.

**Ankerite:** A mineral, a ferroan variety of dolomite,  $\text{CaCO}_3 \cdot (\text{Mg, Fe, Mn}) \text{CO}_3$ .

**Antimony:** A mineral, the native element, occurring as grey metallic colour having a hexagonal rhombohedral crystal structure.

**Aplite:** Light coloured fine grained rocks with granitic affinities.

**Argillaceous:** Applied to all rocks or substances composed of clay, or having a notable proportion of clay in their composition, as roofing slate, shale, etc.

**Arsenical tetrahedrite:** A copper antimony sulphosalt mineral with the formula  $(\text{Cu,Fe})_{12} \text{Sb}_4\text{S}_{13}$ .

**Arsenopyrite:** An iron arsenic sulphide mineral (FeAsS)

**As:** Chemical symbol for element Arsenic.

**ASX:** Acronym for Australian Securities Exchange.

**Au:** Chemical symbol for element gold.

**Aureole:** A zone formed around an intrusive body or structural lineation where mineral alteration has occurred within the surrounding strata because of the heat and or pressure of emplacement or mechanical movement and deformation.

**B:** Chemical symbol for element Boron.

**Basic/Mafic:** A general descriptive term for those igneous rocks that are comparatively low in silica. About 55% - 50% is the upper limit of silica content.

**Baseline:** A line or standard by which things are measured or compared.

**Base Metals:** A term used informally to refer to a metal that oxidizes or corrodes relatively easily, and reacts variably with diluted hydrochloric acid (HCl) to form hydrogen. Examples include iron, nickel, lead and zinc.

**Basic:** Igneous rock with low silica content, usually 45 – 50%.

**Bedrock:** The solid rock that exists at some depth below the ground surface beneath a superficial cover of soils and sediments.

**Beryl:** A beryllium aluminum cyclosilicate, a dull blue colour.

**Beryllium:** The chemical element with the symbol Be and atomic number 4.

**Bi:** Chemical symbol for Bismuth.

**Bismuthinite:** a mineral consisting of bismuth sulphide (Bi<sub>2</sub>S<sub>3</sub>)

**Biotite:** A common rock forming silicate mineral of the mica group, containing varying proportions of potassium, iron, magnesium and aluminum and having a distinctive dark colour.

**Breccia:** A rock consisting of angular fragments of rocks and minerals usually cemented together by fine calcareous or siliceous material.

**Calc-silicate rocks:** Pertaining to a rock or mineral that is predominantly composed of calcium, silicon, and oxygen.

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**Calcareous:** An adjectival term used to describe a rock type composed principally of calcium carbonate.

**Calcaline Volcanism:** A type of basaltic volcanism that is associated with subduction related tectonic margins, as opposed to tholeiitic basalts which are related to spreading mid-oceanic ridge submarine volcanism.

**Calcite:** A white or colourless mineral consisting of calcium carbonate and forming a major constituent of sedimentary rocks such as limestone.

**Carboniferous:** A geologic period of the Palaeozoic era between the Devonian and Permian periods.

**Cattierite:** a cobalt sulphide mineral ( $\text{CoS}_2$ )

**Chalcopyrite:** a common copper-iron sulphide mineral ( $\text{CuFeS}_2$ ).

**Clastic:** Consisting of fragments of rocks or of organic structures that have been moved individually from their places of origin.

**Co:** Chemical symbol for element Cobalt, a hard, lustrous, grey metal, a chemical element with atomic number 27.

**Cobaltiferous:** A rock or mineral containing or yielding cobalt.

**Cobaltite:** Cobaltite is a sulphide mineral composed of cobalt, arsenic, and sulphur,  $\text{CoAsS}$ . It contains up to 10% iron and variable amounts of nickel.

**Crystalline:** Of or pertaining to the nature of a crystal, having regular molecular structure.

**Cu:** Chemical symbol for element copper.

**Devonian:** The fourth in order of age of the periods comprised in the Paleozoic era, following the Silurian and succeeded by the Carboniferous. Also, the system of strata deposited at that time.

**Diamond drilling:** Achieved by an annular diamond-impregnated drill bit attached to the end of hollow drill rods to cut a cylindrical core of solid rock.

**Dip:** The angle at which rock strata are inclined from the horizontal.

**Disseminated:** Disseminated usually referring to small particles of a mineral or ore spread quite uniformly throughout the host rock.

**Dolomite:** A mineral,  $\text{CaMg}(\text{CO}_3)_2$ , commonly with some Fe replacing Mg(ankerite).

**Drift:** A near-horizontal passageway in an underground mine, following the bed or vein of ore. A drift may or may not intersect the ground surface. A drift follows the vein, as distinguished from a crosscut that intersects it, or a level or gallery, which may do either.

**Drill core:** A solid, cylindrical sample of rock extracted from beneath the Earth's surface by drilling.

**Dyke:** A tabular igneous intrusion cutting across the bedding or other planar structures.

**Eclogite:** A granular rock composed essentially of garnet (almandine-pyroxene) and pyroxene (omphacite).

**EM:** acronym for Electromagnetic (EM) Survey. A geophysical survey method which measures the electromagnetic properties of rocks.

**Eocene:** Epoch of the Tertiary between the Paleocene and Oligocene and strata of the age.

**Epigenetic:** Formed later than the surrounding or underlying rock formation.

**Exploration Target:** As distinct from a Mineral Resource or Ore Reserve in that it carries an intrinsically higher degree of uncertainty (risk) and as such Resource(s) or Reserve(s) must not be used in this context Information relating to exploration targets must be expressed so that it cannot be misrepresented or misconstrued as an estimate of Mineral Resources or Ore Reserves. The terms. Any statement referring to potential quantity and grade of the target must be expressed as ranges and must include (1) a detailed explanation of the basis for the statement, and (2) a proximate statement that the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

**Exhalite:** Refers to “exhalative” chemical sedimentary rock, which are stratiform beds or lenses of rock that are spatially associated with VMS deposits.

**Exhumation:** The exposure of previously buried geological strata as a result of, or combination of, tectonic uplift and erosion.

**Fahlore:** An antimony-bearing copper arsenate.

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**Fault:** A geological fracture along which rocks on one side of the fault are dislocated and displaced either laterally or horizontally relative to those on the other side.

**Fault Zone:** A fault, instead of being a single clean fracture, may be some hundreds of metres wide consisting of numerous interlacing small faults or a confused zone of gouge, breccia or mylonite.

**Fe:** Chemical symbol for element iron.

**Feldspar:** A group of silicate minerals containing varying amounts of aluminum, sodium, potassium and other elements.

**Fold:** When one or a stack of originally flat and planar sedimentary strata, are bent or curved as a result of plastic deformation.

**Footwall / Hanging Wall:** The section of rock that extends below a diagonal fault line (the corresponding upper section being the hanging wall).

**Freischürfe:** A Germanic term relating to a circular unit of mining concession.

**Galena:** a bluish, grey, or black mineral of metallic appearance, consisting of lead sulphide. It is the chief ore of lead.

**Gersdorffite:** A nickel arsenic sulphide mineral with the formula NiAsSi.

**Gneiss:** A foliated rock formed by high grade regional metamorphism, in which bands of granular minerals alternate with bands of minerals with a flaky or elongate prismatic habit. Gneissic rocks have been subjected to higher temperatures and pressures than schist.

**Gossan:** An iron rich, often spongy rock found at or near the surface, produced by the weathering and oxidation of sulphide minerals and the leaching out of the sulphur and often some of the metals.

**Gouge:** Is very fine grained often unconsolidated rock formed as a result of mechanical destruction of the primary rock fabric during a tectonic or structural event.

**Grade:** Average quantity of ore or metal in a specified quantity of rock.

**Granitoids:** A variety of coarse grained plutonic rock similar to granite which mineralogically is composed predominantly of feldspar and quartz, including granite, quartz monzonite, quartz diorite, syenite, granodiorite and trondhjemite.

**Granoblastic (texture):** Granoblastic describes an anhedral equi-granular metamorphic rock texture, typical of quartzite, marble and other non-foliated metamorphic rocks.

**Granulites:** Medium to coarse-grained metamorphic rocks that have experienced high temperature metamorphism, composed mainly of feldspars sometimes associated with quartz and anhydrous ferromagnesian minerals, with granoblastic texture and gneissose to massive structure.

**Grassroots exploration:** Exploration carried out in an area where there has been no previously identified geological resource.

**Gravity survey:** The measurement of gravity at regularly spaced grid points with repetitions to control instrument drift, which enable geological variations associated with changes in density to be identified, including mineralisation associated with denser igneous bodies.

**Greenschist:** A metamorphosed basic igneous rock which owes its colour and schistosity to the presence of the abundant mineral chlorite.

**Greywacke:** (German grauwacke) is a variety of sandstone characterized by containing more than 15% clay and usually with poorly sorted angular grains of quartz, feldspar, and small rock fragments or lithic fragments set in a compact, clay-fine matrix.

**g/t:** abbreviation for grams per tonne.

**Hanging Wall:** The upper wall of an inclined fault.

**Hg:** Chemical symbol for mercury.

**Host / Host Rock:** A body of rock serving as a host for other rocks and or for mineral deposits.

**Hydrothermal Mineralisation:** Description of heated or hot magmatic emanations rich in water, to the processes in which they are concerned, and to the rocks, ore deposits, alteration products and springs produced by them.

**Imbricate:** A series of thrust sheets dipping in the same direction, sometimes called shingle-block structuring.

**Indicated Resources:** That part of a Mineral Resource for which tonnage, densities, shape physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

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**Induce Polarisation (IP):** A geophysical imaging technique used to identify subsurface mineralisation whereby an electric current is induced into the subsurface through two electrodes, and voltage is monitored through two other electrodes.

**Inferred Resources:** That part of a Mineral Resources for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes and may be limited or of uncertain quality and reliability.

**JORC Code (2012):** A code prepared by the Joint Ore Reserves Committee, which sets out minimum standards, recommendations and guidelines for public reporting in Australasia for exploration results, mineral resources and ore reserves.

**Jurassic:** Is a geologic period and system that spanned 56 million years from the end of the Triassic Period 201.3 million years ago (Mya) to the beginning of the Cretaceous Period 145 Mya.

**km<sup>2</sup>:** Abbreviation for square kilometres.

**Limestone:** A bedded sedimentary deposit consisting chiefly of calcium carbonate (CaCO<sub>3</sub>).

**Limonitic (Weathering):** Limonite is an iron ore consisting of a mixture of hydrated iron(III) oxide-hydroxides in varying composition. Chemical weathering transforms the crystals of pyrite into limonite by hydrating the molecules.

**Lithological:** The physical characteristics of a rock, generally as determined megascopically.

**m:** Abbreviation for metre.

**Massif:** Is a section of the Earth's crust that is demarcated by faults or flexures. In the movement of the crust, a *massif* tends to retain its internal structure while being displaced as a whole. The term also refers to a group of mountains formed by such a structure.

**Marl:** An unconsolidated sedimentary rock or soil consisting of clay and lime.

**Mesozoic:** Relating to or denoting the era between the Palaeozoic and Cenozoic eras, and comprising the Triassic, Jurassic, and Cretaceous periods and the system of rocks deposited during it.

**Metamorphosed / metamorphic:** Alteration of rocks by subjecting them to abnormal heat and/or pressure.

**Metasediments:** Sediments or sedimentary rocks which show evidence of being exposed to metamorphism.

**Mg:** Chemical symbol for element magnesium

**Mica:** Any of various minerals consisting of hydrous silicates of aluminum or potassium etc. that crystallize in forms that allow perfect cleavage into very thin leaves.

**Migmatite:** A highly metamorphosed rock that was formed by being subjected to sufficiently elevated heat and pressure that the original rock is nearly, or partly, melted.

**Mineralisation:** Term describing the hydrothermal deposition of economically important minerals in the formation of ore bodies.

**Mineral Resource:** In accordance with the JORC Code (2012) it is an occurrence of solid material of economic interest in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resources are known, estimated or interpreted from specific geological evidence and knowledge including sampling. Mineral Resources are subdivided, in order of increasing geological confidence into Inferred, indicated and Measured categories.

**Miocene:** Relating to or denoting the fourth epoch of the Tertiary period, between the Oligocene and Pliocene epochs. It also refers to the system of rocks deposited during it.

**mm:** Abbreviation for millimetre.

**ML:** Abbreviation for Mining Lease.

**Mn:** Chemical symbol for element Manganese.

**Mo:** Chemical symbol for element Molybdenum.

**Molasse:** Terrestrial or shallow marine sedimentary sequences developed in foreland basins, proximal to developing mountain chains.

**Muscovite:** A potassium aluminium silicate mineral, a white mica, having a varying hardness of 2.5 to 4.

**Mt:** abbreviation for million tonnes

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**Nappe:** A sheet of rock that has moved sideways over neighbouring strata as a result of an over thrust or folding.

**Ni:** Chemical symbol for element nickel.

**Ophiolite/Ophiolitic:** Basic igneous rock consisting largely of serpentine, believed to have been formed from the submarine eruption of oceanic crustal and upper mantle material, generally altered to rocks rich in serpentinite, chlorite, epidote and albite.

**Ordovician:** The second of six periods of the Palaeozoic Era. The Ordovician spans 41.2 million years from the end of the Cambrian Period, 485.4 million years ago (Mya), to the start of the Silurian Period 443.8 Mya.

**Orogeny/Orogenic:** An orogeny is an event that leads to a large structural deformation of the Earth's lithosphere (crust and uppermost mantle) due to the interaction between tectonic plates.

**Ozs (Ozs/t):** Abbreviation for troy ounces (31.1035 g) or troy ounces/ton.

**Palaeozoic:** Is the earliest of the three eras of the Phanerozoic. It lasted from about 541 to 252 million years ago (Mya), and ended with the greatest extinction event, the Permian–Triassic extinction event.

**Paragenesis:** is a petrologic concept meaning an equilibrium sequence of mineral phases. It is used in studies of igneous and metamorphic rock genesis and importantly in studies of the hydrothermal deposition of ore minerals and the rock alteration (vein metasomatism) associated with ore mineral deposits.

**Pararammelsbergite:** A mineral  $\text{NiAs}_2$  consisting of nickel arsenide dimorphous with rammelsbergite.

**Parkerite:** A mineral of the orthorhombic crystal system which consists of a sulphide of nickel and bismuth,  $\text{Ni}_3\text{Bi}_2\text{S}_2$ .

**Pb:** Chemical symbol for the element lead.

**Permian:** The geologic period and system that spans 46.7 million years from the end of the Carboniferous Period 298.9 million years ago (Mya), to the beginning of the Triassic period 251.9 Mya. It is the last period of the Palaeozoic era.

**Phyllites/Phyllitic:** Argillaceous rock, intermediate in metamorphic grade between slate and schist, in which the contained mica crystals impart a silky sheen to the surface of cleavage.

**Polymetallic:** Mineralisation containing or involving several metals and/or their ores.

**ppb:** Abbreviation for parts per billion.

**ppm:** Abbreviation for parts per million.

**Precambrian:** Is a supereon that is subdivided into three eons (Hadean, Archean, Proterozoic) of the geologic time scale. It extends from about 4.6 billion years ago to 600 million years ago (MYA), the beginning of the Cambrian Period.

**Pyrite:** Yellow lustrous iron sulphide mineral ( $\text{CuS}_2$ ).

**Pyritization:** The hydrothermal process whereby a rock is transformed into a pyrite.

**Pyrrhotite:** A magnetic iron sulphide [ $\text{Fe}_{1-x}\text{S}$ ].

**Quartz:** Second most abundant mineral in the Earth's continental crust, after feldspar. It is made up of a continuous framework of  $\text{SiO}_4$  silicon–oxygen tetrahedra, with each oxygen being shared between two tetrahedra, giving an overall formula  $\text{SiO}_2$ .

**Quartzite:** Hard, metamorphic rock consisting essentially of interlocking quartz crystals.

**Reserves:** The economically minable part of a Measured or Indicated Resource at the time of reporting, as defined in the JORC Code (2012).

**Resources:** The part of a deposit for which there is a reasonable prospect for eventual economic extraction, as defined by the JORC Code (2012).

**Rhyolite / Rhyolitic:** Is an extrusive igneous rock with a very high silica content. It is usually pink or gray in colour with grains so small that they are difficult to observe without a hand lens. Rhyolite is made up of quartz, plagioclase, and sanidine, with minor amounts of hornblende and biotite.

**Sandstone:** Is a clastic sedimentary rock composed mainly of sand-sized (0.0625 to 2 mm) mineral particles or rock fragments. Most sandstone is composed of quartz or feldspar because they are the most resistant minerals to weathering processes.

**Sb:** Chemical symbol for the element antimony.

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**Schist:** A medium-grade metamorphic rock with medium to large, flat, sheet-like grains in a preferred orientation (nearby grains are roughly parallel). It is defined by having more than 50% platy and elongated minerals, often finely interleaved with quartz and feldspar.

**Schwazite:** A synonym of Mercurian Tetrahedrite

**Scree:** an accumulation of loose stones or rocky debris lying on a slope or at the base of a hill or cliff:

**Serpentinite / Serpentinised:** Is a rock composed of one or more serpentine group minerals, the name originating from the similarity of the texture of the rock to that of the skin of a snake. Minerals in this group are formed by serpentinisation, a hydration and metamorphic transformation of ultramafic rocks.

**Shear Zone:** A zone where rock has been stressed or deformed, often hosting ore bodies as they focus hydrothermal flows.

**Silicate:** A silicate is a compound containing an anionic silicon compound. The majority of the silicates are oxides, formed around a crystal lattice of  $\text{SiO}_4$  tetrahedra.

**Siliceous:** Name to describe silicon compounds.

**Sinistral:** Pertaining to a strike-slip or left-lateral fault in which the block across the fault moves to the left; also called a sinistral strike-slip fault.

**Sn:** Chemical symbol for tin.

**SP Survey** A self-potential geophysical survey that measures the potential difference between any two points on the ground produced by small, naturally occurring currents beneath the earth's surface.

**Sphalerite:** a shiny mineral, yellow to dark brown or black in colour, consisting of zinc sulphide.

**Stibnite:** a lead-grey mineral, typically occurring as striated prismatic crystals, which consists of antimony sulphide and is the chief ore of antimony.

**Stockwork:** An orebody of such a form that it is worked in floors or stories. It may be a solid mass of ore or a rock mass so interpenetrated by small veins of ore that the whole must be mined together.

**Stratiform:** Composed of layers.

**Stratabound:** Said of a mineral deposit confined to a single stratigraphic unit. The term can refer to a stratiform deposit, to variously oriented orebodies contained within the unit, or to a deposit containing veinlets and alteration zones that may or may not be strictly conformable with bedding.

**Stratigraphy:** The science of rock strata concerned with all characteristics of rocks as strata and their interpretation in terms of mode of origin, and geological history.

**Strike:** The course or bearing of the outcrop or of an inclined bed or structure on a horizontal plane.

**Sulphide:** A chemical compound or mineral containing sulphur in its lowest oxidation state.

**Syngenetic:** A term generally applied to mineral or ore deposits formed contemporaneously with the enclosing rocks.

**Tectonic:** Relating to large scale earth forming processes involving the lithospheric plates.

**Tennantite:** A copper arsenic sulfosalt mineral closely related to tetrahedrite with arsenic substituting for antimony  $(\text{Cu,Fe})_{12}\text{Sb}_4\text{S}_{13}$

**Triassic:** The earliest period of the Mesozoic era, between the Permian and Jurassic periods.

**VALMIN Code (2015):** A code prepared to assist those involved in the preparation of public independent Expert Reports that are required for the assessment and/or valuation of mineral and petroleum assets and securities so that the resulting reports will be reliable, thorough, understandable and include all the material information required by investors and their advisers when making investment decisions.

**Variscan:** (or Hercynian Orogeny) is a major tectonic mountain building event caused by continental collision between Laurussia) and Gondwana to form the supercontinent of Pangaea during the Devonian and Carboniferous periods.

**Vaesite:** Is a grey-black Nickel Sulphide mineral ( $\text{NiS}_2$ ).

**Vein:** A fracture in a rock which has been filled with mineral, often quartz.

**Volcanoclastic:** clastic rocks produced from volcanic sources.

**W:** Chemical symbol for tungsten.

**Zn:** Chemical symbol for zinc.



## 9 JORC CODE (2012) APPENDIX

## 1 Table 1

### 2 Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code (2012) Explanation	Commentary
<b>Sampling techniques</b>	<ul style="list-style-type: none"> <li>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</li> <li>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>Aspects of the determination of mineralisation that are Material to the Public Report.</li> <li>In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</li> </ul>	<ul style="list-style-type: none"> <li>All historical sampling (circa older than 40 years) referenced in this Report has been sourced from historical mining reports, largely publicly accessible within the Austrian data system provided by the relevant government department or over the internet, and / or from scholarly literature such as Haditsch &amp; Mostler (1970) "Die Kupfer-nickel-kobalt-verezung IM Bereich Leogang (Inschlagalm, Schwarzeo, Nockelberg)".</li> <li>For the purposes of this Report, sampling undertaken during more recent "modern" exploration campaigns comprises work undertaken by Argosy Minerals (1995-1997) and Eurocan Mining GmbH or that detailed in referenced scholarly articles including the Ph.D thesis of Unterweissacher (2013).</li> <li>Other than contained in these documentary sources this Report has not used any other records outlining and describing the historical drilling and sampling processes adopted within the Gold and Cobalt Exploration Permits.</li> <li>Typically, there is no documentation detailing sampling techniques of the historical samples, especially older, pre-twentieth century samples, however, where such documentation is provided it has been included. Nevertheless, no reliance can be placed on the representativeness of historical samples and as such they do not represent 'industry standards' under any modern mineral resource certification code.</li> <li>In the case of the Argosy Minerals's underground channel sampling at the Schellgaben North mine, samples were collected by making parallel incisions about 3cm apart and 2cm deep from top of the exposed face to the bottom of the stope over intervals of 1.5 to 3.0 m, as height permitted. Sample locations were marked and the channels measured and their lithologies mapped; total length of channel, length of hanging wall, of the mineralisation and of the foot wall (if wall rock was part of the channel). This provided data not only for estimating the dilution and hence the grade estimation of the mineralisation but also for identifying and correlating mineralised zones as part of a revision of the multi-layer gold-horizon model for Schellgaden mineralisation subsequently, confirmed by core drilling 1995 and 1997.</li> </ul>
<b>Drilling techniques</b>	<ul style="list-style-type: none"> <li>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</li> </ul>	<ul style="list-style-type: none"> <li>Argosy Minerals executed the drilling of 4 diamond holes on the Schellgaden North project area during the period 1995 to 1997.</li> <li>In 1997 ECM drilled a single hole (295m) in the main historic Schellgaden mine area, and another shallow diamond hole adjacent to an access road in 2008/9 for the purposes of maintaining the permits in good standing.</li> <li>Save for the geological results and conclusions for Stb-1 illustrated in section 6 showing the correlation of lagers across the Schendizeni Fault), specific sample details from these drill results have not been considered in this Report.</li> </ul>
<b>Drill sample</b>	<ul style="list-style-type: none"> <li>Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>Measures taken to maximise sample recovery and ensure representative nature of the</li> </ul>	<ul style="list-style-type: none"> <li>This Report does not refer to recovered drill samples, either historical nor of those of the more recent drilling campaigns. The exclusion from this Report of the latter drill</li> </ul>

Criteria	JORC Code (2012) Explanation	Commentary
<b>recovery</b>	<p><i>samples.</i></p> <ul style="list-style-type: none"> <li><i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i></li> </ul>	<p>is a consequence of there being an absence of adequate details concerning the core recovery and subsequent sampling to make a competent assessment of their materiality, or otherwise.</p> <ul style="list-style-type: none"> <li>It is understood that as part of the future exploration program, the Company will seek to obtain this information and verify some aspects of historical drilling undertaken particularly in the Goldeck-Siflitz and Schellgaden Exploration Permits.</li> </ul>
<b>Logging</b>	<ul style="list-style-type: none"> <li><i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i></li> <li><i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i></li> <li><i>The total length and percentage of the relevant intersections logged.</i></li> </ul>	<ul style="list-style-type: none"> <li>This Report does not contain geological or geotechnical logging of sufficient detail and fidelity to justify any Mineral Resources estimation under any industry standard certification code.</li> <li>This Report does not include reference to an historical NI43-101 Report on the Schellgaden area (previously prepared for one of the associated vendors) because there is inadequate information to support the veracity of the assumptions made, and the results and conclusions arising therefrom.</li> <li>Geochemical log results shown in section 6 (for the Stb-1 drill hole), are included to illustrate the vertical distribution of mineralisation and the potential scope for using such analyses for identification and correlation of existing and potentially new lagers.</li> <li>It is understood that as part of the future exploration program the Company will seek to obtain supporting documentation of drilling completed in the Goldeck-Siflitz and Schellgaden project areas in order to determine its materiality.</li> </ul>
<b>Sub-sampling techniques and sample preparation</b>	<ul style="list-style-type: none"> <li><i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></li> <li><i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></li> <li><i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></li> <li><i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></li> <li><i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i></li> <li><i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></li> </ul>	<ul style="list-style-type: none"> <li>No drill core information was available for preparing this Report.</li> <li>In respect of the underground channel samples collected by Argosy Minerals, these were sent initially to the Laboratory of Geosciences at the University of Salzburg where cores were slabbed, and continuous lithological logs described. Samples were selected, based on visual inspection of the lithologies and mineralization. Core and channel samples were crushed by a jaw crusher, reducing size to &lt;2mm, followed by putting the crushed homogenized sample through a sample splitter, and repeating the process until 100-150g sample was obtained, which was then ground for about one hour in an agate mill. Bondar-Clegg, of Vancouver, Canada was sent samples to undertake geochemical analysis ("gold plus "34" analysis). Only duplicates 'taken randomly' are reported in the documentation.</li> <li>There is no reporting of the quality assurance and control measures for the sub-samples processed. Likewise, there is no satisfactory documentation detailing sample sizes, methodology or use of blanks/duplicates and hence their overall representativeness remains unknown.</li> <li>For historical samples, unless otherwise indicated (eg. Table 3 "soil sample"; Table 4 – "dump material"), the samples are rock chip samples.</li> </ul>

Criteria	JORC Code (2012) Explanation	Commentary
<b>Quality of assay data and laboratory tests</b>	<ul style="list-style-type: none"> <li><i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></li> <li><i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i></li> <li><i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i></li> </ul>	<ul style="list-style-type: none"> <li>With the exception of the Argosy Minerals's samples, obtained from the underground channelling at Schellgaden North Mine, no satisfactory descriptions of analytical methods used to obtain and prepare samples were available.</li> <li>In regard to the Argosy Mineral's channel samples the type of assay performed by a recognised laboratory in Canada (Bondar-Clegg), is deemed appropriate, though the procedures in terms of blanks, duplicates and standards, do not meet current industry practice, although at the time they were considered appropriate.</li> <li>No geophysical tools were used in association with obtaining samples and assay data.</li> <li>Documented procedures for monitoring quality assessment and control were not available.</li> </ul>
<b>Verification of sampling and assaying</b>	<ul style="list-style-type: none"> <li><i>The verification of significant intersections by either independent or alternative company personnel.</i></li> <li><i>The use of twinned holes.</i></li> <li><i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></li> <li><i>Discuss any adjustment to assay data.</i></li> </ul>	<ul style="list-style-type: none"> <li>For the purposes of this Report, no drilling results have been considered in respect of sampling and or assaying, save the geochemical log of Stb-1. As such there has been no independent verification of intersections, nor confirmation of drilling through the use of twinned holes etc.</li> <li>In this Report documentation of significant mineralisation has been largely restricted to historical mining records (often incomplete) and samples, either subsurface or surface rock chip samples, or from soil or from historical dump sites. Where known these sample types have been noted (eg Tables 1, 3 &amp; 4).</li> <li>For the purposes of this Report, copies of primary information have been relied upon. The majority of documentation in paper form was either originally in German, and subsequently translated into English, or available in original English language form. No original primary data, nor data verification, entry procedures nor storage and retrieval fidelity, have been sighted.</li> <li>No details of any adjustments having made of historical assay data are known (eg. the 200 tonnes of mined ore at Seekar in 1917). In regard to the modern exploration data, adjustments were made to Argosy Minerals's underground channel samples to reflect expected dilution effects. Typically, a length of channel, including mineralised zones and barren wallrock, was measured and described lithologically. The sample was then crushed and split as per specification and processed as a single sample. This 'diluted' sample, was corrected by adjusting the grade over the prospective (mineralised) interval after removing the impact of the barren (non-mineralised) interval. This adjustment is particularly revealing where, for example, a sample length of 2m, which might have 50cm above and below a zone of barren wall rock, may assay at 10g/t over 2m, would grade at 20g/t over 1m, after adjusting for the barren wall rock.</li> </ul>

