

EASTERN GOLDFIELDS LIMITED
(Subject to Deed of Company Arrangement and
to be renamed **ORA BANDA MINING LIMITED**)

ACN 100 038 266

NOTICE OF GENERAL MEETING

**For the General Meeting of the Company to be held at
Ground Floor, 108 St Georges Terrace, Perth
on Friday, 7 June 2019 at 11:00am (WST)**

The Deed Administrators, who have granted the Directors their approval under the DOCA to exercise the Directors' powers reflected herein, have not independently verified any of the information contained in this Notice and the accompanying Explanatory Memorandum. The Deed Administrators and their employees and agents do not make any representation or warranty (express or implied) as to the accuracy, reasonableness or completeness of the information contained in this Notice and the accompanying Explanatory Memorandum.

To the extent permissible by law, all such parties and entities expressly disclaim any and all liability for, or based on or relating to, any such information contained in, or errors in or omissions from this Notice and the accompanying Explanatory Memorandum. Notwithstanding this, the Deed Administrators consent to the convening of the Meeting and the issue and dispatch of this Notice and the accompanying Explanatory Memorandum.

This Notice and the accompanying Explanatory Memorandum should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

The Company will lodge a prospectus with ASIC detailing information relating to the Recapitalisation. A copy of the Prospectus will be sent to all Shareholders and will also be available on the Company's website. Shareholders should read the Prospectus for further details of the Recapitalisation.

Letter from the Chairman

I am very pleased to write to you to advise that the Board of Eastern Goldfields Limited (to be renamed Ora Banda Mining Limited (**Company**)) has been restructured and that a recapitalisation plan for the Company has been formulated. Successful completion of the recapitalisation, will see the Company emerge from a deed of company arrangement and its Shares will be reinstated to trading on ASX with a strong balance sheet, no creditors and a work program to be executed over the coming 18 month period.

The reconstituted Board is one of a number of supportive stakeholders of the Company, which include key Shareholders, contractors and consultants. All of them have given their support to the revised corporate strategy to be executed upon completion of the recapitalisation. The recapitalisation will comprise a capital raising of a minimum of \$30 million and up to \$40 million and the extinguishment of all pre-administration claims and debts (**Recapitalisation**).

The General Meeting has been called to consider various resolutions that must be passed for the Recapitalisation to take effect and for the Shares to be reinstated to trading on ASX.

Resolutions 1 to 12 of this Notice seek approval for the issue of Shares in satisfaction of existing debts as part of the Recapitalisation and Resolutions 13 to 17 seek approval to issue various securities pursuant to the Recapitalisation.

Resolution 27 of this Notice seeks Shareholder approval for the Company to issue Securities to Hawke's Point (and/or its nominees) as part of the Recapitalisation. Attached at Schedule 2 is a copy of the Independent Expert's Report prepared by BDO opining that the issue of Securities to Hawke's Point pursuant to the Recapitalisation is fair and reasonable to Shareholders not associated with Hawke's Point.

At the General Meeting, the Company is also seeking Shareholder approval for other resolutions related to the Recapitalisation, including a consolidation of the Company's share capital, a change of the Company's name and the adoption of an employee option plan and issue of options thereunder.

The Directors of the Company unanimously recommend that Shareholders vote in favour of all Resolutions at this General Meeting (except where the Directors have specifically abstained from making a recommendation), as without approval, the Company may be forced into liquidation, the Shares may not be reinstated to trading on ASX (or there may be a delay in reinstatement) or the Company may need to renegotiate with its secured creditors.

If Shareholders approve some (but not all) of the resolutions to issue the securities detailed in Resolutions 1 to 13 and Resolution 27, the Company will need to formulate an alternative strategy with its creditors which may involve the Company seeking further Shareholder approvals at an adjourned or subsequent meeting of Shareholders to issue securities.

I encourage you to carefully read this Notice, the Explanatory Memorandum and the Independent Expert's Report. I also recommend that you review the Prospectus accompanying this Notice which contains further information relating to the Recapitalisation and includes an Independent Limited Assurance Report, an Independent Geologists Report and a Solicitors Report, which were commissioned by the Company in connection with the Recapitalisation.

Yours faithfully,



Peter Mansell

Non-Executive Chairman

EASTERN GOLDFIELDS LIMITED
(Subject to Deed of Company Arrangement and to be renamed ORA BANDA MINING LIMITED)

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NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Shareholders of Eastern Goldfields Limited (Subject to Deed of Company Arrangement) will be held at Ground Floor, 108 St Georges Terrace, Perth on Friday, 7 June 2019 at 11:00am (WST).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum (including the schedules) and the Proxy Form forms part of this Notice.

The Company has determined pursuant to regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Wednesday, 5 June 2019 at 5:00pm (WST).

IMPORTANT INFORMATION

This Notice provides information and seeks approval for, amongst other things, the recapitalisation of the Company. Further details of the Recapitalisation are provided in Section 3 of the Explanatory Memorandum.

In considering the Resolutions, Shareholders must bear in mind the current financial circumstances of the Company. If Shareholders pass all of the Resolutions and the Recapitalisation is implemented, the Company will be in a position to seek reinstatement of the Shares to trading on ASX, subject to the Company's compliance with the regulatory requirements of the Listing Rules and the Corporations Act.

If Shareholders approve some (but not all) of the resolutions to issue the securities detailed in Resolutions 1 to 13 and Resolution 27, the Company will need to formulate an alternative strategy with its creditors which may involve the Company seeking further Shareholder approvals at an adjourned or subsequent meeting of Shareholders to issue securities.

If Shareholders do not approve the Resolutions contained in this Notice at an adjourned or subsequent meeting, the Company may be forced into liquidation.

The Company will lodge a prospectus with ASIC detailing information relating to the Recapitalisation, which will be available on the Company's website. Shareholders should read the Prospectus for further details of the Recapitalisation.

A Proxy (including the Chairman) may vote for, against or abstain on a resolution at this General Meeting in accordance with directions on the Proxy Form or if the Proxy Form is undirected as the proxy thinks fit, including at any adjourned or subsequent meeting. A Proxy may vote on any procedural resolution or motion at this General Meeting, including at any adjourned or subsequent meeting.

Shareholders are urged to give careful consideration to this Notice and the contents of the Explanatory Memorandum and the Independent Expert's Report.

All Share and Option numbers in this prospectus are on a pre-consolidated basis unless otherwise stated.

AGENDA

1. Resolution 1 – Approval for issue of Shares to settle claims of Wyllie Group

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

"That for the purposes of Listing Rule 7.1, and for all other purposes, approval is given for the Company to issue up to 213,238,356 Shares (prior to consolidation) to Wyllie Group Pty Limited (and/or its nominees) in satisfaction of claims of the Wyllie Group Pty Limited in accordance with the DOCA, on the terms and conditions detailed in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Wyllie Group Pty Limited (or its nominees) or a person who will obtain a material benefit as a result of, the proposed issue

(except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of that person (or those persons).

However, the Company need not disregard a vote if:

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

2. Resolution 2 – Approval for issue of Shares to settle claims of Donald Smith

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

"That for the purposes of Listing Rule 7.1, and for all other purposes, approval is given for the Company to issue up to 266,547,945 Shares (prior to consolidation) to Donald Smith Value Fund LP (and/or its nominees) in satisfaction of claims of Donald Smith Value Fund LP in accordance with the DOCA, on the terms and conditions detailed in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Donald Smith Value Fund LP (or its nominees) or a person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of that person (or those persons).

However, the Company need not disregard a vote if:

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

3. Resolution 3 – Approval for issue of Shares to settle claims of Perennial

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

"That for the purposes of Listing Rule 7.1, and for all other purposes, approval is given for the Company to issue up to 79,964,384 Shares (prior to consolidation) to National Nominees Limited (as nominee for Perennial Value Microcap Opportunities Fund) in satisfaction of claims of National Nominees Limited (as nominee for Perennial Value Microcap Opportunities Fund) in accordance with the DOCA, on the terms and conditions detailed in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of National Nominees Limited or a person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of that person (or those persons).

However, the Company need not disregard a vote if:

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

4. Resolution 4 - Approval for Conversion of New Convertible Notes

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

"That for the purposes of Listing Rule 7.1, and for all other purposes, approval is given for the Company to issue up to 4,000,000,000 Shares (prior to consolidation) upon conversion of the principal and interest outstanding under the New Convertible Note Deeds, on the terms and conditions detailed in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of that person (or those persons).

However, the Company need not disregard a vote if:

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

5. Resolution 5 – Approval for issue of Shares to settle claims of Aggreko

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

"That for the purposes of Listing Rule 7.1, and for all other purposes, approval is given for the Company to issue up to 26,991,828 Shares (prior to consolidation) to Aggreko Generator Rentals Pty Ltd (and/or its nominees) in satisfaction of claims of Aggreko Generator Rentals Pty Ltd in accordance with the DOCA, on the terms and conditions detailed in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Aggreko Generator Rentals Pty Ltd (or its nominees) or a person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of that person (or those persons).

However, the Company need not disregard a vote if:

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

6. Resolution 6 – Approval for issue of Shares to settle claims of GR Engineering

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

"That for the purposes of Listing Rule 7.1, and for all other purposes, approval is given for the Company to issue up to 462,186,432 Shares (prior to consolidation) to GR Engineering Services Limited (and/or its nominees) in satisfaction of claims of GR Engineering Services Limited in accordance with the DOCA, on the terms and conditions detailed in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of GR Engineering Services Limited (or its nominees) or a person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of that person (or those persons).

However, the Company need not disregard a vote if:

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

7. Resolution 7 – Approval for issue of Shares to settle claims of Pit N Portal

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

"That for the purposes of Listing Rule 7.1, and for all other purposes, approval is given for the Company to issue up to 579,292,740 Shares (prior to consolidation) to Pit N Portal Mining Services Pty Ltd (and/or its nominees) in satisfaction of claims of Pit N Portal Mining Services Pty Ltd in accordance with the DOCA, on the terms and conditions detailed in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Pit N Portal Mining Services Pty Ltd (or its nominees) or a person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of that person (or those persons).

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or

- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

8. Resolution 8 – Approval for issue of Shares to settle claims of RJ Vincent

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

"That for the purposes of Listing Rule 7.1, and for all other purposes, approval is given for the Company to issue up to 138,455,128 Shares (prior to consolidation) to Ralmana Pty Ltd trading as RJ Vincent & Co (and/or its nominees) in satisfaction of claims of Ralmana Pty Ltd trading as RJ Vincent & Co in accordance with the DOCA, on the terms and conditions detailed in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Ralmana Pty Ltd trading as RJ Vincent & Co (or its nominees) or a person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of that person (or those persons).

However, the Company need not disregard a vote if:

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

9. Resolution 9 – Approval for issue of Shares to settle claims of Squire Patton Boggs

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

"That for the purposes of Listing Rule 7.1, and for all other purposes, approval is given for the Company to issue up to 77,212,012 Shares (prior to consolidation) to Squire Patton Boggs (and/or its nominees) in satisfaction of claims of Squire Patton Boggs in accordance with the DOCA, on the terms and conditions detailed in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Squire Patton Boggs (or its nominees) or a person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of that person (or those persons).

However, the Company need not disregard a vote if:

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

10. Resolution 10 – Approval for issue of Shares to settle claims of Seismic Drilling

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

"That for the purposes of Listing Rule 7.1, and for all other purposes, approval is given for the Company to issue up to 34,162,414 Shares (prior to consolidation) to Seismic Drilling Services Pty Ltd (and/or its nominees) in satisfaction of claims of Seismic Drilling Services Pty Ltd in accordance with the DOCA, on the terms and conditions detailed in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Seismic Drilling Services Pty Ltd (or its nominees) or a person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of that person (or those persons).

However, the Company need not disregard a vote if:

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

11. Resolution 11 – Approval for issue of Shares to settle claims of Red Dirt

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

"That for the purposes of Listing Rule 7.1, and for all other purposes, approval is given for the Company to issue up to 27,166,080 Shares (prior to consolidation) to Junile Nominees Pty Ltd trading as Red Dirt Personnel Group (and/or its nominees) in satisfaction of claims of Junile Nominees Pty Ltd trading as Red Dirt Personnel Group in accordance with the DOCA, on the terms and conditions detailed in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Junile Nominees Pty Ltd trading as Red Dirt Personnel Group (or its nominees) or a person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of that person (or those persons).

However, the Company need not disregard a vote if:

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

12. Resolution 12 – Approval for issue of Shares to settle claims of Gilbert & Tobin

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

"That for the purposes of Listing Rule 7.1, and for all other purposes, approval is given for the Company to issue up to 47,637,298 Shares (prior to consolidation) to Gilbert & Tobin in satisfaction of claims of Gilbert & Tobin (and/or its nominees) in accordance with the DOCA, on the terms and conditions detailed in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Gilbert & Tobin (or its nominees) or a person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of that person (or those persons).

However, the Company need not disregard a vote if:

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

13. Resolution 13 – Approval for Placement Shares

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

"That for the purposes of Listing Rule 7.1, and for all other purposes, approval is given for the Company to issue up to 400,000,000 Placement Shares (prior to consolidation) on the terms and conditions detailed in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of that person (or those persons).

However, the Company need not disregard a vote if:

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

14. Resolution 14 – Issue of Lead Manager Shares

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

"That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 30,000,000 Shares (prior to consolidation) to Hartleys Limited (and/or its nominee) on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Hartleys Limited (or its nominees) or a person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of that person (or those persons).

However, the Company need not disregard a vote if:

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

15. Resolution 15 – Issue of Lead Manager Options

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

"That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 165,000,000 Options (prior to consolidation) to Hartleys Limited (and/or its nominee) on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Hartleys Limited (or its nominees) or a person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of that person (or those persons).

However, the Company need not disregard a vote if:

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

16. Resolution 16 - Issue of Noteholder Options

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

"That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 10,000,000 Options (prior to consolidation) to Wyllie Group Pty Limited (and/or its nominees), 3,750,000 (prior to consolidation) to National Nominees Limited (as nominee for Perennial Value Microcap Opportunities Fund) and 12,500,000 (prior to consolidation) to Donald Smith Value Fund LP (and/or its nominees) on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of National Nominees Limited, Donald Smith Value Fund LP or Wyllie Group Pty Limited (or their nominees) and any person who will obtain a material benefit as a result of the proposed issue, except a benefit solely in the capacity as a Shareholder, or an associate of that person (or those persons).

However, the Company will not disregard a vote if:

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

17. Resolution 17 - Issue of Ancillary Shares

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

"That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 10,000,000 Shares to Stewart Freeth (in his capacity as executor of the Estate of Gerard Victor Brewer) and 10,000,000 Shares to Glenn Alan Haythornthwaite on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Stewart Freeth (in his capacity as executor of the Estate of Gerard Victor Brewer) or Glenn Alan Haythornthwaite (or their nominees) or a person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of that person (or those persons).

However, the Company need not disregard a vote if:

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

18. Resolution 18 - Adoption of Employee Option Plan

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

"That, pursuant to and in accordance with Listing Rule 7.2, exception 9 and for all other purposes, Shareholders approve the Company's Employee Option Plan and the grant of Options and the issue of the underlying Shares of such Options on the terms and conditions described in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast:

- (a) in favour of this Resolution by or on behalf of a Director (except one who is ineligible to participate in the Plan) or an associate of that persons (or those persons); and
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel on the date of meeting or a Closely Related Party of such member.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides, including where the Proxy Form expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

19. Resolution 19 – Issue of Options to David Quinlivan under the Employee Option Plan

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

"That, subject to Resolution 18 being passed, pursuant to and in accordance with Listing Rule 10.14, sections 200B and 200E of the Corporations Act, and for all other purposes, Shareholders approve the issue of up to:

- (a) 3,850,000 Remuneration Options;
- (b) 17,777,775 Incentive Options; and
- (c) 30,000,000 Performance Options,

to Mr David Quinlivan (or his nominee) under the Plan and on the terms and conditions described in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast:

- (a) in favour of this Resolution by or on behalf of a Director of the Company (except a Director ineligible to participate in the Plan) (and/or their nominee) or an associate of that person (or those persons); and
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel at the date of the meeting or a Closely Related Party of such member.

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote on this Resolution, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides, including where the Proxy Form expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

20. Resolution 20 – Issue of Options to Peter Mansell under the Employee Option Plan

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

"That, subject to Resolution 18 being passed, pursuant to and in accordance with Listing Rule 10.14, sections 200B and 200E of the Corporations Act, and for all other purposes, Shareholders approve the issue of up to:

(a) 5,775,000 Remuneration Options; and

(b) 26,666,675 Incentive Options,

to Mr Peter Mansell (or his nominee) under the Plan and on the terms and conditions described in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast:

- (a) in favour of this Resolution by or on behalf of a Director of the Company (except a Director ineligible to participate in the Plan) (and/or their nominee) or an associate of that person (or those persons); and
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel at the date of the meeting or a Closely Related Party of such member.

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote on this Resolution, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides including where the Proxy Form expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

21. Resolution 21 – Issue of Options to Keith Jones under the Employee Option Plan

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

"That, subject to Resolution 18 being passed, pursuant to and in accordance with Listing Rule 10.14, sections 200B and 200E of the Corporations Act, and for all other purposes, Shareholders approve the issue of up to:

(a) 3,850,000 Remuneration Options; and

(b) 17,777,775 Incentive Options,

to Mr Keith Jones (or his nominee) under the Plan and on the terms and conditions described in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast:

- (a) in favour of this Resolution by or on behalf of a Director of the Company (except a Director ineligible to participate in the Plan) (and/or their nominee) or an associate of that person (or those persons); and
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel at the date of the meeting or a Closely Related Party of such member.

However, the Company need not disregard a vote if:

- (c) it is cast by the person as proxy for a person who is entitled to vote on this Resolution, in accordance with directions on the Proxy Form; or
- (d) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides including where the Proxy Form expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

22. Resolution 22 – Issue of Options to Mark Wheatley under the Employee Option Plan

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

"That, subject to Resolution 18 being passed, pursuant to and in accordance with Listing Rule 10.14, sections 200B and 200E of the Corporations Act, and for all other purposes, Shareholders approve the issue of up to:

(a) 3,850,000 Remuneration Options; and

(b) 17,777,775 Incentive Options,

to Mr Mark Wheatley (or his nominee) under the Plan and on the terms and conditions described in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast:

- (a) in favour of this Resolution by or on behalf of a Director of the Company (except a Director ineligible to participate in the Plan) (and/or their nominee) or an associate of that person (or those persons); and
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel at the date of the meeting or a Closely Related Party of such member.

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote on this Resolution, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides including where the Proxy Form expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

23. Resolution 23 – Consolidation of Share Capital

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

"That, pursuant to and in accordance with section 254H of the Corporations Act, the Listing Rules and the Constitution and for all other purposes, approval is given for the Company to consolidate its issued capital on the basis that every 15 Shares be consolidated into 1 Share with effect from the date that is two business days after all the Securities to be issued pursuant to this Notice have been issued, and where this consolidation results in a fraction of a Share being held, the Company be authorised to round that fraction up or down to the nearest whole number, with entitlements to less than half of a Share or Option rounded down."

24. Resolution 24 – Change of Company Name

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

"That, pursuant to and in accordance with section 157(1)(a) of the Corporations Act and for all other purposes, Shareholders approve the change of the Company's name to "Ora Banda Mining Limited" with effect from the date that ASIC alters the details of the Company's registration."

25. Resolution 25 – Approval of Indemnified Persons' Deeds of Indemnity, Access and Insurance

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

"That, pursuant to and in accordance with chapter 2D of the Corporations Act and for all other purposes approval be given to the Company to:

- (a) indemnify each Indemnified Person during their office and after the cessation of that office, in respect of certain claims made against that officer in relation to the period of their office;*
- (b) use its reasonable endeavours to procure an insurance policy and pay the premiums of insurance as assessed at market rates for each Indemnified Person in respect of certain claims made against each such officer in relation to the period of their office (except to the extent such insurance cannot be procured at a reasonable cost or is otherwise unavailable to the Company);*
- (c) use its reasonable endeavours to ensure that each Indemnified Person is at all times covered under an insurance policy for the period of seven years from the date that the Indemnified Person ceases to hold office (**Insurance Run-Off Period**), which will be on terms not materially less favourable to the Indemnified Person than the terms of insurance applicable at the date of termination of their office, and to continue to pay those premiums during that Insurance Run-Off Period (except to the extent such insurance cannot be procured at a reasonable cost or is otherwise unavailable to the Company); and*
- (d) provide each Indemnified Person with access, upon the termination of their office, for a period of not less than seven years following that termination, to any Company records which are either prepared or provided by him during the Retention Period,*

on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of an Indemnified Person and any of their associates.

The Company will not disregard a vote if:

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

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

26. Resolution 26 – Section 195 Approval

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

"That, pursuant to and in accordance with subsection 195(4) of the Corporations Act and for all other purposes, Shareholders approve the transactions contemplated in Resolution 25."

27. Resolution 27 – Increase in Voting Power - Hawke's Point

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

"That for the purposes of item 7 of section 611 of the Corporations Act 2001 (Cth) and for all other purposes, approval is given for:

- (a) *the Company to issue and allot up to 3,025,742,475¹ Shares (prior to consolidation) to Hawke's Point Holdings I Limited (and/or its nominees) under the New Convertible Notes and the DOCA;*
- (b) *the Company to issue and allot up to 17,500,000 Options (prior to consolidation) (and the issue of Shares on conversion of those options) to Hawke's Point Holdings I Limited (and/or its nominees) to satisfy the Company's obligations under the Existing Hawke's Point Convertible Note Deed; and*
- (c) *the acquisition by Hawke's Point Holdings I Limited (and/or its nominees) of a relevant interest in the issued voting Shares of the Company otherwise prohibited by section 606(1) of the Corporations Act, by virtue of the issue of the Shares referred to in paragraph (a) and conversion of Options referred to in paragraph (b),*

with a resulting increase in the voting power of Hawke's Point Holdings I Limited (and/or its nominees) and its associates in the Company from 12.06% (at the date of this Notice) to a maximum of 42.85% (immediately following the issue of those Shares and conversion of Options), and on the terms and conditions and in the manner set out in the Explanatory Memorandum accompanying this Notice."

Independent Expert's Report

Shareholders should carefully consider the Independent Expert's Report prepared by BDO Corporate Finance (WA) Pty Ltd accompanying the Explanatory Memorandum (refer to Schedule 2). The Independent Expert's Report comments on the fairness and reasonableness of Resolution 27. BDO has concluded that the issue of the Shares (including the conversion of Options) to Hawke's Point is **fair and reasonable** to Shareholders not associated with Hawke's Point.

Voting exclusion - ASX Listing Rules

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Hawke's Point Holdings I Limited (or its nominees) or an associate of that person (or those persons).

However, the Company need not disregard a vote if:

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

Voting exclusion - Corporations Act

In accordance with section 224 and item 7 of section 611 of the Corporations Act, the Company will disregard any votes cast on this Resolution (in any capacity) by or on behalf of Hawke's Point Holdings I Limited (or its nominees) and their respective associates. However, the Company need not disregard a vote if it is cast:

- (a) by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

BY ORDER OF THE BOARD



Tony Brazier
Company Secretary
Dated: 30 April 2019

¹ This number is the maximum number of shares which will be issued to Hawke's Point in the unlikely scenario that the minimum amount (\$30 million) is raised under the Capital Raising, Hawke's Point is the only participant in the Entitlement Offer and Shortfall Offer (other than the Underwriters who will partially underwrite the Entitlement Offer up to their underwriting commitments), no Placement Shares are issued and Hawke's Point is issued such number of Shares, including Shares on conversion of New Convertible Notes, which will equal 25% of the total size of the Capital Raising.

EASTERN GOLDFIELDS LIMITED

(Subject to Deed of Company Arrangement and to be renamed ORA BANDA MINING LIMITED)

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EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held on Friday, 7 June 2019 at 11:00am (WST).

This Explanatory Memorandum (including the schedules) should be read in conjunction with, and forms part of, the Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 1	Introduction
Section 2	Action to be taken by Shareholders
Section 3	Overview
Section 4	Resolutions 1 to 3 (inclusive) – Approval for issue of Shares to settle claims - Secured Creditors (other than Hawke's Point)
Section 5:	Resolution 4 - Approval for Conversion of New Convertible Notes
Section 6	Resolutions 5 to 12 (inclusive) - Approval for issue of Shares to settle claims - Supporting Creditors
Section 7:	Resolution 13 – Approval for Placement Shares
Section 8:	Resolutions 14 and 15 – Issue of Lead Manager Shares and Issue of Lead Manager Options
Section 9:	Resolution 16 – Issue of Noteholder Options
Section 10	Resolution 17 - Issue of Ancillary Shares
Section 11:	Resolution 18 - Adoption of Employee Option Plan
Section 12:	Resolutions 19 to 22 (inclusive) – Issue of Options to Directors
Section 13:	Resolution 23 – Consolidation of Share Capital
Section 14:	Resolution 24 – Change of Company Name
Section 15:	Resolution 25 – Approval of Indemnified Persons' Deeds of Indemnity, Access and Insurance
Section 16:	Resolution 26 – Section 195 Approval
Section 17:	Resolution 27 – Increase in Voting Power - Hawke's Point
Schedule 1:	Definitions and Interpretation
Schedule 2:	Independent Expert's Report
Schedule 3:	Pro-Forma Statement of Financial Position

Schedule 4	Terms and Conditions of Lead Manager Options
Schedule 5:	Terms and Conditions of the Plan
Schedule 6:	Terms and Conditions of the Hawke's Point Options, Wyllie Group Options, Perennial Options and Donald Smith Options
Schedule 7:	Summary of Secured Hawke's Point Debt
Schedule 8:	Summary of Existing Convertible Notes
Schedule 9:	Summary of New Convertible Notes

A Proxy Form is enclosed with the Notice and this Explanatory Memorandum.

2. Action to be taken by Shareholders

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

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

A Proxy Form is enclosed with the Notice and this Explanatory Memorandum. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions detailed in the Proxy Form. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

To be valid, your proxy form (and any power of attorney under which it is signed) must be received at an address given below by 11:00am (WST) on Wednesday, 5 June 2019. Any proxy form received after that time will not be valid for the scheduled meeting.

Online	At www.investorvote.com.au
By mail	Share Registry – Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001, Australia
By fax	1800 783 447 (within Australia) +61 3 9473 2555 (outside Australia)
By mobile	Scan the QR Code on your proxy form and follow the prompts
Custodian voting	For Intermediary Online subscribers only (custodians) visit www.intermediaryonline.com to submit your voting intentions
By email	admin@easterngoldfields.com.au .

We note that:

- (a) a proxy need not be a Shareholder;
- (b) a Shareholder may appoint a body corporate or an individual as its proxy;
- (c) a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body corporate may exercise as the Shareholder's proxy; and
- (d) Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that body corporate's representative. The authority may be sent to the Company or the Company's share registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

A Proxy (including the Chairman) may vote for, against or abstain on a resolution at this General Meeting in accordance with directions on the Proxy Form or if the Proxy Form is undirected as the proxy thinks fit,

including at any adjourned or subsequent meeting. A Proxy may vote on any procedural resolution or motion at this General Meeting, including at any adjourned or subsequent meeting.

The Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

3. Overview

3.1 Background

By way of background:

- (a) The Company is a gold focused minerals exploration company and is the owner of the Davyhurst Gold Project.
- (b) On 1 February 2017, the Company entered into a Syndicated Facilities Agreement with Investec Bank PLC and Investec Australia Limited pursuant to which Investec agree to provide the Company with facilities under which financial accommodation was made available to the Company (**Syndicated Facilities Agreement**).
- (c) On 3 September 2018, the Syndicated Facilities Agreement was assigned to Hawke's Point. The amount owed by the Company under the Syndicated Facility Agreement at the date of the General Meeting will be approximately \$11.4 million (**Secured Hawke's Point Debt**).
- (d) In late September / October 2018, the Company raised \$8,750,000 from the issue of convertible notes to Hawke's Point, Perennial, Donald Smith and Wyllie Group (**Secured Creditors**) (**Existing Convertible Note Deeds**). The amount owed by the Company under the Existing Convertible Note Deeds at the date of the General Meeting will be approximately \$9.3 million.
- (e) Supporting creditors of the Company are owed \$34.8 million (**Supporting Creditors Debt**).
- (f) On 29 November 2018, the Group was placed into voluntary administration, with Messrs Martin Jones and Andrew Smith appointed as administrators of the Group pursuant to section 436A of the Corporations Act by the Directors.
- (g) Pursuant to a resolution at the second meeting of creditors on 1 February 2019 held under section 439A of the Corporations Act, the creditors resolved that the Group enter into a deed of company arrangement proposed by Hawke's Point.
- (h) On 12 February 2019, the Group entered into a deed of company arrangement with the Deed Administrators, Supporting Creditors and Secured Creditors (**DOCA**). The DOCA facilitates the Recapitalisation (described in section 3.2 below).
- (i) The DOCA is being administered by Martin Jones and Andrew Smith of Ferrier Hodgson in their capacities as joint and several deed administrators of the Company (**Deed Administrators**).
- (j) The Company will lodge a prospectus with ASIC detailing information relating to the Recapitalisation (**Prospectus**). A copy of the Prospectus will be sent to all Shareholders and will also be available on the Company's website. Shareholders should read the Prospectus for further details of the Recapitalisation.

3.2 Recapitalisation

The reconstituted Board, key Shareholders, contractors and consultants have all given their support to the recapitalisation of the Company and are anticipating a new start for the Company following a recapitalisation, which comprises a raising of up to \$40 million and the extinguishment of all existing claims and debts of the Group at 28 November 2018 (being the date immediately prior to the date that voluntary administrators were appointed to the Group) (**Recapitalisation**). Subject to passing the resolutions contained in the Notice, completion of the Recapitalisation and ASX's discretion, the Shares will be reinstated to trading on ASX.

The purpose of the Recapitalisation is to restructure the Company's capital and asset base to allow the Company to satisfy its obligations under the DOCA and have sufficient working capital to undertake its exploration program and to facilitate the reinstatement of the Company's securities to trading on ASX.

Capital Raising

Under the Recapitalisation, the Company is undertaking a capital raising to raise no less than \$30 million and up to \$40 million (**Capital Raising**) which will be completed prior to the Company's Shares being reinstated to trading on ASX. The Capital Raising comprises:

- (a) a 1 for 1 non-renounceable entitlement offer priced at 1 cent per Share to raise up to approximately \$7.6 million, which is available to existing Eligible Shareholders (**Entitlement Offer**);
- (b) an offer of Shares not subscribed for under the Entitlement Offer, which is available to existing Shareholders and new investors (**Shortfall Offer**);

- (c) an offering of convertible notes (**New Convertible Notes**) raising up to \$38.7 million, available to sophisticated and professional investors (the amount to be reduced to the extent that existing Eligible Shareholders take up their entitlements under the Entitlement Offer and Shortfall Offer and new investors to subscribe for Shares under the Shortfall Offer and Placement Offer); and
- (d) an offer of Shares priced at 1 cent per Share to raise up to \$4 million, with the Shares to be issued following receipt of Shareholder approval (**Placement Offer**).

The Company has appointed Hartleys as lead manager of the Capital Raising to assist with the provision of corporate advice and capital raising services to ensure that the Company meets its capital requirements.

Debt Extinguishment

At completion of the DOCA, the following debt claims will be outstanding against the Company:

- (a) principal and interest pursuant to a syndicated facilities agreement which was assigned to Hawke's Point, being approximately \$11.4 million up to the date of the General Meeting;
- (b) principal and interest on convertible notes issued to Hawke's Point, Perennial, Donald Smith and Wyllie Group on 27 September 2018 and 28 September 2018, which at the date of the General Meeting will be approximately \$9.3 million;
- (c) the amount owed to Supporting Creditors, being approximately \$34.8 million;
- (d) principal and interest on the New Convertible Notes; and
- (e) other amounts to unsecured creditors who will be paid out of a trust established under a trust deed consisting of amount \$7.3 million (**Creditors Trust**).

Resolutions

The Company will seek Shareholder approval at the General Meeting to:

- (a) issue Shares to satisfy the Secured Creditors claims (other than Hawke's Point) in respect of the Existing Convertible Notes in accordance with the DOCA (Resolutions 1 to 3);
- (b) convert the New Convertible Notes (other than those held by Hawke's Point) into Shares in accordance with the New Convertible Notes (Resolution 4);
- (c) issue Shares to satisfy all of the remaining Supporting Creditors Debt in accordance with the DOCA (Resolutions 5 to 12);
- (d) issue Shares pursuant to the Placement Offer (Resolution 13);
- (e) issue Shares and Options to the Lead Manager (Resolutions 14 and 15);
- (f) issue Options to the Secured Creditors under the New Convertible Notes in lieu of the grant of Options originally contemplated under the terms of the Existing Convertible Notes (Resolution 16);
- (g) issue Shares to settle tenement plaints (Resolution 17);
- (h) adopt of an employee option plan and issue of Options to Directors pursuant to the plan (Resolutions 18 to 22);
- (i) consolidate the Company's share capital (Resolution 23);
- (j) change the Company's name to Ora Banda Mining Limited (Resolution 24);
- (k) deeds of indemnity, access and insurance for the Directors (Resolution 25);
- (l) carry out the matters contemplated in this Notice (Resolution 26);
- (m) issue Shares to satisfy Hawke's Point's claims in respect of the Secured Hawke's Point Debt in accordance with the DOCA (Resolution 27);
- (n) issue Shares to satisfy Hawke's Point's claims in respect of the Existing Convertible Notes in accordance with the DOCA (Resolution 27); and
- (o) convert the New Convertible Notes issued to Hawke's Point into Shares in accordance with the DOCA (Resolution 27);

Indicative Timetable

The expected timing for implementation of the Recapitalisation is as follows:

Event	Indicative Date
Dispatch Prospectus and Notice of Meeting	6 May 2019
Entitlement Offer Opening Date New Convertible Note raising commences	6 May 2019
Entitlement Offer Closing Date	15 May 2019
Allocate Shortfall Shares	20 May 2019
New Convertible Note offer closes	20 May 2019
Entitlement Offer / New Convertible Note proceeds received by the Company	27 May 2019
Issue Entitlement Offer Shares, Shortfall Shares and New Convertible Notes	27 May 2019
Creditors Trust established, DOCA effectuated and Company out of DOCA	27 May 2019
Despatch of holding statements	28 May 2019
Complete Proxy Forms for General Meeting and AGM	by 5 June 2019
Voting Cut-Off Date for General Meeting and AGM	5 June 2019
General Meeting and AGM	7 June 2019
Issue of Shares to creditors	11 June 2019
Issue of Placement Shares	11 June 2019
Expected date for Shares to recommence trading on ASX	19 June 2019

Note:

- 1 The above timetable is indicative only and subject to change. Subject to the Listing Rules, the Directors reserve the right to vary these dates without prior notice. The Directors also reserve the right not to proceed with the whole or part of the offers at any time prior to allotment.
- 2 The Shares issued pursuant to the offers will be issued prior to the suspension of quotation of the Shares being lifted under ASX Listing Rule 17.7. Whilst the Shares issued pursuant to the Offers will be admitted to quotation following close of the offers (to comply with section 727(3)(b) of the Corporations Act), there is no guarantee that the suspension of quotation of the Shares on the ASX will be lifted.
- 3 The date of the General Meeting and the proxy date for the General Meeting may change if the General Meeting is adjourned, postponed or a subsequent meeting in relation to the matters detailed in this Notice is held.

At the date of this Notice, all of the conditions precedents to effectuation of the DOCA have been satisfied other than:

- (a) the completion of a capital raising; and
- (b) the Deed Administrators and the Board being satisfied that Shareholder approval for the satisfaction of the Existing Convertible Notes, Secured Hawke's Point Debt and Supporting Creditors Debt and the conversion of New Convertible Notes (**Debt Repayment**) will be obtained either at the General Meeting, or within a reasonable timeframe thereafter,

(the Conditions Precedent).

If the Conditions Precedent above are satisfied:

- (a) control of the Group will be transferred from the Deed Administrators to the Directors;
- (b) the Company will issue the Shares pursuant to the Entitlement Offer and Shortfall Offer and issue the New Convertible Notes, with the proceeds from the Entitlement Offer, Shortfall Offer and New Convertible Notes then released from trust and applied in accordance with the DOCA;
- (c) \$7.3 million will be paid to a Creditors Trust in full satisfaction of unsecured creditor claims in accordance with the terms of the DOCA;

- (d) \$4.6 million will be paid to the supporting creditors in full satisfaction of 60% of those creditors' compromised claims (i.e. 22 cents per dollar);
- (e) the Deed Administrators will be paid their remuneration, costs, fees and expenses in accordance with the DOCA from the Creditors Trust; and
- (f) the balance of the amounts owed to the Supporting Creditors and the full amount owed to Hawke's Point and the other holders of the Existing Convertible Notes and the holders of the New Convertible Notes in respect of those creditors' claims will remain outstanding until the Debt Repayment is approved by Shareholders and takes effect.

The General Meeting for Shareholders to consider, vote and approve the Resolutions put forward pursuant to this Notice will be held after completion of these steps.

Funds received in respect of the issue of Placement Shares will be held on trust by the Company until Shareholder approval to issue of the Placement Shares is received (which is to be sought at the General Meeting).

If Shareholders approve all of the Resolutions put forward at the General Meeting:

- (a) the Company will issue the Placement Shares and all of the Shares in connection with the Debt Repayment;
- (b) the Company will undertake a consolidation of the existing issued capital of the Company on a 1 for 15 basis (**Consolidation**);
- (c) the Group will have no creditors (other than a non-material amount in respect of any trade creditors incurred following completion of the DOCA), will be free from all pre-administration claims and have a strong cash position to fund ongoing exploration and feasibility activities; and
- (d) the Company will be renamed Ora Banda Mining Limited.

If Shareholders approve some (but not all) of the resolutions to issue the securities detailed in Resolutions 1 to 13 and Resolution 27, the Company will need to formulate an alternative strategy with its creditors which may involve the Company seeking further Shareholder approvals at an adjourned or subsequent meeting of Shareholders to issue securities.

If Shareholders do not approve the Resolutions contained in this Notice at an adjourned or subsequent meeting, the Company may be forced into liquidation.

Hawke's Point

Hawke's Point is a secured creditor of the Company with secured debt of approximately \$15.1 million (\$11.4 million under the Syndicated Facilities Agreement and \$3.7 million under the Existing Convertible Notes) at the date of the General Meeting. Hawke's Point holds voting power of approximately 12.06% of the Shares at the date of this Notice.

Hawke's Point, which consists of Hawke's Point Holdings I Limited and Hawke's Point Holdings II Limited, is a wholly-owned subsidiary of TFG Asset Management L.P. (**TFG**), an international, diversified alternative asset manager that owns majority and minority equity stakes in asset management companies.

Hawke's Point is the asset management business within TFG which focuses on providing capital to companies in the mining and resource sectors across a range of instruments, structures and geographies. Established in 2014 and based in London and New York, Hawke's Point has made two investments in early-stage gold miners to date and had US\$17.9 million in assets under management (**AUM**) as of 31 December 2018. Its current portfolio managers are:

- Scott Marsh;
- Pim Kalisvaart; and
- Erik Caspersen.

As of 31 December 2018, TFG's AUM totalled approximately US\$28.1 billion and it had approximately 370 employees globally. TFG is in turn owned by Tetragon Financial Group Limited, a close ended investment company that is listed on the Euronext Amsterdam N.V. and also on the Specialist Fund Segment of the main market of the London Stock Exchange.

In addition to satisfying Hawke's Point's claims in respect of the Secured Hawke's Point Debt, the Company has agreed to allocate and Hawke's Point has committed to subscribe for such number of Shares and New Convertible Notes as will equal 25% of the total size of the Capital Raising.

On 29 April 2019, ASX granted a waiver of Listing Rule 10.1 in respect to the amounts advanced by Hawke's Point under the Hawke's Point New Convertible Notes being secured by the existing security

package held by Hawke's Point (**ASX Waiver**). The ASX Waiver includes the following conditions concerning Hawke's Point's existing security package:

- (a) the security is amended to include a term that if an event of default occurs and Hawke's Point exercises their rights under such security, neither Hawke's Point or its associates can acquire any legal or beneficial interest in an asset of the Group in full or part satisfaction of the Company's obligations under the security, or otherwise deal with the assets of the Group, without the Company having complied with any applicable Listing Rules, including Listing Rule 10.1, other than as required by law or through a receiver, or receiver or manager (or analogous person) appointed by Hawke's Point exercising their power of sale under the security and selling the assets to an unrelated third party on arm's length terms and conditions and distributing the cash proceeds to the lender (or its associates) in accordance with their legal entitlements; and
- (b) the Company and Hawke's Point must discharge the security when the funds advanced to Company by the issue of the Hawke's Point New Convertible Notes are repaid (including by way of extinguishing the debt arising from the New Convertible Notes and the as a whole by the issue of Shares), and in any event before the Shares (which are currently suspended) are reinstated to trading on ASX.

The ASX Waiver is otherwise on customary terms.

On 29 April 2019, Hawke's Point entered into a securities side letter with the Company under which it has agreed to procure that the terms and conditions of the Security Trust Deed are amended subject to and with effect from completion of the Hawke's Point New Convertible Note Deed to include the conditions required by the ASX Waiver.

Hawke's Point has the right but not the obligation to participate in the Capital Raising up to a maximum of \$10 million.

If a greater level of participation from Hawke's Point is required in order to reach the minimum subscription, Hawke's Point has indicated it will consider increasing its participation at the request of the Company (but without any obligation to do so) as necessary to reach the minimum subscription, up to a maximum participation of \$15 million.

Hawke's Point's allocation of securities will comprise Shares under the Entitlement Offer and Shortfall Offer such that its voting power does not exceed 19.99%, with the balance of its commitment being issued in New Convertible Notes.

Hawke's Point will acquire voting power in more than 20% of the issued share capital of the Company if Shareholders approve the issue of Shares in satisfaction of the Existing Convertible Notes, Secured Hawke's Point Debt and the conversion of New Convertible Notes. Refer to section 17.1 for further details.

Resolution 27 seeks Shareholder approval for the Company to issue Shares to Hawke's Point (and/or their nominees) which will result in Hawke's Point acquiring voting power of up to a maximum of approximately 42.85% of the issued share capital of the Company.

The Company appointed BDO as an independent expert and commissioned it to prepare a report (**Independent Expert's Report**) to provide an opinion as to whether or not the issue of Shares to Hawke's Point (and/or their nominees) which will result in Hawke's Point acquiring voting power of up to a maximum of approximately 42.85% of the issued share capital of the Company is **fair and reasonable** to Shareholders not associated with Hawke's Point.

The Independent Expert's Report was prepared to satisfy the requirements of item 7 of section 611 of the Corporations Act, an exception to section 606 of the Corporations Act which expressly prohibits a party (and its associates) acquiring a relevant interest (as defined in the Corporations Act) in more than 20% of the issued share capital of a public company.

3.3 Project Overview

The Company has two main projects, being the Davyhurst Project and the Mt Ida Project. On completion of the Capital Raising, the Company will use the proceeds of the Capital Raising to focus on development of the Davyhurst Project.

The Davyhurst Project is an advanced gold development project located approximately 120 kilometres northwest of Kalgoorlie. The Davyhurst Project comprises the Mt Ida, Riverina, Davyhurst, Siberia and Lady Ida project areas that contain Mineral Resources reported in accordance with the JORC Code of 21Mt @ 2.6g/t Au for 1.8 million ounces.

MINERAL RESOURCE TABLE									
PROJECT	MEASURED		INDICATED		INFERRED		TOTAL MATERIAL		
	('000t)	(g/t Au)	('000t)	(g/t Au)	('000t)	(g/t Au)	('000t)	(g/t Au)	('000oz.)
DAVYHURST TOTAL	138	3.5	12,441	2.5	8,187	2.4	20,728	2.4	1,641
MOUNT IDA TOTAL	-	-	136	18.6	182	10.2	318	13.8	141
COMBINED TOTAL	138	3.5	12,577	2.7	8,369	2.6	21,046	2.6	1,782

Table: Mineral Resource Summary²

Resource Definition Drilling Programs

The revised business plan for the Davyhurst Project (post Recapitalisation) is centred around a focussed development program targeting the top five advanced projects, being Riverina, Waihi, Callion, Siberia and Golden Eagle. The clear objective of the planned drilling programs is to upgrade the mineral resource which in turn leads to reserve conversions.

These programs intend to expand and upgrade the mineral resource base for the Davyhurst Project. Mining evaluation studies will follow the drilling programs targeting an upgrade and expansion of the current 2.0Mt @ 2.3g/t Au for 150,000 ounce Ore Reserve.

ORE RESOURCE TABLE					
PROJECT	PROBABLE		TOTAL MATERIAL		
	('000t)	(g/t Au)	('000t)	(g/t Au)	('000oz.)
MISSOURI	1,205	2.2	1,205	2.2	85
SAND KING	820	2.5	820	2.5	65
COMBINED TOTAL	2,025	2.3	2,025	2.3	150

Table: Ore Reserve Table³

Definitive Feasibility Study

Concurrently with the planned resource and reserve definition drilling programs, multidiscipline studies will be undertaken at the five advanced projects to:

- facilitate any statutory environmental, ethnographic and archaeological heritage approvals necessary to enable re-commencement of mining and processing operations; and
- provide other technical inputs (including hydrological studies, geotechnical assessment of potential mining areas, metallurgical bench testing of ore from all planned sources to determine optimum process plant settings to maximize gold recovery and plant engineering and refurbishment requirements) necessary to enable a DFS to be completed.

Completion of a DFS targeting an initial multi-year mining investment case for the Davyhurst Project is scheduled for the second half of 2020. It is envisaged that at the point of delivery, each deposit will be fully permitted and mine ready.

Regional Exploration Program

Additional regional exploration activities are designed to run in conjunction with the aforementioned resource development works. Numerous high priority exploration targets, ranging from untested geochemical anomalies through to well defined but poorly tested advanced prospect scale gold mineralisation, are located within the Company's land holdings at Davyhurst. It is the Company's intention to work on all aspects of the

² All Resources listed above with the exception of the Missouri and Sand King Resources were prepared and first disclosed under the JORC Code 2004 (refer to ASX release "Swan Gold Prospectus", 13 February 2013). The Company confirms it is not aware of any new information or data that materially affects the information included in the relevant market announcement and, in the case of estimates of mineral resources or ore reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The First Hit and Lady Bountiful Resources are no longer held by the Company and as such have been omitted from the above table. The Missouri and Sand King Mineral Resources has been updated and complies with all relevant aspects of the JORC code 2012, and initially released to the market on 15 December 2016 (Missouri) 3 January 2017 (Sand King). The above table contains rounding errors.

³ Refer to ASX announcements dated 15 December 2016 & 14 February 2017. The above table contains rounding errors.

project pipeline, from grass roots through to brown fields, thereby ensuring the optimum exploration projects are promoted into future development programs.

Infrastructure

The Davyhurst processing plant is a conventional 1.2 Mtpa CIP gold processing plant. Refurbishment and plant upgrades costing \$34.5 million commenced in September 2016, entering a commissioning stage by June 2017.

From July 2017 through to July 2018 the plant processed in excess of 400,000 tonnes of ore. In October 2018, the Company sourced an independent estimate for re-start capital equipment and works necessary to bring with the Davyhurst Processing Plant safely back into production. MACA Interquip's re-start capital estimate is of \$15 million and includes a contingency of \$3 million.

3.4 Work Program and Budget

Under the Capital Raising, the Company is seeking to raise a minimum of \$30 million and a maximum of \$40 million.

Payments

From the proceeds of the Capital Raising, the payments set out in the table below will be made in accordance with the terms and conditions of the DOCA and to repay costs of the Capital Raising. These amounts will be paid prior to the commencement of exploration and feasibility study programs.

Payments (excl GST)	Minimum Capital Raising (\$30 million)	Midpoint Capital Raising (\$35 million)	Maximum Capital Raising (\$40 million)
Creditors Trust Fund	7,300,000	7,300,000	7,300,000
Supporting Creditor Payments	4,597,243	4,597,243	4,597,243
Korda Mentha Fee	680,000	680,000	680,000
Repayment of Hawke's Point Loan provided to Deed Administrators	650,000	650,000	650,000
Lead Manager fees	1,440,000	1,680,000	1,920,000
Hawke's Point legal fees	120,000	120,000	120,000
Total	14,787,243	15,027,243	15,267,243

Exploration Work Program & Budget

Funds remaining after settlement of all DOCA related payments detailed above (being \$20.0 million based on a successful Capital Raising of \$35 million) will be utilised to:

- expand and upgrade existing resource and reserve estimates;
- target expansion of the resource base along strike from historical mining operations at the Company's key mining project areas (namely Riverina, Waihi, Siberia, Callion and Davyhurst);
- systematically test the many high quality regional exploration targets identified within the Company's extensive tenement package; and
- undertake a DFS with the objective of achieving near term production for the Company.

A high level breakdown of funds to be used for resource and reserve development, exploration (non minesite), process plant & TSF feasibility, site administrative costs and corporate expenditure is detailed below.

Exploration & Resource Development	Minimum Capital Raising (\$30 million)	Midpoint Capital Raising (\$35 million)	Maximum Capital Raising (\$40 million)
Resource & Reserve Development	4,000,000 (27%)	8,000,000 (40%)	12,100,000 (49%)
Exploration (Non Minesite)	4,900,000 (32%)	4,900,000 (25%)	4,900,000 (20%)
Process Plant & TSF Feasibility Studies	600,000 (4%)	600,000 (3%)	600,000 (2%)
Site Administrative Costs (Power, Camp, FIFO)	3,100,000 (20%)	3,400,000 (17%)	3,900,000 (16%)
Corporate	2,600,000 (17%)	3,100,000 (15%)	3,200,000 (13%)
TOTAL	\$15,200,000 (100%)	\$20,000,000 (100%)	\$24,700,000 (100%)

The above table is a statement of current intentions at the date of the Notice. It is important to recognise that although certain parts of the expenditure plan are committed expenditures and work programs, as with any expenditure plan, intervening events and new circumstances have the potential to affect the way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis.

If more than \$35 million is raised from the Capital Raising further money will be spent to accelerate resource definition drilling.

If less than \$35 million raised from the Capital Raising, no resource definition drilling will be spent at Callion.

3.5 Indicative Capital Structure

The capital structure of the Company on implementation of the Recapitalisation and Shareholders passing the resolutions in the Notice will be as follows:

	Prior to Recapitalisation	Post Recapitalisation Minimum \$30 million	Post Recapitalisation Midpoint \$35 million	Post Recapitalisation Maximum \$40 million
Shares ¹	761,784,750	7,295,044,504 (pre consolidation) 486,336,300 (post consolidation)	7,800,523,955 (pre consolidation) 520,034,930 (post consolidation)	8,306,003,408 (pre consolidation) 553,733,561 (post consolidation)
Options	211,663,376	497,738,376 (pre consolidation) 33,182,558 (post consolidation)	522,738,376 (pre consolidation) 34,849,225 (post consolidation)	547,738,376 (pre consolidation) 36,515,892 (post consolidation)
Convertible Notes ²	87,500	Nil	Nil	Nil

Notes:

- 1 On the basis that the Company does not issue any additional Shares between 29 April 2019 being the last practicable date prior to finalisation of this Notice and completion of the Recapitalisation.
- 2 The Company has 87,500 Existing Convertible Notes on issue. After the implementation of the Recapitalisation, the Company will not have any Existing Convertible Notes.

3.6 Pro Forma Statement of Financial Position

The pro forma statement of financial position for the Company upon implementation of the Recapitalisation and Shareholders passing the resolutions in the Notice is detailed in Schedule 3.

3.7 Forward looking statements

The forward looking statements in this Explanatory Memorandum are based on the Company's current expectations about future events. However, they are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Explanatory Memorandum. Forward looking statements include those containing words such as 'anticipate', 'estimates', 'should', 'will', 'expects', 'plans' or similar expressions.

4. Resolutions 1 to 3 (inclusive) - Approval for issue of Shares to settle claims - Secured Creditors (other than Hawke's Point)

4.1 Background

The Secured Creditors have agreed to settle their claims under the Existing Convertible Notes by accepting 1 Share for every cent as part of the Recapitalisation and in accordance with the DOCA.

Resolutions 1 to 3 (inclusive) seek Shareholder approval for the issue of up to 559,750,685 Shares at a price of 1 cent per Share to be issued to the Secured Creditors (other than Hawke's Point) in satisfaction of the claims of the Secured Creditors in accordance with the DOCA. At the date of the General Meeting, the amount owed (principal and interest) by the Company under:

- (a) the Existing Wyllie Group Convertible Note Deed will be \$2,132,384;
- (b) the Existing Donald Smith Convertible Note Deed will be \$2,665,479; and
- (c) the Existing Perennial Convertible Note Deed will be \$799,644.

4.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolutions 1 to 3 will be to allow the Directors to issue Shares to the Secured Creditors during the period of 3 months after the Meeting, without using the Company's 15% annual placement capacity.

4.3 Information required by Listing Rule 7.3

In compliance with the information requirements of Listing Rule 7.3, Shareholders are advised as follows:

- (a) The maximum number of Shares to be issued to:
 - (i) Wyllie Group (and/or its nominee) pursuant to Resolution 1 is 213,238,356 Shares;
 - (ii) Donald Smith (and/or its nominee) pursuant to Resolution 2 is 266,547,945 Shares; and
 - (iii) Perennial (and/or its nominee) pursuant to Resolution 3 is 79,964,384 Shares.
- (b) The Shares will be issued as soon as possible following the passing of Resolutions 1 to 3, but in any event no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (c) The Shares will be issued for nil consideration, however the deemed issue price of the Shares will be 1 cent.
- (d) The Shares will be issued to Perennial, Wyllie Group and Donald Smith (or their nominees) (none of whom is a related party of the Company).
- (e) The Shares will be fully paid ordinary shares in the capital of the Company, issued on the same terms and conditions as the Company's existing Shares and rank equally in all respects with all of the existing ordinary Shares on issue.
- (f) No funds will be raised as the Shares to be issued under Resolutions 1 to 3 (inclusive) will extinguish the claims of Perennial, Wyllie Group and Donald Smith under their respective Existing Convertible Note Deeds.
- (g) The Shares to be issued pursuant to Resolutions 1 to 3 will be issued on the same date.
- (h) Voting exclusion statements for Resolutions 1 to 3 (inclusive) are included in the Notice of Meeting preceding this Explanatory Statement.

4.4 Directors' Recommendation

The Directors recommend that Shareholders approve Resolutions 1 to 3 (inclusive).

The Chairman intends to exercise all available proxies in favour of Resolutions 1 to 3 (inclusive).

5. Resolution 4 - Approval for Conversion of New Convertible Notes

5.1 Background

Under the Capital Raising and the DOCA, the Company will issue New Convertible Notes (with a face value of \$100 per note) amounting to a maximum of \$38.7 million. The purpose of the convertible note issue is to provide capital towards extinguishing all current debt obligations of the Group owing as at 28 November 2018 and to provide the Group with sufficient working capital to undertake its business plan.

Pursuant to the terms of the New Convertible Notes, the holders of these will agree to convert the New Convertible Notes into Shares immediately following Shareholder approval.

The New Convertible Notes will not be offered pursuant to this Prospectus and instead will be offered to sophisticated and professional investors in accordance with sections 708(8) and 708(11) of the Corporations Act, respectively, without a disclosure document.

Resolution 4 seeks Shareholder approval for the issue of up to 4,000,000,000 Shares at a price of 1 cent per Share to be issued to holders of the New Convertible Notes on conversion of the principal and interest under the New Convertible Notes into Shares.

5.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 4 will be to allow the Directors to issue Shares to the subscribers of the New Convertible Notes during the period of 3 months after the Meeting, without using the Company's 15% annual placement capacity.

5.3 Information required by Listing Rule 7.3

In compliance with the information requirements of Listing Rule 7.3, Shareholders are advised as follows:

- (a) The maximum number of Shares to be issued will be 4,000,000,000.
- (b) The Shares will be issued as soon as possible following the passing of Resolution 4, but in any event no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (c) The Shares will be issued for nil consideration, however the deemed issue price of the Shares will be 1 cent.
- (d) The Shares will be issued to professional and sophisticated investors (none of whom will be a related party of the Company).
- (e) The Shares will be fully paid ordinary shares in the capital of the Company, issued on the same terms and conditions as the Company's existing Shares and rank equally in all respects with all of the existing ordinary Shares on issue.
- (f) No funds will be raised as the Shares to be issued under Resolution 4 will be issued on conversion of the New Convertible Notes.
- (g) The Shares to be issued pursuant to Resolution 4 will be issued on the same date.
- (h) Voting exclusion statements for Resolution 4 is included in the Notice of Meeting preceding this Explanatory Statement.

5.4 Directors' Recommendation

The Directors recommend that Shareholders approve Resolution 4.

The Chairman intends to exercise all available proxies in favour of Resolution 4.

6. Resolutions 5 to 12 (inclusive) - Approval for issue of Shares to settle claims - Supporting Creditors

6.1 Background

Pursuant to the Recapitalisation and the DOCA, the Supporting Creditors, being those trade creditors with whom the Company seeks to have an ongoing commercial relationship and to whom offers of securities can be made without disclosure under sections 708(8) (sophisticated investors) and 708(11) (professional investors) of the Corporations Act have agreed in accordance with the DOCA to:

- (a) accept a cash payment out of the Capital Raising proceeds on conclusion of the DOCA equal to 22 cents of 60% of each such Supporting Creditor's agreed claim amount; and
- (b) convert the remaining 40% of their respective agreed claims to Shares, in full satisfaction of the claims of the Supporting Creditors.

Resolutions 5 to 12 (inclusive) seek Shareholder approval for the issue of up to 1,393,103,932 Shares at a deemed issue price of 1 cent per Share to be issued to the Supporting Creditors in satisfaction of the claims of the Supporting Creditors. The current amount owed by the Company in relation to Supporting Creditors is approximately \$34.8 million.

6.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolutions 5 to 12 (inclusive) will be to allow the Directors to issue Shares to the Supporting Creditors during the period of 3 months after the Meeting, without using the Company's 15% annual placement capacity.

6.3 Information required by Listing Rule 7.3

In compliance with the information requirements of Listing Rule 7.3, Shareholders are advised as follows:

- (a) The maximum number of Shares to be issued to (subject to rounding):
 - (i) Aggreko (and/or its nominee) pursuant to Resolution 5 is 26,991,828 Shares, being in satisfaction of the balance of the Claims (\$269,918);
 - (ii) GR Engineering (and/or its nominee) pursuant to Resolution 6 is 462,186,432 Shares, being in satisfaction of the balance of the Claims (\$4,621,864);

- (iii) Pit N Portal (and/or its nominee) pursuant to Resolution 7 is 579,292,740 Shares; being satisfaction of the balance of the Claims (\$5,792,927);
 - (iv) RJ Vincent (and/or its nominee) pursuant to Resolution 8 is 138,455,128 Shares; being satisfaction of the balance of the Claims (\$1,384,551);
 - (v) Squire Patton Boggs (and/or its nominee) pursuant to Resolution 9 is 77,212,012 Shares; being satisfaction of the balance of the Claims (\$772,120);
 - (vi) Seismic Drilling (and/or its nominee) pursuant to Resolution 10 is 34,162,414 Shares; being satisfaction of the balance of the Claims (\$341,624);
 - (vii) Red Dirt (and/or its nominee) pursuant to Resolution 11 is 27,166,080 Shares; being satisfaction of the balance of the Claims (\$271,661); and
 - (viii) Gilbert & Tobin (and/or its nominee) pursuant to Resolution 12 is 47,637,298 Shares. being satisfaction of the balance of the Claims (\$476,373).
- (b) The Shares will be issued as soon as possible following the passing of Resolutions 5 to 12, but in any event no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
 - (c) The Shares will be issued to the Supporting Creditors (and/or their nominees) or an associate of that person (or those persons) for nil consideration, however the deemed issue price of the Shares will be 1 cent.
 - (d) The Shares will be issued to the Supporting Creditors, being Aggreko, GR Engineering, Pit N Portal, RJ Vincent, Squire Patton Boggs, Gilbert & Tobin, Seismic Drilling and Red Dirt (and/or their nominees) (none of whom is a related party of the Company).
 - (e) The Shares will be fully paid ordinary shares in the capital of the Company, issued on the same terms and conditions as the Company's existing Shares and rank equally in all respects with all of the existing ordinary Shares on issue.
 - (f) No funds will be raised as the Shares to be issued under Resolutions 5 to 12 (inclusive) are being issued in satisfaction for the balance of the debts owed to the amounts owed to the Supporting Creditors.
 - (g) The Shares to be issued pursuant to Resolutions 5 to 12 will be issued on the same date.
 - (h) Voting exclusion statements for Resolutions 5 to 12 (inclusive) are included in the Notice preceding this Explanatory Statement.

6.4 Directors' Recommendation

The Directors recommend that Shareholders approve Resolutions 5 to 12 (inclusive).

The Chairman intends to exercise all available proxies in favour of Resolutions 5 to 12 (inclusive).

7. Resolution 13 - Approval for Placement Shares

7.1 Background

Pursuant to the Capital Raising, the Company is making an offer of shares under the Prospectus to existing Shareholders and other investors as part of the Capital Raising to raise up to \$4 million (**Placement**), with the Shares to be issued following receipt of Shareholder approval.

The Placement will open on 6 May 2019 and close immediately after the issue of all of the Placement Shares, Ancillary Shares and the Shares in connection with the satisfaction of the Existing Convertible Notes, Secured Hawke's Point Debt and Supporting Creditors Debt and the conversion of New Convertible Notes.

Resolution 13 seeks Shareholder approval for the issue of up to 400,000,000 Shares under the Placement at an issue price of 1 cent per Share (pre-consolidation) (**Placement Shares**).

None of the subscribers under the Placement will be a related parties or an associate of a related party of the Company.

Resolution 13 is an ordinary resolution.

7.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 13 will be to allow the Directors to issue Shares to investors during the period of 3 months after the Meeting, without using the Company's 15% annual placement capacity.

7.3 Information required by Listing Rule 7.3

In accordance with Listing Rule 7.3, information is provided in relation to the Placement Shares as follows:

- (a) The maximum number of Placement Shares to be issued is 400,000,000.
- (b) The Placement Shares will be issued as soon as possible following the passing of Resolution 13, but no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (c) The Placement Shares will be issued at 1 cent per Share.
- (d) The Placement Shares will be issued to existing Shareholders and other investors.
- (e) The Placement Shares will be fully paid ordinary shares in the capital of the Company, issued on the same terms and conditions as the Company's existing Shares and rank equally in all respects with all of the existing ordinary Shares on issue.
- (f) The Company intends to use the funds raised from the issue of the Placement Shares towards resource and reserve development, exploration, feasibility studies and as general working capital.
- (g) The Shares to be issued pursuant to Resolution 13 will be issued on the same date.
- (h) A voting exclusion statement is included in the Notice for Resolution 13.

7.4 Directors' Recommendation

The Directors recommend that Shareholders approve Resolution 13.

The Chairman intends to exercise all available proxies in favour of Resolution 13.

8. Resolutions 14 and 15 – Issue of Securities - Lead Manager

8.1 Background

The Company has appointed Hartleys as lead manager of the Capital Raising and to assist with the provision of corporate advice and capital raising services to ensure that the Company meets its capital requirements pursuant to the DOCA and to ensure an appropriate working capital position upon implementation of the DOCA (**Lead Manager Mandate**).

Pursuant to the Lead Manager Mandate, the Company will issue (subject to Shareholder approval):

- (a) 30,000,000 Shares to Hartleys (and/or its nominees) as part consideration for corporate advisory services in relation to the Capital Raising (**Lead Manager Shares**); and
- (b) 3,750,000 options for every \$1 million raised pursuant to the Capital Raising for the first \$28 million raised and 5,000,000 options for every \$1 million raised in excess \$28 million (**Lead Manager Options**).

Each Lead Manager Option will be exercisable at 1.75 cents (pre-consolidation) on or prior to the date that is 2 years from the date of their issue. The maximum amount to be raised pursuant to the Capital Raising is \$40 million.

Resolutions 14 and 15 seek Shareholder approval for the issue of the Lead Manager Shares and Lead Manager Options.

Resolutions 14 and 15 are ordinary resolutions.

8.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolutions 14 and 15 will be to allow the Directors to issue the Lead Manager Shares and Lead Manager Shares during the period of 3 months after the Meeting, without using the Company's 15% annual placement capacity.

8.3 Information required by Listing Rule 7.3

In accordance with Listing Rule 7.3, information is provided in relation to the Lead Manager Shares as follows:

- (a) The maximum number of:

- (i) Lead Manager Shares to be issued is 30,000,000;
 - (ii) Lead Manager Options to be issued is up to 165,000,000 (based on the maximum amount of \$40 million being raised under the Capital Raising).
- (b) The Lead Manager Shares and Lead Manager Options will be issued as soon as possible following the passing of Resolutions 14 and 15, but will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
 - (c) The Lead Manager Shares and Lead Manager Options will be issued for nil consideration.
 - (d) The Lead Manager Shares and Lead Manager Options will be issued to Hartleys Limited (and/or its nominees).
 - (e) The Lead Manager Shares will be fully paid ordinary shares in the capital of the Company, issued on the same terms and conditions as the Company's existing Shares and rank equally in all respects with all of the existing ordinary Shares on issue. The Lead Manager Options will be issued on the terms and conditions contained in Schedule 4.
 - (f) No funds will be raised from the issue of the Lead Manager Shares or Lead Manager Options as they are being issued as part consideration for corporate advisory services performed by Hartleys in connection with the Capital Raising.
 - (g) The Shares and Options to be issued pursuant to Resolutions 14 and 15 will be issued on the same date.
 - (h) A voting exclusion statement is included in the Notice for Resolutions 14 and 15.

8.4 Directors' Recommendation

The Directors recommend that Shareholders approve Resolutions 14 and 15.

The Chairman intends to exercise all available proxies in favour of Resolution 14 and 15.

9. Resolution 16 - Issue of Noteholder Options

9.1 Background

In late September 2018, the Company issued the Existing Convertible Notes pursuant to a convertible note deed with each of Wyllie Group, Donald Smith, Perennial and Hawke's Point (the **Existing Convertible Note Deeds**). Wyllie Group, Donald Smith, Perennial and Hawke's Point each submitted claims under the DOCA in relation to the claims held by them under the Existing Convertible Note Deeds.

Consistent with the terms of the Existing Convertible Note Deeds, the Company has agreed to issue the following Options in satisfaction of its obligations:

- (a) Hawke's Point: 17,500,000 Options (**Hawke's Point Options**);
- (b) Wyllie Group: 10,000,000 Options (**Wyllie Group Options**);
- (c) Perennial: 3,750,000 Options (**Perennial Options**); and
- (d) Donald Smith: 12,500,000 Options (**Donald Smith Options**),

(together, the Noteholder Options).

Each Noteholder Option will be exercisable at 7.5 cents (pre-consolidation) on or prior to the date that is 4 years from the date of their issue.

Resolution 16 is seeking Shareholder approval to issue the Wyllie Group Options, the Perennial Options and the Donald Smith Options.

The Company will seek Shareholder approval to issue the Hawke's Point Options pursuant to Resolution 27.

Resolution 16 is an ordinary resolution.

9.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 16 will be to allow the Directors to issue the Wyllie Group Options, Perennial Options and Donald Smith Options during the period of 3 months after the Meeting (or such longer period of time as ASX may in its discretion allow), without using the Company's 15% annual placement capacity.

9.3 Information required by Listing Rule 7.3

In accordance with Listing Rule 7.3, information is provided in relation to the Wyllie Group Options, Perennial Options and Donald Smith Options as follows:

- (a) The maximum number of Options to be issued is as follows:
 - (i) 10,000,000 Wyllie Group Options;
 - (ii) 3,750,000 Perennial Options; and
 - (iii) 12,500,000 Donald Smith Options.
- (b) The Wyllie Group Options, Perennial Options and Donald Smith Options will be issued as soon as possible following the passing of Resolution 16, but no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (c) The:
 - (i) Wyllie Group Options will be issued to Wyllie Group (or its nominees);
 - (ii) Perennial Options will be issued to National Nominees Limited as nominee for Perennial; and
 - (iii) Donald Smith Options will be issued to Donald Smith (or its nominees).
- (d) The Wyllie Group Options, Perennial Options and Donald Smith Options will be issued on the terms and conditions contained in Schedule 6.
- (e) The Wyllie Group Options, Perennial Options and Donald Smith Options will be issued for nil consideration. Each of those options has an exercise price of 7.5 cents (pre-consolidation). No funds will be raised from the issue of the options described above.
- (f) The issue of the Wyllie Group Options, Perennial Options and Donald Smith Options will occur on completion of the Recapitalisation.
- (g) The Options to be issued pursuant to Resolution 16 will be issued on the same date.
- (h) A voting exclusion statement is included in the Notice for Resolution 16.

9.4 Directors' Recommendation

The Directors recommend that Shareholders approve Resolution 16.

The Chairperson intends to exercise all available proxies in favour of Resolution 16.

10. Resolution 17 – Issue of Ancillary Shares

10.1 Background

Carnegie Gold Pty Ltd (**Carnegie**) is the registered holder of E30/335, M16/470, M30/102 and M30/103 (**Carnegie Tenements**). Siberia Mining Corporation Pty Ltd (**Siberia**) is the registered holder of M24/846, M24/847 and M24/848 (**Siberia Tenements**). In January 2015, Gerard Brewer lodged forfeiture applications in respect of the Carnegie Tenements. In June 2015, Gerard Brewer and Glenn Alan Haythornthwaite lodged forfeiture applications in respect of the Siberia Tenements. Gerard Brewer lodged an objection to an application for exemption of expenditure conditions by Carnegie in respect of M16/470 and M30/102 and Gerard Brewer and Glenn Alan Haythornthwaite lodged an objection to an application for exemption of expenditure conditions by Siberia in respect of M24/847.

On 18 March 2019, the Company, Carnegie and Siberia entered into an agreement with Stewart Freeth (in his capacity as executor of the Estate of Gerard Victor Brewer) and Glenn Alan Haythornthwaite (**Settlement Deed**).

Pursuant to the Settlement Deed, the parties have agreed to resolve the various disputes between them. In addition to a nominal cash payment, the Company has agreed to issue Stewart Freeth (in his capacity as executor of the Estate of Gerard Victor Brewer) and Glenn Alan Haythornthwaite 10,000,000 Shares (prior to consolidation) (together, the **Ancillary Shares**) each to withdraw their objections to the application for exemption and dismiss their applications for forfeiture in respect of the Carnegie Tenements and Siberia Tenements.

Resolution 17 seeks Shareholder approval for the issue of the Ancillary Shares.

Resolution 17 is an ordinary resolution.

10.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 17 will be to allow the Directors to issue the Ancillary Shares during the period of 3 months after the Meeting, without using the Company's 15% annual placement capacity.

10.3 Information required by Listing Rule 7.3

In accordance with Listing Rule 7.3, information is provided in relation to the Ancillary Shares as follows:

- (a) The maximum number of Ancillary Shares to be issued is 20,000,000.
- (b) The Ancillary Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (c) The Ancillary Shares will be issued for nil consideration.
- (d) 10,000,000 Shares will be issued to Stewart Freeth (in his capacity as executor of the Estate of Gerard Victor Brewer) and 10,000,000 Shares to Glenn Alan Haythornthwaite.
- (e) The Ancillary Shares will be fully paid ordinary shares in the capital of the Company, issued on the same terms and conditions as the Company's existing Shares and rank equally in all respects with all of the existing ordinary Shares on issue.
- (f) No funds will be raised from the issue of the Ancillary Shares as they are being issued as part consideration for the settlement of a dispute between the parties.
- (g) The Shares to be issued pursuant to Resolution 17 will be issued on the same date.
- (h) A voting exclusion statement is included in the Notice for Resolution 17.

10.4 Directors' Recommendation

The Directors recommend that Shareholders approve Resolution 17.

The Chairman intends to exercise all available proxies in favour of Resolution 17.

11. Resolution 18 - Adoption of Employee Option Plan

11.1 Background

At the Company's 2017 Annual General Meeting held on 30 November 2017, shareholders approved the Company's Employee Option Plan (**Plan**). In 2019, the Company amended the Plan.

Resolution 18 seeks Shareholder approval for the amended Plan in accordance with Listing Rule 7.2, exception 9.

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issue of Options under the Plan will provide selected Directors (executive or non-executive) and employees of the Company with the opportunity to participate in future growth of the Company.

Resolution 18 is an ordinary resolution.

11.2 Listing Rule 7.1 and Listing Rule 7.2, Exception 9

Listing Rule 7.1 provides that a company must not (subject to specified exceptions), without the approval of Shareholders, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to convert to equity (such as an Option or performance right), if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.2, Exception 9 provides an exception to Listing Rule 7.1. The effect of shareholder approval under Listing Rule 7.2, Exception 9 is that any issues of securities under the Plan are treated as having been made with the approval of Shareholders for the purposes of Listing Rule 7.1. Approval under Listing Rule 7.2, Exception 9 lasts for a period of three years.

A summary of the material terms of the Plan is set out in Schedule 5 to this Notice.

11.3 Information required by Listing Rule 7.2

In accordance with Listing Rule 7.2 Exception 9, information is provided as follows:

- (a) The material terms of the Plan are summarised in Schedule 5 and form part of the notice of meeting.

- (b) Since the last shareholder approval at the 2017 Annual General Meeting, the Company has not granted any Options or Shares under the Plan.
- (c) A voting exclusion statement is included in the Notice for Resolution 18.

12. Resolutions 19 to 22 (inclusive) – Issue of Options to Directors

12.1 Background

Resolutions 19 to 22 (inclusive) seek Shareholder approval in accordance with Listing Rule 10.14 for the grant of Remuneration Options, Incentive Options and Performance Options to the Directors under the Plan (together, **Director Options**) as follows:

Director	Number of Remuneration Options	Number of Incentive Options	Number of Performance Options	Total Number of Director Options
Peter Mansell (Chair)	5,775,000	26,666,675	Nil	32,441,675
David Quinlivan (CEO & Managing Director)	3,850,000	17,777,775	30,000,000	51,627,775
Keith Jones	3,850,000	17,777,775	Nil	21,627,775
Mark Wheatley	3,850,000	17,777,775	Nil	21,627,775
Total	17,325,000	80,000,000	30,000,000	127,325,000

All Director Options are on a pre-consolidated basis.

12.2 Remuneration Options

Further to their significant effects in helping drive the Recapitalisation and rebirth of the Company, and in recognition of the need for the Company to preserve cash, prior to the Company entering into commercial production, the Directors have agreed to take 35% of their salary in non-cash form, specifically in Options (**Remuneration Options**). The number of Remuneration Options has been calculated with each Remuneration Option having a value of 1 cent and based on an annual salary of \$165,000 for the Chair and \$110,000 for the other Directors. Pursuant to this structure, the Director's cash salaries will be reduced to \$107,250 for the Chair and \$71,500 for the other Directors representing a cash saving of \$134,750 per annum.

Because the Remuneration Options are issued in lieu of the payment of the Directors' salaries in cash, the Remuneration Options are issued for nil consideration and with zero exercise price, exercisable after one year of service to the Company and expiring 18 months from the date of grant.

12.3 Incentive Options

To appropriately incentivise the continued performance of the Directors and to align their interests with those of Shareholders and the strategic goals and targets of the Company, the Company also considers it appropriate to grant Options to the Directors which are subject to vesting conditions (**Incentive Options**). Each Incentive Option entitles the Director to one ordinary share in the Company on vesting and exercise. Prior to vesting and exercise, Incentive Options do not entitle the Director to any dividends or voting rights.

Pursuant to Listing Rule 10.17, the Incentive Options granted to Directors, and Shares allocated on exercise of the Incentive Options will not be included in the non-executive director fee limit as the Incentive Options will be issued pursuant to Shareholder approval under Listing Rule 10.14 (Shareholder approval to acquire securities under an employee incentive scheme).

Vesting conditions and testing

Incentive Options will be eligible to vest in three tranches subject to the satisfaction of the vesting conditions outlined in the schedule below:

Percentage of Incentive Options granted to the Director	Incentive Option Vesting Condition	Incentive Option Expiry Date
33.33%	Incentive Options will vest if at any time prior to the Incentive Option Expiry Date, the Company's Share price is 18 cents or higher (post consolidation), calculated over a 10 trading day VWAP.	30 June 2020

Percentage of Incentive Options granted to the Director	Incentive Option Vesting Condition	Incentive Option Expiry Date
33.33%	Incentive Options will vest if at any time prior to the Incentive Option Expiry Date, the Company's Share price is 22.5 cents or higher (post consolidation), calculated over a 10 trading day VWAP.	30 June 2021
33.33%	Incentive Options will vest if at any time prior to the Incentive Option Expiry Date, the Company's Share price is 30 cents or higher (post consolidation), calculated over a 10 trading day VWAP.	30 June 2023

The vesting conditions will be tested after the relevant anniversary date. Vesting of Incentive Options will be determined by the Board following completion of testing. Any tranche of Incentive Options that do not vest will lapse.

The Incentive Options will be granted at no cost and there will be no amount payable on exercise of the Incentive Options.

12.4 Performance Options

To appropriately incentivise the continued performance of the Directors and to align their interests with those of Shareholders and the strategic goals and targets of the Company, the Company also considers it appropriate to grant Options to the CEO & Managing Director which are subject to vesting conditions (**Performance Options**). Each Performance Option entitles the Director to one ordinary share in the Company on vesting and exercise. Prior to vesting and exercise, Performance Options do not entitle the Director to any dividends or voting rights.

Pursuant to Listing Rule 10.17, the Performance Options granted to Directors, and Shares allocated on exercise of the Performance Options will not be included in the non-executive director fee limit as the Performance Options will be issued pursuant to Shareholder approval under Listing Rule 10.14 (Shareholder approval to acquire securities under an employee incentive scheme).

Vesting conditions and testing

Performance Options will be eligible to vest in four tranches subject to the satisfaction of the vesting conditions outlined in the schedule below:

Percentage of Options granted to the Director	Key Performance Indicators	Performance Option Expiry Dates
35%	The Company's Shares being reinstated to trading on ASX.	30 June 2019
35%	Delivery of a bankable feasibility study.	30 June 2020
15%	Actual operational and financial performance against the plan outlined in the prospectus.	Measured upon David Quinlivan ceasing to be Managing Director.
15%	Safety record meets or exceeds mining industry key performance indicators.	Measured upon David Quinlivan ceasing to be Managing Director.

Vesting of Performance Options will be determined by the Board following completion of testing. Any tranche of Performance Options that do not vest will lapse.

The Performance Options will be granted at no cost and there will be no amount payable on exercise of the Performance Options.

12.5 Other key terms of the Incentive Options

Cessation of office

Where a Director ceases to be a director of the Company, unless the Board determines otherwise:

- (a) all of the unvested Incentive Options will lapse;
- (b) all of the vested Incentive Options will lapse if the Director has not exercised them within 30 days from the date they cease to hold the office of a director.

Change of control

The Plan Rules provide details of the treatment of Incentive Options in connection with a change of control event. Refer to Schedule 5 for a summary of the terms and conditions of the Plan for more details.

For the purposes of the current offer, if an actual change of control occurs or an event referred to in the Plan Rules occurs before the Board has exercised its discretion all Incentive Options will immediately vest.

Clawback and forfeiture

The Board has broad “clawback” powers to determine that Incentive Options lapse, any shares allocated on exercise are forfeited, or that amounts are to be repaid in certain circumstances (for example, in the case of fraud or dishonesty).

Restrictions on dealing

Incentive Options cannot be sold, transferred, encumbered or dealt with under any circumstances unless otherwise permitted by the Plan or as determined by the Board.

12.6 Terms and Resolutions

Refer to Schedule 5 for a summary of the terms and conditions of the Plan.

Resolutions 19 to 22 (inclusive) are ordinary resolutions.

Resolutions 19 to 22 (inclusive) are subject to Shareholders passing Resolution 18, which provides for the Company to adopt the Plan under which the Director Options are proposed to be issued.

12.7 Section 208 of Corporations Act

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Director Options as the exception in section 211 of the Corporations Act applies. The Director Options are considered to be reasonable remuneration for the purposes of section 211 of the Corporations Act.

12.8 Sections 200B and 200E of the Corporations Act

In accordance with section 200B of the Corporations Act, to give a benefit in connection with a person's retirement from an office, the Company must obtain Shareholder approval in the manner set out in section 200E of the Corporations Act.

Under the terms of the Plan, the Board may exercise its discretion to accelerate the vesting of the Director Options in circumstances where the Director Options would otherwise lapse as a result of the relevant Director ceasing to be an eligible participant under the Plan.

The Board has formed the view that this may constitute a benefit in connection with that Director's retirement from office. Therefore the Company seeks Shareholder approval for the potential giving of a retirement benefit associated with the exercise of the Board's discretion in relation to Director Options.

The value of the benefit that might be given to the relevant Director by the exercise of the Board's discretion will depend on a number of factors. Accordingly, the precise value of the benefit cannot be ascertained at the present time. Apart from the future Share price being unknown, the following matters which will or are likely to affect the value of the benefits are also unknown:

- (a) the number of Director Options held by the relevant Director prior to the cessation of his employment;
- (b) reasons for the cessation of employment and the Director's length of service;
- (c) the term of the Director Options remaining;
- (d) the extent to which any vesting conditions or other performance or exercise hurdles have been satisfied; and
- (e) the exercise of the Board's discretion at the relevant time.

12.9 Listing Rules 7.1 and 10.14

In accordance with Listing Rule 10.14, the Company must not permit a Director and any of his associates to acquire securities under an employee incentive scheme unless it obtains Shareholder approval.

Pursuant to Listing Rule 7.2, exception 14, as Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 is not required.

12.10 Information required by Listing Rule 10.15

In accordance with Listing Rule 10.15, information is provided in relation to the Director Options as follows:

- (a) The Director Options will be issued to Peter Mansell, David Quinlivan, Keith Jones and Mark Wheatley (and/or their nominees).
- (b) The maximum number of Director Options to be granted will be 127,325,000 Director Options, comprised of 17,325,000 Remuneration Options, 80,000,000 Incentive Options and 30,000,000 Performance Options as detailed in Section 12.1.
- (c) The Director Options will be issued at no cost.
- (d) The Plan is being approved under Resolution 18.
- (e) The persons named in Listing Rule 10.14 and entitled to participate in the Plan are Peter Mansell, David Quinlivan, Keith Jones and Mark Wheatley.
- (f) Since the last shareholder approval at the 2017 Annual General Meeting, no Options or Shares have been granted under the Plan.
- (g) A voting exclusion statement is included in the Notice for Resolutions 19 to 22 (inclusive).
- (h) No loan is being offered in relation to the grant of the Director Options or allocation of shares on exercise of the Director Options.
- (i) The Director Options will be issued as soon as practicable after passing of the relevant resolution, and in any event, no later than 12 months after the date of the Meeting.

12.11 Information required by sections 200B and 200E of the Corporations Act

- (a) The Board has determined the current value of the Director Options and determined on the basis of the assumptions set out below the maximum technical value of one Director Option is 1 cent and the maximum total value of the Director Options is \$919,268.
- (b) The Options have a zero exercise price and a service based vesting condition. Assuming that no dividends are paid by the Company during the vesting period (on the basis there is a degree of uncertainty about future dividends payable on the Company's shares during the vesting period), the market value of each Director Option at the grant date is equal to the market value of the Company's Shares on the grant date. Using an assumed grant date of 4 April 2019, the market value of each Director Option is equal to the closing price of Shares (being 1 cent per Option), and the total value of the Director Options is \$919,268.
- (c) For the reasons detailed in Section 12.8, the potential value of the Director Options arising upon termination of the employment of any of the Directors cannot be determined in advance. Section 12.8 details the factors that may affect the value of the Director Options.
- (d) A voting exclusion statement is included in the Notice for Resolutions 19 to 22 (inclusive).

12.12 Directors' Recommendation

The Directors (excluding David Quinlivan) recommend that Shareholders vote in favour of Resolution 19.

The Directors (excluding Peter Mansell) recommend that Shareholders vote in favour of Resolution 20.

The Directors (excluding Keith Jones) recommend that Shareholders vote in favour of Resolution 21.

The Directors (excluding Mark Wheatley) recommend that Shareholders vote in favour of Resolution 22.

The Chairman intends to exercise all available proxies in favour of Resolutions 19 to 22 (inclusive).

13. Resolution 23 – Consolidation of Share Capital

13.1 Background

Resolution 23 seeks Shareholder approval for the Consolidation, being the consolidation of Shares on issue on a 1 for 15 basis.

The purpose of the Consolidation is to implement a more appropriate capital structure for the Company going forward and satisfying the ASX Listing Rules. Refer to Section 3.5 for more details on the capital structure of the Company on implementation of the Recapitalisation and Shareholders passing the resolutions in the Notice.

Subject to Shareholders approving Resolutions 1 to 16 and 27, the effective date for the Consolidation will be the date that is two business days after all the Securities the subject of Resolutions in this Notice have been issued.

Resolution 23 is an ordinary resolution.

13.2 Corporations Act and Listing Rules requirements

Section 254H of the Corporations Act provides that a Company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

The Listing Rules also require that the number of options on issue be consolidated in the same ratio as the ordinary shares and the exercise price of options be amended in inverse proportion to that ratio. Similarly, the number or the conversion price (or both) of convertible securities (other than options) must be reorganised so that the holders of the convertible securities do not receive a benefit that holders of ordinary securities do not receive.

13.3 Effect of Resolution 23 to Shareholders

The Company had 761,784,750 Shares on issue at the date of the Notice. Subject to Shareholders approving Resolutions 1 to 16 and 27, the Company will have up to 8,306,003,408 Shares on issue (pre-consolidation).

The Consolidation proposed by Resolution 23 will have the effect of reducing the number of Shares on issue to approximately 553,733,561 Shares (assuming the maximum number of Shares are issued pursuant to the Recapitalisation). Individual holdings will be reduced in accordance with the Consolidation ratio.

The Consolidation applies equally to all members (subject only to the rounding of fractions). Therefore, it will have no material effect on the percentage interest of each member in the Company. Further, the aggregate value of each member's proportional interest in the Company will not change solely as a result of the Consolidation as the only anticipated changes, which will be a result of rounding, will be immaterial.

Theoretically, the market price of each Share following the Consolidation should increase by 15 times its current value. Practically, the actual effect on the market price of each Share will be dependent upon on a number of factors which will not be within the control of the Company. Therefore, this may result in the market price of each Share following Consolidation being higher or lower than the theoretical post-Consolidation price.

13.4 Effect of Resolution 23 to Optionholders

The Company had 211,663,376 Options on issue at the date of this Notice. Subject to Shareholders approving Resolution 23, the Company will have 547,738,376 Options on issue (pre-consolidation), assuming the maximum number of Options are issued pursuant to the Recapitalisation.

The Consolidation proposed by Resolution 23 will have the effect of reducing the number of Options on issue to approximately 36,515,892 Options (assuming the maximum number of Options are issued pursuant to the Recapitalisation).

In accordance with Listing Rule 7.22, and the terms of issue of the Options currently on issue, the Consolidation will involve a corresponding adjustment to Options, having the effect that the number of Options will reduce in proportion to the ordinary share capital and the exercise price will increase in inverse proportion to the Consolidation ratio. For the avoidance of doubt, this means that every 15 Options exercisable at 1.75 cents each will instead become a single Option exercisable at 26.25 cents each (including the Options which are the subject of Resolutions 16 and 27) and the range of the exercise price for the Company's existing options following the Consolidation will be between \$2.84 and \$6.97.

13.5 Fractional entitlements

Not all Shareholders and holders of Options will hold a number of Shares or Options which can be evenly divided by 15. Where a fractional entitlement occurs, the Company will round the fraction up or down to the nearest whole number, with entitlements to less than half of a Share or Option rounded down.

13.6 Taxation

It is not considered that any taxation implications will arise for Shareholders or holders of Options from the Consolidation. However, Shareholders and holders of Options are advised to seek their own tax advice on the effect of the Consolidation. The Company, the Directors and the proposed Directors and their advisers do not accept any responsibility for the individual taxation implications arising from the Consolidation or the other proposed Resolutions.

13.7 Holding Statements

Holding statements for previously quoted Shares will cease to have any effect from the date of the Consolidation, except as evidence of an entitlement to a certain number of Shares on a post Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Shares proposed to be quoted to be issued to holders of those Shares.

It is the responsibility of each Shareholder to check the number of Shares held prior to subsequent disposal.

13.8 Directors' recommendation

The Directors recommend that Shareholders vote in favour of Resolution 23.

The Chairman intends to exercise all available proxies in favour of Resolution 23.

14. Resolution 24 – Change Company Name

14.1 Background

In accordance with section 157 of the Corporations Act, if a company wants to change its name it must pass a special resolution adopting a new name.

Resolution 24 seeks Shareholder approval for the change of name of the Company to "Ora Banda Mining Limited".

Resolution 24 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The change of name will take effect on the date that ASIC alters the details of the Company's registration.

14.2 Directors' recommendation

The Directors recommend that Shareholders vote in favour of Resolution 24.

The Chairman intends to exercise all available proxies in favour of Resolution 24.

15. Resolution 25 – Approval of Indemnified Persons' Deeds of Indemnity, Access and Insurance

15.1 Background

The Company has entered into Deeds of Indemnity, Insurance and Access with each of the following persons:

- David Quinlivan;
- Peter Mansell;
- Keith Jones; and
- Mark Wheatley,

(together the Indemnified Persons).

The purpose of Resolution 25 is to enable the Company to provide the Indemnified Persons with a reasonable level of protection in relation to claims made against them in relation to the period of their office.

Resolution 25 is an ordinary resolution.

Given their duties and responsibilities of directors of a public company and their potential liabilities, the Directors consider it appropriate that they be suitably protected from certain claims made against them. The proposed protection will not extend to the extent it is prohibited by the Corporations Act.

A person may be called to account for his or her actions several years after ceasing to hold office. Therefore, it is considered reasonable that suitable protection should extend for a period of time after a Director has ceased to hold office.

It is generally recognised that a director or former director of a company may face considerable difficulty in properly answering or defending any claim made against him or her, particularly, as is often the case, where the claim is brought after the director ceases to hold office. Difficulties may arise by reason of the following:

- (a) No indemnity after cessation of office

While the Constitution provides officers with an indemnity in respect of claims made while they hold office, the indemnity arguably ceases if they cease to hold office and does not extend to cover roles as an officer of a body corporate associated with the company. Without the benefit of an indemnity, the cost of defending such a claim in respect of the actions of an officer or former officer, even if the claim is ultimately proven to be without merit, can be considerable and beyond the financial resources of the individual officer.

- (b) Maintenance of insurance policies

Directors' and officers' insurance policies generally only provide cover for claims made during the currency of the insurance policy. Generally, unless insurance premiums continue to be paid after

the time a person ceases to hold office, claims made after cessation of office will not be covered by the insurance policy. The cost to a former officer of personally maintaining insurance cover after ceasing to hold office can be prohibitive, particularly given the number of years for which insurance must be maintained and given the former officer is unlikely to be receiving income from the Company.

(c) Access to Board papers

In accordance with section 198F of the Corporations Act, directors have a right to inspect the books of the Company:

- (i) whilst they hold office; and
- (ii) for 7 years after ceasing to hold office,

at all reasonable times for the purposes of a legal proceeding to which the person is a party, that the person proposes in good faith to bring or that the person has reason to believe will be brought against him or her.

Despite this statutory right, officers may require access to company documents which are relevant to the officer's office and not strictly required for the purpose of anticipated, threatened or commenced legal proceedings. Furthermore, although a proceeding may be instituted within six years after a cause of action arises, that six year period is calculated from the date the damage is found to have occurred – this may be long after the conduct which allegedly caused the damage occurred.

Given these difficulties a person may be unwilling to become or to remain as an officer of a public company without suitable protection being provided by the Company. The benefit to the Company in providing such protection is that it will continue to be able to attract persons of suitable expertise and experience to act as officers.

15.2 Summary of the Deed of Indemnity, Insurance and Access

The Company has entered into Deeds of Indemnity, Insurance and Access which, subject to Shareholder approval, require:

- (a) the Company to indemnify each Indemnified Person during their office and after the cessation of that office, in respect of certain claims made against that Indemnified Person in relation to the period of their office to the extent allowable under the Corporations Act;
- (b) the Company to use its reasonable endeavours (subject to cost and availability) to maintain an insurance policy and pay the premiums of insurance as assessed at market rates for each Indemnified Person to the extent available under the Corporations Act, in respect of certain claims made against him or her in relation to the period of his or her office (except to the extent such insurance cannot be procured at a reasonable cost or is otherwise unavailable to the Company) and to continue to pay those premiums for a period of up to seven years following the termination of their office;
- (c) the Company to provide each Indemnified Person with access, upon ceasing for any reason to hold office and for a period of up to seven years following that cessation, to any Company records which are either prepared or provided to the Indemnified Person during the Retention Period.

15.3 Summary of indemnity and insurance provisions in the Corporations Act

In considering Resolution 25, we note the following limitations in the Corporations Act concerning the provision of indemnities and insurance to Company officers. The Deeds of Indemnity, Insurance and Access for which Shareholder approval is sought under Resolution 25 comply with these limitations.

(a) Section 199A of the Corporations Act

The Corporations Act sets out specific prohibitions to the Company's ability to grant indemnities for liabilities and legal costs.

The Company is prohibited from indemnifying its officers against a liability if it is a liability:

- (i) to the Company and any of its related bodies corporate;
- (ii) to a third party that arose out of conduct involving a lack of good faith; or
- (iii) for a pecuniary penalty order or a compensation order under the Corporations Act (such orders being made for breaches such as breaches of director's duties, the related party rules and insolvent trading rules).

The Company is also prohibited from indemnifying its officers against legal costs incurred:

- (iv) in defending actions where an officer is found liable for a matter for which he cannot be indemnified by the Company as set out immediately above;
 - (v) in defending criminal proceedings where the officer is found guilty;
 - (vi) in defending proceedings brought by the ASIC or a liquidator for a court order if the grounds for making the order are found by the court to be established; or
 - (vii) in connection with proceedings for relief to the director under the Corporations Act where the court denies the relief.
- (b) Section 199B of the Corporations Act
- If the Company, or a related body corporate of the Company, pays the premium on an insurance policy in favour of a Director, section 199B of the Corporations Act requires the Company to ensure that the relevant contract of insurance does not cover liabilities incurred by the officer arising out of conduct involving either:
- (i) a wilful breach of duty in relation to the Company; or
 - (ii) contravention of the provisions relating to an officer making improper use of information or improper use of his or her position for his or her or her advantage or gain, or to the detriment of the Company.

15.4 Shareholder Approval

Resolution 25 seeks Shareholder approval in accordance with the following provisions of the Corporations Act:

- (a) Section 200B of the Corporations Act
- In accordance with section 200B of the Corporations Act, to give a benefit in connection with a person's retirement from an office, the Company must obtain Shareholder approval in the manner set out in section 200E of the Corporations Act.
- The Directors consider that as the:
- (i) proposed payment of insurance premiums;
 - (ii) benefit of the indemnity in relation to liabilities incurred during the period a Director and officer holds office; and
 - (iii) Director's and officer's access to Company records,
- which continue period of up to 7 years after the director ceases to hold office, each may be viewed as the provision of a benefit given "in connection with" the retirement for the purposes of section 200B of the Corporations Act.
- (b) Section 208 of the Corporations Act
- In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.
- For the purposes of section 208 of the Corporations Act, certain Indemnified Persons are considered to be a related party of the Company.
- The provision of insurance and indemnity to certain Indemnified Persons may involve the provision of a financial benefit to related parties of the Company within the prohibition in Chapter 2E of the Corporations Act. The Directors consider that the payment of insurance premiums and the provision of indemnities by the Company are "reasonable in the circumstances" of the Company and therefore (in respect of the indemnities and payment of insurance premiums with regard to the liabilities of Indemnified Persons incurred as officers of the Company) fall within an exception to the prohibition in Chapter 2E of the Corporations Act. Nonetheless, the Directors seek Shareholder approval as matter of good governance (even if not strictly required to do so under Chapter 2E of the Corporations Act), given the indemnities and payment of insurance premiums extend to the liabilities of Indemnified Persons in their capacity as officers of the Company or insurance is an appropriate matter for the Shareholders.
- (c) In accordance with sections 200E of the Corporations Act, the following information is provided to Shareholders to allow them to assess the proposed resolution:
- (i) The Company has taken out an insurance policy which will provide insurance cover for each Indemnified Person against all permitted liabilities incurred by the Indemnified Person acting as an officer of any Group entity (except to the extent such insurance cannot be procured at a reasonable cost or its otherwise unavailable to the Company).

- (ii) The insurance premiums payable will be calculated at market rates applicable from time to time.
- (iii) Each Indemnified Person is or was a related party of the Company to whom the proposed Resolution would permit the giving of a benefit.
- (iv) The nature of the benefit to be given to each Indemnified Person is the benefit under the Deeds of Indemnity, Insurance and Access, the terms of which are summarised in section 15.1 above.
- (v) The reasons and basis for the benefit are set out in section 15.1 above.
- (vi) No Directors received remuneration and emoluments from the Company (including share based payments) in the Financial Year ending 30 June 2018:

The Directors expect to receive the following remuneration and emoluments from the Company (including share based payments) in the Financial Year ending 30 June 2019:

Name of Director	Annual Salary	2018 Bonus Accrued	Post Employment Super	2019 Long term benefits	Total
David Quinlivan	\$16,250	N/A	N/A	N/A	\$16,250
Peter Mansell	\$9,000	N/A	N/A	N/A	\$9,000
Keith Jones	\$6,000	N/A	N/A	N/A	\$6,000
Mark Wheatley	\$6,000	N/A	N/A	N/A	\$6,000

- (vii) The current relevant interests in security holdings of the Directors are as follows:

Name of Director	Number of Shares	Number of Options	Number of Convertible Notes	Number of performance rights
David Quinlivan	Nil	Nil	Nil	Nil
Peter Mansell	Nil	Nil	Nil	Nil
Keith Jones	Nil	Nil	Nil	Nil
Mark Wheatley	Nil	Nil	Nil	Nil
Total	Nil	Nil	Nil	Nil

- (viii) None of the Directors consider it appropriate to make a recommendation to Shareholders about the proposed Resolution as each holds an interest in the benefit proposed to be given by the Company to them, because each is a party to a Deed of Indemnity, Insurance and Access.
- (ix) Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the benefits contemplated by this Resolution.

15.5 Directors' Recommendation

The Directors have not given a recommendation in relation to Resolution 25.

The Chairman intends to exercise all available proxies in favour of Resolution 25.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 25, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

16. Resolution 26 – Section 195 Approval

16.1 Background

In accordance with section 195 of the Corporations Act, a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a "material personal interest" are being considered.

In the absence of this Resolution 26, the Directors may not be able to form a quorum at directors meetings necessary to carry out the matters contemplated by the Resolutions contained in this Notice.

The Directors accordingly exercise their right under section 195(4) of the Corporations Act to request that Shareholders resolve for the Directors to give effect to the Resolutions contained in this Notice.

Resolution 26 is an ordinary resolution.

16.2 Directors' Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 26.

The Chairman intends to exercise all available proxies in favour of Resolution 26.

17. Resolution 27 – Increase in Voting Power - Hawke's Point

17.1 Background

Resolution 27 seeks Shareholder approval for the Company to issue Shares to Hawke's Point (and/or their nominees) as part of the Recapitalisation and DOCA. The Company will issue the following Shares and Options to Hawke's Point (**Hawke's Point Securities Issue**)⁴:

- (a) up to 1,137,088,387 Shares (prior to consolidation) to satisfy Hawke's Point's claims in respect of the Secured Hawke's Point Debt in accordance with the DOCA, being \$11,370,884 (principal and interest) to Shares;
- (b) up to 373,167,123 Shares (prior to consolidation) to satisfy Hawke's Point's claims in respect of the Existing Convertible Notes in accordance with the DOCA, being \$3,731,671 (principal and interest) held by Hawke's Point pursuant to the DOCA;
- (c) 17,500,000 Options (prior to consolidation) (and the issue of Shares on conversion of those options) under the New Hawke's Point Convertible Note Deed to satisfy the Company's obligations under the Existing Hawke's Point Convertible Note Deed; and
- (d) up to a maximum of 1,428,669,128 Shares on conversion of the principal and interest under the New Convertible Notes subscribed for by Hawke's Point and in accordance with the DOCA.

Refer to Schedule 7 for a summary of the Secured Hawke's Point Debt, Schedule 8 for a summary of the Existing Convertible Notes and Schedule 9 for a summary of the New Hawke's Point Convertible Notes.

Resolution 27 is an ordinary resolution. Resolution 27 is subject to the approval of each other Resolution.

17.2 Impact on Capital Structure and Level of Control

Hawke's Point currently holds a relevant interest in 91,875,000 Shares and voting power of approximately 12.06% of the issued share capital of the Company at 29 April 2019, being the last practicable date prior to finalisation of this Notice.

Hawke's Point currently holds 43,750,000 Options with an exercise price of \$0.25 and expiry date of 2 February 2023 and 43,750,000 Options with an exercise price of \$0.275 with an expiry date of 2 February 2023.

On completion of the Recapitalisation and passing of the resolutions, the Company expects that the direct and indirect shareholding of Hawke's Point will increase to a maximum of approximately 42.85%.

⁴ The Hawke's Point Securities Issue has been calculated in the unlikely scenario that the minimum amount (\$30 million) is raised under the Capital Raising, Hawke's Point is the only participant in the Entitlement Offer and Shortfall Offer (other than the Underwriters who will partially underwrite the Entitlement Offer up to their underwriting commitments), no Placement Shares are issued and Hawke's Point is issued such number of Shares, including Shares on conversion of New Convertible Notes, which will equal 25% of the total size of the Capital Raising. The difference between the maximum number of Shares to be approved by Shareholders pursuant to Resolution 27 (3,025,742,475) and the Shares calculated pursuant to the Hawke's Point Securities Issue (2,938,924,638) is 86,817,837 Shares, being such number of Shares to be issued to Hawke's Point's under the Entitlement Offer in this scenario such that its voting power does not exceed 19.99%.

	Minimum \$30 million Capital Raising	Midpoint \$35 million Capital Raising	Maximum \$40 million Capital Raising
Hawke's Point current Shares on issue	91,875,000	91,875,000	91,875,000
Current Shares on issue other than Hawke's Point	669,909,750	669,909,750	669,909,750
Shares to be issued to Hawke's Point following Completion of the Recapitalisation	up to 3,024,363,014 ⁵	up to 2,392,513,698	up to 2,518,883,562
Shares to be issued to other investors following Completion of the Recapitalisation	3,508,896,740	4,646,225,507	5,025,335,096
Total Shares on issue following Completion of the Recapitalisation (undiluted)	7,295,044,504 (pre consolidation) 486,336,300 (post consolidation)	7,800,523,955 (pre consolidation) 520,034,930 (post consolidation)	8,306,003,408 (pre consolidation) 553,733,561 (post consolidation)
Existing Options on issue	211,663,376	211,663,376	211,663,376
Lead Manager Options to be issued	115,000,000	140,000,000	165,000,000
Noteholder Options to be issued to Hawke's Point	17,500,000	17,500,000	17,500,000
Noteholder Options to be issued to Secured Creditors other than Hawke's Point	26,250,000	26,250,000	26,250,000
Director Options	127,325,000	127,325,000	127,325,000
Total Shares on issue following Completion of the Recapitalisation (diluted)	7,792,782,880 (pre consolidation) 519,518,859 (post consolidation)	8,323,262,331 (pre consolidation) 554,884,155 (post consolidation)	8,853,741,784 (pre consolidation) 590,249,452 (post consolidation)

Notes:

- 1 On the basis that the Company does not issue any additional Shares between 29 April 2019 being the last practicable date prior to finalisation of this Notice and completion of the Recapitalisation.

17.3 Advantages and disadvantages

The advantages of passing Resolution 27 and the increase in voting power of Hawke's Point as a result of the Hawke's Point Securities Issue:

- stronger balance sheet - following completion of the Recapitalisation (including the issue of Shares to Hawke's Point in satisfaction of its claims), the Group will have no creditors (other than a non-material amount in respect of any trade creditors incurred following completion of the DOCA) and will have between \$15.2 million and \$24.7 million to fund its exploration plan and budget;
- the Debt Repayment will further align the interests of Hawke's Point to that of Shareholders incentivising Hawke's Point to work with the Company to maximise Shareholder value;
- completion of the Recapitalisation (including the issue of Shares to Hawke's Point in satisfaction of its claims) will result in a simplified corporate structure with no outstanding convertible notes and a reduced number of Shares on issue;
- the Independent Expert has concluded that the increase in voting power as a result of the Hawke's Point Securities Issue is fair and reasonable to Shareholders not associated with Hawke's Point on the basis that the advantages of the Hawke's Point Securities Issue to Shareholders not associated with Hawke's Point are greater than the disadvantages;
- if Shareholders approve the issue of some of the Shares in connection with the Debt Repayment but do not approve Resolution 27, then the Company will issue the Shares in connection with the Debt Repayment to the extent approved by Shareholders and convene a second meeting of Shareholders to approve Resolution 27 (as well as any other outstanding components of the Debt Repayment). In this scenario, the issue of Shares and the convening of a second meeting is

⁵ This number is the maximum number of shares which will be issued to Hawke's Point assuming that the minimum amount (\$30 million) is raised under the Capital Raising, all Shares offered pursuant to the Entitlement Offer, Shortfall Offer and Placement Offer are issued and Hawke's Point is issued Shares in satisfaction of the Secured Hawke's Point Debt, Existing Convertible Notes and New Convertible Notes. This number does not include Hawke's Point current shares on issue (91,875,000) or the Noteholder Options to be issued to Hawke's Point (17,500,000). Upon completion of the Recapitalisation, Hawke's Point may hold up to 3,133,738,017 Shares (refer to Section 17.6).

subject to Hawke's Point (and any other Secured Creditors whose Debt Repayment has not been approved) entering into forbearance arrangements with the Company and the risk of liquidation.

The disadvantages of passing Resolution 27 and the increase in voting power of Hawke's Point as a result of the Hawke's Point Securities Issue:

- (a) existing Shareholders will have their holdings diluted following the issue of the Shares the subject of the Recapitalisation; and
- (b) the Recapitalisation will increase Hawke's Point's voting power in the Company from 12.06% up to a maximum of 42.85% and there is no premium for control offered by Hawke's Point in respect of this voting power increase.

17.4 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not (subject to specified exceptions), without the approval of shareholders, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to convert to equity (such as a performance right), if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

An exception is where the issue is approved by Shareholders in a general meeting under item 7 of section 611 of the Corporations Act (refer to Listing Rule 7.2 exception 16). If the Company obtains Shareholder approval under item 7 of section 611 of the Corporations Act to issue shares, the Company will not also require Shareholder approval under Listing Rule 7.1 for the issue of those shares.

17.5 Section 611 of the Corporations Act

- (a) Section 606 of the Corporations Act prohibits a person acquiring a relevant interest in the issued voting shares of a public company if, because of the transaction, that person's or another person's voting power in the company increases from:
 - (i) 20% or below to more than 20%; or
 - (ii) a starting point that is above 20% and below 90%.
- (b) The voting power of a person in a company is determined by reference to section 610 of the Corporations Act. A person's voting power in a company is the total of the votes attaching to the shares in the company in which that person and that person's associates (within the meaning of the Corporations Act) have a relevant interest, divided by the total number of votes attaching to all voting shares in the Company.
- (c) Under section 608 of the Corporations Act, a person will have a relevant interest in shares if:
 - (i) the person is the registered holder of the shares;
 - (ii) the person has the power to exercise or control the exercise of votes or disposal of the shares; or
 - (iii) the person has over 20% of the voting power in a company that has a relevant interest in shares, then the person has a relevant interest in said shares.
- (d) For the purposes of determining who is an associate it is necessary to consider section 12 of the Corporations Act. Any reference to associate in Chapters 6 to 6C of the Corporations Act has the meaning give to that term in section 12. A person is only an associate for the purpose of Chapters 6 to 6C if that person is an associate under section 12.
- (e) Section 12 of the Corporations Act provides that a person (**first person**) will be an associate of the other person (**second person**) if:
 - (i) the first person is a body corporate and the second person is:
 - (A) a body corporate the first person controls;
 - (B) a body corporate that controls the first person; or
 - (C) a body corporate that is controlled by an entity that controls the first person;
 - (ii) the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the Board or the conduct of the designated body's affairs; or
 - (iii) the second person is a person with whom the first person is acting or proposes to act, in concert in relation to the designated body's affairs.
- (f) The Corporations Act defines "control" and "relevant agreement" very broadly as follows:

- (i) section 50AA of the Corporations Act defines "control" as the capacity to determine the outcome of decisions about the financial and operating policies of a company. In determining the capacity it is necessary to take into account the practical influence a person can exert and any practice or pattern of behaviour affecting the company's financial or operating policies; and
- (ii) section 9 of the Corporations Act defines "relevant agreement" as an agreement, arrangement or understanding:
 - (A) whether formal or informal or partly formal and partly informal;
 - (B) whether written or oral or partly written and partly oral; and
 - (C) whether or not having legal or equitable force and whether or not based on legal or equitable rights.
- (g) Associates are determined as a matter of fact. For example where a person controls or influences the board or the conduct of a company's business affairs, or acts in concert with a person in relation to the company's business affairs.
- (h) Section 611 of the Corporations Act contains exceptions to the prohibition in section 606 of the Corporations Act. Item 7 of section 611 of the Corporations Act provides a mechanism by which shareholders of a company may approve an issue of shares to a person which results in that person's or another person's voting power in the company increasing from:
 - (i) 20% or below to more than 20%; or
 - (ii) a starting point that is above 20% and below 90%.
- (i) Upon completion of the Recapitalisation, Hawke's Point may hold up to 3,133,738,017 Shares and will have a voting power of up to a maximum of 42.85% in the Company.

17.6 Information required by item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74

The information that Shareholders require under item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74 is as follows:

- (a) The identity of the parties to be issued the Shares pursuant to the Hawke's Point Securities Issue.
The persons who will have a relevant interest in the Shares to be issued pursuant to the Hawke's Point Securities Issue are as follows:

	Maximum Number of Shares
Hawke's Point Holdings I Limited (or its nominee)	3,133,738,017 ⁶

Upon completion of the Hawke's Point Securities Issue, Hawke's Point (or their nominees) will each have a maximum voting power of 31.58% (maximum amount raised) and 42.85% (minimum amount raised).

- (b) Full particulars (including the number and percentage) of Shares in which Hawke's Point (or its associates/nominees) has or will have a relevant interest immediately before and after implementation of the Recapitalisation.

At the date of this Notice, Hawke's Point has a relevant interest in 91,875,000 Shares.

On completion of the Hawke's Point Securities Issue, Hawke's Point will have a relevant interest in 3,133,738,017 (minimum amount raised) and up to 2,628,259,765 (maximum amount raised).

The following persons are associates of Hawke's Point and will have a relevant interest in any Shares acquired by Hawke's Point:

- Hawke's Point Holdings LP;
- Hawke's Point Holdings II Limited;
- Hawke's Point GP Limited;
- Hawke's Point Manager LP;

⁶ This number is the maximum number of shares which will be issued to Hawke's Point assuming that the minimum amount (\$30 million) is raised under the Capital Raising, all Shares offered pursuant to the Entitlement Offer, Shortfall Offer and Placement Offer are issued and Hawke's Point is issued Shares in satisfaction of the Secured Hawke's Point Debt, Existing Convertible Notes and New Convertible Notes. This number includes Hawke's Point current shares on issue (91,875,000) or the Noteholder Options to be issued to Hawke's Point (17,500,000).

- Polygon Global Partners LLP;
- Polygon Global Partners LP; and
- Tetragon Financial Group Limited and each of its related bodies corporate.

Upon completion of the Recapitalisation, the maximum voting power of the persons described above will be 42.85% of the issued Shares in the Company. This represents a maximum increase in voting power of 30.79%.

- (c) The identity, associations (with the Hawke's Point) and qualifications of any person who is intended to become a Director if Shareholders approve Resolution 27.

No person is intended to or will become a director of the Company if Shareholders approve Resolution 27. Peter Mansell is on the Board as the nominee for Hawke's Point.

- (d) An explanation of the reasons for the proposed issue of the Shares to Hawke's Point

The Shares issued to Hawke's Point the subject of Resolution 27 are being issued in satisfaction of Claims in accordance with the DOCA, the conversion of the New Hawke's Point Convertible Notes and the exercise of the Hawke's Point Option.

- (e) When the issue of the Shares to Hawke's Point is to be made.

The Shares to be issued to Hawke's Point the subject of Resolution 27 will be issued upon the completion of the Capital Raising and the exercise of Options.

- (f) Particulars of the terms of the proposed issue of the Shares and details of the terms of any other relevant agreement between Hawke's Point and the Company or any of their associates which is conditional upon, or directly or indirectly dependent on, Shareholder approval of Resolution 27.

It is a requirement of the DOCA and the New Hawke's Point Convertible Notes that the Company seeks the approval sought under Resolution 27. If Resolution 27 is not approved, then the amounts due to Hawke's Point which are the subject of the DOCA (and under the New Hawke's Point Convertible Notes will become immediately repayable (which the Company estimates will be approximately \$28.1 million (including interest).

Other than the DOCA and New Hawke's Point Convertible Notes there are no contracts or proposed contracts between Hawke's Point and the Company or any of their associates which is conditional upon, or directly or indirectly dependent on, Resolution 27 being approved by Shareholders.

- (g) Hawke's Point's intentions regarding the future of the Company if Shareholders approve Resolution 27.

Other than as disclosed in this Explanatory Memorandum, Hawke's Point has advised the Company that they:

- (i) have no current intention to make any significant change to the existing business of the Company;
- (ii) have no current intention to inject further capital into the Company;
- (iii) have no present intention of making changes regarding the future employment of the present employees of the Company;
- (iv) do not intend for any assets be transferred between the Company and Hawke's Point (other than, for the avoidance of doubt, amounts which are due to Hawke's Point in respect of its costs relating to the Recapitalisation which are not the subject of the DOCA); and
- (v) have no current intention to redeploy any of the Company's fixed assets.

- (h) Any intention of Hawke's Point to significantly change the Company's financial or dividend policies.

Hawke's Point have advised the Company that they have no current intention to change the Company's financial or dividend policies from those adopted by the reconstituted Board in connection with the Recapitalisation.

- (i) The interests of the Directors in Resolution 27.

The Directors are not associated with Hawke's Point and accordingly, have no interest in Resolution.

- (j) Identity of the Directors who approved or voted against the proposal to put Resolution 27 to Shareholders.

All of the Directors approved the proposal to put Resolution 27 to Shareholders.

- (k) Recommendation of each Director as to whether Shareholders should approve Resolution 27.
Refer to Section 17.7.
- (l) An analysis of whether the issue of the Shares to Hawke's Point is fair and reasonable when considered in the context of the Shareholders other than Hawke's Point.
- What is fair and reasonable must be judged in all the circumstances of the Recapitalisation. This requires taking into account the likely advantages to Shareholders if Shareholders approve the Resolutions and the Recapitalisation is implemented, and comparing them with the disadvantages to Shareholders if the Recapitalisation is not implemented.
- BDO has concluded that the issue the Shares the subject of Resolution 27 is **fair and reasonable** to Shareholders not associated with Hawke's Point.
- The Company strongly recommends that Shareholders read the Independent Expert's Report in full, a copy of which is contained in Schedule 2.

17.7 Directors' Recommendation

The Directors recommend that Shareholders approve Resolution 27.

The Chairman intends to exercise all available proxies in favour of Resolution 27.

Shareholders should read the Notice, this Explanatory Memorandum and the Independent Expert's Report in full to form an opinion on the merits of the Recapitalisation.

Schedule 1 – Definitions and Interpretation

In the Notice, words importing the singular include the plural and vice versa.

A\$ or \$ means Australian dollars.

Aggreko means Aggreko Generator Rentals Pty Ltd ABN 66 001 991 457.

Ancillary Shares has the meaning given in Section 10.1.

Appointment Date means the appointment date of the Deed Administrators, being 29 November 2018.

ASIC means the Australian Securities and Investments Commission.

ASX means the ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

ASX Waiver has the meaning given in Section 3.2.

BDO means BDO Corporate Finance (WA) Pty Ltd ACN 124 031 045.

Board means the board of Directors.

Business Day has the meaning given in the Listing Rules.

Capital Raising has the meaning given in Section 3.2.

Chairman means the chair of the Meeting.

Claim means a debt payable by, or a claim against, an entity in the Group present or future, certain or contingent, ascertained or sounding only in damages or by way of fine or penalty, being debts or claims which arose before the Appointment Date, regardless of whether the debt or claim arose before or after the Appointment Date, and irrespective of whether the debt or claim arose by virtue of contract, at law (including by statute) in equity or otherwise, including, without limitation:

- (a) debts or claims against an entity in the Group arising out of a pre-administration contract;
- (b) claims arising out of, or in connection with or relating in any way to the termination of the employment of employees at any date;
- (c) a debt by way of a superannuation contribution; and
- (d) a debt by way of a superannuation guarantee charge.

Closely Related Party means in relation to a member of a Key Management Personnel:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

Creditors Trust has the meaning given in Section 3.2.

Company means Eastern Goldfields Limited (Subject to Deed of Company Arrangement and to be renamed Ora Banda Mining Limited) ACN 100 038 266.

Conditions Precedent has the meaning given in Section 3.2.

Consolidation has the meaning given in Section 3.2.

Constitution means the constitution of the Company from time to time.

Corporations Act means the Corporations Act 2001 (Cth).

Debt Repayment has the meaning given in Section 3.2.

Deed Administrators means Messrs Martin Jones and Andrew Smith of Ferrier Hodgson in their capacities as joint and several deed administrators of the Company.

Director means a director of the Company.

Director Options has the meaning given in Section 12.1.

DOCA has the meaning given in Section 3.1.

Donald Smith means Donald Smith Value Fund LP.

Donald Smith Options has the meaning given in Section 9.

Group means the following entities:

- (a) the Company;

- (b) Carnegie Gold Pty Ltd (Subject to DOCA) ACN 117 116 097;
- (c) Siberia Mining Corporation Pty Ltd (Subject to DOCA) ACN 097 650 194;
- (d) Mt Ida Gold Operations Pty Ltd (Subject to DOCA) ACN 124 706 627;
- (e) Ida Gold Operations Pty Ltd (Subject to DOCA) ACN 106 609 116;
- (f) Pilbara Metals Pty Ltd (Subject to DOCA) ACN 106 609 161;
- (g) Mt Ida Gold Pty Ltd (Subject to DOCA) ACN 106 608 986;
- (h) Siberia Gold Operations Pty Ltd (Subject to DOCA) ACN 106 609 170;
- (i) Monarch Nickel Pty Ltd (Subject to DOCA) ACN 085 971 400;
- (j) Eastern Goldfields Mining Services Pty Ltd (Subject to DOCA) ACN 617 977 447; and
- (k) Monarch Gold Pty Ltd (Subject to DOCA) ACN 080 401 716.

Eligible Shareholders means a person who:

- (a) is a Shareholder at 5:00pm (WST) on the Record Date; and
- (b) has a registered address recorded by the Company's share registry as at the Record Date in Australia, New Zealand, Hong Kong, Singapore, UK and Canada.

Entitlement Offer has the meaning given in Section 3.2.

Equity Security has the meaning given in the Listing Rules.

Existing Convertible Notes has the meaning given in Section 3.1.

Existing Convertible Note Deeds has the meaning given in Section 9.1.

Existing Donald Smith Convertible Note Deed means the agreement entered into between the Company and Donald Smith dated on or about 27 September 2018.

Existing Hawke's Point Convertible Note Deed means the agreement entered into between the Company and Hawke's Point dated on or about 28 September 2018.

Existing Perennial Convertible Note Deed means the agreement entered into between the Company and Perennial dated on or about 27 September 2018.

Existing Wyllie Group Convertible Note Deed means the agreement entered into between the Company and Wyllie Group dated 27 September 2018.

Explanatory Memorandum means the explanatory memorandum (including the schedules) which forms part of the Notice.

General Meeting means the meeting of Shareholders convened pursuant to this Notice, or any adjournment or postponement thereof.

GR Engineering means GR Engineering Services Limited.

Hartleys means Hartleys Limited ACN 009 136 029.

Hawke's Point means Hawke's Point Holdings I Limited.

Hawke's Point Options has the meaning given in Section 9.1.

Hawke's Point Securities Issue has the meaning given in Section 17.1.

Incentive Options has the meaning given in Section 12.3.

Indemnified Persons has the meaning given in Section 15.1.

Independent Expert's Report means the report prepared by BDO and attached at Schedule 2).

Insurance Run-Off Period means the period of seven years from the date that the Indemnified Person ceases to hold office.

Key Management Personnel means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Lead Manager means Hartleys.

Lead Manager Mandate has the meaning given in Section 14.

Lead Manager Shares has the meaning given in Section 8.1.

Lead Manager Options means an Option issued on the terms and conditions in Schedule 2.

Listing Rules means the listing rules of ASX.

New Convertible Notes has the meaning given in Section 3.2.

New Convertible Note Deeds has the meaning given in Schedule 9,

New Donald Smith Convertible Note Deed means the agreement to be entered into between the Company and Donald Smith dated on or around May 2019.

New Hawke's Point Convertible Note Deed means the agreement to be entered into between the Company and Hawke's Point dated on or around May 2019.

New Wyllie Group Convertible Note Deed means the agreement to be entered into between the Company and Wyllie Group dated on or around May 2019.

Noteholder Options has the meaning given in Section 9.1.

Notice means this notice of general meeting.

Option means any option to acquire a Share, subject to its own terms and conditions.

Optionholder means the holder of an Option.

Perennial means National Nominees Limited (as nominees for Perennial Investment Management Ltd as responsible entity for Perennial Value Microcap Opportunities Fund) ABN 51 004 278 899.

Perennial Options has the meaning given in Section 9.1.

Performance Options has the meaning given in Section 12.4.

Pit N Portal means Pit N Portal Mining Services Pty Ltd ACN 116 432 814.

Placement has the meaning given in Section 7.1.

Placement Offer has the meaning given in Section 3.2.

Placement Shares has the meaning given in Section 7.1.

Plan has the meaning given in Section 11.1.