Criteria	JORC Code (2012) Explanation	Commentary
<b>Location of data points</b>	<ul style="list-style-type: none"> <li>• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</li> <li>• Specification of the grid system used.</li> <li>• Quality and adequacy of topographic control.</li> </ul>	<ul style="list-style-type: none"> <li>• This Report does not include any Mineral Resource estimation and as such has not relied upon the accuracy and quality of underlying survey information.</li> <li>• For general purposes the Gauss Kruger grid system of mapping is used for defining the Exploration Permits within this Report.</li> <li>• Regional topographic data is excellent throughout Austria and is provided as backdrops to the individual Exploration Permit figures within the Report.</li> <li>• Although not specifically used, or required, in this Report the Company intends to purchase and, or, acquire specific high resolution topographic data coverage of each Exploration Permit and combine these data with the results of proposed subsurface mine survey data in order to develop accurate 3D data sets of pit and underground working layouts.</li> </ul>
<b>Data spacing and distribution</b>	<ul style="list-style-type: none"> <li>• Data spacing for reporting of Exploration Results.</li> <li>• Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</li> <li>• Whether sample compositing has been applied.</li> </ul>	<ul style="list-style-type: none"> <li>• Rock chip and dump samples were collected on irregular spacings largely controlled by proximity to artisanal workings. Likewise, and taking into account the exclusion of drill results, subsurface sampling is biased and controlled by the accessibility to historical shafts, drives and adits, noting that historical workings would have focused on zones of higher grade mineralisation.</li> <li>• As a result of the irregular and selective data spacing, especially the rock chip sample grades – where most were collected in historical times and therefore unlikely to be replicated due to subsequent extraction of ore - it is considered appropriate in this Report to consider these data as reflecting only upon the broad tenor of specific mineralisation types and not sufficient to establish any geological and grade continuity to any degree appropriate for Mineral Resource and Ore Reserve estimation in accordance with the JORC Code (2012) or other industry standard certified code.</li> <li>• Considerable additional work, during future exploration campaigns which include appropriate data spacing of surface, subsurface (drill hole and mine work face sampling) will be necessary before any mineralisation can be delineated as a Mineral Resource in accordance with the JORC Code (2012).</li> </ul>

Criteria	JORC Code (2012) Explanation	Commentary
<b>Orientation of data in relation to geological structure</b>	<ul style="list-style-type: none"> <li>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</li> <li>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</li> </ul>	<ul style="list-style-type: none"> <li>For the purposes of this Report it is assumed that all of the historical samples are biased in that they have been retrieved in close proximity to above, or within below, ground artisanal workings. As such it is prudent to assume that these sample have been sourced from higher grade, shallow mineralisation accessible artisanal miners.</li> <li>In respect of the Argosy Minerals's sampling is also assumed to be biased in that it was collected by cutting channels into exposed mine work faces, presumably perpendicular to the known mineralisation. As such these are likely to provide estimates of vertical thickness although, save for the stratiform deposits, these are likely to be apparent rather than true thicknesses.</li> <li>No documentation of the geometric relationship between these samples and the host rock bedding attitude was available for this Report.</li> <li>Obtaining bore hole surveys and or orientation of holes, with respect to surrounding country rock will be critical for future assessment of drill results and the construction of accurate geological models.</li> </ul>
<b>Sample security</b>	<ul style="list-style-type: none"> <li>The measures taken to ensure sample security.</li> </ul>	There are no details on the security measures taken during transportation and preparation of samples for both historical and modern analyses quoted in this Report.
<b>Audits or reviews</b>	<ul style="list-style-type: none"> <li>The results of any audits or reviews of sampling techniques and data.</li> </ul>	<ul style="list-style-type: none"> <li>There are no details of there having been any audits or reviews of the sampling techniques and data, obtained from either historical and modern exploration activities, quoted in this Report.</li> </ul>

### 3 Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Commentary
<b>Mineral tenement and land tenure status</b> <ul style="list-style-type: none"> <li>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</li> <li>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</li> </ul>	<ul style="list-style-type: none"> <li>Details of the tenements and nature of the transaction are contained within this Report at several locations including Section 2.1 "Scope and Purpose of Report", consistent with Quest Minerals Limited's announcement to the ASX on 13 November 2017 .</li> <li>The Report includes figures showing the tenement descriptions for each of the nine exploration areas comprising the Cobalt and Gold Projects.</li> <li>The Gold Projects have a 2.5% Net Smelter Royalty, payable only up to a cumulative total of US\$2,500,000 .</li> <li>To the extent applicable to the scope of this Report, no factors have arisen which would indicate any impediments to obtaining or maintaining appropriate licences to operate appropriate exploration programs in any of the Exploration Permits</li> </ul>
<b>Exploration done by</b>	<ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> <li>This Report acknowledges to appropriate levels, based on available reference material, the activities of historical</li> </ul>

Criteria	Commentary
<i>other parties</i>	<p>artisanal miners - which in some instances date back to medieval and earlier periods.</p> <ul style="list-style-type: none"> <li>• Whilst records of such activities are often sketchy or incomplete the duration of these activities, coupled with the distribution of physical evidence (adits, shafts, open cut quarries, dumps etc) support the potential regional significance of the contained mineralisation(s) with the host geology of each Exploration Permits.</li> <li>• This Report has relied upon the work of Hadditsch &amp; Mostler (1970) "Die Kupfer-nickel-kobalt-verezung IM Bereich Leogang (Inschlagalm, Schwarzleo, Nockelberg" as an informative source of historical exploration activities conducted by other parties particularly those active during the earlier parts of the twentieth century.</li> <li>• This Report includes appropriate acknowledgement of Argosy Minerals's exploration programs, conducted in the Schellgaden and Goldeck-Siftliz project areas between 1995 and 1997. Section 6 of this Report includes details of the sampling of exposed mine faces undertaken by this party at the Schellgaden North mine..</li> <li>• This Report includes appropriate acknowledgement of Eurocan Mining Gmbh geological studies undertaken, subsequent to Argosy's withdrawal, including the potentially important exploration conclusions concerning identification of new, and misidentification of known, lagers and the likely presence of numerous additional 'blind adits' or former mine stopes which are not recognised in historical records.</li> <li>• However, this Report has not recognised the results of previous parties' activities where their assumptions, results and conclusions do not meet the requirements for estimating defined terms under industry standard certified classifications such as the JORC Code (2012).</li> </ul>

Criteria	Commentary
<p><b>Geology</b></p>	<ul style="list-style-type: none"> <li>• <i>Deposit type, geological setting and style of mineralisation.</i></li> <li>• The geology of Austria is divided into distinct provinces the primary ones being the Bohemian Massif, Molasse Zone, Helvetic Zone and the Austro-Alpine Unit, which occupies the highest tectonic position in the Eastern Alps. Of particular importance in considering the mineral prospectivity of the Cobalt and Gold Projects, the subject of this Report, are two major geological units; the Tauern Window and the Greywacke Zone.</li> <li>• The four exploration areas (Schellgaden North &amp; South, Kreuzeck West, Kreuzeck East, and Goldeck-Sifflitz) form a roughly arcuate trend around the south-eastern fringe of the Tauern Window. Both the Leogang Project and Gratspitz Project are located on the Greywacke Zone – a major tectono-stratigraphic unit within the Austroalpine system. Major lithologies within the Western Greywacke Zone include turbidites, greywackes, and limestones of Ordovician to Upper Carboniferous age as well as felsic and mafic volcanic rocks of Ordovician age. These are overlain by Perman to Lower Triassic clastics and Triassic to Lower Cretaceous carbonates of the Northern Calcareous Alps.</li> <li>• The Tauern Window exposes an initially subducted, cool piece of stacked oceanic and continental crust (the Penninic units) which widely present in the Western Alps, including the Schellgaden and the Goldeck-Kreuzeck mining districts, where it is associated with mineralization. It has been subject to tectonic metamorphism and exhumation events during from the Late Cretaceous through to the Neogene, associated with crustal shortening and emplacement of nappes. Several styles of mineralisation are known that closely link to structuration of the Tauern Window which is believed to be sourced from the basic volcanic units..</li> <li>• The style of mineralisation at Schellgaden relates specifically to the genesis of the Penninic epi-metamorphic units which are of volcanic, volcanoclastic and sedimentary origins, deposited during the early Palaeozoic in a series of E-W basins. Contemporaneous volcanism, during deposition, effectively produced rhythmic exhalites, and a complex series of syngenetic stratabound ore deposits. Mineralised breccias, as well as vein-type mercurian tennantite-bearing ores, occur along Upper Cretaceous to Early Tertiary aged tectonic lineaments. This mineralisation is interpreted to represent remobilization and reconcentration, during the Alpine Orogeny, of previous Palaeozoic mineralisation. Mineralisation is complex and regional overlapping of metallogenic processes created superposition of mineralisation trends. For instance tungsten and antimony ores often have quite high gold grades and are ascribed to the earliest stage of metallogenic evolution, such as at Schellgaden. Stratabound layering of mineralisation is horizontal to subhorizontal over large areas and geological evidence points to all of the old mines and workings occurring in this layer (locally the Kareck series within the Habach Formation).</li> <li>• Remobilisation of mineralised charged fluids during the Alpine tectonic events explains why many of the historical mine sites are located near the intersection of strata-bound deposits and brecciated veins formed in association with Upper Cretaceous to Early Tertiary Alpine tectonic movements. These veins are the source of the extremely high grades of Cu, Co and Ag.</li> <li>• The style of mineralisation at Leogang/Nockelberg relates to the host lithology, dolomites, and their proximity to hydrothermal fluids. Commonly these fluids will concentrate around zones of structural deformation. The main mineralised zone at Leogang is widely reported as proximal/part of a thrust package and there is little regional exploration information to assess whether the geological setting of mineralisation can be broadened from the Leogang type section/deposit of upper Silurian to Middle Devonian age. The <b>Gratspitz Project</b> lies in the The Schwaz-Brixlegg Mining District, historically renowned as a rich silver producing area. Located in the western Greywacke zone the structural style of the mineralisation is similar to that of Mississippi Valley type deposits.</li> </ul>

Criteria	Commentary
<b>Drill hole Information</b>	<ul style="list-style-type: none"> <li>• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> <li>○ easting and northing of the drill hole collar</li> <li>○ elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>○ dip and azimuth of the hole</li> <li>○ down hole length and interception depth</li> <li>○ hole length.</li> </ul> </li> <li>• If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</li> </ul> <ul style="list-style-type: none"> <li>• With the exception of a plot of Stb-1, highlighting the geochemical sampling, and a figure showing the correlation of the well intersection of mineralised zones (layers) in relation to displacements across the Schnedizeni Fault (section 6), drill results have not been reported in this Report.</li> <li>• Despite some drilling having been undertaken by both Argosy Minerals and Eurocan Mining since 1995, their results have been excluded from this Report because the primary supporting data including sampling techniques and core recovery, have not been sighted and verified, as required under the JORC Code (2012) by independent studies.</li> <li>• Notwithstanding, this does not diminish the exploration status of each of the Exploration Permits nor the nature of the mineralisation and its host(s) lithologies which are grounded in historical data. These historical data indicate styles and tenor of mineralisation(s) in each of the Exploration Permits which is far broader than that tested by the limited drilling to date, focused on Schellgaden. Moreover, with many of the Exploration Permits encompassing historical underground artisanal mining sites, there is scope to utilise access to these workings and derive far more extensive subsurface control, in the short term, than could be provided by exploration drilling programs.</li> <li>• Past drilling campaigns have tested only a minor range of the broad suite of concepts that historical data has demonstrated as showing that the Exploration Permits have “potential”. Accordingly, the exclusion of the drill data is justified as not material, and its absence does not detract from the conclusions reached in this Report.</li> </ul>
<b>Data aggregation methods</b>	<ul style="list-style-type: none"> <li>• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</li> <li>• Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</li> <li>• The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul> <ul style="list-style-type: none"> <li>• With respect to the historical data there are no records of the weighting averaging techniques, grade truncations and cut-off grades, if any, previously used.</li> <li>• In respect to the Argosy Minerals channel sampling “Lowest”, “Highest” and “Mean” values were provided for the elemental analysis.</li> <li>• In respect of the Argosy Minerals channel sampling, no aggregation methods were reported.</li> <li>• The Argosy channel sampling (Schellgaden and Goldeck) is described elsewhere in this Table. Typically, a length of channel was measured and logged lithologically to allow identification of known barren wallrock. The sample was essentially then crushed and split as per specification and processed as a single sample. After receiving this ‘diluted’ result, it was corrected by adjusting the grade over a prospective interval that had the barren portion removed (based on the lithological logging). This is particularly salient for Schellgaden where, for example only, a sample length of 2m, which might have 50cm above and below a zone of barren wall rock, may assay at 10g/t over 2m, would be corrected to be 20g/t over 1m by decreasing the overall length (removing wallrock in the calculation). The results reported historically, and presented in this release are ‘undiluted’ (i.e. with wallrock calculation made), for the channel samples taken at Schellgaden and Goldeck.</li> <li>• No metal equivalence figures have been reported for any Project data used in this Report.</li> </ul>
<b>Relationship between mineralisation widths and</b>	<ul style="list-style-type: none"> <li>• These relationships are particularly important in the reporting of Exploration Results.</li> <li>• If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> <li>• If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg ‘down hole</li> </ul> <ul style="list-style-type: none"> <li>• In this Report there are no citations of intersected mineralisation which relate to exploration results and intercept depths, widths or lengths.</li> <li>• The widths/thickness of any historical orebodies reportedly mined in artisanal sites in any of the Cobalt and Gold Exploration Permits are not known.</li> <li>• For the Argosy Minerals channel sampling program channels were broadly undertaken across a large number of</li> </ul>

Criteria		Commentary																																																	
<i>intercept lengths</i>	<i>length, true width not known’).</i>	sites from the top of a mineralised face in an old adit/working/stope, to its base. This corresponds to a perpendicular channel sample which is representative of the overall thickness of a mineralised body being sampled. The thickness of channel samples taken varied from tens of centimetres (quite thin), to 3 metres (quite thick). Nevertheless, how these thicknesses relate to true thicknesses of any one layer or layer, at any given point, cannot be reliably estimated at this time																																																	
<i>Diagrams</i>	<ul style="list-style-type: none"><li><i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i></li></ul>	<ul style="list-style-type: none"><li>The tenure locations of each of the nine Exploration Projects are contained within separate figures within this Report. Each figure includes the outline of individual freischürfe comprising each Project’s Exploration Permit.</li><li>No tabulated drill hole intersections are included and cross-sections showing projected locations of bore holes are for schematic purposes only and do not form part of any Resource or Ore Reserve estimations.</li></ul>																																																	
<i>Balanced reporting</i>	<ul style="list-style-type: none"><li><i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i></li></ul>	<ul style="list-style-type: none"><li>In regard to the historical data, some extending back hundreds of years, comprehensive reviews (eg Haditsch &amp; Mostler, 1970) highlight the often sketchy and incomplete nature of reporting, as well as sampling techniques. This, coupled with the intrinsic biased nature of "spot" sampling of dumps, outcrop or mine face exposed rock chips, lack of drill hole information, variability in both lateral and vertical extent and thickness of mineralised bodies, changes in mining styles and commodity focus over time, has been appropriately highlighted throughout the Report and qualified where additional information exists. For example, use of descriptors such as "high grade rock chips reported" and "average grade from production..." and reference to literature sources including Hoppe's 1922 report for the Austrian Geological Survey.</li><li>Modern exploration results have been reported and included in this Report where there is adequate documentation of their location, sampling, assaying and other recording techniques to allay concerns as to their fidelity.</li><li>In summary, and collectively the historical data which forms a large proportion of the data set used in preparing this Report, can be best described as reflecting each Exploration Permit as being broadly "prospective", but none attain the threshold required to delineate industry standard certified code compliant resources.</li><li>In regard to the more recent data available in the preparation of this Report none indicate any inconsistency with each Exploration Permit being considered broadly prospective. This includes the highest and lowest grades available from rockchip samples across 8 main project areas and 50+ old mines and workings.</li><li>The spot nature of rockchip samples, lack of documentation, lack of drillholes, variable thickness of key zones as observed, and lack of modern exploration generally has been appropriately reported in this Report.</li><li>No drilling samples or intersections of mineralisation have been included in this Report.</li><li>Results for sampling reported historically at what the company believes to be a material property, and focus of exploration at Leogang/Nockelberg is shown below. (reported in a UTM WGS84 location)</li></ul> <table><tr><th>Locality</th><th>Easting</th><th>Northing</th><th>Sample</th><th>Co (%)</th><th>Ni (%)</th><th>Cu (%)</th><th>Reference</th></tr><tr><td rowspan="5">Nockelburg</td><td rowspan="5">324875</td><td rowspan="5">5255750</td><td>1</td><td>3.9</td><td>1.55</td><td>2.19</td><td>Haditsch &amp; Mostler 1970</td></tr><tr><td>2</td><td>3.6</td><td></td><td>4.38</td><td>Haditsch &amp; Mostler 1970</td></tr><tr><td>3</td><td>19.5</td><td>2.35</td><td>3.59</td><td>Haditsch &amp; Mostler 1970</td></tr><tr><td>4</td><td>2.75</td><td>2.36</td><td>3.19</td><td>Haditsch &amp; Mostler 1970</td></tr><tr><td>5</td><td>4.65</td><td>3.14</td><td>12.7</td><td>Haditsch &amp; Mostler 1970</td></tr><tr><td rowspan="2">Leogang/Schwarzleo</td><td rowspan="2">324800</td><td rowspan="2">5254950</td><td>6</td><td>11.67</td><td>6.52</td><td>3.82</td><td>Haditsch &amp; Mostler 1970</td></tr><tr><td>7</td><td>15.76</td><td>8.12</td><td>4.91</td><td>Haditsch &amp; Mostler 1970</td></tr></table> <ul style="list-style-type: none"><li>The Argosy channel sampling results for the Schellgaden area, which are considered to be material for the purposes</li></ul>	Locality	Easting	Northing	Sample	Co (%)	Ni (%)	Cu (%)	Reference	Nockelburg	324875	5255750	1	3.9	1.55	2.19	Haditsch & Mostler 1970	2	3.6		4.38	Haditsch & Mostler 1970	3	19.5	2.35	3.59	Haditsch & Mostler 1970	4	2.75	2.36	3.19	Haditsch & Mostler 1970	5	4.65	3.14	12.7	Haditsch & Mostler 1970	Leogang/Schwarzleo	324800	5254950	6	11.67	6.52	3.82	Haditsch & Mostler 1970	7	15.76	8.12	4.91	Haditsch & Mostler 1970
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Criteria	Commentary
	of this Report.
<p><b>Other substantive exploration data</b></p> <ul style="list-style-type: none"> <li><i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i></li> </ul>	<ul style="list-style-type: none"> <li>This Report is based on all known available substantive exploration information pertinent to each of the Cobalt and Gold Projects.</li> <li>An historic NI43-101 report (completed by parties associated with one of the underlying vendors) does not meet current industry standards nor reporting code requirements and as such its results and conclusions, including a historic prefeasibility study and preliminary metallurgical testing, have not been incorporated into this Report. It is understood that the veracity of the assumptions used in preparing this historic report will be reviewed in the future, in light of proposed additional exploration, at which time, its results, if proven accurate, may be considered both reliable and material.</li> <li>Further work will focus on exploration of cobalt, nickel and copper mineralisation within and around the Leogang and Schellgaden mine areas. Given that the styles of mineralisation are amenable to a range of geophysical methods future work will be tailored to include airborne potential field, IP (induced polarisation), EM (electro magnetics) and resistivity. Coupled with the results of further surface, and new sub-surface, geological mapping and geochemical sampling as outlined in Section 7 of the Report the Company has allocated a total two year exploration budget of circa \$4.5 mil for these purposes which will specifically address risk reduction and drill location optimisation.</li> <li>The proposed exploration program and budget for the Leogang/Nockelberg and Schellgaden areas will include a review, verification and update of the former prefeasibility study contents undertaken by Eurocan Mining GmbH on the basis that this focusing exploration effort has the best opportunity for delivering short term mineral resources , in accordance with the JORC Code (2012).</li> </ul>
<p><b>Further work</b></p> <ul style="list-style-type: none"> <li><i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></li> <li><i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></li> </ul>	<ul style="list-style-type: none"> <li>The Company has prepared a 2-year program with the specific intention of advancing the understanding of any potential mineralisation to be substantial enough to potentially delineate a resource under the JORC (2012) code. As such a combined circa \$4.1m program across the material projects has been preliminarily designed to: <ul style="list-style-type: none"> <li>Survey main underground mines and adits via Laser, complete topographic surveys of the surface to enable final drill planning;</li> <li>Complete core/RC drilling at the Leogang/Nockelberg and Schellgaden areas to prove the existence of a resource that could be extended;</li> <li>Complete additional regional/local geochemical and geophysical surveys to assist in proving direction of extension of any mineralised body/unit;</li> <li>Complete an updated prefeasibility study, inclusive of metallurgical studies, and resource modelling where a mineralised body can be elevated to a Mineral Resource under the JOC (2012) requirements. The Company believes that by concentrating on the Leogang/Nockelberg and Schellgaden areas, this could be forthcoming quite quickly.</li> </ul> </li> <li>The Company will undertake metallurgical test work, environmental baseline studies and various engineering studies should the early stage drilling program result in the discovery of potentially economic mineralisation</li> <li>Further work will include the continuing assembly of, and translation of (where appropriate), of all pertinent historic information that can be found relating to the Projects.</li> </ul>

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**12. Solicitor's Report on Title**



# **ACQUISITION OF AUSTRIAN PROJECTS CORPORATION PTY LIMITED**

## **SOLICITOR'S REPORT ON TITLE**

Dated 25 January 2018

**STRICTLY PRIVATE AND CONFIDENTIAL**

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## INTRODUCTION

### I. BACKGROUND AND PURPOSE

Our firm has been engaged by Quest Minerals Limited (ACN 062 879 583), an Australian company listed on the Australian Securities Exchange (the "**Company**" or "**QNL**") to carry out a solicitor's report on title in relation to the proposed acquisition of 100% ownership of Austrian Projects Corporation Pty Limited (ACN 622 432 428) ("**APC**"). This solicitor's report (the "**Solicitor's Report**") covers the two subsidiaries of APC, APC Cobalt GmbH (company number FN 478523 k) ("**APC Cobalt**") and APC Gold GmbH (company number FN 478522 i) ("**APC Gold**"; APC, APC Cobalt and APC Gold operating together the "**Group**").

APC's 100% owned subsidiary, APC Cobalt, a limited liability company established according to Austrian law, holds 78 cobalt exploration licences located in Austria (the "**Cobalt Licences**"). Furthermore, APC's 100% owned subsidiary APC Gold, a limited liability company established according to Austrian law, has acquired 100% of the shares in Eurocan Mining Gesellschaft m.b.H ("**Eurocan**"), a limited liability company established according to Austrian law, which holds 300 gold exploration licences located in Austria (the "**Gold Licences**"; Cobalt Licences together with Gold Licences the "**Licences**"). To this effect, we have been requested to provide a legal title report with a focus on the following areas:

- the legal status of APC Cobalt, APC Gold, Eurocan and validity of the Licences;
- confirmation that the Licences are in good standing;
- confirmation that there is no pending, threatened or actual litigation against or involving APC Cobalt, APC Gold and Eurocan in the Austrian courts;
- a review of the material agreements affecting the Licences and APC's interests in the Licences;
- a review of the relevant laws of Austria affecting the Licences and any material agreements to which APC and its subsidiaries are a party; and
- any other issues that may be relevant or appropriate to confirm title and legal status.

In accordance with the instructions given in the requirements for solicitor's report on title by Romanie Hollingworth on 21 November 2017, the Solicitor's Report does not aim to summarize all legal and/or commercial risks which may emanate from the documents or information and/or to provide a description of the documents which were reviewed. The Solicitor's Report only covers the areas described above.

This Solicitor's Report is addressed to QNL and has been prepared for inclusion in a prospectus to be lodged by QNL with the Australian Securities and Investments Commission and announced on the Australian Securities Exchange (the "**Prospectus**") in the course of January 2018.

DLA Piper Weiss-Tessbach Rechtsanwälte GmbH ("**DLA Piper**") consents to the inclusion of this Solicitor's Report in the Prospectus to be lodged by QNL with the Australian Securities and Investments Commission and consents to any reference given in the Prospectus to fees paid by QNL to DLA Piper Weiss-Tessbach Rechtsanwälte GmbH for legal services rendered. DLA Piper Weiss-Tessbach Rechtsanwälte GmbH has not withdrawn their consent prior to the date of the Prospectus.

### II. ASSUMPTIONS

The authenticity and the accuracy of the information provided to us by the Company has not been verified. We have relied on the authenticity and the accuracy of the information provided by the Company for the purposes of preparing this Solicitor's Report. We further assumed the authenticity, completeness and due execution of the documents submitted to us. It has not been possible, for the

main part, to determine the full adequacy of the documents provided. We have no means to verify whether the information provided to us establishes a complete documentation of all material legal aspects concerning the questions raised with reference to APC, APC Cobalt, APC Gold and Eurocan.

In examining the documents discussed herein, we have assumed that all signatures on such documents are genuine, that copies of the documents are true and complete copies of the originals and that no other documents exist with respect to the matters which we have examined. We have not made any investigation into any matters other than those specifically described herein. For the purposes of this Solicitor's Report we have also assumed (without making any independent investigation) that:

- in respect of all parties to the documents:
  - each such party is and will be, validly incorporated, established and existing and in good standing under the laws of its respective and applicable jurisdictions of incorporation and/or effective place of management;
  - each such party has capacity, power, legal right and authority to enter into and perform its respective obligations under the documents;
  - the documents have been duly executed and delivered in compliance with all requisite corporate authorisations by each such party; and
  - to the extent foreign law (i.e. non-Austrian law) is applicable, the obligations of all such parties thereunder are legal, valid, binding and enforceable under any applicable laws;
- the parties entered into the Documents in good faith and bona fide commercial reasons and on arm's length commercial terms; and
- the absence of any other arrangements between the parties to the Documents which modify or supersede any of the terms thereof.

### **III. LIMITS OF THE SOLICITOR'S REPORT**

We are Austrian lawyers and do not purport to advise on any other system of law. We are not opining in the laws of any other jurisdiction.

This report has only been prepared in relation to the specific matters set out herein. We do not address any matters not set out in this report and expressly exclude all liability in relation to any matters not set out within this report. Specifically, we have not reviewed the Prospectus prepared by Quest Minerals Limited and we do not accept any liability for the Prospectus (other than in relation to the inclusion of this report). We also note that any commercial, financial and tax nature and business analysis and technical aspects have not been considered by DLA Piper. The liability of DLA Piper and its lawyers in relation to the contents of this Report and the given advice and the legal assistance that will be provided in execution of the preceding will be limited to EUR 10 Million.

#### **IV. EFFECTIVENESS OF THE REPORT**

This Solicitor's Report reflects our knowledge as of 25 January 2018, unless another date is indicated herein. Consequently, the Solicitor's Report does not relate to any matters or information which might be revealed or brought to our attention after this date. We do not assume any responsibility under the Solicitor's Report with respect to events occurring after the above date or to investigate further the matters set out herein, unless explicitly having accepted to do so.

Yours faithfully

**DLA Piper Weiss-Tessbach Rechtsanwälte GmbH**

## REPORT

### 1. LEGAL STATUS

#### 1.1 Corporate Matters

##### 1.1.1 APC Cobalt GmbH

###### 1.1.1.1 Establishment

APC Cobalt GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung – GmbH*) established according to Austrian law. It has been founded on 6 September 2017 and was registered with the commercial register of the Commercial Court Vienna on 28 September 2017. It is incorporated in the commercial register under company number FN 478523 k.

###### 1.1.1.2 Share Capital

An Austrian GmbH does not issue share certificates or other negotiable securities representing its share capital, but every shareholder gets one and only one quota the nominal value of which is variable and changes according to the participation in the capital of the company. Each quotaholder's holding in the company represents one quota in the relevant amount in the company's capital. Every quotaholder in an Austrian GmbH therefore owns always one quota in the company.