Prospectus means the prospectus dated on or around 30 April 2019, including any supplementary or replacement prospectus prepared by the Company.

Proxy means a person who is appointed as a proxy pursuant to a Proxy Form for the business to be held at the General Meeting.

Proxy Form means the proxy form attached to the Notice or such other form as the Directors may approve.

Recapitalisation has the meaning given in Section 3.1.

Record Date means the record date for the Entitlement Offer.

Red Dirt means Junile Nominees Pty Ltd trading as Red Dirt Personnel Group ACN 106 376 934.

Remuneration Options has the meaning given in Section 12.2.

Resolutions means the resolutions referred to in the Notice or any one of them, as the context requires.

Retention Period means the period commencing on the date being 7 years before the date the recipient enters into of a deed of indemnity, insurance and access and expires on the date the recipient is removed, resigns or is disqualified from holding office.

RJ Vincent means Ralmana Pty Ltd trading as RJ Vincent & Co ACN 009 149 106.

Schedule means a schedule to the Notice.

Section means a section of the Explanatory Memorandum.

Secured Creditors means the following:

- (a) Hawke's Point;
- (b) Perennial;
- (c) Wyllie Group; and
- (d) Donald Smith.

Secured Hawke's Point Debt has the meaning given in Section 3.1.

Securities mean all Equity Securities of the Company.

Seismic Drilling means Seismic Drilling Services Pty Ltd ABN 82 156 258 418.

Settlement Deed has the meaning given in Section 10.1.

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

Shareholder means the holder of a Share.

Shortfall Offer has the meaning given in Section 3.2.

Supporting Creditors means the following:

- (a) GR Engineering;
- (b) Aggreko;
- (c) Pit N Portal;
- (d) Squire Patton Boggs;
- (e) Gilbert & Tobin;
- (f) RJ Vincent;
- (g) Seismic Drilling; and
- (h) Red Dirt.

Supporting Creditors Debt has the meaning given in Section 3.1.

Syndicated Facilities Agreement has the meaning given in Section 3.1.

Trustees has the meaning given in Section 3.2.

WST means Western Standard Time, being the time in Perth, Western Australia.

Wyllie Group means Wyllie Group Pty Limited ACN 008 763 120.

Wyllie Group Options has the meaning given in Section 9.1.

Schedule 2 – Independent Expert's Report



Financial Services Guide

18 April 2019

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by the Administrators of Eastern Goldfields Limited (Subject to Deed of Company Arrangement) ('Eastern Goldfields' or 'the Company') to provide an independent expert's report on the proposal to restructure the Company which would result in the voting interests in Eastern Goldfields of Hawke's Point Holdings I Limited and Hawke's Point Holdings II Limited (collectively, 'Hawke's Point') to increase over the 20% voting interest threshold from 12.06% to a maximum of 42.85%. You are being provided with a copy of our report because you are a shareholder of Eastern Goldfields and this Financial Services Guide ('FSG') is included in the event you are also classified under the Corporations Act 2001 ('the Act') as a retail client.

Our report and this FSG accompanies the Explanatory Memorandum and Notice of Meeting required to be provided to you by Eastern Goldfields to assist you in deciding on whether or not to approve the proposal.

Financial Services Guide

This FSG is designed to help retail clients make a decision as to their use of our general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

This FSG includes information about:

- ◆ Who we are and how we can be contacted;
- ◆ The services we are authorised to provide under our Australian Financial Services Licence No. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

Information about us

We are a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide professional services primarily in the areas of audit, tax, consulting, mergers and acquisition, and financial advisory services.

We and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business and the directors of BDO Corporate Finance (WA) Pty Ltd may receive a share in the profits of related entities that provide these services.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients, and deal in securities for wholesale clients. The authorisation relevant to this report is general financial product advice.

When we provide this financial service we are engaged to provide an expert report in connection with the financial product of another person. Our reports explain who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. If you have any questions, or don't fully understand our report you should seek professional financial advice.

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$50,000 (excluding GST and out-of-pocket expenses).

BDO Corporate Finance (WA) Pty Ltd has also been engaged to prepare the Investigating Accountant's Report in connection with the proposal to restructure the Company. The fee payable for this engagement is approximately \$25,000 (excluding GST and out-of-pocket expenses).

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report and our directors do not hold any shares in Eastern Goldfields.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Eastern Goldfields for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

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

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

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

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ('AFCA').

AFCA is an external dispute resolution scheme that deals with complaints from consumers in the financial system. It is a not-for-profit company limited by guarantee and authorised by the responsible federal minister. AFCA was established on 1 November 2018 to allow for the amalgamation of all Financial Ombudsman Service ('FOS') schemes into one. AFCA will deal with complaints from consumers in the financial system by providing free, fair and independent financial services complaint resolution. If an issue has not been resolved to your satisfaction you can lodge a complaint with AFCA at any time.

Our AFCA Membership Number is 12561. Further details about AFCA are available on its website www.afca.org.au or by contacting it directly via the details set out below.

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
AFCA Free call: 1800 931 678
Website: www.afca.org.au
Email: info@afca.org.au

You may contact us using the details set out on page 1 of the accompanying report.

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18 April 2019

The Directors
Eastern Goldfields Limited (Subject to Deed of Company Arrangement)
Care of Ferrier Hodgson
Level 28, 108 St Georges Terrace
PERTH WA 6000

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 1 February 2019, the creditors of Eastern Goldfields Limited (**'Eastern Goldfields'** or **'the Company'**) resolved to execute a Deed of Company Arrangement (**'DOCA'**) as part of the recapitalisation of the Company and this was duly executed on 12 February 2019. The recapitalisation comprises a capital raising of up to \$40 million (**'Capital Raising'**) and, subject to shareholder approval, the extinguishment of all existing debt of the Company at 28 November 2018 (being the date immediately prior to the date that voluntary administrators were appointed to the Company) (together referred to as the **'Recapitalisation'**). The DOCA requires that Eastern Goldfields shareholders approve at a general meeting various resolutions facilitating the recapitalisation of the Company, which would result in the voting interests held by Hawke's Point Holdings I Limited and Hawke's Point Holdings II Limited (collectively, **'Hawke's Point'**) increase from 12.06% over the 20% voting interest threshold up to 42.85%.

The Capital Raising shall raise not less than \$30 million and up to \$40 million and comprise:

- A one-for-one renounceable entitlement offer priced at 1 cent per share to raise up to approximately \$7.6 million (**'Entitlement Offer'**);
- An offer of shares not subscribed for under the Entitlement Offer, which is available to existing shareholders and new investors (**'Shortfall Offer'**);
- An offering of convertible notes (**'New Convertible Notes'**) raising up to \$38.1 million (the amount to be reduced to the extent that existing eligible shareholders take up their entitlements under the Entitlement Offer and Shortfall Offer and new investors to subscribe for shares under the Shortfall Offer and Placement Offer); and
- An offer of shares priced at 1 cent per share to raise up to \$4 million, with the shares to be issued following receipt of shareholder approval (**'Placement Offer'**).

Assuming a \$40 million maximum capital raising, the New Convertible Notes are expected to raise a maximum of \$38.1 million with the Entitlement Offer and Shortfall Offer making up the balance up to a maximum of \$7.6 million.

The Company has agreed to allocate and Hawke's Point has committed to subscribe, for such number of shares and New Convertible Notes as will equal 25% of the total size of the Capital Raising. Hawke's Point has the right but not the obligation to participate in the Capital Raising up to a maximum of \$10 million.

If a greater level of participation from Hawke's Point is required in order to reach the minimum subscription, Hawke's Point has indicated it will consider increasing its participation at the request of the Company (but without any obligation to do so) as necessary to reach the minimum subscription, up to a maximum participation of \$15 million.

Hawke's Point's allocation of securities will comprise shares under the Entitlement Offer and Shortfall Offer such that its voting power does not exceed 19.99%, with the balance of its commitment being issued in New Convertible Notes.

Hawke's Point's voting interest in Eastern Goldfields could increase to up to 42.85% if Shareholders approve the conversion into shares of existing convertible notes they currently hold (**'Existing Convertible Notes'**), New Convertible Notes and existing secured debt held by Hawke's Point, and also if Shareholders approve the issue of options to Hawke's Point, which are then assumed to be subsequently exercised.

2. Summary and Opinion

2.1 Requirement for the report

Martin Jones and Andrew Smith of Ferrier Hodgson, as Joint and Several Deed Administrators of Eastern Goldfields (collectively **'the Administrators'**), have requested that BDO Corporate Finance (WA) Pty Ltd (**'BDO'**) prepare an independent expert's report (**'our Report'**) to express an opinion as to whether or not the conversion of Existing Convertible Notes, New Convertible Notes and secured debt held by Hawke's Point into shares, as well as the issue of options to Hawke's Point (**'the Proposed Transaction'**), is fair and reasonable to the non-associated shareholders of Eastern Goldfields (**'Shareholders'**).

Our Report is prepared pursuant to section 611 of the Corporations Act 2001 Cth (**'Corporations Act'** or **'the Act'**) and is to be included in the Notice of General Meeting and Explanatory Statement for Eastern Goldfields in order to assist the Shareholders in their decision whether to approve the Proposed Transaction.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission (**'ASIC'**), Regulatory Guide 74 'Acquisitions Approved by Members' (**'RG 74'**), Regulatory Guide 111 'Content of Expert's Reports' (**'RG 111'**) and Regulatory Guide 112 'Independence of Experts' (**'RG 112'**).

In arriving at our opinion, we have assessed the terms of the Proposed Transaction as outlined in the body of this report. We have considered:

- How the value of an Eastern Goldfields share prior to the Proposed Transaction on a control basis compares to the value of an Eastern Goldfields share on a minority basis following the Proposed Transaction;
- The likelihood of an alternative offer being made to Eastern Goldfields;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Proposed Transaction; and

- The position of Shareholders should the Proposed Transaction not proceed.

2.3 Opinion

We have considered the terms of the Proposed Transaction as outlined in the body of this report and have concluded that, in the absence of an alternate offer, the Proposed Transaction is fair and reasonable to Shareholders.

The DOCA represents the only course of action available to the Company, with the possibility of value accruing to Shareholders.

2.4 Fairness

In Section 13 we determined how the value of an Eastern Goldfields share prior to the Proposed Transaction on a controlling basis compares to the value of an Eastern Goldfields share following the Proposed Transaction on a minority basis, as detailed below.

	Ref	Low \$	Mid \$	High \$
Value of an Eastern Goldfields share prior to the Proposed Transaction on a controlling basis	Section 10	Nil	Nil	Nil
Value of an Eastern Goldfields share after the Proposed Transaction on a minority basis	Section 11	0.004	0.006	0.007

Source: BDO analysis

The above pricing indicates that, in the absence of any other relevant information, and an alternate offer, the Proposed Transaction is fair for Shareholders.

2.5 Reasonableness

We have considered the analysis in Section 14 of this report, in terms of both

- advantages and disadvantages of the Proposed Transaction; and
- other considerations, including the position of Shareholders if the Proposed Transaction does not proceed and the consequences of not approving the Proposed Transaction.

In our opinion, the position of Shareholders if the Proposed Transaction is approved is more advantageous than the position if the Proposed Transaction is not approved. Accordingly, in the absence of any other relevant information and/or an alternate proposal we believe that the Proposed Transaction is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
13.4	The Proposed Transaction is fair	13.5	Existing shareholders will be diluted.
13.4	Avoids liquidation of the Company which will likely leave no value for Shareholders.	13.5	Hawke's Point will gain significant influence and possibly control over the Company.
13.4	Support from a cornerstone investor	13.5	Presence of a large cornerstone investor may reduce the possibility of a takeover offer in the future.
13.4	Cash injection leaving the Company with at least \$15 million to restart operations		
13.4	Removal of debt through the terms of the DOCA		
13.4	Subject to legal and regulatory compliance and the approval of the ASX, the Proposed Transaction is a key step towards reinstatement of the Company's shares to the ASX and recommencement of trading,		

3. Scope of the Report

3.1 Purpose of the Report

Section 606 of the Corporations Act expressly prohibits the acquisition of shares by a party if that acquisition will result in that person (or someone else) holding an interest in 20% or more of the issued shares of a public company, unless a full takeover offer is made to all shareholders or another exemption under the Corporations Act can be satisfied. As a result of the Proposed Transaction, Hawke's Point's interest in Eastern Goldfields will increase to above the 20% limit.

However, Section 611 permits such an acquisition if the shareholders of that entity have agreed to the issue of such shares. This agreement must be by resolution passed at a general meeting at which no votes are cast in favour of the resolution by any party who is associated with the party acquiring the shares, or by the party acquiring the shares. Section 611 states that shareholders of the company must be given all information that is material to the decision on how to vote at the meeting.

RG 74 states that the obligation to supply shareholders with all information that is material can be satisfied by the non-associated directors of Eastern Goldfields, by either:

- undertaking a detailed examination of the Proposed Transaction themselves, if they consider that they have sufficient expertise, experience and resources; or
- by commissioning an Independent Expert's Report.

The Administrators of Eastern Goldfields have commissioned this Independent Expert's Report to satisfy this obligation.

3.2 Regulatory guidance

Neither the Listing Rules nor the Corporations Act defines the meaning of 'fair and reasonable'. In determining whether the Proposed Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism used to effect it. RG 111 suggests that where a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid.

In our opinion, the Proposed Transaction is a control transaction as defined by RG 111 and we have therefore assessed the Proposed Transaction as a control transaction to consider whether, in our opinion, it is fair and reasonable to Shareholders.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is equal to or greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities subject of the offer in a control transaction it is inappropriate for the expert to apply a discount on the basis that the shares being acquired represent a minority or portfolio interest as such the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might

also be reasonable if despite being ‘not fair’ the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the value of an Eastern Goldfields share prior to the Proposed Transaction and the value of an Eastern Goldfields share following the Proposed Transaction (fairness - see Section 12 ‘Is the Proposed Transaction Fair?’); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness - see Section 13 ‘Is the Proposed Transaction Reasonable?’).

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 ‘Valuation Services’ (**‘APES 225’**).

A Valuation Engagement is defined by APES 225 as follows:

‘an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.’

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the Proposed Transaction

On 23 July 2018, Eastern Goldfields entered into a trading halt pending the release of an announcement regarding a potential capital raising. The Company’s shares were subsequently placed under voluntary suspension on 25 July 2018 as the capital raising was finalised. The Company’s shares continued to be suspended from trading even after the \$75 million recapitalisation plan was announced to the ASX on 28 September 2018. However, the Company later announced the abandonment of this recapitalisation plan on 27 November 2018.

Eastern Goldfields then appointed Martin Jones and Andrew Smith of Ferrier Hodgson as Joint and Several Administrators of the Company on 29 November 2018. The events leading up to the appointment of the Administrators to the Company are detailed in the Voluntary Administrators’ Report dated 22 January 2019 (**‘VA Report’**).

Deed of Company Arrangement

Subsequent to the appointment of the Administrators, two meetings of the Company’s creditors were held to determine the future of the Company. At the second of these two meetings, the creditors of the Company resolved that the Company execute a Deed of Company Arrangement (**‘DOCA’**) on the terms of the proposal put forward by Hawke’s Point.

Amongst other things, the DOCA’s purpose is to ensure that the creditors of the Company receive a better return than in liquidation and to ensure that the Group is sufficiently funded to pursue a resource development and mine planning programme. The DOCA is part of the overall process to restructure the Company and restore quotation of the Company’s shares on the ASX. In the VA Report, the Administrators stated that they were of the opinion that the DOCA:

- likely provides a greater return to unsecured creditors than in a liquidation; and
- avoids the risk of taking the Company's assets to market, particularly given the limited funding available and initial valuation conducted by PCF Capital which indicated that the assets are unlikely to achieve a transaction value greater than the DOCA.

The DOCA was executed on 12 February 2019. A summary of the key terms of the DOCA is set out in the VA Report.

Capital Raising

The Company shall undertake a capital raising not less than \$30 million which includes:

- A one-for-one renounceable entitlement offer priced at 1 cent per share to raise up to approximately \$7.6 million;
- An offer of shares not subscribed for under the Entitlement Offer, which is available to existing shareholders and new investors;
- An offering of convertible notes raising up to \$38.1 million (the amount to be reduced to the extent that existing eligible shareholders take up their entitlements under the Entitlement Offer and Shortfall Offer and new investors to subscribe for shares under the Shortfall Offer and Placement Offer); and
- An offer of shares priced at 1 cent per share to raise up to \$4 million, with the shares to be issued following receipt of shareholder approval.

Assuming a \$40 million maximum capital raising, the New Convertible Notes are expected to raise a maximum of \$38.1 million with the Entitlement Offer and Shortfall Offer making up the balance.

Resolutions arising from the Deed of Company Arrangement

Resolution 27 of the Notice of Meeting ('**HP Resolution**') is contemplated in order to facilitate the Recapitalisation of the Company and include the following:

- conversion of Hawke's Point secured debt to equity;
- conversion of Existing Convertible Notes held by Hawke's Point to equity;
- Issue of 17,500,000 options to Hawke's Point; and
- conversion of the New Convertible Notes subscribed for by Hawke's Point in the Capital Raising to equity.

If all the Resolutions at the general meeting are passed, Hawke's Point has the capacity to increase its voting power in Eastern Goldfields from 12.06% up to 42.85%. The scenario under which Hawke's Point's interest reaches this level is detailed in Section 13.2.

5. Profile of Eastern Goldfields Limited

5.1 History

Eastern Goldfields Limited is an ASX-listed Australian gold exploration and production company with its head office located in Perth, Western Australia. The Company owns 100% of the Davyhurst and Mt Ida Gold Projects ('Davyhurst' and 'Mt Ida' respectively) which comprises 112 mineral tenements covering approximately 1,336 square kilometres ('km') and includes both open cut and underground mining targets. Davyhurst is located 120 km north-west of Kalgoorlie while Mt Ida is 200 km north-west of Kalgoorlie. The Company was formerly known as Swan Gold Mining Limited and changed its name to Eastern Goldfields Limited in December 2015.

Immediately prior to the DOCA, the directors of Eastern Goldfields were as follows:

- Craig Redhead, Non-Executive Director;
- Campbell Baird, Non-Executive Director; and
- Peter Mansell, Non-Executive Director.

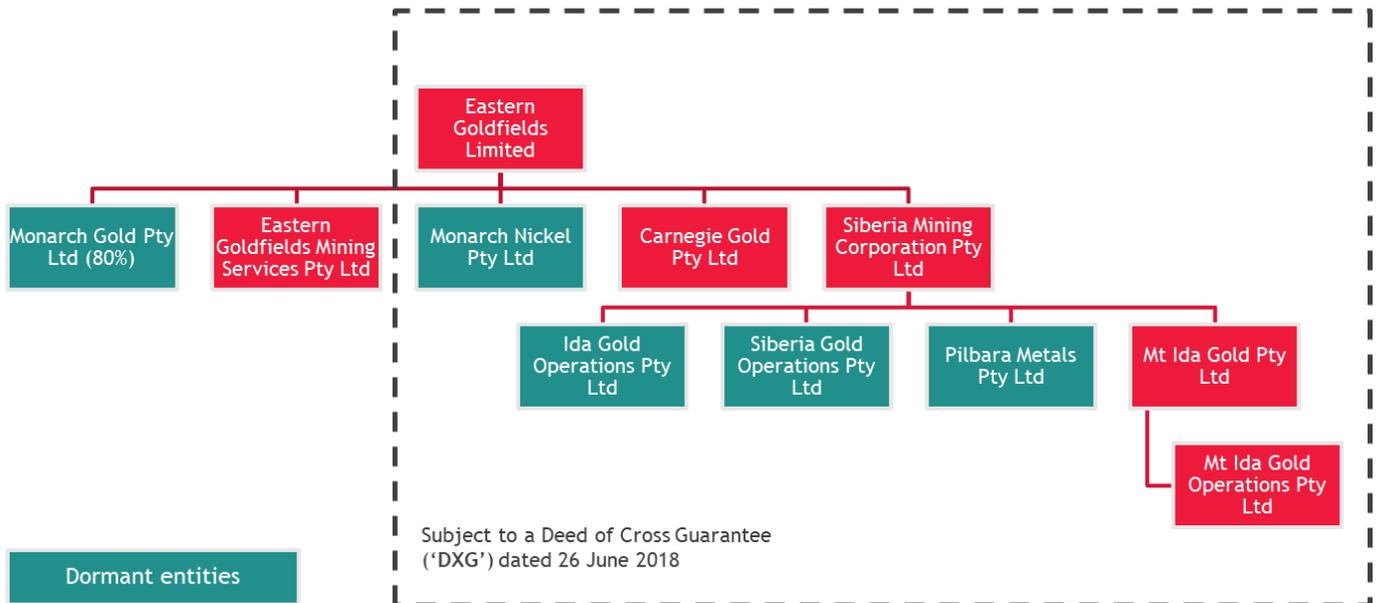
Of the above directors, Craig Redhead and Campbell Baird have since resigned but Peter Mansell remains on the board.

Under the DOCA, the Administrators have the power to appoint and remove directors. The Administrators have appointed the following directors:

- David Quinlivan, Interim Managing Director;
- Keith Jones, Director; and
- Mark Wheatley, Director.

5.2 Corporate Structure

Apart from Monarch Gold Pty Ltd which Eastern Goldfields controls 80% of, the remaining subsidiaries are wholly owned by the Company as set out below:



Source: VA Report dated 22 January 2019

5.3 Key Projects

Davyhurst Gold Project

Davyhurst is located 120 km north-west of Kalgoorlie within the North Eastern Goldfields of Western Australia. It has a refurbished and upgraded 1.2Mtpa processing facility ('Davyhurst Mill'), associated infrastructure and a camp at Davyhurst central area. Access to the tenements is via a series of formed, unsealed shire roads and haulage roads while an airstrip is located at the Davyhurst central area.

The mining areas within include open pit and underground mining targets at:

- Davyhurst central area which hosts the Callion, Federal Flag, Golden Eagle, Lights of Israel, Makai Shoot, Salmon Gums, Waihi and Walhalla deposits;
- Riverina Project located approximately 45 km from the Davyhurst Mill and comprises the Riverina, Silver Tongue, Forehand and Sunraysia deposits;
- Siberia Project located 37 km south east of the Davyhurst Mill which hosts the Sand King, Missouri, Palmerston/Camperdown, Black Rabbit and Theil Well deposits;
- Mulline Project located 30 km north of the Davyhurst Mill covering an area approximately 20 square km and home to the Lady Gladys deposit; and
- Lady Ida Project located approximately 55 km south west of the Davyhurst Mill and comprises the Iguana, Blue Tank and Lizard open cut deposits.

Mt Ida Gold Project

Mt Ida is an underground deposit located 200 km north-west of Kalgoorlie-Boulder and approximately 120 km from the Davyhurst Mill. It last operated in 2007 as a narrow vein mining operation and has a camp servicing the mine as well as an airstrip nearby at the abandoned Bottle Creek mine.

5.4 Corporate Events leading up to the Proposed Transaction

On 1 February 2017, a Syndicated Facilities Agreement was entered into between Eastern Goldfields, Investec Bank Plc, Investec Australia Limited (collectively ‘Investec’) and Eastern Goldfields’ guarantors to which Investec agreed to provide Eastern Goldfields with a financing facility (the ‘**Syndicated Facility**’). This Syndicated Facility and underlying security were later assigned to Hawke’s Point on 3 September 2018.

On 24 February 2017, Investmet Limited (‘Investmet’), an investment syndicate controlled by former Eastern Goldfields Executive Chairman Mr Michael Fotios, entered into a loan agreement under which Investmet agreed to provide advances in an aggregate principal amount not exceeding \$10 million (‘Investmet Loan’).

On 9 November 2017, Eastern Goldfields announced a binding agreement with Hawke’s Point for a cornerstone investment of \$17.5 million via the issue of new shares at 20 cents each. The Company also announced its intentions to raise an additional \$12.5 million from sophisticated, professional and institutional investors via the issue of new shares at that price.

On 31 January 2018, Eastern Goldfields acknowledged that it had breached certain of the items within the Investmet Loan agreement, with the outstanding balance reaching \$13.4 million including capitalised interest. As a result, the terms of the Investmet Loan were varied including:

- increasing the facility’s limit from \$10 million to \$15 million;
- Extending the maturity date to 6 months after the date on which Eastern Goldfields’ obligations under the Syndicated Facility with Investec are discharged;
- Increasing the interest rate to 19% per annum;
- Including an obligation on Eastern Goldfields to exercise all reasonable endeavours to provide an all asset security to Investmet; and
- Expressly providing the ability for Eastern Goldfields to redraw the facility at any time prior to the maturity date.

On 5 February 2018, Eastern Goldfields issued 87.5 million ordinary shares to Hawke’s Point at a price of 20 cents per share and an additional 65.3 million shares to Michael Fotios and his related entities also at a price of 20 cents per share. The resulting \$30.75 million raised before costs was used to pay trade creditors and to meet other operational costs.

On 26 June 2018, a Deed of Cross Guarantee (‘DXG’) was executed between the Company and several of its subsidiaries (refer to Section 5.2). The DXG provides that upon a winding up of one or more of the entities, the relevant DXG parties would guarantee payment of the debts owed from each other, except intercompany debts owing between DXG parties.

On 27 July 2018, the first meeting of the due diligence committee was held to discuss a recapitalisation plan ('Proposed Recapitalisation'). The timing and potential blockages to the Proposed Recapitalisation were noted as including:

- Progressing the placement and rights issue bookbuild and underwriting arrangements;
- Satisfaction of ASX's conditions to reinstatement of Eastern Goldfields' securities to quotation (if any); and
- Completion of the Company's unaudited accounts.

On 3 August 2018, the second meeting of the due diligence committee was held to discuss the Proposed Recapitalisation. The following items were noted in the minutes:

- From discussions with the ASX, it would not be as easy for the Company to be requoted as has previously occurred;
- Potential blockages to completing the placement remained; and
- A statutory demand issued by Seismic Drilling Services Pty Ltd was to expire on 8 August 2018. An Eastern Goldfields representative would meet with the lawyers to attempt to resolve the dispute through the recapitalisation.

On 7 August 2018, the Company announced it had not made a repayment of \$5 million plus accumulated interest on 1 August 2018 to Investec under its Syndicated Facility. Consequently, the Company entered into a standstill agreement to extend the repayment date to 15 August 2018. This repayment date was subsequently renegotiated to 30 August 2018, before the Syndicated Facility was ultimately purchased by Hawke's Point on 28 August 2018.

On 17 August 2018, the third meeting of the due diligence committee was held to discuss the Proposed Recapitalisation. In the minutes it was noted that the matter would be progressed as soon as possible but a potential blockage could be the Company's inability to comply with the requirements of the standstill agreement with Investec.

On 28 August 2018, Michael Fotios resigned as a director of Eastern Goldfields and its subsidiaries and a round of employee redundancies was effectuated during the month. Also on this date, Hawke's Point agreed to purchase the outstanding debt owed by the Company to Investec and agreed to acquire an assignment of the Syndicated Facility and the associated security documents from Investec. It was proposed that the amount owed to Hawke's Point under this Syndicated Facility would be cancelled and credited to Hawke's Point in connection with its planned participation in the Proposed Recapitalisation.

On 3 September 2018, Eastern Goldfields temporarily suspended operations to minimise costs as it engaged in discussions for its Proposed Recapitalisation.

On 27 September 2018, the Company raised \$8.75 million (before costs) from the issue of secured loan notes which are convertible into ordinary shares upon receipt of shareholder approvals, to each of Hawke's Point, Donald Smith Value Fund LP, National Nominees Ltd (as nominee for Perennial Value Microcap Opportunities Fund) and Wyllie Group pursuant to the Proposed Recapitalisation.

On 28 September 2018, Eastern Goldfields announced that agreements had been reached with relevant stakeholders in regards to the Company's Proposed Recapitalisation. The Proposed Recapitalisation would raise up to \$75 million (before costs) through:

- The issue of \$8.75 million in secured loan notes which, upon receipt of shareholder approvals, will convert into ordinary shares in the Company (these are the Existing Convertible Notes);
- A \$36.9 million placement to sophisticated and professional investors;
- A \$17.5 million of in-kind services from Adaman Resources Pty Ltd; and
- Settlement of the Company's Syndicated Facility (\$9.6 million) and certain trade creditors (\$2.5 million).

A shareholder meeting was planned for November 2018 to consider the resolutions relating to the Proposed Recapitalisation. The issue of the \$8.75 million Existing Convertible Notes was to Donald Smith Value Fund LP (\$2.5 million), Perennial Investment Management Ltd (\$750,000), Hawke's Point Holdings I Limited (\$3.5 million) and Wyllie Group Pty Limited (\$2 million) (collectively, the '**Secured Creditors**').

On 28 November 2018, Eastern Goldfields announced that the Proposed Recapitalisation announced on 28 September 2018 would no longer proceed and that the shareholder meeting to vote on the related resolutions would be cancelled. No reason was provided for the cancellation in the announcement. However, in the VA Report dated 22 January 2019, the Administrators opined that the Proposed Recapitalisation failed because there were significant unfavourable variances (negative \$22 million) in operational performance and budgeted capital requirements which may have influenced parties to withdraw given the uncertainty as to the level of funding required.

On 29 November 2018, the Company appointed Martin Jones and Andrew Smith of Ferrier Hodgson as Joint and Several Administrators.

On 5 February 2019, the Company announced that the DOCA proposed by Hawke's Point was approved by creditors at a meeting held on 1 February 2019 and was subsequently executed on 12 February 2019.

On 8 February 2019, the Company executed a Deed of Settlement and Termination involving the Company, Black Mountain Gold Limited and Intermin Resources Limited ('**Intermin**') to terminate their joint venture agreement entered into in April 2017. Intermin is an ASX-listed mining company and as part of the termination, all 7,266,498 Intermin shares held by Eastern Goldfields on that date were sold at \$0.114 per share.

5.5 Historical Balance Sheet

Statement of Financial Position	Reviewed as at 31-Dec-18 \$'000	Audited as at 30-Jun-18 \$'000
CURRENT ASSETS		
Cash and cash equivalents	2,759	5
Trade and other receivables	121	1,481
Inventories	79	2,058
TOTAL CURRENT ASSETS	2,959	3,544
NON-CURRENT ASSETS		
Trade and other receivables	64	64
Mine properties	38,460	38,460
Capitalised exploration expenditure	-	-
Financial assets	945	3,845
Derivative financial instruments	-	119
TOTAL NON-CURRENT ASSETS	39,469	42,488
TOTAL ASSETS	42,428	46,032
CURRENT LIABILITIES		
Trade and other payables	44,372	40,627
Loans and borrowings	31,935	21,543
Derivative financial instruments	-	293
Provisions	1,104	1,303
TOTAL CURRENT LIABILITIES	77,411	63,766
NON-CURRENT LIABILITIES		
Loans and borrowings	-	-
Provisions	18,289	18,243
TOTAL NON-CURRENT LIABILITIES	18,289	18,243
TOTAL LIABILITIES	95,700	82,009
NET ASSETS	(53,272)	(35,977)
EQUITY		
Contributed equity	287,168	287,168
Accumulated losses	(353,778)	(336,255)
Reserves	13,338	13,110
TOTAL EQUITY	(53,272)	(35,977)

Source: Audited financial statements for the year ended 30 June 2018 and reviewed financial statements for the half year ended 31 December 2018.

We note the following in regards to the Company's financial statements:

- In the reviewed financial statements for the half year ended 31 December 2018, the Company had an equity deficiency of \$53.27 million and current liabilities also exceeded current assets. It was highlighted in the notes that the ability of the Company to continue as a going concern was primarily dependent upon:
 - The Company undertaking a capital raising to raise an amount of not less than \$22 million, as contemplated by the DOCA;

- All terms and conditions of the DOCA being satisfied, including obtaining necessary regulatory and shareholder approvals, including from ASIC and ASX; and
- The Company's Davyhurst Gold Project remaining on care and maintenance for 18 months from the date of the capital raising.
- In the audited financial statements for the year ended 30 June 2018, the auditor noted a material uncertainty relating to the Company's ability to continue as a going concern. The Company's current liabilities exceeded its current assets and there was a deficiency in total equity as at 30 June 2018.

We note the following in relation to Eastern Goldfields' historical statement of financial position:

- Cash and cash equivalents increased from \$5,000 at 30 June 2018 to \$2.76 million as at 31 December 2018 primarily driven by proceeds from borrowings of \$8.90 million, offset by net cash outflows from operating activities of \$6.97 million (mainly relating to payments to suppliers and employees). Net cash flows from investing activities also contributed \$821,000 during the December 2018 half-year period arising from the realisation of \$2.39 million from assets held for sale but offset by payments for mine properties of \$1.57 million.
- Mine properties consisted of gross carrying amounts of plant and equipment and mine development recorded at cost, less any accumulated depreciation and impairment. The net carrying amount as at 31 December 2018 was \$13.73 million for plant and equipment and \$24.73 million for mine development. During the 6 months to 31 December 2018, an impairment expense of \$693,000 was recognised in the statement of profit or loss and other comprehensive income, for the net of capital expenditure incurred during the six months to 31 December 2018.
- Financial assets of \$945,000 as at 31 December 2018 comprised of shares of Intermin held by Eastern Goldfields. These securities are classified as financial assets recorded at Fair Value through Other Comprehensive Income for accounting purposes. Subsequent to 31 December 2018, all of these shares were sold with proceeds received as cash.
- Derivative financial instruments of \$119,000 as at 30 June 2018 were listed equity options recorded at Fair Value through Profit or Loss.
- Trade and other payables balance of \$44.37 million at 31 December 2018 include the group of creditors (collectively the '**Supporting Creditors**') involved in the DOCA with whom the Company seeks to have an ongoing commercial relationship and to whom offers of securities can be made without disclosure under Chapter 6 of the Corporations Act. The VA Report further details these Supporting Creditors and their claims.
- All of the Company's loans and borrowings were classified as current liabilities and amounted to \$31.94 million as at 31 December 2018. These comprised of unsecured loans from Michael Fotios-related entities Investmet (\$11.74 million) and his family trust (\$1.02 million), a secured loan from Hawke's Point (\$10.26 million), and \$8.92 million in Existing Convertible Notes that were originally issued as part of the failed Proposed Recapitalisation plan and which carry a conversion price of \$0.05 and 8% per annum coupon interest. The increase in the loans and borrowings balance from 30 June 2018 was primarily due to the issue of these Existing Convertible Notes during the December 2018 half-year period.
- The Company had \$293,000 in forward gold contract derivatives that were classified as a current liability under derivative financial instruments at 30 June 2018. These contracts were

subsequently unwound during the December 2018 half-year period leaving a nil balance as at 31 December 2018.

- Current portion of provisions amounted to \$1.10 million as at 31 December 2018 and primarily related to a \$703,000 provision for onerous lease for the Company's Balcatta property. The Company entered into a 10-year lease which was subsequently terminated, however the landlord is claiming damages for loss of revenue. The remaining balance of current provisions consist of employee entitlements of \$150,000.

The only non-current liabilities held by the Company as at 31 December 2018 relate to \$18.29 million in provisions comprised of a \$15.78 million provision for mine site rehabilitation and \$2.51 million for the non-current portion of the onerous lease provision discussed above.

5.6 Historical Statement of Comprehensive Income

Statement of Comprehensive Income	Reviewed for the half-year ended 31-Dec-18 \$'000	Audited for the year ended 30-Jun-18 \$'000
Revenue		
Sales revenue	6,094	16,152
Cost of sales	(8,342)	(33,310)
Gross loss	(2,248)	(17,158)
Other (expenses)/income	(307)	(33)
General and administration	(7,545)	(54,079)
Other operating expenses	(5,604)	(12,379)
Operating loss	(15,704)	(83,649)
Expenses		
Finance income	-	2
Finance costs	(1,863)	(2,743)
Loss before income tax	(17,567)	(86,390)
Income tax (expense)/benefit	44	468
Loss after income tax	(17,523)	(85,922)
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>		
Changes in fair value of available for sale assets, net of tax	103	1,198
<i>Items that will be reclassified to profit or loss in subsequent periods</i>		
Cash flow hedges	-	(271)
Other comprehensive income, net of tax	103	927
Total comprehensive loss for the year	(17,420)	(84,995)

Source: Audited financial statements for the year ended 30 June 2018 and reviewed financial statements for the half year ended 31 December 2018.

As stated in Section 5.5 previously, we note that the reviewed financial statements for the half year ended 31 December 2018 included commentary regarding the Company's reliance on the capital raising and regulatory approvals in order to continue as a going concern. Also the audited financial statements for the full year ended 30 June 2018 included a disclaimer from the auditor regarding material uncertainty of the Company's ability to continue as a going concern.

We note the following in relation to Eastern Goldfields' historical statement of comprehensive income:

- Revenue from gold sales for the half-year ended 31 December 2018 amounted to \$6.09 million. On 3 September 2018, all mining and processing activities were suspended to mitigate spending while a proposed recapitalisation plan was being developed.
- Cost of sales of \$8.34 million for the half-year ended 31 December 2018 was down from \$33.31 million for the full year ended 30 June 2018, also reflecting the effects of the suspension of mining and processing activities during the half-year period.
- General and administration expenses for the full year ended 30 June 2018 included an impairment charge of \$26.46 million on the Company's Davyhurst Project.
- Other operating expenses decreased from \$12.38 million for the year ended 30 June 2018 to \$5.60 million for the half ended 31 December 2018 as mining and processing activities were suspended during the 6 months to 31 December 2018.
- Finance costs expensed is primarily comprised of interest paid on loans and borrowings.
- Changes in fair value of financial assets, net of tax relate to the changes in the value of ASX-listed shares held by the Company. For the full year ended 30 June 2018, the gain of \$1.20 million was due to the positive share price performance of Orion Gold NL and Intermin over the period, whereas a smaller gain of \$103,000 was recognised over the half year period ended 31 December 2018.

5.7 Capital Structure

The share structure of Eastern Goldfields as at 18 March 2019 is outlined below:

	Number
Total ordinary shares on issue	761,784,750
Top 20 shareholders	563,466,253
Top 20 shareholders - % of shares on issue	73.97%

Source: Company's share register.

The range of shares held in Eastern Goldfields as at 22 February 2019 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	275	121,783	0.02%
1,001 - 5,000	1,106	2,773,144	0.36%
5,001 - 10,000	297	2,269,092	0.30%
10,001 - 100,000	597	23,194,039	3.04%
100,001 - and over	297	733,426,692	96.28%
TOTAL	2,572	761,784,750	100.00%

Source: Company's share register.

The ordinary shares held by the most significant shareholders as at 18 March 2019 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Mr Micahel Fotios and his controlled entities (Michael Fotios Family A/C, Investmet Limited, Delta Resource Management, Whitestone Minerals Limited)	232,296,384	30.49%
Citicorp Nominees Pty Limited (Hawke's Point)	91,875,000	12.06%
Donald Smith Value Fund	51,061,817	6.70%
IOOF Holdings Ltd (Perennial Value Management Ltd)	50,565,973	6.64%
Subtotal	425,799,174	55.89%
Others	335,985,576	44.11%
Total ordinary shares on Issue	761,784,750	100.00%

Source: Company's share register.

As at 18 March 2019, the Company had on issue the following options:

Current Options on Issue	Number
Options exercisable at \$0.189 and expiring 8 March 2020	22,025,000
Options exercisable at \$0.26 and expiring 2 February 2021	7,642,500
Options exercisable at \$0.465 and expiring 2 February 2021	1,000,000
Options exercisable at \$0.25 and expiring 31 January 2023	32,675,000
Options exercisable at \$0.275 and expiring 31 January 2023	32,675,000
Options exercisable at \$0.25 and expiring 2 February 2023	57,822,944
Options exercisable at \$0.275 and expiring 2 February 2023	57,822,944

Source: Eastern Goldfields management.

6. Profile of Hawke's Point

6.1 History

Hawke's Point, which consists of Hawk's Point Holdings I Limited and Hawke's Point Holdings II Limited, is a wholly-owned subsidiary of TFG Asset Management ('TFG'), an international, diversified alternative asset management business that owns equity stakes in asset management companies.

Hawke's Point is the asset management company within TFG which focuses on providing capital to companies in the mining and resource sectors across a range of instruments, structures and geographies. Established in 2014 and based in London and New York, Hawke's Point has two investments in early-stage gold miners to-date and has US\$17.9 million in assets under management ('AUM') as of 31 December 2018. Its current portfolio managers are:

- Scott Marsh;
- Pim Kalisvaart; and
- Erik Caspersen.

As of 31 December 2018, TFG's AUM totalled approximately US\$28.1 billion and it had approximately 370 employees globally. TFG is in turn owned by Tetragon Financial Group Limited, a United States-based close ended fund that is listed on the Euronext Amsterdam N.V. and also on the Specialist Fund Segment of the main market of the London Stock Exchange.

Hawke's Point is small relative to the other funds within TFG as detailed below:

Fund	Year founded	Investment area	Approximate size
Green Oak Joint Venture (23% ownership)	2010	Real estate	US\$10.6 billion AUM
LCM Asset Management	2001	Bank loans	US\$8.3 billion AUM
Equitix	2007	Infrastructure	US\$5.0 billion AUM
TCI Capital Management	2015	Bank loans	US\$2.1 billion AUM
Polygon	2002	Hedge funds	US\$1.4 billion AUM
Tetragon Credit Income Partners	2015	Collateralized Loan Obligations equity	US\$0.7 billion committed capital
Hawke's Point	2014	Mining finance	US\$17.9 million AUM

Source: <https://www.tetragoninv.com/portfolio/tfg-asset-management> TFG Asset Management 14 March 2019.

7. Economic analysis

7.1 Global

The global economy grew above trend in 2018, although it slowed in the second half of the year. While conditions in the global economy remain positive, the outlook has become more uncertain and downside risks have increased. This is partly due to the difficulty predicting how global trade policies will evolve, particularly between China and the US. Trade tensions between China and the US remain high and this contributed to the sharp decline in exports between the two countries in late-2018.

Chinese Gross Domestic Product ('GDP') growth for 2018 was recorded at 6.6%. China's GDP growth is expected to moderate in 2019. Recently targeted fiscal and monetary policies have partially offset any negative effects arising from trade tensions. However, growing trade tensions have led to considerable uncertainty around future growth in China and countries with strong trade links to China.

Financial market conditions in most advanced economies tightened in late-2018. This followed a lengthy period of accommodative market conditions. The tightening of conditions resulted in: rising corporate funding costs, easing of new debt issuances, lower equity prices and rises in volatility in financial markets. These risks have since been partially reversed, and it is worth noting that risk premiums historically remain low. Long term government bond yields have also declined in recent months, due to the scaling back of expectations over the frequency of central bank interest rate increases as well as a decline in inflation expectations. Monetary policy settings are expected to remain little unchanged globally for some time. Emerging market currencies have somewhat appreciated in recent months, along with increases in equity prices. Despite these positive indications, some risks remain in emerging markets, specifically in East Asia, where growth has eased over the past year due to softer external demand. GDP growth in emerging Asian economies is just below 5%.

Core inflation in advanced economies including the USA, Canada, Norway, Sweden and the UK is around central banks' targets. In other advanced economies however, inflation remains noticeably below target. Headline inflation has decreased recently, and is expected to decline further due to falling oil prices.

Although GDP growth rates are expected to ease in a number of advanced economies, ongoing capacity constraints are likely to put upward pressure on inflation. Once oil prices return to stable levels, inflation is expected to rebound slightly in European and Japan, whilst remaining close to target in the US.

Source: www.rba.gov.au Statement by Philip Lowe, Governor: Monetary Policy Decision 5 February 2019, 5 March 2019 and 2 April 2019.

7.2 Australia

Domestic growth

The Australian economy grew slightly above trend in 2018 despite slow GDP growth in the September quarter. The Reserve Bank of Australia ('RBA') is expecting GDP growth to be 3.0% in 2019, before slowing in 2020 as mining production stabilises. Business investment conditions remain positive. Non-residential building and private infrastructure projects led growth in non-mining business investment, with the pipeline of work yet to be done above recent year averages. Forecast GDP growth in 2019 is supported by rising business investment, higher levels of public infrastructure spending and increased employment. At the RBA's meeting on 2 April 2019, it was decided that the cash rate would remain unchanged at 1.50%.

In terms of concerns, the main uncertainty revolves around the strength of household consumption after recent statistics showed weak growth in household income and falling housing prices in some cities particularly Sydney and Melbourne. However, household income is expected to increase over the coming year concurrently with household consumption.

Unemployment

Conditions in the Australian labour market have continued to improve, with the unemployment rate at 4.9% as at 2 April 2019. This rate is expected to decline to 4.75% over the next couple of years. The vacancy rate is high and there are reports of skills shortages in some areas. Wage growth has picked up slightly, but remains low. While low wage growth is expected to continue, a stronger domestic economy should see a gradual lift in wage growth overtime.

Inflation

Domestic inflation remains low, stable and in line with forecasts by the Consumer Price Index - increasing to 1.8% over the past year. Underlying inflation is expected to gradually increase over the next couple of years, reaching 2% by late-2019 and 2.25% by the end of 2020. Headline inflation is expected to decline in the near term, aided by lower petrol prices.

Currency movements

On a trade-weighted basis, the Australian dollar has depreciated marginally in recent months, but remains within the narrow range that it has been trading recently. Australian market interest rates have narrowed the gap on major economies' market interest rates since the end of 2018. This has tended to offset exchange rate appreciation stemming from higher commodity prices. Although the terms of trade have increased over the past couple of years, they are expected to decline over time.

Source: www.rba.gov.au Statement by Philip Lowe, Governor: Monetary Policy Decision 5 February 2019, 5 March 2019 and 2 April 2019.

8. Industry analysis

Gold is a soft malleable metal which is highly desirable due to its rarity and unique mineral properties. Gold has been used in jewellery and as a form of currency for thousands of years, however in more recent history there has been increasing demand for its use in the manufacture of electronics, dentistry, medicine and aerospace technology.

In addition to its practical applications, gold also serves as an international store of monetary value. Gold is widely regarded as a monetary asset as it is considered less volatile than world currencies and therefore provides a safe haven investment during periods of economic uncertainty.

Once mined, gold continues to exist indefinitely and is often melted down and recycled to produce alternative or replacement products. Consequently, demand for gold is supported by both gold ore mining and gold recycling. A summary of the supply of gold for the seven years to 2018 is provided in the table below:

Gold supply (tonnes)	2012	2013	2014	2015	2016	2017	2018
Mine production	2,911	3,073	3,150	3,223	3,263	3,319	3,347
Net producer hedging	(45)	(28)	105	13	33	(28)	(29)
Recycled gold	1,691	1,263	1,189	1,120	1,295	1,156	1,173
Total supply	4,557	4,308	4,444	4,356	4,591	4,447	4,490

Source: World Gold Council

The gold ore mining industry (the ‘**Industry**’) has performed steadily in recent years, with growth driven by price increases and slow economic growth. The outlook for gold production appears to be optimistic as mine production hit a new record high of 3,347 tonnes in 2018.

Key external drivers

Global gold prices have a significant impact on the revenue generated by Industry operators. When gold prices are low, gold miners are less likely to commit to projects with lower gold grades and higher production costs. Ultimately, a decline in gold prices reduces the viability of new and existing projects, which hinders Industry growth.

The global gold price is denominated in US dollars (‘**USD**’ or ‘**US\$**’) and therefore, the exchange rate directly affects the returns received by local Industry operators. A weaker Australian Dollar (‘**AUD**’) benefits the domestic industry by reducing prices in export markets and pushing up domestic prices, likely resulting in higher volumes.

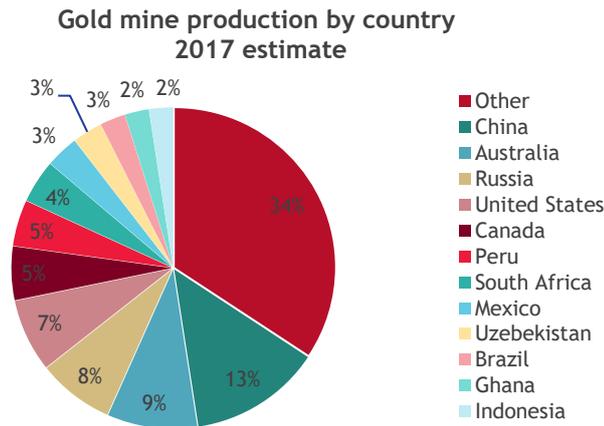
Global demand for gold is also inversely related to global economic performance. As gold is regarded as a store of value and is particularly sought after during periods of economic uncertainty, demand follows a counter cyclical pattern. Strong global GDP growth can therefore have a negative impact on gold demand and the Industry. According to IBIS World, global economic performance is expected to improve in 2018-19, reducing demand for gold. This however is offset by slowing gold output growth. As a result, Industry revenue is projected to increase at an annualised 0.8% over the five years through 2023-24, to total \$18.8 billion.

Gold ore mining trends

Gold ore mining is a capital intensive and high cost process, which is becoming increasingly difficult and more expensive as the quality of ore reserves diminishes. The Industry also incurs many indirect costs

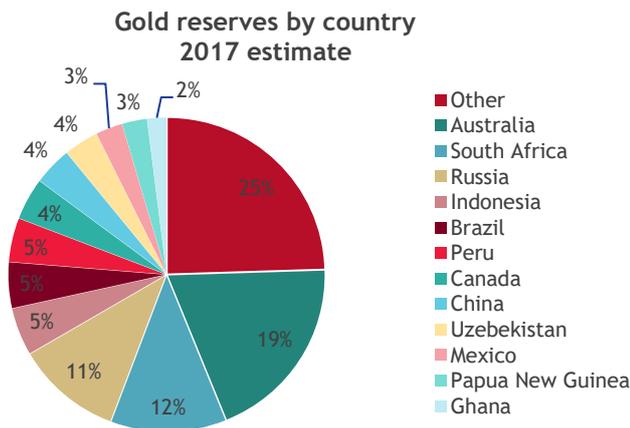
related to exploration, royalties, overheads, marketing and native title law. Typically, many of these costs are fixed in the short term as a result of Industry operators' inability to significantly alter cost structures once a mine commences production.

Until the late 1980s, South Africa produced approximately half of the total gold ore mined globally. More recently however, the Industry has diversified geographically and China and Australia now dominate global gold production. According to the United States Geological Survey for January 2018, total estimated global gold ore mined for 2017 was approximately 3,150 metric tonnes. The chart below illustrates the estimated global gold production by country for 2017.



Source: United States Geological Survey and BDO analysis

Despite China leading global gold production in 2017, Australia, South Africa and Russia hold the largest known gold reserves globally. As depicted below, collectively these three countries account for approximately 42% of global gold reserves.



Source: United States Geological Survey and BDO analysis

According to the 2017 US Geological Survey, Australia holds 9,800 tonnes of gold, representing 19% of global reserves and the largest percentage held by any country. In 2018-19, IBIS World estimates domestic Industry revenue to increase by 2.7% to reach \$18.0 billion, boosted by increased domestic production. Over the five years through 2022-23, it is forecast that revenue will grow at an annualised 0.8%, to reach

approximately \$18.8 billion. However, rising production costs due to lower ore quality and higher transportation costs are anticipated to reduce industry profitability over the period.

Gold prices

The price of gold peaked at US\$1,900 on 5 September 2011, due largely to the debt market crisis in Europe and the Standard and Poor’s downgrade of the US credit rating. Global stock markets subsequently went into turmoil, which saw investors opt for the stability offered by gold.

The price of gold fluctuated around US\$1,700 during 2012 before entering a steep decline in 2013. The downturn represented the beginning of a correction in the price of gold, which had almost tripled in the two-year period prior to the European crisis in 2011. Improved market sentiment and increased risk appetite from investors saw gold prices continue to decline throughout 2014 and 2015 to US\$1,051 in December 2015.

During 2016, gold prices strengthened, likely as a result of heightened uncertainty surrounding the US Presidential election and the United Kingdom’s exit from the European Union. The price of gold reached US\$1,363 in late 2016 before stabilising around US\$1,200 to US\$1,300 throughout 2017. In January 2018, the gold price reached a six-month high of US\$1,358. The gold spot price since 2008 and forecast prices through to 2028 are depicted in the graph below:



Source: Bloomberg, Consensus Economics and BDO Analysis

9. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market based assessment (such as a Resource Multiple)

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

It is possible for a combination of different methodologies to be used together to determine an overall value where separate assets and liabilities are valued using different methodologies. When such a combination of methodologies is used, it is referred to as a 'sum-of-parts' ('Sum-of-Parts') valuation.

The approach using the Sum-of-Parts involves separately valuing each asset and liability of the company. The value of each asset may be determined using different methods as described above.

The component parts are then valued using the NAV methodology, which involves aggregating the estimated fair market value of each individual company's assets and liabilities.

9.1 Valuation of an Eastern Goldfields share prior to the Proposed Transaction

In our assessment of the value of an Eastern Goldfields share prior to the Proposed Transaction, we have chosen to employ the Sum-of-Parts methodology. The Sum-of-Parts estimates the market value of a company by assessing the realisable value of its identifiable assets and liabilities. The value of each asset and liability may be determined using different methods and the component parts are then aggregated using the NAV methodology. The value derived from this methodology reflects a control value.

We have chosen these methodologies for the following reasons:

- The FME methodology was not used as it is most commonly applicable to profitable businesses with steady growth histories and forecasts. The FME methodology is also not considered appropriate for valuing finite life assets such as mining assets;
- A DCF valuation was not used as we have not been provided with forecast cash flows for the Company;
- For the QMP methodology to be considered relevant, a company's shares must be listed on a regulated and observable market where the company's shares can be traded. Furthermore, a company's shares should be liquid and the market should be fully informed on the company's activities. Eastern Goldfields' shares have been suspended from official quotation on the ASX since July 2018. We do not believe that the pre-suspension price is a valid indication of the value of an Eastern Goldfields share due as the Company has undergone extensive changes operationally and financially including halting its operations, laying staff off and executing a DOCA. Hence we do not consider this a suitable method in our valuation; and
- The NAV methodology has been considered as the only appropriate valuation methodology to undertake in order to value the shares of the Company. All assets and liabilities of the entity are

valued at market value under this methodology and this combined market value forms the basis for the entity's valuation. Under this basis we assume a knowledgeable and willing, but not anxious, seller acting at arm's length. No realisation costs are taken into account under this approach. The DOCA, which Eastern Goldfields is subject to, provides some indication of the value of assets and liabilities after the DOCA has been completed and so can be used to assist with a NAV valuation of Eastern Goldfields.

We have employed the Sum-of-Parts methodology in estimating the fair market value of Eastern Goldfields by aggregating the estimated fair market values of its underlying assets and liabilities post the DOCA, having consideration to the:

- Value of Eastern Goldfields' mineral assets and plant and equipment, having reliance on the valuations carried out by independent technical experts; and
- Value of other assets and liabilities of Eastern Goldfields, applying the cost approach under the NAV method.

We are unable to identify a reliable secondary valuation methodology to adopt as a useful cross-check of the NAV valuation. However, within our Sum-of-Parts, the valuation for the mineral assets and plant and equipment (which together form the majority of the Company's value) have considered multiple valuation methodologies including comparable transactions, yardstick approach and the cost approach, as detailed in Appendices 4 and 5.

9.2 Valuation of an Eastern Goldfields share following the Proposed Transaction

In our assessment of the value of an Eastern Goldfields share after the Proposed Transaction, we have also adopted the Sum-of-Parts methodology. As discussed in Section 9.1 above, this approach involves separately valuing each asset and liability of the company using different methodologies. The value of an Eastern Goldfields share following the Proposed Transaction consists of:

- The value of Eastern Goldfields prior to the Proposed Transaction;
- Adjustments to the value of Eastern Goldfields following the Proposed Transaction including cash raised from the Capital Raising; and
- Adjustments to the number of shares on issue as a result of the Proposed Transaction.

Technical Experts

In performing our valuation of Eastern Goldfields' mineral assets, we have relied on the technical assessment and valuation report prepared by CSA Global Pty Ltd ('CSA') dated 1 April 2019 ('CSA Report'). The CSA Report has been prepared in accordance with the Australasian Code for Public Reporting of Technical Assessments and Valuation of Mineral Assets (2015 Edition) ('the Valmin Code') and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition) ('JORC Code'). We are satisfied with the valuation methodologies adopted by CSA, which we consider are in accordance with industry practices and compliant with the requirements of the Valmin Code. The specific valuation methodologies used by CSA are referred to in the respective sections of our Report and in further detail in the CSA Report contained in Appendix 4.

We have also relied on the valuation report prepared by Gordon Brothers Pty Ltd ('GB') dated 5 March 2019 ('GB Report'). The GB Report has been prepared in accordance with RG 111 and RG 112. We are satisfied with the valuation methodologies adopted by GB, which we believe are in accordance with industry practices and compliant with RG 111 and RG 112. The specific valuation methodologies used by GB are referred to in the respective sections of our Report and in further detail in the GB Report contained in Appendix 5.

10. Valuation of Eastern Goldfields prior to the Proposed Transaction

10.1 Net Asset Valuation of Eastern Goldfields

The value of Eastern Goldfields assets on a going concern basis is reflected in our valuation below:

Statement of Financial Position	Ref	Reviewed as at 31-Dec-18 \$'000	Low value \$'000	Preferred value \$'000	High value \$'000
CURRENT ASSETS					
Cash and cash equivalents	Note 1	2,759	-	-	-
Trade and other receivables		121	121	121	121
Inventories		79	79	79	79
TOTAL CURRENT ASSETS		2,959	200	200	200
NON-CURRENT ASSETS					
Trade and other receivables		64	64	64	64
Mine properties	Note 2	38,460	-	-	-
Mineral assets	Note 2	-	25,400	33,600	41,800
Plant and equipment	Note 2	-	14,151	14,896	15,641
Financial assets	Note 3	945	-	-	-
Derivative financial instruments		-	-	-	-
TOTAL NON-CURRENT ASSETS		39,469	39,615	48,560	57,505
TOTAL ASSETS		42,428	39,815	48,760	57,705
CURRENT LIABILITIES					
Trade and other payables		44,372	44,372	44,372	44,372
Loans and borrowings	Note 4	31,935	34,037	34,037	34,037
Provisions		1,104	1,104	1,104	1,104
TOTAL CURRENT LIABILITIES		77,411	79,513	79,513	79,513
NON-CURRENT LIABILITIES					
Provisions		18,289	18,289	18,289	18,289
TOTAL NON-CURRENT LIABILITIES		18,289	18,289	18,289	18,289
TOTAL LIABILITIES		95,700	97,802	97,802	97,802
NET ASSETS		(53,272)	(57,986)	(49,042)	(40,097)
Shares on issue	Note 5	761,784,750	761,784,750	761,784,750	761,784,750
Value per share (\$)		Nil	Nil	Nil	Nil

Source: Reviewed financial statements for the half year ended 31 December 2018 and BDO analysis

The table above indicates the net asset value of an Eastern Goldfields share is \$nil at the low, preferred and high valuations.

The following adjustments were made to the net assets of Eastern Goldfields as at 31 December 2018 in arriving at our valuation of an Eastern Goldfields share prior to the Proposed Transaction.

Note 1) Cash and cash equivalents

We have adjusted the cash position at 31 December 2018 to reflect the cash movements since then. This includes the sale of Intermin shares held by the Company in February 2019, an additional loan from Hawke's Point of \$650,000 which is to be repaid from the Capital Raising, and cash used up in operations including DOCA-related expenses since 31 December 2018:

Cash and cash equivalents	\$'000s
Cash and cash equivalents as at 31 December 2018	2,759
Sale of Intermin shares during February 2019	828
Cash from the Hawke's Point recourse loan	650
Net cash used in operations including DOCA expenses since 31 December 2018	(4,237)
Adjusted cash and cash equivalents	-

Source: Reviewed financial statements for the year ended 31 December 2018, discussions with Management.

Note 2) Mine properties, mineral assets and plant and equipment

We have engaged CSA and GB to provide independent market valuation of the mineral assets and the plant and equipment held by Eastern Goldfields, respectively. The mineral assets and associated plant and equipment were recorded on Eastern Goldfields' balance sheet as at 31 December 2018 under the 'Mine properties' line item. For the purposes of our net asset valuation, we have separated the two into their respective line items as set out in the above table, using low, preferred and high valuations based on CSA's and GB's independent valuations.

CSA has derived its valuation using a combination of methodologies including comparable market transactions and the yardstick approach. The comparable transaction method involves calculating a value per common attribute in a comparable transaction and applying that value to the subject asset. A common attribute could be the amount of resource or the size of a tenement. The yardstick method ascribes a heavily discounted in-situ value to the resources based on a subjective estimate of the future profit or net value (for example, the spot price of gold). Further information on each of the methodologies used to derive the valuation of the mineral assets can be found in the CSA Report under Appendix 4 of our Report.

The range of values for each of Eastern Goldfields' mineral assets, as calculated by CSA, is set out below:

CSA Global Mineral Asset Valuation	Low value \$ million	Preferred value \$ million	High value \$ million
Mineral Resources	20.4	25.5	30.6
Brownfields Potential	1.1	1.4	1.8
Exploration Tenements	0.6	1.5	2.4
Prospecting Tenements	0.3	0.6	1.0
Mining Tenements	3.0	4.5	6.0
Total	25.4	33.6	41.8

Source: CSA Report dated 1 April 2019. Small discrepancies may occur due to rounding.

The table above indicates a range of values between \$25.4 million and \$41.8 million, with a preferred value of \$33.6 million.

We note that CSA have not taken into account the valuation of the mine site rehabilitation in their valuation of the mineral assets. Accordingly, we make no adjustments to the non-current portion of Eastern Goldfields' mine site rehabilitation provision of \$15.54 million as at 31 December 2018.

For Eastern Goldfields' plant and equipment, GB considered a number of different valuation methods. GB applied the cost approach and to a lesser extent the sales comparison approach. The cost approach derives a value indication by estimating the current cost to reproduce the asset and deducting for all depreciation. The sales comparison approach values the asset being appraised by comparing it to similar assets sold recently or that are currently available for sale. GB has used a combination of these two approaches to arrive at a high and low fair market value in continued use for the assets. We have calculated the midpoint between the low and high values. Further details of the valuation methodologies considered are found in the GB Report, a copy of which is provided in Appendix 5.

The range of values for each of Eastern Goldfields' plant and equipment assets as calculated by GB is set out below:

Gordon Brothers Plant and Equipment Valuation	Low value \$'000	Mid value \$'000	High value \$'000
Processing Plant	12,111	12,748	13,386
Auxiliary Equipment	469	493	518
Camp and Office	977	1,028	1,080
Mobile Plant	595	626	657
Total	14,151	14,896	15,641

Source: GB Report dated 5 March 2019

The table above indicates a range of values between \$14.15 million and \$15.64 million, with a mid-value of \$14.90 million.

Note 3) Financial assets

Financial assets as at 31 December 2018 related to the shares in Intermin. The Company sold these on 8 February 2019 at an average price of \$0.114 each with the proceeds of \$828,381 received as cash.

Note 4) Loans and Borrowings

The loans and borrowings continue to accrue interest post 31 December 2018 and will continue to do so until the conversion of debt to equity as part of the DOCA until the DOCA is completed. As the date for this to occur has yet to be finalised, we have been advised by Eastern Goldfields to assume a conversion date of 30 June 2019. Accordingly, we have adjusted the loans and borrowings to reflect the additional interest accrued to that date.

Furthermore, post 31 December 2018, Hawke's Point has extended a \$650,000 loan to the Company for working capital purposes. This loan was made on a limited recourse basis against the assets of the Company. We have included the drawdown of this loan in our adjustments below.

Loans and borrowings	\$'000s
Loans and borrowings as at 31 December 2018	31,935
Additional interest accrued post 31 December 2018 forecasted to 30 June 2019	1,509
Additional Hawke's Point recourse loan post 31 December 2018	650
Adjusted loans and borrowings	34,094

Note 5) Number of shares on issue

As at 18 March 2019, Eastern Goldfields had 761,784,750 shares on issue and 211,663,376 options on issue. All of the options were out-of-the-money as at the date of this Report and therefore have no dilutionary impact on the total shares on issue.

10.2 Quoted Market Prices for Eastern Goldfields Securities

We do not consider the QMP methodology as a suitable methodology to value a share in Eastern Goldfields because:

- The Company's shares have been suspended from official quotation on the ASX since July 2018; and
- We do not believe the pre-suspension price is a valid indication of the value of the Company's share. Since suspension the Company has undergone extensive changes operationally and financially including halting its operations, laying staff off and executing a DOCA.

10.3 Assessment of the value of an Eastern Goldfields share

The results of the valuations performed are summarised in the table below:

	Low	Mid	High
	\$	\$	\$
Net assets value (Section 10.1)	Nil	Nil	Nil

Source: BDO analysis

Based on the results above we consider the value of an Eastern Goldfields share prior to the Proposed Transaction to be \$nil. We note that a net asset value is a control value and therefore no control premium adjustment is required.

11. Valuation of Eastern Goldfields following the Proposed Transaction

We have employed the Sum-of-Parts valuation method in estimating the fair market value of Eastern Goldfields following the Proposed Transaction as shown below:

	Reference /Notes	Low value \$'000	High value \$'000
NAV of Eastern Goldfields following the Proposed Transaction (control basis)	11.1	39,245	66,655
Discount for minority interest	11.2	20.0%	16.7%
NAV of Eastern Goldfields following the Proposed Transaction (minority interest basis)		31,396	55,546
Number of shares on issue following the Proposed Transaction	11.3	7,291,015,528	8,299,782,652
Value of an Eastern Goldfields share following the Proposed Transaction (minority interest basis)		\$0.004	\$0.007

Source: BDO analysis

The low value represents the value of an Eastern Goldfields share assuming the minimum targeted capital raising is achieved and the low values for the mineral assets, property, plant and equipment are used. The high value assumes the maximum targeted capital raising is achieved and the high values for the mineral assets, property, plant and equipment are used. Note that this valuation excludes the impact of any options.

Based on the table above, we consider the value of a share in Eastern Goldfields following the Proposed Transaction on a minority basis to be between \$0.004 and \$0.007.

The following sections details the calculations leading up to the valuations set out in the above table.

11.1 NAV of Eastern Goldfields following the Proposed Transaction

Following the Recapitalisation, the Company will have, subject to shareholders' approval, extinguished all its debts as at 28 November 2018 (being the date immediately prior to the date that the Administrators were appointed). All claims and debts incurred on and from 29 November 2018 will be extinguished in accordance with the DOCA or repaid by the Company from the proceeds raised by the Recapitalisation. The Capital Raising would also leave the Company with cash for working capital purposes, the amount of which depends on the amount of capital successfully raised.

We have presented the NAV of Eastern Goldfields following the Proposed Transaction under two scenarios to illustrate the impact of the amount of capital raised:

- The Low Capital Raising scenario - assumes that the minimum targeted capital of \$30 million is raised; and
- The High Capital Raising scenario - assumes that the maximum targeted capital of \$40 million is raised.

For each of these scenarios, the low, preferred and high values are also shown to illustrate the NAV using the low, preferred and high values, respectively, for the mineral assets and property, plant and equipment as discussed in Section 10.1.

Low Capital Raising scenario

Assuming the minimum amount of \$30 million is raised through the Capital Raising, the net asset value of Eastern Goldfields post the Proposed Transaction is set out below.

Statement of Financial Position	Pre-Transaction Preferred value \$'000	Impact of Proposed Transaction \$'000	Ref	Low value \$'000	Preferred value \$'000	High value \$'000
CURRENT ASSETS						
Cash and cash equivalents	-	15,213	1	15,213	15,213	15,213
Trade and other receivables	121	-		121	121	121
Inventories	79	-		79	79	79
TOTAL CURRENT ASSETS	200	15,213		15,413	15,413	15,413
NON-CURRENT ASSETS						
Trade and other receivables	64	-		64	64	64
Mine properties	-	-		-	-	-
Mineral assets	33,600	-		25,400	33,600	41,800
Plant and equipment	14,896	-		14,151	14,896	15,641
Financial assets	-	-		-	-	-
Derivative financial instruments	-	-		-	-	-
TOTAL NON-CURRENT ASSETS	48,560	-		39,615	48,560	57,505
TOTAL ASSETS	48,760	15,213		55,028	63,973	72,918
CURRENT LIABILITIES						
Trade and other payables	44,372	(44,372)	2	-	-	-
Loans and borrowings	34,094	(34,094)	3	-	-	-
Provisions	1,104	(1,104)	4	-	-	-
TOTAL CURRENT LIABILITIES	79,570	(79,570)		-	-	-
NON-CURRENT LIABILITIES						
Provisions	18,289	(2,506)	4	15,783	15,783	15,783
TOTAL NON-CURRENT LIABILITIES	18,289	(2,506)		15,783	15,783	15,783
TOTAL LIABILITIES	97,859	(82,076)		15,783	15,783	15,783
NET ASSETS	(49,099)	97,289		39,245	48,190	57,135

Source: BDO analysis.

High Capital Raising scenario

Assuming the maximum amount of \$40 million is raised through the Capital Raising, the net asset value of Eastern Goldfields post the Proposed Transaction is set out below.

Statement of Financial Position	Pre-Transaction Preferred value \$'000	Impact of Proposed Transaction \$'000	Ref	Low value \$'000	Preferred value \$'000	High value \$'000
CURRENT ASSETS						
Cash and cash equivalents	-	24,733	1	24,733	24,733	24,733
Trade and other receivables	121	-		121	121	121
Inventories	79	-		79	79	79
TOTAL CURRENT ASSETS	200	24,733		24,933	24,933	24,933
NON-CURRENT ASSETS						
Trade and other receivables	64	-		64	64	64
Mine properties	-	-		-	-	-
Mineral assets	33,600	-		25,400	33,600	41,800
Plant and equipment	14,896	-		14,151	14,896	15,641
Financial assets	-	-		-	-	-
Derivative financial instruments	-	-		-	-	-
TOTAL NON-CURRENT ASSETS	48,560	-		39,615	48,560	57,505
TOTAL ASSETS	48,760	24,733		64,548	73,493	82,438
CURRENT LIABILITIES						
Trade and other payables	44,372	(44,372)	2	-	-	-
Loans and borrowings	34,094	(34,094)	3	-	-	-
Provisions	1,104	(1,104)	4	-	-	-
TOTAL CURRENT LIABILITIES	79,570	(79,570)		-	-	-
NON-CURRENT LIABILITIES						
Provisions	18,289	(2,506)	4	15,783	15,783	15,783
TOTAL NON-CURRENT LIABILITIES	18,289	(2,506)		15,783	15,783	15,783
TOTAL LIABILITIES	97,859	(82,076)		15,783	15,783	15,783
NET ASSETS	(49,099)	106,809		48,765	57,710	66,655

Source: BDO analysis.

Note 1) Cash and cash equivalents

We have adjusted the cash and cash equivalents balance to reflect the Capital Raising and associated costs. The table below set out the cash balance following the Proposed Transaction, under the different Capital Raising scenarios.

Cash and cash equivalents	Low Capital Raising scenario \$'000	High Capital Raising scenario \$'000
Adjusted cash balance	-	-
Amounts raised from Capital Raising	30,000	40,000
Less: Capital Raising fees	(1,440)	(1,920)
Less: payments to employees, creditors, government and after administrator costs arising from the DOCA	(12,697)	(12,697)
Less: repayment of Hawke's Point recourse loan	(650)	(650)
Cash balance after Proposed Transaction	15,213	24,733

Source: BDO analysis, discussions with Management

Note 2) Trade and other payables

We have adjusted the trade and other payables to nil to account to reflect the impact of the executed DOCA.

Note 3) Loans and borrowings

Of the Company's loans and borrowings, 100% of the Secured Creditors' debt and Existing Convertible Notes will be converted into equity at a rate of 1 cent per share, pursuant to the DOCA. These continue to accrue interest on a daily basis until their conversion into equity.

The remaining borrowings are treated as unsecured creditors and are settled in cash (refer to the VA Report for further details). As a result, the Company will have no remaining loans and borrowings after the DOCA.

Note 4) Provisions

We have reduced the current portion of the provisions to nil to reflect the impact of the executed DOCA which reduces the provisions by:

- \$954,000 for the current portion of the onerous lease provision which will be settled; and
- \$150,000 as unpaid wages, superannuation, annual leave and redundancy payments to non-continuing employees are settled.

The non-current portion of the provisions will also be reduced by \$2.51 million as the non-current portion of the onerous lease provision will be extinguished as well.

11.2 Minority interest discount

The value of an Eastern Goldfields share derived under the Sum-of-Parts approach is reflective of a controlling interest. This suggests that the acquirer obtains an interest in the company which allows them to have an individual influence on the operations and value of that company. However, as discussed in Section 3, if the Proposed Transaction is approved, Shareholders will be minority holders after the Proposed Transaction. This means that their individual holding will not be considered significant enough to have an individual influence in the operations of the Company.

Therefore, we have adjusted our valuation of an Eastern Goldfields share post the Proposed Transaction to reflect the minority interest holding. The minority discount is based on the inverse of the control premium and is calculated using the formula $1 - (1/1+\text{control premium})$.

We have reviewed the control premiums paid by acquirers of companies listed on the ASX in Appendix 3. Based on our analysis, we consider an appropriate premium for control to be applied is between 20% and 25%.

An assessed control premium of 20% to 25% gives rise to a minority discount in the range of 16.7% to 20.0%.

11.3 Number of shares on issue following the Proposed Transaction

The number of shares on issue post the Proposed Transaction is set out in the table below. We have not included the exercise of options on issue prior to the Proposed Transaction as they are out-of-the-money as at the date of our Report.

As noted in Section 11.1, the Secured Creditors' debts continue to accrue interest on a daily basis up until their conversion into equity at a rate of 1 cent per share. For the purposes of our valuation, Eastern Goldfields have advised us to assume a conversion date of 30 June 2019. This can be viewed as the maximum number of shares that would be issued to the Secured Creditors to extinguish their debt. The actual number of shares issued is expected to be less than this.

The lead managers of the Capital Raising, Hartleys, will be issued 30,000,000 shares for their services. An additional 20,000,000 in shares will also be issued at 1 cent per share to settle disputes with certain parties ('Ancillary Shares'), the details of which can be found in the Notice of Meeting.

As part of the Recapitalisation, the following options will also be issued, pending shareholder approval:

- Depending on the amounts raised, between 115 million to 165 million options will be issued to Hartleys, in their capacity as lead manager of the Capital Raising, ('Lead Manager Options'). These options have an exercise price of \$0.0175 and expire 2 years from their issue. Exercise of these options will result in the Company receiving between \$2.01 million and \$2.89 million in cash.
- The Secured Creditors will, upon conversion of the Existing Convertible Notes into shares following shareholders' approval, receive options per the schedule below ('Secured Creditors Options'). These options have an exercise price of \$0.075 and expire 4 years from their issue. The number of Secured Creditor Options that will be issued is set out below, along with the amounts Eastern Goldfields will receive if they are exercised.

Existing Convertible Noteholders	Secured Creditors Options issued pursuant to conversion	Cash received if exercised \$
Hawke's Point	17,500,000	1,312,500
Wyllie Group	12,500,000	937,500
Perennial Investment Management Ltd	10,000,000	750,000
Donald Smith Value Fund, L.P.	3,750,000	281,250
Total	43,750,000	3,281,250

Source: BDO analysis

- Options with zero exercise price will be issued to directors under the Company's Employee Option Plan ('Director Options'), the details of which can be found in the Notice of Meeting. These Director Options consist of: Remuneration Options which vest after one year of service, Incentive Options which vest based on the Company's share price performance, and Performance Options which vest based on non-market based vesting conditions. The number of Director Options to be issued are summarised below.

Director Options	Remuneration Options	Incentive Options	Performance Options	Total Director Options
Peter Mansell	5,775,000	26,666,675	-	32,441,675
David Quinlivan	3,850,000	17,777,775	30,000,000	51,627,775
Keith Jones	3,850,000	17,777,775	-	21,627,775
Mark Wheatley	3,850,000	17,777,775	-	21,627,775
Total	17,325,000	80,000,000	30,000,000	127,325,000

The impact of the exercise of the Lead Manager Options, Secured Creditors Options and Director Options on the number of shares post the Proposed Transaction is not accounted for in the below table. The scenarios under which some or all of these options are exercised are considered in Section 13.2.

Number of shares	Number		
	Low value	Mid value	High value
Number of shares on issue prior to the Proposed Transaction	761,784,750	761,784,750	761,784,750
1-for-1 Entitlement Offer at 1 cent per share	761,784,750	761,784,750	761,784,750
Issue and exercise of New Convertible Notes at 1 cent per share (including interest accrued on them)	1,858,364,877	2,363,844,329	2,869,323,781
Placement Shares at 1 cent per share	400,000,000	400,000,000	400,000,000
Conversion of supporting creditors' debt into shares at 1 cent per share	1,393,103,932	1,393,103,932	1,393,103,932
Conversion of secured creditors' debts into shares at 1 cent per share	2,070,006,195	2,070,006,195	2,070,006,195
Shares issued to the lead managers of the Capital Raising at 1 cent per share	30,000,000	30,000,000	30,000,000
Ancillary Shares issued to resolve disputes with certain parties at 1 cent per share	20,000,000	20,000,000	20,000,000
Number of shares post Proposed Transaction (before consolidation)	7,295,044,504	7,800,523,956	8,306,003,408

Source: BDO analysis

12. Is the Proposed Transaction fair?

The value of an Eastern Goldfields share prior to the Proposed Transaction on a controlling basis and the value of an Eastern Goldfields share following the Proposed Transaction on a minority interest basis is compared below:

	Ref	Low \$	Mid \$	High \$
Value of an Eastern Goldfields share prior to the Proposed Transaction on a controlling basis	10	Nil	Nil	Nil
Value of an Eastern Goldfields share following the Proposed Transaction on a minority interest basis	11	0.004	0.006	0.007

We note that post the Proposed Transaction, a 15-for-1 consolidation of the issued capital is proposed which would reduce the total number of shares outstanding, resulting in a higher value per share following the Proposed Transaction than set out in the above table. Our analysis has been conducted on a pre-consolidation basis, however, this consolidation would not change our opinion.

We note from the table above that the value of an Eastern Goldfields share following the Proposed Transaction on a minority interest basis is greater than the value of an Eastern Goldfields share prior to the Proposed Transaction on a controlling basis. The above pricing indicates that, in the absence of any other relevant information or superior offer, the Proposed Transaction is fair.

Effectively, prior to the Proposed Transaction and without the DOCA there is nil value ascribed to an Eastern Goldfields share. Following the Proposed Transaction however, there is some value based on the terms of the DOCA as set out in the VA Report.

13. Is the Proposed Transaction reasonable?

13.1 Alternative Proposal

In the VA Report dated 22 January 2019, the Administrators noted they had considered alternatives to the DOCA put forward by Hawke's Point but found no superior alternatives. The Administrators opined that the DOCA:

- has support from the Company's secured creditors and some of the unsecured creditors;
- likely provides a greater return to unsecured creditors than in a liquidation; and
- avoids the risk of taking the Company's assets to market, particularly given the limited funding available and initial valuation conducted by PCF Capital which indicated that the assets are unlikely to achieve a transaction value greater than the DOCA.

The DOCA was approved on these grounds and forms the basis of the Proposed Transaction. Effectively, there are no alternative proposals.

Therefore, we are unaware of any alternative proposal that might offer the Shareholders of Eastern Goldfields a premium over the value resulting from the Proposed Transaction.

13.2 Practical Level of Control

If the Proposed Transaction is approved then Hawke's Point could increase its interest to approximately 42.85% in Eastern Goldfields.

The various components of the Capital Raising resulting in Hawke's Point increasing their ownership to this level are set out in the below table. The following assumptions were made in calculating the various scenarios:

- The amount of capital raised varies from \$30 million (the low scenario) to \$40 million (the high scenario);
- None of the options on issue prior to the Proposed Transaction are exercised, as these are currently out-of-the-money;
- Hawke's Point have committed to 25% of the total Capital Raising (including, if necessary, up to \$15 million in the low scenario in order to meet the minimum \$30 million target Capital Raising); and
- The secured creditors' debts will accrue up to conversion date which is assumed to be 30 June 2019, and shareholders' approval will be received for their conversion into equity.

The three scenarios considered are:

- Scenario 1 - None of the options are exercised (undiluted basis)
- Scenario 2 - All of the Lead Manager Options, Secured Creditors' Options and Director Options are exercised (fully diluted basis). We note that the Director Options do not vest immediately following the Recapitalisation, however have included them in this scenario to illustrate the impact if they do eventually vest and are exercised.
- Scenario 3 - Of the Secured Creditors' Options, only those issued to Hawke's Point are exercised. No other options are exercised.

It should be noted that the figures below are only guides and Hawke's Point's actual interest in the Company after the Proposed Transaction will depend on various factors including the actual amounts raised from other investors.

Hawke's Point Interest After the Proposed Transaction	Number of Shares		
	Low	Mid	High
Scenario 1: None of the options are exercised (undiluted basis)			
Hawke's Point's ownership before the Proposed Transaction	91,875,000	91,875,000	91,875,000
1-for-1 Entitlement Offer	212,690,000	212,690,000	212,690,000
New Convertible Notes (including interest accrued on New Convertible Notes)	1,301,417,507	669,569,392	795,939,255
Placement Offer shares	-	-	-
Conversion of Hawke Point's debt to equity	1,510,255,510	1,510,255,510	1,510,255,510
Hawke's Point's ownership after the Proposed Transaction	3,116,238,017	2,484,389,902	2,610,759,765
Total shares on issue following the Proposed Transaction	7,295,044,504	7,800,523,956	8,306,003,408
Hawke's Point's interest in Eastern Goldfields following the Proposed Transaction	42.72%	31.85%	31.43%
Scenario 2: All of the options are exercised (diluted basis)			
Hawke's Point's ownership after the Proposed Transaction (without options)	3,116,238,017	2,484,389,902	2,610,759,765
Exercise of Hawke's Point's options	17,500,000	17,500,000	17,500,000
Total Hawke's Point ownership	3,133,738,017	2,501,889,902	2,628,259,765
Total shares on issue following the Proposed Transaction	7,295,044,504	7,800,523,956	8,306,003,408
Exercise of all the options (excluding options on issue prior to the Proposed Transaction)	286,075,000	311,075,000	336,075,000
Total shares on issue following the Proposed Transaction with all options exercised	7,581,119,504	8,111,598,956	8,642,078,408
Hawke's Point's interest in Eastern Goldfields following the Proposed Transaction	41.34%	30.84%	30.41%
Scenario 3: Only Hawke's Point's options are exercised			
Hawke's Point's ownership after the Proposed Transaction (without options)	3,116,238,017	2,484,389,902	2,610,759,765
Exercise of Hawke's Point's options	17,500,000	17,500,000	17,500,000
Total Hawke's Point ownership	3,133,738,017	2,501,889,902	2,628,259,765
Total shares on issue following the Proposed Transaction with only Hawke's Point's options exercised	7,312,544,504	7,818,023,956	8,323,503,408
Hawke's Point's interest in Eastern Goldfields following the Proposed Transaction	42.85%	32.00%	31.58%

Source: BDO analysis

As the above table shows, Hawke's Point's interest in Eastern Goldfields after the Proposed Transaction could rise up to 42.85%. This occurs under the low capital raising amount in Scenario 3, which assumes Hawke's Point commits \$15 million of the \$30 million Capital Raising and exercise all of its options amongst other assumptions.

Using the post-Proposed Transaction preferred values, the value of a share in Eastern Goldfields under Scenario 2 and Scenario 3 is set out below. The value of a share under Scenario 1 has already been calculated in Section 11.

Value of an Eastern Goldfields share following the Proposed Transaction	Reference/ Notes	Low value \$'000	High value \$'000
Scenario 2: All of the options are exercised (diluted basis)			
NAV of Eastern Goldfields following the Proposed Transaction (minority interest basis)	11.1	31,396	55,546
Cash gained from exercise of options	11.3	5,294	6,169
NAV including cash gained from exercise of options		36,690	61,714
Total shares on issue following the Proposed Transaction with all options exercised (excluding options on issue prior to the Proposed Transaction)		7,581,119,504	8,642,078,408
Value of an Eastern Goldfields share under Scenario 2		\$0.0048	\$0.0071
Scenario 3: Only Hawke's Point's options are exercised			
NAV of Eastern Goldfields following the Proposed Transaction (minority interest basis)	11.1	31,396	55,546
Cash gained from exercise of Hawke's Point's Options	11.3	1,313	1,313
NAV including cash gained from exercise of options		32,708	56,858
Total shares on issue following the Proposed Transaction with only Hawke's Point's options exercised		7,312,544,504	8,323,503,408
Value of an Eastern Goldfields share under Scenario 2		\$0.0045	\$0.0068

Source: BDO analysis

When shareholders are required to approve an issue that relates to a company there are two types of approval levels. These are general resolutions and special resolutions. A general resolution requires 50% of shares to be voted in favour to approve a matter and a special resolution requires 75% of shares on issue to be voted in favour to approve a matter. If the Proposed Transaction is approved then Hawke's Point will be able to block special resolutions.

Hawke's Point's control of Eastern Goldfields following the Proposed Transaction will be significant when compared to all other shareholders. However, in our opinion, while Hawke's Point will be able to significantly influence the activities of Eastern Goldfields, it will not be able to exercise a similar level of control as if it held 100% of Eastern Goldfields. As such, Hawke's Point should not be expected to pay a similar premium for control as if it were acquiring 100% of Eastern Goldfields.

We understand that there is presently no intention by Hawke's Point to appoint a related party as a director of Eastern Goldfields.

13.3 Consequences of not Approving the Proposed Transaction

As Eastern Goldfields shares remain suspended post the announcement of the Proposed Transaction, it is not possible to assess the reaction of the market to the Proposed Transaction through movements in the Company's share price. We note that given the Company's current position, if the Proposed Transaction

does not proceed it is likely that the Company could enter liquidation with little prospect of any return to Eastern Goldfields shareholders.

13.4 Advantages of Approving the Proposed Transaction

We have considered the following advantages when assessing whether the Proposed Transaction is reasonable.

Advantage	Description
The Proposed Transaction is fair	As set out in Section 12 the Proposed Transaction is fair. RG 111 states that an offer is reasonable if it is fair.
Avoids liquidation of the Company which will likely leave no value for Shareholders.	<p>The VA Report concluded that the DOCA:</p> <ul style="list-style-type: none"> Likely provides a greater return to unsecured creditors than in a liquidation; and Avoids the risk of taking the assets to market, particularly in circumstances where the Administrators have limited funding available and the initial valuation by PCF Capital indicates that the assets are unlikely to achieve a transaction value that will be greater than what the DOCA proposes. <p>Under liquidation, the return to creditors is uncertain and therefore, any return to shareholders is unlikely.</p>
Support from a cornerstone investor	Hawke's Point will be the cornerstone investor and given its current commitment, it is likely that it will continue to support Eastern Goldfields at least in the short to medium term.
Cash injection leaving the Company with at least \$15 million to restart operations	The Proposed Transaction would also provide for the injection of at least \$15 million cash arising from the capital raising for Eastern Goldfields to use as working capital and to restart operations.
Removal of debt through the terms of the DOCA	The Proposed Transaction allows the DOCA to proceed as planned and provides for the removal of debt held by Eastern Goldfields. Secured creditors debt is converted into equity and the claims of unsecured creditors are extinguished.
Subject to legal and regulatory compliance and the approval of the ASX, the Proposed Transaction is a key step towards reinstatement of the share to the ASX and recommencement of trading,	The Proposed Transaction represents a key step towards reinstatement of Eastern Goldfields shares on the ASX and recommencement of trading in the shares. However, it should be noted that there is no guarantee that re-listing will be achieved as it is subject to legal and regulatory compliance and the approval of the ASX.

13.5 Disadvantages of Approving the Proposed Transaction

If the Proposed Transaction is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

Disadvantage	Description
Existing shareholders will be diluted.	The voting power of Shareholders will be diluted by the Proposed Transaction. However, the alternative will be liquidation in which shareholders are unlikely to see any return.
Hawke's Point will gain significant influence and possibly control over the Company.	Following the Proposed Transaction, Hawke's Point's ownership in the Company could rise to 42.85% and would leave them as the largest shareholder in the Company. This would allow Hawke's Point to exert significant influence on the Company relative to other shareholders including the ability to block any special resolutions.
Presence of a large cornerstone investor may reduce the possibility of a takeover offer in the future.	Post the Proposed Transaction, Hawke's Point will have a significant shareholding position which could deter potential acquirers from making a takeover offer in the future thereby reducing Shareholders from receiving a future premium for control.

14. Conclusion

We have considered the terms of the Proposed Transaction as outlined in the body of this report and have concluded that the Proposed Transaction is fair and reasonable to the Shareholders of Eastern Goldfields.

15. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Audited financial statements of Eastern Goldfields for the years ended 30 June 2018 and 30 June 2017
- Interim financial statements of Eastern Goldfields for the half years ended 31 December 2018 and 31 December 2017;
- Independent Valuation Report of Eastern Goldfields' mineral assets dated 1 April 2019 performed by CSA Global Pty Ltd;
- Independent Valuation Report of Eastern Goldfields' plant and equipment dated 5 March 2019 performed by Gordon Brothers Pty Ltd;
- Ferrier Hodgson Voluntary Administrators Report dated 22 January 2019;
- Deed of Company Arrangement for Eastern Goldfields executed 12 February 2019;
- Share registry information;
- Information in the public domain; and
- Discussions with Management of Eastern Goldfields.

16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$50,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Eastern Goldfields in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by Eastern Goldfields, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Eastern Goldfields and Hawke's Point and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Eastern Goldfields and Hawke's Point and their respective associates.

In conjunction with this report, we have also been engaged by Eastern Goldfields to prepare an Investigating Accountant's Report in relation to the capital raising as part of this Proposed Transaction.

A draft of this report was provided to Eastern Goldfields and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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17. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of Chartered Accountants Australia & New Zealand. He has over 30 years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 300 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Corporate Finance

Practice Group Leader of BDO in Western Australia, the Global Natural Resources Leader for BDO and a former Chairman of BDO in Western Australia.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 20 years in the Audit and Assurance and Corporate Finance areas. Adam is a CA BV Specialist and has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

18. Disclaimers and consents

This report has been prepared at the request of Eastern Goldfields for inclusion in the Notice of Meeting and Explanatory Statement which will be sent to all Eastern Goldfields Shareholders. Eastern Goldfields engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the Proposed Transaction for the recapitalization of the Company with Hawke's Point to become the major shareholder.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Notice of Meeting and Explanatory Statement. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Notice of Meeting and Explanatory Statement other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Eastern Goldfields. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Proposed Transaction, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Eastern Goldfields, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets and plant and equipment held by Eastern Goldfields.

The valuer engaged for the mineral asset valuation, CSA Global Pty Ltd, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation is appropriate for this report. We have received consent from CSA Global Pty Ltd for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The valuer engaged for the plant and equipment valuation, Gordon Brothers Pty Ltd, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches

adopted and assumptions made in arriving at their valuation is appropriate for this report. We have received consent from Gordon Brothers Pty Ltd for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and prior to the date of the meeting or during the offer period.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

A handwritten signature in black ink, appearing to read 'Sherif Andrawes'.

Sherif Andrawes

Director

A handwritten signature in black ink, appearing to read 'Adam Myers'.

Adam Myers

Director

Appendix 1 - Glossary of Terms

Reference	Definition
The Act	The Corporations Act 2001 Cth
The Administrators	Martin Jones and Andrew Smith of Ferrier Hodgson (Joint and Several Administrators of Eastern Goldfields), now the Deed Administrators.
AFCA	Australian Financial Complaints Authority
Ancillary Shares	The 20,000,000 shares issued at 1 cent per share to settle disputes with certain parties, the details of which can be found in the Notice of Meeting.
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
AUD	Australian Dollar
AUM	Assets under management
BDO	BDO Corporate Finance (WA) Pty Ltd
Capital Raising	The capital raising of not less than \$30 million in order to fund a distribution to unsecured creditors and to provide working capital to Eastern Goldfields Limited as part of the executed Deed of Company Arrangement.
The Company	Eastern Goldfields Limited (Subject to DOCA)
Corporations Act	The Corporations Act 2001 Cth
CSA	CSA Global Pty Ltd
CSA Report	The independent technical assessment and valuation report prepared by CSA Global Pty Ltd dated 1 April 2019
Davyhurst	Eastern Goldfields' 100%-owned Davyhurst Gold Project
Davyhurst Mill	The refurbished and upgraded 1.2Mtpa gold processing facility located within the Davyhurst Gold Project
DCF	Discounted Future Cash Flows

Reference	Definition
Director Options	Options to be issued to directors of Eastern Goldfields, pending shareholder approval, under the Company's Employee Option Plan.
DOCA	Deed of Company Arrangement executed 12 February 2019
DXG	Deed of Cross Guarantee
Eastern Goldfields	Eastern Goldfields Limited (Subject to DOCA)
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Existing Convertible Notes	The issue of \$8.75 million in secured loan notes which were originally issued as part of the Company's failed \$75 million Proposed Recapitalisation. These were issued to Donald Smith Value Fund LP, Perennial Investment Management Ltd, Hawke's Point Holdings I Limited and Wyllie Group Pty Limited.
Entitlement Offer	The one-for-one rights issue priced at 1 cent per share which forms part of the Capital Raising
FME	Future Maintainable Earnings
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
GB	Gordon Brothers Pty Ltd
GB Report	The independent technical assessment and valuation report prepared by Gordon Brothers Pty Ltd dated 5 March 2019
GDP	Gross Domestic Product
Hawke's Point	Hawke's Point Holdings I Limited and Hawke's Point Holdings II Limited
HP Resolutions	The resolutions in the Notice of Meeting arising from the Deed of Company Arrangement, which if passed, will result in Hawke's Point increasing its voting power in Eastern Goldfields from 12.06% up to 42.85%.
Investmet	Investmet Limited, an investment syndicate controlled by former Eastern Goldfields Executive Chairman, Mr Michael Fotios.
Investmet Loan	Loan agreement entered into on 24 February 2017 to which Investmet agreed to provide advances to Eastern Goldfields in an aggregate principal amount not exceeding \$10 million.

Reference	Definition
Intermin	Intermin Resources Limited
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition)
Km	Kilometres
Lead Manager Options	The options to be issued to Hartleys, in their capacity as the lead manager of the Capital Raising
Mt Ida	Eastern Goldfields' 100%-owned Mt Ida Gold Project
NAV	Net Asset Value
New Convertible Notes	The offering of secured convertible notes to be converted (subject to shareholders' approval) at 1 cent per share, issued as part of the capital raising as detailed in the Deed of Company Arrangement.
Placement Offer	The offer of ordinary shares priced at 1 cent per share which are to be issued following receipt of approval at a general meeting and form part of the Capital Raising.
Proposed Recapitalisation	The recapitalisation plan considered by the Company to raise up to \$75 million (before costs) but which ultimately failed to be undertaken.
The Proposed Transaction	The proposal to permit Hawke's Point to participate in the Capital Raising as well as to convert the debt held by Hawke's Point into equity, resulting in the voting interests held by Hawke's Point Holdings I Limited and Hawke's Point Holdings II Limited increase from 12.06% over the 20% voting interest threshold up to 42.85%.
QMP	Quoted market price
RBA	Reserve Bank of Australia
Recapitalisation	The Capital Raising and, subject to shareholders' approval, extinguishment of all existing debt of the Company at 28 November 2018 (being the date immediately prior to the date that voluntary administrators were appointed to the Company).
Regulations	Corporations Act Regulations 2001 (Cth)
Our Report	This Independent Expert's Report prepared by BDO
RG 74	Acquisitions approved by Members (December 2011)
RG 111	Content of expert reports (March 2011)

Reference	Definition
RG 112	Independence of experts (March 2011)
Section 411	Section 411 of the Corporations Act
Section 611	Section 611 of the Corporations Act
Shareholders	Shareholders of Eastern Goldfields not associated with Hawke's Point
Shortfall Offer	The offer of shares not subscribed for under the Entitlement Offer at an issue price of 1 cent per share which forms part of the Capital Raising.
Sum-of-Parts	A combination of different methodologies used together to determine an overall value where separate assets and liabilities are valued using different methodologies
Secured Creditors	Donald Smith Value Fund LP, Perennial Investment Management Ltd, Hawke's Point Holdings I Limited and Wyllie Group Pty Limited.
Secured Creditors Options	Options to be issued to the Secured Creditors upon conversion of the Existing Convertible Notes into shares (following shareholders' approval).
TFG	TFG Asset Management
USD or US\$	US dollars
VA Report	The report produced by Ferrier Hodgson, being the Voluntary Administrators, now Deed Administrators, dated 22 January 2019.
Valmin Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015 Edition)
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.
VWAP	Volume Weighted Average Price
WACC	Weighted Average Cost of Capital
Wyllie Group	Wyllie Group Pty Ltd



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Appendix 2 - Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a liquid and active market in that security.

3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

4 Discounted future cash flows ('DCF')

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 Market Based Assessment

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

Appendix 3 - Control Premium

Control Premium

We have reviewed the control premiums paid by acquirers of companies listed on the ASX. We have summarised our findings below. We note that there have been no completed gold mining transactions in 2019 as at 18 February 2019:

Gold mining companies

Year	Number of Transactions	Average Deal Value (A\$m)	Average Control Premium (%)
2018	3	29.41	52.18
2017	2	13.74	41.04
2016	5	19.15	51.38
2015	4	56.22	53.80
2014	7	141.00	50.46
2013	5	194.82	46.52
2012	6	137.84	57.98
2011	5	1,032.94	41.35
2010	9	1,124.19	52.53
2009	4	439.99	44.87

Source: Bloomberg, BDO Analysis

All ASX listed companies

Year	Number of Transactions	Average Deal Value (A\$m)	Average Control Premium (%)
2019	5	170.26	39.97
2018	38	1,268.24	41.39
2017	28	1,009.52	42.67
2016	42	718.51	49.58
2015	33	850.04	33.23
2014	45	518.59	40.00
2013	41	128.21	50.99
2012	52	472.10	51.68
2011	68	891.85	44.43
2010	54	575.28	44.05
2009	53	553.92	57.77

Source: Bloomberg, BDO Analysis

The mean and median of the entire data sets comprising control transactions from 2009 onwards for gold mining companies and all ASX listed companies, respectively, is set out below.

Entire data set metrics	Gold mining companies		All ASX listed companies	
	Deal value (A\$m)	Control premium (%)	Deal value (A\$m)	Control premium (%)
Mean	413.33	50.07	674.27	46.16
Median	35.34	44.72	97.60	35.89

Source: Bloomberg, BDO Analysis

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction;
- Level of liquidity in the trade of the acquiree's securities.

When performing our control premium analysis, we considered completed transactions where the acquirer held a controlling interest, defined at 20% or above, pre transaction or proceeded to hold a controlling interest post transaction in the target company.

The table above indicates that the long term average control premium paid by acquirers of gold mining companies, and all ASX listed companies is 50.07% and 46.16%, respectively. However, in assessing the transactions included in the table, we noticed several outliers. These outliers included 4 gold mining transactions, and 38 ASX listed company transactions, for which the premium was in excess of 100%.

In a population with the presence of outliers, the median can often represent a superior measure of central tendency when compared to the mean. We note the median announced control premium since 2009 was 44.72% for gold mining companies and 35.89% for all ASX listed companies.

In the case of Eastern Goldfields, we have taken a number of influencing factors into account. Specifically, we note that Eastern Goldfields' has been under Voluntary Administration prior to the Proposed Transaction and will be undergoing a recapitalization. As at 31 December 2018, the Company reported negative net assets per their reviewed financial statements. Furthermore, we note that Eastern Goldfields' operations have been on care and maintenance since September 2018 and its shares have been suspended from trading since July 2018. As such, a potential acquirer would not be expected to pay a premium for control as high as historical averages.

Based on the above analysis, we consider an appropriate premium for control to be between 20% and 25%, with a midpoint of 22.5%.



Appendix 4 - Independent Valuation Report on Mineral Assets prepared by CSA Global Pty Ltd



CSA Global
Mining Industry Consultants



TECHNICAL REVIEW

Independent Technical Assessment and Valuation of Eastern Goldfields Mineral Assets in Western Australia

CSA Global Report Nº 122.2019

www.csaglobal.com



Report prepared for

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Executive Summary

CSA Global Pty Ltd (CSA Global) was commissioned by BDO Corporate Finance (WA) Ltd (BDO) to prepare an independent Technical Assessment Report and Valuation of the Eastern Goldfields Limited (Administrator appointed) (EGS or the Company) mineral assets in Western Australia. BDO was in turn commissioned by EGS's administrator, Ferrier Hodgson.

This independent technical assessment and valuation report ("the Report") was prepared for BDO and provides an opinion to support an Independent Expert's Report to be prepared by BDO. This Report has been prepared as a public document, in the format of an independent technical specialist's report and has been prepared in accordance with the JORC¹ and VALMIN² codes.

The Report provides a review of EGS's mineral assets and provides a technical valuation of these mineral assets. CSA Global has used a range of valuation methodologies to reach a conclusion on the value of the mineral assets. Note that the valuation is of the EGS's mineral assets and not the value of EGS as a company.

The statements and opinions contained in this Report are given in good faith and in the belief that they are not false or misleading. The conclusions are based on the reference date of 29 March 2019 and could alter over time depending on exploration results, mineral prices and other relevant market factors.

CSA Global's valuations are based on information provided by EGS and public domain information. CSA Global has endeavoured, by making all reasonable enquiries, to confirm the authenticity and completeness of the technical data upon which this Report is based. No audit of any financial data has been conducted. The valuations discussed in this Report have been prepared at a valuation date of 29 March 2019. It is stressed that the values are opinions as to likely values, not absolute values, which can only be tested by going to the market.

Administrators

On 29 November 2018, Martin Bruce Jones and Andrew Michael Smith (Administrators) were appointed as administrators to EGS pursuant to Part 5.3A of the Corporations Act. This Report represents an agreement between EGS and CSA Global, and not an agreement with the Administrators of EGS. To the fullest extent permitted by law, the Administrators incur no personal liability under or in connection with this Engagement Letter and CSA Global releases and discharges the Administrators from all claims and present and future liabilities in respect of this Engagement Letter, and irrevocably covenants not to pursue the Administrators in respect of the same.

Background

Directors of EGS have appointed Martin Jones and Andrew Smith of Ferrier Hodgson as Joint and Several Voluntary Administrators to work with the directors in reviewing EGS's operations (which are currently the subject of care and maintenance) and financial position, including conferral with the EGS stakeholders to formulate potential strategies to preserve and restructure EGS and its underlying operations.

EGS is a gold exploration and production company and owner of the Davyhurst-Mount Ida Project in the prospective Eastern Goldfields region of Western Australia, as outlined in the solicitors report prepared by DLA Piper Australia of 29 March 2019, upon which CSA Global has relied. The project is located 120 km

¹ Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 edition, prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC)

² Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets, 2015 edition, prepared by the VALMIN Committee, a joint committee of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists

northwest of Kalgoorlie and is host to multiple gold deposits; total resources are reported to be 1.8 Moz at an average grade of 2.6 g/t Au. The tenements are also considered prospective for nickel and copper deposits by EGS.

EGS has existing processing infrastructure in place, including a 1.2 Mt/a processing plant, two camps (Davyhurst Central and Mount Ida), mains power and working borefields; and potential exploration upside from its significant tenement position (approximately 136 tenements covering 1,800 km², 200 km strike length).

CSA Global's assessment of EGS's projects is an independent technical review and valuation of their operations, to support an Independent Expert's Report for the Administrators. The scope of work includes reviews of:

- The existing Mineral Resource and Ore Reserves, a combination of about 28 different project estimates, variably reported in accordance with the 2004 and 2012 JORC Code
- Any existing mine plans and schedules
- The exploration potential of the tenement package.

EGS has developed a mine plan which prioritises the Golden Eagle underground deposit in the Central Davyhurst Project, and the Sand King and Missouri open pit deposits in the Siberia Project. CSA Global has reviewed the mine plan and is of the view that while the quantum of the inputs and assumptions to the mine plan are consistent with the size and nature of the projects, they have not yet attained a level of confidence and certainty that will allow this mine plan to form the basis of a cash flow valuation. Testing and validation of these inputs is underway, and CSA Global anticipates that it may be possible to apply income-based valuation approaches, once Ore Reserves can be declared in accordance with the 2012 Edition of the JORC Code.

The Sand King and Missouri deposits have been assessed as pre-development projects as defined in the VALMIN Code, with Mineral Resources reported in accordance with JORC Code (2012) criteria. CSA Global regards Golden Eagle, Riverina, Callion and Waihi deposits as pre-development projects, and has accepted the current EGS-reported estimates as reasonable proxies for estimates in progress, which are being prepared in accordance with criteria of the JORC Code (2012), but not yet declared. For the purpose of valuation in this Report, these are considered Group 1 assets.

Lower priority projects include the Lady Gladys, Forehand, Silver Tongue, Walhalla, Walhalla North, Mount Banjo, Macedon, Baldock, Meteor, and Whinnen deposits; these have also been assessed as less advanced pre-development projects. For the purpose of valuation in this Report, these are considered Group 2 assets.

The deposits at Lights of Israel Underground, Makai Shoot, Sunraysia, Palmerston/Camperdown, Bewick Moreing, Black Rabbit, Thiel Well, Federal Flag, Salmon Gums, Iguana, and Lizard are considered to be longer term development assets, or advanced exploration projects in terms of the VALMIN Code. For the purpose of valuation in this Report, these are considered Group 3 assets.

Table 1: CSA Global's grouping* of EGS's Mineral Resources

Group	Mineral Resource
1	Sand King, Missouri (reported in accordance of the JORC Code 2012)
	Golden Eagle, Waihi, Callion, Riverina Area (considered to be the equivalent to JORC Code 2012)
2	Lady Gladys, Forehand, Silver Tongue, Walhalla, Walhalla North, Mount Banjo, Macedon, Baldock, Meteor, Whinnen
3	Lights of Israel Underground, Makai Shoot, Sunraysia, Palmerston/Camperdown, Bewick Moreing, Black Rabbit, Thiel Well, Federal Flag, Salmon Gums, Iguana, Lizard

* On the basis of confidence

Tenement information on EGS's tenements was provided by independent legal firm, DLA Piper Australia (DLA). CSA Global relies on the independent opinion of DLA dated 29 March 2019 (please see [Appendix D](#) for summary listing of tenements), with regards to the validity, ownership, and standing of EGS's tenements. CSA Global makes no other assessment or assertion as to the legal title of the tenements and is not qualified to do so.

Golden Eagle

EGS staff are developing a Mineral Resource estimate for Golden Eagle, with the aim to report this model in accordance with the JORC Code (2012) upon completion. The resource interpretation was defined on grade with the quartz-feldspar lode (QFL) and schist units guiding the shape and orientation of mineralised lodes. The mineralisation envelope was based on a 3.5 g/t cut-off, to reflect underground mining methods.

CSA Global has reviewed Golden Eagle for critical issues that may have an impact on its valuation and has found no material concerns, or fatal flaws. The existing published Golden Eagle estimate has been accepted by CSA Global as a proxy for the internal estimate underway by EGS staff. CSA Global is satisfied that the order of magnitude similarities in tonnage, grade and confidence classification are acceptable in the context of its valuation. CSA Global considered this to be a Group 1 deposit for the purpose of its valuation.

Sand King and Missouri

Both Sand King and Missouri deposits are suited to open pit extraction and have been modelled appropriately to reflect the geological controls on mineralisation. CSA Global has reviewed the 2017 EGS Sand King and 2016 Missouri estimates for critical issues that may have an impact on its valuation and has found no material concerns, or fatal flaws. Both estimates have been accepted by CSA Global as estimates reported in accordance with the requirements of the JORC Code (2012). CSA Global considered these to be Group 1 deposits for the purpose of its valuation.

Callion, Waihi and Riverina

CSA Global has reviewed the unpublished Callion, Waihi and Riverina estimates for critical issues that may impact on its valuation and has found no material concerns, or fatal flaws. The existing published estimates have been accepted by CSA Global as a proxy for the internal unpublished estimates that are currently being reviewed by EGS staff. CSA Global is satisfied that the order of magnitude similarities in tonnage, grade and confidence classification are acceptable in the context of its valuation. CSA Global has considered these to be Group 1 deposits for the purpose of its valuation.

Remaining Deposits

Lower priority projects include the Lady Gladys, Forehand, Silver Tongue, Walhalla, Walhalla North, Mount Banjo, Macedon, Baldock, Meteor, and Whinnen deposits. These have also been assessed as less advanced pre-development projects, where the tonnes and grades reported in EGS's Mineral Resources summary have been considered by CSA Global to be the equivalent to Inferred Mineral Resources for the purpose of its valuation and are considered to be Group 2 deposits.

These estimates have not been reviewed in detail recently by EGS staff, but there are significant numbers of drillholes for each deposit in the database, to support future estimates once the quality and accuracy of the data can be verified and quantified.

The deposits at Lights of Israel Underground, Makai Shoot, Sunraysia, Palmerston/Camperdown, Bewick Moreing, Black Rabbit, Thiel Well, Federal Flag, Salmon Gums, Iguana, and Lizard are considered to be longer term development assets, or advanced exploration projects in terms of the VALMIN Code. These

deposits also have data in the database or a history of mining extraction to substantiate the presence of brownfields exploration sites.

Exploration Potential

Exploration opportunities in the greater Davyhurst area include targeting extensions to the known mineralised trends such as the Waihi and Python trends. A greater understanding of the geometry and structural controls of the mineralisation within the previously mined open pits, would allow drill targeting of potential down-plunge extensions. The primary focus for EGS has been drilling to validate its substantial historical database over all the tenement holdings, and to improve the confidence of mineral resource definition to allow mineral resource estimates to be updated and reported in accordance with the JORC Code (2012). Plans for regional exploration and to identify extensions of existing deposits have been a lower priority for exploration expenditure. CSA Global has reviewed EGS's exploration strategy and is satisfied that it is a reasonable approach to adopt for an extensive tenement holding of this nature.

Mining Assessment

CSA Global is satisfied that the proposed mine plans in the deposits which formed the primary focus for the review, Sand King and Missouri deposits in the Siberia mining area and Riverina, Golden Eagle, Waihi and Callion deposits in the Davyhurst mining area, are amenable to mining activities subject to appropriate engineering and economic considerations, and is satisfied that potential for eventual economic extraction has been demonstrated.

Valuation

CSA Global has observed that transactions of Mineral Resources from companies in administration (i.e. distressed seller), generally attract lower value multiples per ounce than transactions between a willing buyer and a willing seller. To indicate the difference observed between a distressed seller and a willing seller, CSA Global also presents a technical value for the mineral assets while in administration, in addition to the market value.

The valuation was primarily undertaken using comparable transactions, 57 gold mineral resource transactions (including eight for mineral resources from companies in administration) were considered. Ten of these transactions (three in administration) had old mining plant and infrastructure associated with them; in CSA Global's opinion, the value of the plant in these cases was immaterial due to the time since it had last operated, in most cases being several years. The valuation has not taken the rehabilitation provision liability into account.

CSA Global's opinion on the Technical Value of EGS's Australian mineral assets, while in administration, as at the valuation date, is that it lies within a range of A\$10.2 million to A\$36.3 million, with a preferred value of A\$22.8 million (Table 2).

Table 2: Summary technical valuation of EGS's mineral assets while in administration

Mineral asset	Equity (%)	Valuation (A\$ millions)			Reference table
		Low	Preferred	High	
Mineral Resources	100	8.2	17.1	26.0	Table 10
Brownfields Potential	100	0.4	1.0	1.5	Table 11
Exploration Tenements	100	0.2	1.2	2.1	Table 16
Prospecting Tenements	100	0.1	0.5	0.8	Table 21
Mining Tenements	100	1.2	3.1	5.1	Table 26
Total	100	10.2	22.8	35.5	-

Note: The valuation has been compiled to an appropriate level of precision, values may not add up due to rounding.



CSA Global's opinion on the Market Value of EGS's Australian mineral assets in accordance with ASIC RG111.15 and the VALMIN Code as at the valuation date, is that it lies within a range of A\$25.5 million to A\$41.8 million with a preferred value of A\$33.6 million (Table 3).

Table 3: Summary market valuation of EGS's mineral assets

Mineral asset	Equity (%)	Valuation (A\$ millions)			Reference table
		Low	Preferred	High	
Mineral Resources	100	20.4	25.5	30.6	Table 8
Brownfields Potential	100	1.1	1.4	1.8	Table 9
Exploration Tenements	100	0.6	1.5	2.4	Table 15
Prospecting Tenements	100	0.3	0.6	1.0	Table 20
Mining Tenements	100	3.0	4.5	6.0	Table 25
Total	100	25.4	33.6	41.8	-

Note: The valuation has been compiled to an appropriate level of precision, values may not add up due to rounding.

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1 Introduction

1.1 Context, Scope and Terms of Reference

Eastern Goldfields Limited (Administrator appointed) (EGS or the “Company”) is a gold exploration and production company and owner of the Davyhurst-Mount Ida Project in the prospective Eastern Goldfields region of Western Australia, as outlined in the solicitors report prepared by DLA of 29 March 2019, upon which CSA Global has relied. The project is located 120 km northwest of Kalgoorlie and is host to multiple gold deposits; total resources are reported to be 1.8 Moz at an average grade of 2.6 g/t Au. The tenements are also considered prospective for nickel and copper deposits by EGS.

EGS has existing processing infrastructure in place, including a 1.2 Mt/a processing plant, two camps (Davyhurst Central and Mount Ida), mains power and working borefields; and potential exploration upside from its significant tenement position (approximately 136 tenements covering 1,800 km², 200 km strike length).

On 29 November 2018, Martin Bruce Jones and Andrew Michael Smith (Administrators) of Ferrier Hodgson were appointed as administrators to EGS pursuant to Part 5.3A of the Corporations Act. BDO Corporate Finance (WA) Ltd (BDO) was in turn commissioned by EGS’s administrator, Ferrier Hodgson. CSA Global Pty Ltd (CSA Global) was commissioned by BDO to prepare an independent Technical Assessment Report and Valuation of EGS’s mineral assets in Western Australia.

This Report represents an agreement between EGS, BDO and CSA Global, and not an agreement with the Administrators of EGS. To the fullest extent permitted by law, the Administrators incur no personal liability under or in connection with this Engagement Letter and CSA Global releases and discharges the Administrators from all claims and present and future liabilities in respect of this Engagement Letter, and irrevocably covenants not to pursue the Administrators in respect of the same.

This independent technical assessment and valuation report (the “Report”) was prepared for BDO and provides an opinion to support an Independent Expert’s Report to be prepared by BDO. This Report has been prepared as a public document, in the format of an independent technical specialist’s report and has been prepared in accordance with the JORC and VALMIN codes.

The Report provides a review of EGS’s mineral assets and provides a technical valuation of these mineral assets. CSA Global has used a range of valuation methodologies to reach a conclusion on the value of the mineral assets. Note that the valuation is of EGS’s mineral assets and not the value of EGS as a company.

1.2 Compliance with the VALMIN and JORC Codes

The Report has been prepared in accordance with the VALMIN Code, which is binding upon Members of the Australian Institute of Geoscientists (AIG) and the Australasian Institute of Mining and Metallurgy (AusIMM), the JORC Code and the rules and guidelines issued by such bodies as the Australian Securities and Investments Commission (ASIC) and the Australian Securities Exchange (ASX) that pertain to Independent Expert’s Reports.

The authors have taken due note of the rules and guidelines issued by such bodies as ASIC and ASX, including ASIC Regulatory Guide 111 – Content of Expert Reports, and ASIC Regulatory Guide 112 – Independence of Experts.

1.3 Principal Sources of Information

The Report has been based on information available up to and including 29 March 2019. The information was provided to CSA Global by EGS, or has been sourced from the public domain, and includes both

published and unpublished technical reports prepared by consultants, and other data relevant to EGS's projects.

The authors have endeavoured, by making all reasonable enquiries within the timeframe available, to confirm the authenticity and completeness of the technical data upon which the Report is based.

Mr Neal Leggo of CSA Global undertook a two-day site visit to the Davyhurst Gold Project from 6 to 7 February 2019 in preparation of this Report. The site visit covered:

- 13 gold deposits with mineral resources: Golden Eagle, Lights of Israel, Makai Shoot, Waihi, Lady Gladys, Riverina, Sand King, Missouri, Thiel Well, Callion, Federal Flag, Walhalla, and Walhalla North.
- Six exploration prospects: Siberia Consols, Dexy, Lady Eileen South, Giles, Red Leaf, and Mulline.
- Four historical mines: The Great Ophir, Golden Pole, Echo and Mulline Rose.

In addition, the run of mine (ROM) pad, ore stockpiles, offices and core shed at Davyhurst were viewed and core from the Waihi deposit (WHDD003) examined. The mill was not inspected but briefly viewed from the perimeter road. The more distant project areas of Lady Ida and Mount Ida were not covered. The findings from the site visit have been incorporated into the project assessments.

Tenement information on EGS's tenements was provided by independent legal firm, DLA Piper Australia (DLA). CSA Global relies on the independent opinion of DLA dated 29 March 2019 (please see [Appendix D](#) for summary listing of tenements), with regards to the validity, ownership, and standing of EGS's tenements. CSA Global makes no other assessment or assertion as to the legal title of the tenements and is not qualified to do so.

1.4 Authors of the Report – Qualifications, Experience and Competence

The Report has been prepared by CSA Global, a privately-owned consulting company that has been operating for over 30 years; with its headquarters in Perth, Western Australia.

CSA Global provides multidisciplinary services to a broad spectrum of clients across the global mining industry. Services are provided across all stages of the mining cycle from project generation, to exploration, resource estimation, project evaluation, development studies, operations assistance, and corporate advice, such as valuations and independent technical documentation.

The information in this Report that relates to the Technical Assessment of the Mineral Resources reflects information compiled and conclusions derived by Ms Ivy Chen who is a Member of the AusIMM. She is not a related party or employee of EGS. Ms Chen has sufficient experience relevant to the Technical Assessment Mineral Assets under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 JORC Code and the 2015 Edition of the "Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets". Ms Chen consents to the inclusion in the Report of the matters based on his information in the form and context in which it appears.

The information in this Report that relates to the Technical Assessment of the Mineral Resources reflects information compiled and conclusions derived by Mr Neal Leggo who is a Member of the AIG. He is not a related party or employee of EGS. Mr Leggo has sufficient experience relevant to the Technical Assessment Mineral Assets under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 JORC Code and the 2015 Edition of the "Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets". MrLeggo consents to the inclusion in the Report of the matters based on his information in the form and context in which it appears.

The information in this Report that relates to the Technical Assessment of the mining potential reflects information compiled and conclusions derived by Mr Karl van Olden who is a Member of the AusIMM. He



is not a related party or employee of EGS. Mr van Olden has sufficient experience relevant to the Technical Assessment Mineral Assets under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 JORC Code and the 2015 Edition of the “Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets”. Mr van Olden consents to the inclusion in the Report of the matters based on his information in the form and context in which it appears.

The information in this Report that relates to the Technical Assessment and Valuation of Mineral Assets reflects information compiled and conclusions derived by Mr Sam Ulrich who is a Member of the AusIMM and AIG. He is not a related party or employee of EGS. Mr Ulrich has sufficient experience relevant to the Technical Assessment and Valuation of the Mineral Assets under consideration and to the activity which he is undertaking to qualify as a Practitioner as defined in the 2015 Edition of the “Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets”. Mr Ulrich consents to the inclusion in the Report of the matters based on his information in the form and context in which it appears.

The information in this Report that relates to the Technical Assessment of Mineral Resources of EGS’s Davyhurst Project was completed by CSA Global Principal Geologist, Neal Leggo (BSc Hons, MAIG, MSEG) and CSA Global Principal Geologist, Ivy Chen (BAppSc (Geology), MAusIMM, GAICD).

Mr Leggo has over 30 years’ experience including management, mineral exploration, consulting, resource geology, underground operations, and open pit mining. He has worked in a variety of geological terrains and specialises in copper, gold, silver-lead-zinc, and iron ore for which he has the experience required for code-compliant reporting. Mr Leggo also has experience with uranium, vanadium, manganese, tin, tungsten, nickel, lithium, niobium, gemstones, mineral sands, and industrial minerals. He has the relevant qualifications, experience, competence, and independence to be considered a “Specialist” under the definitions provided in the VALMIN Code and a “Competent Person” as defined in the JORC Code.

Ms Chen is a corporate governance specialist, with over 30 years’ experience in mining and resource estimation. She served as the national geology and mining adviser for the ASIC from 2009 to 2015. Ms Chen’s experience in the mining industry in Australia and China, as an operations and consulting geologist, includes open pit and underground mines for gold, manganese and chromite, and as a consulting geologist she has conducted mineral project evaluation, strategy development and implementation, through to senior corporate management roles. Recent projects completed include listings and other commercial transactions on the Australian, Singapore, Hong Kong, and UK stock exchanges. Ms Chen is a company director in the ASX junior resources listed space and is a member of the VALMIN Committee.

The Mining Assessment of the Davyhurst Project in this Report was completed by CSA Global Mining Manager/Principal Mining Engineer, Karl Van Olden (BSc (Eng) (Mining), Grad Dip Eng (Mineral Economics), MBA, FAusIMM). Mr Van Olden is a mining engineer with more than 25 years’ experience in planning, development and operation of a diverse range of open pit and underground resources assets across Africa and Australia. His broad expertise includes mining engineering, business process development, business and mine planning, Ore Reserves, financial analysis and project management.

The valuation of Mineral Resources and Exploration Tenure was completed by CSA Global Principal Consultant, Mr Sam Ulrich (BSc (Hons), GDipAppFin, MAusIMM, MAIG, and FFin). Mr Ulrich has over 20 years’ experience in mineral exploration and corporate services. His exploration experience ranges from grassroots to near mine resource development in Australia and Asia. Mr Ulrich is part of CSA Global’s corporate team primarily working on transactions. He provides geological due diligence, independent technical reporting for mergers and acquisitions, and company listings, as well as acting as Competent Person under the JORC Code for a range of Exploration Results in gold, base metals, and uranium. Mr Ulrich is a valuation expert and VALMIN specialist, delivering technical appraisals and valuations for



independent expert reports, target statements, schemes of arrangement, stamp duty assessments, asset impairments, and due diligence exercises on projects worldwide. He has extensive experience in the exploration and development of Archaean orogenic gold deposits, which combined with his mineral economics research into Australian gold mines, provides him with specialist skills in applying economic/valuation criteria to exploration targeting and ranking, and the valuation of mineral assets. Mr Ulrich has the relevant qualifications, experience, competence, and independence to be considered a “Specialist” under the definitions provided in the VALMIN Code and a “Competent Person” as defined in the JORC Code.