APC Cobalt has issued one quota with a nominal value of EUR 35,000.00. The sole quotaholder is Austrian Projects Corporation Pty Limited (ACN 662 432 428) with its office at c/o 11 Pellew Avenue, Auldana, South Australia 5072, Australia. The registered capital (*Stammkapital*) of APC Cobalt amounts to EUR 35,000.00 and is half paid up (see Annex 1.1.1.2).

According to the information provided and to our knowledge no shares are held in trust and no documents exist relating to any share buy backs, share consolidations, share cancellations or redemptions of shares.

According to the information provided and to our knowledge there are no agreements or arrangements creating or which may give rise to a right to require the issue of any shares.

##### 1.1.2 APC Gold GmbH

###### 1.1.2.1 Establishment

APC Gold GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung – GmbH*) established according to Austrian law. It has been founded on 6 September 2017 and was registered with the commercial register of the Commercial Court Vienna on 28 September 2017. It is incorporated in the commercial register under company number FN 478522 i.

###### 1.1.2.2 Share Capital

APC Gold has issued one quota with a nominal value of EUR 35,000.00 The sole quotaholder is Austrian Projects Corporation Pty Limited (ACN 662 432 428) with its office at c/o 11 Pellew Avenue, Auldana, South Australia 5072, Australia. The registered capital (*Stammkapital*) of APC Gold amounts to EUR 35,000.00 and is half paid up (Annex 1.1.2.2).

According to the information provided and to our knowledge no shares are held in trust and no documents exist relating to any share buy backs, share consolidations, share cancellations or redemptions of shares.

According to the information provided and to our knowledge there are no agreements or arrangements creating or which may give rise to a right to require the issue of any shares.

### 1.1.3 Eurocan

#### 1.1.3.1 Establishment

Eurocan Mining Gesellschaft m.b.H. is a limited liability company (*Gesellschaft mit beschränkter Haftung – GmbH*) established according to Austrian law. It has been founded on 23 August 2007 and was registered with the commercial register of the Commercial Court Vienna on 13 September 2007. It is incorporated in the commercial register under the company number FN 298168 h.

#### 1.1.3.2 Share Capital

Eurocan has issued one quota with a nominal value of EUR 35,000.00. The sole quotaholder is APC Gold GmbH registered under the company number FN 478522 i. The registered capital (*Stammkapital*) of the company amounts to EUR 35,000.00 and is fully paid up (see Annex 1.1.3.2). The previous sole quotaholder of Eurocan was Eurocan Mining Anstalt (company registration number FL-0002.236.704-9 incorporated in Liechtenstein) ("**Eurocan Mining Anstalt**"). With the share purchase and transfer agreement between Eurocan Mining Anstalt and APC Gold dated 11 December 2017 Eurocan's quota was sold and assigned to APC Gold (the "**Underlying Transaction**"). Both parties may withdraw from the Underlying Transaction in case the acquisition of APC by QNL has not been closed on or before 30 June 2018. Furthermore, in course of the Underlying Transaction QNL has been appointed and instructed by Eurocan Mining Anstalt and APC Gold to act as escrow agent for the purpose of the deposit in the amount of USD 50,000.00 in escrow.

According to the information provided and to our knowledge no share are held in trust and no documents exist relating to any share buy backs, share consolidations, share cancellations or redemptions of shares.

According to the information provided and to our knowledge there are no agreements or arrangements creating or which may give rise to a right to require the issue of any shares.

## 1.2 Third Party Rights

There are no agreements or other arrangements creating or which may give rise to any encumbrance, option, right of pre-emption, right of first or last refusal or other third party right over any of the shares of APC Gold, APC Cobalt or Eurocan.

## 1.3 Licences

### 1.3.1 Exploration Licences Austrian Cobalt Projects

APC Cobalt currently owns 78 exploration licences (*Schurfberechtigungen*) ("**Cobalt Licences**") according to the Austrian Mineral Raw Materials Act (*Mineralrohstoffgesetz*, "**MinRoG**"). For further information relating to the exploration licences according to the MinRoG, please see section 3. of the Solicitor's report.

The exploration of *bergfreie* mineral raw materials requires an exploration licence (*Schurfberechtigung*). Exploration licences are granted by a decision of the mining authority for a term of 5 years.

The 78 Cobalt Licences had initially been granted to Mr. Eraldo Zappacosta by decree of the mining authority dated 22 March 2017 (BMWFI-66.050/0026-III/9/2017) (Annex 1.3.1):

- i. in the Gratlspitz exploration concession: 1/17/T (01/17/T) to 37/17/T (37/17/T) (i.e. 37 exploration licences).
- ii. in the Schwarzleo exploration concession: 8/17/S (38/17/S) to 37/17/S (67/17/S) (i.e. 30 exploration licences).
- iii. in the Seekar exploration concession: 38/17/S (68/17/S) to 46/17/S (76/17/S) (i.e. 9 exploration licences).
- iv. in the Zinkwand exploration concession: 47/17/S (77/17/S) to 48/17/S (78/17/S) (i.e. 2 exploration licences).

All 78 Cobalt Licences are in first rank.

Eraldo Zappacosta held legal title to the Cobalt Licences. Furthermore, Eraldo Zappacosta had entered into a mandate and trust agreement as trustee with Gravner Limited (company registration number IC/112/07 incorporated in the United Arab Emirates) ("**Gravner**") as trustor on 5 January 2017. Eraldo Zappacosta had been *inter alia* instructed to apply for and hold the Cobalt Licences as well as to perform actions regarding the Cobalt Licences on instruction of Gravner.

With the Sale and Purchase Agreement ("**SPA**") between Gravner and APC Cobalt dated 5 December 2017, APC Cobalt acquired the 78 Cobalt Licences. In the course of the SPA Eraldo Zappacosta transferred the legal title to the Cobalt Licences to APC Cobalt. However, both parties may withdraw from the SPA in case the acquisition of APC by QNL has not been closed on or before 1 March 2018.

The mining authority has been notified about the transfer of the 78 Cobalt Licences on 12 December 2017, but yet has not confirmed the transfer of the legal title to the exploration licences as of 25 January 2018. Therefore, we are not able to confirm whether Eraldo Zappacosta is still officially registered as the holder of the exploration licences with the mining authority.

#### *1.3.1.1 Competing Exploration Licences to the Exploration Licences of the Austrian Cobalt Projects*

As of 25 January 2018 we are not able to confirm whether there is a third party holding congruent or partly congruent exploration licences to the Cobalt Licences in lower rank.

However, exploration licences in second or lower rank do not represent threat or risk to the exploration licences in first rank. In case the exploration licences in first rank expire and are not prolonged the exploration licences second rank rise up in first rank. The holder of exploration licences in second or third rank are not entitled to exercise any rights attached to exploration licences which are located in the same area covered by exploration licences in first rank.

#### *1.3.1.2 Nature Protection Restrictions to the Exploration Licences Austrian Cobalt Projects*

Reviewing the location of the areas covered by the exploration licences (the "**Exploration Area**") led to the result that some of the Exploration Areas are located in protected areas such as water protection zones or nature reserves. As a result, rights obtained through the exploration licences may not be exercised at all or not without any restriction. If exploration works are intended to be undertaken in protected areas, the exploration works have to be approved by the competent nature conservation authority (*Naturschutzbehörde*) by way of issuing a formal written decree. For further information relating to the protected areas, please see sections 3.3, 3.5 and 3.6 of the Solicitor's report.

The exploration concession "Gratlspitz" comprises in total 37 exploration licences with the numbers 1/17/T (01/17/T) to 37/17/T (37/17/T). The Exploration Areas regarding these exploration licences are

not located in any protected areas and therefore are not subject to limitation with respect to nature protection.

The exploration concession "Schwarzleo" comprises in total 30 exploration licences with the numbers 8/17/S (38/17/S) to 37/17/S (67/17/S). The Exploration Areas regarding these exploration licences are not located in any protected areas and therefore are not subject to limitation with respect to nature protection.

The exploration concession "Seekar" comprises in total 9 exploration licences with the numbers 38/17/S (68/17/S) to 46/17/S (76/17/S). The Exploration Areas regarding these exploration licences are partly located in protected areas. To a certain extent the official maps show that these Exploration Areas are located in or adjoin the area of protected landscape (*Landschaftsschutzgebiet*) "Obertauern" (National Legal Gazette LGBI. Nr. 1/1981, as amended by Nr. 83/2003). However, as of 25 January 2018 it is not visible which exact Exploration Areas of the exploration licences are located in the area of protected landscape "Obertauern", since the official maps have not been updated with the latest registration of exploration licences.

The exploration concession "Zinkwand" comprises in total 2 exploration licences with the numbers 47/17/S (77/17/S) to 48/17/S (78/17/S). The Exploration Areas regarding these exploration licences are partly located in protected areas. Namely the entire Exploration Area is located in the area of protected landscape (*Landsschaftsschutzgebiet*) "Obertauern" (National Legal Gazette LGBI. Nr. 1/1981, as amended by Nr. 83/2003).

In the area of protected landscape "Obertauern", amongst others, operations substantially damaging soil, exploration of minerals or storage of materials are subject to prior approval by the competent nature conservation authority by way of issuing a formal written decree.

### 1.3.2 Exploration Licences Austrian Gold Projects

APC Gold currently owns the sole quota of Eurocan, representing a 100% subsidiary of APC Gold. Eurocan is the owner of 300 gold exploration licences (*Schurfberechtigungen*) ("**Gold Licences**") according to the Austrian Mineral Raw Materials Act (Mineralrohstoffgesetz, "MinRoG"). For further information relating to the exploration licences according to the MinRoG, please see section 3. of the Solicitor's report.

The exploration of bergfreie mineral raw materials requires an exploration licence (*Schurfberechtigung*). Exploration licences are granted by a decision of the mining authority for a term of 5 years.

Eurocan Mining GmbH is the holder of the following 300 Gold Licences:

- i. in the Schellgaden North exploration concession: 02/05/S to 37/05/S (i.e. 36 exploration licences).
- ii. in the Schellgaden South exploration concession: 15/05/K to 78/05/K and 1/10/K (79/05/K) to 57/10/K (135/05/K) (i.e. 121 exploration licences).
- iii. in the Kreuzeck West exploration concession: 58/10/K (136/05/K) to 101/10/K (179/05/K) (i.e. 44 exploration licenses).
- iv. in the Kreuzeck East exploration concession: 102/10/K (180/05/K) to 143/10/K (221/05/K) (i.e. 42 exploration licenses).

- v. in the Goldeck - Siflitz exploration concession: 144/10/K (222/05/K) to 200/10/K (278/05/K) (i.e. 57 exploration licenses).

All 300 Gold Licences are in first rank. Eurocan acquired part of the Gold Licences through a sale and purchase agreement with a third company, as follows.

In 2005, 100 of these exploration licences had been granted to Argosy Mining Gesellschaft m.b.H (which was liquidated with effect of 18 June 2009; former company number FN 133770 x) by decree of the mining authority dated 14 June 2005 (BMW A-67.050/0040-IV/10/2005). In the course of a transaction between Argosy Mining Gesellschaft m.b.H and Eurocan the entire 100 exploration licences with the numbers 02/05/S to 37/05/S and 15/05/K to 78/05/K have been transferred to Eurocan. We have not been provided with any documents concerning this transaction. Therefore, we are not able to review the legal transfer of the title to the exploration licences. The mining authority confirmed the transfer of the 100 exploration licences to Eurocan as per letter dated 9 January 2008 (BMFWF-67.050/0200-IV/10/2007). Furthermore, we have not been provided with the document regarding the confirmation of the mining authority. We obtained the information through a decree concerning the prolongation of these exploration licences, which was submitted to us. However, the confirmation of the mining authority does not represent any proof of the transfer of the legal title to the exploration licences. Thus, we are not able to confirm whether the title to the exploration licences has correctly been transferred to Eurocan according to Austrian law. Nevertheless, according to statements of the mining authority the confirmation of the transfer by the mining authority sufficiently proves the position of the holder of the exploration licences vis-à-vis the mining authority, in particular if the transferee has applied for and has been granted the prolongation of the exploration licences. As for the assessment of the priority of exploration licences the interpretation of the mining authority is relevant, Eurocan may be considered to have clean title to the transferred exploration licences.

The first prolongation of these licences had been granted by decree of the mining authority dated 25 March 2010 (BMWFJ-66.050/0016-IV/9/2010). We have not been provided with any documents regarding this prolongation, but obtained this information through a decree concerning the prolongation of these exploration licences issued at a later time, which was submitted to us.

The remaining 200 exploration licences with the numbers 01/10/K (79/05/K) to 200/10/K (278/05/K) have been directly granted to Eurocan by decree of the mining authority dated 23 March 2010 (BMWFJ-66050/0015-IV/9/2010). We have not been provided with any documents regarding the granting of the exploration licences of the mining authority, but obtained this information through a decree concerning the prolongation of these exploration licences, which was submitted to us. Regarding the 200 exploration licences Eurocan is considered to have clean title to these exploration licences.

Eurocan applied for the approval of a work program (*Arbeitsprogramm*) regarding underground exploration works (*untertägige Schurfarbeiten*) on 23 October 2014. The work program has been approved by the mining authority on 19 November 2014 (BMFWF-66.150/0165-III/09/2014). The exploration works described in the work program took place on 4 December 2014 and at the end of the same year an exploration report on the performed works (*Schurfbericht*) was submitted to the mining authority.

This exploration report on the performed works was used to apply for and having been granted the prolongation of the exploration licences. Eurocan applied for an extension of all 300 exploration licences on 29 December 2014, therefore, the mining authority has granted prolongation until 31 December 2019 by decree dated 26 February 2015 (BMFWF-66.050/0-III/09/2014) (see Annex 1.3.2).

We have not been provided with any documents of the application for the approval as well as the approval of the work program by the mining authority. Our knowledge about the work program is based on the documents of the prolongation application provided to us.

To our knowledge and the information provided, there are no further applications for approval of other work programs pending.

#### *1.3.2.1 Competing Exploration Licences to the Exploration Licences of the Austrian Gold Projects*

In relation to Schellgaden North exploration concession, concerning in total 36 exploration licences with the numbers 02/05/S to 37/05/, Noricum Gold AT GmbH is holder of congruent exploration licences with the numbers 17/13/S (Sch 1) to 52/13/S (Sch 36) in second rank.

In relation to Schellgaden South exploration concession, concerning in total 121 exploration licences with the numbers 15/05/K to 78/05/K and 1/10/K (79/05/K) to 57/10/K (135/05/K), Noricum Gold AT GmbH and Exploration Limited are holder of exploration licences in second rank partly congruent with the exploration licenses of Eurocan.

According to the statements of the mining authority the exploration licences of Noricum Gold AT GmbH are located in the areas covered by Eurocan's exploration licenses with the number of 15/05/K to 78/05/K. The statements of the mining authority do not specifically state in which areas covered by Eurocan's exploration licences the exploration licences of Exploration Limited are located.

However, exploration licences in second or lower rank do not represent threat or risk to the exploration licences in first rank. In case the exploration licences in first rank expire and are not prolonged the exploration licences second rank rise up in first rank. The holder of exploration licenses in second or third rank are not entitled to exercise any rights attached to exploration licenses which are located in the same area covered by exploration licences in first rank.

#### *1.3.2.2 Nature Protection Restrictions to the Exploration Licences Austrian Gold Projects*

Reviewing the location of the areas covered by the exploration licences (the "**Exploration Area**") led to the result that some of the Exploration Areas are located in protected areas such as water protection zones or nature reserves. As a result, rights obtained through the exploration licences may not be exercised at all or not without any restriction. If exploration works are intended to be undertaken in protected areas, the exploration works have to be approved by the competent nature conservation authority (*Naturschutzbehörde*) by way of issuing a formal written decree. For further information relating to the protected areas, please see sections 3.3, 3.5 and 3.6 of the Solicitor's report.

The exploration concession "Schellgaden North" comprises in total 36 exploration licences with the numbers 02/05/S to 37/05/S. The Exploration Areas regarding these exploration licences are not located in any protected areas and therefore are not subject to limitation with respect to nature protection.

The exploration concession "Schellgaden South" comprises in total 121 exploration licences with the numbers 15/05/K to 78/05/K and 1/10/K (79/05/K) to 57/10/K (135/05/K). The Exploration Areas regarding these exploration licences are partly located in protected areas. Namely the Exploration Areas of:

- 29 exploration licences are located in the area of protected landscape (*Landschaftsschutzgebiet*) "Äußeres Pöllatal" (Carinthian National Legal Gazette (*Landesgesetzblatt*) LGBI. Nr. 83/1973, as amended by Nr. 1/2003), see Annex 1.3.2.2/1 (no. 1 to 29);

- 4 exploration licences are located in the European nature reserve (*Europaschutzgebiet-Natura 2000*) "Inneres Pölltal" (Carinthian National Legal Gazette LGBI. Nr.57/2009), see Annex 1.3.2.2/1 (no. 30 to 33); and
- 5 exploration licences are located in the water protection zone (*Wasserschutzgebiet*) "Königsquell" (Carinthian National Legal Gazette LGBI. Nr. 109/1970, as amended by Nr. 27/1971), see Annex 1.3.2.2/1 (no. 34 to 38).

In the area of protected landscape "Äußeres Pölltal" actions regarding the exploration of minerals are subject to prior approval by the competent nature conservation authority by way of issuing a formal written decree.

In the European nature reserve "Inneres Pölltal" the following actions are prohibited: (i) damaging any plants; (ii) construction of buildings of any kind; (iii) affecting soil by actions such as mining, blasting, excavation and similar.

In the water protection zone "Königsquell", amongst others, actions such as excavation, mining or blasting are subject to prior permit of the competent authority.

The exploration concession "Kreuzeck West" comprises in total 44 exploration licences with the numbers 58/10/K (136/05/K) to 101/10/K (179/05/K). The Exploration Areas regarding these exploration licences are partly located in protected areas. Namely the Exploration Areas of:

- 5 exploration licences are located in a water protection zone (*Wasserschutzgebiet*) (issued by administrative decree), see Annex 1.3.2.2/2 (no. 1 to 5); and
- 3 are located in a protected natural monument "Zwickenberger Saubachgraben und Zwickenberger Wasserfall" (nature reserve number Sp 32), see Annex 1.3.2.2/2 (no. 6 to 8).

Since the procedure of declaration of these protected areas were implemented by issuing an administrative decree, the exact restrictions are not publicly available.

The exploration concession "Kreuzeck East" comprises in total 42 exploration licences with the numbers 102/10/K (180/05/K) to 143/10/K (221/05/K). The Exploration Areas regarding these exploration licences are partly located in a protected area. Namely the Exploration Areas of:

- 2 exploration licences are located in a water protection zone (issued by administrative decree), see Annex 1.3.2.2/3 (no. 1 to 2).

Since the procedure of declaration of these protected areas were implemented by issuing an administrative decree, the exact restrictions are not publicly available.

The exploration concession "Goldeck-Siflitz" comprises in total 57 exploration licences. The Exploration Area regarding exploration licences with the numbers 144/10/K (22/05/K) to 200/10/K (278/05/K) are not located in any protected areas and therefore are not subject to limitation with respect to nature protection.

## 2. LITIGATIONS AND COMPLIANCE

To our knowledge and the information provided APC Cobalt, APC Gold and Eurocan are compliant with any relevant licence, permit, authorisation, law or regulation in Austria. Furthermore, we can confirm that there is no pending, threatened or actual litigation against or involving APC Cobalt, APC Gold and Eurocan in the Austrian courts.

### 3. REVIEW OF MATERIAL AGREEMENTS

To our knowledge and the information provided there are no material agreements affecting the Licences and QNL's interest in the Licenses.

#### 3.1 Austrian Mineral Raw Materials Act

##### 3.1.1 Legal Basis

The legal basis for mining in Austria is the Austrian Mineral Raw Materials Act (*Mineralrohstoffgesetz*, “**MinroG**”) of 1999 (BGBl. I Nr. 38/1999 as amended by BGBl. I Nr. 184/1999, BGBl. I Nr. 197/1999, BGBl. I Nr. 98/2001, BGBl. I Nr. 21/2002, BGBl. I Nr. 83/2003, BGBl. I Nr. 112/2003, BGBl. I Nr. 85/2005, BGBl. I Nr. 84/2006, BGBl. I Nr. 115/2009, BGBl. I Nr. 65/2010, BGBl. I Nr. 111/2010, BGBl. I Nr. 144/2011, BGBl. I Nr. 129/2013, BGBl. I Nr. 40/2014, BGBl. Nr. 80/2015, BGBl. I Nr. 95/2016).

This law regulates the prospecting, exploring and mining of all mineral raw materials and contains detailed regulations concerning prospecting, exploration licences, mining licences, operating plans, mining installations, supervision etc. In addition to the MinroG, other laws, acts and regulations, both federal and provincial laws and regulation, also govern, affect and restrict the actual exercise of mining activities, e.g. environmental laws, laws on workers protection, forestry, water protection, nature protection, etc.

The mineral ores are categorised in three groups: *bergfreie* (i.e. free for exploitation by persons who are not necessarily owner of the land on which it is found) mineral resources (Sec 3 MinroG, e.g. iron, lead, zinc, gold, copper, silver, tungsten, gypsum, anhydrite, graphite, talcum, kaolin, limestone, magnesite, dolerite, oil shale, etc.); *bundeseigene* or state-owned mineral resources (Sec 4 MinroG, rock salt, hydrocarbon, uranium, thorium) and *grundeigene* or mineral resources owned by the land owner (all mineral raw materials not listed in Sec 3 and 4 MinroG, e.g. quartz, brick clays, dolomite, marl, feldspar, basaltic rock, etc.).

The search for *bergfreie* and *grundeigene* mineral raw materials has to be notified to the mining authority. At the end of each calendar year a report on the search and its results has to be submitted to the mining authority (Sec 6, 7 MinroG). According to Sec 147 MinroG the right to access and use the surface of the land on which prospecting works are to be carried-out have to be obtained from the respective property owners. Such access and usage agreements do not concern either rights in rem or registered rights, these are merely agreements under civil law in a two-party relationship.

##### 3.1.2 Exploration Licences

The exploration of *bergfreie* mineral raw materials requires an exploration licence (*Schurfberechtigung*). Exploration licences are granted by a decision of the mining authority for a term of 5 years.

An exploration licence gives the holder the exclusive right to explore natural resources of *bergfreie* mineral raw materials for the purpose of determining the mineability within a space forming a circle with a radius of 425m (Sec 9 para 1 MinroG). For the avoidance of doubt, the term "exploration licence" means (and is used hereinafter exclusively within this meaning) a licence for the search for *bergfreie* mineral ore deposits up to discovery including delineation of the deposits by means of drilling and sampling. An exploration licence also gives the holder the right to exclude the granting of a mining licence to others within a rectangle of 48.000 sqm, the central point of which is identical with the central point of the exploration licence circle (*Vorbehaltsfeld*, i.e. reservation field). The right to a reservation field (one per exploration licence) has to be claimed vis-à-vis the mining authority at

the latest on the occasion of the in situ hearing for the granting of a mining licence to another party (Sec 9 para 2 MinroG).

According to Sec 21 MinroG the holder of an exploration licence acquires ownership to the *bergfreie* mineral raw materials excavated during exploration (with the exception of magnesite, limestone, basaltic minerals, quartz sand and clay). However, this does not include the right to conduct mining operations.

An exploration licence does not entitle the holder to mining, exploiting, extracting or processing activities. For these activities a mining licence has to be obtained (*Bergwerksberechtigung*). The granting of a mining licence is a separate legal proceeding which is legally independent from an exploration licence.

A precondition for undertaking exploration works is the submission of a work program (*Arbeitsprogramm*) to the mining authority. The exploration works to be undertaken have to be described in detail and a responsible person who supervises the works with a permanent residence close to or on the site who must be in permanent contact with the authorities has to be nominated. The work program has to be approved by the mining authority by way of issuing a formal written decision. At the end of every calendar year an exploration report on the performed works must be submitted to the mining authority.

### **3.1.3 Mining Licences**

Mining licences (Sec 22 MinroG) entitle to exclusively exploit and mine *bergfreie* mineral raw materials in a certain area. Mining licences entitle the holder of such licence to exclusively acquire title to the ore which is mined. Additionally, the holder of a mining licence is entitled to acquire title to *grundeigene* mineral raw materials if they result from the mining activities for *bergfreie* mineral raw materials and a separate mining of the *grundeigene* mineral raw materials is not economically justified. This applies only to deposits of *grundeigene* mineral raw materials which accrue in such quantity that mining would be workable (Sec 102 MinroG). If the *grundeigene* mineral raw materials accrue in an area for which the mining licence was not granted, acquiring title to such mineral raw materials is subject to special conditions.

### **3.1.4 Specific Rights of the Holder of a Mining Licence**

Sec 106 MinroG grants the holder of a mining licence (*"Bergbauberechtigter"*) the right to appropriate and use the waters which accrue under the surface of the ground (*"Grubenwässer"*). This applies also to water streams which come to the surface before they get confused with surface water. Surface water is subject to the Water Right Act (*Wasserrechtsgesetz*). The waters underground may be used for any purpose, also other purposes than mining. It is admissible to use the geothermal energy for e.g. heating. The water may also be used for cooling devices used in mining. Once the waters appear on the surface the holder of the mining licences may use these water streams only if they are required for mining. Furthermore there are rules for compensation if the water streams coming out of the mine flow over the ground of third parties.

### **3.1.5 Specific Obligations**

Sec 109 MinroG obliges the holder of a mining licence to take all measures to assure the safety of people and of goods, of the environment, of the deposit and of the surface as well as assuring the use of the surface after termination of the mining activities. This applies also to an interruption of the mining activities. The holder of the mining licences (*Bergbauberechtigter*) has to submit an emergency plan covering accidents, dangerous occurrences and natural disasters respectively foreseeable disasters of the plant. The level of such emergency plan and of all measures to protect people, equipment and environment has to be state-of-the-art (*Einhaltung des besten Standes der*

*Technik*). The holder of the mining licences must not transfer this obligation to any other person. This is an obligation which remains under all circumstances with the holder of the mining licences.

### **3.1.6 Use of Land Owned by Other Persons**

Sec 147 MinroG establishes that the holder of a mining licence has to seek approval of the land owner for the use of the surface of such land. This refers also to parts of the land which are close to the surface. The law provides for an obligation of the holder of the mining licences to seek consent with the owner of the land. In case no agreement can be reached, the interest of the holder of the mining licences shall prevail (Sec 147 MinroG).

The law distinguishes between land owners granting the use of the land, but not agreeing on the compensation for such use, and land owners not granting the use of the land. In case the land owner consents to the use of the land, but no agreement can be found on the amount of compensation, both parties may request the mining authority to decide on the compensation amount (Sec 148 para 1 MinroG). The same applies if a third party disposes of rights in rem on the ground which is requested for mining purposes: If such third party consents (i.e. waives its rights in rem), but both parties cannot agree on the amount of compensation, both parties may request the mining authority to decide on the compensation amount (Sec 148 para 2 MinroG).

If the land owner does not consent to the use of the land, the holder of the mining licence may apply to the mining authority to grant a compulsory right of use. This applies also in case of rights in rem to the benefit of third parties obstruct the use, if such third parties do not consent to waive their rights against adequate compensation. In case a right of use of the land on which there are buildings or gardens is not sufficient to achieve the goal, the holder of the mining licence may apply for a transfer of ownership to the land. The holder of the mining licences may also apply for transfer of ownership in the land if the measures when terminating the mining activities will increase the value of the land and the land owner is not willing to undertake to compensate the holder of the mining licence for the increase in value (Sec 149 para 1 MinroG).

"Necessary for mining" are plots of land owned by third parties if the use of such plots of land is necessary for the technical, economic and secure implementation of the activities covered by Sec 2 para 1 MinroG and the purpose cannot be achieved by using own plots of land or other plots of land owned by third parties which are less valuable than the ones requested. The opening of such procedure is registered in the land register with the consequence that the decision of the mining authority will be valid also against any person who has acquired a later right in such plot of land (Sec 149 para 3 MinroG).

The decision is taken by the mining authority in a formal procedure in which all other authorities on which the decision has an impact are entitled to participate. Upon application of the land owner, the holder of the mining licences has to purchase the plots of land if the duration of the use will be longer than three years (Sec 149 para 5 MinroG).

### **3.1.7 Use of Privately Owned Surface Waters**

The owner of the land has to grant the holder of the mining licences the rights the use the privately owned surface waters against adequate compensation in case such use is necessary for the mining activities and the public interest in their use for mining purposes is prevailing. Such decision is taken by the Mining Authority upon application of the holder of the mining licences (Sec 152 MinroG).