The reviewers of the Report are CSA Global Managing Director, Jeff Elliott (BSc. (Geology), MAIG, FAusIMM, MAICD, AFAIM) and CSA Global Principal Geologist – Valuation, Trivindren Naidoo (MSc (Exploration Geology), BSc (Hons) Geology and Applied Geology, Grad Cert (Mineral and Energy Economics), Grad Cert (Business), MAusIMM, FGSSA, Pr.Sci.Nat.).

Mr Elliott has over 23 years’ experience in the mining industry during which time he has developed broad capabilities in project evaluation, exploration, resource development and mining for a wide variety of commodities in diverse geological settings and locations. He has significant technical experience in exploration, project assessment, technical valuations, independent reporting and corporate advice. Mr Elliott also has strong financial, business management, communication, and strategy development and implementation skills.

Mr Naidoo is an exploration geologist with 20 years’ experience in the minerals industry, including 14 years as a consultant, specialising in project evaluations and technical reviews as well as code-compliant reporting (JORC, VALMIN, NI 43-101 and CIMVAL) and valuation. His knowledge is broad-based, and he has wide-ranging experience in the field of mineral exploration, having managed or consulted on various projects ranging from first-pass grassroots exploration to brownfields exploration and evaluation, including the assessment of operating mines. Mr Naidoo has completed independent evaluations and valuations of numerous mineral assets ranging from early-stage exploration properties to multiple operating mines, across various commodities and jurisdictions. He is a Registered Professional Natural Scientist (Pr.Sci.Nat) in the field of Geology with the South African Council for Natural Scientific Professions (SACNASP), as well as a Member of the AusIMM and Fellow of the Geological Society of South Africa (GSSA).

1.5 Prior Association and Independence

The authors of this Report have no prior association with EGS regarding the mineral assets. Neither CSA Global, nor the authors of this Report, have or have had previously, any material interest in EGS or the mineral properties in which EGS has an interest. CSA Global’s relationship with EGS is solely one of professional association between client and independent consultant.

CSA Global is an independent geological consultancy. This Report is prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report. The fee for the preparation of this Report is approximately A\$100,000.

No member or employee of CSA Global is, or is intended to be, a director, officer, or other direct employee of EGS. No member or employee of CSA Global has, or has had, any material shareholding in EGS. There is no formal agreement between CSA Global and EGS in relation to CSA Global conducting further work for EGS.

This report should be considered a Technical Assessment Report, with its subsequent inclusion in the EGS proposal following emergence from administration.

1.6 Declarations

The statements and opinions contained in this Report are given in good faith and in the belief that they are not false or misleading. The Report has been compiled based on information available up to and including the date of the Report.

The statements and opinions are based on the reference date of 29 March 2019 and could alter over time depending on exploration results, mineral prices, and other relevant market factors.

The opinions expressed in the Report have been based on the information supplied to CSA Global by EGS. The opinions in the Report are provided in response to a specific request from EGS to do so. CSA Global has exercised all due care in reviewing the supplied information. Whilst CSA Global has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. CSA Global does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in the Report apply to the site conditions and features, as they existed at the time of CSA Global's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of the Report, about which CSA Global had no prior knowledge nor had the opportunity to evaluate.

CSA Global's valuations are based on information provided by EGS and public domain information. This information has been supplemented by making all reasonable enquiries within the timeframe available, to confirm the authenticity and completeness of the technical data.

Pursuant to section 716 of the Corporations Act 2001 (Cth) (Corporations Act) and in relation to the prospectus prepared by EGS for an offer of securities to be lodged with ASIC and ASX in April 2019, CSA Global consents to being named in the Prospectus as technical expert to the Company, the inclusion of the Technical Report in Section 9 of the Prospectus and to the distribution of paper and electronic versions of the Prospectus.

No audit of any financial data has been conducted.

The valuations discussed in the Report have been prepared at a valuation date of 18 February 2019. It is stressed that the values are opinions as to likely values, not absolute values, which can only be tested by going to the market.

1.6.1 Results are Estimates and Subject to Change

The interpretations and conclusions reached in this Report are based on current scientific understanding and the best evidence available to the authors at the time of writing. It is the nature of all scientific conclusions that they are founded on an assessment of probabilities and, however high these probabilities might be, they make no claim for absolute certainty.

The ability of any person to achieve forward-looking production and economic targets is dependent on numerous factors that are beyond CSA Global's control and that CSA Global cannot anticipate. These factors include, but are not limited to, site-specific mining and geological conditions, management and personnel capabilities, availability of funding to properly operate and capitalise the operation, variations in cost elements and market conditions, developing and operating the mine in an efficient manner, unforeseen changes in legislation and new industry developments. Any of these factors may substantially alter the performance of any mining operation.

2 Mineral Resources

2.1 Davyhurst Project Overview

2.1.1 Location and Access

The bulk of the Davyhurst Project is situated approximately 120 km northwest of Kalgoorlie (Figure 1). The area is connected to Kalgoorlie, a major regional centre, by the sealed Kalgoorlie–Menzies Highway, with good quality gravel roads providing access throughout the project.

The landscape in the project area is relatively flat, with low hills and ridges and a total elevation range of approximately 380 m to 530 m. Hills and ridges are interspersed with gently undulating areas that are locally disrupted by breakaways or scarps. Other landforms include salt lakes, clay pans and sand dunes. The region contains a range of woodland and scrubland assemblages and has a semi-arid climate. An average annual rainfall of 260 mm is recorded in Kalgoorlie, approximately 120 km to the southeast of the project area, fairly evenly distributed throughout the year, with most reliable rain occurring during winter.

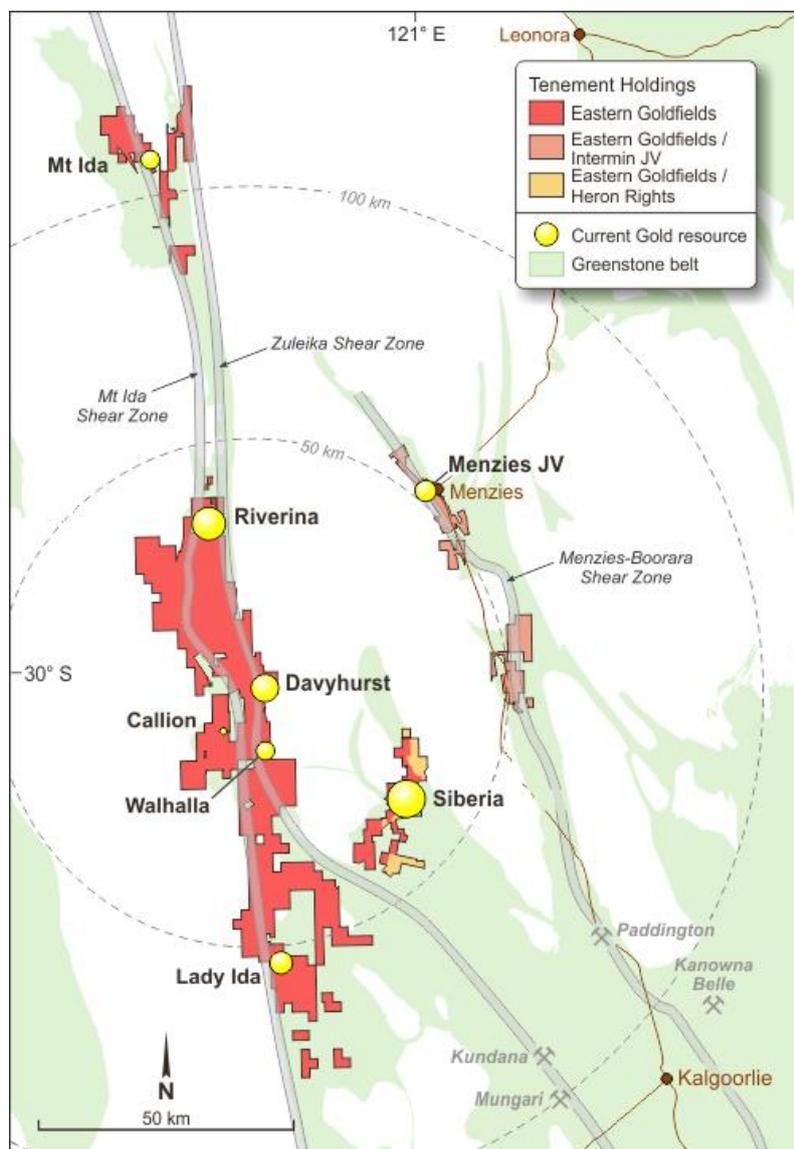


Figure 1: Location plan, showing project areas

Source: EGS website

2.1.2 Geology

The project is located within the north to north-northwest striking Davyhurst-Mount Ida Greenstone Belt, a western branch of the Norseman-Wiluna Belt. The Project encompasses a group of varied gold deposits spread over an area between Lizard in the south, Riverina in the north, and the Siberia Mining Centre in the east.

The project straddles the boundary between the Eastern Goldfields Province and Southern Cross Province and includes portions of two crustal scale faults: the Ida Fault and Zuleika Shear. The Ida Fault marks the boundary between the Barlee Terrane of the Southern Cross Province and the Kalgoorlie Terrane of the Eastern Goldfields Province (Swager *et al.*, 1990). The Zuleika Shear separates the Coolgardie and Ora Banda domains of the Kalgoorlie Terrane (Swager *et al.*, 1990).

EGS has a substantial database for these project areas; the Davyhurst drilling database comprises approximately 110,600 drillholes. These holes were drilled by WMC, Siberia Mining, Monarch Swan Gold and EGS over several decades from the 1980s, through to holes drilled by EGS up to 2018.

2.1.3 Operational History

There is a long history of modern gold exploration in the Davyhurst area. Gold was first discovered in the Davyhurst area in 1897, with significant historical production of gold reported between 1897 and 1937.

WMC Resources built the first modern treatment plant at Davyhurst in 1986 and the project was sold in the following year. After intermittent attempts to mine the area by a number of companies, Cons Gold purchased the mine in 1996, moved the treatment from the Bardoc Gold Mine to Davyhurst, and commenced mining. Cons Gold appointed an administrator in April 1998 and the mine was inherited by NM Rothschild & Sons (Rothschild). Rothschild continued processing until April 1999. The deposit was purchased in mid-2000 by Croesus Mining NL (Croesus) from Rothschild. Croesus made Davyhurst the first new gold mine to open in Western Australia in the new century.

Within less than a year of acquiring the mine, Croesus moved from exploration to mining and opened Giles open pit operation in May 2001. In November 2005, Croesus sold the mine to the Monarch Gold Mining Company (Monarch). In June 2006, Croesus went into voluntary administration. Monarch recommenced mining at Davyhurst in June 2007 and announced its first gold pour in the following August.

In 2007, Monarch acquired additional tenure in the district including the Riverina mining centre approximately 40 km north of Davyhurst, the Mount Ida Project, the Siberia and Lady Ida projects. In 2008, Monarch went into administration. In 2010, the company was renamed Swan Gold Mining Ltd (Swan Gold) and an attempt was made to bring the company out of administration. This attempt failed when the linked capital raising failed.

Following a series of corporate changes between 2010 and 2016, EGS was reinstated to official quotation on the ASX on 24 March 2016, following the completion of a capital raising. EGS continued exploration and resource definition drilling in the Davyhurst, Golden Eagle, Walhalla, Mount Ida and Siberia (Sand King and Missouri) project areas.

The Missouri Mineral Resource was updated in December 2016, and Sand King in January 2017. Refurbishment of the Davyhurst mill continued throughout 2017, with the first carbon-in-pulp (CIP) gold pour completed in August 2017. Surface drilling and open pit mine development work was carried out at the Siberia Project in 2017 and 2018. Underground drilling and mine development work were carried out at the Golden Eagle deposit in 2017 and 2018.

Ferrier Hodgson was appointed as Administrators in November 2018.

2.1.4 CSA Global Review and Assessment Process for this Report

The publicly reported EGS Mineral Resources summary is reproduced below in Table 4, as published most recently in the EGS Quarterly Activities and Cashflow Statement for the quarter ended 30 September 2018, published on the ASX on 31 October 2018. EGS has stated that “All Resources listed above with the exception of the Missouri and Sand King Resources were prepared and first disclosed under the JORC Code 2004 (refer to ASX release “Swan Gold Prospectus”, 13/2/2013). It has not been updated since to comply with JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The Missouri and Sand King Mineral Resources has been updated and complies with all relevant aspects of the JORC code 2012.”

CSA Global has reviewed the estimates in this summary, as well as work in progress by EGS staff, and in accordance with the requirements of the VALMIN and JORC codes, it has formed an opinion of the confidence that it is attributing to these estimates in accordance with its findings. CSA Global notes that EGS is in the process of updating several of these estimates and will be publishing updated estimates as soon as the work in progress can be completed and validated. Table 4 summarises CSA Global’s assessment of these estimates, for the purpose of the valuation.

CSA Global’s assessment has accepted the Missouri and Sand King estimates, reported in accordance with the JORC Code (2012), as being completed to acceptable contemporary industry practices.

EGS staff have completed a substantial body of work to verify older data and estimate Mineral Resources in the case of Golden Eagle, Waihi, Callion and Riverina deposits. CSA Global anticipates that these estimates are of a sufficient quality to be reported in accordance with the JORC Code (2012) but has not so far been disclosed as there remain non-technical issues resulting in failure to finalise and then publish. CSA Global is confident the estimates for Golden Eagle, Waihi, Callion, and Riverina deposits are of sufficiently similar magnitude in terms of grade, tonnage and confidence categorisation, to accept the published estimates as reasonable proxies for the purposes of the valuation process.

2.1.5 Mineral Resources and Ore Reserves Statement

Missouri, Sand King, Golden Eagle, Waihi, Callion, and Riverina are considered to be Group 1 estimates, and are indicated as (1) in Table 4.

The next category of confidence that CSA Global has applied is to the Lady Gladys, Forehand, Silver Tongue, Walhalla, Walhalla North, Mount Banjo, Macedon, Baldock, Meteor, and Whinnen deposits. These estimates have not seen as much verification and validation by EGS staff and are considered a lower priority. Some of the estimates are over 10 years old, reported in accordance with the 2004 Edition of the JORC Code, and in some instances, the reports accompanying the estimate are brief and do not provide sufficient detail to make a clear assessment of the methods employed. However, there is sufficient detail to allow CSA Global to accept that mineralisation and grade continuity can be reliably inferred. These estimates have been treated as equivalent to Inferred Mineral Resources for the purposes of valuation. These Group 2 estimates are shown as (2) in Table 4.

The final category of estimates has been considered to be of low confidence, having only a low amount of verifiable data with which to assess the estimates. In some cases, there is a significant amount of drilling in these areas completed over several decades spanning the 1980s up to recent drilling by EGS in 2018. This body of data will require validation in terms of twinned drillholes, resurvey of any existing collars that can be located, and the re-assaying of a set of representative samples will be required before a new estimate can be completed. In some deposits, there is a block model, and sufficient data in terms of historical exploration, and production records, to infer that some low confidence mineralisation with a potential for economic extraction exists. CSA Global has considered these to be Group 3 estimates, with “Brownfields Potential” for eventual economic extraction and has accepted the estimate to be equivalent

to Inferred levels of confidence and discounted the published estimates for the purpose of its valuation to reflect this level of uncertainty. These estimates are indicated as (3) in Table 4.

Table 4: Davyhurst Project Mineral Resources Statement

PROJECT	MEASURED		INDICATED		INFERRED		TOTAL MATERIAL		
	'000 t	g/t Au	'000 t	g/t Au	'000 t	g/t Au	'000 t	g/t Au	'000 oz
CENTRAL DAVYHURST									
Golden Eagle (1)	0	0.0	345	2.5	311	2.6	656	2.5	54
Lights of Israel Underground (3)	0	0.0	74	4.3	180	4.2	254	4.2	35
Makai Shoot (3)	0	0.0	1,985	2.0	153	1.7	2,138	2.0	136
Waihi (1)	0	0.0	805	2.4	109	2.4	914	2.4	71
Central Davyhurst – Subtotal	0	0.0	3,200	2.2	800	2.6	3,962	2.3	296
RIVERINA/MULLINE									
Lady Gladys (2)	0	0.0	1,858	1.9	190	2.4	2,048	1.9	128
Riverina Area (1)	0	0.0	941	2.4	1,644	2.5	2,585	2.5	205
Forehand (2)	0	0.0	386	1.7	436	1.9	822	1.8	48
Silver Tongue (2)	0	0.0	155	2.7	19	1.3	174	2.5	14
Sunraysia (3)	0	0.0	175	2.1	318	2.0	493	2.0	32
Riverina/Mulline – Subtotal	0	0.0	3,515	2.1	2,607	2.3	6,122	2.2	427
SIBERIA									
Sand King (1)	0	0.0	1,773	3.3	680	3.7	2,453	3.4	272
Missouri (1)	0	0.0	2,022	3.0	409	2.6	2,431	2.9	227
Palmerston/Camperdown (3)	0	0.0	118	2.3	174	2.4	292	2.4	22
Berwick Moreing (3)	0	0.0	0	0.0	50	2.3	50	2.3	4
Black Rabbit (3)	0	0.0	0	0.0	434	3.5	434	3.5	49
Thiel Well (3)	0	0.0	0	0.0	18	6.0	18	6.0	3
Siberia – Subtotal	0	0.0	3,913	3.1	1,765	3.2	5,678	3.1	577
CALLION									
Callion (1)	0	0.0	86	2.8	83	2.3	169	2.6	14
Callion – Subtotal	0	0.0	86	2.8	83	2.3	169	2.6	14
WALHALLA									
Federal Flag (3)	32	2.0	112	1.8	238	2.5	382	2.3	28
Salmon Gums (3)	0	0.0	199	2.8	108	2.9	307	2.8	28
Walhalla (2)	0	0.0	448	1.8	216	1.4	664	1.7	36
Walhalla North (2)	0	0.0	94	2.4	13	3.0	107	2.5	9
Mount Banjo (2)	0	0.0	109	2.3	126	1.4	235	1.8	14
Macedon (2)	0	0.0	0	0.0	186	1.8	186	1.8	11
Walhalla – Subtotal	32	2.0	962	2.1	887	2.0	1,881	2.1	126
LADY IDA									
Iguana (3)	0	0.0	690	2.1	2,032	2.0	2,722	2.0	177
Lizard (3)	106	4.0	75	3.7	13	2.8	194	3.8	24
Lady Ida – Subtotal	106	4.0	765	2.3	2,045	2.0	2,916	2.1	201
Davyhurst – Total	138	3.5	12,441	2.5	8,187	2.4	20,728	2.4	1,641
MOUNT IDA									
Baldock (2)	0	0.0	136	18.6	0	0.0	136	18.6	81
Baldock South	0	0.0	0	0.0	0	0.0	0	0.0	0
Meteor (2)	0	0.0	0	0.0	143	9.3	143	9.3	43
Whinnen (2)	0	0.0	0	0.0	39	13.3	39	13.3	17
Mount Ida – Total	0	0.0	136	18.6	182	10.2	318	13.8	141
COMBINED – TOTAL	138	3.5	12,577	2.7	8,369	2.6	21,046	2.6	1,782

Source: EGS

Note: The number in the brackets reflect CSA Global's (1) Group 1 (2) Group 2 (3) Group 3 assessment for the purpose of valuation

2.2 Central Davyhurst Area Mineral Resources

2.2.1 Golden Eagle Deposit

Golden Eagle is approximately 1.8 km southwest of the 1.2 Mt/a Davyhurst processing facility and was last mined in the open pit by Croesus in 2003–2004. EGS conducted underground mining in 2017–2018.

The Golden Eagle deposit is hosted within a 10–20 m wide mineralised (quartz, silica, pyrrhotite and pyrite), sub-vertical, siliceous biotite schist. Historically, mining in the Golden Eagle pit has focused on the Central and Northern shoots. In the open pit, the entire mineralised zone was typically bulk mined with average grades of between 2.0 g/t and 2.5 g/t. Both shoots plunge north at between 20° and 30°.

The geology of Golden Eagle deposit was modelled on the basis of the location and extent of the higher-grade quartz-feldspar lode (QFL) which is generally well mineralised, within a broader schistose unit. Solid models of the QFL and schist units was constructed from drill logging. Within the larger biotite schist unit, the high-grade QFL association has been interpreted in the hangingwall position of the Northern Shoot and is the target of the current underground mining plan.

EGS staff are developing a Mineral Resource estimate for Golden Eagle, with the aim to report this model in accordance with the JORC Code (2012) upon completion.

The resource interpretation was defined on grade with the QFL and schist units guiding the shape and orientation of mineralised lodes. Along strike continuity is reasonably consistent and limited to a vertical extent of about 80 m. The mineralisation envelope was broadly based on a 3.5 g/t cut-off, to reflect underground mining methods. Minor ore zones in the hangingwall and footwall were also defined and modelled.

CSA Global has reviewed Golden Eagle for critical issues that may have an impact on its valuation and has found no material concerns, or fatal flaws. The existing published Golden Eagle estimate has been accepted by CSA Global as a proxy for the internal estimate underway by EGS staff. CSA Global is satisfied that the order of magnitude similarities in tonnage, grade and confidence classification are acceptable in the context of its valuation. CSA Global has considered this to be a Group 1 deposit for the purpose of its valuation.

2.2.2 Lights of Israel Deposit

The Lights of Israel deposit is hosted in the same mineralised (quartz, silica, pyrrhotite and pyrite), siliceous biotite schist as the Golden Eagle deposit and located 3 km north along strike of the same structure hosting Golden Eagle.

A substantial amount of data exists for Lights of Israel deposit, over 4,800 drillholes, with over 2,100 drilled between 1984 and 2016 (“modern” data), and over 2,700 drilled prior to the 1980s by Western Mining Corporation (WMC) and other companies.

CSA Global has reviewed the drilling database and is of the opinion that this body of data will require validation in terms of twinned drillholes, resurvey of any existing collars that can be located, and the re-assaying of a set of representative samples will be required before a new estimate can be completed. However, there is sufficient data in terms of historical exploration and production records, to infer that some low confidence mineralisation with a potential for economic extraction exists. CSA Global has considered this to be a Group 3 deposit for the purpose of its valuation and has treated the entire estimate to be equivalent to an Inferred level of confidence and applied a discount to the ounces in the estimate.

2.2.3 Makai Shoot

The Makai Shoot is an up-dip parallel lode to the Lights of Israel Shoot where potential for underground mining and/or cutback of the existing pit was indicated but required further evaluation. Reverse

circulation (RC) drilling by Monarch in 2007 led to an in-house estimate in 2008. This estimate was classified as “Indicated” and “Inferred”, and a small “Probable” ore reserve¹ was estimated. CSA Global considers these estimates to be likely reported in accordance with the JORC Code (2004), but has not sighted any details about the estimate, apart from block model reports from three comparable estimates completed using multiple indicator kriging, ordinary kriging, and inverse distance squared methods.

However, there is sufficient data in terms of historical exploration and production records to infer that some low confidence mineralisation with a potential for economic extraction exists, despite the paucity of other information. CSA Global has considered the Makai Shoot to be a project with “Brownfields Potential”, a Group 3 deposit for the purpose of its valuation and considered the entire estimate to be equivalent to an Inferred level of confidence and applied a discount to the ounces in the estimate.

2.2.4 Waihi Deposit

The Waihi deposit is located approximately 1 km west of the old Davyhurst townsite. Gold was discovered at Waihi in 1897 and was mined between 1897 and 1937. Modern exploration commenced in the 1980s with several companies exploring around the historical underground workings. In 1983, WMC commenced exploration around the old Golden Eagle and Waihi workings. Modern mining at the Waihi deposit was between approximately 1987 and 1999; life of mine reconciliation records between the estimated ore reserves³ and the mill was reviewed by CSA Global.

Gold mineralisation at Waihi occurs within both altered tremolite schist and basalts and is characterised by multiple lodes and broad alteration haloes. Higher-grade gold mineralisation was interpreted to be associated with extreme silica flooding and quartz veining. Quartz veining sub-parallel to, or crosscutting the regional fabric was also interpreted within the deposit. These veins appear discontinuous, sometimes forming boudins within the ore zone.

The most recent estimate was completed by Swan Gold in 2013 (Whittle-Herbert, 2013). The estimate was completed by Swan Gold staff, and the database, block model and mineralisation wireframes and interpretation surfaces were provided to CSA Global for review. This estimate was completed using ordinary kriging and based on RC and diamond drilling data composited to 1 m. EGS staff are reviewing this model, before it is published.

CSA Global has reviewed the unpublished Waihi estimate for critical issues that may impact on its valuation and has found no material concerns, or fatal flaws. The existing published Waihi estimate has been accepted by CSA Global as a proxy for the internal unpublished estimate that is currently being reviewed by EGS staff. CSA Global is satisfied that the order of magnitude similarities in tonnage, grade and confidence classification are acceptable in the context of its valuation. CSA Global has considered this to be a Group 1 deposit for the purpose of its valuation.

2.3 Riverina/Mulline Area Mineral Resources

The geology within the Riverina/Mulline area is dominated by thin ultramafic units within a terrane of high magnesian basalt altered by amphibolite facies metamorphism with schistose fabrics typical. Orogenic lode gold mineralisation has been deposited in a number of structural settings and lithologies. A large proportion of the project area is covered by colluvium, alluvium and laterite.

2.3.1 Lady Gladys Deposit

The Lady Gladys deposit was last mined by open cut by Croesus during the period 2002–2004. The currently published Mineral Resources are based on a resource model completed in 2003 by Croesus. However, this has NOT been depleted for material subsequently extracted by mining, which was not

³ Note: in lower case as these were not reported in accordance with the JORC Code.



completed until November 2004. CSA Global has reduced the contained ounces by 10% to allow for post-mining depletion.

No report for this Croesus resource has been found. However, in 2014 Swan Gold completed a new block model and internal mineral resource estimate for Lady Gladys which reported 1.712 Mt @ 2.08 g/t Au (115 koz) at a gold cut-off grade of 1.0 g/t using the same drill data. This is 13 koz lower than the published resource of 2.048 Mt @ 1.9 g/t Au (128 koz). CSA Global has reviewed the Swan Gold resource report (Whittle-Herbert, 2014) and consider it of adequate quality to support the published Resources and classify the resource as Inferred but not Indicated for valuation purposes; a Group 2 estimate. Additional to the classification downgrade, CSA Global has reduced the contained ounces by 10% to allow for post-mining depletion.

The Lady Gladys pit was inspected by CSA Global in February 2019. The western side of the pit is partially backfilled, but access to the pit floor is possible with the walls in good condition. Construction of a portal to exploit the resources down plunge of the pit using underground mining methods is considered the more promising development pathway, given the high stripping ratio of the cutback option. However, the resource tonnes will drop considerably with the application of a higher cut-off grade applicable to underground mining.

2.3.2 Riverina Deposit

Gold production for Riverina Gold Mine district was 117,000t @ 14.6g/t for 55,150oz. Historical workings date from 1896. A phase of modern underground mining by Riverina Gold and Jann Mining occurred from 1988 to 1989. Open pit mining operation was commenced by Monarch in 2008 and ceased shortly thereafter, when all other operations were suspended. The bulk of the material removed was overburden, with the original resource remaining largely intact.

Gold mineralisation is intimately associated with quartz veining and sulphides within broader mylonite zones that also contain non-mineralised parallel quartz veins. The mylonite zones are typically 1.5 m wide with silica and biotite alteration with minor sericite, ankerite, albite and pyrite replacing pyrrhotite. Lesser amounts of arsenopyrite, galena, sphalerite, and chalcopyrite also occur. Gold occurs as native gold in grains between 0.002 mm and 0.1 mm diameter. Previous underground mining indicates that despite the presence of sulphides this gold is essentially free milling. The hangingwall and footwall rocks that occur adjacent to the mineralised zones are often bleached and silicified, but rarely contain any gold mineralisation. The four separate mineralised mylonite zones that occur are: Riverina (or Main), Murchison (or Central), Reggie, and Durham. The Riverina zone is hosted in meta-basalt and broken up into three main areas: North Area (North and Central shafts), Central Area (centred on the South Shaft) and the South Area. The Reggies zone is broken into the South and North areas.

The published Mineral Resource for the Riverina deposit is based on a resource estimation undertaken by M. Nelson of Monarch in 2008 reported in conformance with the JORC Code (2004). This estimate was documented in a resource report (Nelson, 2004) which has been reviewed by CSA Global. Comprehensive JORC Table 1 commentary was provided in the report (pp12–18). Lodes were interpreted on a nominal 1 g/t cut-off grade, 2 m downhole minimum interval, then wireframed. Previous geological mapping and interpretations were used in conjunction with the orientation of the existing workings as a guide to the sectional-based interpretation undertaken using Micromine software. The wireframes were then expanded by 0.5 m, 0.75 m, 1.0 m and 1.25 m to provide dilution and ore-loss envelopes for oxide, transitional and fresh material respectively. The 0.25 m composited assay data was constrained by the following expanded wireframes. Grade was only assigned to blocks within the relevant wireframe. Grade assignment was dominated by one lode shape at a time. Volumes with drill spacing of predominantly 20 m by 20 m through the mineralised zones were classified as Indicated Resources.

Early estimates of the Riverina resources were made by previous explorers: Aztec Mining in 1991, Riverina Gold Mines NL in 1994, and Riverina Resources in 2005 and 2007. A subsequent in-house estimate was completed by R. Whittle-Herbert of Swan Gold in 2014 utilising the Multiple Indicator Kriging (MIK) interpolation method for grade estimation (Whittle-Herbert, 2014). A JORC Table 1 with Sections 1, 2 and 3 was included in the resource report by Whittle-Herbert, but these resource figures are not published.

Considerable drilling exists which was not available for these resource estimates. Grade control drill data exists for the upper benches mined by Monarch in 2008. EGS has undertaken significant drilling at Riverina including 53 diamond drillholes for 7,750 m and 77 RC drillholes for 4,611 m. Structural measurements from orientated core have been made and these are being utilised in a re-interpretation of the lode geometry currently in progress by EGS. The revised wireframes and additional drill data will be used for a new resource estimation in 2019.

The Riverina deposit was inspected by CSA Global in February 2019.

CSA Global has elected to accept the Riverina Mineral Resources as classified in the EGS published statements (Indicated and Inferred) and has considered this model to be a Group 1 estimate for the purposes of valuation of the mineral asset.

2.3.3 Forehand Deposit

Situated 1 km east of Riverina, the unmined Silver Tongue deposit is hosted within dolerite that is bounded by highly altered and sulphidised basaltic rocks. The geometry and structures controlling this mineralisation have not yet been determined adequately by existing drilling. The saprolite mineralisation appears predominantly supergene, with a flatter, shallow east dipping orientation. The primary gold mineralization dips moderately steeply to steeply to the east, localised in generally narrow, multiple lodes.

The published Mineral Resource for the Forehand deposit is based on a resource estimation undertaken by M. Nelson of Monarch in 2008 reported in conformance with the JORC Code 2004. This estimate was documented in a resource report (Nelson, 2008) which has been reviewed by CSA Global. A reasonably detailed level of JORC Table 1 commentary was provided in the report along with figures, sections, statistical plots, quality assurance and quality control (QAQC) plots, tables and validation graphs. Lodes were interpreted on a nominal 1 g/t cut-off grade, 2 m downhole minimum, .0+ interval, then wireframed.

Previous geological interpretations were used as a guide to the June 2008 interpretation. The wireframes were then expanded by 0.5 m, 0.75 m, 1.0 m and 1.25 m to provide dilution and ore-loss envelopes for oxide, transitional and fresh material. The 0.25 m composited assay data was constrained by the following expanded wireframes. Grade was only assigned to blocks within the relevant wireframe. Grade was estimated using Inverse distance cubed on ellipsoids oriented parallel to the wireframes. Separate estimation runs were made for the bedrock mineralisation and the supergene mineralisation, with the supergene overwriting the bedrock estimation where applicable.

Drilling data comprised 73 RC holes for 6,957 m, with a mix of historical and relatively recent drilling with corresponding modest and good quality data. A nominal 25 m by 25 m pattern with infill to 25 m by 12.5 m was completed for the shallower mineralisation, with drill coverage below the 360 mRL on a 50 m by 25 m grid. A high-grade cut of 15 g/t Au was applied to the composited samples used in the estimation. The resource estimation is based on a nominal economic open-cut mining cut-off grade of 1 g/t Au.

This deposit was not covered by the site inspection as no recent work had been conducted there.

CSA Global has elected to treat all the Forehand Resources as Inferred, and consider this estimate to be in Group 2, for the purposes of valuation of the mineral asset.

2.3.4 Silver Tongue Deposit

Situated 1 km east of Riverina and north of Forehand, the unmined Silver Tongue deposit is hosted within a single north-northwest striking steep east-dipping quartz reef which lies within an envelope of sheared fine to medium grained mafics exhibiting increased biotite and silica alteration adjacent to the quartz reef. Two moderately south-plunging high-grade gold shoots have been defined and coincide with the hinge points where the reef changes dip. The northern ore shoot has a strike length of ~50 m and has been defined over 190 m down plunge to 130 m vertical depth. The southern ore shoot has a strike length of ~25 m and has been defined over 60 m down plunge to 80 m vertical depth. Both ore shoots are open down plunge. Gold mineralisation is depleted within the saprolite zone to approximately 30 m and has been remobilised within the saprock into a broad zone of low-grade gold mineralisation between 30 m and 70 m.

The published Mineral Resource for the Silver Tongue deposit is based on a resource estimation undertaken by M. Nelson of Monarch in 2007 reported in conformance with the JORC Code (2004). This estimate was documented in a resource report (Nelson, 2007) which has been reviewed by CSA Global. A basic level of JORC Table 1 commentary was provided in the report (pp11–16). No geological boundaries were interpreted. Wireframes were based on a combination of grade and quartz content for the main “reef” and grade only for the other lodes. Drilling data comprised 47 RC holes for 5,202 m, all post-2002 with good rigs, survey, logging, sampling, fire assay and well documented, but lacking assay QAQC data. Inverse distance cubed was used for grade estimation. Grade assignment was domained one lode wireframe shape at a time. Separate estimation runs were made for the “bedrock” mineralisation and the supergene mineralisation, with the supergene overwriting the bedrock estimation where applicable. The wireframes used for domaining incorporated different dilution parameters for oxide, transitional and fresh material. A high-grade cut of 20 g/t Au was applied to the composited samples used in the estimation. The resource estimation is based on a nominal economic open-cut mining cut-off grade of 1 g/t Au.

This deposit was not covered by the site inspection as no recent work had been conducted there.

CSA Global has elected to treat all the Silver Tongue Resources as Inferred and consider this to be a Group 2 estimate for the purposes of valuation of the mineral asset.

2.3.5 Sunraysia Deposit

The Sunraysia deposit, 25 km north of Davyhurst, was discovered by rotary air blast (RAB) drilling and follow-up RC and diamond drilling. Exploration RC and diamond drilling have defined a mineral resource, estimated by Monarch in 2007. The resource remains open at depth and along strike. The southern extension of the trend remains open for over 200 m to the nearest RAB drillhole. The gold mineralisation is hosted in a main quartz-carbonate-sulphide reef, with free gold identified in diamond core, and one to two subsidiary lodes hosted by strongly altered amphibolite rock. The main reef is continuous for over 400 m and remains open to the south.

This deposit was not assessed during the CSA Global site inspection as no EGS work had been conducted there.

EGS could not locate a resource report to substantiate the stated Mineral Resource estimates for this deposit. EGS only provided a single page report, “Block Model Report” dated May 2007, which was just an output from Surpac. Therefore, CSA Global has elected to treat Sunraysia as a project with “Brownfields Potential”, a Group 3 deposit for the purposes of valuation of the mineral asset. CSA Global has considered this to be equivalent to an Inferred level of confidence and applied a discount to the ounces in the estimate to reflect the uncertainty.

2.4 Siberia Area Mineral Resources

The gold deposits in the northern part of the Siberia mining centre can be classified as vein-type deposits, because the highest-grade and most persistent shoots of gold mineralisation are associated with quartz vein arrays. In these zones, quartz veins are surrounded by wall-rock alteration haloes up to 1 m wide. Depending on the vein density, the alteration haloes may overlap or, where the veins are widely spaced, the haloes may be separated by unaltered basalt. The common mineralisation assemblage has been termed BICA⁴ by Jon Standing.

Metallurgically, the dominant sulphide minerals include pyrrhotite and pyrite, with pyrrhotite often replacing pyrite. Sulphide abundance ranges from 0.1% (trace) to 7%, averaging 1% to 2%. Biotite alteration is also found surrounding porphyry dykes and mineralisation is sometimes recorded in the alteration and on outer margins of the dykes.

Mineralisation associated with the porphyries is not part of the ore feed, but minor amounts may report to the ROM where proximal to the ore zones.

Historical gold production in the Siberia region has principally come from four pits (Sand King, Missouri, Palmerston and Camperdown) sporadically mined by WMC, Siberia Mining Corporation (Siberia Mining) and Monarch during the period 1980–2008. A large number of small underground shafts and workings mined in the period from 1897 to 1930 are spread over a number of different reefs and “lines of lode”.

2.4.1 Sand King Deposit

The Sand King deposit is in the Siberia Project area, approximately 40 km southeast of the Davyhurst mill. The deposit was mined predominately by WMC. Significant supergene mineralisation was reported from the WMC mining period.

Two alteration events are reported at Sand King (Thompson, 2017); an initial pervasive greenschist alteration related to metamorphism, and a later hydrothermal alteration related to shearing. The shears are believed to have acted as conduits to hydrothermal fluids causing localised alteration and gold mineralisation. Commonly alteration associated with mineralisation is in the form of an assemblage of minerals namely biotite-carbonate-feldspar-pyrrhotite-pyrite.

Thomson (2017) describes gold mineralisation being characterised by biotite shear zones containing quartz extension veins, occurring as individual planar extension veins, or as arrays of variably sigmoidal extension veins arranged en-echelon within the shear zones, or as shear veins. Gold mineralisation is described as typically occurring in a series of quartz veined, biotite-albite-calcite-pyrite-pyrrhotite lodes, with lode alterations typically extending 1–1.5 m away from the quartz veining. Infrequent zones of alteration up to 5 m from veining were also noted. Thompson (2017) noted that mineralisation at Sand King deposit mirrors that at the Missouri deposit further to the south, with gold located within alteration haloes either side of quartz ± carbonate veining.

As described by Thomson (2017), mineralised lode interpretation was based on a 1 g/t Au cut-off, guided by the presence and intensity of quartz veining and the dominantly biotite-rich alteration, relying on the intensity of alteration to determine the boundary of the mineralised lode.

Only 1 m RC and diamond composites were used to estimate grade; blast holes were used to support interpretation but not used for estimation. Lodes were generally interpreted on oblique northwest-southeast sections. In total, 39 lodes were defined across four main domains: South, Central, North and South Supergene. Top-cuts ranging between 10 g/t and 30 g/t Au were applied by lode, following review of domain and lode geometry and statistics. Variography for four main representative lodes was adopted

⁴ BICA = biotite-calcite-albite (or plagioclase)-sulphide alteration.

for the smaller lodes, and blocks were estimated using ordinary kriging, in four estimation passes increasing search ranges and decreasing minimum composites for each estimation pass.

The estimate was depleted by applying a mined surface surveyed in 2006 (Thomson, 2017), as this was the most representative “as built” prior to subsequent pit wall collapse and flooding. Where appropriate, the 2006 survey was superseded in part by a drone survey conducted by Arvista in 2016. CSA Global would recommend a check survey be completed prior to detailed mine design work based on this estimate. CSA Global is of the opinion however, that this surface is of sufficient accuracy to not present a material issue for the purpose of our valuation. Figure 2 illustrates this surface and the mineralisation wireframes.

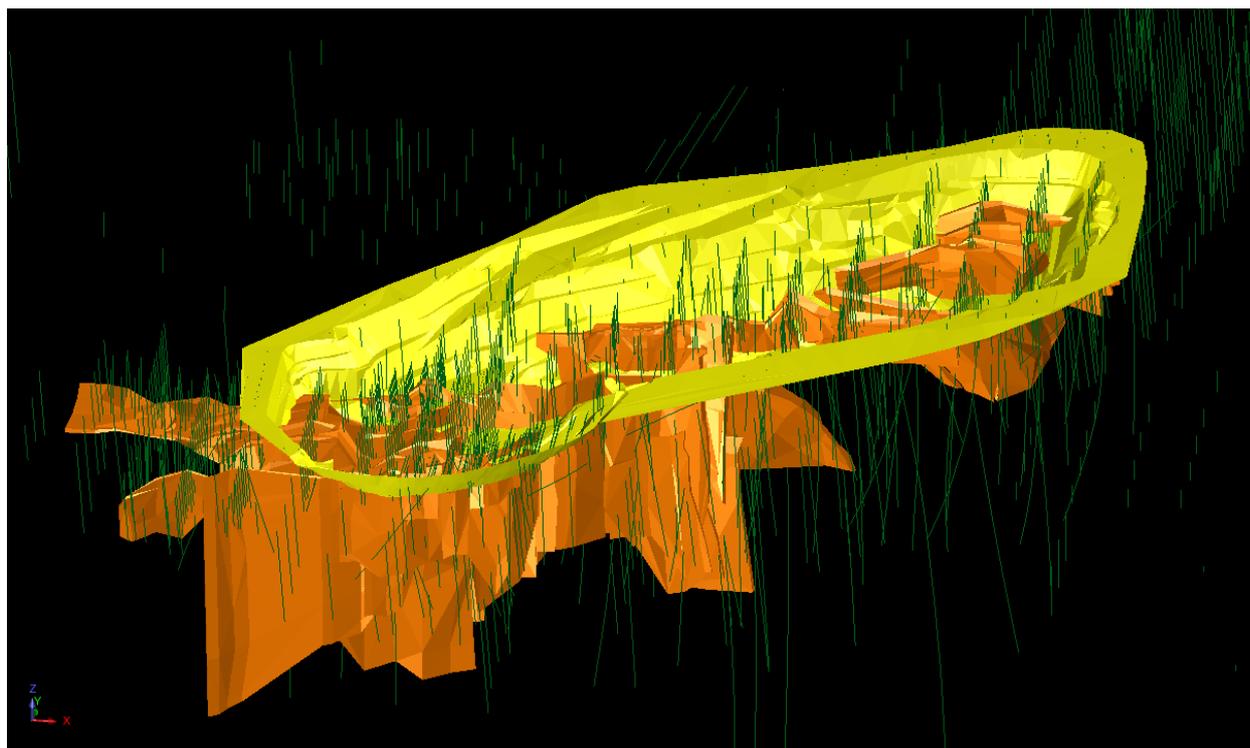


Figure 2: Sand King mineralisation wireframes and mined pit surface, looking north

Thomson (2017) reported only limited testwork completed on density samples and described ongoing testing by EGS to confirm these results. The density values applied in the estimate are reasonable for the lithologies described, and CSA Global endorse the further work underway as critical for improving the confidence classification for future estimates but is of the opinion that the current classification of Indicated and Inferred are appropriate to reflect the current situation.

CSA Global has reviewed the 2017 EGS estimate for critical issues that may have an impact on our valuation and has found no material concerns, or fatal flaws. The Sand King estimate has been accepted by CSA Global as an estimate reported in accordance with the requirements of the JORC Code (2012). CSA Global has considered this to be a Group 1 deposit for the purpose of its valuation.

The Sand King open pit was inspected by CSA Global in February 2019.

2.4.2 Missouri Deposit

The Missouri deposit is located approximately 37 km southeast of the EGS processing plant at Davyhurst. Missouri deposit was discovered by WMC in the 1980s. An extensive drill program was undertaken, resulting in a resource estimate. This resource was mined until 1991. Siberia Mining mined the Missouri deposit between 2004 and 2005, and Monarch completed a short mining episode in early 2008. Mining was concentrated in the north and west of the pit.

Whittle-Herbert (2016) describes the nature of gold mineralisation and alteration at Missouri to be that of a stacked series of biotite-albite (or plagioclase)-calcite-pyrrhotite-pyrite shear lodes and quartz reefs. Pyrrhotite is described as the dominant sulphide, with much of it having a cubic habit suggesting it is replacing pyrite. Whittle-Herbert (2016) notes the quartz veins show a variety of styles ranging from sigmoidal extension veins, shear veins and breccia textured veins. Visible gold is noted within quartz veins as well as associated with disseminated sulphides and pyrite-quartz veinlets. Gold grades appear to increase with the increase in size of sulphide minerals.

Interpretation of the mineralisation lodes were based on a 1 g/t Au cut-off and guided by the presence and intensity of quartz veining and the dominantly biotite-rich alteration. Figure 3 illustrates the interpreted mineralisation lodes.

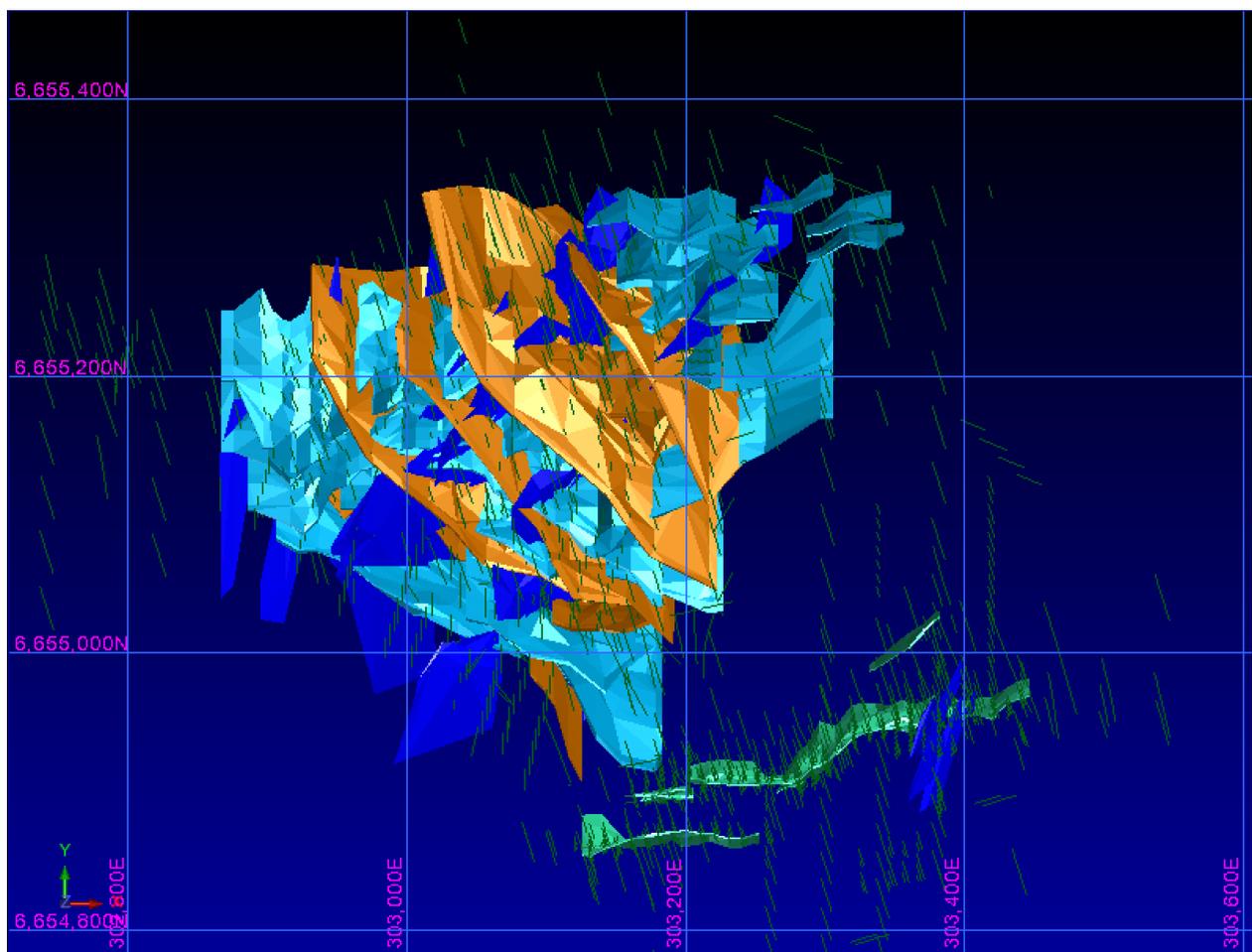


Figure 3: Missouri mineralised lodes

One-metre RC and diamond drilling composites were used to inform the interpretation, with supplementary guidance using blast hole drilling data which was not however used for grade estimation. Lodes were generally interpreted on north-south sections which were then wireframed to produce valid solids. A total of 54 lodes were defined, in four domains, with the greater majority of lodes in the domain oriented east-west and dipping shallowly to the north, and smaller numbers of lodes oriented northwest-southeast, northeast-southwest and to the southeast of the Missouri pit.

Statistical review completed by ESG, by domain and oxidation state, indicated that within the four primary estimation domains, there was no need to further subdivide the estimation domains by oxidation state. A top-cut of 30 g/t Au was applied to the estimation composites, impacting 30 out of approximately 4,660 composites.

Variography was examined using data from single lodes with sufficient data to represent the primary domain orientation. In most cases, the variogram parameters derived from these single lodes were applied to the other lodes within the same domain. In some circumstances, the lode orientation dictated the use of parameters from another domain which better reflected the orientation. The smaller lodes where there was insufficient data for variography were assigned parameters suited to their orientation. The variogram parameters modelled, with a moderately high nugget of between 40% and 50%, and first structure ranging approximately between 35 m and 55 m, is typical for this geological setting.

Grades were estimated using hard lode boundaries and ordinary kriging in three estimation passes; with increasing search distances and reduced minimum samples with each pass.

Whittle-Herbert (2016) noted that there had been very little work completed on the bulk density of mineralised and waste material in the Siberia project area, and the density values adopted were primarily based on limited testwork. These values appear to be reasonable for the lithologies involved and are acceptable for the purposes of CSA Global's valuation. CSA Global endorses EGS's intent to complete further testwork to refine the understanding of bulk density value for the Missouri deposit, to support detailed mine planning and design.

Mining depletion was applied using the mined surface DTM, *sbsite_mined06_2008.dtm* produced by Monarch at the end of mining in 2008. Where appropriate, the 06-08 survey was superseded in part by a drone survey conducted by Arvista in 2016. CSA Global recommends that check surveys be completed prior to mining to test the accuracy of this depletion surface, should a greater level of accuracy be required.

CSA Global has reviewed the 2016 EGS estimate for critical issues that may have an impact on its valuation and has found no material concerns, or fatal flaws. The Missouri estimate has been accepted by CSA Global as an estimate reported in accordance with the requirements of the JORC Code (2012). CSA Global has considered this to be a Group 1 deposit for the purpose of its valuation.

The Missouri open pit was inspected by CSA Global in February 2019.

2.4.3 *Palmerston/Camperdown Deposit*

The Palmerston pit was mined by WMC in the 1980s with mineralisation continuing northwards across a tenement boundary into the Camperdown deposit, as mined by Julia Mines NL at the same time. The Palmerston deposit was again mined in 2004, by Siberia Mining.

The Palmerston/Camperdown deposit is hosted within mafic lithologies with a very shallow weathering profile. Mineralisation occurs within a steep dipping shear zone 1–10 m wide with associated quartz veining and alteration. The shear zone curves from 090° at the south-western portion of the deposit and changes strike to approximately 030° through the central portion before curving to 070° at the northeast portion of the deposit, in a sigmoidal form. The dip was described to remain reasonably consistent at approximately 70° to the north and west (PCF, 2010).

EGS drilled 10 RC holes in the Palmerston portion of this deposit in 2018, and the remaining 945 holes were drilled between 1987 and 2006 by WMC, Monarch, Siberia Mining and Swan Gold. These were a mixture of what appears to be grade control, RC and RAB holes.

This deposit was not reviewed in detail by CSA Global. Its opinion is based on reviewing the EGS drilling database and a brief description of the project in the 2010 PCF memorandum. The deposit was not assessed during the CSA Global site inspection as only minimal EGS work had been conducted there.

EGS has located a block model for this estimate, and records indicate it was likely estimated using inverse distance squared in 2004. EGS could not provide a resource report or any substantial data to substantiate

the declared Mineral Resource estimates for this deposit, apart from a single spreadsheet, “Block Model Report” dated 28 June 2008, output from the Surpac block model reporting function.

CSA Global has elected to treat the Palmerston/Camperdown deposit as a project with “Brownfields Potential”, a Group 3 deposit for the purposes of valuation of the mineral asset. CSA Global has considered this be equivalent to an Inferred level of confidence and applied a discount to the ounces in the estimate to reflect the uncertainty.

2.4.4 *Berwick Moreing Deposit*

Berwick Moreing deposit is part of the Siberia project area but has not seen any recent exploration or development. WMC explored the area for nickel in the 1970s in conjunction with its ground holdings to the west at Davyhurst, which included ground geophysics (TEM and IP) and widely-spaced vertical RAB drillholes. Mining by WMC in the 1990s, to the south of the tenement boundary on the north-south striking Invincible Shear produced the Palmerston pit, whilst mining by Julia Mines NL to the north produced the Camperdown and Berwick Moreing pits (PCF, 2010).

EGS staff were able to locate a brief unattributed memorandum (possibly by M Rigby of Croesus sometime between 2001 and 2005), in relation to this deposit, which outlined the inverse distance squared estimation technique used, and estimation parameters. This same memo expressed a concern that the data supporting the estimate required verification, for there to be any confidence in the estimate. The deposit was not assessed during the CSA Global site inspection as only minimal EGS work had been conducted there.

CSA Global has not reviewed this deposit in detail and has elected to treat the Berwick Moreing deposit as a project with “Brownfields Potential”, or a Group 3 deposit for the purposes of valuation of the mineral asset. CSA Global has considered this be equivalent to an Inferred level of confidence and applied a discount to the ounces in the estimate to reflect the uncertainty. CSA Global’s opinion is based on reviewing the EGS drilling database and a brief description of the project in the 2010 PCF memorandum.

2.4.5 *Black Rabbit Deposit*

The Black Rabbit resource is located at the southern extent of the Siberia Mining camp, 40 km from the Davyhurst processing plant. Mineralisation is hosted by mainly ultramafic rocks (Siberia Komatiite), with some production from underlying quartz-biotite-plagioclase schist. The two main mineralised structures approximately follow the contact between komatiitic rocks and underlying felsic schists. The more northerly structure trends 110–120° and dips northeast; the more southerly structure trends 150–160°, and dips 40–60° east. Both shear zones are described as being approximately 12 m wide and containing only minor quartz veins (PCF, 2010).

Four diamond holes were drilled in the Black Rabbit deposit by Swan Gold in 2013. Of the 118 drillholes in total at the Black Rabbit deposit, 111 were RC and the remaining three were RAB holes. The majority of the holes in this deposit were drilled by Siberia Mining in 2003.

Historical production records have not been located for the Black Rabbit deposit. Archived EGS information relating to the deposit indicate that the model was estimated in 2008. PCF (2010) attributes the estimate to Monarch, using data from drilling completed by Siberia Mining in 2003. Due to issues with the drilling database, the resource has been reported as Inferred category only (PCF, 2010).

CSA Global has not reviewed this deposit and has elected to treat the Black Rabbit deposit as a project with “Brownfields Potential”, or a Group 3 deposit for the purposes of valuation of the mineral asset. CSA Global has considered this to be equivalent to an Inferred level of confidence and applied a discount to the ounces in the estimate to reflect the uncertainty.

2.4.6 Thiel Well Deposit

EGS has not managed to collate much information about the Thiel Well deposit. It was drilled between 1987 to 2001, for a total of 585 drillholes. These are mainly RC holes but include 31 diamond drillholes by WMC in 1989, and 11 unattributed RAB holes.

CSA Global has elected to treat the Thiel Well deposit as a project with “Brownfields Potential”, or a Group 3 deposit for the purposes of valuation of the mineral asset. CSA Global has considered this to be equivalent to an Inferred level of confidence and applied a discount to the ounces in the estimate to reflect the uncertainty. CSA Global’s opinion is based on reviewing the EGS drilling database, a Placer Dome Asia Pacific memo (Allen, 2003) and CSA Global’s inspection of the Thiel Well deposit in February 2019.

2.5 Callion Area Mineral Resources

2.5.1 Callion Deposit

There has been a substantial amount of drilling completed in the Callion deposit, including 68 holes by EGS, of which nine were diamond drillholes and 59 RC. All told, there were 1,239 holes drilled in Callion deposit between 1984 and 2017; of these, 691 are grade control holes when the deposit was mined by Croesus in 2004–2005.

Previous exploration drilling in Callion deposit was completed by various companies annotated in the database as: *Metallges* (Metallgesellschaft of Australia Pty Ltd), *Lubbock* (Lubbock Nominees), WMC, Lonestar (Lonestar Resources Ltd), Centamin (Centamin plc), Crest (Crest Resources Australia NL), Delta (Delta Gold), Croesus (Croesus Mining), Congold (?) and Monarch (Monarch Gold Mining Company).

Nelson (2008) observes that gold mineralisation in the Callion area occurs in several sub-parallel, mostly steeply dipping, north to north-northwest striking quartz veins in pillow basalts. Gold distribution at the Callion deposit is interpreted to have an overall north-northwest strike and is sub-vertical to steeply (>80°) east-northeast dipping, with internal north to north-northwest striking mineralisation trends.

Observations by SRK (2006a) at Callion suggest that the overall trend of mineralisation swings from north-northwest in the south to more westerly in the north. There is a series of subsidiary shears dipping 25° to 160°. Mineralisation is in deformed quartz veins dipping 60° to 055°.

Nelson (2008) describes the quartz veins at Callion as complex fault zones associated with felsic rocks, either primary quartzite layers or early recrystallised porphyry intrusions. Mineralisation is in a silicified zone cut by an east-dipping foliation refracted through the mineralised zone. Thin quartz veins were also present parallel to this refracted foliation. Nelson (2008) speculates that these relationships suggested that mineralisation may have been controlled by heterogeneous shearing on the pre-existing fabric, caused partially by the flow state differences between silicified zones and the surrounding basalt. Nelson (2008) describes the Callion deposit as consisting of several sub-parallel quartz vein lodes trending north to north-northwest. The main vein mined in the Callion pit has been traced in intermittent outcrop over a strike length in excess of 1.5 km.

The published estimate in the EGS resources summary was estimated by Nelson (2008). This was an open pit only estimate, which did not examine data below 350 mRL. This estimate reports an Indicated and Inferred resource and describes potential to extend the resource to the south and at depth below the southern extent of the current pit, as well as potential to define an underground resource through additional drilling.

PCF (2010) notes that significant underground mining was undertaken in the late 1980s and early 1990s and the extent of this mining was not clearly determined at the time as no underground survey data was available.

Since then, there has been an underground Mineral Resource estimate completed by Whittle-Herbert (2015) for Swan Gold which incorporated mostly underground face and stope sampling digitised from scanned and registered historical plans and long sections. This resource was classified in accordance with the JORC Code (2012) as an Inferred estimate, and mining depletion was removed in the estimate. This estimate was not publicly released. Whittle-Herbert (2015) concluded that the sample density was sufficient to warrant classification; however, uncertainty in sample and stope/drive locations and underground sample quality limited the resource to an Inferred classification. Further drilling was considered necessary to increase confidence and reduce potential high-grade extrapolation where data is sparser. The method applied to derive this estimate was consistent with other deposits in the Davyhurst project – a geological envelope was interpreted guided by geology and a nominal 1.0 g/t Au cut-off and including sub-grade material where geological lode continuity was evident. Statistical analysis of domained weathering types and combined composite sample data was completed, and high-grade outliers were identified, requiring the use of a top-cut of 45 g/t Au. Grade estimation was completed in three passes using inverse distance squared weighting and the estimate was classified as Indicated and Inferred.

In 2016 and 2017, EGS drilled 68 holes, of which nine were diamond drillholes and 59 were RC, to continue to test the mineralisation at Callion. The current 2018 estimate by EGS staff using this data is in progress and will be signed off and reported in accordance with the JORC Code (2012) in due course, once it is fully checked and validated. The work in progress in terms of database, wireframes, surfaces, and block model were provided to CSA Global for high level review. The review of density data is recommended by CSA Global.

CSA Global has found no material issues that would impact its valuation. The estimate in progress has potential to be larger than the estimate currently declared, and CSA Global has elected to accept the currently declared estimate as an acceptable proxy for the purpose of valuing the Callion deposit as a Group 1 estimate. Any future upside is noted but has not been factored into CSA Global's valuation. The Callion deposit was inspected by CSA Global in its February 2019 site visit.

2.6 Walhalla Area Mineral Resources

The Round Dam Trend hosts the Federal Flag, Walhalla, Walhalla North, Mount Banjo, Macedon and Salmon Gums prospects situated along an overall north-northwest trending contact between a basalt and an ultramafic unit to the east. Lithologies include a sequence of fine-grained clastic sedimentary rocks, dolerite, basalt, felsic volcanic and volcanoclastics. Most rocks are moderately to strongly foliated and regionally metamorphosed to upper greenschist-amphibolite facies.

2.6.1 Federal Flag Deposit

The Davyhurst database contains approximately 1,240 RC and RAB holes, of which the majority (approximately 70%) were drilled by Monarch in 2007. EGS could not locate a resource report to substantiate the stated Mineral Resource estimates for this deposit. EGS only provided a single page report "Block Model Report" which was just an output from Surpac. The "Measured (CLASS=1)" number was 31,000 tonnes higher than the stated resource; however, the IND and INF figures did match. EGS (Todd Tuffin) comment: *"Possibly a transcription error of the measured resources from this block model report into the resource spreadsheet. The indicated and inferred resources are correct. Error understates total ounces."* CSA Global has elected to treat the Federal Flag deposit as a project with "Brownfields Potential" or a Group 3 deposit for the purposes of valuation of the mineral asset. CSA Global has considered this to be equivalent to an Inferred level of confidence and applied a discount to the ounces in the estimate to reflect the uncertainty.

The Federal Flag open pit was inspected by CSA Global in February 2019.



2.6.2 *Salmon Gums Deposit*

EGS could not locate a resource report to substantiate the stated Mineral Resource estimates for this deposit. The Davyhurst database does however have 446 RAB and RC holes in this deposit drilled by Monarch and Croesus, between 1987 and 2006.

CSA Global has elected to treat Salmon Gums as a project with “Brownfields Potential” (Group 3 estimate) for the purposes of valuation of the mineral asset.

This deposit was not covered by the CSA Global site inspection.

2.6.3 *Walhalla Deposit*

The Walhalla deposit is hosted by talc-chlorite mafic schist. The schist unit is surrounded by moderately massive tholeiitic basalt intercalated with thin dolerite and high magnesium basalt units. The schist is typically between 10 m and 20 m thick and has a strongly developed shear fabric. At Walhalla there appears to be multiple lenses of mineralised schist with the basaltic units to the west and sedimentary and volcanoclastic units to the east. The mineralisation occurs in tabular lodes with an overall north-northwest-trend and steep (>70°) westerly dip with a shallow (~10°) southerly plunge to mineralisation.

The Mineral Resource estimate for Walhalla was reported by Monarch to JORC Code (2004) based on a resource modelling and estimation report: “Davyhurst Gold Project Walhalla - Macedon - Mt Banjo - Walhalla North Deposit Resource Estimation Report” dated November 2007 by M. Nelson. The report adequately covers the various technical requirements and incorporates a JORC Code Table 1 commentary. Based on a review of this report, CSA Global considers that adequate data is available to substantiate the stated mineral resources but not the classification at the Indicated Resource confidence level.

CSA Global has elected to treat all the Walhalla Resources as Inferred (Group 2 estimate) for the purposes of valuation of the mineral asset.

The Walhalla open pit was inspected by CSA Global in February 2019.

2.6.4 *Walhalla North Deposit*

The Mineral Resource estimate for Walhalla North was reported by Monarch to JORC Code (2004) based on a resource modelling and estimation report (Nelson, 2007). The report adequately covers the various technical requirements and incorporates a JORC Code Table 1 commentary. Based on a review of this report, CSA Global considers that adequate data is available to substantiate the stated mineral resources but not the classification at the Indicated Resource confidence level.

CSA Global has elected to treat all the Walhalla Resources as Inferred (Group 2 estimate) for the purposes of valuation of the mineral asset.

The Walhalla North deposit was inspected by CSA Global in February 2019.

2.6.5 *Mount Banjo Deposit*

The Mineral Resource estimate for Mount Banjo was reported by Monarch to JORC Code (2004) based on a resource modelling and estimation report (Nelson, 2007). The report adequately covers the various technical requirements and incorporates a JORC Code Table 1 commentary. Based on a review of this report, CSA Global considers that adequate data is available to substantiate the stated mineral resources but not the classification at the Indicated Resource confidence level.

CSA Global has elected to treat all the Walhalla Resources as Inferred (Group 2 estimate) for the purposes of valuation of the mineral asset.

This deposit was not covered by the site inspection as no recent work had been conducted there.

2.6.6 *Macedon Deposit*

The Mineral Resource estimate for Macedon was reported by Monarch to JORC Code (2004) based on a resource modelling and estimation report (Nelson, 2007). The report adequately covers the various technical requirements and incorporates a JORC Code Table 1 commentary. Based on a review of this report, CSA Global considers that adequate data is available to substantiate the stated mineral resources but not the classification at the Indicated Resource confidence level.

CSA Global has elected to treat all the Walhalla Resources as Inferred (Group 2 estimate) for the purposes of valuation of the mineral asset.

This deposit was not covered by the site inspection as no recent work had been conducted there.

2.7 **Lady Ida Area Mineral Resources**

The Lady Ida area was not covered in the site inspection by CSA Global as it is located 50 km south of Davyhurst and recent rain had made vehicle access problematic. Little recent work had been conducted at Lady Ida.

2.7.1 *Iguana Deposit*

The Iguana deposit is located 50 km south of Davyhurst. An historical pit has extracted the bulk of the oxide portion of the deposit. It is hosted in strongly foliated biotite-amphibole schists intruded by quartz-feldspar pegmatite dykes and felsic porphyry. Mineralisation is in a fault zone striking 320°, with abundant quartz veins with variable thickness.

Early drilling was by Delta Gold and Siberia Mining. Monarch undertook further RC drilling to better define the orientation and continuity of the ore zones, and to determine the strike extent of mineralisation, which remains open to the north. Additional drilling is required to determine the northwest extent of mineralisation. Monarch undertook air-core drilling along the eastern margin of the pit to define a laterite resource (PCF, 2010).

Monarch estimated a remnant resource for the Iguana deposit which is the source of the reported JORC Code (2004) Mineral Resource. However, EGS has been unable to find the resource report pertaining to this estimate by Monarch.

CSA Global has elected to treat Iguana as a project with “Brownfields Potential” (Group 3 estimate) for the purposes of valuation of the mineral asset.

2.7.2 *Lizard Deposit*

The Lizard deposit is located 7 km southeast from Iguana. The lode is north striking with a foliation dipping 65° towards 070° hosted in a thin chlorite-amphibole altered tholeiitic metabasalt within a sequence of chloritic ultramafics. Gold mineralisation is associated with a zone of shearing which has preferentially followed the basalt contacts. Ore zones are continuous along strike and down dip, and have a width of 5 m to 10 m. There is a gap in mineralisation at the saddle, between the northern and southern parts of the 500 m long, 75 m wide and 55 m deep Lizard final pit. Mineralisation continues to the south, plunging at about 30°. Mineralisation also remains below the pit, particularly in the south. Potential for parallel zones of mineralisation exist with isolated ore grade intercepts encountered in sterilisation drilling for the waste dump. Delta (Placer Dome) estimated a remnant resource for the Lizard deposit which is the source of the reported JORC Code (2004) Mineral Resource (PCF, 2010). However, EGS has been unable to find the resource report pertaining to this estimate.

EGS has not undertaken any drilling at Lizard. Potential exists to extend the resource, especially to the north where previous RC drilling has intersected ore-grade mineralisation at shallow depth, and below the current base of pit (PCF, 2010).



CSA Global has elected to treat Lizard as a project with “Brownfields Potential” (Group 3 estimate) for the purposes of valuation of the mineral asset.

2.8 Mount Ida Area Mineral Resources

The Mount Ida Project area is located in the northern-most part of the Mount Ida (or Ularring) Greenstone Belt which is the western-most subdivision of the regionally extensive Norseman-Wiluna belt. This Mount Ida area was not covered in the site inspection by CSA Global as it is located 80 km north of Davyhurst and recent rain had made vehicle access problematic. Little recent work had been conducted on the Mount Ida deposits.

The entire Mount Ida deposits were reviewed on the basis of a report prepared by Cervoij (2008) which details estimates for Baldock, Meteor, Whinnen and Baldock South, and a memorandum prepared by PCF (2010_a). The estimates are based on a nominal 0.5 g/t Au mineralisation envelope which includes some lower grade material, where geological continuity is warranted. The interpreted deposit geometry is sub-parallel to local grid. A top-cut of 50 g/t Au was applied, and ordinary kriging was used to estimate grades.

The estimates reported in the published EGS Mineral Resources summary are slightly different from the estimates detailed in the report by Cervoij (2008) and PCF (2010_a). However, as the difference is not considered to be material by CSA Global, it has elected to accept the published estimates and consider the estimates to be Group 2 estimates, or the equivalent to an Inferred level of confidence.

3 Exploration Potential

Exploration opportunities in the greater Davyhurst area include targeting extensions to the known mineralised trends such as the Waihi and Python trends. A greater understanding of the geometry and structural controls of the mineralisation within the previously mined open pits, would allow drill targeting of potential down-plunge extensions, which in many instances have been poorly tested to date.

In the Riverina area approximately 45 km to the north of the Davyhurst mill, the location of the Riverina homestead is restricting exploration in its vicinity. Gold mineralisation is known to extend into the area that EGS is presently unable to access. Relocation of the homestead would allow access to this prospective ground for drill testing.

A recent auger geochemistry sampling program has identified an untested gold anomaly greater than 10 km-long trending southwest from the Sand King and Missouri deposits overlying basalt. Previous drilling in the area has largely focused on the basalt ultramafic contact to the east of the anomaly, with sporadic gold mineralisation identified. However, west of the lithological contact little drilling has been undertaken specifically within the basalt, which hosts the Sand King and Missouri deposits.

The Davyhurst project area contains several pegmatites, some are known to contain lepidolite (lithium-bearing mica), at this stage no spodumene (lithium-bearing pyroxene) has been identified; however, no systematic exploration has targeted the lithium potential of the pegmatites. Larger volume pegmatites up to between 50 m and 100 m in width are known to exist in the Lady Ida area, in the southern portion of the greater Davyhurst project area.

The primary focus for EGS has been drilling to validate its substantial historical database over all the tenement holdings, and to improve the confidence of mineral resource definition to allow mineral resource estimates to be updated and reported in accordance with the JORC Code (2012). Plans for regional exploration and to identify extensions of existing deposits have been a lower priority for exploration expenditure. CSA Global has reviewed the EGS exploration strategy and is satisfied that it is a reasonable approach to adopt for an extensive tenement holding of this nature.

4 Assessment of Mining Potential

4.1 Introduction

The proposed mining plan as outlined by EGS has been assessed primarily in line with the Company's stated "delay and develop" strategy, to confirm that reasonable prospects for eventual economic extraction exists to support the Mineral Resources base, as well as assess the reasonableness of the assumptions and inputs into the proposed mine plan, leading to the declaration of Ore Reserves in due course.

CSA Global has reviewed the potential for viable mining operations to be established on the deposits of the EGS Western Australian projects. These include the Davyhurst and Siberia mining areas.

The primary focus for the review is the Sand King and Missouri deposits in the Siberia mining area and the Riverina, Golden Eagle, Waihi and Callion deposits in the Davyhurst mining area.

4.2 Davyhurst

The Davyhurst mining area is located approximately 120 km northwest of Kalgoorlie in an established mining region. The advanced projects identified by EGS are Riverina, Waihi, Callion and Golden Eagle.

4.2.1 Golden Eagle

The Golden Eagle underground mine is well established, with capital decline development approaching 150 vertical metres (319 mRL) below the surface and 85 m below the portal. Ore development is well established on four levels, with stope production well established (or complete) on three levels (see Figure 4).

The orientation of the Golden Eagle deposit is amenable to underground mining with in-situ thickness and grade at values aligned with other economic deposits in the region. The viability of a potential future mining operation will depend on favourable economic and technical considerations.

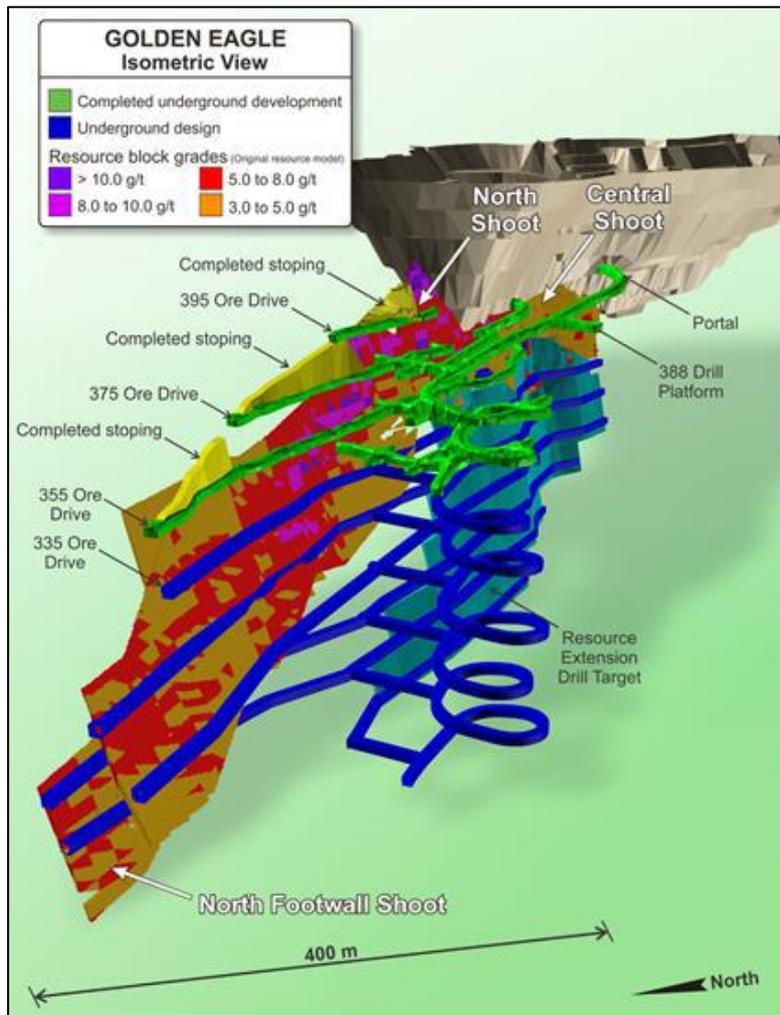


Figure 4: Golden Eagle (isometric view)

4.2.2 Waihi

The Waihi deposit consists of four distinct mineralised lodes within the deposit. These are shown in long-section in Figure 5. The lodes consist of multiple steeply dipping mineralised veins that are close to surface.

The orientation and disposition of the Waihi deposit is amenable to open pit mining activities subject to appropriate engineering and economic considerations.

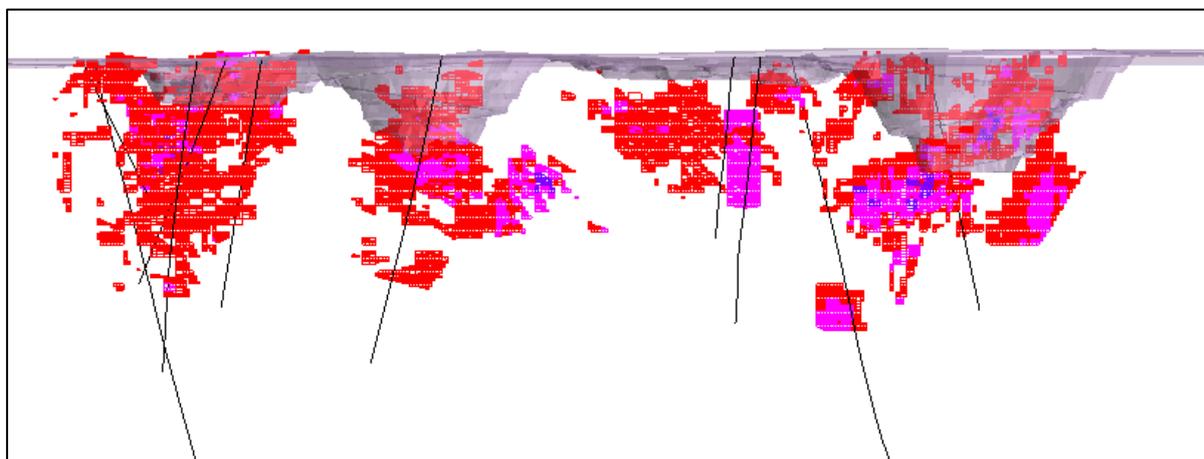


Figure 5: Waihi deposit

4.2.3 Riverina

The Riverina deposit consists of multiple mineralised lodes, outcrops on surface, is steeply dipping, has been defined to a depth of 100 m and is open to depth (see Figure 6).

The orientation and disposition of the Riverina deposit is amenable to open pit mining activities subject to appropriate engineering and economic considerations.

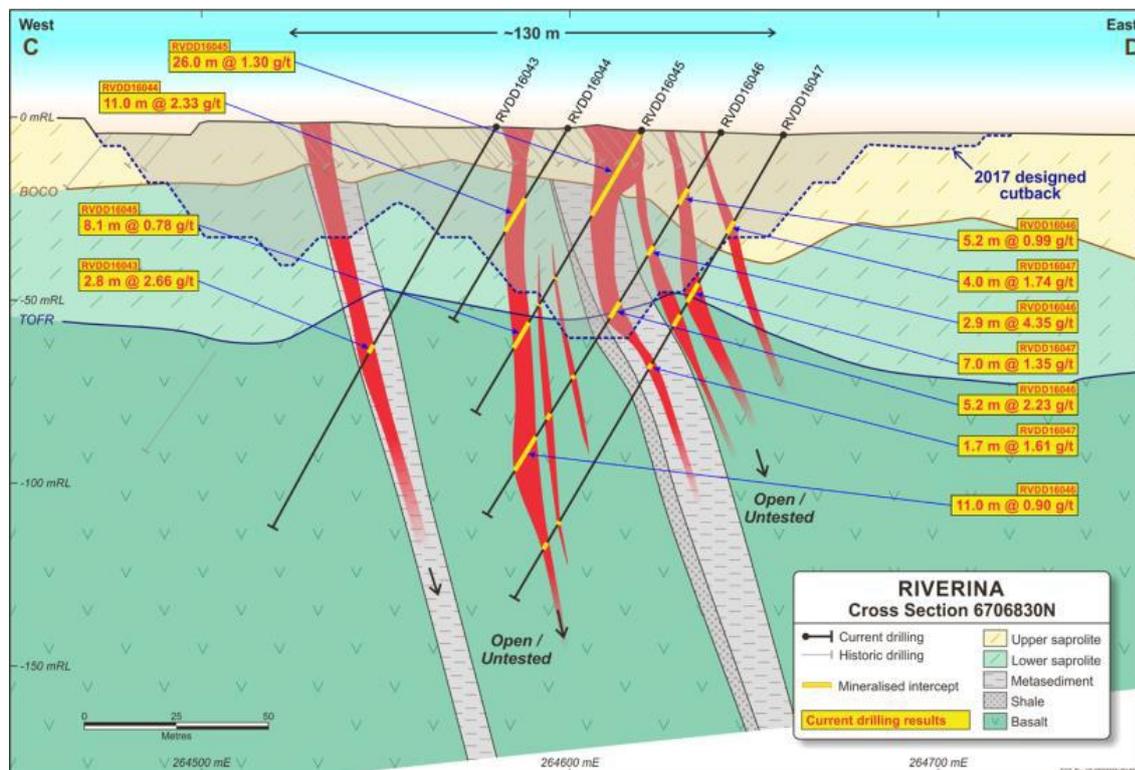


Figure 6: Riverina deposit

4.2.4 Callion

The Callion deposit is a long and narrow deposit, steeply dipping and identified to a depth of 250 m. The deposit is shown in long section in Figure 7.

Callion has previously been mined as an open pit. The potential for a technically and economically viable underground mine has been investigated. No complete mine plan has been developed for this deposit. Before the Callion underground mine can be considered a viable mining target, the economic and technical considerations for the project should be further defined.

Several exploration drillhole intersections have demonstrated grade and widths in the deposit that align with other viable operations in the region. It is considered that Callion should be considered a potential mining target based on these intersections.

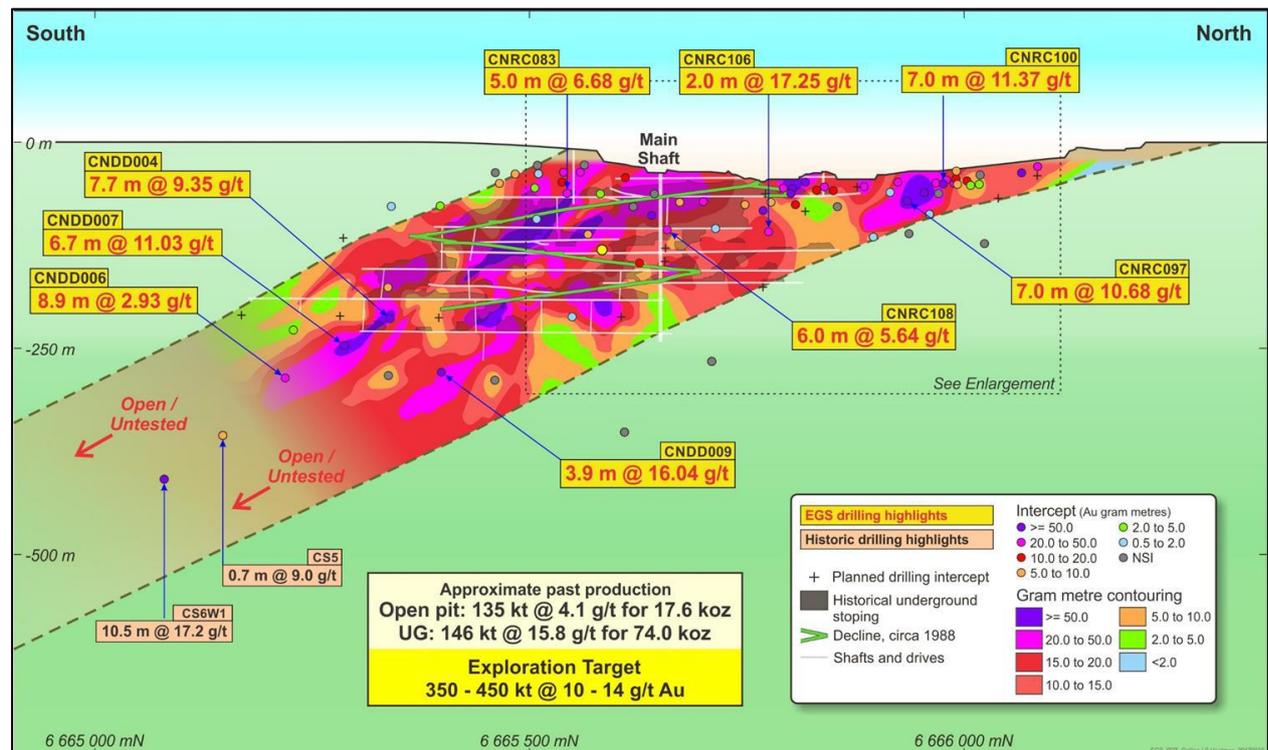


Figure 7: Callion deposit (long-section)

4.3 Siberia

Gold production in the Siberia region has principally come from four pits (Sand King, Missouri, Palmerston and Camperdown) sporadically mined by WMC, Siberia Mining and Monarch during the period 1980 to 2008.

Outside of the modern pits are a multitude (~400) of small underground shafts and workings mined in the period 1897 to 1930 and spread over a number of different reefs and “lines of lode”. The largest historical producers include Siberia Consols, Waverley-Bonnie Doon-Golden Leases, Cave Hill, Camperdown-Invincible, and Palmerston.

Sand King has been mined predominantly by WMC with a small cutback to the south started by Monarch, that was not completed, and minimal ore was extracted. Of note, significant supergene mineralisation was reported from the WMC mining event with the oxide material generating a significant number of ounces.

4.3.1 Sand King

The Sand King deposit is amenable to open pit mining operations. Previous mining has been physically viable and safe open pit mining activities have occurred. The deposit is located close to surface and is in a favourable orientation for potential open pit mining operations.

Previous studies completed by Entech have identified a mine design and a mine plan for the Sand King deposit that returned a projected positive cash flow based on the project assumptions at the time. The mine design is shown in Figure 8. The orientation of the mineralised lodes of the deposit in relation to an open pit is shown in Figure 9.

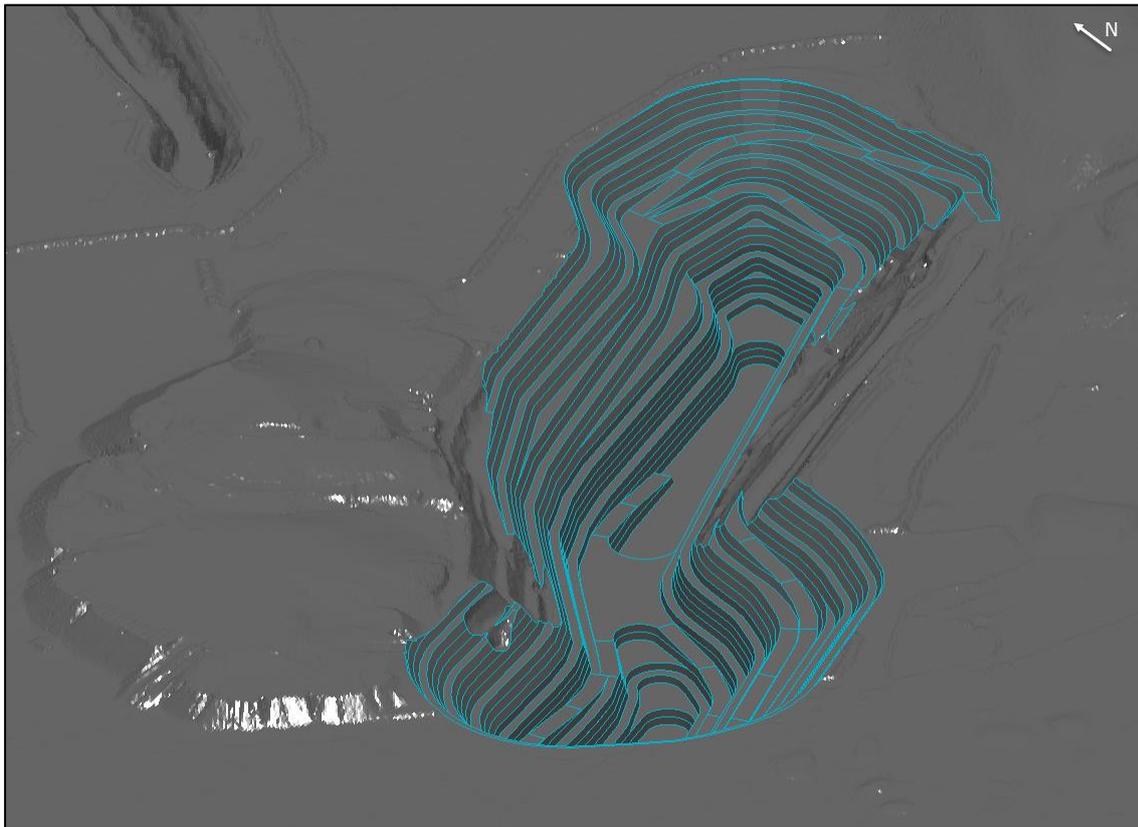


Figure 8: Sand King mine design

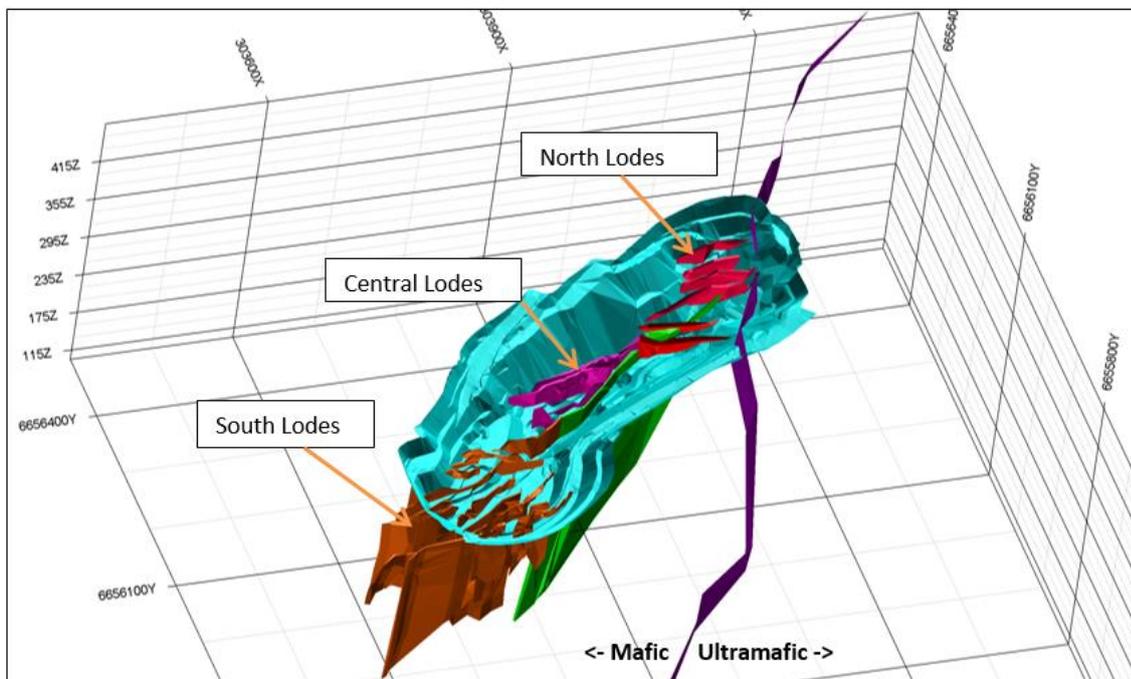


Figure 9: Sand King mineralised lodes

4.3.2 Missouri

The Missouri deposit is amenable to open pit mining operations. The deposit is located close to surface and is in a favourable orientation for potential open pit mining operations.

Previous studies completed by Entech have identified a mine design and a mine plan for the Missouri deposit that returned a projected positive cash flow based on the project assumptions at the time. The mine design is shown in Figure 10.

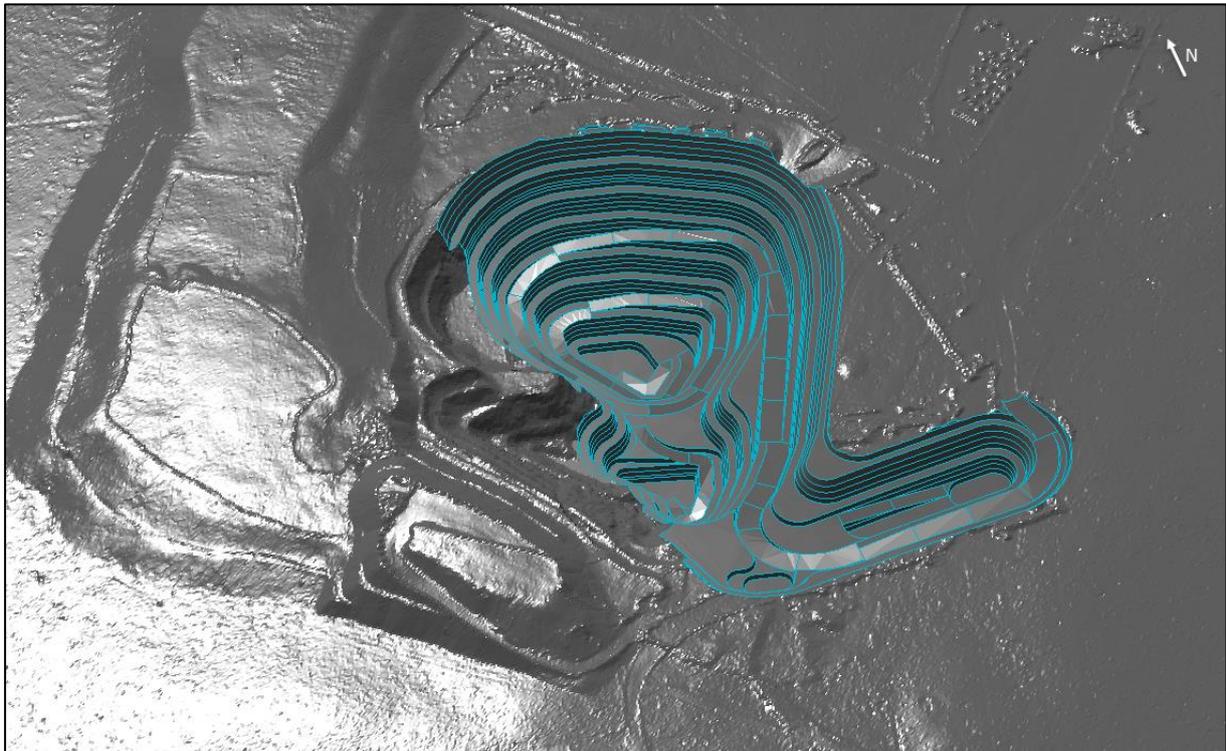


Figure 10: Missouri open pit design

4.4 Conclusion

CSA Global is satisfied that the proposed mine plans in the deposits which formed the primary focus for the review (Sand King and Missouri deposits in the Siberia mining area and Riverina, Golden Eagle, Waihi and Callion deposits in the Davyhurst mining area), indicate that the deposits are amenable to mining activities subject to appropriate engineering and economic considerations.

Metallurgical considerations were assessed on the basis of historical performance of the Davyhurst mill, and the generally well-known metallurgical characteristics of the deposits in this project located in the greater Eastern Goldfield and Kalgoorlie region of Western Australia. EGS has planned to complete baseline testwork in the medium term to confirm the processing and metallurgical inputs, as Ore Reserves are developed in due course, as part of the “delay and develop” strategy. Please note that processing and metallurgy are reviewed separately in the assessment of the value of the plant and associated infrastructure by Gordon Brothers, and does not form part of this technical assessment.

CSA Global has done a high-level review of the potential for mining and processing of the deposits included in the EGS Mineral Resources summary and is satisfied that potential for eventual economic extraction has been demonstrated.

5 Valuation

Valuation of Mineral Assets is not an exact science and a number of approaches are possible, each with varying positives and negatives. While valuation is a subjective exercise, there are several generally accepted procedures for establishing the value of Mineral Assets. CSA Global consider that, wherever possible, inputs from a range of methods should be assessed to inform the conclusions about the Market Value of Mineral Assets.

The valuation is always presented as a range, with the preferred value identified. The preferred value need not be the median value and is determined by the Practitioner based on their experience and professional judgement.

Refer to [Appendix A](#) for a discussion of Valuation Approaches and Valuation Methodologies, including a description of the VALMIN classification of Mineral Assets.

5.1 Commodities Market

The gold price history in US\$/oz and A\$/oz for the five years prior to 25 January 2019 is illustrated in Figure 11. The variation in the gold price within Figure 11 over time in US\$ and A\$ terms, highlights the need to normalise transactions to account for variations in commodity prices and foreign exchange rates over time.

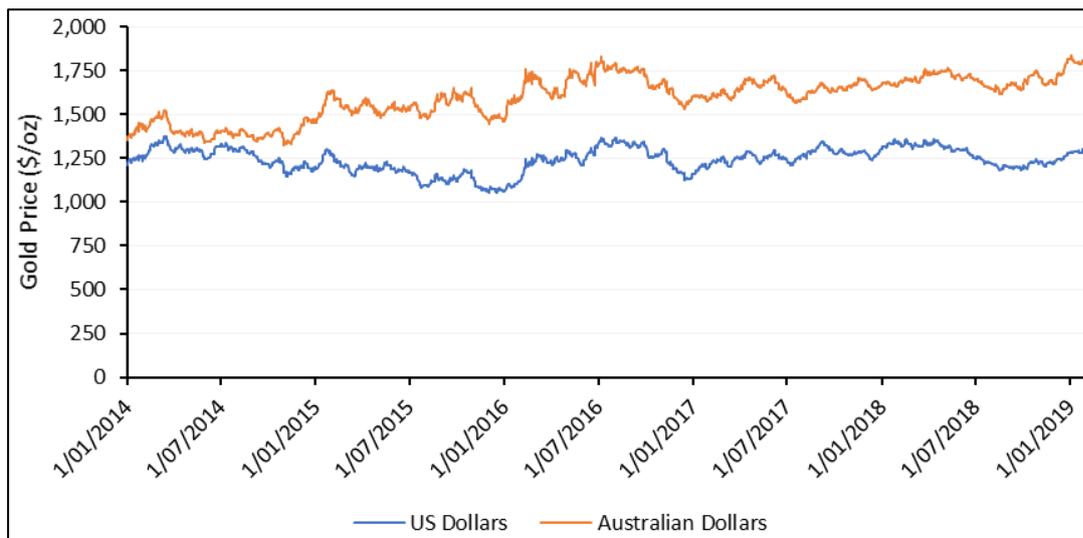


Figure 11: Five-year spot gold price in US\$ and A\$

Source: Data: S&P Global Market Intelligence

5.2 Previous Valuations

CSA Global is not aware of any previous valuation over EGS's project tenure in the last five years.

5.3 Valuation Assumptions

The valuation has been undertaken on the assumption that mining licences M16/262 to M16/264, which are subject to the Thompson forfeiture proceedings, have a low probability of successfully being resolved, based on communication with DLA who undertook the independent tenement review. CSA Global, in its professional opinion, has applied a 0–20% probability of a successful resolution (i.e. a 0–0.2 discount multiplier to the Mineral Resources contained within), and the exploration potential of, these tenements.

Mineral Resources affected are the Iguana and Lizard Mineral Resources described in Section 2.7. The valuation has not taken the rehabilitation provision liability into account.

5.4 Comparable Transactions Valuation

In analysing the transactions, all amounts were converted to A\$ at the relevant exchange rate at the time of the transaction announcement. Joint venture transactions were only valued to the first earn-in milestone and any subsequent earn-in milestones were ignored. Exploration expenditure was discounted at a nominal 10% over the earn-in period, to bring future expenditure back to a present value. Future payments contingent on a future milestone such as declaration of a Mineral Resource or decision to mine were ignored.

5.4.1 Mineral Resources

CSA Global identified 57 transactions from the last five years involving gold Mineral Resources in Australia at a similar developmental stage to the EGS deposits. Eight involved transactions of Mineral Resources from an entity in administration. The transactions in administration are used to determine appropriate discount factors to apply to the more robust larger dataset of transactions of Mineral Resources that were undertaken by entities not in administration. Ten of the 57 transactions (three in administration) had old mining plant and infrastructure associated with them; in CSA Global’s opinion, the value of the plant in these cases was immaterial due to the time since it had last operated (in most cases, being several years). Transactions involving operating mines were excluded. Corporate transactions that involve a control premium have also been excluded. These transactions are summarised and analysed in Table B1 of [Appendix B](#).

The normalised A\$/oz values were calculated using the spot gold price as at 25 January 2019, A\$1,810.10/oz (US\$1,298.59/oz).

A summary of the Mineral Resource transactions is presented in Table 5 and Figure 12. These transactions encompass a range of grade, metallurgical performance, and mining scenarios.

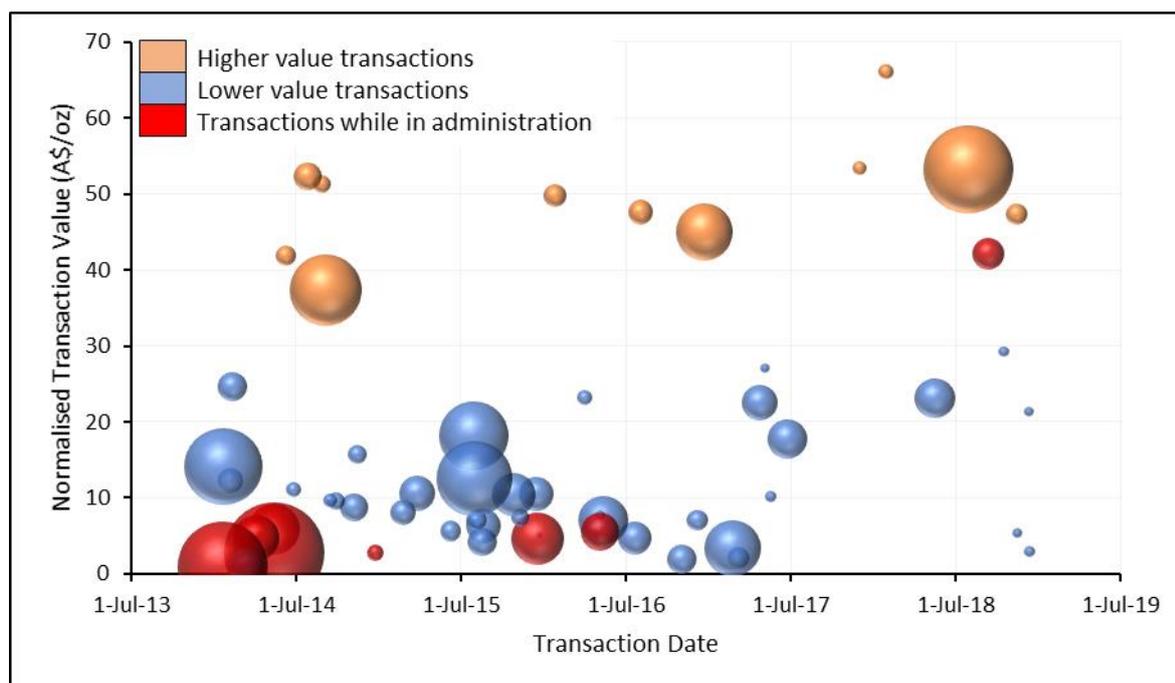


Figure 12: Comparison of Mineral Resource transactions

Note: Bubble size represents the contained gold ounces

Table 5: Summary statistics of selected transactions of gold Mineral Resources in Australia

Statistic	Normalised transactions (A\$/oz)					
	All	All (excluding admin)	High group (excluding admin)	Low group (excluding admin)	All admin	Low group admin
Number of transactions	57	49	11	38	8	7
Minimum	0.89	1.02	37.36	1.02	0.89	0.89
Maximum	66.14	66.14	66.14	29.24	42.17	5.90
Median	10.38	11.11	49.82	9.62	4.64	4.60
Mean	18.31	19.88	49.57	11.29	8.66	3.88

CSA Global’s analysis of the transactions show a group of higher value transactions, represented in orange in Figure 12, and a larger group of lower value transactions represented in blue, which range from A\$1.02/oz to A\$29.24/oz on a normalised basis. In CSA Global’s professional judgement, EGS’s Mineral Resources are better reflected by the lower value group of transactions.

CSA Global has split EGS’s Mineral Resources into three groups for valuation purposes (Table 6). In CSA Global’s opinion, it considers the Group 1 Mineral Resources to be of higher value than Group 2 and Group 3.

Table 6: CSA Global’s groupings of EGS’s Mineral Resources

Group	Mineral Resource
1	Sand King, Missouri (reported in accordance of the JORC Code 2012)
	Golden Eagle, Waihi, Callion, Riverina Area (considered to be the equivalent to JORC Code 2012)
2	Lady Gladys, Forehand, Silver Tongue, Walhalla, Walhalla North, Mount Banjo, Macedon, Baldock, Meteor, Whinnen
3	Lights of Israel Underground, Makai Shoot, Sunraysia, Palmerston/Camperdown, Bewick Moreing, Black Rabbit, Thiel Well, Federal Flag, Salmon Gums, Iguana, Lizard

Group 1 includes Mineral Resources reported in accordance of the JORC Code (2012), and Mineral Resources that substantive work has been undertaken and would be of an equivalent confidence as a Mineral Resource reported in accordance with the JORC Code (2012) – see Section 2.1.4.

Group 2 includes Mineral Resources where the Indicated Mineral Resources were treated as equivalent to Inferred classified Mineral Resources, as there was insufficient substantive data currently available to support the confidence of the initial Indicated classified Mineral Resources – see Section 2.1.4.

Group 3 contains Mineral Resources where insufficient information was available to substantiate the declared Mineral Resources and therefore have been treated as “Brownfields Potential” – see Section 2.1.4.

The valuation factors assigned to Group 1 and Group 2 Mineral Resources are presented in Table 7 with a discussion following. Group 3 uses the same valuation factors as Group 2, but an additional discount factor has been applied (see below).

Table 7: Mineral Resource valuation factors

Resource classification	Group 1 – Valuation factors (A\$/oz)			Group 2 – Valuation factors (A\$/oz)		
	Low	Preferred	High	Low	Preferred	High
Measured	-	-	-	20	25	30
Indicated	24	30	36	12	15	18
Inferred	16	20	24	8	10	12

Group 1

Based on CSA Global's professional judgement, a preferred value of A\$30.00/oz and A\$20.00/oz were selected for the Group 1 Indicated and Inferred classified Mineral Resources respectively. The preferred factor for the Indicated Mineral Resources was based on the top end of the low group of transactions in Table 5. The preferred value for the Inferred Mineral Resources was selected to lie in upper portion of the range. The value difference between Indicated and Inferred classified Mineral Resources reflects the relative geological understanding and continuity of the gold mineralisation of the different resource classifications. Following common industry practice, CSA Global has derived a valuation range by applying a $\pm 20\%$ factor, giving a range of A\$24.00/oz to A\$36.00/oz for Indicated and a range of A\$16.00/oz to A\$24.00/oz for Inferred. These ranges are supported by the value distribution of the transaction set considered, and in CSA Global's opinion, this provides a reliable value range for EGS's Group 1 Mineral Resources. A range greater than 20% creates too broad a range in CSA Global's opinion, and a range less than 20% does not reflect the uncertainty of a pre-development stage project.

Group 2

Based on CSA Global's professional judgement, preferred implied values of A\$25.00/oz, A\$15.00/oz and A\$10.00/oz were selected for the Group 2 Measured, Indicated and Inferred classified Mineral Resources respectively. The preferred factor for the Inferred Mineral Resources was based on the median (A\$9.62/oz) and average (A\$11.29/oz) of the low group of transactions (see Table 5). The preferred factor for the Indicated Mineral Resources was selected to lie at the approximate mid-point of the range and the preferred factor for the Measured Mineral Resources was selected to lie within the upper portion of the range. The value difference between Measured, Indicated and Inferred classified Mineral Resources reflects the relative geological understanding and continuity of the gold mineralisation of the different resource classifications. Following common industry practice, CSA Global has derived a valuation range by applying a $\pm 20\%$ factor, giving a range of A\$20.00/oz to A\$30.00/oz for Measured, a range of A\$12.00/oz to A\$18.00/oz for Indicated and a range of A\$8.00/oz to A\$12.00/oz for Inferred. These ranges are supported by the value distribution of the transaction set considered, and in CSA Global's opinion, this provides a reliable value range for EGS's Group 2 Mineral Resources. A range greater than 20% creates too broad a range in CSA Global's opinion, and a range less than 20% does not reflect the uncertainty of a pre-development stage project.

Group 3

Based on CSA Global's professional judgement, an additional 0.5 discount multiplier was applied to the Group 2 Inferred Mineral Resources value range and preferred value (above) for the material termed "Brownfields Potential" by CSA Global.

Valuation Considerations

Based on CSA Global's review of the Mineral Resources, the following adjustments and/or discount factors have been applied:

- All the Mineral Resources except Group 1 Mineral Resources reported in accordance with the 2004 edition of the JORC Code or earlier editions have had a 0.8 discount factor applied, based on CSA Global's professional judgement, due to these Mineral Resources not having had any material work completed on them for some time, which is over 10 years for some resources.
- The Lady Gladys Mineral Resource was depleted by 10% (~12,800 oz of gold) to account for mining that had taken place, based on EGS's best estimate of material mined, subsequent to the estimation of the Mineral Resource.



- The Indicated classified Mineral Resources in the Group 2 Mineral Resources were valued as equivalent to Inferred classified Mineral Resources, due to the lack of substantive data currently available to support the confidence of the initial Indicated classified Mineral Resources.
- Previously declared mineralisation estimates with insufficient information available to substantiate the declared Mineral Resources, such as the Group 3 Mineral Resources, were treated as Brownfields Potential, where all the declared Mineral Resources were valued as equivalent to Inferred classified Mineral Resources, with an additional 0.5 discount factor applied based on CSA Global's professional judgement to account for the lack of information to substantiate the previously declared Mineral Resources. In CSA Global's opinion, it would be overly severe to write off the estimates that were previously completed. These estimates were completed between the late 1990s up to late 2000s and are based on more substantial data than an Exploration Target would generally be.

CSA Global has valued the Group 1 and Group 2 Mineral Resources separately from the Group 3 Mineral Resources.

Application of the above implied values, resource classification adjustments and discounts resulted in a valuation range for the Group 1 and Group 2 Mineral Resources of A\$20.4 million to A\$30.6 million, with a preferred value of A\$25.5 million (Table 8).

Application of above implied values, resource classification adjustments and discounts resulted in a valuation range for the Brownfields Potential (Group 3) of A\$1.1 million to A\$1.8 million, with a preferred value of A\$1.4 million (Table 9).

Determination of a Discount for Mineral Resources in Administration

CSA Global has observed that transactions of Mineral Resources from companies in administration (i.e. distressed seller), generally attract lower value multiples per ounce than transactions between a willing buyer and a willing seller. To indicate the difference observed between a distressed seller and a willing seller, CSA Global also presents a technical value for the mineral assets while in administration, in addition to the market value.

CSA Global has looked at the following discounts between administration transactions and transactions not in administration using median values:

- All administration transactions to all transactions (excluding administration transactions), i.e. A\$4.64/oz over A\$11.11/oz, giving a discount factor of 0.42
- Low group administration transactions to all low group transactions (excluding administration transactions), i.e. A\$4.60/oz over A\$9.62/oz, giving a discount factor of 0.48
- High group administration transaction to all high group transactions (excluding administration transactions), i.e. A\$42.17/oz over A\$49.82/oz, giving a discount factor of 0.85.

Based on this analysis, CSA Global has used a discount factor range of 0.40 to 0.85 to apply to the value of the Mineral Resources in Table 8 to determine the market value of the Mineral Resources while the Company is in administration, which resulted in a valuation range of A\$8.2 million to A\$26.0 million, with a preferred value of A\$17.1 million (Table 10).

CSA Global has applied the same discount for a company in administration to the Brownfields Potential in Table 9, which resulted in a valuation range of A\$0.4 million to A\$1.5 million with a preferred value of A\$1.0 million (Table 11).

Breakdown of Declared Mineral Resources and Valuation Contribution

A breakdown of EGS's declared Mineral Resources, CSA Global's grouping classification and the value contribution of each group is presented in Figure 13.

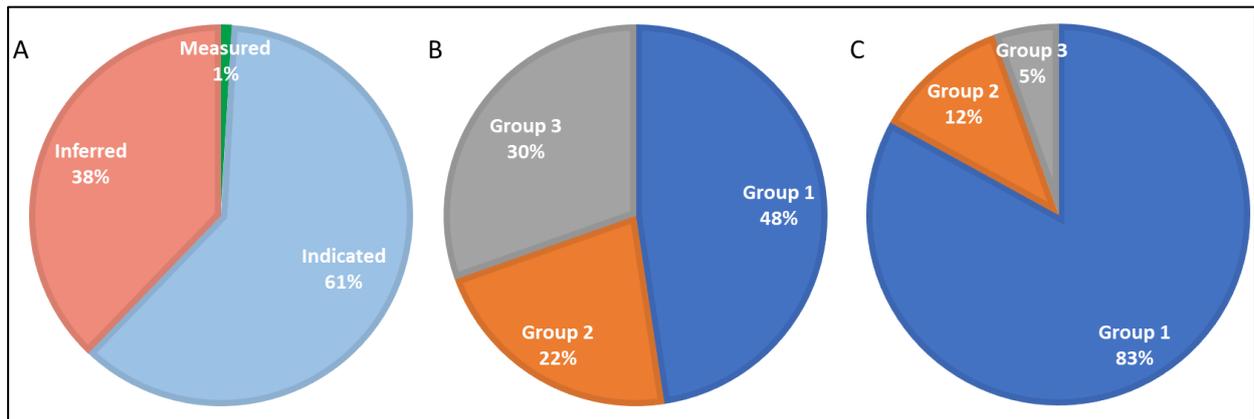


Figure 13: Breakdown of declared Mineral Resource and valuation

A – EGS's declared Mineral Resources by contained ounces; B – CSA Global's groupings of the Mineral Resources for valuation by contained ounces; C – The value contribution of each group.

Table 8: Market value of EGS's Mineral Resources

Resource	Classification	Gold (oz)	Valuation factors (A\$/oz)			JORC discount factor	Valuation (A\$ millions)		
			Low	Preferred	High		Low	Preferred	High
Golden Eagle	Indicated	28,000	12	15	18	1.0	0.67	0.84	1.01
	Inferred	28,000	8	10	12	1.0	0.42	0.52	0.62
Waihi	Indicated	62,000	24	30	36	1.0	1.49	1.86	2.33
	Inferred	9,000	16	20	24	1.0	0.14	0.18	0.22
Lady Gladys	Inferred	115,000	8	10	12	0.8	0.74	0.92	1.10
Riverina Area	Indicated	73,000	12	15	18	1.0	1.75	2.19	2.63
	Inferred	132,000	8	10	12	1.0	2.11	2.64	3.17
Forehand	Inferred	48,000	8	10	12	0.8	0.31	0.38	0.46
Silver Tongue	Inferred	14,000	8	10	12	0.8	0.09	0.11	0.13
Sand King	Indicated	190,000	24	30	36	1.0	4.56	5.70	6.84
	Inferred	82,000	16	20	24	1.0	1.31	1.64	1.97
Missouri	Indicated	194,000	24	30	36	1.0	4.66	5.82	6.98
	Inferred	33,000	16	20	24	1.0	0.53	0.66	0.79
Callion	Indicated	8,000	24	30	36	1.0	0.19	0.24	0.29
	Inferred	6,000	16	20	24	1.0	0.10	0.12	0.14
Walhalla	Inferred	36,000	8	10	12	0.8	0.23	0.29	0.35
Walhalla North	Inferred	9,000	8	10	12	0.8	0.06	0.07	0.09
Mount Banjo	Inferred	14,000	8	10	12	0.8	0.09	0.11	0.13
Macedon	Inferred	11,000	8	10	12	0.8	0.07	0.09	0.11
Baldock	Inferred	81,000	8	10	12	0.8	0.52	0.65	0.78
Meteor	Inferred	43,000	8	10	12	0.8	0.28	0.34	0.41
Whinnen	Inferred	17,000	8	10	12	0.8	0.11	0.14	0.16
TOTAL	All	1,230,000	-	-	-	-	20.41	25.51	30.62

Note: The valuation has been compiled to an appropriate level of precision, values may not add up due to rounding.

Table 9: Market value of EGS's Brownfields Potential

Resource	Classification	Gold (oz)	Valuation factors (A\$/oz)			JORC discount factor	Insufficient data factor	Valuation (A\$ millions)		
			Low	Preferred	High			Low	Preferred	High
Lights of Israel	Inferred	35,000	8	10	12	0.8	0.5	0.11	0.14	0.17
Makai Shoot	Inferred	136,000	8	10	12	0.8	0.5	0.44	0.54	0.65
Sunraysia	Inferred	32,000	8	10	12	0.8	0.5	0.10	0.13	0.15
Palmerston/Camperdown	Inferred	22,000	8	10	12	0.8	0.5	0.07	0.09	0.11
Bewick Moreing	Inferred	4,000	8	10	12	0.8	0.5	0.01	0.02	0.02
Black Rabbit	Inferred	49,000	8	10	12	0.8	0.5	0.16	0.20	0.24
Thiel Well	Inferred	3,000	8	10	12	0.8	0.5	0.01	0.01	0.01
Federal Flag	Inferred	28,000	8	10	12	0.8	0.5	0.09	0.11	0.13
Salmon Gums	Inferred	28,000	8	10	12	0.8	0.5	0.09	0.11	0.13
Iguana*	Inferred	177,000	8	10	12	0.8	0.5	-	0.08	0.17
Lizard*	Inferred	24,000	8	10	12	0.8	0.5	-	0.01	0.02
TOTAL	Inferred	538,000	8	10	12	0.8	0.5	1.08	1.44	1.81

Note: The valuation has been compiled to an appropriate level of precision, values may not add up due to rounding.

*An additional 0–0.2 discount multiplier factor was applied to the Iguana and Lizard Mineral Resources as per Section 5.3.

Table 10: Technical value of EGS Mineral Resources while in administration

Resource	Classification	Gold (oz)	Valuation (A\$ millions)			Administration discount range		Administration valuation (A\$ millions)		
			Low	Preferred	High	Low	High	Low	Preferred	High
Golden Eagle	Indicated	28,000	0.67	0.84	1.01	0.4	0.85	0.27	0.56	0.86
	Inferred	28,000	0.42	0.52	0.62	0.4	0.85	0.17	0.35	0.53
Waihi	Indicated	62,000	1.49	1.86	2.33	0.4	0.85	0.60	1.25	1.90
	Inferred	9,000	0.14	0.18	0.22	0.4	0.85	0.06	0.12	0.18
Lady Gladys	Inferred	115,000	0.74	0.92	1.10	0.4	0.85	0.29	0.62	0.94
Riverina Area	Indicated	73,000	1.75	2.19	2.63	0.4	0.85	0.70	1.47	2.23
	Inferred	132,000	2.11	2.64	3.17	0.4	0.85	0.84	1.77	2.69
Forehand	Inferred	48,000	0.31	0.38	0.46	0.4	0.85	0.12	0.26	0.39
Silver Tongue	Inferred	14,000	0.09	0.11	0.13	0.4	0.85	0.04	0.08	0.11
Sand King	Indicated	133,000	4.56	5.70	6.84	0.4	0.85	1.82	3.82	5.81
	Inferred	139,000	1.31	1.64	1.97	0.4	0.85	0.52	1.10	1.67
Missouri	Indicated	135,000	4.66	5.82	6.98	0.4	0.85	1.86	3.90	5.94
	Inferred	91,000	0.53	0.66	0.79	0.4	0.85	0.21	0.44	0.67
Callion	Indicated	8,000	0.19	0.24	0.29	0.4	0.85	0.08	0.16	0.24
	Inferred	6,000	0.10	0.12	0.14	0.4	0.85	0.04	0.08	0.12
Walhalla	Inferred	36,000	0.23	0.29	0.35	0.4	0.85	0.09	0.19	0.29
Walhalla North	Inferred	9,000	0.06	0.07	0.09	0.4	0.85	0.02	0.05	0.07
Mount Banjo	Inferred	14,000	0.09	0.11	0.13	0.4	0.85	0.04	0.08	0.11
Macedon	Inferred	11,000	0.07	0.09	0.11	0.4	0.85	0.03	0.06	0.09
Baldock	Inferred	81,000	0.52	0.65	0.78	0.4	0.85	0.21	0.43	0.66
Meteor	Inferred	43,000	0.28	0.34	0.41	0.4	0.85	0.11	0.23	0.35
Whinnen	Inferred	17,000	0.11	0.14	0.16	0.4	0.85	0.04	0.09	0.14
TOTAL	All	1,230,000	20.41	25.51	30.62	0.4	0.85	8.16	17.09	26.02

Note: The valuation has been compiled to an appropriate level of precision, values may not add up due to rounding.

Table 11: Technical value of EGS Brownfields Potential while in administration

Resource	Classification	Gold (oz)	Valuation (A\$ millions)			Administration Discount Range		Administration Valuation (A\$ millions)		
			Low	Preferred	High	Low	High	Low	Preferred	High
Lights of Israel	Inferred	35,000	0.11	0.14	0.17	0.4	0.85	0.04	0.09	0.14
Makai Shoot	Inferred	136,000	0.44	0.54	0.65	0.4	0.85	0.17	0.36	0.55
Sunraysia	Inferred	32,000	0.10	0.13	0.15	0.4	0.85	0.04	0.09	0.13
Palmerston/Camperdown	Inferred	22,000	0.07	0.09	0.11	0.4	0.85	0.03	0.06	0.09
Bewick Moreing	Inferred	4,000	0.01	0.02	0.02	0.4	0.85	0.01	0.01	0.02
Black Rabbit	Inferred	49,000	0.16	0.20	0.24	0.4	0.85	0.06	0.13	0.20
Thiel Well	Inferred	3,000	0.01	0.01	0.01	0.4	0.85	0.004	0.01	0.01
Federal Flag	Inferred	28,000	0.09	0.11	0.13	0.4	0.85	0.04	0.08	0.11
Salmon Gums	Inferred	28,000	0.09	0.11	0.13	0.4	0.85	0.04	0.08	0.11
Iguana*	Inferred	177,000	0.57	0.71	0.85	0.4	0.85	-	0.07	0.14
Lizard*	Inferred	24,000	0.08	0.10	0.12	0.4	0.85	-	0.01	0.02
TOTAL	Inferred	538,000	1.72	2.15	2.58	0.4	0.85	0.43	0.99	1.54

Note: The valuation has been compiled to an appropriate level of precision, values may not add up due to rounding.

*An additional 0–0.2 discount multiplier factor was applied to the Iguana and Lizard Mineral Resources as per Section 5.3.

5.4.2 Exploration Licences

CSA Global considered the value of EGS exploration licences in terms of the valuation factors derived from CSA Global’s analysis of comparative market transactions of projects with exploration licences prospective for gold in Australia in the five years prior to the valuation date. These transactions are summarised in Table B2 of [Appendix B](#) and presented in Figure 14. CSA Global identified 59 transactions of projects consisting solely of exploration licences prospective for gold in Australia, three transactions were identified as outliers on the high side. Table 12 presents the summary statistics of all the transactions identified, all transactions excluding outliers, a subset of 28 transactions of exploration licences with a total area of greater than 200 km² and a subset of 28 transactions of exploration licences with a total area less than 200 km², showing the normalised price in A\$/km² using the 25 January 2019 gold spot price of A\$1,810.10/oz (US\$1,298.59/oz).