## **3.2 Forestry Law**

The Austrian Forestry Law (*Forstgesetz*) may have an impact on the Licences. The objectives of the Austrian Forestry Law are particularly the conservation of forest and forest soil and a sustainable

forest management. The Austrian Forestry Law contains a legal definition of a "forest" (sec. 1a Austrian Forestry Law). A forest within the meaning of the Austrian Forestry Law is e.g. an area, timbered with woody plant (*Holzgewächs*), provided that the tillering or forest cover (*Bestockung*) has a surface of 1,000 sqm and an average wide of 10 m.

The Austrian Forestry Law contains inter alia provisions regarding the conservation of the forest, forest protection (*Forstschutz*), use of forest, protection against torrents and avalanches and forestry research. Most of the provisions of the Austrian Forestry Law apply to the owner of the respective real property (e.g. reforestation, omission to fell trees). Furthermore, the Austrian Forest Law contains prohibition of forest destruction (*Waldverwüstung*) which applies to everybody (sec 16 Austrian Forest Act).

Furthermore, the Austrian Forestry Law provides that only plant protection products which are registered in the plant protection product register according to the plant protection product act may be used (sec 46 of the Austrian Forest Act).

### **3.3 Water Rights Act**

As mentioned above (under section 3.1.4), surface water is subject to the Austrian Water Right Act (*Wasserrechtsgesetz*). The Water Rights Act contains inter alia provisions regarding the use of waters, the sustainable management (particularly protection and pollution control (*Reinhaltung*) of waters), general obligations, water cooperatives (*Wassergenossenschaften*) and water associations (*Wasserverbände*).

The common use (e.g. swimming, drinking) (*gewöhnliche Benutzung*) of public waters is generally permitted (i.e. without a specific permit) (so-called "common use", sec 5 and 8 Water Rights Act). If the use of public waters exceeds the "common use" of public waters, a permit of the authority is needed.

Generally, the owner of a real property is entitled to use its private surface water (*private Tagwässer*) (sec 9 Water Rights Act). But, he has to tolerate the use of private rivers, brooks (*Bäche*) or lakes relating to drinking and ladling with a pot (*Schöpfen mit einem Handgefäß*), provided that this use is carried out without infringing any rights and interests and it is allowed to access these waters. Thus, relating to this kind of use neither a consent of the owner nor a permit of the authority is necessary. But, a permit of the authority is needed if the use inter alia may have an impact on third-party rights or may have an impact on the water level (sec 8 and 9 Water Rights Act).

But, according to sec 106 MinroG, the provisions of the Water Rights Act regarding permits do not apply to the use of waters which accrue under the surface of the ground (*Grubenwässer*). Thus, a permit under the Water Rights Act (*wasserrechtliche Bewilligung*) is not required for the use of waters which accrue under the surface of the ground.

Furthermore, an important objective of the Water Rights Act is the protection and the pollution control (*Reinhaltung*) of water (sec 30 Water Rights Act). Relating to this objective, the Water Rights Act provides for a general obligation of pollution control. Everybody whose plants (*Anlagen*), actions or omissions may have an impact on waters, has to avoid a pollution of the waters (sec 31 Water Rights Act). Furthermore, there are clean up obligations.

The competent authority is entitled to declare areas of water supply facilities and around water supply facilities water protection zones as a safeguard against pollution of the drinking water (sec 34 Water Rights Act). Depending on the water supply facility the competent authority may either be the federal or the local public authority. Operations in water protection zones may be entirely prohibited or solely under conditions obliged by the authority. In the course of a public procedures for granting a right

under the MinroG the mining authority has to apply the provisions of the Water Rights Act (sec 134b Water Rights Act).

### 3.4 Employment Law

The Employment Law, particularly the Austrian Employee Protection Act (*ArbeitnehmerInnenschutzgesetz*) and the respective regulation regarding workplaces (*Arbeitsstättenverordnung*) has to be taken in to account relating to mining activities. The Austrian Employee Protection Act and the respective regulation contain various duties of the employer. For example, workplaces have to be established according to the mentioned law, the safety and the health of the employees must not be endangered, there has to be adequate illumination, etc.

### 3.5 Nature Protection Law Carinthia

The Carinthian Nature Protection Law (*Kärntner Naturschutzgesetz*) may also have an impact on the Licences. The objective of this law is to protect the nature in order that particularly the diversity of the nature and the biodiversity of animals and plant are secured (sec 1 Carinthian Nature Protection Law).

Everybody is obliged to protect the environment (sec 2 Carinthian Nature Protection Law). The province of Carinthia and the municipalities may conclude agreements with the owners of real property or other persons who have the right to use the real property regarding the maintenance (*Pflege*) of the nature or may conclude agreements with these persons regarding a waiver of their right to the previous use of the real property (sec 2a Carinthian Nature Protection Law).

Furthermore, certain actions in a so-called open landscape (*freie Landschaft*) require a permit (sec 5 of the Carinthian Nature Protection Law). Such actions are, inter alia, storage areas or storage areas for materials (*Anlage von Ablagerungsplätzen, Materiallagerplätzen*), excavation (*Abgrabungen*) and mounds (*Aufschüttungen*) regarding an area of more than 2,000 sqm, provided that this causes changes of the ground (*Gelände*). According to the Carinthian Nature Protection Law, an open landscape is an area outside of a so-called urban area (*geschlossene Siedlung*) and their corresponding gardens.

Moreover, according to the Carinthian Nature Protection Law, there are regulations regarding the protection of plant species and regarding protected mushrooms (*Pflanzenartenschutzverordnung, Pilzverordnung*). Such plant species or mushrooms mentioned in the regulations, may not, inter alia, be removed or damaged.

In addition, the Carinthian Nature Protection Law provides for different categories for the Carinthian public authority to declare certain natural areas as protected areas. Based on European legislation, the public authority may declare an area as European nature reserve (*Europaschutzgebiet-Natura 2000*), which are subject to high level of prohibitions and restrictions. For each area declared as European nature reserve the authorities define certain requirements for operations and action in that area or may also prohibit certain actions and operations (sec 24a Carinthian Nature Protection Law). Another category is the declaration of a nature reserve or areas of protected landscape (*Natur- und Landschaftsschutzgebiete*). The authorities shall define the operations which are solely permitted with authorisation by the authorities. This authorisation may only be granted provided that the operations may not affect the protected area and hinder the aims and reasons of protection (sec 23 and 25 Carinthian Nature Protection Law).

Another category for the protection of certain natural areas is the declaration of the local public authority of an area as natural monument (sec 28 Carinthian Nature Protection Law). These areas shall be declared as natural monument, among other reasons, due to their unique natural formations or scientific or cultural significance. Operations in an area declared as natural monument affecting the unique natural character are strictly forbidden (sec 29 Carinthian Nature Protection Law).

### **3.6 Nature Protection Law Salzburg**

The Salzburg Nature Protection Law (*Salzburger Naturschutzgesetz*) may also have an impact on the Licences. Unless indicated otherwise the provisions of the Salzburg Nature Protection Law contain in essence the same regulatory provisions as the Carinthian Nature Protection Law, but solely for the region of the province of Salzburg.

The Salzburg Nature Protection Law also provides for the obligation to obtain a permit for certain actions and operations (sec 25 of the Salzburg Nature Protection Law). Such actions are, inter alia, storage areas or storage areas for materials (*Anlage von Ablagerungsplätzen, Materiallagerplätzen*), excavation (*Abgrabungen*) and mounds (*Aufschüttungen*) regarding an area of more than 1,000 sqm, provided that this causes changes of the ground (*Gelände*).

Further the Salzburg Nature Protection Law contains a provisions concerning the declaration of (i) European nature reserve (*Europaschutzgebiet-Natura 2000*) (sec 22a of the Salzburg Nature Protection Law), (ii) nature reserve or areas of protected landscape (*Natur- und Landschaftsschutzgebiete*) (sec 18 and 19 of the Salzburg Nature Protection Law) and (iii) natural monument (sec 6 of the Salzburg Nature Protection Law).

### **3.7 Rights of Neighbours**

The Austrian General Civil Code contains some provisions regarding neighbour rights. The major issue of neighbour rights are so-called emissions (*Immissionen*) such as sewage, smoke, heat, noise, etc. If such emissions exceed the customary level and have a material impact on the use of the real property and are caused by a mine or another approved plant, the affected owner may claim for damages, but may not prohibit the mine or plant (sec 364 a Austrian Civil Code). This liability is regardless of negligence or fault.

Furthermore, a direct supply (*unmittelbare Zuleitung*) of emissions is not allowed (unless there is a particular legal title) (sec 364 Austrian Civil Code). In this case, the affected neighbour may file for injunctive relief (*einstweilige Verfügung*).

Irrespective of the mentioned neighbour rights, there is a possibility to claim for damages according to the Austrian General Civil Code. Someone may claim for compensation if he suffers damage as a result of the mining activities. But in order to be successful with such a claim, the cumulative requirements have to be fulfilled (i.e. a damage, caused by the injuring party, unlawfulness (*Rechtswidrigkeit*) and fault).

## **4. SCHEDULE OF THE EXPLORATION LICENCES**

Please find the schedule of the Exploration Licences as Annex 4 of the Solicitor's Report.

## **LIST OF ANNEXES**

Annex 1.1.1.2	Excerpt of the commercial register of APC Cobalt GmbH dated 5 January 2018
Annex 1.1.2.2	Excerpt of the commercial register of APC Gold GmbH dated 4 January 2018
Annex 1.1.3.2	Excerpt of the commercial register of Eurocan Mining Gesellschaft m.b.H. dated 13 January 2018
Annex 1.3.1	Decree BMWFJ-66.050/0026-III/09/2017 dated 22 March 2017
Annex 1.3.2	Decree BMWFW-66.050/0-III/09/2014 dated 26 February 2015
Annex 1.3.2.2/1	Schedule of Exploration Concession Schellgaden Süd - protected areas
Annex 1.3.2.2/2	Schedule of Exploration Concession Kreuzeck West - protected areas
Annex 1.3.2.2/3	Schedule of Exploration Concession Kreuzeck East - protected areas
Annex 4	Schedule of Exploration Licences

## REVIEWED DOCUMENTS

- Excerpts from the Austrian company register of Eurocan Mining Gesellschaft m.b.H dated 13 January 2018
- Excerpts from the Austrian company register of APC Cobalt GmbH dated 5 January 2018
- Excerpts from the Austrian company register of APC Gold GmbH dated 4 January 2018
- Excerpts from the Austrian Edicts Archive of Eurocan Mining Gesellschaft m.b.H. dated 28 December 2017
- Excerpts from the Austrian Edicts Archive of APC Cobalt GmbH (former name of the company: SALEM zweiundneunzigste Holding GmbH) dated 28 December 2017
- Excerpts from the Austrian Edicts Archive of APC Gold GmbH (former name of the company: SALEM dreiundneunzigste Holding GmbH) dated 28 December 2017
- Share Purchase and Transfer Agreement between APC Gold GmbH and Eurocan Mining Anstalt dated 11 September 2011
- Escrow Agreement between Quest Minerals Limited, APC Gold GmbH and Eurocan Mining Anstalt dated 11 September 2011
- Request of Eurocan Mining Gesellschaft m.b.H. for prolongation of exploration licences including the exploration report on the performed works (*Schurfbericht*) dated 29 December 2014
- Decree BMWFW-66.050/0-III/09/2014 dated 26 February 2015
- Decree BMWFJ-66.050/0026-III/09/2017 dated 22 March 2017
- Mandate and Trust Agreement between Gravner Limited and Eraldo Zappacosta dated 5 January 2017
- Asset Purchase and Transfer Agreement Gravner Limited and APC Cobalt GmbH (former name of the company: SALEM zweiundneunzigste Holding GmbH) dated 5 December 2017
- Assignment Agreement between S.A.L.E.M Assets Holding GmbH and Austrian Projects Corporation Pty Lt regarding assigning SALEM zweiundneunzigste Holding GmbH (APC Cobalt GmbH) dated 3 November 2017
- Assignment Agreement between S.A.L.E.M Assets Holding GmbH and Austrian Projects Corporation Pty Lt regarding assigning SALEM dreiundneunzigste Holding GmbH (APC Gold GmbH) dated 3 November 2017
- E-mail correspondence of the competent mining authorities concerning exploration licences congruent or partly congruent to the Licences in lower rank between 20 November 2017 and 24 January 2018


**Stichtag 5.1.2018**
**Auszug mit aktuellen Daten**
**FN 478523 k**

Grundlage dieses Auszuges ist das Hauptbuch ergänzt um Daten aus der Urkunden-sammlung.

Letzte Eintragung am 05.01.2018 mit der Eintragsnummer 3  
 zuständiges Gericht Handelsgericht Wien

**FIRMA**

3 APC Cobalt GmbH

**RECHTSFORM**

1 Gesellschaft mit beschränkter Haftung

**SITZ in**

1 politischer Gemeinde Wien

**GESCHÄFTSANSCHRIFT**

 3 Schottenring 25  
 1010 Wien

**GESCHÄFTSZWEIG**

1 Holding

**KAPITAL**

1 EUR 35.000

**STICHTAG für JAHRESABSCHLUSS**

1 31. Dezember

**VERTRETUNGSBEFUGNIS**

3 Die Gesellschaft wird, wenn mehrere Geschäftsführer/innen bestellt sind, durch zwei Geschäftsführer/innen gemeinsam oder durch eine/n von ihnen gemeinsam mit einer/einem Prokuristin/Prokuristen vertreten.

 1 Erklärung über die Errichtung der Gesellschaft 001  
 vom 06.09.2017

 3 Generalversammlungsbeschluss vom 09.11.2017 002  
 Neufassung der Erklärung über die Errichtung der Gesellschaft.

**GESCHÄFTSFÜHRER/IN (handelsrechtlich)**

 3 E Torey Robert Marshall, geb. 11.04.1979  
 vertritt seit 09.11.2017 selbständig

**GESELLSCHAFTER/IN**
**STAMMEINLAGE**
**HIERAUF GELEISTET**

 2 D Austrian Projects Corporation Pty Ltd  
 ..... EUR 35.000  
 2 ..... EUR 17.500

Summen:

EUR 35.000

EUR 17.500

**--- PERSONEN ---**

 2 D Austrian Projects Corporation Pty Ltd  
 2 (Handelsregister Australien 662 432 428)

2 Sitz in Auldana  
11 Pellew Avenue, Auldana  
AUS- South Australia, 5072  
3 E Torey Robert Marshall, geb. 11.04.1979  
3 11 Pellew Avenue, Auldana  
AUS-5072 South Australia

## ----- VOLLZUGSÜBERSICHT -----

Handelsgericht Wien

1 eingetragen am 28.09.2017 Geschäftsfall 71 Fr 12448/17 z  
Antrag auf Neueintragung einer Firma eingelangt am 22.09.2017  
2 eingetragen am 21.12.2017 Geschäftsfall 71 Fr 19178/17 x  
Antrag auf Änderung eingelangt am 12.12.2017  
3 eingetragen am 05.01.2018 Geschäftsfall 71 Fr 19681/17 k  
Antrag auf Änderung eingelangt am 21.12.2017

## ----- INFORMATION DER ÖSTERREICHISCHEN NATIONALBANK -----

zum 05.01.2018 gültige Identnummer: 20755929

erstellt über Verrechnungsstelle MANZ \*\*\*\*\* HA021  
Gerichtsgebühr: EUR 3.53 \*\*\*\*\* 05.01.2018 10:29:11,765 69197977 \*\* ZEILEN: 49

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FirmenbuchAbgefragt am 5.1.2018, um 10:29:11 MEZ

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REPUBLIC ÖSTERREICH  
FIRMENBUCH

FB

Stichtag 4.1.2018	Auszug mit aktuellen Daten	FN 478522 i
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Grundlage dieses Auszuges ist das Hauptbuch ergänzt um Daten aus der Urkundensammlung.

Letzte Eintragung am 04.01.2018 mit der Eintragsnummer 3  
zuständiges Gericht Handelsgericht Wien

FIRMA  
3 APC Gold GmbH

RECHTSFORM  
1 Gesellschaft mit beschränkter Haftung

SITZ in  
1 politischer Gemeinde Wien

GESCHÄFTSANSCHRIFT  
3 Schottenring 25  
1010 Wien

GESCHÄFTSZWEIG  
1 Holding

KAPITAL  
1 EUR 35.000

STICHTAG für JAHRESABSCHLUSS  
1 31. Dezember

3       VERTRETUNGSBEFUGNIS  
Die Gesellschaft wird, wenn mehrere Geschäftsführer/innen bestellt sind, durch zwei Geschäftsführer/innen gemeinsam oder durch eine/n von ihnen gemeinsam mit einer/einem Prokuristin/Prokuristen vertreten.

1 Erklärung über die Errichtung der Gesellschaft 001  
vom 06.09.2017

3 Generalversammlungsbeschluss vom 09.11.2017 002  
Neufassung der Erklärung über die Errichtung der  
Gesellschaft.

GESCHÄFTSFÜHRER/IN (handelsrechtlich)  
E Torey Robert Marshall, geb. 11.04.1979  
3 vertritt seit 09.11.2017 selbständig

	GESELLSCHAFTER/IN	STAMMEINLAGE	HIERAUF GELEISTET
	D Austrian Projects Corporation Pty Ltd		
2	.....	EUR 35.000	
2	.....		EUR 17.500

Summen:	EUR 35.000	EUR 17.500
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## --- PERSONEN -----

2 D Austrian Projects Corporation Pty Ltd  
2 (Handelsregister Australien 662 432 428)  
Sitz in Auldana  
2 11 Pellew Avenue, Auldana  
AUS- South Australia, 5072  
3 E Torey Robert Marshall, geb. 11.04.1979  
3 11 Pellew Avenue, Auldana  
AUS-5072 South Australia

## ----- VOLLZUGSÜBERSICHT -----

Handelsgericht Wien

1 eingetragen am 28.09.2017                      Geschäftsfall 71 Fr 12446/17 x  
Antrag auf Neueintragung einer Firma    eingelangt am 22.09.2017  
2 eingetragen am 21.12.2017                      Geschäftsfall 71 Fr 19188/17 k  
Antrag auf Änderung    eingelangt am 12.12.2017  
3 eingetragen am 04.01.2018                      Geschäftsfall 71 Fr 19670/17 w  
Antrag auf Änderung    eingelangt am 21.12.2017

## ----- INFORMATION DER ÖSTERREICHISCHEN NATIONALBANK -----

zum 04.01.2018 gültige Identnummer: 20755910

erstellt über Verrechnungsstelle MANZ \*\*\*\*\* HA021  
Gerichtsgebühr: EUR 3.53 \*\*\*\*\* 04.01.2018 11:30:54,100 45849504 \*\* ZEILEN: 49

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Firmenbuch

Abgefragt am 4.1.2018, um 11:30:54 MEZ

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Stichtag 13.1.2018

Auszug mit aktuellen Daten

FN 298168 h

Grundlage dieses Auszuges ist das Hauptbuch ergänzt um Daten aus der Urkunden-  
sammlung.

Letzte Eintragung am 13.01.2018 mit der Eintragsnummer 15  
zuständiges Gericht Landesgericht Feldkirch

## FIRMA

1 Eurocan Mining Gesellschaft m.b.H.

## RECHTSFORM

1 Gesellschaft mit beschränkter Haftung

## SITZ in

11 politischer Gemeinde Rankweil

## GESCHÄFTSANSCHRIFT

11 Feldkreuzweg 13  
6830 Rankweil

## GESCHÄFTSZWEIG

1 Verwertung von bergbaurechtlichen Bewilligungen

## KAPITAL

1 EUR 35.000

## STICHTAG für JAHRESABSCHLUSS

1 31. Dezember

JAHRESABSCHLUSS (zuletzt eingetragen; weitere siehe Historie)

13 zum 31.12.2016 eingereicht am 11.09.2017

## VERTRETUNGSBEFUGNIS

1 Sind mehrere Geschäftsführer bestellt, so wird die  
Gesellschaft durch je zwei Geschäftsführer gemeinsam  
oder durch einen Geschäftsführer gemeinsam mit einem  
Gesamtprokuristen vertreten, sofern die Gesellschafter  
nicht etwas anderes beschließen.

1 Erklärung über die Errichtung der Gesellschaft 001  
vom 23.08.2007  
mit einem Nachtrag vom 10.09.2007

11 Generalversammlungsbeschluss vom 08.02.2016 002  
Änderung der Erklärung über die Errichtung der Gesellschaft  
in Punkt III.

## GESCHÄFTSFÜHRER/IN (handelsrechtlich)

15 D Torey Robert Marshall, geb. 11.04.1979  
vertritt seit 11.12.2017 selbständig

## GESELLSCHAFTER/IN

## STAMMEINLAGE

## HIERAUF GELEISTET

14 C APC Gold GmbH

14 ..... EUR 35.000

14 ..... EUR 35.000

Summen:

EUR 35.000

EUR 35.000

## --- PERSONEN -----

14 C APC Gold GmbH  
14 (FN 478522 i)  
  
14 Schottenring 25  
1010 Wien  
15 D Torey Robert Marshall, geb. 11.04.1979  
15 11 Pellew Avenue, Auldana  
AUS-5072 South Australia

## ----- VOLLZUGSÜBERSICHT -----

Landesgericht Feldkirch

1 eingetragen am 13.09.2007 Geschäftsfall 15 Fr 2013/07 s  
Antrag auf Neueintragung einer Firma eingelangt am 31.08.2007  
11 eingetragen am 18.02.2016 Geschäftsfall 15 Fr 236/16 g  
Antrag auf Änderung eingelangt am 10.02.2016  
13 eingetragen am 13.09.2017 Geschäftsfall 15 Fr 2051/17 i  
Elektronische Einreichung Jahresabschluss eingelangt am 11.09.2017  
14 eingetragen am 10.01.2018 Geschäftsfall 15 Fr 13/18 x  
Antrag auf Änderung eingelangt am 29.12.2017  
15 eingetragen am 13.01.2018 Geschäftsfall 15 Fr 91/18 k  
Antrag auf Änderung eingelangt am 10.01.2018

## ----- INFORMATION DER ÖSTERREICHISCHEN NATIONALBANK -----

zum 13.01.2018 gültige Identnummer: 8220140

erstellt über Verrechnungsstelle MANZ \*\*\*\*\* HA021  
Gerichtsgebühr: EUR 3.53 \*\*\*\*\* 13.01.2018 09:55:52,130 82852001 \*\* ZEILEN: 52

Firmenbuch

Abgefragt am 13.1.2018, um 09:55:52 MEZ

Eraldo Zappacosta  
Vorderstadt 17  
6370 Kitzbühel

Name/Durchwahl: Maria Jost / 808796  
Geschäftszahl (GZ): BMWFW-66.050/0026-III/9/2017  
Bei Antwort bitte GZ anführen.

- **Eraldo Zappacosta;**
  - I. Verleihung von 78 Schurfberechtigungen**
  - II. Kosten für die Verleihung von 78 Schurfberechtigungen**

### **Bescheid**

#### **I. Verleihung von 78 Schurfberechtigungen**

Auf Ansuchen vom 13. März 2017, eingelangt beim Bundesministerium für Wissenschaft, Forschung und Wirtschaft am 15. März 2017, werden Herrn Eraldo Zappacosta **78 Schurfberechtigungen** für die Freischürfe mit den Bezeichnungen

**1/17/T (01/17/T) bis 37/17/T (37/17/T)** - diese bilden das Schurfgebiet **Gratlspitz,**

**8/17/S (38/17/S) bis 37/17/S (67/17/S)** - diese bilden das Schurfgebiet **Schwarzleo,**

**38/17/S (68/17/S) bis 46/17/S (76/17/S)** - diese bilden das Schurfgebiet **Seekar,**

**47/17/S (77/17/S) und 48/17/S (78/17/S)** - diese bilden das Schurfgebiet **Zinkwand**

mit **Rechtswirksamkeit vom 15. März 2017** verliehen. Diese Schurfberechtigungen haben eine **Geltungsdauer bis zum 31. Dezember 2021.**

Die Lage der Freischurfmittelpunkte ist in Koordinaten, die sich auf das System der Landesvermessung (3-Grad-Streifen-Systeme der Gauß-Krüger-Projektion mit den Bezugsmeridianen 28, 31 und 34 Grad östlich von Ferro) beziehen, In Metern auf zwei Dezimalstellen, wie folgt, angegeben:

FS Nr.	Bezugs- meridian	y [m] GK	x [m] GK	Mittelpunkt KG	weitere be- rührte KG's
1/17/T (1/17/T)	M 28	+ 117.600,00	5.256.300,00	Radfeld	Brixlegg, Zimmermoos
2/17/T (2/17/T)	M 28	+ 118.336,00	5.256.300,00	Radfeld	Zimmermoos
3/17/T (3/17/T)	M 28	+ 119.072,00	5.256.300,00	Zimmermoos	Radfeld
4/17/T (4/17/T)	M 28	+ 119.808,00	5.256.300,00	Zimmermoos	Radfeld
5/17/T (5/17/T)	M 28	+ 120.544,00	5.256.300,00	Zimmermoos	Radfeld
6/17/T (6/17/T)	M 28	+ 121.280,00	5.256.300,00	Zimmermoos	Radfeld
7/17/T (7/17/T)	M 28	+ 122.016,00	5.256.300,00	Radfeld	Zimmermoos
8/17/T (8/17/T)	M 28	+ 117.232,00	5.255.663,00	Zimmermoos	Brixlegg
9/17/T (9/17/T)	M 28	+ 117.968,00	5.255.663,00	Zimmermoos	
10/17/T (10/17/T)	M 28	+ 118.704,00	5.255.663,00	Zimmermoos	Scheffach
11/17/T (11/17/T)	M 28	+ 119.440,00	5.255.663,00	Zimmermoos	
12/17/T (12/17/T)	M 28	+ 120.176,00	5.255.663,00	Zimmermoos	
13/17/T (13/17/T)	M 28	+ 120.912,00	5.255.663,00	Zimmermoos	
14/17/T (14/17/T)	M 28	+ 121.648,00	5.255.663,00	Radfeld	
15/17/T (15/17/T)	M 28	+ 122.384,00	5.255.663,00	Zimmermoos	Radfeld
16/17/T (16/17/T)	M 28	+ 117.600,00	5.255.026,00	Zimmermoos	Reith, Scheffach
17/17/T (17/17/T)	M 28	+ 118.336,00	5.255.026,00	Scheffach	Zimmermoos
18/17/T (18/17/T)	M 28	+ 119.072,00	5.255.026,00	Scheffach	Zimmermoos
19/17/T (19/17/T)	M 28	+ 119.808,00	5.255.026,00	Scheffach	Zimmermoos
20/17/T (20/17/T)	M 28	+ 120.544,00	5.255.026,00	Zimmermoos	Scheffach
21/17/T (21/17/T)	M 28	+ 121.280,00	5.255.026,00	Zimmermoos	Scheffach
22/17/T (22/17/T)	M 28	+ 122.016,00	5.255.026,00	Zimmermoos	Radfeld, Thierbach
23/17/T (23/17/T)	M 28	+ 122.752,00	5.255.026,00	Thierbach	Zimmermoos
24/17/T (24/17/T)	M 28	+ 117.968,00	5.254.389,00	Scheffach	Reith
25/17/T (25/17/T)	M 28	+ 118.704,00	5.254.389,00	Scheffach	
26/17/T (26/17/T)	M 28	+ 119.440,00	5.254.389,00	Scheffach	
27/17/T (27/17/T)	M 28	+ 120.176,00	5.254.389,00	Scheffach	Alpbach, Zimmermoos
28/17/T (28/17/T)	M 28	+ 120.912,00	5.254.389,00	Scheffach	Alpbach, Zimmermoos
29/17/T (29/17/T)	M 28	+ 121.648,00	5.254.389,00	Zimmermoos	Alpbach, Scheffach, Thierbach
30/17/T (30/17/T)	M 28	+ 122.384,00	5.253.389,00	Thierbach	Alpbach
31/17/T (31/17/T)	M 28	+ 118.336,00	5.253.752,00	Scheffach	
32/17/T (32/17/T)	M 28	+ 119.072,00	5.253.752,00	Scheffach	Alpbach