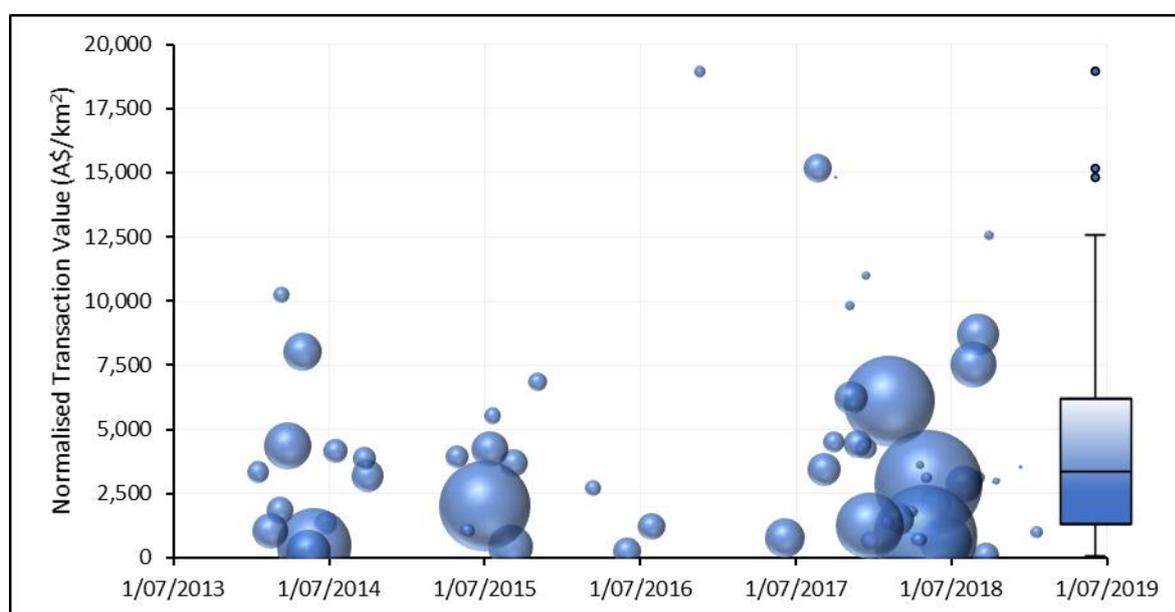


Figure 14: Comparison of exploration licence transactions

Note: Bubble size represents the area of the exploration licences. Graph’s Y axis does not extend to include high outlier.

Table 12: Summary statistics of selected exploration licence transactions prospective for gold

Statistic	Normalised transactions (A\$/km ²)			
	All data	All data (excluding outliers)	Licences >200 km ² (excluding outliers)	Licences <200 km ² (excluding outliers)
Number of transactions	59	56	28	28
Minimum	75	75	229	75
Maximum	769,404	18,944	15,173	18,944
Median	3,331	3,191	2,486	3,571
Mean	18,654	4,272	3,399	5,029

Based on CSA Global’s valuation experience of gold projects in Australia, generally, early exploration projects were found to range from A\$100/km² to A\$1,000/km², average or mature exploration projects ranged from A\$1,000/km² to A\$5,000/km², advanced projects with good prospectivity ranged from A\$5,000/km² to A\$10,000/km², with projects with excellent prospectivity or having a strategic significance to the buyer having values >A\$10,000/km². In general, as the area transacted gets larger, the lower the price paid per square kilometre.

From the above analysis, a summary of the valuation factors suitable for valuing exploration licences within various categories of exploration potential are presented in Table 13.

Table 13: Exploration licence valuation factors

Exploration Potential	Valuation factors (A\$/km ²)		
	Low	Preferred	High
Low	100	550	1,000
Average	1,000	3,000	5,000
Good	5,000	7,500	10,000
Excellent/Strategic	10,000	15,000	20,000

CSA Global has undertaken a high-level assessment of EGS's exploration licences (total area of 943 km²) based on publicly available information and data supplied by EGS. CSA Global, in its professional judgement, has selected ranges and preferred values based on the exploration stage and prospectivity of the tenure.

Table 14: Summary assessment of EGS's exploration licences

Tenements	Comment	Valuation factors (A\$/km ²)		
		Low	Preferred	High
E16/337, E16/344, E16/473, E16/474, E16/475, E16/480, E16/482, E16/483, E16/484, E16/486, E16/487, E24/203, E29/889, E29/955, E30/333, E30/338, E30/490, E30/491, E30/504	Low prospectivity or early stage exploration	100	550	1,000
E29/964, E30454, E30/468	Low to average prospectivity	550	1,775	3,000
E16/456, E30/335	Average prospectivity or mature exploration	1,000	3,000	5,000
E29/640	Average to good prospectivity	3,000	5,250	7,500

In CSA Global's opinion, it considers the market value of EGS's exploration licences to range in value from A\$0.6 million to A\$2.4 million with a preferred value of A\$1.5million (Table 15).

Table 15: Market value of exploration licences

Tenement prospectivity	Area (km ²)	EGS equity (%)	Valuation factors (A\$/km ²)			Valuation (A\$ millions)		
			Low	Preferred	High	Low	Preferred	High
Low	585	100	100	550	1,000	0.06	0.32	0.59
Low-Average	103	100	550	1,775	3,000	0.06	0.18	0.31
Average	145	100	1,000	3,000	5,000	0.15	0.44	0.73
Average-Good	110	100	3,000	5,250	7,500	0.33	0.57	0.82
Total	943	100	-	-	-	0.59	1.52	2.44

Note: The valuation has been compiled to an appropriate level of precision, values may not add up due to rounding.

CSA Global has applied the same discount factor range (0.40 to 0.85) to the valuation of the Mineral Resources in Section 5.4.1 to account for the tenure in a company in administration. The technical value of the exploration licences while the Company is in administration is considered to lie in a range of A\$0.2 million to A\$2.1 million with a preferred value of A\$1.2 million (Table 16).

Table 16: Technical value of exploration licences while in administration

Tenement prospectivity	Area (km ²)	EGS equity (%)	Discount factors		Valuation (A\$ millions)		
			Low	High	Low	Preferred	High
Low	585	100	0.40	0.85	0.02	0.26	0.50
Low-Average	103	100	0.40	0.85	0.02	0.14	0.26
Average	145	100	0.40	0.85	0.06	0.34	0.62
Average-Good	110	100	0.40	0.85	0.13	0.41	0.70
Total	943	100	0.40	0.85	0.24	1.16	2.08

Note: The valuation has been compiled to an appropriate level of precision, values may not add up due to rounding.

5.4.3 Prospecting Licences

CSA Global considered the value of EGS’s prospecting licences in terms of the valuation factors derived from CSA Global’s analysis of comparative market transactions of projects with prospecting licences prospective for gold in Western Australia in the five years prior to the valuation date. These transactions are summarised in Table B3 of [Appendix B](#) and presented in Figure 15. CSA Global identified 13 transactions of projects comprising prospecting licences prospective for gold in Western Australia, three of which CSA Global considered to be outliers, two on the high side (transactions dated 18 January 2017 and 18 October 2017) and one on the low side (transaction dated 22 June 2017).

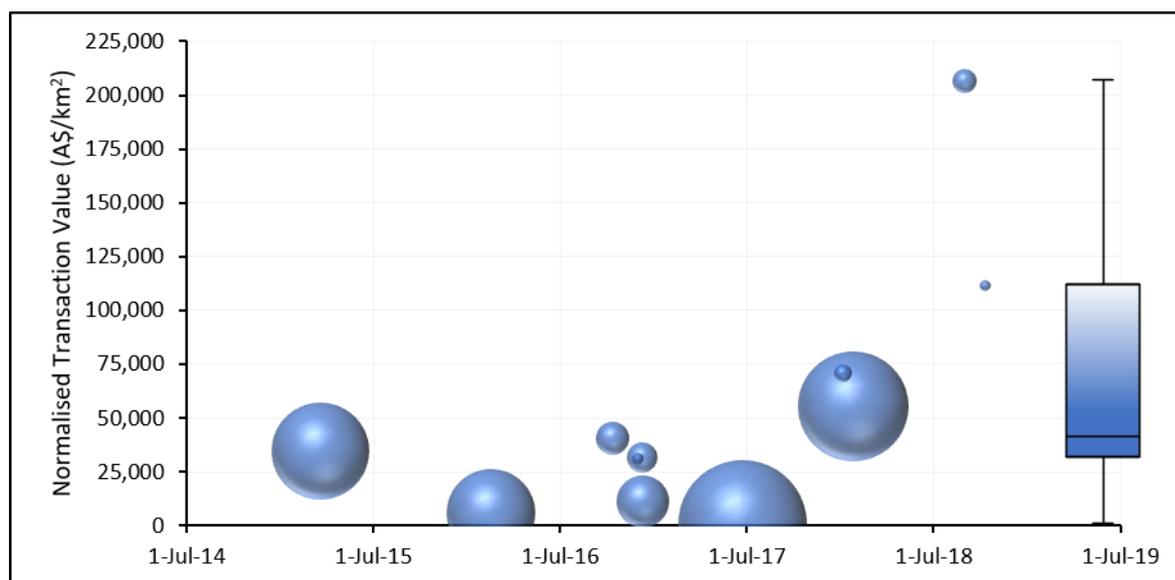


Figure 15: Comparison of prospecting licence transactions

Note: Bubble size represents the area of the prospecting licences. Graph’s Y axis does not extend to include high outliers.

Table 17 presents the summary statistics of all the transactions identified and all transactions less the outliers and a subset of transactions where the area of the prospecting licences greater than 1 km² was transacted, showing the normalised price per km² using the 25 January 2019 gold spot price of A\$1,810.10/oz (US\$1,298.59/oz). In CSA Global’s experience, prospecting licences with an area less than 1 km² can return a very high value per square kilometre due to how the calculation is performed. As the area of the licence is effectively not correlated to the transaction value (i.e. the area does not drive the transaction).

Table 17: Summary statistics of selected prospecting licence transactions prospective for gold

Statistic	Normalised transactions (A\$/km ²)		
	All data	All data (excluding outliers)	Area transacted >1 km ²
Number of transactions	13	10	5
Minimum	553	5,651	5,651
Maximum	1,458,217	206,345	55,399
Median	40,495	37,493	34,490
Mean	188,337	59,848	29,446

From the above analysis, a summary of the valuation factors suitable for valuing prospecting licences within various categories of exploration potential are presented in Table 18.

Table 18: Prospecting licence valuation factors

Exploration Potential	Valuation factors (A\$/km ²)		
	Low	Preferred	High
Low	5,000	12,500	20,000
Average	20,000	27,500	35,000
Good	35,000	42,500	50,000
Excellent	50,000	65,000	80,000

CSA Global has undertaken a high-level assessment of EGS's prospecting licences (total area of 46.08 km²) based on publicly available information and data supplied by EGS. CSA Global considers the prospectivity of the majority of EGS's prospecting licences (see Table 19) to be low, primarily due to being at an early stage of exploration, with mostly only surface geochemistry having been undertaken. The rest are of average prospectivity with some anomalism present or have been well explored and are considered mature.

Table 19: Summary assessment of EGS's prospecting licences

Tenements	Comment	Valuation factors (A\$/km ²)		
		Low	Preferred	High
P16/2888, P16/2889, P16/2921, P16/2922, P24/4395, P24/4396, P24/4400, P24/4401, P24/4750, P24/4751, P24/4754, P24/5073, P24/5074, P24/5075, P29/2328, P29/2397, P29/2398, P29/2399, P29/2400, P29/2401, P29/2402, P29/2403, P29/2404, P29/2405, P29/2406, P29/2407, P30/1122	Low prospectivity or early stage exploration	5,000	12,500	20,000
P24/4402, P24/4403	Average prospectivity or mature exploration	20,000	27,500	35,000

In CSA Global's opinion, it considers the market value of EGS's prospecting licences to range in value from A\$0.3 million to A\$1.0 million with a preferred value of A\$0.3 million (Table 20).

Table 20: Market value of prospecting licences

Tenement prospectivity	Area (km ²)	EGS equity (%)	Valuation factors (A\$/km ²)			Valuation (A\$ millions)		
			Low	Preferred	High	Low	Preferred	High
Low	42.43	100	5,000	12,500	20,000	0.21	0.53	0.85
Average	3.64	100	20,000	27,500	35,000	0.07	0.10	0.13
Total	46.08	100	-	-	-	0.29	0.63	0.98

Note: The valuation has been compiled to an appropriate level of precision, values may not add up due to rounding.

CSA Global has applied the same discount factor range (0.40 to 0.85) to the valuation of the Mineral Resources in Section 5.4.1 to account for the tenure in a company in administration. The technical value of the prospecting licences while the Company is in administration is considered to lie in a range of A\$0.1 million to A\$0.8 million with a preferred value of A\$0.5 million (Table 21).

Table 21: Technical value of prospecting licences while in administration

Tenement prospectivity	Area (km ²)	EGS equity (%)	Discount factors		Valuation (A\$ millions)		
			Low	High	Low	Preferred	High
Low	42.43	100	0.40	0.85	0.08	0.40	0.72
Average	3.64	100	0.40	0.85	0.03	0.07	0.11
Total	46.08	100	0.40	0.85	0.11	0.47	0.83

Note: The valuation has been compiled to an appropriate level of precision, values may not add up due to rounding.

5.4.4 Mining Licences

CSA Global has considered the value of all EGS's mining licences in terms of the valuation factors derived from CSA Global's analysis of comparative market transactions of projects with mining licences prospective for gold in Western Australia in the two years prior to the valuation date. These transactions are summarised in Table B4 of [Appendix B](#) and presented in Figure 16. CSA Global identified 13 transactions of projects comprising of mining licences prospective for gold in Western Australia, two of the transactions were considered outliers, coloured red in Figure 16.

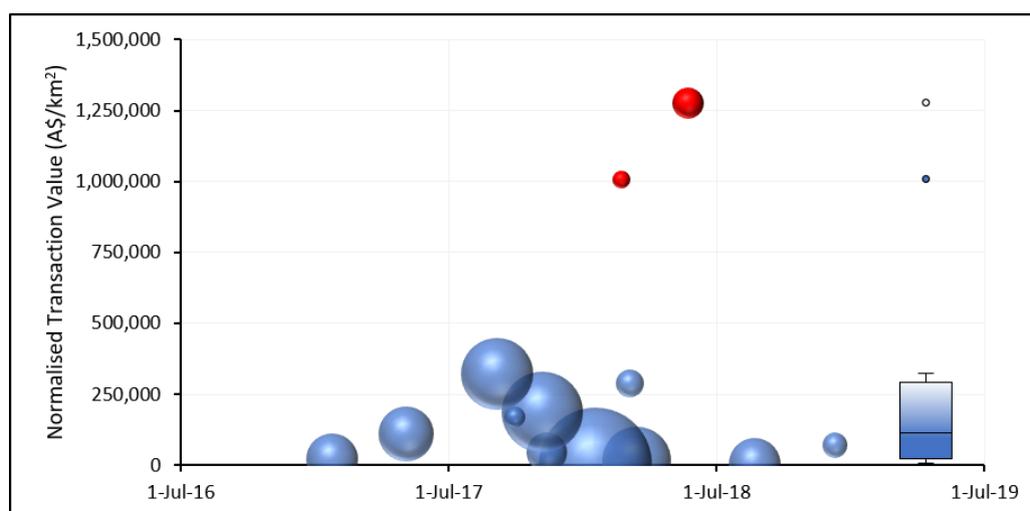


Figure 16: Comparison of mining licence transactions

Note: Bubble size represents the area of the mining licences.

Table 22 presents the summary statistics of all the transactions identified and all the transactions excluding the outliers showing the normalised price per km² using the 25 January 2019 gold spot price of A\$1,810.10/oz (US\$1,298.59/oz).

Table 22: Summary statistics of selected mining licence transactions prospective for gold

Statistic	Normalised transactions (A\$/km ²)	
	All data	All data (excluding outliers)
Number of transactions	13	11
Minimum	2,182	2,182
Maximum	1,275,816	320,352
Median	111,121	69,827
Mean	270,269	111,956

From the above analysis, a summary of the valuation factors suitable for valuing mining licences within various categories of exploration potential are presented in Table 23.

Table 23: Mining licence valuation factors

Exploration Potential	Valuation factors (A\$/km ²)		
	Low	Preferred	High
Low	5,000	27,500	50,000
Average	50,000	100,000	150,000
Good	150,000	200,000	250,000
Excellent	250,000	375,000	500,000

Note: The Excellent exploration potential range and preferred values are influenced by the outliers.

CSA Global has undertaken a high-level assessment of EGS's mining licences (total granted area of 352 km²) based on publicly available information and data supplied by EGS.

CSA Global has identified a problem with using the valuation factors derived in Table 23 to apply to the interpreted prospectivity based on its high-level assessment of EGS's mining licences. The area of the comparative mining licence transactions ranges from 0.58 km² to 24.25 km², with average and median areas of 6.13 km² and 4.99 km² respectively, which is an order of magnitude smaller than the total area of EGS's mining licences (352 km²). Applying the valuation factors in Table 23 would derive very high values for the mining licences.

Table 24 presents the valuation factors applied to the EGS's mining licences (total area 352 km²). CSA Global has reduced the valuation factors in Table 23 by an order of magnitude (divided by 10) in deriving the valuation factors in Table 24.

CSA Global has considered the prospectivity of EGS's mining licences based on its high-level review with the tenure tabulated by prospectivity in Table 24.

Table 24: Summary assessment of EGS's mining licences

Tenements	Comment	Valuation factors (A\$/km ²)		
		Low	Preferred	High
M24/634-I, M24/660, M24/663, M24/664, M24/665, M24/638-I, M24/686, M24/757, M24/772-I, M24/797-I, M24/915-I, M24/916, M30/126, M30/157	Low prospectivity or early stage exploration	500	2,750	5,000
M16/263*, M16/470, M24/39, M24/846, M24/847, M24/973, M30/111, M30/123	Low-average prospectivity, some anomalism identified	2,750	6,375	10,000
M16/262*, M16/264*, M16/268, M24/115, M24/159, M24/208, M24/376, M24/845, M24/848, M29/2, M29/165, M29/422, M30/102, M30/103, M30/187, M30/253	Average prospectivity along known gold trends, or along strike/down dip of present Mineral Resources	5,000	10,000	15,000
M24/960, M30/255, M30/256	Good prospectivity along known gold trends, or along strike/down dip of present Mineral Resources	15,000	20,000	25,000

*For mining licences M16/262 to M16/264, an additional 0–0.2 discount multiplier factor was applied to these tenements as per Section 5.3.

In CSA Global's opinion, it considers the market value of EGS's mining licences to range in value from A\$3.0 million to A\$6.0 million with a preferred value of A\$4.5 million (Table 25).

Table 25: Market value of mining licences

Tenement prospectivity	Area (km ²)	EGS equity (%)	Valuation factors (A\$/km ²)			Valuation (A\$ millions)		
			Low	Preferred	High	Low	Preferred	High
Low	39.77	100	500	2,750	5,000	0.02	0.11	0.20
Low-Average	64.06	100	2,750	6,375	10,000	0.15	0.35	0.56
Average	77.92	100	5,000	10,000	15,000	0.29	0.61	0.93
Good	170.70	100	15,000	20,000	25,000	2.56	3.41	4.27
Total	352.44	100	-	-	-	3.02	4.49	5.96

Note: The valuation has been compiled to an appropriate level of precision, values may not add up due to rounding.

CSA Global has applied the same discount factor range (0.40 to 0.85) applied to the valuation of the Mineral Resources in Section 5.4.1 to account for the tenure in a company in administration. The technical value of the mining licences while the Company is in administration is considered to lie in a range of A\$1.2 million to A\$5.1 million with a preferred value of A\$3.1 million (Table 26).

Table 26: Technical value of mining licences while in administration

Tenement prospectivity	Area (km ²)	EGS equity (%)	Discount factors		Valuation (A\$ millions)		
			Low	High	Low	Preferred	High
Low	39.77	100	0.40	0.85	0.01	0.09	0.17
Low-Average	64.06	100	0.40	0.85	0.06	0.27	0.48
Average	77.92	100	0.40	0.85	0.12	0.45	0.79
Good	170.70	100	0.40	0.85	1.02	2.33	3.63
Total	352.44	100	0.40	0.85	1.21	3.14	5.06

Note: The valuation has been compiled to an appropriate level of precision, values may not add up due to rounding.

5.5 Yardstick Order of Magnitude Check

CSA Global used the Yardstick method as an order of magnitude check on the EGS Mineral Resources valuation completed using comparative transactions. The Yardstick order of magnitude check is simplistic (e.g. it is very generalised and does not address project specific value drivers but takes an “industry-wide” view). It provides a non-corroborative valuation check on the primary comparative transactions’ valuation method, allowing CSA Global to assess the reasonableness of the derived comparative transactions valuation and whether there are any potential issues with the preferred primary valuation method.

For the Yardstick order of magnitude check, CSA Global used the spot price for gold as 25 January 2019 of A\$1,810.10/oz (US\$1,298.59/oz).

In addition, CSA Global utilised the following commonly used Yardstick factors:

- Inferred Mineral Resources: 0.5% to 1% of spot price
- Indicated Mineral Resources: 1% to 2% of spot price
- Measured Mineral Resources: 2% to 5% of spot price.
- Ore Reserves: 5% to 10% of spot price.

The spot price for gold as at 25 January 2019 used for the Yardstick order of magnitude check was consistent with that used for the evaluation of Comparative Transactions data so that the results could be compared.

5.5.1 EGS’s Mineral Resources – Yardstick

As with the Comparable Transactions valuation of the Mineral Resources in Section 5.4.1, the Yardstick valuation has been done on EGS’s Group 1 and Group 2 Mineral Resources separately from the Brownfields Potential (Group 3).

CSA Global has applied the same updated resource category classifications and discount factors as discussed above in Section 5.4.1.

The Yardstick order of magnitude check for the EGS's Group 1 and Group 2 Mineral Resources based on the Yardstick factors above, resulted in the valuation ranges and preferred values for the Group 1 and Group 2 Mineral Resources summarised in Table 27. Table C1 in [Appendix C](#) contains the detailed breakdown for each Group 1 and Group 2 Mineral Resource category based on EGS's attributable equity interest used in deriving Table 27.

Table 27: Summary Yardstick order of magnitude check of EGS's Mineral Resources

Mineral Resource	Gold (oz)	EGS equity (%)	Valuation (A\$M)		
			Low	Preferred	High
All	1,230,000	100	15.5	23.2	30.9

Note: The valuation has been compiled to an appropriate level of precision; values may not add up due to rounding.

CSA Global has applied the same discount factor range (0.4 to 0.85) to the valuation of the Mineral Resources in Section 5.4.1 to account for the tenure in a company in administration (Table 28).

Table 28: Summary Yardstick order of magnitude check of EGS' Mineral Resources in administration

Mineral Resource	Gold (oz)	EGS equity (%)	Valuation (A\$M)		
			Low	Preferred	High
All	1,230,000	100	6.2	16.2	26.3

The valuation has been compiled to an appropriate level of precision; values may not add up due to rounding.

The Yardstick order of magnitude check for the EGS's Group 3 Mineral Resources (Brownfields Potential) based on the Yardstick factors above, resulted in the valuation ranges and preferred values for the Brownfields Potential summarised in Table 29. Table C1 in [Appendix C](#) contains the detailed breakdown for each Group 1 and Group 2 Mineral Resource category based on EGS's attributable equity interest used in deriving Table 29.

Table 29: Summary Yardstick order of magnitude check of EGS's Brownfields Potential

Mineral Resource	Gold (oz)	EGS equity (%)	Valuation (A\$M)		
			Low	Preferred	High
All	538,000	100	1.2	2.0	2.7

The valuation has been compiled to an appropriate level of precision; values may not add up due to rounding.

CSA Global has applied the same discount factor range (0.4 to 0.85) to the valuation of the Mineral Resources in Section 5.4.1 to account for the tenure in the Company in administration (Table 30).

Table 30: Summary Yardstick order of magnitude check of EGS's Brownfields Potential in administration

Mineral Resource	Gold (oz)	EGS equity (%)	Valuation (A\$M)		
			Low	Preferred	High
All	538,000	100	0.5	1.4	2.3

Note: The valuation has been compiled to an appropriate level of precision; values may not add up due to rounding.

5.6 Valuation Summary

A secondary valuation method such as the geoscience factor rating method or multiples of exploration expenditure, was not undertaken on the exploration, prospecting and mining licences. Detailed past and future expenditure details were not available making undertaking a valuation by multiples of exploration expenditure not possible.

In CSA Global's opinion, employing the geoscience rating factor method, would not be appropriate as the lack of reliable data relating to these exploration tenements renders the geoscience rating approach to be of little value. The rating factors for this method rely on the valuer having sufficient information about the exploration that has been completed to evaluate the mineralisation potential of the tenement, in conjunction with the analysis and conclusions that have been drawn from the exploration work. The rating factor is then estimated to reflect the valuer's opinion of the value of this work.

Where there is insufficient information available, all the underlying assumptions become hypothetical, and do not provide a reasonable basis to support the resulting valuation. In CSA Global's opinion, efforts to complete a secondary valuation using methods that rely on hypothetical assumptions would not be an appropriate comparison for the primary valuation; and further will not provide any additional benefit to shareholders for the non-trivial expenditure and delay that would be required to complete this largely hypothetical exercise.

A simplified comparative transactions cross-check was undertaken based on the median values of the summary statistics for the exploration, prospecting and mining licences. The following values were used:

- Exploration licences greater than 200 km² in area (A\$2,500 km²) – see Table 12
- Prospecting licences greater than 1 km² in area (A\$34,500 km²) – see Table 17
- Mining licences excluding outliers divided by 10 (A\$7,000 km²) – see Table 22.

A factor of ±30% was applied to median values to create an appropriate range.

In CSA Global's opinion, it considers the market value of EGS's exploration, prospecting and mining licences to range in value from A\$4.3 million to A\$8.1 million with a preferred value of A\$6.2 million (Table 31).

Table 31: Market value of exploration, prospecting and mining licences

Tenement type	Area (km ²)	EGS equity (%)	Valuation factors (A\$/km ²)			Valuation (A\$ millions)		
			Low	Preferred	High	Low	Preferred	High
Exploration	943	100	1,750	2,500	3,250	1.65	2.36	3.06
Prospecting	46	100	24,150	34,500	44,850	1.11	1.59	2.07
Mining	323	100	4,900	7,000	9,100	1.58	2.26	2.94
M29/262–264*	30	100	4,900	7,000	9,100	-	0.03	0.05
Total	1,312	100	-	-	-	4.34	6.23	8.12

Note: The valuation has been compiled to an appropriate level of precision, values may not add up due to rounding.

*For mining licences M16/262 to M16/264, an additional 0–0.2 discount multiplier factor was applied to these tenements as per Section 5.3.

CSA Global has applied the same discount factor range (0.40 to 0.85) to the valuation of the Mineral Resources in Section 5.4.1 to account for the tenure in a company in administration. The technical value of the exploration, prospecting and mining licences while a company is in administration is considered to lie in a range of A\$1.7 million to A\$6.9 million (Table 32).

Table 32: Technical value of exploration, prospecting and mining licences while in administration

Tenement type	Area (km ²)	EGS equity (%)	Discount factors		Valuation (A\$ millions)		
			Low	High	Low	Preferred	High
Exploration	943	100	0.40	0.85	0.66	1.63	2.61
Prospecting	46	100	0.40	0.85	0.45	1.10	1.76
Mining	323	100	0.40	0.85	0.63	1.56	2.50
M29/262–264*	30	100	0.40	0.85	-	0.02	0.05
Total	1,312	100	0.40	0.85	1.74	4.32	6.90

Note: The valuation has been compiled to an appropriate level of precision, values may not add up due to rounding.

*For mining licences M16/262 to M16/264, an additional 0–0.2 discount multiplier factor was applied to these tenements as per Section 5.3.

In forming an opinion on the market value of EGS’s exploration, prospecting and mining licences, CSA Global has considered valuations derived from the Comparable Transactions for exploration, prospecting and mining licences in Table 15, Table 20 and Table 25 respectively as the primary valuation method and the secondary simplified Comparative Transactions cross-check valuation in Table 31 as a secondary method (Figure 17).

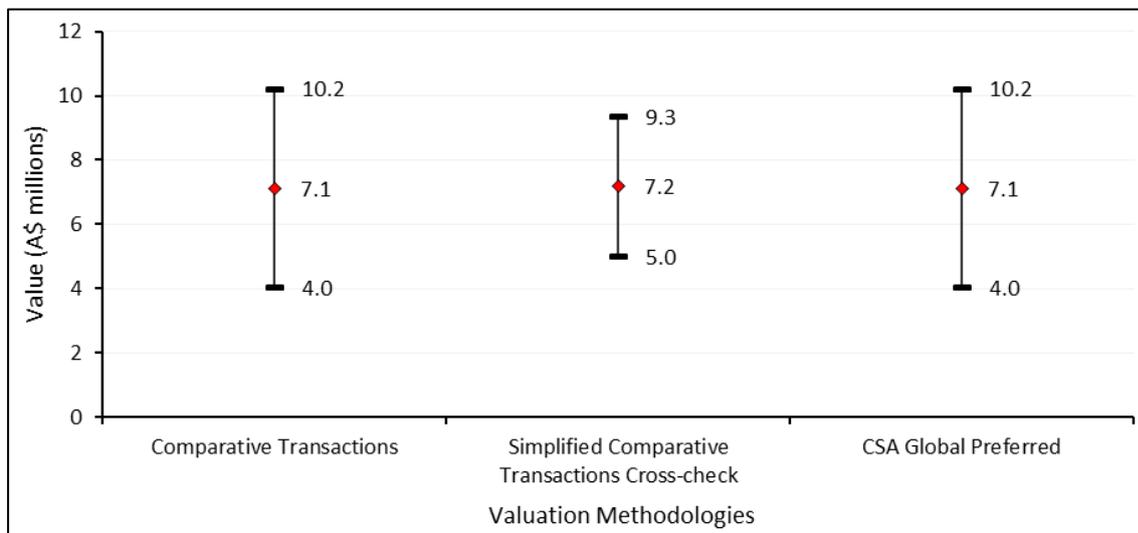


Figure 17: EGS’s tenure – comparison of valuation techniques

CSA Global elected to use the valuation numbers derived by the primary Comparative Transactions valuation as this method took the interpreted prospectivity of each tenement into account based on CSA Global high-level assessment of the tenure. The secondary simplified Comparative Transactions cross-check valuation method is largely in agreement with the primary method.

5.6.1 EGS’s Mineral Resources

In forming an opinion on the market value of EGS’s Group 1 and Group 2 Mineral Resources, CSA Global has considered valuations derived from the Comparable Transactions as a primary method and Yardstick valuation as a secondary method (Figure 18).

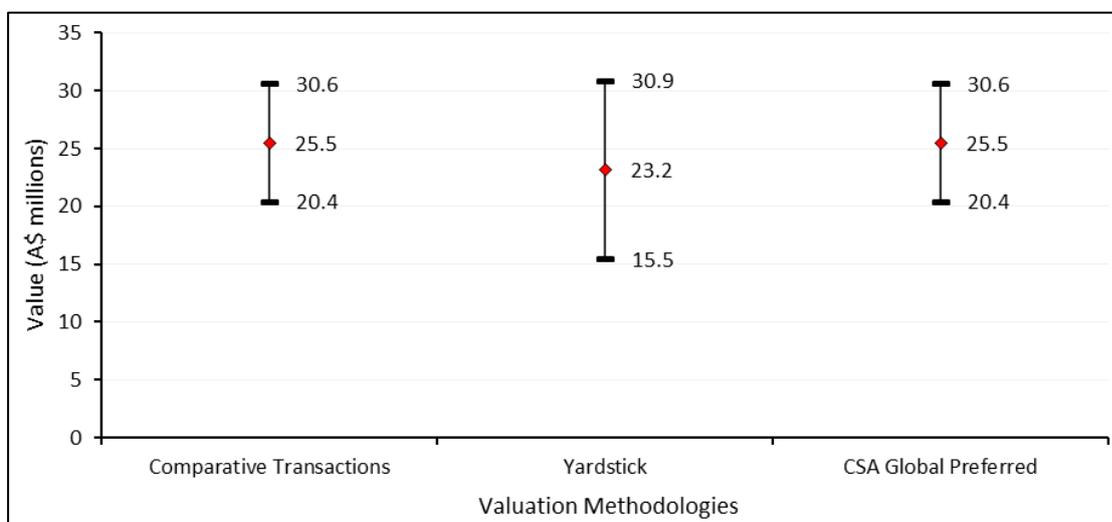


Figure 18: EGS’s Group 1 and Group 2 Mineral Resources – comparison of valuation techniques

CSA Global has elected to use the valuation numbers derived by the Comparative Transaction valuation method to value EGS’s Group 1 and Group 2 Mineral Resources. The secondary valuation by the Yardstick order of magnitude check determined that the Comparative Transactions valuation was reasonable. The Comparative Transactions valuation method is a primary valuation method and a more robust methodology for providing an indication of market value, compared to the Yardstick order of magnitude check, which is a secondary non-corroborative valuation method.

5.6.2 EGS’s Brownfields Potential

In forming an opinion on the market value of EGS’s Brownfields Potential, CSA Global has considered valuations derived from the Comparable Transactions as a primary method and Yardstick valuation as a secondary method (Figure 19).

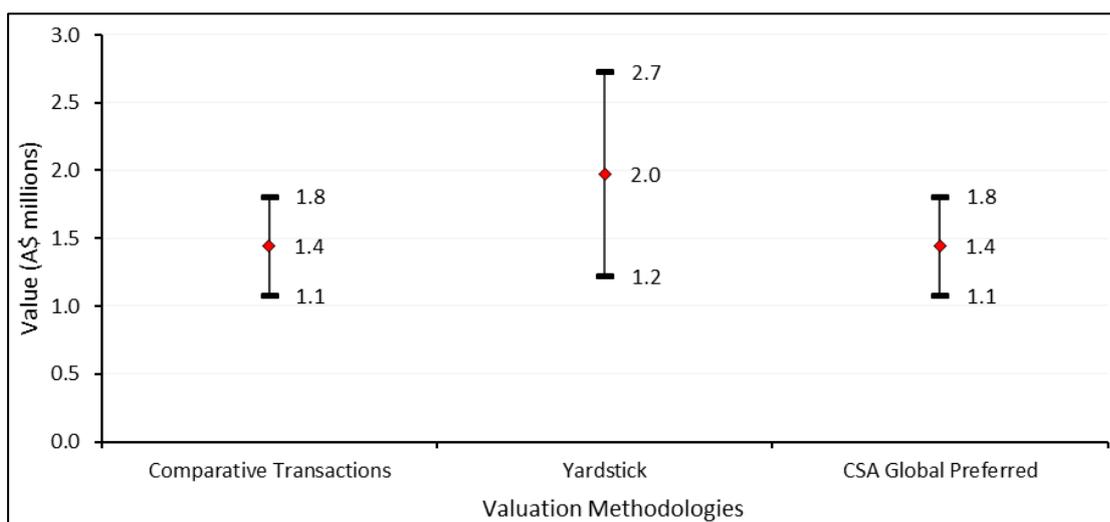


Figure 19: EGS’s Brownfields Potential – comparison of valuation techniques

CSA Global has elected to use the valuation numbers derived by the Comparative Transaction valuation method to value EGS’s Brownfields Potential. The secondary valuation by the Yardstick order of magnitude check determined that the Comparative Transactions valuation was reasonable. The Comparative Transactions valuation method is a primary valuation method and a more robust methodology for providing an indication of market value, compared to the Yardstick order of magnitude check, which is a secondary non-corroborative valuation method.

5.6.3 CSA Global Valuation Summary

CSA Global’s opinion on the Technical Value of EGS’ Australian Mineral Assets, while in administration, as at the valuation date, is that it lies within a range of A\$10.1 million to A\$35.5 million, with a preferred value of A\$22.8 million (Table 33).

Table 33: Summary technical valuation of the EGS’ Mineral Assets while in administration

Mineral Asset	Equity (%)	Valuation (A\$ millions)			Reference table
		Low	Preferred	High	
Mineral Resources	100	8.2	17.1	26.0	Table 10
Brownfields Potential	100	0.4	1.0	1.5	Table 11
Exploration Tenements	100	0.2	1.2	2.1	Table 16
Prospecting Tenements	100	0.1	0.5	0.8	Table 21
Mining Tenements	100	1.2	3.1	5.1	Table 26
Total	100	10.2	22.8	35.5	-

Note: The valuation has been compiled to an appropriate level of precision, values may not add up due to rounding.

CSA Global's opinion on the Market Value of EGS's Australian mineral assets in accordance of ASIC RG111.15 and the VALMIN Code as at the valuation date is that it lies within a range of A\$25.4 million to A\$41.8 million with a preferred value of A\$33.6 million (Table 34).

Table 34: Summary market valuation of the EGS's mineral assets

Mineral asset	Equity (%)	Valuation (A\$ millions)			Reference table
		Low	Preferred	High	
Mineral Resources	100	20.4	25.5	30.6	Table 8
Brownfields Potential	100	1.1	1.4	1.8	Table 9
Exploration Tenements	100	0.6	1.5	2.4	Table 15
Prospecting Tenements	100	0.3	0.6	1.0	Table 20
Mining Tenements	100	3.0	4.5	6.0	Table 25
Total	100	25.4	33.6	41.8	-

Note: The valuation has been compiled to an appropriate level of precision, values may not add up due to rounding.

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7 Glossary

Below are brief descriptions of some terms used in this report. For further information or for terms that are not described here, please refer to internet sources such as Wikipedia (www.wikipedia.org).

amphibolite	A metamorphic crystalline rock consisting mainly of amphiboles and some plagioclase.
Archaean	Widely used term for the earliest era of geological time spanning the interval from the formation of Earth to about 2,500 million years ago.
basalt	Is a mafic extrusive igneous rock formed from the rapid cooling of magnesium-rich and iron-rich lava
colluvium	Is a general name for loose, unconsolidated sediments that have been deposited at the base of hillslopes.
dolerite	Is a mafic, holocrystalline, subvolcanic rock equivalent to volcanic basalt or plutonic gabbro.
felsic	Refers to igneous rocks that are relatively rich in elements that form feldspar and quartz.
gabbro	A large group of dark, often phaneritic (coarse-grained), mafic intrusive igneous rocks chemically equivalent to basalt, being its coarse-grained analogue.
laterite	Is a soil and rock type rich in iron and aluminium and is commonly considered to have formed in hot and wet tropical areas.
mafic	An igneous rock that is rich in magnesium and iron.
pegmatite	Is a holocrystalline, intrusive igneous rock composed of interlocking phaneritic crystals usually larger than 2.5 cm in size.
porphyritic	A texture where rock that has a distinct difference in the size of the crystals, with at least one group of crystals obviously larger than another group.
sandstone	Is a clastic sedimentary rock composed mainly of sand-sized (0.0625 to 2 mm) mineral particles or rock fragments.
schist	Is a medium-grade metamorphic rock with medium to large, flat, sheet-like grains in a preferred orientation.
sill	A tabular sheet intrusion that has intruded between older layers of sedimentary rock, beds of volcanic lava or tuff, or along the direction of foliation in metamorphic rock.
tuff	Is a type of rock made of volcanic ash ejected from a vent during a volcanic eruption.

8 Abbreviations and Units of Measurement

%	percent
°	degrees
A\$	Australian dollars
AIG	Australian Institute of Geoscientists
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Au	gold
AusIMM	Australasian Institute of Mining and Metallurgy
BDO	BDO Corporate Finance (WA) Ltd
CIP	carbon in pulp
cm	centimetre
Croesus	Croesus Mining NL
CSA Global	CSA Global Pty Ltd
DLA	DLA Piper Australia
DTM	digital terrain model
EGS	Eastern Goldfields Limited
g	gram
g/t	grams per tonne equivalent to ppm – parts per million
ha	hectare(s)
km	kilometres
km ²	square kilometres
koz	thousand ounces
m	metre(s)
M	million(s)
MIK	multiple indicator kriging
mm	millimetres
Monarch	Monarch Gold Mining Corporation
Moz	million ounces
Mt	million tonnes
Mt/a	million tonnes per annum
NQ	diamond core diameter of 47.6 mm
oz	troy ounce (31.1035 grams)
ppm	parts per million equivalent to g/t – grams per tonne
QAQC	quality assurance and quality control (for sampling and assaying)



QFL	quartz-feldspar lode
RAB	rotary air blast
RC	reverse circulation
ROM	run-of-mine
Rothschild	NM Rothschild & Sons
Siberia Mining	Siberia Mining Corporation
Swan Gold	Swan Gold Mining Ltd
t	tonne(s)
US\$	United States dollars
WMC	Western Mining Corporation

Appendix A: Valuation Approaches

Background

Mineral Assets are defined in the VALMIN Code as all property including (but not limited to) tangible property, intellectual property, mining and exploration Tenure and other rights held or acquired in connection with the exploration, development of and production from those Tenures. This may include the plant, equipment and infrastructure owned or acquired for the development, extraction and processing of Minerals in connection with that Tenure.

Business valuers typically define market value as “The price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious buyer, and a knowledgeable, willing but not anxious seller acting at arm’s length.” The accounting criterion for a market valuation is that it is an assessment of “fair value”, which is defined in the accounting standards as “the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm’s length transaction.” The VALMIN Code defines the value of a Mineral Asset as its Market Value, which is “the estimated amount (or the cash equivalent of some other consideration) for which the Mineral Asset should exchange on the date of Valuation between a willing buyer and a willing seller in an arm’s length transaction after appropriate marketing where the parties had each acted knowledgeably, prudently and without compulsion”.

Market Value usually consists of two components, the underlying or Technical Value, and a premium or discount relating to market, strategic or other considerations. The VALMIN Code recommends that a preferred or most-likely value be selected as the most likely figure within a range after taking into account those factors which might impact on Value.

The concept of Market Value hinges upon the notion of an asset changing hands in an arm’s length transaction. Market Value must therefore take into account, inter alia, market considerations, which can only be determined by reference to “comparable transactions”. Generally, truly comparable transactions for Mineral Assets are difficult to identify due to the infrequency of transactions involving producing assets and/or Mineral Resources, the great diversity of mineral exploration properties, the stage to which their evaluation has progressed, perceptions of prospectivity, tenement types, the commodity involved and so on.

For exploration tenements, the notion of value is very often based on considerations unrelated to the amount of cash which might change hands in the event of an outright sale, and in fact, for the majority of tenements being valued, there is unlikely to be any “cash equivalent of some other consideration”. Whilst acknowledging these limitations, CSA Global has identified what it considers to be comparable transactions that have been used in assessing the values to be attributed to the Mineral Assets.

Valuation Methods for Exploration Projects

The choice of valuation methodology applied to Mineral Assets, including exploration licences, will depend on the amount of data available and the reliability of that data.

The VALMIN Code classifies Mineral Assets into categories that represent a spectrum from areas in which mineralisation may or may not have been found through to Operating Mines which have well-defined Ore Reserves, as listed below:

- **“Early-stage Exploration Projects”** – tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified.
- **“Advanced Exploration Projects”** – tenure holdings where considerable exploration has been undertaken and specific targets identified that warrant further detailed evaluation, usually by drill

testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category.

- **“Pre-Development Projects”** – tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely) but where a decision to proceed with development has not been made.
- **“Development Projects”** – tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a Prefeasibility Study.
- **“Production Projects”** – tenure holdings – particularly mines, wellfields and processing plants – that have been commissioned and are in production.

Each of these different categories will require different valuation methodologies, but regardless of the technique employed, consideration must be given to the perceived “market valuation”.

The Market Value of Exploration Properties and Undeveloped Mineral Resources can be determined by four general approaches: Cost; Market; Geoscience Factor or Income.

Cost

Appraised Value or Exploration Expenditure Method considers the costs and results of historical exploration.

The Appraised Value Method utilises a Multiple of Exploration Expenditure (MEE), which involves the allocation of a premium or discount to past expenditure through the use of the Prospectivity Enhancement Multiplier (PEM). This involves a factor which is directly related to the success (or failure) of the exploration completed to date, during the life of the current tenements.

Guidelines for the selection of a PEM factor have been proposed by several authors in the field of mineral asset valuation (Onley, 1994). Table A 1 lists the PEM factors and criteria used in the Report.

Table A 1: *Prospectivity Enhancement Multiplier (PEM) factors*

PEM range	Criteria
0.2–0.5	Exploration (past and present) has downgraded the tenement prospectivity, no mineralisation identified
0.5–1.0	Exploration potential has been maintained (rather than enhanced) by past and present activity from regional mapping
1.0–1.3	Exploration has maintained, or slightly enhanced (but not downgraded) the prospectivity
1.3–1.5	Exploration has considerably increased the prospectivity (geological mapping, geochemical or geophysical activities)
1.5–2.0	Scout drilling (RAB, air-core, reverse circulation percussion) has identified interesting intersections of mineralisation
2.0–2.5	Detailed drilling has defined targets with potential economic interest
2.5–3.0	A Mineral Resource has been estimated at Inferred JORC category, no concept or scoping study has been completed
3.0–4.0	Indicated Mineral Resources have been estimated that are likely to form the basis of a Prefeasibility Study
4.0–5.0	Indicated and Measured Resources have been estimated and economic parameters are available for assessment

Market

Market Approach Method or Comparable Transactions looks at prior transactions for the property and recent arm's length transactions for comparable properties.

The Comparable Transaction method provides a useful guide where a mineral asset that is comparable in location and commodity has in the recent past been the subject of an "arm's length" transaction, for either cash or shares.

In an exploration joint venture or farm-in, an equity interest in a tenement or group of tenements is usually earned in exchange for spending on exploration, rather than a simple cash payment to the tenement holder. The joint venture or farm-in terms, of themselves, do not represent the Value of the tenements concerned. To determine a Value, the expenditure commitments should be discounted for time and the probability that the commitment will be met. Whilst some practitioners invoke complex assessments of the likelihood that commitments will be met, these are difficult to justify at the outset of a joint venture, and it seems more reasonable to assume a 50:50 chance that a joint venture agreement will run its term. Therefore, in analysing joint venture terms, a 50% discount may be applied to future committed exploration, which is then "grossed up" according to the interest to be earned to derive an estimate of the Value of the tenements at the time that the agreement was entered into.

Where a progressively increasing interest is to be earned in stages, it is likely that a commitment to the second or subsequent stages of expenditure will be so heavily contingent upon the results achieved during the earlier phases of exploration that assigning a probability to the subsequent stages proceeding will in most cases be meaningless. A commitment to a minimum level of expenditure before an incoming party can withdraw must reflect that party's perception of minimum value and should not be discounted. Similarly, any up-front cash payments should not be discounted.

The terms of a sale or joint venture agreement should reflect the agreed value of the tenements at the time, irrespective of transactions or historical exploration expenditure prior to that date. Hence the current Value of a tenement or tenements will be the Value implied from the terms of the most recent transaction involving it/them, plus any change in Value as a result of subsequent exploration. Where the tenements comprise applications over previously open ground, little to no exploration work has been completed and they are not subject to any dealings, it is thought reasonable to assume that they have minimal, if any Value, except perhaps, the cost to apply for, and therefore secure a prior right to the ground, unless of course there is competition for the ground and it was keenly sought after. Such tenements are unlikely to have any Value until some exploration has been completed, or a deal has been struck to sell or joint venture them, implying that a market for them exists.

High quality Mineral Assets are likely to trade at a premium over the general market. On the other hand, exploration tenements that have no defined attributes apart from interesting geology or a "good address" may well trade at a discount to the general market. Market Values for exploration tenements may also be impacted by the size of the land holding, with a large, consolidated holding in an area with good exploration potential attracting a premium due to its appeal to large companies.

Geoscience Factor

The Geoscience Factor method seeks to rank and weight geological aspects, including proximity to mines, deposits and the significance of the camp and the commodity sought.

The Geoscience Factor (or Kilburn) method, as described by Kilburn (1990) and expanded on by Goulevitch and Eupene (1994), provides an approach for the technical valuation of the exploration potential of mineral properties, on which there are no defined resources.

Valuation is based upon a calculation in which the geological prospectivity, commodity markets, and mineral property markets are assessed independently. The Geoscientific Factor method is essentially a

technique to define a Value based upon geological prospectivity. The method appraises a variety of mineral property characteristics:

- Location with respect to any off-property mineral occurrence of value, or favourable geological, geochemical or geophysical anomalies
- Location and nature of any mineralisation, geochemical, geological or geophysical anomaly within the property and the tenor of any mineralisation known to exist on the property being valued
- Number and relative position of anomalies on the property being valued
- Geological models appropriate to the property being valued.

The Geoscientific Factor method systematically assesses and grades these four key technical attributes of a tenement to arrive at a series of multiplier factors (Table A2).

The Basic Acquisition Cost (BAC) is an important input to the Geoscientific Factor method and it is calculated by summing the application fees, annual rent, work required to facilitate granting (e.g. native title, environmental etc.) and statutory expenditure for a period of 12 months. Each factor is then multiplied serially by the BAC to establish the overall technical value of each mineral property. A fifth factor, the market factor, is then multiplied by the technical value to arrive at the fair market value.

Yardstick

The Rule-of-Thumb (Yardstick) method is relevant to exploration properties where some data on tonnage and grade exist may be valued by methods that employ the concept of an arbitrarily ascribed current in situ net value to any Ore Reserves (or Mineral Resources) outlined within the tenement (Lawrence 2001, 2012).

Rules-of-Thumb (Yardstick) methods are commonly used where a Mineral Resource remains in the Inferred category and available technical/economic information is limited. This approach ascribes a heavily discounted in-situ value to the Resources, based upon a subjective estimate of the future profit or net value (say per tonne of ore) to derive a rule-of-thumb.

This Yardstick multiplier factor applied to the Resources delineated (depending upon category) varies depending on the commodity. Typically, a range from 0.4% to 3% is used for base metals and PGM, whereas for gold and diamonds a range of 2% to 4.5% is used. The method estimates the in situ gross metal content value of the mineralisation delineated (using the spot metal price and appropriate metal equivalents for polymetallic mineralisation as at the valuation date).

The chosen percentage is based upon the valuer's risk assessment of the assigned JORC Code's Mineral Resource category, the commodity's likely extraction and treatment costs, availability/proximity of transport and other infrastructure (particularly a suitable processing facility), physiography and maturity of the mineral field, as well as the depth of the potential mining operation.

Income

The Income Approach is relevant to exploration properties on which undeveloped Mineral Resources have been identified by drilling. Value can be derived with a reasonable degree of confidence by forecasting the cash flows that would accrue from mining the deposit, discounting to the present day and determining a net present value (NPV).

The Income Approach is not appropriate for properties without Mineral Resources.

Table A2: Geoscience Factor Ranking

Rating	Address/Off-property factor	On-property factor	Anomaly factor	Geological factor
0.5	Very little chance of mineralisation; Concept unsuitable to the environment	Very little chance of mineralisation; Concept unsuitable to the environment	Extensive previous exploration with poor results	Generally unfavourable lithology; No alteration of interest
1	Exploration model support; Indications of prospectivity; Concept validated	Exploration model support; Indications of Prospectivity; Concept validated	Extensive previous exploration with encouraging results; Regional targets	Deep cover; Generally favourable lithology/alteration (70%)
1.5	Reconnaissance (RAB/air core) drilling with some scattered favourable results; Minor workings	Exploratory sampling with encouragement	Several early stage targets outlined from geochemistry and geophysics	Shallow cover; Generally favourable lithology/alteration (50% to 60%)
2	Several old workings; Significant reverse circulation percussion drilling leading to advanced project	Several old workings; reconnaissance drilling or reverse circulation percussion drilling with encouraging intersections	Several well-defined targets supported by recon drilling data	Exposed favourable; Lithology/alteration
2.5	Abundant workings; Grid drilling with encouraging results on adjacent sections	Abundant workings; Core drilling after reverse circulation percussion with encouragement	Several well-defined targets with encouraging drilling results	Strongly favourable lithology, alteration
3	Mineral Resource areas defined	Advanced resource definition drilling (early stages)	Several significant sub-economic targets; No indication of "size"	Generally favourable lithology with structures along strike of a major mine; Very prospective geology
3.5	Abundant Workings/mines with significant historical production; Adjacent to known mineralisation at PFS stage	Abundant workings/mines with significant historical production; Mineral Resource areas defined	Several significant sub-economic targets; Potential for significant "size"; Early stage drilling	
4	Along strike or adjacent to Resources at Definitive Feasibility Study stage	Adjacent to known mineralisation at PFS stage	Marginally economic targets of significant "size" advanced drilling	
4.5	Adjacent to development stage project	Along strike or adjacent to Resources at Definitive Feasibility Study stage	Marginal economic targets of significant "size" with well drilled Inferred Resources	
5	Along strike from operating major mine(s)	Adjacent to development stage project	Several significant ore grade co-relatable intersections	

Valuation Approaches by Asset Stage

Regardless of the technical application of various valuation methods and guidelines, the valuer should strive to adequately reflect the carefully considered risks and potentials of the various projects in the valuation ranges and the preferred values, with the overriding objective of determining the "fair market value".

Table A3 below shows the valuation approaches that are generally considered appropriate to apply to each type of mineral property.

Table A3: Valuation approaches for different types of mineral properties (VALMIN, 2015)

Valuation approach	Exploration properties	Mineral Resource properties	Development properties	Production properties
Income	No	In some cases,	Yes	Yes
Market	Yes	Yes	Yes	Yes
Cost	Yes	In some cases,	No	No

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Appendix B: Comparable Transactions

Table B1: Selected comparative transactions of gold Mineral Resources in Australia

Date	Project	Buyer	Seller	Mineral Resource grade (g/t)	Mineral Resource contained Au (Moz)	Measured and Indicated Resources (%)	Transaction value (100%) A\$M	Implied value A\$/oz	Normalised value A\$/oz
13-Dec-18	Devon	Matsa Resources Ltd	GME Resources Ltd	2.70	0.04	63	0.10	2.78	2.93
12-Dec-18	New Hope	Chinova Resources Cloncurry Mines Pty Ltd	Pegmont Mines Ltd	6.80	0.03	89	0.58	20.31	21.31
14-Nov-18	Snake Well	Adaman Resources Pty Ltd	Kalamazoo Resources Ltd	2.45	0.14	48	6.14	43.53	47.31
14-Nov-18	Zelica	Matsa Resources Ltd	Anova Metals Ltd	1.63	0.03	63	0.15	4.97	5.40
16-Oct-18	Penny West	Spectrum Metals Ltd	Patina Resources Pty Ltd and Plateaux Resources Pty Ltd	5.00	0.04	78	1.00	27.78	29.24
13-Sep-18	Marda	Ramelius Resources Ltd	Black Oak Minerals Ltd (in Administration)	1.96	0.33	76	13.00	38.98	42.17
30-Jul-18	Central Tanami	Northern Star Resources Ltd	Tanami Gold NL	2.80	2.74	59	133.33	48.59	53.21
17-May-18	Kirkalocka	Adaman Resources Pty Ltd	Shandong Tyan Home Co. Ltd	1.10	0.55	78	12.00	21.90	23.12
29-Jan-18	Horse Well	Alloy Resources Ltd	Doray Minerals Ltd	2.76	0.08	0	4.55	60.53	66.14
1-Dec-17	Eureka	Tyranna Resources Ltd	Central Iron Ore Ltd	4.40	0.06	0	3.20	49.84	53.36
23-Jun-17	Tuckabianna Gold Project	Westgold Resources Ltd	Silver Lake Resources Ltd	2.04	0.52	31	8.50	16.22	17.69
18-May-17	Kat Gap	Classic Minerals Ltd	Sulphide Resources Pty Ltd	2.90	0.04	Unknown	0.40	9.45	10.14
5-May-17	Black Cat	Beacon Minerals Ltd	Flinders Exploration Ltd	2.00	0.02	53	0.59	24.80	27.08
24-Apr-17	Bundarra Gold	Saracen Mineral Holdings Ltd	Bligh Resources Ltd	1.90	0.43	67	9.00	20.88	22.46
8-Mar-17	Ant Hill	Intermin Resources Ltd	Echo Resources Ltd	1.00	0.16	18	0.30	1.88	2.12
23-Feb-17	Blayney	Regis Resources Ltd	Aeris Resources Ltd	0.66	1.10	18	3.25	2.97	3.32
22-Dec-16	Dalgaranga	Gascoyne Resources Ltd	Private Vendor	1.40	1.12	63	43.68	39.00	45.04
6-Dec-16	Trojan	Overland Resources Ltd	Westgold Resources Ltd	1.61	0.14	64	0.88	6.10	7.03
1-Nov-16	Cargo	Agricultural Equity Investments Pty Ltd	Golden Cross Resources limited	0.84	0.28	0	0.50	1.78	1.92
3-Aug-16	Coolgardie	Primary Gold Ltd	MacPhersons Resources Ltd	1.63	0.20	62	9.45	47.11	47.60
21-Jul-16	Lake Carey	Matsa Resources Ltd	Fortitude Gold Pty Ltd	1.90	0.39	45	1.75	4.54	4.66

Date	Project	Buyer	Seller	Mineral Resource grade (g/t)	Mineral Resource contained Au (Moz)	Measured and Indicated Resources (%)	Transaction value (100%) A\$M	Implied value A\$/oz	Normalised value A\$/oz
12-May-16	Plutonic Dome	Vango Mining Ltd	Dampier Gold Ltd	3.10	0.82	54	5.50	6.71	7.03
6-May-16	Zeus	Hanking Gold Mining Pty Ltd	Cazaly Resources Ltd	1.97	0.03	0	0.22	7.42	7.66
4-May-16	Sandstone	Middle Island Resources Ltd	Black Oak Minerals Ltd (in Administration)	1.38	0.48	4	2.50	5.21	5.50
31-Mar-16	Gunga West Gold Project	Metals X Ltd	Kidman Resources Ltd	1.70	0.07	82	1.50	20.55	23.18
27-Jan-16	Burbanks & Gunga West	Kidman Resources Ltd	Blue Tiger Mines Pty Ltd	2.85	0.17	30	7.50	43.60	49.82
21-Dec-15	Twin Hills	Melrose Resources Pty Ltd	Golden Deeps Ltd	20.86	0.01	100	0.05	4.25	5.12
18-Dec-15	Mt Holland	Kidman Resources Ltd	Convergent Minerals Ltd (in Administration)	1.61	0.93	63	3.50	3.77	4.60
16-Dec-15	Spring Hill	PC Gold Pty Ltd	Thor Mining Plc	1.74	0.39	100	3.36	8.65	10.47
10-Nov-15	Cheritons Find	Hanking Gold Mining Pty Ltd	Riedel Resources Ltd	2.46	0.11	0	0.70	6.33	7.38
26-Oct-15	Karlawinda	Malagasy Minerals Ltd	Greenmount Resources Pty Ltd	1.10	0.65	0	6.00	9.22	10.38
20-Aug-15	Kailis & King of the Hills	Saracen Mineral Holdings Ltd	St Barbara Ltd	5.15	0.39	98	2.14	5.46	6.31
18-Aug-15	Redcliffe	Northern Manganese Ltd	Redcliffe Resources Ltd	1.57	0.28	30	0.98	3.53	4.19
5-Aug-15	Spargoville	Maximus Resources Ltd	Tychean Resources Ltd	17.99	0.13	93	0.75	5.73	7.02
31-Jul-15	Mt Henry	Metals X Ltd	Panoramic Resources Ltd and Matsa Resources Ltd	1.19	1.66	76	24.75	14.95	18.16
31-Jul-15	Grosvenor Gold and Peak Hill	Metals X Ltd	Resource & Investment NL	1.79	1.97	66	20.25	10.28	12.49
9-Jun-15	Ulysses	Genesis Minerals Ltd	Private Vendor	2.10	0.14	93	0.66	4.77	5.63
26-Mar-15	Beatons Creek	Novo Resources Corporation	Millennium Minerals Ltd	1.50	0.42	0	3.80	9.03	10.61
24-Feb-15	Hermes	Northern Star Resources Ltd	Alchemy Resources Ltd	2.00	0.21	100	1.45	6.84	8.08
24-Dec-14	Nannine	Metals X Ltd	GMK Exploration Pty Ltd (in Administration)	2.13	0.09	Unknown	0.20	2.20	2.75
13-Nov-14	White Well	Private purchaser	Mutiny Gold Ltd and Private Individual	0.77	0.11	81	1.30	11.50	15.65
7-Nov-14	Mt Jewell	Norton Gold Fields Ltd	KalNorth Gold Mines Ltd	1.00	0.28	77	1.80	6.53	8.74

Date	Project	Buyer	Seller	Mineral Resource grade (g/t)	Mineral Resource contained Au (Moz)	Measured and Indicated Resources (%)	Transaction value (100%) A\$M	Implied value A\$/oz	Normalised value A\$/oz
29-Sep-14	Suplejack	ABM Resources NL	Ord River Resources Ltd	1.29	0.10	0	0.75	7.38	9.57
15-Sep-14	Wilthorpe	Resourceful Mining Group Pty Ltd	Meteoric Resources NL	1.52	0.06	35	0.45	7.31	9.68
5-Sep-14	Dalgaranga, Egerton, Glenburgh	Monument Mining Ltd	Gascoyne Resources Ltd	1.59	1.76	40	49.22	27.89	37.36
28-Aug-14	Tuckanarra	Monument Mining Ltd	Phosphate Australia Ltd	1.58	0.10	56	3.90	39.08	51.31
28-Jul-14	Majestic	Silver Lake Resources Ltd	Newcrest Mining Ltd	2.78	0.25	80	10.02	40.05	52.27
26-Jun-14	Weerianna	Artemis Resources Ltd	Unknown	2.17	0.07	0	0.60	8.58	11.11
10-Jun-14	Kathleen Valley	Ramelius Resources Ltd	Glencore PLC	2.80	0.13	22	4.05	31.15	41.88
15-May-14	Bronzewing	Metaliko Resources Ltd	Navigator Resources Ltd (in Administration)	2.50	0.88	69	4.00	4.54	5.90
14-May-14	Meekatharra	Metals X Ltd	GMK Exploration Pty Ltd (in Administration)	1.75	3.55	62	7.70	2.17	2.82
4-Apr-14	Leonora	Kin Mining NL	Navigator Resources Ltd (in Administration)	1.90	0.75	72	2.70	3.62	4.67
13-Mar-14	Lake Carey & Phantom Well	Fortitude Gold Pty Ltd	Midas Resources Ltd	1.90	0.39	47	0.33	0.86	1.02
10-Feb-14	Halls Creek (Biscay)	Pacific Nuigini Ltd	Bulliton Resource Ltd	5.20	0.29	63	5.71	19.44	24.67
6-Feb-14	Sand Queen (Comet Vale)	Not specified	Reed Resources Ltd	7.65	0.21	46	2.00	9.50	12.27
21-Jan-14	Thunderbox	Saracen Mineral Holdings Ltd	Norilsk Nickel Australia Pty Ltd	1.60	2.09	83	23.00	11.00	14.13
20-Jan-14	Wiluna	Blackham Resources Ltd	Apex Minerals NL (in Administration)	5.29	2.85	51	2.00	0.70	0.89

Notes:

- The spot price used for normalising the transactions was A\$1,810.10/oz.
- Transactions highlighted in red were transactions from a company in administration.