33/17/T (33/17/T)	M 28	+ 119.808,00	5.253.752,00	Alpbach	Scheffach
34/17/T (34/17/T)	M 28	+ 120.544,00	5.253.752,00	Alpbach	
35/17/T (35/17/T)	M 28	+ 121.280,00	5.253.752,00	Alpbach	
36/17/T (36/17/T)	M 28	+ 122.016,00	5.253.752,00	Alpbach	Thierbach
37/17/T (37/17/T)	M 28	+ 122.752,00	5.253.752,00	Alpbach	Thierbach
8/17/S (38/17/S)	M 31	- 51.381,00	5.252.616,00	Schwarzleo	Saalbach
9/17/S (39/17/S)	M 31	- 50.646,00	5.252.588,00	Schwarzleo	Saalbach
10/17/S (40/17/S)	M 31	- 49.911,00	5.252.560,00	Schwarzleo	Saalbach
11/17/S (41/17/S)	M 31	- 49.176,00	5.252.531,00	Schwarzleo	
12/17/S (42/17/S)	M 31	- 48.440,00	5.252.503,00	Schwarzleo	
13/17/S (43/17/S)	M 31	- 51.724,00	5.253.267,00	Schwarzleo	
14/17/S (44/17/S)	M 31	- 50.989,00	5.253.239,00	Schwarzleo	
15/17/S (45/17/S)	M 31	- 50.254,00	5.253.210,00	Schwarzleo	
16/17/S (46/17/S)	M 31	- 49.519,00	5.253.182,00	Schwarzleo	
17/17/S (47/17/S)	M 31	- 48.784,00	5.253.154,00	Schwarzleo	
18/17/S (48/17/S)	M 31	- 48.048,00	5.253.125,00	Schwarzleo	
19/17/S (49/17/S)	M 31	- 52.067,00	5.253.918,00	Schwarzleo	
20/17/S (50/17/S)	M 31	- 51.332,00	5.253.889,00	Schwarzleo	
21/17/S (51/17/S)	M 31	- 50.597,00	5.253.861,00	Schwarzleo	
22/17/S (52/17/S)	M 31	- 49.862,00	5.253.832,00	Schwarzleo	
23/17/S (53/17/S)	M 31	- 49.127,00	5.253.804,00	Schwarzleo	
24/17/S (54/17/S)	M 31	- 48.391,00	5.253.776,00	Schwarzleo	
25/17/S (55/17/S)	M 31	- 47.656,00	5.253.747,00	Schwarzleo	
26/17/S (56/17/S)	M 31	- 51.675,00	5.254.540,00	Schwarzleo	
27/17/S (57/17/S)	M 31	- 50.940,00	5.254.511,00	Schwarzleo	
28/17/S (58/17/S)	M 31	- 50.205,00	5.254.483,00	Schwarzleo	
29/17/S (59/17/S)	M 31	- 49.470,00	5.254.455,00	Schwarzleo	
30/17/S (60/17/S)	M 31	- 48.734,00	5.254.426,00	Schwarzleo	
31/17/S (61/17/S)	M 31	- 47.999,00	5.254.398,00	Schwarzleo	
32/17/S (62/17/S)	M 31	- 52.018,00	5.255.190,00	Grießen	Schwarzleo
33/17/S (63/17/S)	M 31	- 51.283,00	5.255.162,00	Schwarzleo	Grießen
34/17/S (64/17/S)	M 31	- 50.548,00	5.255.133,00	Schwarzleo	Grießen
35/17/S (65/17/S)	M 31	- 49.813,00	5.255.105,00	Schwarzleo	
36/17/S (66/17/S)	M 31	- 49.077,00	5.255.077,00	Schwarzleo	
37/17/S (67/17/S)	M 31	- 48.342,00	5.255.048,00	Schwarzleo	
38/17/S (68/17/S)	M 31	+ 15.650,00	5.237.250,00	Untertauern	Forstau
39/17/S (69/17/S)	M 31	+ 16.386,00	5.237.250,00	Untertauern	Forstau
40/17/S (70/17/S)	M 31	+ 17.122,00	5.237.250,00	Forstau	Untertauern
41/17/S (71/17/S)	M 31	+ 16.018,00	5.236.613,00	Untertauern	
42/17/S (72/17/S)	M 31	+ 16.754,00	5.236.613,00	Untertauern	
43/17/S (73/17/S)	M 31	+ 17.490,00	5.236.613,00	Untertauern	Forstau
44/17/S (74/17/S)	M 31	+ 16.386,00	5.235.976,00	Untertauern	
45/17/S (75/17/S)	M 31	+ 17.122,00	5.235.976,00	Untertauern	

46/17/S (76/17/S)	M 31	+ 17.858,00	5.235.976,00	Untertauern	
47/17/S (77/17/S)	M 31	+ 25.900,00	5.237.300,00	Weißpriach	Rohrmoos
48/17/S (78/17/S)	M 31	+ 26.350,00	5.236.750,00	Weißpriach	Rohrmoos

#### **Rechtsgrundlagen:**

- Mineralrohstoffgesetz - MinroG, BGBl. I Nr. 38/1999, in der Fassung des Bundesgesetzes BGBl. I Nr. 95/2016: §§ 10, 11 Abs. 1 und 13 Abs. 1 erster Satz.

## **II. Kosten für die Verleihung von 78 Schurfberechtigungen**

Eraldo Zappacosta hat innerhalb von zwei Wochen ab Zustellung dieses Bescheides folgende Kosten zu bezahlen:

#### **Stempelgebühren**

- für das Ansuchen vom 13.03.2017  
€ 14,30 je Schurfgebiet € 57,20

#### **Bundesverwaltungsabgaben**

- für die Verleihung von 78 Schurfberechtigungen  
à 2,10 je Freischurf € 163,80
- zusammen € 221,00

(In Worten: zweihunderteinundzwanzig).

#### **Bitte entrichten Sie die Kosten auf einer der folgenden Arten:**

- mit beiliegendem Erlagschein auf das Konto des Bundesministeriums für Wissenschaft, Forschung und Wirtschaft - VB Wirtschaft bei der Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft (BLZ: 01000; Internationale Bankidentifikation: BUNDATWW) mit der Kontonummer 5080.001 (IBAN-Nummer: AT 52010000005080001) oder
- per E-Banking auf das oben angeführte Konto unter Angabe der Geschäftszahl dieses Schreibens und des Namens des Zahlungspflichtigen oder
- in bar, mit Bankomat- oder Kreditkarte beim Bundesministerium für Wissenschaft, Forschung und Wirtschaft in 1010 Wien, Stubenring 1, Mezzanin Zimmer 99 (Montag bis Freitag von 9 bis 12 Uhr) unter Mitnahme dieses Bescheides.

#### **Hinweis:**

- Werden die Stempelgebühren nicht entrichtet, muss das Finanzamt für Gebühren, Verkehrssteuern und Glücksspiel verständigt werden, das die Gebühr mit einem Zuschlag von 50 % festzusetzen hat.
- Wird die Bundesverwaltungsabgabe nicht fristgerecht entrichtet und auch keine Vorstellung erhoben (siehe die Rechtsmittelbelehrung), müssen Sie rechnen, dass der Betrag durch Exekution hereingebracht wird.

#### **Zahlungsfrist:**

Wenn Sie keine Vorstellung einbringen, so ist der Gesamtbetrag innerhalb von zwei

Wochen nach Zustellung dieses Bescheides mit dem beiliegenden Zahl(Erlag)schein zu überweisen oder unter Mitnahme dieses Schreibens beim BMWFW einzuzahlen. Wird diese Zahlungsfrist nicht eingehalten, müssen Sie damit rechnen, dass der Betrag durch Exekution hereingebracht wird.

#### **Rechtsgrundlagen:**

- Allgemeines Verwaltungsverfahrensgesetz 1991 - AVG, BGBl. Nr. 51/1991, in der Fassung des Bundesgesetzes BGBl. I Nr. 161/2013: § 78
- Bundesverwaltungsabgabenverordnung 1983 - BVwAbgV, BGBl. Nr. 24/1983, in der Fassung der Verordnung BGBl. II Nr. 371/2006 sowie des Bundesgesetzes BGBl. I Nr. 5/2008: §§ 1 Abs. 1, 4 und 5, TP 405.
- Gebührengesetz 1957, BGBl. Nr. 267/1957, in der Fassung des Bundesgesetzes BGBl. I Nr. 163/2015: §§ 13 und 14 Tarifpost 5 und 6.

### **Begründung**

#### **A Sachverhalt**

Eraldo Zappacosta hat mit Eingabe vom 13. März 2017, eingelangt beim Bundesministerium für Wissenschaft, Forschung und Wirtschaft am 15. März 2017, um Verleihung von Schurfberechtigungen für 78 Freischürfe angesucht, wobei diese vier Freischurfgebiete bilden.

Dem Ansuchen sind die Lage der Freischurfmittelpunkte in Koordinaten im System der Landesvermessung unter Angabe der Bezugsmeridiane M 28 und M 31 in Metern auf zwei Dezimalstellen und die Katastralgemeinden, in denen sich die Freischurfmittelpunkte befinden bzw. in die die Freischürfe fallen, zu entnehmen.

#### **B Rechtliche Grundlagen**

##### **B1. Verleihung von Schurfberechtigungen**

Gemäß § 10 Abs. 1 MinroG ist eine Schurfberechtigung von der Behörde natürlichen oder juristischen Personen oder Personengesellschaften des Handelsrechtes auf Ansuchen zu verleihen.

Gemäß § 10 Abs. 2 leg. cit. ist im Ansuchen die Lage des Freischurfes durch die Bekanntgabe der Lage des Mittelpunktes des Freischurfes (Freischurfmittelpunkt) in Koordinaten, die sich auf das System der Landesvermessung (3-Grad-Streifen-Systeme der Gauß-Krüger-Projektion mit den Bezugsmeridianen 28, 31 und 34 Grad östlich von Ferro) beziehen, in Metern auf zwei Dezimalstellen zu bezeichnen. Weiters ist die Katastralgemeinde anzugeben, in der sich der Freischurfmittelpunkt befindet. Erstreckt sich jedoch der Freischurf über Teile mehrerer Katastralgemeinden, so sind alle Katastralgemeinden zu nennen, in die der Freischurf fällt.

Gemäß § 10 Abs. 3 leg. cit. kann in einem Ansuchen die Verleihung mehrerer Schurfberechtigungen beantragt werden.

Gemäß § 10 Abs. 4 leg. cit. hat die Behörde das Ansuchen zurückzuweisen, wenn es dem Abs. 2 nicht entspricht.

Gemäß § 11 Abs. 1 leg. cit. wird die Schurfberechtigung im Fall der Verleihung mit dem Tag des Einlangens des Ansuchens bei der Behörde erworben.

Gemäß § 13 Abs. 1 erster Satz wird die Schurfberechtigung erstmals für die Dauer des laufenden Kalenderjahres und der darauf folgenden vier Kalenderjahre verliehen.

## **B2. Kosten für die Verleihung von Schurfberechtigungen**

§ 13 Gebührengesetz 1957 lautet:

(1) Zur Entrichtung der Stempelgebühren sind verpflichtet:

1. bei Eingaben, deren Beilagen und den die Eingaben vertretenden Protokollen sowie sonstigen gebührenpflichtigen Protokollen derjenige, in dessen Interesse die Eingabe eingebracht oder das Protokoll verfasst wird;
2. bei amtlichen Ausfertigungen und Zeugnissen derjenige, für den oder in dessen Interesse diese ausgestellt werden;
3. bei Amtshandlungen derjenige, in dessen Interesse die Amtshandlung erfolgt.

(2) Trifft die Verpflichtung zur Entrichtung der Stempelgebühr zwei oder mehrere Personen, so sind sie zur ungeteilten Hand verpflichtet.

(3) Mit den im Abs. 1 genannten Personen ist zur Entrichtung der Stempelgebühren zur ungeteilten Hand verpflichtet, wer im Namen eines anderen eine Eingabe oder Beilage überreicht oder eine gebührenpflichtige amtliche Ausfertigung oder ein Protokoll oder eine Amtshandlung veranlasst.

(4) Der Gebührenschuldner hat die Gebühren des § 14 Tarifpost 7 Abs. 1 Z 4 bis 6 und Tarifpost 13 an die Urkundsperson (§ 3 Abs. 5), bei den übrigen Schriften und Amtshandlungen an die Behörde, bei der die gebührenpflichtige Schrift anfällt oder von der die gebührenpflichtige Amtshandlung vorgenommen wird, zu entrichten. Die Urkundsperson oder die Behörde haben auf der gebührenpflichtigen Schrift einen Vermerk über die Höhe der entrichteten oder zu entrichtenden Gebühr anzubringen. Verbleibt die gebührenpflichtige Schrift nicht im Verwaltungsakt, hat der Vermerk außerdem die Bezeichnung der Behörde oder der Urkundsperson sowie das Datum, an dem diese den Vermerk angebracht hat, zu enthalten. Für die Urkundsperson sind hinsichtlich der Gebühren des § 14 Tarifpost 7 Abs. 1 Z 4 bis 6 und Tarifpost 13 die Vorschriften des § 34 Abs. 1 sinngemäß anzuwenden.

§ 14 Gebührengesetz 1957 lautet:

Tarife der festen Stempelgebühren für Schriften und Amtshandlungen.

[...]

Tarifpost 5 Beilagen

(1) Beilagen, das sind Schriften und Druckwerke aller Art, wenn sie einer gebührenpflichtigen Eingabe (einem Protokolle) beigelegt werden, von jedem Bogen feste Gebühr ..... 3,90 Euro,

jedoch nicht mehr als 21,80 Euro je Beilage.

[...]

Tarifpost 6 Eingaben

(1) Eingaben von Privatpersonen (natürlichen und juristischen Personen) an Organe der Gebietskörperschaften in Angelegenheiten ihres öffentlich-rechtlichen Wirkungskreises, die die Privatinteressen der Einschreiter betreffen, feste Gebühr..... 14,30 Euro.

[...]

Gemäß § 1 Abs. 1 BVwAbgV haben Parteien für jede Verleihung einer Berechtigung oder für sonstige wesentlich in ihrem Privatinteresse liegende Amtshandlungen, die von Behörden im Sinne des Art. VI Abs. 1 des Einführungsgesetzes zu den Verwaltungsverfahrensgesetzen oder infolge Säumnis einer solchen Behörde vom Verwaltungsgerichtshof vorgenommen wurden, in den Angelegenheiten der Bundesverwaltung - abgesehen von den durch Gesetz besonders geregelten Fällen - die gemäß dem Abschnitt II festgesetzten Verwaltungsabgaben zu entrichten.

Gemäß § 4 BVwAbgV ist für das Ausmaß der Verwaltungsabgaben der angeschlossene, einen Bestandteil dieser Verordnung bildende Tarif maßgebend.

Gemäß § 5 BVwAbgV ist eine im besonderen Teil des Tarifes vorgesehene Verwaltungsabgabe auch dann zu entrichten, wenn die bei der in Betracht kommenden Tarifpost angegebenen Rechtsvorschriften zwar geändert wurden, die abgabepflichtige Amtshandlung jedoch ihrem Wesen und Inhalt nach unverändert geblieben ist.

TP 405 BVwAbgV lautet:

Verleihung einer Schurfberechtigung oder Verlängerung ihrer Geltungsdauer (§§ 18 und 21 des Berggesetzes 1975) ..... EUR 2,10

## **C Rechtliche Beurteilung**

### **C1. Verleihung einer Schurfberechtigung**

Aufgrund des gegebenen Sachverhalts und der daraus resultierenden Tatsache, dass das Ansuchen nicht zurückzuweisen war, waren Eraldo Zappacosta die beantragten Schurfberechtigungen zu verleihen. Die Geltungsdauer dieser Schurfberechtigungen war auf das laufende Kalenderjahr und die darauffolgenden vier Kalenderjahre zu beschränken.

### **C2. Kosten für die Verleihung von Schurfberechtigungen**

Der Kostenzuspruch ist durch Spruch I entstanden und in den angeführten Gesetzes- bzw. Verordnungsstellen begründet.

## Rechtsmittelbelehrung

### zu Spruch I.

Sie haben das Recht, gegen diesen Bescheid **Beschwerde** an das Bundesverwaltungsgericht zu erheben.

Eine rechtzeitig eingebrachte und zulässige Beschwerde hat **aufschiebende Wirkung**.

Die Beschwerde ist innerhalb von **vier Wochen** nach Zustellung dieses Bescheides **schriftlich bei uns einzubringen**. Sie hat den Bescheid, gegen den sie sich richtet, und die Behörde, die den Bescheid erlassen hat, zu bezeichnen. Weiters hat die Beschwerde die Gründe, auf die sich die Behauptung der Rechtswidrigkeit stützt, das Begehren und die Angaben, die erforderlich sind, um zu beurteilen, ob die Beschwerde rechtzeitig eingebracht ist, zu enthalten.

Sie haben das Recht, in der Beschwerde zu beantragen, dass eine öffentliche mündliche Verhandlung durchgeführt wird. **Bitte beachten Sie**, dass Sie, falls die Behörde von der Erlassung einer Beschwerdeentscheidung absieht, auf Ihr Recht auf Durchführung einer Verhandlung verzichten, wenn Sie in der Beschwerde keinen solchen Antrag stellen.

Die Beschwerde kann in **jeder technisch möglichen Form** übermittelt werden. Technische Voraussetzungen des elektronischen Verkehrs sind auf folgender Internetseite bekanntgemacht: <http://www.bmwfw.gv.at/Ministerium/policy/E-MailPolicy/Seiten/E-MailAnbringengem13AVG.aspx>

Bitte beachten Sie, dass der Absender/die Absenderin die mit jeder Übermittlungsart verbundenen Risiken (zB Übertragungsverlust, Verlust des Schriftstückes) trägt.

Sofern Sie nicht gebührenbefreit sind (siehe § 14 TP 6 Abs. 5 des Gebührengesetzes 1957), ist bei der Einbringung der Beschwerde eine Gebühr von **30 Euro** zu entrichten. Die Gebühr ist durch Überweisung auf das Konto des Finanzamtes für Gebühren, Verkehrsteuern und Glücksspiel, IBAN: AT 83 0100 0000 0550 4109, BIC: BUNDATWW, zu entrichten. Als Verwendungszweck ist die Geschäftszahl dieses Bescheides anzuführen.

Als Nachweis der Entrichtung der Gebühr ist der Beschwerde der Zahlungsbeleg oder der Ausdruck über die erfolgte Erteilung einer Zahlungsanweisung anzuschließen. Für jede gebührenpflichtige Eingabe ist ein gesonderter Beleg vorzulegen.

## Rechtsmittelbelehrung


### zu Spruch II.

- Sie haben das Recht, gegen die Festsetzung der Bundesverwaltungsabgabe das Rechtsmittel der Vorstellung zu erheben.
- Die Vorstellung hat aufschiebende Wirkung, das heißt, der Bescheid kann bis zur abschließenden Entscheidung nicht vollstreckt werden.
- Die Vorstellung ist innerhalb von zwei Wochen nach Zustellung dieses Kostenbescheides schriftlich bei uns einzubringen. Sie hat den Bescheid, gegen den sie sich richtet, zu bezeichnen.
- Die Vorstellung kann in jeder technisch möglichen Form übermittelt werden. Tech-

nische Voraussetzungen des elektronischen Verkehrs sind auf folgender Internetseite bekanntgemacht: <http://www.bmwf.w.gv.at/Ministerium/policy/E-MailPolicy/Seiten/E-MailAnbringengem13AVG.aspx>.

- Bitte beachten Sie, dass der Absender/die Absenderin die mit jeder Übermittlungsart verbundenen Risiken (zB Übertragungsverlust, Verlust des Schriftstückes) trägt.
- Für die Vorstellung ist eine Gebühr von 14,30 Euro, für Beilagen je 3,90 Euro pro Bogen, maximal aber 21,80 Euro pro Beilage zu entrichten.

Wien, am 22.03.2017  
Für den Bundesminister:  
Dipl.-Ing Ulrike Pichler-Anegg

	Unterselchner	Bundesministerium für Wissenschaft, Forschung und Wirtschaft
	Datum/Zeit	2017-03-23T10:01:19+01:00
	Aussteller-Zertifikat	CN=a-sign-corporate-light-02,OU=a-sign-corporate-light-02,O=A-Trust Ges. f. Sicherheitssysteme im elektr. Datenverkehr GmbH,C=AT
	Serien-Nr.	1184203
	Hinweis	Dieses Dokument wurde amtssigniert.
	Prüfinformation	Informationen zur Prüfung des elektronischen Siegels bzw. der elektronischen Signatur finden Sie unter: <a href="https://www.signaturpruefung.gv.at/">https://www.signaturpruefung.gv.at/</a> . Die Bildmarke und Hinweise zur Verifikation eines Papierausdrucks sind auf <a href="https://www.bmwf.w.gv.at/amtssignatur">https://www.bmwf.w.gv.at/amtssignatur</a> oder <a href="http://www.help.gv.at/">http://www.help.gv.at/</a> veröffentlicht.

Mag. Patrik Weiss  
Bergbaubevollmächtigter der  
Eurocan Mining Gesellschaft m.b.H.  
Waldfriedgasse 2  
6800 Feldkirch

Name/Durchwahl: Dipl.-Ing. Rohrbacher / 8727  
Geschäftszahl (GZ): BMWFW-66.050/0111-III/9/2014  
Bei Antwort bitte GZ anführen.

**Eurocan Mining Gesellschaft m.b.H.;**  
**Verlängerung der Geltungsdauer**  
**von 300 Schurfberechtigungen**

## **Bescheid**

Auf das Ansuchen der Eurocan Mining Gesellschaft m.b.H. vom 29. Dezember 2014, eingelangt beim Bundesministerium für Wissenschaft, Forschung und Wirtschaft am 29. Dezember 2014, wird die **Geltungsdauer** von insgesamt 300 Schurfberechtigungen für die Freischürfe mit den Bezeichnungen

**02/05/S bis 37/05/S,**  
**15/05/K bis 78/05/K und**  
**1/10/K (79/05/K) bis 200/10/K (278/05/K)**

in fünf Freischurfgebieten (Schellgaden Nord, Schellgaden Süd, Goldeck-Siflitz, Kreuzeck Ost und Kreuzeck West) jeweils um fünf weitere Jahre **bis zum 31. Dezember 2019 verlängert.**

**Rechtsgrundlagen:**

- Mineralrohstoffgesetz - MinroG, BGBl. I Nr. 38/1999, in der Fassung des Bundesgesetzes BGBl. I Nr. 40/2014: § 13.

## **Begründung**

### **A. Sachverhalt**

Die Eurocan Mining Gesellschaft m.b.H. hat mit Eingabe vom 29. Dezember 2014, eingelangt beim Bundesministerium für Wissenschaft, Forschung und Wirtschaft am 29. Dezember 2014, um **Verlängerung der Geltungsdauer von insgesamt 300 Schurfberechtigungen** bezogen auf Freischürfe mit den Bezeichnungen 02/05/S bis 37/05/S, 15/05/K bis 78/05/K und 1/10/K bis 200/10/K in fünf Freischurfgebieten (Schellgaden Nord, Schellgaden Süd, Goldeck-Sifflitz, Kreuzeck Ost und Kreuzeck West) angesucht.

Im Ansuchen machte die Eurocan Mining Gesellschaft m.b.H. hinsichtlich der Verlängerung der Geltungsdauer dieser Schurfberechtigungen in fünf Freischurfgebieten Schurftätigkeiten im Jahr 2014 im Freischurfgebiet Schellgaden Nord in den Freischürfen mit den Bezeichnungen 25/05/S, 28/05/S und 34/05/S geltend. Das diesbezügliche Arbeitsprogramm war mit Bescheid vom 19. November 2014, GZ BMWFW-66.150/0165-III/9/2014, genehmigt worden.

Die Schurfberechtigungen für Freischürfe mit den Bezeichnungen 02/05/S bis 37/05/S und 15/05/K bis 78/05/K wurden mit Bescheid des Bundesministers für Wirtschaft und Arbeit vom 14.06.2005, GZ BMWA-67.050/0040-IV/10/2005, an die Argosy Mining Ges.m.b.H. verliehen.

Die Vormerkung der Übertragung dieser Schurfberechtigungen von der Argosy Mining Ges.m.b.H. an die Eurocan Mining Gesellschaft m.b.H. wurde mit Schreiben des Bundesministers für Wirtschaft und Arbeit vom 09.01.2008, GZ BMWA-67.050/0200-IV/10/2007, bestätigt.

Zuletzt verlängert wurden die Schurfberechtigungen für die Freischürfe mit den Bezeichnungen 02/05/S bis 37/05/S und 15/05/K bis 78/05/K mit Bescheid des Bundesministers für Wirtschaft, Familie und Jugend vom 25.03.2010, GZ BMWFJ-66.050/0016-IV/9/2010.

Die Schurfberechtigungen für Freischürfe mit den Bezeichnungen 01/10/K (79/05/K) bis 200/10/K (278/05/K) wurden mit Bescheid des Bundesministers für Wirtschaft, Familie und Jugend vom 23.03.2010, GZ BMWFJ-66.050/0015-IV/9/2010, an die Eurocan Mining Gesellschaft m.b.H. verliehen.

Die Ermittlungen des Bundesministeriums für Wissenschaft, Forschung und Wirtschaft haben weiters ergeben, dass diese Schurftätigkeiten nicht für die Verlängerung der Geltungsdauer anderer Schurfberechtigungen herangezogen wurden.

### **B. Rechtliche Grundlagen**

Gemäß § 13 Abs. 1 zweiter Satz MinroG ist die Geltungsdauer einer Schurfberechtigung auf Ansuchen jeweils um fünf weitere Jahre zu verlängern, wenn nachgewiesen wird, dass im Freischurf zumindest in einem der fünf Kalenderjahre Arbeiten zum Erschließen und Untersuchen natürlicher Vorkommen bergfreier mineralischer Rohstoffe

oder solcher enthaltender verlassener Halden zum Feststellen der Abbauwürdigkeit durchgeführt worden sind.

Hat ein Schürfer in einem Gebiet sich teilweise überdeckende Freischürfe (Freischurfgebiet), so wird gemäß § 13 Abs. 2 MinroG der im Abs. 1 verlangte Nachweis für höchstens 100 Freischürfe als erbracht angesehen, wenn mindestens in einem davon Arbeiten der im Abs. 1 genannten Art durchgeführt worden sind.

### **C. Rechtliche Beurteilung und Beweiswürdigung**

Da die Eurocan Mining Gesellschaft m.b.H. mit Eingabe vom 29. Dezember 2014 die Verlängerung der Schurfberechtigungen für Freischürfe zeitgerecht vor Ablauf derselben (31. Dezember 2014) beantragt und den Nachweis über die Durchführung von Erschließungs- und Untersuchungsarbeiten in einem Freischurfgebiet erbracht hat, hatte der Bundesminister für Wissenschaft, Forschung und Wirtschaft die Geltungsdauer der gegenständlichen Schurfberechtigungen für die Freischürfe mit den Bezeichnungen 02/05/S bis 37/05/S, 15/05/K bis 78/05/K und 1/10/K (79/05/K) bis 200/10/K (278/05/K) in fünf Freischurfgebieten (Schellgaden Nord, Schellgaden Süd, Goldeck-Sifflitz, Kreuzeck Ost und Kreuzeck West) für fünf weitere Jahre zu verlängern.

Über die Kosten des Verfahrens wird gesondert abgesprochen.

### **Rechtsmittelbelehrung**

Sie haben das Recht, gegen diesen Bescheid **Beschwerde** an das Bundesverwaltungsgericht zu erheben.

Eine rechtzeitig eingebrachte und zulässige Beschwerde hat **aufschiebende Wirkung**.

Die Beschwerde ist innerhalb von **vier Wochen** nach Zustellung dieses Bescheides **schriftlich bei uns einzubringen**. Sie hat den Bescheid, gegen den sie sich richtet, und die Behörde, die den Bescheid erlassen hat, zu bezeichnen. Weiters hat die Beschwerde die Gründe, auf die sich die Behauptung der Rechtswidrigkeit stützt, das Begehren und die Angaben, die erforderlich sind, um zu beurteilen, ob die Beschwerde rechtzeitig eingebracht ist, zu enthalten.

Sie haben das Recht, in der Beschwerde zu beantragen, dass eine öffentliche mündliche Verhandlung durchgeführt wird. **Bitte beachten Sie**, dass Sie, falls die Behörde von der Erlassung einer Beschwerdeentscheidung absieht, auf Ihr Recht auf Durchführung einer Verhandlung verzichten, wenn Sie in der Beschwerde keinen solchen Antrag stellen.

Die Beschwerde kann in **jeder technisch möglichen Form** übermittelt werden. Technische Voraussetzungen des elektronischen Verkehrs sind auf folgender Internetseite bekanntgemacht:

<http://www.bmwf.wg.at/Ministerium/policy/E-MailPolicy/Seiten/E-MailAnbringengem13AVG.aspx>


Bitte beachten Sie, dass der Absender/die Absenderin die mit jeder Übermittlungsart verbundenen Risiken (zB Übertragungsverlust, Verlust des Schriftstückes) trägt.

Sofern Sie nicht gebührenbefreit sind (siehe § 14 TP 6 Abs. 5 des Gebührengesetzes 1957), ist bei der Einbringung der Beschwerde eine Gebühr von **30 Euro** zu entrichten. Die Gebühr ist durch Überweisung auf das Konto des Finanzamtes für Gebühren, Verkehrsteuern und Glücksspiel, IBAN: AT 83 0100 0000 0550 4109, BIC: BUN-DATWW, zu entrichten. Als Verwendungszweck ist die Geschäftszahl dieses Bescheides anzuführen.

Als Nachweis der Entrichtung der Gebühr ist der Beschwerde der Zahlungsbeleg oder der Ausdruck über die erfolgte Erteilung einer Zahlungsanweisung anzuschließen. Für jede gebührenpflichtige Eingabe ist ein gesonderter Beleg vorzulegen.

*Anmerkung:* Soweit im vorliegenden Schriftstück personenbezogene Bezeichnungen nur in männlicher Form angeführt sind, beziehen sie sich auf Frauen und Männer in gleicher Weise.

Wien, am 26.02.2015  
Für den Bundesminister:  
Dipl.-Ing. Andreas Rohrbacher

	Unterzeichner	Bundesministerium für Wissenschaft, Forschung und Wirtschaft
	Datum/Zeit	2015-02-26T10:40:53+01:00
	Aussteller-Zertifikat	CN=a-sign-corporate-light-02,OU=a-sign-corporate-light-02,O=A-Trust Ges. f. Sicherheitssysteme im elektr. Datenverkehr GmbH,C=AT
	Serien-Nr.	1184203
	Hinweis	Dieses Dokument wurde amtssigniert.
	Prüfinformation	Informationen zur Prüfung der elektronischen Signatur finden Sie unter: <a href="https://www.signaturpruefung.gv.at/">https://www.signaturpruefung.gv.at/</a> . Die Bildmarke und Hinweise zur Verifikation eines Papierausdrucks sind auf <a href="https://www.bmwf.wg.at/amtssignatur">https://www.bmwf.wg.at/amtssignatur</a> oder <a href="http://www.help.gv.at/">http://www.help.gv.at/</a> veröffentlicht.
Signaturwert	3bOKaMbFo7VqErUKd0R44q0WEISSPaoQO6rbMKlhRxQeTHkcKqUpBgoNrBTiwWvdFwmFb2EPflc2rgGO4H7ox36VY/bDfcMgtSI8VtSZheESry3d3g9glx6ILUCxMb6iaN0Sh0g6Y+WJnlB8BaK4ux+cW0rbdG4amPewRLG2SryDdUORlrbk1uNx/DGWG1et+Dbbgf47QuuPMdx0080V4CWdt/uQKbuoyi0sOHkdFSZl4gUG1dpbbkiforgZFA1Yok5Zu2j4EXJ/QKNQ8KzBBnnQJK/r670FFtXFop9cMssxhvWz/TV486n9G5oQguc7BQsjUk+wRVmUZdA==	

Exploration Concession Schellgaden Süd - protected areas					
Number	Licence Number	Decree of Mining Authority	Authorization Type	Holder	Protected Area
1	15/05/K	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected landscape (Landschaftsschutzgebiet) "Äußeres Pöllatal"
2	16/05/K	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected landscape (Landschaftsschutzgebiet) "Äußeres Pöllatal"
3	17/05/K	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected landscape (Landschaftsschutzgebiet) "Äußeres Pöllatal"
4	18/05/K	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected landscape (Landschaftsschutzgebiet) "Äußeres Pöllatal"
5	21/05/K	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected landscape (Landschaftsschutzgebiet) "Äußeres Pöllatal"
6	22/05/K	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected landscape (Landschaftsschutzgebiet) "Äußeres Pöllatal"
7	25/05/K	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected landscape (Landschaftsschutzgebiet) "Äußeres Pöllatal"
8	35/05/K	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected landscape (Landschaftsschutzgebiet) "Äußeres Pöllatal"
9	37/05/K	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected landscape (Landschaftsschutzgebiet) "Äußeres Pöllatal"

10	38/05/K	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected landscape (Landschaftsschutzgebiet) "Äußeres Pöllatal"
11	39/05/K	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected landscape (Landschaftsschutzgebiet) "Äußeres Pöllatal"
12	40/05/K	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected landscape (Landschaftsschutzgebiet) "Äußeres Pöllatal"
13	41/05/K	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected landscape (Landschaftsschutzgebiet) "Äußeres Pöllatal"
14	42/05/K	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected landscape (Landschaftsschutzgebiet) "Äußeres Pöllatal"
15	43/05/K	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected landscape (Landschaftsschutzgebiet) "Äußeres Pöllatal"
16	44/05/K	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected landscape (Landschaftsschutzgebiet) "Äußeres Pöllatal"
17	45/05/K	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected landscape (Landschaftsschutzgebiet) "Äußeres Pöllatal"
18	47/05/K	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected landscape (Landschaftsschutzgebiet) "Äußeres Pöllatal"
19	48/05/K	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected landscape (Landschaftsschutzgebiet) "Äußeres Pöllatal"
20	49/05/K	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected landscape (Landschaftsschutzgebiet) "Äußeres Pöllatal"

21	51/05/K	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected landscape (Landschaftsschutzgebiet) "Äußeres Pöllatal"
22	52/05/K	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected landscape (Landschaftsschutzgebiet) "Äußeres Pöllatal"
23	53/05/K	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected landscape (Landschaftsschutzgebiet) "Äußeres Pöllatal"
24	55/05/K	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected landscape (Landschaftsschutzgebiet) "Äußeres Pöllatal"
25	56/05/K	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected landscape (Landschaftsschutzgebiet) "Äußeres Pöllatal"
26	57/05/K	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected landscape (Landschaftsschutzgebiet) "Äußeres Pöllatal"
27	58/05/K	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected landscape (Landschaftsschutzgebiet) "Äußeres Pöllatal"
28	59/05/K	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected landscape (Landschaftsschutzgebiet) "Äußeres Pöllatal"
29	60/05/K	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected landscape (Landschaftsschutzgebiet) "Äußeres Pöllatal"
30	61/05/K	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected landscape (Landschaftsschutzgebiet) "Inneres Pöllatal"
31	62/05/K	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected landscape (Landschaftsschutzgebiet) "Inneres Pöllatal"

32	63/05/K	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected landscape (Landschaftsschutzgebiet) "Inneres Pöllatal"
33	64/05/K	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected landscape (Landschaftsschutzgebiet) "Inneres Pöllatal"
34	47/10/K (125/05/K)	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	water protection zone (Wasserschongebiet) "Königsquell"
35	48/10/K (126/05/K)	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	water protection zone (Wasserschongebiet) "Königsquell"
36	49/10/K (127/05/K)	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	water protection zone (Wasserschongebiet) "Königsquell"
37	53/10/K (131/05/K)	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	water protection zone (Wasserschongebiet) "Königsquell"
38	57/10/K (135/05/K)	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	water protection zone (Wasserschongebiet) "Königsquell"

Exploration Concession Kreuzeck West - protected areas					
Number	Licence Number	Decree of Mining Authority	Authorization Type	Holder	Protected Area
1	59/10/K (137/05/K)	BMWFW-66.050/0111- III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	water protection zone
2	69/10/K (147/05/K)	BMWFW-66.050/0111- III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	water protection zone
3	70/10/K (148/05/K)	BMWFW-66.050/0111- III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	water protection zone
4	76/10/K (154/05/K)	BMWFW-66.050/0111- III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	water protection zone
5	97/10/K (175/05/K)	BMWFW-66.050/0111- III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	water protection zone
6	60/10/K (138/05/K)	BMWFW-66.050/0111- III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected natural monument "Zwickenberger Saubachgraben und Zwickenberger Wasserfall"
7	71/10/K (149/05/K)	BMWFW-66.050/0111- III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected natural monument "Zwickenberger Saubachgraben und Zwickenberger Wasserfall"
8	82/10/K (160/05/K)	BMWFW-66.050/0111- III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	protected natural monument "Zwickenberger Saubachgraben und Zwickenberger Wasserfall"

<b>Exploration Concession Kreuzeck East - protected areas</b>					
Number	Licence Number	Decree of Mining Authority	Authorization Type	Holder	Protected Area
1	124/10/K (202/05/K)	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	water protection zone
2	134/10/K (212/05/K)	BMWFW-66.050/0111-III/9/2014	Exploration	EUROCAN MINING GESELLSCHAFT M.B.H.	water protection zone

## AUSTRIAN GOLD PROJECTS

**List of Exploration Licenses ("Schurfberechtigungen") in 5 Austrian Exploration Concessions: (renewed 2015 for 5 years – valid until 31<sup>st</sup>. Dec. 2019) – in total 300**

Schellgaden North (Salzburg):	36 claims
Schellgaden South (Carinthia):	121 claims
Kreuzeck West (Carinthia):	44 claims
Kreuzeck East (Carinthia):	42 claims
Goldeck – Sifflitz (Carinthia):	57 claims

Claim Nr.	Ref. meridian	Coordinates in Meter			Cadastral District
		y	x		
SCHELLGADEN North / Salzburg					
02/05/S	M 31	+	17.427,90	+ 5,217.389,24	Schellgaden Oberweissburg
03/05/S	M 31	+	18.702,90	+ 5,217.389,24	Oberweissburg
04/05/S	M 31	+	16.790,40	+ 5,217.021,18	Schellgaden
05/05/S	M 31	+	18.065,40	+ 5,217.021,18	Schellgaden Oberweissburg
06/05/S	M 31	+	19.340,40	+ 5,217.021,18	Oberweissburg Schellgaden
07/05/S	M 31	+	17.427,90	+ 5,216.653,12	Schellgaden
08/05/S	M 31	+	18.702,90	+ 5,216.653,12	Schellgaden Oberweissburg
09/05/S	M 31	+	16.790,40	+ 5,216.285,06	Schellgaden
10/05/S	M 31	+	18.065,40	+ 5,216.285,06	Schellgaden
11/05/S	M 31	+	19.340,40	+ 5,216.285,06	Schellgaden Oberweissburg Unterweissburg
12/05/S	M 31	+	17.427,90	+ 5,215.917,00	Schellgaden
13/05/S	M 31	+	18.702,90	+ 5,215.917,00	Schellgaden
14/05/S	M 31	+	16.790,40	+ 5,215.548,94	Schellgaden
15/05/S	M 31	+	18.065,40	+ 5,215.548,94	Schellgaden
16/05/S	M 31	+	19.340,40	+ 5,215.548,94	Schellgaden Unterweissburg
17/05/S	M 31	+	16.152,90	+ 5,215.180,88	Schellgaden
18/05/S	M 31	+	17.427,90	+ 5,215.180,88	Schellgaden
19/05/S	M 31	+	18.702,90	+ 5,215.180,88	Schellgaden
20/05/S	M 31	+	16.790,40	+ 5,214.812,82	Schellgaden
21/05/S	M 31	+	18.065,40	+ 5,214.812,82	Schellgaden
22/05/S	M 31	+	19.340,40	+ 5,214.812,82	Schellgaden
23/05/S	M 31	+	16.152,90	+ 5,214.444,76	Schellgaden
24/05/S	M 31	+	17.427,90	+ 5,214.444,76	Schellgaden
25/05/S	M 31	+	18.702,90	+ 5,214.444,76	Schellgaden
26/05/S	M 31	+	15.515,40	+ 5,214.076,70	Schellgaden Oberdorf
27/05/S	M 31	+	16.790,40	+ 5,214.076,70	Schellgaden
28/05/S	M 31	+	18.065,40	+ 5,214.076,70	Schellgaden
29/05/S	M 31	+	19.340,40	+ 5,214.076,70	Schellgaden
30/05/S	M 31	+	16.152,90	+ 5,213.708,84	Schellgaden Oberdorf
31/05/S	M 31	+	17.427,90	+ 5,213.708,64	Schellgaden
32/05/S	M 31	+	18.702,90	+ 5,213.708,64	Schellgaden
33/05/S	M 31	+	16.790,40	+ 5,213.340,60	Schellgaden Oberdorf
34/05/S	M 31	+	18.065,40	+ 5,213.340,58	Schellgaden
35/05/S	M 31	+	19.340,40	+ 5,213.340,58	Schellgaden
36/05/S	M 31	+	17.427,90	+ 5,212.972,52	Schellgaden Oberdorf
37/05/S	M 31	+	18.702,90	+ 5,212.972,52	Schellgaden Oberdorf
SCHELLGADEN South / Carinthia					
15/05/K	M 31	+	15.515,40	+ 5,213.340,58	Oberdorf
16/05/K	M 31	+	16.152,90	+ 5,212.972,52	Oberdorf
17/05/K	M 31	+	15.515,40	+ 5,212.604,46	Oberdorf

18/05/K	M 31	+	16.790,40	+	5,212.604,46	Oberdorf
19/05/K	M 31	+	18.065,40	+	5,212.604,46	Oberdorf Schellgaden
20/05/K	M 31	+	19.340,40	+	5,212.604,46	Oberdorf Schellgaden Rennweg
21/05/K	M 31	+	16.152,90	+	5,212.236,40	Oberdorf
22/05/K	M 31	+	17.427,90	+	5,212.236,40	Oberdorf
23/05/K	M 31	+	18.702,90	+	5,212.236,40	Oberdorf Schellgaden
24/05/K	M 31	+	19.977,90	+	5,212.236,40	Rennweg Oberdorf
25/05/K	M 31	+	15.515,40	+	5,211.868,34	Oberdorf
26/05/K	M 31	+	16.790,40	+	5,211.868,34	Oberdorf
27/05/K	M 31	+	18.065,40	+	5,211.868,34	Oberdorf
28/05/K	M 31	+	19.340,40	+	5,211.868,34	Oberdorf Rennweg
29/05/K	M 31	+	14.877,90	+	5,211.500,28	Oberdorf
30/05/K	M 31	+	16.152,90	+	5,211.500,28	Oberdorf
31/05/K	M 31	+	17.427,90	+	5,211.500,28	Oberdorf
32/05/K	M 31	+	18.702,90	+	5,211.500,28	Oberdorf
33/05/K	M 31	+	19.977,90	+	5,211.500,28	Rennweg Oberdorf
34/05/K	M 31	+	15.515,40	+	5,211.132,22	Oberdorf
35/05/K	M 31	+	16.790,40	+	5,211.132,22	Oberdorf
36/05/K	M 31	+	18.065,40	+	5,211.132,22	Oberdorf St. Peter
37/05/K	M 31	+	19.340,40	+	5,211.132,22	Oberdorf
38/05/K	M 31	+	14.877,90	+	5,210.764,16	Oberdorf
39/05/K	M 31	+	16.152,90	+	5,210.764,16	Oberdorf
40/05/K	M 31	+	17.427,90	+	5,210.764,16	Oberdorf
41/05/K	M 31	+	18.702,90	+	5,210.764,16	Oberdorf St. Peter
42/05/K	M 31	+	19.977,90	+	5,210.764,16	Rennweg Oberdorf
43/05/K	M 31	+	15.515,40	+	5,210.396,10	Oberdorf
44/05/K	M 31	+	16.790,40	+	5,210.396,10	Oberdorf
45/05/K	M 31	+	18.065,40	+	5,210.396,10	St. Peter Oberdorf
46/05/K	M 31	+	19.340,40	+	5,210.396,10	St Peter Oberdorf
47/05/K	M 31	+	14.877,90	+	5,210.028,04	Oberdorf
48/05/K	M 31	+	16.152,90	+	5,210.028,04	Oberdorf
49/05/K	M 31	+	17.427,90	+	5,210.028,04	Oberdorf St. Peter
50/05/K	M 31	+	18.702,90	+	5,210.028,04	St. Peter
51/05/K	M 31	+	19.977,90	+	5,210.028,04	St. Peter Oberdorf
52/05/K	M 31	+	15.515,40	+	5,209.659,98	Oberdorf
53/05/K	M 31	+	16.790,40	+	5,209.659,98	Oberdorf St. Peter
54/05/K	M 31	+	18.065,40	+	5,209.659,98	St. Peter
55/05/K	M 31	+	19.340,40	+	5,209.659,98	St. Peter
56/05/K	M 31	+	14.877,90	+	5,209.291,92	Oberdorf St. Peter
57/05/K	M 31	+	16.152,90	+	5,209.291,92	Oberdorf St. Peter
58/05/K	M 31	+	17.427,90	+	5,209.291,92	St. Peter Oberdorf
59/05/K	M 31	+	15.515,40	+	5,208.923,86	St. Peter Oberdorf
60/05/K	M 31	+	16.790,40	+	5,208.923,86	St. Peter Oberdorf
61/05/K	M 31	+	12.600,00	+	5,209.000,00	Maltaberg Oberdorf
62/05/K	M 31	+	13.300,00	+	5,209.000,00	Oberdorf Maltaberg
63/05/K	M 31	+	14.000,00	+	5,209.000,00	Oberdorf Maltaberg
64/05/K	M 31	+	14.700,00	+	5,209.000,00	Oberdorf St. Peter Maltaberg
65/05/K	M 31	+	12.950,00	+	5,208.400,00	Maltaberg
66/05/K	M 31	+	13.650,00	+	5,208.400,00	Maltaberg Oberdorf
67/05/K	M 31	+	14.350,00	+	5,208.400,00	Maltaberg
68/05/K	M 31	+	12.600,00	+	5,207.800,00	Maltaberg
69/05/K	M 31	+	13.300,00	+	5,207.800,00	Maltaberg
70/05/K	M 31	+	14.000,00	+	5,207.800,00	Maltaberg
71/05/K	M 31	+	12.950,00	+	5,207.200,00	Maltaberg
72/05/K	M 31	+	13.650,00	+	5,207.200,00	Maltaberg
73/05/K	M 31	+	14.350,00	+	5,207.200,00	Maltaberg

74/05/K	M 31	+	12.600,00	+	5,206.600,00	Maltaberg
75/05/K	M 31	+	13.300,00	+	5,206.600,00	Maltaberg
76/05/K	M 31	+	14.000,00	+	5,206.600,00	Maltaberg
77/05/K	M 31	+	12.950,00	+	5,206.000,00	Maltaberg
78/05/K	M 31	+	13.650,00	+	5,206.000,00	Maltaberg
79/05/K	M 31	+	12.600,00	+	5,205.400,00	Maltaberg
80/05/K	M 31	+	13.300,00	+	5,205.400,00	Maltaberg
81/05/K	M 31	+	12.950,00	+	5,204.800,00	Maltaberg
82/05/K	M 31	+	13.650,00	+	5,204.800,00	Maltaberg
83/05/K	M 31	+	12.600,00	+	5,204.200,00	Maltaberg
84/05/K	M 31	+	13.300,00	+	5,204.200,00	Maltaberg
85/05/K	M 31	+	12.250,00	+	5,203.600,00	Maltaberg Malta
86/05/K	M 31	+	12.950,00	+	5,203.600,00	Maltaberg
87/05/K	M 31	+	12.600,00	+	5,203.000,00	Maltaberg
88/05/K	M 31	+	13.300,00	+	5,203.000,00	Maltaberg
89/05/K	M 31	+	12.250,00	+	5,202.400,00	Malta Maltaberg Dornbach
90/05/K	M 31	+	12.950,00	+	5,202.400,00	Malta Maltaberg
91/05/K	M 31	+	12.600,00	+	5,201.800,00	Malta Dornbach
93/05/K	M 31	+	12.950,00	+	5,201.200,00	Dornbach Malta
94/05/K	M 31	+	11.900,00	+	5,200.600,00	Dornbach
95/05/K	M 31	+	12.600,00	+	5,200.600,00	Dornbach
96/05/K	M 31	+	9.450,00	+	5,200.000,00	Dornbach Radl
97/05/K	M 31	+	10.150,00	+	5,200.000,00	Dornbach
98/05/K	M 31	+	10.850,00	+	5,200.000,00	Dornbach
99/05/K	M 31	+	11.550,00	+	5,200.000,00	Dornbach
100/05/K	M 31	+	12.250,00	+	5,200.000,00	Dornbach
101/05/K	M 31	+	12.950,00	+	5,200.000,00	Dornbach
102/05/K	M 31	+	9.800,00	+	5,199.400,00	Radl Dornbach
103/05/K	M 31	+	10.500,00	+	5,199.400,00	Dornbach Radl
104/05/K	M 31	+	9.450,00	+	5,198.800,00	Radl
105/05/K	M 31	+	10.150,00	+	5,198.800,00	Radl Dornbach
106/05/K	M 31	+	9.800,00	+	5,198.200,00	Radl
107/05/K	M 31	+	10.500,00	+	5,198.200,00	Radl Dornbach
108/05/K	M 31	+	10.150,00	+	5,197.600,00	Radl Trebesing
109/05/K	M 31	+	10.850,00	+	5,197.600,00	Radl
110/05/K	M 31	+	10.500,00	+	5,197.000,00	Trebesing Radl
111/05/K	M 31	+	11.200,00	+	5,197.000,00	Radl Trebesing
112/05/K	M 31	+	11.900,00	+	5,197.000,00	Radl
113/05/K	M 31	+	12.600,00	+	5,197.000,00	Radl
114/05/K	M 31	+	10.150,00	+	5,196.400,00	Trebesing
115/05/K	M 31	+	10.850,00	+	5,196.400,00	Trebesing Radl
116/05/K	M 31	+	11.550,00	+	5,196.400,00	Trebesing Radl
117/05/K	M 31	+	12.250,00	+	5,196.400,00	Radl Trebesing
118/05/K	M 31	+	9.800,00	+	5,195.800,00	Trebesing
119/05/K	M 31	+	10.500,00	+	5,195.800,00	Trebesing
120/05/K	M 31	+	11.200,00	+	5,195.800,00	Trebesing
121/05/K	M 31	+	11.900,00	+	5,195.800,00	Trebesing Radl
122/05/K	M 31	+	8.050,00	+	5,195.200,00	Trebesing Altersberg
123/05/K	M 31	+	8.750,	+	5,195.200,00	Trebesing Altersberg
124/05/K	M 31	+	9.450,00	+	5,195.200,00	Trebesing
125/05/K	M 31	+	10.150,00	+	5,195.200,00	Trebesing
126/05/K	M 31	+	10.850,00	+	5,195.200,00	Trebesing
127/05/K	M 31	+	11.550,00	+	5,195.200,00	Trebesing
128/05/K	M 31	+	7.700,00	+	5,194.600,00	Altersberg Hühnersberg Trebesing
129/05/K	M 31	+	8.400,00	+	5,194.600,00	Altersberg Trebesing
130/05/K	M 31	+	9.100,00	+	5,194.600,00	Altersberg Trebesing

131/05/K	M 31	+	9.800,00	+	5,194.600,00	Trebesing
132/05/K	M 31	+	7.350,00	+	5,194.000,00	Hühnersberg Altersberg
133/05/K	M 31	+	8.050,00	+	5,194.000,00	Hühnersberg Altersberg
134/05/K	M 31	+	8.750,00	+	5,194.000,00	Altersberg Hühnersberg
135/05/K	M 31	+	9.450,00	+	5,194.000,00	Altersberg Trebesing
<b>KREUZECK West / Carinthia</b>						
136/05/K	M 31	-	27.900,00	+	5,183.000,00	Zwickenberg Nörsach
137/05/K	M 31	-	27.200,00	+	5,183.000,00	Zwickenberg
138/05/K	M 31	-	26.500,00	+	5,183.000,00	Zwickenberg
139/05/K	M 31	-	25.800,00	+	5,183.000,00	Zwickenberg
140/05/K	M 31	-	25.100,00	+	5,183.000,00	Zwickenberg
141/05/K	M 31	-	24.400,00	+	5,183.000,00	Irschen Zwickenberg
142/05/K	M 31	-	23.700,00	+	5,183.000,00	Irschen
143/05/K	M 31	-	23.000,00	+	5,183.000,00	Irschen
144/05/K	M 31	-	22.300,00	+	5,183.000,00	Irschen
145/05/K	M 31	-	28.980,00	+	5,182.400,00	Zwickenberg Nörsach
146/05/K	M 31	-	28.250,00	+	5,182.400,00	Zwickenberg
147/05/K	M 31	-	27.550,00	+	5,182.400,00	Zwickenberg
148/05/K	M 31	-	26.850,00	+	5,182.400,00	Zwickenberg
149/05/K	M 31	-	26.150,00	+	5,182.400,00	Zwickenberg
150/05/K	M 31	-	25.450,00	+	5,182.400,00	Zwickenberg
151/05/K	M 31	-	24.750,00	+	5,182.400,00	Zwickenberg Irschen
152/05/K	M 31	-	24.050,00	+	5,182.400,00	Irschen
153/05/K	M 31	-	23.350,00	+	5,182.400,00	Irschen
154/05/K	M 31	-	22.650,00	+	5,182.400,00	Irschen
155/05/K	M 31	-	29.300,00	+	5,181.800,00	Zwickenberg Nörsach
156/05/K	M 31	-	28.600,00	+	5,181.800,00	Zwickenberg
157/05/K	M 31	-	27.900,00	+	5,181.800,00	Zwickenberg
158/05/K	M 31	-	27.200,00	+	5,181.800,00	Zwickenberg
159/05/K	M 31	-	26.500,00	+	5,181.800,00	Zwickenberg
160/05/K	M 31	-	25.800,00	+	5,181.800,00	Zwickenberg Irschen
161/05/K	M 31	-	25.100,00	+	5,181.800,00	Zwickenberg Irschen
162/05/K	M 31	-	24.400,00	+	5,181.800,00	Irschen
163/05/K	M 31	-	23.700,00	+	5,181.800,00	Irschen
164/05/K	M 31	-	23.000,00	+	5,181.800,00	Irschen
165/05/K	M 31	-	22.300,00	+	5,181.800,00	Irschen Rittersdorf
166/05/K	M 31	-	29.650,00	+	5,181.200,00	Nörsach Zwickenberg Oberdrauburg
167/05/K	M 31	-	28.950,00	+	5,181.200,00	Zwickenberg
168/05/K	M 31	-	28.250,00	+	5,181.200,00	Zwickenberg
169/05/K	M 31	-	27.550,00	+	5,181.200,00	Zwickenberg
170/05/K	M 31	-	26.850,00	+	5,181.200,00	Zwickenberg
171/05/K	M 31	-	26.150,00	+	5,181.200,00	Zwickenberg Irschen
172/05/K	M 31	-	25.450,00	+	5,181.200,00	Irschen Zwickenberg
173/05/K	M 31	-	24.750,00	+	5,181.200,00	Irschen
174/05/K	M 31	-	24.050,00	+	5,181.200,00	Irschen
175/05/K	M 31	-	23.350,00	+	5,181.200,00	Irschen
176/05/K	M 31	-	22.650,00	+	5,181.200,00	Irschen Rittersdorf
177/05/K	M 31	-	29.300,00	+	5,180.600,00	Oberdrauburg Zwickenberg
178/05/K	M 31	-	28.600,00	+	5,180.600,00	Zwickenberg Oberdrauburg
179/05/K	M 31	-	27.900,00	+	5,180.600,00	Zwickenber Oberdrauburg
<b>KREUZECK East / Carinthia</b>						
180/05/K	M 31	-	1.750,00	+	5,183.600,00	Blaßnig
181/05/K	M 31	-	1.050,00	+	5,183.600,00	Blaßnig
182/05/K	M 31	-	350,00	+	5,183.600,00	Blaßnig
183/05/K	M 31	+	350,00	+	5,183.600,00	Blaßnig
184/05/K	M 31	-	2.100,00	+	5,183.000,00	Blaßnig

185/05/K	M 31	-	1.400,00	+	5,183.000,00	Blaßnig
186/05/K	M 31	-	700,00	+	5,183.000,00	Blaßnig
187/05/K	M 31	+/-	0,00	+	5,183.000,00	Blaßnig
188/05/K	M 31	+	700,00	+	5,183.000,00	Blaßnig
189/05/K	M 31	-	2.450,00	+	5,182.400,00	Blaßnig
190/05/K	M 31	-	1.750,00	+	5,182.400,00	Blaßnig
191/05/K	M 31	-	1.050,00	+	5,182.400,00	Blaßnig
192/05/K	M 31	-	350,00	+	5,182.400,00	Blaßnig
193/05/K	M 31	+	350,00	+	5,182.400,00	Blaßnig
194/05/K	M 31	-	6.300,00	+	5,181.800,00	Gerlamoos Steinfeld
195/05/K	M 31	-	5.600,00	+	5,181.800,00	Gerlamoos
196/05/K	M 31	-	4.900,00	+	5,181.800,00	Gerlamoos
197/05/K	M 31	-	4.200,00	+	5,181.800,00	Gerlamoos
198/05/K	M 31	-	3.500,00	+	5,181.800,00	Blaßnig Gerlamoos
199/05/K	M 31	-	2.800,00	+	5,181.800,00	Blaßnig
200/05/K	M 31	-	2.100,00	+	5,181.800,00	Blaßnig
201/05/K	M 31	-	1.400,00	+	5,181.800,00	Blaßnig
202/05/K	M 31	-	700,00	+	5,181.800,00	Blaßnig
203/05/K	M 31	+/-	0,00	+	5,181.800,00	Blaßnig
204/05/K	M 31	-	5.950,00	+	5,181.200,00	Gerlamoos
205/05/K	M 31	-	5.250,00	+	5,181.200,00	Gerlamoos
206/05/K	M 31	-	4.550,00	+	5,181.200,00	Gerlamoos
207/05/K	M 31	-	3.850,00	+	5,181.200,00	Gerlamoos Blaßnig
208/05/K	M 31	-	3.150,00	+	5,181.200,00	Blaßnig
209/05/K	M 31	-	2.450,00	+	5,181.200,00	Blaßnig
210/05/K	M 31	-	1.750,00	+	5,181.200,00	Blaßnig
211/05/K	M 31	-	1.050,00	+	5,181.200,00	Blaßnig
212/05/K	M 31	-	350,00	+	5,181.200,00	Blaßnig
213/05/K	M 31	-	6.300,00	+	5,180.600,00	Gerlamoos Steinfeld
214/05/K	M 31	-	5.600,00	+	5,180.600,00	Gerlamoos
215/05/K	M 31	-	4.900,00	+	5,180.600,00	Gerlamoos
216/05/K	M 31	-	4.200,00	+	5,180.600,00	Gerlamoos
217/05/K	M 31	-	3.500,00	+	5,180.600,00	Blaßnig Gerlamoos
218/05/K	M 31	-	2.800,00	+	5,180.600,00	Blaßnig
219/05/K	M 31	-	2.100,00	+	5,180.600,00	Blaßnig
220/05/K	M 31	-	1.400,00	+	5,180.600,00	Blaßnig
221/05/K	M 31	-	700,00	+	5,180.600,00	Blaßnig
<b>GOLDECK – SIFLITZ / Carinthia</b>						
222/05/K	M 31	+	2.800,00	+	5,185.700,00	Sachsenburg Lind
223/05/K	M 31	+	3.500,00	+	5,185.700,00	Gschieß Lind Sachsenburg
224/05/K	M 31	+	3.150,00	+	5,185.100,00	Lind Sachsenburg
225/05/K	M 31	+	3.850,00	+	5,185.100,00	Lind Sachsenburg Gschieß
226/05/K	M 31	+	3.500,00	+	5,184.500,00	Lind
227/05/K	M 31	+	4.200,00	+	5,184.500,00	Lind Gschieß
228/05/K	M 31	+	3.150,00	+	5,183.900,00	Lind
229/05/K	M 31	+	3.850,00	+	5,183.900,00	Lind
230/05/K	M 31	+	4.550,00	+	5,183.900,00	Lind Gschieß
231/05/K	M 31	+	2.800,00	+	5,183.300,00	Lind
232/05/K	M 31	+	3.500,00	+	5,183.300,00	Lind
233/05/K	M 31	+	4.200,00	+	5,183.300,00	Lind
234/05/K	M 31	+	4.900,00	+	5,183.300,00	Lind Gschieß
235/05/K	M 31	+	2.450,00	+	5,182.700,00	Lind
236/05/K	M 31	+	3.150,00	+	5,182.700,00	Lind
237/05/K	M 31	+	3.850,00	+	5,182.700,00	Lind
238/05/K	M 31	+	4.550,00	+	5,182.700,00	Lind
239/05/K	M 31	+	5.250,00	+	5,182.700,00	Lind
240/05/K	M 31	+	2.800,00	+	5,182.100,00	Lind

241/05/K	M 31	+	3.500,00	+	5,182.100,00	Lind
242/05/K	M 31	+	4.200,00	+	5,182.100,00	Lind
243/05/K	M 31	+	4.900,00	+	5,182.100,00	Lind
244/05/K	M 31	+	5.600,00	+	5,182.100,00	Lind
245/05/K	M 31	+	2.450,00	+	5,181.500,00	Lind
246/05/K	M 31	+	3.150,00	+	5,181.500,00	Lind
247/05/K	M 31	+	3.850,00	+	5,181.500,00	Lind
248/05/K	M 31	+	4.550,00	+	5,181.500,00	Lind
249/05/K	M 31	+	5.250,00	+	5,181.500,00	Lind
250/05/K	M 31	+	2.800,00	+	5,180.900,00	Lind
251/05/K	M 31	+	3.500,00	+	5,180.900,00	Lind
252/05/K	M 31	+	4.200,00	+	5,180.900,00	Lind
253/05/K	M 31	+	4.900,00	+	5,180.900,00	Lind
254/05/K	M 31	+	5.600,00	+	5,180.900,00	Lind
255/05/K	M 31	+	1.750,00	+	5,180.300,00	Lind Fell
256/05/K	M 31	+	2.450,00	+	5,180.300,00	Lind Fell
257/05/K	M 31	+	3.150,00	+	5,180.300,00	Lind
258/05/K	M 31	+	3.850,00	+	5,180.300,00	Lind
259/05/K	M 31	+	4.550,00	+	5,180.300,00	Lind
260/05/K	M 31	+	5.250,00	+	5,180.300,00	Lind
261/05/K	M 31	+	1.400,00	+	5,179.700,00	Fell
262/05/K	M 31	+	2.100,00	+	5,179.700,00	Fell Lind
263/05/K	M 31	+	2.800,00	+	5,179.700,00	Fell Lind
264/05/K	M 31	+	3.500,00	+	5,179.700,00	Lind Fell
265/05/K	M 31	+	4.200,00	+	5,179.700,00	Lind Fell
266/05/K	M 31	+	4.900,00	+	5,179.700,00	Lind
267/05/K	M 31	+	1.050,00	+	5,179.100,00	Fell
268/05/K	M 31	+	1.750,00	+	5,179.100,00	Fell
269/05/K	M 31	+	2.450,00	+	5,179.100,00	Fell
270/05/K	M 31	+	3.150,00	+	5,179.100,00	Fell
271/05/K	M 31	+	3.850,00	+	5,179.100,00	Fell Lind
272/05/K	M 31	+	4.550,00	+	5,179.100,00	Fell Lind
273/05/K	M 31	+	700,00	+	5,178.500,00	Fell
274/05/K	M 31	+	1.400,00	+	5,178.500,00	Fell
275/05/K	M 31	+	2.100,00	+	5,178.500,00	Fell
276/05/K	M 31	+	2.800,00	+	5,178.500,00	Fell
277/05/K	M 31	+	3.500,00	+	5,178.500,00	Fell
278/25/K	M 31	+	4.200,00	+	5,178.500,00	Fell

## AUSTRIAN COBALT PROJECTS

List of Exploration Licenses ("*Schurfberechtigungen*") in 4 Austrian Exploration Concessions: (valid until 31<sup>st</sup>. Dec. 2021) – in total 78

Gratlspeitz (Tirol): 37 claims  
 Schwarzleo (Salzburg): 30 claims  
 Seekar (Salzburg): 9 claims  
 Zinkwand (Salzburg): 2 claims

Claim Nr.	Ref. meridian	Coordinates in Meter			Cadastral Districts	
		y	x		Centre	Related
GRATLSPITZ/ Tirol						
01/17/T	28	+	117600.00	5256300.00	Radfeld	Brixlegg, Zimmermoos
02/17/T	28	+	118336.00	5256300.00	Radfeld	Zimmermoos
03/17/T	28	+	119072.00	5256300.00	Zimmermoos	Radfeld
04/17/T	28	+	119808.00	5256300.00	Zimmermoos	Radfeld
05/17/T	28	+	120544.00	5256300.00	Zimmermoos	Radfeld
06/17/T	28	+	121280.00	5256300.00	Zimmermoos	Radfeld
07/17/T	28	+	122016.00	5256300.00	Radfeld	Zimmermoos
08/17/T	28	+	117232.00	5255663.00	Zimmermoos	Brixlegg
09/17/T	28	+	117968.00	5255663.00	Zimmermoos	
10/17/T	28	+	118704.00	5255663.00	Zimmermoos	Scheffach
11/17/T	28	+	119440.00	5255663.00	Zimmermoos	
12/17/T	28	+	120176.00	5255663.00	Zimmermoos	
13/17/T	28	+	120912.00	5255663.00	Zimmermoos	
14/17/T	28	+	121648.00	5255663.00	Radfeld	
15/17/T	28	+	122384.00	5255663.00	Zimmermoos	Radfeld
16/17/T	28	+	117600.00	5255026.00	Zimmermoos	Reith, Scheffach
17/17/T	28	+	118336.00	5255026.00	Scheffach	Zimmermoos
18/17/T	28	+	119072.00	5255026.00	Scheffach	Zimmermoos
19/17/T	28	+	119808.00	5255026.00	Scheffach	Zimmermoos
20/17/T	28	+	120544.00	5255026.00	Zimmermoos	Scheffach
21/17/T	28	+	121280.00	5255026.00	Zimmermoos	Scheffach
22/17/T	28	+	122016.00	5255026.00	Zimmermoos	Radfeld, Thierbach
23/17/T	28	+	122752.00	5255026.00	Thierbach	Zimmermoos
24/17/T	28	+	117968.00	5254389.00	Scheffach	Reith
25/17/T	28	+	118704.00	5254389.00	Scheffach	
26/17/T	28	+	119440.00	5254389.00	Scheffach	
27/17/T	28	+	120176.00	5254389.00	Scheffach	Alpbach, Zimmermoos
28/17/T	28	+	120912.00	5254389.00	Scheffach	Alpbach, Zimmermoos
29/17/T	28	+	121648.00	5254389.00	Zimmermoos	Alpbach, Scheffach, Thierbach
30/17/T	28	+	122384.00	5254389.00	Thierbach	Alpbach
31/17/T	28	+	118336.00	5253752.00	Scheffach	
32/17/T	28	+	119072.00	5253752.00	Scheffach	Alpbach
33/17/T	28	+	119808.00	5253752.00	Alpbach	Scheffach
34/17/T	28	+	120544.00	5253752.00	Alpbach	
35/17/T	28	+	121280.00	5253752.00	Alpbach	

36/17/T	28	+	122016.00	5253752.00	Alpbach	Thierbach
37/17/T	28	+	122752.00	5253752.00	Alpbach	Thierbach
<b>SCHWARZLEO/ Salzburg</b>						
38/17/S	31	-	51381.00	5252616.00	Schwarzleo	Saalbach
39/17/S	31	-	50646.00	5252588.00	Schwarzleo	Saalbach
40/17/S	31	-	49911.00	5252560.00	Schwarzleo	Saalbach
41/17/S	31	-	49176.00	5252531.00	Schwarzleo	
42/17/S	31	-	48440.00	5252503.00	Schwarzleo	
43/17/S	31	-	51724.00	5253267.00	Schwarzleo	
44/17/S	31	-	50989.00	5253239.00	Schwarzleo	
45/17/S	31	-	50254.00	5253210.00	Schwarzleo	
46/17/S	31	-	49519.00	5253182.00	Schwarzleo	
47/17/S	31	-	48784.00	5253154.00	Schwarzleo	
48/17/S	31	-	48048.00	5253125.00	Schwarzleo	
49/17/S	31	-	52067.00	5253918.00	Schwarzleo	
50/17/S	31	-	51332.00	5253889.00	Schwarzleo	
51/17/S	31	-	50597.00	5253861.00	Schwarzleo	
52/17/S	31	-	49862.00	5253832.00	Schwarzleo	
53/17/S	31	-	49127.00	5253804.00	Schwarzleo	
54/17/S	31	-	48391.00	5253776.00	Schwarzleo	
55/17/S	31	-	47656.00	5253747.00	Schwarzleo	
56/17/S	31	-	51675.00	5254540.00	Schwarzleo	
57/17/S	31	-	50940.00	5254511.00	Schwarzleo	
58/17/S	31	-	50205.00	5254483.00	Schwarzleo	
59/17/S	31	-	49470.00	5254455.00	Schwarzleo	
60/17/S	31	-	48734.00	5254426.00	Schwarzleo	
61/17/S	31	-	47999.00	5254398.00	Schwarzleo	
62/17/S	31	-	52018.00	5255190.00	Grießen	Schwarzleo
63/17/S	31	-	51283.00	5255162.00	Schwarzleo	Grießen
64/17/S	31	-	50548.00	5255133.00	Schwarzleo	Grießen
65/17/S	31	-	49813.00	5255105.00	Schwarzleo	
66/17/S	31	-	49077.00	5255077.00	Schwarzleo	
67/17/S	31	-	48342.00	5255048.00	Schwarzleo	
<b>SEEKAR/ Salzburg</b>						
68/17/S	31	+	15650.00	5237250.00	Untertauern	Forstau
69/17/S	31	+	16386.00	5237250.00	Untertauern	Forstau
70/17/S	31	+	17122.00	5237250.00	Forstau	Untertauern
71/17/S	31	+	16018.00	5236613.00	Untertauern	
72/17/S	31	+	16754.00	5236613.00	Untertauern	
73/17/S	31	+	17490.00	5236613.00	Untertauern	Forstau
74/17/S	31	+	16386.00	5235976.00	Untertauern	
75/17/S	31	+	17122.00	5235976.00	Untertauern	
76/17/S	31	+	17858.00	5235976.00	Untertauern	
<b>ZINKWAND/ Salzburg</b>						
77/17/S	31	+	25900.00	5237300.00	Weißpriach	Rohrmoos
78/17/S	31	+	26350.00	5236750.00	Weißpriach	Rohrmoos

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## **13. Risk Factors**

An investment in the Securities offered under this Prospectus should be considered speculative because of the nature of the Company's business. This Section identifies the major areas of risk associated with an investment in the Company, but should not be taken as an exhaustive list of the risk factors to which the Company and its Shareholders are exposed.

Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which securities will trade. Potential investors should read the entire Prospectus and consult their professional advisers before deciding whether to apply for Securities.

### **13.1 Specific risks**

#### **(a) Conditional Acquisition and conditional Offers**

The Acquisition is subject to the satisfaction of a number of conditions. These conditions are summarised in Section 7.3. There is a risk that one or more of these conditions cannot be fulfilled, and in turn, the Acquisition will not proceed. In this event, the Company will not proceed with the Offers.

The Public Offer is subject to the Public Offer Conditions. These conditions are summarised in Section 6.3. There is a risk that one or more of these conditions cannot be fulfilled, and in turn, the Public Offer will not proceed. In this event, the Company will not proceed with the Acquisition or the Offers.

#### **(b) Re-quotation of Shares on ASX**

As part of the change to the nature and scale of the Company's activities, ASX will require the Company to re-comply with Chapters 1 and 2 of the Listing Rules. At the Shareholder Meeting the Company obtained Shareholder approval for the Acquisition Resolutions. The Company's securities were suspended from Official Quotation on the same date.

It is anticipated that the Company's securities will be suspended from trading from the date of the Shareholder Meeting until completion of the Transaction, re-compliance by the Company with Chapters 1 and 2 of the Listing Rules and compliance with any further conditions ASX imposes on such reinstatement.

There is a risk that the Company will not be able to satisfy one or more of those requirements and that its securities will consequently remain suspended from trading.

#### **(c) Liquidity risk**

On completion of the Transaction, the Company proposes to issue Consideration Securities. The Company understands that ASX will treat some of these Securities as restricted securities in accordance with Chapter 9 of the Listing Rules.

This could be considered an increased liquidity risk as a large portion of Shares may not be able to be traded freely for a period of time.

(d) **Risks associated with operations in Austria**

(i) **Government and political risk**

The Company's operating activities will be subject to laws and regulations governing expropriation of property, health and worker safety, employment standards, waste disposal, protection of the environment, mine development, land and water use, prospecting, mineral production, exports, taxes, labour standards, occupational health standards, toxic wastes, the protection of endangered and protected species and other matters. While the Company believes that it will be in substantial compliance with all material current laws and regulations affecting its proposed exploration activities, future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the Company or its subsidiaries or its properties, which could have a material adverse impact on APC's current operations or planned development projects. Where required, obtaining necessary permits and licences can be a complex, time consuming process and the Company cannot be sure whether any necessary permits will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company or its subsidiaries from proceeding with any future exploration of its properties. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities.

(ii) **Permits**

The Company's proposed operations are subject to receiving and maintaining licences and permits from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of licences/permits from any existing operations, additional licences/permits for any possible future changes to operations, or additional permits associated with new legislation. Prior to any development on any of its properties, the Company must receive licences/permits from appropriate Governmental authorities. There is no certainty that the Company will continue to hold all licences/permits necessary to develop or continue operating at any particular property.

In Austria, it is possible for more than one party to obtain an Exploration Permit over the same ground: in such cases, the parties hold their rights in a priority order of ranking. For more information, refer to Section 7.8(b) and the Solicitor's Report on Title in Section 12.

(iii) **Government regulation of the mining industry**

The Austrian activities of the Company will be subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Mining and exploration activities are also subject to various laws and regulations relating to the protection of the environment. Although the Company believes that its activities will be carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of the Company's properties. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a material adverse effect on the

Company's business, financial condition and results of operations. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right application and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability.

(iv) **Access**

Land access is critical for exploration and mining operations. Access to land can be affected by land ownership, including private (freehold) land, pastoral lease, regulatory requirements within Austria, and competing or underlying claim interests.

While access issues are faced by many mining exploration companies and are not considered unusual, the ability of the Company to explore its claims and exploit any deposits that may be discovered through access to critical infrastructure such as roads, may be affected by any ownership rights, regulatory requirements, underlying claim interests, or any other land access rights being enforced.

(e) **Early stages of exploration**

APC's operations in Austria are at an early stage of exploration and success will depend on the Company's ability to implement its exploration strategy and define exploration results from the Austrian Cobalt and Gold Projects that are compliant with the JORC Code. There can be no guarantee that the Company can or will be able, or that it will be commercially advantageous for the Company, to develop the Austrian Cobalt and Gold Projects.

(f) **Historical Austrian results**

The Austrian Cobalt and Gold Projects are prospective for cobalt, nickel, copper and gold and contain historical mines and workings. The historical results should not be taken to be representative of the grades of mineralisation that may be encountered in a modern exploration program.

Whilst the Company intends to undertake further exploration activities with the aim of defining a JORC Code compliant resource, no assurances can be given that the exploration will result in the determination of such a resource. Even if such a resource is identified, no assurance can be provided that it can be economically extracted.

(g) **Exploration risks and costs**

Mining exploration is a high-risk undertaking. The success of the Company depends on the delineation of economically minable reserves and resources, access to required capital, movement in the price of commodities, securing and maintaining title to the Tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities. Exploration of the Projects may be unsuccessful, resulting in a reduction of the value of the Tenements, and diminution in the cash reserves of the Company.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that cost estimates and underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(h) **Operational risk**

The operations of the Company 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.

Post-Completion, no assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its Tenements. Until the Company is able to realise value from its Austrian Cobalt and Gold Projects, it is likely to incur ongoing operating losses.

(i) **Environmental**

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

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or forest fires, may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

(j) **Nature protection restrictions on some of the Exploration Permits**

Some of the Exploration Permits making up the Schellgaden South, Kreuzeck East, Kreuzeck West, Seekar, and Zinkwand Projects are located in areas that have been designated under Austrian federal or state nature conservation laws as water protection zones, protected landscapes, "European nature reserves", or protected natural monuments (**Protected Areas**). As a result, rights obtained under the affected Exploration Permits may not be able to be exercised at all, or not without restrictions. If exploration works were to be undertaken in Protected Areas, the exploration works would first have to be approved by the competent nature conservation authority by way of the issue of a formal decree.

The existence of nature protection restrictions on the affected Exploration Permits is not expected to inhibit the Company's carrying out its initial exploration program. Post-

Completion, the Company intends to focus its initial exploration program on Exploration Permits that are not affected by nature protection restrictions.

If in future the Company were to plan to undertake exploration activities in a Protected Area, the Company would have to apply for any necessary approvals from the relevant nature conservation authority. There can be no guarantee that such approvals would be forthcoming on acceptable conditions, or at all.

Refer to the Solicitor's Report on Title in Section 12 for further details on the nature protection restrictions and the Protected Areas.

**(k) Mine development**

Possible future development of a mining operation at any of the Company's projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services. If the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions and fires, explosions or accidents. No assurance can be given that the Company will achieve commercial viability through the development or mining of its Projects.

**(l) Trading price of Shares**

The Company's operating results, economic and financial prospects and other factors will affect the trading price of the Shares. In addition, the price of Shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to, general economic conditions including inflation rates and interest rates, variations in the general market for listed stocks, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the Shares.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factors.

**(m) Reliance on key management personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and Directors. There can be no assurance that there will be no detrimental impact on the performance of the Company or its growth potential if one or more of these employees cease their employment and suitable replacements are not identified and engaged in a timely manner.

If such contracts with key management personnel are terminated or breached, or if the relevant personnel were no longer to continue in their current roles, the Company would

need to engage alternative staff, and the Company's operations and business may be adversely affected.

(n) **Litigation risks**

The Company is exposed to possible litigation risks including contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. Neither the Company nor APC is currently engaged in any litigation.

(o) **Commodity price volatility and exchange rate risks**

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward-selling activities and other macro-economic factors.

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

(p) **Dilution**

On completion of the Offers, the number of Shares will increase from 116,937,867 to 452,937,867 if the Minimum Subscription is met. This means that each Share will represent a lower proportion of ownership of the Company. For existing Shareholders who do not subscribe for new Shares under the Public Offer, their percentage interest will be diluted by approximately 74% if the Minimum Subscription is met.

(q) **Sufficiency of funding / future capital requirements**

The Company's business strategy will require substantial expenditure and there can be no guarantees that the Company's existing cash reserves and funds raised by the Public Offer will be sufficient to successfully achieve all the objectives of the Company's business strategy. Further funding of Projects may be required by the Company to support the ongoing activities and operations of APC.

Accordingly, the Company may need to engage in equity or debt financing to secure additional funds. If the Company is unable to use debt or equity to fund expansion after utilising the net proceeds of the Public Offer and existing working capital, there can be no assurance that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all.

Any additional equity financing may be dilutive to the Company's existing Shareholders and any debt financing, if available, may involve restrictive covenants, which limit the Company's operations and business strategy. If the Company is unable to raise capital if and when needed, this could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities. Any inability to raise further funds may require the Company to dilute its equity position in any joint venture

and may have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern.

(r) **Resource estimates risk**

Resource estimates are expressions of judgments 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 interpretation. Estimates are likely to change as further information becomes available through fieldwork and analysis. This may result in alterations to development and mining plans.

The actual quality and characteristics of mineral deposits cannot be known until mining takes place, and will almost always differ from the assumptions used to develop resource estimates. Consequently, actual mineral resources may differ from those estimated, which may result in either a positive or negative effect on operations.

## **13.2 General risks**

(a) **Economic risks**

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

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

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors (such as the exploration industry, or the cobalt and gold sectors within that industry);
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

(b) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

(c) **Policies and legislation**

The introduction of new legislation or amendments to existing legislation by the

Australian or Austrian governments, and the decisions of courts and tribunals, can impact adversely on the assets, operations and, ultimately, the financial performance of the Company.

Any adverse developments in political and regulatory conditions could materially affect the Company's prospects. Political changes, such as changes in both monetary and fiscal policies, expropriation, methods and rates of taxation and currency exchange controls may impact the performance of the Company as a whole.

(d) **Force majeure**

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(e) **Acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, companies, assets or projects complementary to the Company's existing operations. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, assets and projects, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving the short-term operational goals and retaining key staff and customer and supplier relationships.

### **13.3 Investment highly speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Securities. Therefore the Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of the Shares.

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## 14. Material Contracts

### 14.1 Introduction

Set out below are summaries of the key provisions of contracts to which the Company is a party which are, or may be, material in terms of the Offers or the operations of the Company or otherwise are or may be relevant to an investor who is contemplating the Public Offer. To understand fully all rights and obligations pertaining to the material contracts, it would be necessary to read them in full.

### 14.2 Share Acquisition Agreements

As announced to the ASX on 13 November 2017, the Company entered into a binding heads of agreement with APC. The Heads of Agreement details the key terms upon which the Company offered to acquire 100% of the issued capital of APC from the Vendors.

As contemplated in the Heads of Agreement, the parties subsequently entered into definitive share purchase agreements in relation to the assets comprising the Austrian Cobalt and Gold Projects, being the Share Sale Agreement and the Minority Sale Agreements (together, the Share Acquisition Agreements)..

A summary of the material terms of the Share Acquisition Agreements is set out in Section 7.3.

### 14.3 Share Purchase and Transfer Agreement – Austrian Gold Projects

On 11 December 2017 APC Gold GmbH (a wholly-owned subsidiary of APC incorporated in Austria) and Eurocan Mining Anstalt (an entity established under the law of Liechtenstein) (**Eurocan Anstalt**) entered into a Share Purchase and Transfer Agreement (**Gold Project Acquisition Agreement**) whereby APC Gold GmbH acquired from Eurocan Anstalt 100% of the shares in Eurocan Mining GmbH (**Eurocan Mining**) (a company incorporated in Austria), the registered holder of the Austrian Gold Projects.

The material terms of the Gold Project Acquisition Agreement are as follows:

- (a) The consideration comprised:
  - (i) Payment of USD\$50,000 to Quest as escrow agent to be held in escrow for payment to Eurocan Anstalt under the terms and conditions of the Escrow Agreement (described below in Section 14.5);
  - (ii) The issue to Eurocan Anstalt of 25 million APC Shares and 36 million APC Class A Performance Shares (**Eurocan APC Shares**); and
  - (iii) Payment of a net smelter royalty of 2.5% of all gold produced from the Austrian Gold Projects up to a total cumulative payment of USD2,500,000 (**Royalty**).

By a separate agreement APC Gold GmbH acquired from Eurocan Anstalt certain shareholder loans owed to it by Eurocan Mining, for a payment of USD50,001. The shareholder loans represented funds advanced to Eurocan Mining to enable it to maintain the Austrian Gold Projects in good standing in previous years.

- (b) At Completion, the parties are to procure that:
  - (i) Eurocan Anstalt transfers the Eurocan APC Shares to the Company;
  - (ii) The Company issues 25 million Consideration Shares and 36 million Class A

Performance Shares to Eurocan Anstalt; and

- (iii) The Company releases the USD\$50,000 to Eurocan Anstalt pursuant to the terms of the Escrow Agreement.
  - (c) If Completion does not occur on or before 30 June 2018, then either APC Gold GmbH or Eurocan Anstalt may rescind the Gold Project Acquisition Agreement and:
    - (i) APC Gold GmbH must re-transfer the shares in Eurocan Mining;
    - (ii) Eurocan Anstalt must repay the cash consideration; and
    - (iii) the Eurocan APC Shares must be cancelled.
  - (d) The Gold Project Acquisition Agreement contains representations and warranties regarding Eurocan Mining and the good standing of, and legal title to, the Austrian Gold Projects from Eurocan Anstalt to APC Gold GmbH that are considered standard for an agreement of this nature (**Eurocan Gold Warranties**).
  - (e) The aggregate liability of Eurocan Anstalt for any breaches of warranties is limited to the cash equivalent of the aggregate consideration (the value of the Eurocan APC Shares is taken to be \$1,464,000 for this purpose).
  - (f) Eurocan Anstalt and specified related entities are prohibited, until 11 December 2020, from:
    - (i) operating, or having an interest in, a business in Austria that competes with the Austrian Gold Projects; and
    - (ii) soliciting away persons who are, or were in the year prior to 11 December 2017, a contractual partner of Eurocan Anstalt or in a business relationship with them.
- A contractual penalty of €50,000 applies to each breach of the non-compete and non-solicitation provisions.
- (g) The parties intend that Dr Hans Klob, the Eurocan Mining representative who has fulfilled the project management role in Austria to date with respect to the Austrian Gold Projects as required under MinroG, continue in that role for at least 12 months from Completion. Dr Klob has provided written confirmation of his ability to provide this service.

#### 14.4 Asset Purchase and Transfer Agreement – Austrian Cobalt Projects

On 5 December 2017 APC Cobalt GmbH (a wholly-owned subsidiary of APC incorporated in Austria) and Gravner Limited (a company incorporated in the United Arab Emirates) (**Gravner**) entered into an Asset Purchase and Transfer Agreement (**Cobalt Project Acquisition Agreement**) whereby APC Cobalt GmbH acquired the Austrian Cobalt Projects from Gravner.

The material terms of the Cobalt Project Acquisition Agreement are as follows:

- (a) The consideration comprised:
  - (i) Payment of \$310,000 in two tranches to Gravner; and
  - (ii) The issue to Gravner of 15 million APC Shares and 17 million APC Class B Performance Shares (**Gravner APC Shares**).
- (b) At Completion, the parties are to procure that:
  - (i) Gravner transfers the Gravner APC Shares to the Company; and

- (ii) The Company issues 15 million Consideration Shares and 17 million Class B Performance Shares to Gravner.
- (c) If Completion does not occur on or before 1 March 2018, then either APC Cobalt GmbH or Gravner may rescind the Cobalt Project Acquisition Agreement and:
  - (i) Gravner must repay \$190,000 of the cash consideration;
  - (ii) APC Cobalt GmbH must re-transfer the Austrian Cobalt Projects; and
  - (iii) the Gravner APC Shares must be cancelled.
- (d) The Cobalt Project Acquisition Agreement contains representations and warranties regarding the good standing of, and legal title to, the Austrian Cobalt Projects from Gravner to APC Cobalt GmbH that are considered standard for an agreement of this nature (**Gravner Cobalt Warranties**).
- (e) The aggregate liability of Gravner for any breaches of warranties shall not exceed an amount equal to the value of 10 million APC Shares.
- (f) The parties intend that Dr Klob, the Gravner representative who has fulfilled the project management role in Austria to date with respect to the Austrian Cobalt Projects as required under MinroG, continue in that role for at least 12 months from Completion. Dr Klob has provided written confirmation of his ability to provide this service.

#### 14.5 Escrow Agreement

On 11 December 2017 Eurocan Anstalt, APC Gold GmbH and the Company entered into an escrow agreement (**Escrow Agreement**) in which the Company agreed to act as escrow agent with respect to USD\$50,000 received from APC Gold GmbH pursuant to the Gold Project Acquisition Agreement on specified terms and conditions. The Company must release the USD\$50,000 to Eurocan Anstalt at Completion on the joint instructions of this company and APC Gold GmbH. If the Company has not received joint instructions by midnight (Central European time) on 30 June 2018, it must return the USD\$50,000 to APC Gold GmbH if it advised of the termination of the Gold Project Acquisition Agreement.

#### 14.6 Lead Manager Mandate

The Company has entered into a lead manager mandate (**Lead Manager Mandate**) with CPS Capital Group Pty Ltd (AFSL: 294848) (**CPS**) whereby it has engaged CPS to act as lead manager to the Public Offer. CPS has agreed to place \$4,500,000 worth of Shares under the Public Offer on a best endeavours basis to investors and clients of the Company and CPS.

Pursuant to the Lead Manager Mandate, the Company has agreed to pay CPS:

- (a) \$25,000 plus GST upon signing the Lead Manager Mandate;
- (b) a management fee of 2% plus GST of the amount raised pursuant to the Public Offer; and
- (c) a placement fee of 3% plus GST of the amount raised pursuant to the Public Offer.

CPS will pass on the management fee of 2% plus GST to any Australian Financial Services Licence holders introduced by APC for placing up to \$2,000,000 worth of Shares.

CPS will pass on the placing fee of 3% plus GST to third parties on a pro-rata basis for placing Shares under the Public Offer.

CPS may terminate its obligations under the Lead Manager Mandate:

- (a) by 14 days' written notice if the Company commits a material breach of the Lead Manager Mandate or if any warranty or representation given or made by the Company is not complied with or proves to be untrue in any respect; and
- (b) immediately by notice in writing if the Company becomes insolvent, enters into receivership or administration, or the court makes an administration order with respect to the Company or any composition in satisfaction of its debts of or a scheme of arrangement of the affairs of the Company.

The Lead Manager Mandate may be terminated by the Company with 7 days' written notice at or prior to the expiration of the mandate period, upon which any outstanding expenses will be immediately payable.

The Lead Manager Mandate also contains a number of indemnities, representations and warranties from the Company to CPS that are considered standard for an agreement of this type.

#### **14.7 Agreements with Directors, Related Parties and Key Management Personnel**

A summary of the agreements with Directors, key management personnel and related parties of the Company is set out in Sections 8.6 and 8.7.

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## **15. Additional information**

### **15.1 Rights attaching to Shares**

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which can be inspected, free of charge, at the Company's registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares under the Constitution. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders:

#### **(a) Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of members every member has one vote on a show of hands and one vote per Share on a poll. Voting may be in person or by proxy, attorney or representative.

#### **(b) Dividends**

Subject to the Corporations Act, the Listing Rules, the Constitution and the rights of any person entitled to shares with special rights to dividend, the Directors may determine that a dividend is payable, fix the amount and the time for payment and authorise the payment or crediting by the Company to, or at the direction of, each member entitled to that dividend.

#### **(c) Future issues of securities**

The issue of shares in the Company is under the control of the Director who may:

- (i) issue and cancel shares in the Company;
  - (ii) grant options over unissued shares in the Company; and
  - (iii) settle the manner in which fractions of a share, however arising, are to be dealt with,
- subject to the Corporations Act, the Listing Rules and any special rights conferred on the holders of any Shares or class of Shares.

#### **(d) Transfer of Shares**

Subject to the Constitution and the Listing Rules, a share in the Company is transferable:

- (i) as provided by the Operating Rules of a CS Facility if applicable; or
- (ii) by any other method of transfer which is required or permitted by the Corporations Act and, while the Company is on the official list of ASX, ASX.

#### **(e) Meetings and notices**

Each Shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the Listing Rules. Shareholders may requisition meetings in accordance with the Corporations Act.

**(f) Election of Directors**

There must be a minimum of three Directors but not more than ten Directors. At every annual general meeting one third of the Directors (rounded down to the nearest whole number) must retire from office together with any Director who would have held office for more than three years since that Director's election or last election. These retirement rules do not apply to certain appointments including the Managing Director.

**(g) Indemnities**

To the extent permitted by law the Company must indemnify each past and present Director and secretary against any liability incurred by that person as an officer of the Company and any legal costs incurred in defending an action in respect of such liability.

**(h) Winding up**

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company, divide among the Shareholders in specie or in kind the whole or any part of the property of the Company and may for that purpose set such value as the liquidator considers fair on any property to be so divided and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

**(i) Shareholder liability**

As the Shares issued under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

**(j) Alteration to the Constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

**(k) Listing Rules**

While the Company is admitted to trading on the Official List, then despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done.

## **15.2 Terms and conditions of Performance Shares**

For the purpose of the terms and conditions:

**Change of Control Event** means:

- (a) the occurrence of:
  - (i) the offeror under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares; and
  - (ii) that takeover bid has become unconditional; or
- (b) the announcement by the Company that:

- (i) shareholders of the Company have at a Court convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either:
  - (A) cancelled; or
  - (B) transferred to a third party; and
- (ii) the Court, by order, approves the proposed scheme of arrangement.

**EBITDA** means earnings before interest, tax, depreciation and amortisation.

**Expiry Date** means 5.00pm (WST) on that date which falls 5 years from the issue date of the Performance Shares.

**Holder** means a holder of Performance Shares.

**Mineral Resource** has the meaning as defined in the JORC Code.

**Performance Share** means a Class A Performance Share or Class B Performance Share (as applicable).

**1. Conversion and expiry of Class A Performance Shares and Class B Performance Shares**

- (i) **(Conversion on achievement of Class A Milestone):** Each Class A Performance Share will convert into a Share on a one for one basis, upon the delineation of a JORC-compliant Mineral Resource estimate of at least Inferred category (as defined in the JORC Code) of a minimum of 500,000 ounces of gold or gold equivalent (in accordance with clause 50 of the JORC Code) at an average grade of at least 8 grams per tonne (**Class A Milestone**).
- (ii) The Class A Milestone must be determined to have been achieved or not achieved by no later than 5.00pm on the date that is one month after the Expiry Date.
- (iii) **(Conversion on achievement of Class B Milestone):** Each Class B Performance Share will convert into a Share on a one for one basis, upon completion of a positive Scoping Study (as defined in the JORC Code) in relation to any one or more Austrian Cobalt Project by an independent third-party expert which evidences an internal rate of return greater than 20% (using publicly available industry assumptions including deliverable spot commodity/mineral prices which are independently verifiable), provided that the total cumulative EBITDA over the life of the relevant Austrian Cobalt Project is over \$US50,000,000, and provided that (while the Company remains listed on ASX) the Scoping Study is released as an announcement on the ASX Announcements Platform and is not required by reason of regulatory intervention by ASX or ASIC to be retracted within a period of one month from the date of its release (**Class B Milestone**).
- (iv) The Class B Milestone must be determined to have been achieved or not achieved by no later than 5.00pm on the date that is one month after the Expiry Date.
- (v) **(No conversion)** To the extent that Performance Shares in a class have not converted into Shares on or before the Expiry Date applicable to that

class, then all such unconverted Performance Shares in that class held by each Holder will automatically consolidate into one Performance Share and will then convert into one Share.

- (vi) **(Conversion procedure)** The Company will issue a Holder with a new holding statement for the Share or Shares as soon as practicable following the conversion of each Performance Share.
- (vii) **(Ranking of shares)** Each Share into which a Performance Share will convert will upon issue:
  - (i) rank equally in all respects (including, without limitation, rights relating to dividends) with other issued Shares;
  - (ii) be issued credited as fully paid;
  - (iii) be duly authorised and issued by all necessary corporate action; and
  - (iv) be issued free from all liens, charges, and encumbrances, whether known about or not, including statutory and other pre-emptive rights and any transfer restrictions.

## 2. **Conversion on change of control**

- (a) If there is a Change of Control Event in relation to the Company prior to the conversion of the Performance Shares, then:
  - (i) the relevant milestone will be deemed to have been achieved; and
  - (ii) each Performance Share will automatically and immediately convert into Shares,

however, if the number of Shares to be issued as a result of the conversion of all Performance Shares due to a Change of Control Event in relation to the Company is in excess of 10% of the total issued share capital of the Company at the time of the conversion, then the number of Performance Shares to be converted will be pro-rated so that the aggregate number of Shares issued upon conversion of all Performance Shares is equal to 10% of the issued share capital of the Company.

## 3. **Rights attaching to Performance Shares**

- (a) **(Share capital)** Each Performance Share is a share in the capital of the Company.
- (b) **(General meetings)** Each Performance Share confers on a Holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. A Holder has the right to attend general meetings of shareholders of the Company.
- (c) **(No Voting rights)** A Performance Share does not entitle a Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company.
- (d) **(No dividend rights)** A Performance Share does not entitle a Holder to

any dividends.

- (e) **(Rights on winding up)** A Performance Share does not entitle a Holder to participate in the surplus profits or assets of the Company upon winding up of the Company.
- (f) **(Return of capital)** A Performance Share does not entitle a Holder to a return of capital, whether in a winding up, upon a reduction of capital, or otherwise.
- (g) **(Not transferable)** A Performance Share is not transferable.
- (h) **(Reorganisation of capital)** If there is a reorganisation (including, without limitation, consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of a Holder will be varied (as appropriate) in accordance with the Listing Rules which apply to a reorganisation of capital at the time of the reorganisation.
- (i) **(Quotation of shares on conversion)** An application will be made by the Company to ASX for official quotation of the Shares issued upon the conversion of each Performance Share within the time period required by the Listing Rules.
- (j) **(Participation in entitlements and bonus issues)** A Performance Share does not entitle a Holder to participate in new issues of capital offered to holders of Shares, such as bonus issues and entitlement issues.
- (k) **(No other rights)** A Performance Share does not give a Holder any other rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

### 15.3 Terms and conditions of Consideration Options and Unlisted Options

- (a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.03 (**Exercise Price**).
- (c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 30 September 2020 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).
- (e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and

payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Quotation of Shares issued on exercise**

If admitted to the Official List at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Unquoted**

The Company will not apply for quotation of the Options on ASX.

(n) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws

## 15.4 Substantial Shareholders

(a) **As at the date of this Prospectus**

As at the date of this Prospectus, the following Shareholders have a voting power of 5% or more of the Shares on issue:

Shareholder	Number of Shares Held	% Held
1215 Capital Pty Ltd	10,000,000	8.55%
A22 Pty Limited	6,150,000	5.26%
Stevsand Holdings Pty Ltd <Formica Horticultural A/C>	5,900,000	5.05%

(b) **On completion of the Offers**

On completion of the Offers (assuming no new investors become substantial holders), the substantial Shareholder will be as follows:

Shareholder	Shares (Minimum Subscription)	% holding (undiluted)	% holding (diluted) <sup>1</sup>
Eurocan Anstalt	25,000,000	5.52%	7.12%

**Note:**

1. On a diluted basis (ie, assuming all Options and Performance Shares were converted into Shares), Eurocan Anstalt would hold 61,000,000 Shares.

The Company will announce to ASX details of its top-20 Shareholders (following completion of the Offers) prior to the Company's quoted securities re-commencing trading on ASX.

## 15.5 Fees and benefits

Other than as set out below or elsewhere in this Prospectus, no promoter of the Company or person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus has, or had within two years before lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offers under this Prospectus; or
- (c) the Offers under this Prospectus,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services rendered in connection with the formation or promotion of the Company or the Offers under this Prospectus.

CPS has acted as Lead Manager of the Public Offer. In respect of this work, CPS will be paid a fee of 5% of the total amounts raised under the Public Offer as detailed in Section 14.6. During the 24 months preceding lodgement of this Prospectus with ASIC, CPS has received approximately \$261,690 in fees from the Company (inclusive of GST).

BDO Corporate Finance (WA) Pty Ltd (**BDO**) has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which has been included in Section 10. The Company estimates it will pay BDO a total of \$12,076 to \$14,076 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with ASIC, BDO has received approximately \$20,000 in fees from the Company (exclusive of GST).

Grant Thornton Audit Pty Ltd (**Grant Thornton**) has been appointed to act as auditor of the Company. The Company estimates that it will pay Grant Thornton a small sum for services in connection with the audit of APC accounts. During the 24 months preceding lodgement of this Prospectus with ASIC, Grant Thornton has received approximately \$95,186 in fees from the Company (inclusive of GST).

Global Resources & Infrastructure Pty Ltd (**GRI**) has acted as Independent Geologist and has prepared the Independent Geologist report which has been included in Section 11. The Company estimates it will pay GRI a total of \$15,000 (excluding GST) for these services, based on actual hours billed at the standard consultancy rate. During the 24 months preceding lodgement of this Prospectus with ASIC, GRI has not received any other fees from the Company.

Advanced Share Registry Services Limited (**ASRS**) has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Applications received pursuant to this Prospectus, and will be paid for these services on standard industry terms and conditions. The Company estimates it will pay ASRS approximately \$20,000 for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, ASRS has received approximately \$155,621 (including GST) in fees from the Company.

Edwards Mac Scovell has acted as the solicitors to the Company in relation to the Offers and has been involved in due diligence enquiries on legal matters. The Company estimates it will pay Edwards Mac Scovell approximately \$84,300 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with ASIC, Edwards Mac Scovell has received approximately \$108,000 (including GST) in fees from the Company.

DLA Piper Weiss-Tessbach Rechtsanwälte Gmbh (**DLA Piper**) has acted as the Company's Austrian solicitors reporting on Tenements in the Solicitor's Report on Title which is included in Section 12. The Company estimates that it will pay DLA Piper \$24,270 (including value added tax) for these services. The Company also estimates that it will pay DLA Piper approximately \$21,532 in fees (including value added tax) with respect to legal due diligence advice regarding the Acquisition. During the 24 months preceding lodgement of this Prospectus with ASIC, DLA Piper has not received any other fees from the Company.

## 15.6 Consents

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus, or any statement on which a statement in this Prospectus is based, other than those referred to in this section;

- (b) has not authorised or caused the issue of this Prospectus or the making of the Offers; and
- (c) makes no representations regarding, and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in, or omissions from, any part of this Prospectus other than a reference to its name and a statement and/or any report (if any) included in this Prospectus with the consent of that party as specified in this section.

CPS has given its consent to being named as the Lead Manager to the Public Offer in this Prospectus. CPS has not withdrawn its consent prior to the lodgement of this Prospectus.

BDO has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 10 in the form and context in which the report is included. BDO has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Grant Thornton has given its written consent to being named as the auditor to the Company in this Prospectus. Grant Thornton has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

GRI has given its written consent to being named as Independent Geologist in this Prospectus and to the inclusion of the Independent Geologist's Report in Section 11 in the form and context in which the report is included. GRI has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

ASRS has given its written consent to being named as the Share Registry in this Prospectus. ASRS has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Edwards Mac Scovell has given its written consent to being named as solicitors to the Company in this Prospectus. Edwards Mac Scovell has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

DLA Piper has given its written consent to being named as the Company's Austrian solicitors reporting on Tenements in this Prospectus and to the inclusion of the Solicitor's Report on Title in Section 12 in the form and context in which the report is included. DLA Piper has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

## **15.7 Litigation**

To the knowledge of the Existing Directors and the Proposed Directors, as at the date of this Prospectus, neither the Company nor APC is involved in any legal proceedings and the Existing Directors and the Proposed Directors are not aware of any legal proceedings pending or threatened against the Company or APC.

## **15.8 ASX Waivers**

As set out in Section 6.5 the proposed Acquisition will require the Company to meet the requirements of Chapters 1 and 2 of the Listing Rules as if the Company were applying for admission to the Official List. These requirements include that:

- (a) the main class of a company's securities for which a company seeks quotation must have an issue price of at least 20 cents in cash (pursuant to Listing Rule 2.1 Condition 2); and
- (b) the exercise price for any options on issue must be at least 20 cents in cash (pursuant to Listing Rule 1.1 Condition 12).

The terms of the Public Offer will not meet the requirements set out in Listing Rule 2.1 Condition 2 as the Public Offer is proposed to be completed at \$0.03 per Share.

Following completion of the Public Offer, the Company will have Options on issue with an exercise price of \$0.03, being less than the minimum \$0.20 exercise price required by Listing Rule 1.1 Condition 12.

ASX has granted the Company a waiver of Listing Rule 2.1 Condition 2 to allow the Company to issue the Shares under the Public Offer at \$0.03 per Share, and has confirmed that Company does not require a waiver of Listing Rule 1.1 Condition 12 in relation to the Options on issue with an exercise price less than \$0.20 each.

## 15.9 Taxation

The acquisition and disposal of Securities in the Company will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

## 15.10 Costs of the Offers

The estimated costs of the Offers are as follows:

Item of expenditure	
ASX & ASIC fees	\$76,190
Legal fees	\$108,570
Investigating Accountant's Report	\$14,076
Independent Geologist's Report	\$15,000
Lead Manager fees <sup>1</sup>	\$250,000
Share registry, printing and other	\$20,000
<b>Total</b>	<b>\$483,836</b>

**Note:**

1. Refer to Section 14.6 for further details in respect to the fees payable to the Lead Manager in relation to the Public Offer.

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## **16. Directors' Authorisation**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Existing Directors and the Proposed Directors.

In accordance with Section 720 of the Corporations Act, each Existing Director and Proposed Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Signed for and on behalf of the Company on 30 January 2018.

A handwritten signature in black ink, appearing to read 'Steve Formica', with a stylized, cursive script.

**Steve Formica**  
**Non-Executive Chairman**  
**For and on behalf of**  
**Quest Minerals Limited**

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## 17. Glossary

Where the following terms are used in this Prospectus they have the following meanings:

**\$** means Australian Dollars.

**Acquisition** means the Company's acquisition of the Austrian Cobalt and Gold Projects through the acquisition of APC.

**Acquisition Resolutions** has the meaning given in Section 6.4.

**APC** means Austrian Projects Corporation Pty Ltd (ACN 622 432 428).

**APC Class A Performance Share** means a class A performance share that converts into one APC Share in accordance with its terms (which mirror the terms and conditions of a Class A Performance Share).

**APC Class B Performance Share** means a class B performance share that converts into one APC Share in accordance with its terms (which mirror the terms and conditions of a Class B Performance Share).

**APC Cobalt GmbH** means APC Cobalt GmbH, a limited liability company incorporated in Austria with Company Number FN 478523 k, held 100% by APC.

**APC Gold GmbH** means APC Gold GmbH, a limited liability company incorporated in Austria with Company Number FN 478522 i, held 100% by APC.

**APC Option** means an option to acquire an APC Share (on terms and conditions that mirror those of a Consideration Option).

**APC Securities** means APC Shares, APC Options, APC Class A Performance Shares and APC Class B Performance Shares.

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

**Applicant** means a person who submits an Application Form.

**Application** means a valid application for Shares pursuant to an Application Form.

**Application Form** means an application form as provided with a copy of this Prospectus relating to the Offers.

**Application Monies** means application monies for Shares received and banked by the Company.

**ASIC** means Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

**ASX Listing Rules** or **Listing Rules** means the Listing Rules of ASX.

**ASX Settlement Operating Rules** means the ASX Settlement Operating Rules of ASX Settlement Pty Ltd (ACN 008 504 532).

**Austrian Cobalt and Gold Projects** or **Projects** means the Austrian Cobalt Projects and the Austrian Gold Projects together as described in Section 7.6.

**Austrian Cobalt Projects** has the meaning as set out at Section 7.6(a).

**Austrian Gold Projects** has the meaning as set out at Section 7.6(b).

**Board** means the board of Directors.

**Class A Performance Share** means a share issued on the terms and conditions set out in Section 15.2, with specific reference to the sections “Conversion on achievement of Class A Milestone” and “A Expiry”.

**Class B Performance Share** means a share issued on the terms and conditions set out in Section 15.2, with specific reference to the sections “Conversion on achievement of Class B Milestone” and “B Expiry”.

**Closing Date** means the closing date of the Offers as set out in the indicative timetable in Section 3.

**Cobalt Project Acquisition Agreement** means the Asset Purchase and Transfer Agreement dated 5 December 2017 between Gravner and APC Cobalt GmbH whereby APC Cobalt GmbH acquired the Austrian Cobalt Projects, which is further described in Section 14.4.

**Company** means Quest Minerals Limited (ACN 062 879 583).

**Completion** means completion of the Acquisition.

**Conditions Precedent** has the meaning as set out at Section 7.3(a).

**Consideration Options** means the 65,000,000 Options to be issued to certain Vendors at Completion, with the terms and conditions set out at Section 15.3.

**Consideration Securities** means the Consideration Shares, Consideration Options and Performance Shares.

**Consideration Shares** means the 186,000,000 Shares to be issued to the Vendors at Completion.

**Constitution** means the current constitution of the Company.

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

**Director** means a director of the Company.

**Eurocan Anstalt** means Eurocan Mining Anstalt (Registration Number FL-0002.236.704-9), an entity established under the law of Liechtenstein and vendor of the Austrian Gold Projects to APC Gold GmbH (through the sale of Eurocan Mining pursuant to the Gold Project Acquisition Agreement).

**Eurocan APC Shares** has the meaning set out in Section 14.3.

**Eurocan Gold Warranties** has the meaning set out in Section 14.3.

**Eurocan Mining** means Eurocan Mining GmbH, a limited liability company incorporated in Austria with Company Number FN 298168 h, held 100% by APC Gold GmbH and the registered holder of the 300 Tenements comprising the Austrian Gold Projects.

**Existing Directors** means the persons identified as existing directors in the Corporate Directory.

**Exploration Permit** means an exploration permit (*Schurfberechtigung*) with a radius of 425m (for an area of 0.567km<sup>2</sup>) granted under the MinroG entitling the holder to exclusively explore for minerals (*bergfreie*).

**Gold Project Acquisition Agreement** means the Share Purchase and Transfer Agreement dated 11 December 2017 between Eurocan Anstalt and APC Gold GmbH whereby APC Gold GmbH acquired 100% of the shares in Eurocan Mining (registered holder of the Austrian Gold Projects), which is further described in Section 14.3.

**Gravner** means Gravner Limited, a limited liability company incorporated in the United Arab Emirates with Company Registration Number IC/112/07 and vendor of the Austrian Cobalt Projects to APC Cobalt GmbH (through the Cobalt Project Acquisition Agreement).

**Gravner APC Shares** has the meaning set out in Section 14.4.

**Gravner Cobalt Warranties** has the meaning set out in Section 14.4.

**Heads of Agreement** means the binding heads of agreement dated 7 November 2017 between the Company and APC for the acquisition by the Company of 100% of the issued capital of APC from the Vendors, as amended on 10 November 2017.

**Investigating Accountant's Report** means the investigating accountant's report in Section 10.

**JORC Code** or **JORC 2012** means the Australasian Code for reporting of Mineral Resources and Ore Reserves, 2012 Edition, prepared by the Joint Ore Reserves Committee of the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists, and Minerals Council of Australia.

**Lead Manager** or **CPS** means CPS Capital Group Pty Ltd (ACN 088 055 636) (AFSL: 294848).

**Lead Manager Mandate** means the mandate agreement entered into between CPS and the Company on 7 December 2017 and as further described in Section 14.6.

**Minimum Subscription** means the minimum amount to be raised under the Public Offer, being \$4,500,000, which is the same as the full amount.

**Mining Authority** means the Austrian Ministry for Science, Research and the Economy.

**Mining Licence** means a mining licence (*Bergwerksberechtigung*) that covers an area no greater than 48,000m<sup>2</sup>, which entitles the holder to extract minerals and to engage in the processing of minerals.

**Minority Sale Agreement** means an individual short-form sale agreement entered into between the Company, APC and certain APC securityholders on 29 January 2018 with respect to the sale of their APC Securities to the Company (see further Sections 7.2 and 7.3).

**MinroG** means the Mineral Raw Materials Act (*Mineralrohstoffgesetz*) of 1999 (*Bundesgesetzblatt*, (BGBl) I, no 35, 1999, as amended).

**Offers** means the Public Offer and the Vendor Offer.

**Official List** means the official list of ASX.

**Official Quotation** means official quotation of the Company's securities by ASX in accordance with the Listing Rules.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Performance Share** means a share issued on the terms and conditions set out in Section 15.2, comprising the **Class A Performance Shares** and **Class B Performance Shares**.

**Projects** means the Austrian Cobalt and Gold Projects.

**Proposed Directors** means the persons identified as proposed directors in the Corporate Directory.

**Prospectus** means this prospectus.

**Public Offer** has the meaning given in Section 6.1.

**Public Offer Application Form** means the application form as provided with a copy of this Prospectus relating to the Public Offer.

**Public Offer Conditions** means the conditions of the Public Offer outlined in Section 6.3.

**Royalty** has the meaning set out in Section 14.3.

**Section** means a section contained in this Prospectus.

**Securities** means Shares, Options and Performance Shares or any combination of these as the context proves.

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

**Share Acquisition Agreements** means the Share Sale Agreement and the Minority Sale Agreements whereby, collectively, the Company agrees with APC and the Vendors to acquire the APC Securities and thus the Austrian Cobalt and Gold Projects.

**Share Registry** means Advanced Share Registry Services Limited (ACN 127 175 946).

**Share Sale Agreement** means the Share Sale Agreement dated 29 January 2018 between the Company, APC and the major APC securityholders regarding the sale by those APC securityholders of their APC Securities to the Company (see further in Sections 7.2 and 7.3).

**Shareholder** means a shareholder of the Company.

**Shareholder Meeting** means the general meeting of the Company held on 19 January 2018 for the purpose of considering and approving the Acquisition Resolutions.

**Tenement** means an Exploration Permit referred to in Annex 4 of the Solicitor's Report on Title.

**Transaction** has the meaning given in Section 7.2.

**Unlisted Options** means the Options currently on issue on the terms and conditions set out in Section 15.3.

**VWAP** means volume weighted average price.

**WST** means Western Standard Time, being the time in Perth, Western Australia.

**Vendors** means the securityholders of APC.

**Vendor Offer** has the meaning given in Section 6.2.

**Victory Bore Project** means the gold exploration project located on E57/1036 in the mid-west region of Western Australia, near the town of Sandstone, 560km north east of Perth and 450km east of the shipping port of Geraldton.