Table B2: Comparative transactions of exploration licences prospective for gold in Australia

Date	Project	Buyer	Seller	Prospective commodities	Transaction type	Transaction value (100%) A\$k	Implied value A\$/km ²	Normalised value A\$/km ²
3-Sep-18	Mon Ami Area	Great Southern Mining Ltd	Strategic Minerals Plc	Au	Acquisition – 100%	145	2,876	2,903
23-Aug-18	Pilbara	Pacton Gold Inc.	Arrow Minerals Ltd	Au	Acquisition – 49%	4,147	6,809	6,993
31-Jul-18	Holleton	Ramelius Resources Ltd	Element 25 Ltd	Au	Acquisition – 100%	1,000	2,604	2,662
18-Jun-18	Ruby Plains	Dampier Gold Ltd	Private seller	Au	Acquisition – 100%	473	577	563
7-Jun-18	Lefroy	St Ives Gold Mining Company Pty Ltd	Lefroy Exploration Ltd	Au	Joint Venture – 51%	16,996	45,688	45,183
25-May-18	South Darlot	Kingwest Resources Ltd	Central Iron Ore Ltd	Au	Acquisition – 100%	580	2,007	1,954
8-May-18	Euro	Newcrest Mining Ltd	Prodigy Gold NL	Au	Joint Venture – 51%	9,723	2,796	2,674
4-May-18	Kirkalocka	Bar None Exploration Pty Ltd	Blaze International Ltd	Au	Acquisition – 100%	100	3,012	2,904
18-Jan-19	Paynes Find	Oakajee Corporation Ltd	Attgold Pty Ltd	Au	Purchase - 80	44	974	985
11-Dec-18	Penny West	Spectrum Metals Ltd	Private seller	Au	Purchase - 100	15	3,359	3,519
15-Oct-18	Mount Hawthorn	Marindi Metals Ltd	Bar None Exploration Pty Ltd	Au	Purchase - 100	41	2,831	2,982
11-Oct-18	Hong Kong	Pacton Gold Inc.	Clancy Exploration Ltd	Au	Purchase - 100	1,770	44,073	46,526
27-Sep-18	Golden Palm	Pacton Gold Inc.	Private seller	Au	Purchase - 100	280	11,373	12,561
20-Sep-18	Wallbrook	Nexus Minerals Ltd	Newmont Exploration Pty Ltd	Au	Purchase - 100	13	69	75
3-Sep-18	Mon Ami Area	Great Southern Mining Ltd	Strategic Minerals Plc	Au	Purchase - 100	145	2,876	3,127
3-Sep-18	Drummond	Evolution Mining Ltd	Andormeda Metals Ltd	Au	Joint Venture - 51	4,153	7,987	8,683
23-Aug-18	Pilbara	Pacton Gold Inc.	Arrow Minerals Ltd	Au	Purchase - 49	4,147	6,809	7,533
31-Jul-18	Holleton	Ramelius Resources Ltd	Element 25 Ltd	Au	Purchase - 100	1,000	2,604	2,868
18-Jun-18	Ruby Plains	Dampier Gold Ltd	Private seller	Au	Purchase - 100	473	577	606
7-Jun-18	Lefroy	St Ives Gold Mining Company Pty Ltd	Lefroy Exploration Ltd	Au	Joint Venture - 51	16,996	45,688	48,670
25-May-18	South Darlot	Kingwest Resources Ltd	Central Iron Ore Ltd	Au	Purchase - 100	580	2,007	2,105
8-May-18	Euro	Newcrest Mining Ltd	Prodigy Gold NL	Au	Joint Venture - 51	9,723	2,796	2,881
4-May-18	Kirkalocka	Bar None Exploration Pty Ltd	Blaze International Ltd	Au	Purchase - 100	100	3,012	3,128
2-May-18	Connors Arc	Evolution Mining Ltd	Orion Minerals Ltd	Au	Purchase - 100	2,500	781	812
18-Apr-18	Slate Dam	Aruma Resources Ltd	Rare Earth Contracting Pty Ltd	Au	Purchase - 100	66	3,474	3,622

Date	Project	Buyer	Seller	Prospective commodities	Transaction type	Transaction value (100%) A\$k	Implied value A\$/km ²	Normalised value A\$/km ²
16-Apr-18	Ockerburry Hill	Red 5 Ltd	AngloGold Ashanti Australia Ltd	Au	Purchase - 100	45	664	692
29-Mar-18	Warrawoona	Calidus Resources Ltd	Gardner Mining Pty Ltd	Au	Purchase - 100	77	1,714	1,798
26-Feb-18	Queen Lapage	Riversgold Ltd	Alloy Resources Ltd	Au	Joint Venture - 70	448	1,392	1,483
5-Feb-18	South Yamarna	Gold Road Resources Ltd	Sumitomo Metal Mining Oceana Pty Ltd	Au	Purchase - 50	14,000	5,675	6,102
31-Jan-18	Mary River	Pantoro Ltd	Private Seller	Au	Purchase - 100	80	1,246	1,358
22-Dec-17	Hacks Well	Matsa Resources Ltd	Australian Potash Ltd	Au	Purchase - 100	55	611	670
22-Dec-17	Mt Roe	NXGold Ltd	Roe Gold Ltd	Au	Purchase - 80	8,421	701,708	769,404
22-Dec-17	Omni Projects	Gateway Mining Ltd	OMNI GeoX Pty Ltd	Au-BM	Purchase - 100	1,500	1,120	1,228
13-Dec-17	Pilbara Region	Tando Resources Ltd	Geko-Co Pty Ltd	Au	Option to Purchase - 100	223	9,935	10,976
12-Dec-17	Dalgaranga	Gascoyne Resources Ltd	Private seller	Au	Purchase - 100	499	3,868	4,272
22-Nov-17	Eastman	Peako Ltd	Sandrib Pty Ltd	Au-BM	Joint Venture - 60	920	4,160	4,428
8-Nov-17	Croydon Top Camp	Coziron Resources Ltd	Creasy Group Companies	Au	Joint Venture - 70	1,829	5,768	6,233
6-Nov-17	Black Hills	Greatland Gold Plc	Private seller	Au	Purchase - 100	225	9,000	9,798
3-Oct-17	Mertondale East	Magnetic Resources NL	Private seller	Au	Purchase - 100	40	13,333	14,826
29-Sep-17	Charteris Creek	LMTD Wits Pty Ltd	Riedel Resources Ltd	Au	Purchase - 100	500	4,065	4,496
5-Sep-17	Yandal East	Overland Resources Ltd	Zabina Minerals Pty Ltd	Au	Option to purchase - 75	1,030	3,146	3,419
21-Aug-17	Pilbara	De Grey Mining Ltd	Private seller	Au	Joint Venture - 30	3,081	13,633	15,173
6-Jun-17	Dumbleyung	Ausgold Ltd	Chalice Gold Mines Ltd	Au	Purchase - 100	330	716	752
18-Nov-16	Harris Find	Great Western Exploration Ltd	Diversified Asset Holdings Pty Ltd and Brutus Constructions Pty Ltd	Au	Purchase - 80	619	17,203	18,944
27-Jul-16	Monument	Syndicated Metals Ltd	Monument Exploration Pty Ltd	Au	Purchase - 100	250	1,190	1,211
31-May-16	Mt Gill & Mt Howe	Gold Road Resources Ltd	Breaker Resources Ltd	Au	Purchase - 100	50	226	244
11-Mar-16	Doolgunna	DGO Gold Ltd	Tasex Geological Services Pty Ltd	Au-Cu	Joint Venture - 51	170	2,499	2,717
4-Nov-15	Duffy Well	Doray Minerals Ltd	Mithril Resources Ltd	Au	Joint Venture - 51	579	5,910	6,866
8-Sep-15	Jillewarra	Timpetra Resources Ltd	Zebina Minerals Pty Ltd	Au	Joint Venture - 80	731	3,275	3,698
1-Sep-15	Combaning, Barellan	Faraday Resources Pty Ltd	Carpentaria Exploration Ltd	Au	Joint Venture - 90	212	366	409

Date	Project	Buyer	Seller	Prospective commodities	Transaction type	Transaction value (100%) A\$k	Implied value A\$/km ²	Normalised value A\$/km ²
20-Jul-15	Prospect Creek	Cape Clear Minerals Pty Ltd	ActiveEX Ltd	Au	Joint Venture - 50	372	4,598	5,528
14-Jul-15	Duketon	Regis Resources Ltd	Duketon Mining Ltd	Au	Joint Venture - 75	1,345	3,607	4,208
2-Jul-15	Fraser Range	Legend Mining Ltd	Creasy Group Companies	Ni-Cu-Au	Purchase - 70	4,286	1,694	2,012
22-May-15	Lyndon	Shine Resources Pty Ltd	Latitude Consolidated Ltd	Au-BM	Purchase - 45	50	877	1,030
28-Apr-15	Mt Windsor	Red River Resources Ltd	NRE Exploration Pty Ltd	Au-Cu	Joint Venture - 51	505	3,278	3,917
29-Sep-14	Supplejack	ABM Resources NL	Ord River Resources	Au	Option to Joint Venture - 70	747	2,461	3,191
22-Sep-14	Cape Clear	Cape Clear Minerals Pty Ltd	Predictive Discovery Ltd	Au	Joint Venture - 51	467	2,912	3,853
16-Jul-14	Gnaweeda	Doray Minerals Ltd	Archean Star Resources Australia Pty Ltd	Au	Purchase - 88	568	3,190	4,153
23-Jun-14	Fraser Range South	MRG Metals Ltd	Tasex Geological Services Pty Ltd	Ni-Au	Option to Purchase - 100	153	1,027	1,329
27-May-14	Highland Rocks	Ramelius Resources Ltd	Tychean Resources Ltd	Au	Joint Venture - 85	569	335	441
14-May-14	(Near Twin Bonanza)	ABM Resources NL	Toro Energy Ltd	Au	Purchase - 100	100	176	229
30-Apr-14	Marymia	Riedel Resources Ltd	Australian Mines Ltd	Cu-Au	Joint Venture - 51	2,628	6,182	8,016
26-Mar-14	Plumridge	Segue Resources Ltd	Fraser Range Metals Group Ltd	Ni-Cu-Au	Joint Venture - 51	2,176	3,395	4,346
10-Mar-14	Telfer Area	Newcrest Operations Ltd	Ram Resources Ltd	Au-Cu	Purchase - 100	646	8,418	10,250
7-Mar-14	Mystique Gold	Parmelia Resources Ltd	Black Fire Minerals Ltd and Entree Gold Inc.	Au	Purchase - 100	306	1,494	1,837
13-Feb-14	Zanthus	Rumble Resources Ltd	Blackham Resources Ltd	Ni-Cu-Au	Joint Venture - 20	300	811	1,016
16-Jan-14	Charteris Creek	Fortescue Metals Group	Riedel Resources Ltd	Au-BM-Fe	Joint Venture - 51	340	2,595	3,331

Notes:

- Prospective commodities; Au – gold, BM – base metals, Cu – copper, Ni - nickel.
- The Joint Venture transaction earn-in percentage is the first earn-in percentage.
- The spot price used for normalising the transactions was A\$1,680.42/oz
- Transactions highlighted in orange were considered outliers.

Table B3: Comparative transactions of prospecting licences prospective for gold in Western Australia

Date	Project	Buyer	Seller	Prospective commodities	Transaction type	Transaction value (100%) A\$K	Implied value A\$/km ²	Normalised value A\$/km ²
10-Oct-18	Wombola	Torian Resources Ltd	Private seller	Au	Purchase - 100%	10	102,976	111,336
30-Aug-18	Bonnie Value	Torian Resources Ltd	Private seller	Au	Purchase - 100%	99	188,356	206,345
25-Jan-18	Golden Lode	MinTails Ltd	Investor group	Au	Purchase - 100%	600	51,414	55,399
5-Jan-18	Queenslander	Primary Gold Ltd	Private seller	Au	Purchase - 100%	19	65,749	70,866
18-Oct-17	Blue Moon	De Grey Mining Ltd	Private seller	Au	Purchase - 70%	940	1,316,973	1,458,217
22-Jun-17	Mertondale	Kin Mining NL	Kazoo Nominees Pty Ltd	Au	Purchase - 100%	8	507	553
18-Jan-17	Transfield Extended	Southern Gold Ltd	Undisclosed seller	Au	Option to Purchase - 100%	215	347,241	391,131
9-Dec-16	Not Stated	Syndicated Metals Ltd	Undisclosed seller	Au	Purchase - 100%	25	9,653	11,195
8-Dec-16	Violet	Navigator Resources Ltd	Undisclosed seller	Au	Purchase - 100%	23	27,439	31,644
30-Nov-16	Not Stated	Western Mining Network Ltd	Redfield Pty Ltd	Au	Purchase - 100%	3	27,273	31,060
12-Oct-16	Mainlode East	Primary Gold Ltd	Undisclosed Seller	Au	Purchase - 100%	39	36,981	40,495
16-Feb-16	Goongarrie	Intermin Resources Ltd	Cove Resources Ltd	Au	Purchase - 100%	40	5,353	5,651
20-Mar-15	Ora Banda South	Siburan Resources Ltd	Western Resources Pty Ltd	Au	Joint Venture - 51%	267	29,080	34,490

Notes:

- Prospective commodities; Au – gold.
- The Joint Venture transaction earn-in percentage is the first earn-in percentage.
- Transactions highlighted in orange were considered outliers.

Table B4: Comparative transactions of mining licences prospective for gold in Western Australia

Date	Project	Buyer	Seller	Prospective commodities	Transaction type	Transaction value (100%) A\$K	Implied value A\$/km ²	Normalised value A\$/km ²
10-Dec-18	Cannon	Northern Star Resources Ltd	Southern Gold Ltd	Au	Acquisition – 100%	78	66,926	69,827
23-Aug-18	Jungle Well	Saracen Metals Pty Ltd	PVW Mt Clifford Pty Ltd	Au	Acquisition – 100%	10	1,972	2,182
24-May-18	Mulwarrie	Goldfield Argonaut Pty Ltd	Spitfire Materials Ltd	Au	Acquisition – 49%	2,184	1,215,380	1,275,816
15-Mar-18	Trojan	Westgold Resources Ltd	Aruma Resources Ltd	Au	Acquisition – 100%	132	15,086	16,203
6-Mar-18	Nemesis	Private seller	Pantoro Ltd	Au	Acquisition – 80%	385	272,173	287,733
22-Feb-18	Mt Lucky	Valleybrook Investments Pty Ltd	Forte Consolidated Ltd	Au	Acquisition – 100%	550	940,814	1,006,171
17-Jan-18	Wallbrook	Saracen Mineral Holdings Ltd	Nexus Minerals Ltd	Au	Acquisition – 100%	142	5,837	6,313
13-Nov-17	Birthday Gift	Kidman Resources Ltd	Barra Resources Ltd	Au	Acquisition – 100%	121	39,888	43,104
6-Nov-17	Fieldings Gully	Haoma Mining Ltd	Calidus Resources Ltd	Au	Acquisition – 100%	2,113	171,191	186,362
29-Sep-17	Red Dog	Private seller	Matsa Resources Ltd	Au	Acquisition – 100%	125	153,186	169,410
5-Sep-17	Western Queen	Ramelius Resources Ltd	Monax Mining Ltd	Au	Joint Venture – 60%	2,889	294,825	320,352
5-May-17	Jaurdi	Flinders Exploration Ltd and JH Mining Ltd	Beacon Minerals Ltd	Au	Acquisition – 100%	580	101,754	111,121
24-Jan-17	Menzies	Private seller	Intermin Resources Ltd	Au	Acquisition – 30%	83	16,700	18,904

Notes:

- Prospective commodities; Au – gold.
- The Joint Venture transaction earn-in percentage is the first earn-in percentage.
- Transactions highlighted in orange were considered outliers.

Appendix C: Detailed Yardstick Valuation

Table C1: EGS's Mineral Resources – detailed Yardstick valuation

Mineral Resource	Resource category	Gold (oz)	Yardstick factors			JORC discount	Market valuation (A\$M)			Admin discount range		Administration valuation (A\$M)		
			Low	Preferred	High		Low	Preferred	High	Low	High	Low	Preferred	High
Golden Eagle	Indicated	28,000	1.00%	1.50%	2.00%	1.0	0.51	0.76	1.01	0.40	0.85	0.20	0.53	0.86
	Inferred	26,000	0.50%	0.75%	1.00%	1.0	0.24	0.35	0.47	0.40	0.85	0.09	0.25	0.40
Waihi	Indicated	62,000	1.00%	1.50%	2.00%	1.0	1.12	1.68	2.24	0.40	0.85	0.45	1.18	1.91
	Inferred	9,000	0.50%	0.75%	1.00%	1.0	0.08	0.12	0.16	0.40	0.85	0.03	0.09	0.14
Lady Gladys	Inferred	115,000	0.50%	0.75%	1.00%	0.8	0.83	1.25	1.67	0.40	0.85	0.33	0.87	1.42
Riverina Area	Indicated	73,000	1.00%	1.50%	2.00%	1.0	1.32	1.98	2.64	0.40	0.85	0.53	1.39	2.25
	Inferred	132,000	0.50%	0.75%	1.00%	1.0	1.19	1.79	2.39	0.40	0.85	0.48	1.25	2.03
Forehand	Inferred	48,000	0.50%	0.75%	1.00%	0.8	0.35	0.52	0.70	0.40	0.85	0.14	0.36	0.59
Silver Tongue	Inferred	14,000	0.50%	0.75%	1.00%	0.8	0.10	0.15	0.20	0.40	0.85	0.04	0.11	0.17
Sand King	Indicated	190,000	1.00%	1.50%	2.00%	1.0	3.44	5.16	6.88	0.40	0.85	1.38	3.61	5.85
	Inferred	82,000	0.50%	0.75%	1.00%	1.0	0.74	1.11	1.48	0.40	0.85	0.30	0.78	1.26
Missouri	Indicated	194,000	1.00%	1.50%	2.00%	1.0	3.51	5.27	7.02	0.40	0.85	1.40	3.69	5.97
	Inferred	33,000	0.50%	0.75%	1.00%	1.0	0.30	0.45	0.60	0.40	0.85	0.12	0.31	0.51
Callion	Indicated	8,000	1.00%	1.50%	2.00%	1.0	0.14	0.22	0.29	0.40	0.85	0.06	0.15	0.25
	Inferred	6,000	0.50%	0.75%	1.00%	1.0	0.05	0.08	0.11	0.40	0.85	0.02	0.06	0.09
Walhalla	Inferred	36,000	0.50%	0.75%	1.00%	0.8	0.26	0.39	0.52	0.40	0.85	0.10	0.27	0.44
Walhalla North	Inferred	9,000	0.50%	0.75%	1.00%	0.8	0.06	0.09	0.12	0.40	0.85	0.02	0.07	0.11
Mount Banjo	Inferred	14,000	0.50%	0.75%	1.00%	0.8	0.10	0.15	0.20	0.40	0.85	0.04	0.10	0.17
Macedon	Inferred	11,000	0.50%	0.75%	1.00%	0.8	0.08	0.12	0.16	0.40	0.85	0.03	0.08	0.14
Baldock	Inferred	81,000	0.50%	0.75%	1.00%	0.8	0.59	0.88	1.17	0.40	0.85	0.23	0.62	1.00
Meteor	Inferred	43,000	0.50%	0.75%	1.00%	0.8	0.31	0.47	0.62	0.40	0.85	0.12	0.33	0.53
Whinnen	Inferred	17,000	0.50%	0.75%	1.00%	0.8	0.12	0.18	0.25	0.40	0.85	0.05	0.13	0.21
TOTAL	All	1,230,000	-	-	-	-	15.45	23.18	30.91			6.18	16.23	26.27

Note: The valuation has been compiled to an appropriate level of precision, values may not add up due to rounding.

Table C2: EGS's Brownfields Potential – detailed Yardstick valuation

Mineral Resource	Resource category	Gold (oz)	Yardstick factors			JORC discount	Insufficient data discount	Market valuation (A\$M)			Admin discount range		Administration valuation (A\$M)		
			Low	Preferred	High			Low	Preferred	High	Low	High	Low	Preferred	High
Lights of Israel	Inferred	35,000	0.50%	0.75%	1.00%	0.8	0.5	0.13	0.19	0.25	0.40	0.85	0.05	0.13	0.22
Makai Shoot	Inferred	136,000	0.50%	0.75%	1.00%	0.8	0.5	0.49	0.74	0.98	0.40	0.85	0.20	0.52	0.84
Sunraysia	Inferred	32,000	0.50%	0.75%	1.00%	0.8	0.5	0.12	0.17	0.23	0.40	0.85	0.05	0.12	0.20
Palmerston/ Camperdown	Inferred	22,000	0.50%	0.75%	1.00%	0.8	0.5	0.08	0.12	0.16	0.40	0.85	0.03	0.08	0.14
Bewick Moreing	Inferred	4,000	0.50%	0.75%	1.00%	0.8	0.5	0.01	0.02	0.03	0.40	0.85	0.01	0.02	0.02
Black Rabbit	Inferred	49,000	0.50%	0.75%	1.00%	0.8	0.5	0.18	0.27	0.35	0.40	0.85	0.07	0.19	0.30
Thiel Well	Inferred	3,000	0.50%	0.75%	1.00%	0.8	0.5	0.01	0.02	0.02	0.40	0.85	0.004	0.01	0.02
Federal Flag	Inferred	28,000	0.50%	0.75%	1.00%	0.8	0.5	0.10	0.15	0.20	0.40	0.85	0.04	0.11	0.17
Salmon Gums	Inferred	28,000	0.50%	0.75%	1.00%	0.8	0.5	0.10	0.15	0.20	0.40	0.85	0.04	0.11	0.17
Iguana*	Inferred	177,000	0.50%	0.75%	1.00%	0.8	0.5	-	0.13	0.26	0.40	0.85	-	0.11	0.22
Lizard*	Inferred	24,000	0.50%	0.75%	1.00%	0.8	0.5	-	0.02	0.03	0.40	0.85	-	0.01	0.03
TOTAL	Inferred	538,000	-	-	-	-	-	1.22	1.98	2.73	-	-	0.49	1.40	2.32

Note: The valuation has been compiled to an appropriate level of precision, values may not add up due to rounding.

*An additional 0-0.2 discount multiplier factor was applied to the Iguana and Lizard Mineral Resources as per Section 5.3.

Appendix D: Tenement Summary

Tenement	Area/(blocks)	Grant date	Expiry date	Registered holder
E16/0337	592 ha	9/04/08	8/04/18 (Extension of term pending lodged 5 April 2018)	Carnegie Gold Pty Ltd
E16/0344	10 BL	29/04/08	28/04/18 (Extension of term pending lodged 24 April 2018)	Siberia Mining Corporation Pty Ltd
E16/0456	4,941 ha	11/07/14	10/07/19	Siberia Mining Corporation Pty Ltd
E16/0473	13 BL	5/10/15	4/10/20	Carnegie Gold Pty Ltd
E16/0474	11 BL	27/01/17	26/01/22	Carnegie Gold Pty Ltd
E16/0475	17 BL	5/10/15	4/10/20	Carnegie Gold Pty Ltd
E16/0480	2,923 ha	2/05/16	1/05/21	Goldstar Resources (WA) Pty Ltd
E16/0482	4,434 ha	7/11/16	6/11/21	Goldstar Resources (WA) Pty Ltd
E16/0483	2,955 ha	8/11/16	7/11/21	Goldstar Resources (WA) Pty Ltd
E16/0484	1,476 ha	26/08/16	25/08/21	Goldstar Resources (WA) Pty Ltd
E16/0486	440 ha	8/11/16	7/11/21	Goldstar Resources (WA) Pty Ltd
E16/0487	11 BL	8/11/16	7/11/21	Goldstar Resources (WA) Pty Ltd
E24/0203	3 BL	8/08/17	7/08/22	Atriplex Pty Limited
E29/0640	41 BL	24/06/08	23/06/20 (2 Pending amalgamations: 1. Amalgamation 531265 Lodged 28 May 2018. Amalgamating portion of former P29/2319 2. Amalgamation 531266 Lodged 28 May 2018. Amalgamating portion of former P29/2326)	Mt Ida Gold Pty Ltd
E29/0889	1 BL	25/02/14	24/02/19	Heron Resources Limited
E29/0895	2 BL	7/04/14	6/04/19 (1 Pending amalgamation: Amalgamation 531270 Lodged 28 May 2018. Amalgamating whole of former P29/2323)	Mt Ida Gold Pty Ltd
E29/0955	5 BL	13/01/16	12/01/21	Siberia Mining Corporation Pty Ltd
E29/0964	5 BL	5/05/16	4/05/21	Goldstar Resources (WA) Pty Ltd
E30/0333	8 BL	2/09/08	1/09/20	Carnegie Gold Pty Ltd
E30/0335	41 BL	19/12/08	18/12/18 (Extension of term pending lodged 17 December 2018)	Carnegie Gold Pty Ltd
E30/0338	2,360 ha	20/05/08	19/05/18 (Extension of term pending lodged 18 May 2018); (4 Pending amalgamations: 1. Amalgamation 519438 Lodged 1 December 2017. Amalgamating whole of P30/1107 2. Amalgamation 519439 Lodged 1 December 2017. Amalgamating whole of P30/1108 3. Amalgamation 519440 Lodged 1 December 2017. Amalgamating whole of P30/1109 4. Amalgamation 519468 Lodged 1 December 2017. Amalgamating whole of P30/1110)	Carnegie Gold Pty Ltd
E30/0454	478 ha	10/07/14	9/07/19 (1 Pending amalgamation: Amalgamation 519441 Lodged 1 December 2017. Amalgamating portion of P30/1110)	Carnegie Gold Pty Ltd
E30/0468	8,672 ha	24/02/17	23/02/22	Carnegie Gold Pty Ltd
E30/0490	5 BL	4/07/17	3/07/22	Mineral & Gold Resources of Australia Pty Ltd
E30/0491	44 BL	31/08/17	30/08/22 (3 Pending amalgamations: 1. Amalgamation 541353 Lodged 26 October 2018. Amalgamating whole of former M30/182 2. Amalgamation 541347 Lodged 25 October 2018.	Mineral & Gold Resources of Australia Pty Ltd

Tenement	Area/(blocks)	Grant date	Expiry date	Registered holder
			Amalgamating whole of former M30/127 3. Amalgamation 541348 Lodged 25 October 2018. Amalgamating whole of former M30/133)	
E30/0504	2 BL	25/06/18	Application pending	Carnegie Gold Pty Ltd
G30/0006	8.6 ha	20/07/18	Application pending	Carnegie Gold Pty Ltd
G30/0007	6.7 ha	20/07/18	Application pending	Carnegie Gold Pty Ltd
L15/0224	163 ha	10/01/00	9/01/21	Siberia Mining Corporation Pty Ltd
L16/0058	114.8 ha	13/12/99	12/12/20	Siberia Mining Corporation Pty Ltd
L16/0062	42.8 ha	13/12/99	12/12/20	Siberia Mining Corporation Pty Ltd
L16/0072	7.14 ha	13/06/02	12/06/23	Carnegie Gold Pty Ltd
L16/0073	6.6 ha	13/06/02	12/06/23	Carnegie Gold Pty Ltd
L16/0103	14.9809 ha	6/07/16	5/07/37	Siberia Mining Corporation Pty Ltd
L24/0085	12 ha	27/10/87	26/10/22	Siberia Mining Corporation Pty Ltd
L24/0115	1.041 ha	25/10/88	24/10/23	Siberia Mining Corporation Pty Ltd
L24/0170	197.882 ha	14/05/97	13/05/22	Carnegie Gold Pty Ltd
L24/0174	98.376 ha	22/12/97	21/12/22	Carnegie Gold Pty Ltd
L24/0188	47.76 ha	4/11/04	3/11/25	Siberia Mining Corporation Pty Ltd
L24/0224	8 ha	7/07/16	6/07/37	Siberia Mining Corporation Pty Ltd
L24/0233	3660.12 ha	21/03/17	20/03/38	Carnegie Gold Pty Ltd
L24/0240	360 ha	13/08/18	Application pending	Carnegie Gold Pty Ltd
L29/0074	89.18 ha	4/09/08	3/09/29	Mt Ida Gold Pty Ltd
L30/0035	41.4 ha	6/11/92	5/11/22	Carnegie Gold Pty Ltd
L30/0037	11 ha	14/05/97	13/05/22	Carnegie Gold Pty Ltd
L30/0066	91 ha	2/03/18	1/03/39	Carnegie Gold Pty Ltd
L30/0069	91 ha	3/05/18	Application pending	Carnegie Gold Pty Ltd
M16/0262	989.35 ha	12/03/99	11/03/20	Siberia Mining Corporation Pty Ltd
M16/0263	999.15 ha	12/03/99	11/03/20	Siberia Mining Corporation Pty Ltd
M16/0264	990.95 ha	12/03/99	11/03/20	Siberia Mining Corporation Pty Ltd
M16/0268	372.7 ha	10/08/01	9/08/22	Carnegie Gold Pty Ltd
M16/0470	576.95 ha	9/12/03	8/12/24	Carnegie Gold Pty Ltd
M24/0039	745.75 ha	16/01/85	15/01/27	Gardner, Robert Charles
M24/0115	187.35 ha	11/06/87	10/06/29	Siberia Mining Corporation Pty Ltd
M24/0159	399.5 ha	9/02/88	8/02/30	Siberia Mining Corporation Pty Ltd
M24/0208	416.65 ha	18/05/88	17/05/30	Siberia Mining Corporation Pty Ltd
M24/0376	319.2 ha	19/02/91	18/02/33	Siberia Mining Corporation Pty Ltd
M24/0634	185.15 ha	25/10/00	24/10/21	Heron Resources Limited
M24/0660	174 ha	14/06/07	13/06/28	Heron Resources Limited
M24/0663	306 ha	28/01/11	27/01/32	Heron Resources Limited
M24/0664	143 ha	28/01/11	27/01/32	Heron Resources Limited
M24/0665	825 ha	15/04/11	14/04/32	Heron Resources Limited (90%) Impress Energy Pty Ltd (10%)
M24/0683	56 ha	1/02/11	31/01/32	Heron Resources Limited
M24/0686	35.6121 ha	3/02/11	2/02/32	Heron Resources Limited
M24/0757	591 ha	5/07/11	4/07/32	Heron Resources Limited
M24/0772	55.683 ha	1/02/11	31/01/32	Heron Resources Limited
M24/0797	396.2659 ha	1/02/11	31/01/32	Heron Resources Limited
M24/0845	897 ha	25/03/04	24/03/25	Siberia Mining Corporation Pty Ltd
M24/0846	607 ha	25/03/04	24/03/25	Siberia Mining Corporation Pty Ltd
M24/0847	812 ha	25/03/04	24/03/25	Siberia Mining Corporation Pty Ltd
M24/0848	789 ha	25/03/04	24/03/25	Siberia Mining Corporation Pty Ltd
M24/0915	70 ha	1/02/11	31/01/32	Heron Resources Limited
M24/0916	277.0803 ha	1/02/11	31/01/32	Heron Resources Limited

Tenement	Area/(blocks)	Grant date	Expiry date	Registered holder
M24/0960	2031 ha	2/12/16	1/12/37	Siberia Mining Corporation Pty Ltd
M24/0973 (conversion of P24/4395, 4396, 4400, 4401, 4402, 4403)	1123 ha	(10/08/17)	Application pending	Heron Resources Limited
M29/0002	382.85 ha	22/12/82	21/12/24	Mt Ida Gold Pty Ltd
M29/0165	160.25 ha	21/12/94	20/12/36	Mt Ida Gold Pty Ltd (95%) Hooper, Stuart Leslie (5%)
M29/0422	288.3066 ha	22/11/13	21/11/34	Mt Ida Gold Pty Ltd
M30/0102	115.45 ha	11/12/92	10/12/34	Carnegie Gold Pty Ltd
M30/0103	219.15 ha	27/01/93	26/01/35	Carnegie Gold Pty Ltd
M30/0111	539.6 ha	22/02/94	21/02/36	Carnegie Gold Pty Ltd
M30/0123	1000 ha	29/09/04	28/09/25	Carnegie Gold Pty Ltd
M30/0126	325.77 ha	13/10/09	12/10/30	Carnegie Gold Pty Ltd
M30/0157	535.6352 ha	19/12/02	18/12/23	Carnegie Gold Pty Ltd
M30/0187	995.05 ha	2/10/02	1/10/23	Carnegie Gold Pty Ltd
M30/0253	267 ha	3/03/17	2/03/38	Carnegie Gold Pty Ltd
M30/0255	7539.219 ha	11/01/17	10/01/38	Carnegie Gold Pty Ltd
M30/0256	7500 ha	21/04/17	20/04/38	Carnegie Gold Pty Ltd
P16/2888	131.6497 ha	4/06/15	3/06/19	Mineral & Gold Resources of Australia Pty Ltd
P16/2889	108.8037 ha	5/06/15	4/06/19	Mineral & Gold Resources of Australia Pty Ltd
P16/2921	138 ha	6/05/16	5/05/20	Goldstar Resources (WA) Pty Ltd
P16/2922	137 ha	6/05/16	5/05/20	Goldstar Resources (WA) Pty Ltd
P24/4395	192 ha	11/08/09	10/08/17 (Pending conversion to M24/973)	Heron Resources Limited
P24/4396	164 ha	11/08/09	10/08/17 (Pending conversion to M24/973)	Heron Resources Limited
P24/4400	200 ha	11/08/09	10/08/17 (Pending conversion to M24/973)	Heron Resources Limited
P24/4401	190 ha	11/08/09	10/08/17 (Pending conversion to M24/973)	Heron Resources Limited
P24/4402	172 ha	11/08/09	10/08/17 (Pending conversion to M24/973)	Heron Resources Limited
P24/4403	192 ha	11/08/09	10/08/17 (Pending conversion to M24/973)	Heron Resources Limited
P24/4750	109.7086 ha	20/01/14	19/01/22	Siberia Mining Corporation Pty Ltd
P24/4751	92.265 ha	20/01/14	19/01/22	Siberia Mining Corporation Pty Ltd
P24/4754	177 ha	11/02/14	10/02/22	Siberia Mining Corporation Pty Ltd
P24/5073	199 ha	3/10/16	2/10/20	Siberia Mining Corporation Pty Ltd
P24/5074	180 ha	3/10/16	2/10/20	Siberia Mining Corporation Pty Ltd
P24/5075	200 ha	3/10/16	2/10/20	Siberia Mining Corporation Pty Ltd
P29/2328	20.8011 ha	1/11/13	31/10/21	Mt Ida Gold Pty Ltd
P29/2397	177 ha	20/04/17	19/04/21	Mineral & Gold Resources of Australia Pty Ltd
P29/2398	198 ha	20/04/17	19/04/21	Mineral & Gold Resources of Australia Pty Ltd
P29/2399	195 ha	20/04/17	19/04/21	Mineral & Gold Resources of Australia Pty Ltd
P29/2400	196 ha	20/04/17	19/04/21	Mineral & Gold Resources of Australia Pty Ltd
P29/2401	187 ha	20/04/17	19/04/21	Mineral & Gold Resources of Australia Pty Ltd
P29/2402	118 ha	20/04/17	19/04/21	Mineral & Gold Resources of Australia Pty Ltd
P29/2403	186 ha	20/04/17	19/04/21	Mineral & Gold Resources of Australia Pty Ltd



Tenement	Area/(blocks)	Grant date	Expiry date	Registered holder
P29/2404	166 ha	20/04/17	19/04/21	Mineral & Gold Resources of Australia Pty Ltd
P29/2405	199 ha	20/04/17	19/04/21	Mineral & Gold Resources of Australia Pty Ltd
P29/2406	159 ha	20/04/17	19/04/21	Mineral & Gold Resources of Australia Pty Ltd
P29/2407	167 ha	20/04/17	19/04/21	Mineral & Gold Resources of Australia Pty Ltd
P30/1122	55 ha	4/12/13	3/12/21	Carnegie Gold Pty Ltd



Appendix 5 - Independent Valuation Report on Plant and Equipment prepared by Gordon Brothers Pty Ltd

Davyhurst Mine

Appraisal Report

INVENTORY | **MACHINERY & EQUIPMENT** | BUSINESS VALUATIONS
| BRANDS & INTELLECTUAL PROPERTY | REAL ESTATE

Summary of Report

Asset Description: Fixed & Mobile Mining Equipment

Located At: Davyhurst Gold Mine, Menzies, Western Australia

Effective Date of Valuation: 1st February 2019

Report Date: 5th of March 2019

Inspection Date of Valuation: 31st January – 1st February 2019

Period of Currency: 3 Months

Definition of Value: Fair Market Value in Continued Use

Purpose of Report: To provide an independent expert opinion on the market valuation of Company assets. This report will be included in an Explanatory Memorandum and Notice of Meeting (Transaction Document) prepared by the Client.

Client: Gordon Brothers has been engaged by BDO Corporate Finance (WA) Pty Ltd (the Client) to conduct a review of certain assets of Eastern Goldfields Limited (Administrators Appointed) ("EGS").

Intended User: Eastern Goldfields Limited (Administrators Appointed), Shareholders & Advisors.

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21/12/2018

Mr. Sherif Andrawes & Mr. Stuart Moore
BDO
Level 1, 38 Station Street
Subiaco, WA 6008

Dear Sherif and Stuart,

Re: Eastern Goldfields Limited (Administrators Appointed) Davyhurst Gold Mine Valuation

As per the signed agreement dated 25 Jan 2019, Gordon Brothers have undertaken a valuation of the Davyhurst Mine plant and equipment and thank you for your instructions to undertake an inspection and valuation of the same.

Additionally, we have received an instructional letter from BDO Corporate Finance (WA) outlining the Requirements of an Independent Expert Report which is required in this instance. We have prepared the report on this basis.

Subject to the matters set out below and at the request of the Administrators, Gordon Brothers Pty. Ltd. ("Gordon Brothers") has assessed the value of the assets on the basis of Fair Market Value in Continued Use and determine it as follows at:

	Low	High
Fair Market Value in Continued Use	\$14,151,120	\$15,640,765

All values and amounts displayed throughout this report are in Australian Dollars and are exclusive of GST.

The values and comments contained within this letter should be read with the accompanying report.

We confirm that Gordon Brothers carries professional indemnity insurance to a level substantially in excess of \$10,000,000 and that the valuation is covered by the insurance.

Gordon Brothers have not previously undertaken any valuation assignments on behalf of Eastern Goldfields Limited, its Creditors or Advisors in relation to this matter. Gordon Brothers are acting as external advisors.

Yours sincerely

For and on behalf of Gordon Brothers Pty. Ltd.



Fenton Healy
Managing Director



Ben Gibson
Director

I. USPAP COMPLIANCE

This report has been compiled in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP). USPAP holds several fundamental tenets of practice for the professional valuer to follow. These include ethics of conduct, management, confidentiality and record keeping. USPAP additionally sets standards of competency, methodology and continued professional training.

USPAP is designed to promote and maintain a high level of public trust in valuation practice by establishing minimum requirements for appraisers. Valuers must develop and communicate their analysis, opinions and conclusions to clients and intended users of their services in a manner that is both meaningful and not misleading.

However, it should be noted that USPAP rules and conduct do not and cannot supplant local laws and regulations. Departures from USPAP standards are known as “jurisdictional exceptions” and when such exceptions occur, they will be clearly stated in this report.

This report is defined as an appraisal report. USPAP stipulates that such reports must contain the following information as a minimum.

1. State the identity of the client and any intended users.
2. State the intended use (purpose) of the appraisal.
3. Summarize information sufficient to identify the property involved in the appraisal, including the physical and economic property characteristics relevant to the assignment.
4. State the property interest appraised.
5. State the type and definition of value and cite the source of definition.
6. State the effective date of the appraisal and the date of the report.
7. Summarize the scope of work used to develop the appraisal.
8. Summarize the information analysed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusion; exclusion of the sales approach, cost approach or income approach must be explained.
9. State as appropriate to the class of the property involved, the use of the property existing as of the date of value and the use of the property reflected in the appraisal; and, when an opinion of highest and best use was developed by the appraiser, summarize the support and rationale for that opinion.
10. Clearly and conspicuously state all extraordinary assumptions and hypothetical conditions and state that their use might have affected the assignment results.
11. Include a signed certification in accordance with standard rule 8-3.
12. This appraisal conforms to the Uniform Standards of Professional Appraisal Practice as of 2015. A review has been made to be sure that nothing is misleading in order to meet standard 8-1(a) which states “clearly and accurately set forth the appraisal in a manner that will not be misleading.” It conforms with standard 8-1(b) which states “contain sufficient information to enable the intended users of the appraisal to understand the report properly”. It also conforms with standard 8-1(c) which states “clearly and accurately disclose all assumptions, extraordinary assumptions, hypothetical conditions, and limiting conditions used in the assignment.”
13. Due to the above we consider the report to be understandable to any reader or user of this report.
14. The format appears to be consistent with that provided in the ASA report writing course and it has been checked for spelling and grammar.

II. EXECUTIVE SUMMARY



**Company: Eastern Goldfields Limited
(Administrators Appointed)
Address: C/- Ferrier Hodgson
Level 28, 108 St Georges Terrace
Perth, WA 6000
Key Contact: Tom Birch & Sean Holmes**

A valuation of the assets as summarised herein and on the attached excel catalogue was instructed by BDO and the report has been agreed to be included with the BDO report for publication in form and context. From our communication with the client and/or intended user we determined the most applicable definition of value for the purpose of the report, the required timeline for completion and the location of the assets for inspection.

After formulating an appropriate scope of works we have conducted the necessary inspections and prepared this report.

The client and intended users are advised to read the entire report in order to fully comprehend how the opinions of value were determined.

Gordon Brothers have appraised the assets on the basis they are free and clear of an liens or encumbrances unless otherwise stated.

To assist Gordon Brothers representatives, we have been provided with documents by the company including, a copy of the fixed asset register, information/invoices pertaining to the processing plant and an engineering report by MACA Interquip Pty Ltd containing an estimate to repair, make compliant and operational the processing plant. We have assumed all information provided to us to be correct.

The subject of this valuation is the Davyhurst mine, an open cut and underground mine approximately 1.5 hours north west of Kalgoorlie. EGS also has tenements in areas surrounding the Davyhurst mine including Riverina, Siberia, Mulline, Mt Ida and Lady Ida.

The gold mine contains a fixed processing plant, mobile equipment, workshops, administration buildings and accommodation camp for approximately 160 people.

The Davyhurst processing plant has recently been upgraded, with works commencing in September, 2016 and concluding in mid-2017. The plant refurbishment included some upgrades of concrete and steel structures, conveyors, the CIP circuit, the elution circuit, and the gold room. Additionally, the upgrades included the installation of two new cone crushers, screen deck, gravity gold circuit, new control room, refurbishment of installation of a new tailings thickener and new liquid cyanide and oxygen tank facilities

In theory the processing plant has a capacity of 1.2 million tonnes per annum, however, Gordon Brothers understands, based on the engineering report provided by MACA Interquip Pty Ltd, conversations with site staff and our own inspection, further essential work will be required prior to recommissioning and before production can once again commence. The mine and processing facility are currently under care and maintenance and were not operational at any time during our site visit.

Please see below value breakdown per section:

Section No.	Section	FMVICU Low	FMVICU High
1	Processing Plant	\$ 12,110,962	\$ 13,385,801
2	Auxiliary Equipment	\$ 468,563	\$ 517,938
3	Camp & Office	\$ 976,895	\$ 1,079,726
4	Mobile Plant	\$ 594,700	\$ 657,300
	Total	\$ 14,151,120	\$ 15,640,765

It should be noted that opinions of value have been provided as a range of +/- 5% (Low/High) around an initial total assessed FMVICU to compensate for inherent uncertainty and volatility within the market.

III. ENGAGEMENT OVERVIEW

The purpose of the valuation is to provide an Independent Opinion prepared in accordance with the Australian Securities & Investments Commission Regulatory Guides 111 *Content of Experts Reports* and, 112 *Independence* (RGs 111 and 112), regarding the present day monetary value of the assets. The definition of value adopted is considered appropriate for the intended use as discussed with the client and/or intended user. This report will be included in an Explanatory Memorandum and Notice of Meeting (Transaction Document) prepared by the Client.

Gordon Brothers representatives, Ben Gibson and Fenton Healy visited the Davyhurst mine site in Menzies, Western Australia.

We were escorted around the site by the Maintenance Superintendent, Paul Andrews. We were provided with a current equipment list for the processing plant and provided general commentary as to the maintenance practices and maintenance required for the various assets at the mine.

The following have not been included within the scope of our work unless otherwise stated and listed:

1. Real Estate, land and buildings;
2. Services including office air conditioning, lighting, wiring, piping, heating, fire services, floor, window and wall coverings;
3. Rented and leased items;
4. Stock and packaging materials;
5. Computer software and licenses;
6. Spare parts and consumables;
7. Advertising literature, stock of stationery and similar materials;
8. Goodwill
9. Intellectual property;
10. Uniforms and personal belongings

IV. SCOPE OF WORK

In forming an opinion of value for the assets described in this report various investigations and background research has been undertaken including the following:

1. Identification of the problem to be solved:

- a. We have determined Fair Market Value In Continued Use to be the most appropriate basis of value.

2. Site visit and data collection.

- a. Senior Gordon Brothers valuers, Ben Gibson and Fenton Healy, attended the site and recorded pertinent information for each asset. Interviews were carried out with the key staff member on site. Maintenance records were not available, however digital photographs were captured.

3. Application of approaches to value:

In order to determine value by the three accepted methods (see pages 7 & 8 for a detailed explanation) research was undertaken where appropriate to:

- a) Determine the replacement cost new of the plant and equipment and establish reasonable estimates of applicable depreciation;
- b) Collect valid and recent sales on comparable plant and equipment on an appropriate basis;
- c) Collect sufficient financial information for applicable plant so that future net incomes could be projected and their current worth calculated in order to determine the assets value.

In order to produce credible valuations, information on the subject assets has been gathered from as many sources as practically possible including, where applicable, the original equipment manufacturer, equipment dealers, auction houses, publicly available online databases, and industry professionals able to provide meaningful data on the subject assets. Although all methods of valuation were considered it, the best approach was to utilise a combination of the cost approach and the sales comparison approach.

4. Final opinion of value and reporting:

Gordon Brothers have determined an opinion of value for the subject assets set out in the report after applying the Cost approach and/or Comparison Approach. A report of the final values highlighting any limitations in approach or assumptions made during the process was then completed and submitted.

We note that the income approach has not been utilised in this report due to the mine currently being on care and maintenance and the unavailability of income data prescribed to individual assets that make up the larger working system.

V. VALUATION PROCESS & COMMENTARY

Gordon Brothers' Qualifications

Since 1903, Gordon Brothers has helped clients make sound decisions, with responsive, experienced professionals valuing assets across industries, asset classes, and continents. Gordon Brothers leverages the expertise of its disposition practice – which sells \$10 billion of assets annually – and the most expansive asset recovery database in the world in placing recovery values. These capabilities deliver the insight and support clients need to confidently assess risk, and provide a path forward when challenges arise.

Over the years, Gordon Brothers has bolstered its strength in retail, consumer and industrial valuations with key acquisitions including Emerald Technology Valuations and Appraisal Systems, Inc. (“ASI”), the latter of which served as the foundation for GB Energy Partners. In 2015, Gordon Brothers acquired AccuVal, renowned for its industrial valuation capabilities.

Today, Gordon Brothers brings this industry knowledge together when issuing valuations across a variety of sectors, valuing in excess of \$75 billion of assets globally every year.

Gordon Brothers confirm the independence of all authors that have contributed to this report and note the opinions expressed within the report are original and genuine.

Definitions of Value

As requested, the assets have been valued on the basis of Fair Market Value in Continued Use. It is defined as:

Fair Market Value in Continued Use (FMVICU)

“An opinion, expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, as of a specific date and assuming that the business earnings support the value reported, without verification.”

Valuation definitions have been sourced from The American Society of Appraisers “Valuing Machinery & Equipment: The Fundamentals of Appraising Machinery & Technical Assets”, Third Edition.

The report should not be used for any other purpose. If it is considered for any other use then we will need to be contacted in the first instance to advise whether the values and commentary contained therein remain relevant for any other purpose than that stated above.

Valuation Methodology

There are three generally accepted valuation approaches that are used to derive an indication of the value of plant and machinery. These approaches include the Cost Approach, Sales Comparison Approach, and Income Approach to value. **This report predominantly uses the cost approach and to a lesser extent the sales comparison approach. The income approach, while considered, has not been utilised.** These approaches to value are defined as follows:

Cost approach

The Cost Approach is a set of procedures in which an appraiser derives a value indication by estimating the current cost to reproduce or replace the personal property, deducting for all depreciation, including physical deterioration, functional obsolescence, and external/economic obsolescence. Depreciation

includes loss in value due to physical deterioration as well as functional and economic obsolescence. Functional obsolescence is the decreased capacity of the item to perform the function for which it is intended in terms of current standards and specifications. Functional obsolescence may stem either from a deficiency within the items such as poor design or outmoded style or may result from super-adequacy or over-design. Economic obsolescence represents a loss in value from factors outside the item appraised, such as a depressed market for the product. These factors generally are characterized as “negative external forces,” which have an impact upon the item appraised. Comparisons are sometimes made to recent cost data when comparable sales are not found under the appraisal concept.

Where relevant market comparable sales could not be found we have utilised the cost approach. New costs have mostly been determined through cost an invoice documents supplied by the company relating to works replacement and refurbishment works undertaken over the last 2 or 3 years, we have also consulted with equipment dealers and calculated ‘remaining useful life’ according to our past experience and information provided by dealers and original equipment manufacturers. We note, the majority of assets contained in this report were sourced from pertinent secondary market data. More commentary on this in the valuation methodology heading.

Sales comparison approach

The Sales Comparison Approach is a set of procedures in which an appraiser derives a value indication by comparing the inventory being appraised to similar assets that have been recently sold or are currently available for sale, applying appropriate units of comparison, and adjusting based on the elements of comparison to the sale prices of the comparable. Marketability of each item is also a determinant of value.

Marketability, as a measure of demand, is approximated through recent sales under similar sale conditions. Where actual sales are not available, relationships are often established based upon asking prices for comparable items, with subsequent adjustments for similar sale conditions.

In arriving at our values, we have relied upon a combination of research sources including:

- Experienced asset specialists within Gordon Brothers;
- Recent sale results - sourced through either archived results and available platforms such as Asset Intel, external auction houses, brokers and dealers;
- Currently advertised for sale prices from websites such as Machinery Trader, Construction Sales, Machines4U, Mining Graveyard, Nelsons, A.M King, among others.
- Conversations with external industry experts including dealers, brokers and auction houses.

Income approach

The Income Approach is a set of procedures in which an appraiser derives a value indication for income-producing assets by converting anticipated benefits into value. This conversion is accomplished either by (1) capitalising a single year’s income expectancy or an annual average of several years’ income expectancies at a market derived capitalisation rate or capitalisation rate that reflects a specified income pattern, return on investment, and change in value of the investment or (2) discounting the annual cash flows for the holding period and the reversion at a specified yield rate. The Income Approach is not typically applied when estimating liquidation values of inventory, although it can be a factor when rental inventories are being considered. As the Davyhurst facility is not currently operational, it is not an appropriate methodology in this instance.

Valuation Commentary

Processing Plant

The Davyhurst processing plant is considered a medium size plant at 1.2 mill tonnes per annum.

Based on the information provided and our own inspection of the site, most equipment falls into one of two basic age categories.

1. Is part of the original mine infrastructure installed in Bardoc in 1986 (later relocated to Davyhurst in 1996), refurbished and upgraded at that time and is between 23 & 33 years old.
2. Has been replaced or completely refurbished between 2016 and mid 2017 (note the mine has not operated since October 2018) and these components can be considered between 1 to 2 years old.

A key component for any valuer to estimating value is determining the remaining useful life of an asset. In general, the majority of assets that were identified as point 1 above generally have had some repairs and maintenance or upgrades completed. Given this, these assets looked in our opinion to have approximately 3-4 years life left or equivalent to a 20% remaining useful life. Category 2 assets had generally been replaced within the last two years and Gordon Brothers valuers attributed a 90% remaining useful life to these assets.

The majority of the latest equipment replacement and refurbishment to the processing plant was undertaken by GR Engineering during the 2016 to 2017 period, information pertaining to equipment replacement and invoices were provided in the GR Engineering Cost Report. Itemised costings were sought and supplied to us in relation to this work undertaken and in many cases was crucial to us determining value. Very little other information in relation to original costs for work carried out by other contractors was able to be provided by the Company.

Crushing and Screening

The crushing and screening plant assets are relatively generic in nature and commonplace on mine sites. The assets used in this section of the plant include a ROM Bin, screen, jaw crusher, secondary and tertiary cone crushers, dust extractors and a host of conveyors. These assets list and sell on the secondary market with relative frequency.

The ROM bin, primary jaw crusher, conveyors, dust collectors and supporting steelwork are original pieces that have been somewhat maintained and were determined to have a remaining useful life of 20%. The secondary and tertiary cone crushers, some pumps and the FLSmidth triple deck screen are relatively new and were determined to have a 90% remaining useful life.

In order to determine the total replacement cost of a crushing circuit such as this, we have utilised information from the Monograph 27 Cost Estimation Handbook (2012 Edition), and applied a factor to the major equipment cost. This resource is produced by the Australian Institute of Mining and Metallurgy and we have relied specifically on pages 231 to 236 in this edition. A combined factor of X3 for the primary and secondary crushing circuits was deemed appropriate. Accordingly, as set out in the handbook, the replacement cost of all major components (including primary, secondary, tertiary crushers, conveyors, pumps etc) is added together and multiplied by the factor (X3) to allow for the total cost including structural, civil, lubrication, pipework, electrical and cooling circuits etc. Note both inflation

to supplied cost prices (circa 2007) and depreciation to equipment has been allowed for and is demonstrated in our supporting document entitled 'Working Doc'.

Replacement costs for conveyors to the crushing, fine ore and grinding circuits were calculated as per formulas provided in the Cost Estimation Handbook on pages 304 – 306.

The MACA Interquip engineering report commissioned and supplied to us by the Company in late 2018 identifies some foundation and vibration issues with the primary jaw crusher, platework and feed hopper adjustments to the circuit along with flow monitor controls, dust extraction upgrade and magnet improvement requirements.

Fine Ore Storage

We have been advised that the fine ore bin has some structural issues and thus further thickness testing and repairs is likely required. Our estimate here was based on a sales comparison.

Grinding and Classification

Conversations with equipment brokers and dealers has revealed that 1000kw ball mills are less demanded than the larger mills. 2Mw+ mills are now commonplace in the Australian market and smaller mills face subdued demand. With that said, demand for ball mills is generally sound in the Australian and international markets. Note, both mills in this case are 20 + years old, and have required considerable maintenance over the years. Notably Mill 1 now requires a new set of liners. Some pumps in this circuit are corroding and would benefit from refurbishment and relocation, this is reflected in their applied value. Replacement costs for the Mills were sourced from P253 in the handbook and a remaining useful life of 25% was determined appropriate. We note that the MACA Interquip engineering report identifies a lack of critical spares for the mills and other equipment, however down time or availability of spares remains outside the scope of this report.

Gravity Recovery and Separation

Almost all items within this section of the process have been replaced over the last 2 years, including the key component 2 x Knelson Concentrators. While some process improvements have been identified, the remaining useful life was determined at 90% based on the extensive work and detailed costing analysis provided in the GR Engineering Cost Report.

Leaching & Absorption

Significant work to the tank agitators, hoists, pumps and intertank screens has been undertaken according to the GR Engineering Cost report and our site inspection. The tanks themselves are original and may require some surface work including a level of poly coating. Replacement costs for tanks were derived from the Monograph Cost Handbook p340 and depreciated accordingly.

Elution & Gold Recovery

A significant number of assets have again been refurbished or replaced in this section of the process, while other assets are older and remain from the original installation. A combination of replacement costs as indicated in the GR Engineering cost report and researched sale comparison items have been utilised and depreciated accordingly. Note where sales evidence of an asset similar in age or condition is found, a depreciation percentage or remaining useful life factor does not need to be applied. We understand the Elution column may need inspection and recertification prior to commissioning. We also

note that Electrowinning plants have now become more modular, essentially transported in 40ft containers and commissioned onsite.

Reagents

Many of the Cyanide dosing, transfer and sump pumps have been replaced and their costs have been obtained from the GR Cost Report. Based on our cursory inspection, the Cyanide tank and bund also appeared to be in good condition. Accordingly, despite its age the tank was given a 50% remaining useful life.

Power Reticulation

Upgrades to the electrical components of various sections to the processing plant have been undertaken including Grinding and Mill MCC's, other general switchboards, distribution boards, control panels, general cabling and lighting. It was possible to inspect some of the detailed electrical upgrade work while onsite, however much was not accessible and we have therefore assumed the GR Engineering Cost report information to be correct.

Water Storage & Reticulation

Similarly, assets in this section varied greatly from recently replaced to original pieces. The key newly acquired asset was the Tristar Water Solutions Reverse Osmosis plant, self-contained in a 20ft shipping container. The original supply invoice was sighted for this asset at a cost of \$295,205.

Raw Water Supply

The remotely located Borefields transfer pumping stations were inspected by our representatives and an estimate for the circa 100km's plus of 300 mm diameter poly water pipe feeding water back to the processing plant has been estimated. Please note that no information by the company was available to confirm the exact amount of pipe used nor the price paid to purchase and install it. Gordon Brothers have used a high degree of professional judgment in estimating the value placed on the pipe and it should be used as a guide only.

Tailings Thickener and Disposal

All equipment in this section of the plant has been replaced during the GR Engineering work of 2016 to 2017. Accordingly, we have relied on the GR Engineering cost information provided and allowed for a 90% remaining useful life. Much of this equipment has had little or no use.

Air Services Supply and Services

The majority of equipment in this area was identified in the GR Engineering cost report. As it is general equipment with many transferable applications the cost data was easily verified.

Auxiliary Equipment

Including contractor and company transportable buildings, water and fuel tanks, laboratory equipment, workshops, laydown yards, core yard and stores. Please note that no stock listing or costings were available for the spare part inventory, and neither our scope nor time frame allowed for us to complete stocktake. We have used best endeavours based on our valuer's experience to estimate the value in this instance and it should be treated as a guide only.

Camp Accommodation & Administration Buildings

Includes administration transportable buildings, first aid and emergency response buildings and rescue equipment. Camp accommodation ranges between 5 and 20 years old and values are based on a combination of new replacement costs and sales comparison. The kitchen and mess equipment have also been detailed in this section. No cost information by the company for any of the camp and administration equipment has been made available by the company.

Mobile Plant

Largely consisting of light vehicles, the equipment in this section is generally in high demand. The majority of mobile equipment is currently idle in laydown yards and has been rarely utilised since the mine was placed in care and maintenance. Based on our conversations onsite, it was clear that these assets are not regularly started to ensure battery health. Given this, we were unable to start the units and obtain usage information. We have relied on the recorded hours from when the machines were last parked. Most of the machines have not been utilised since that time, while others have been used sparingly. Given we have been unable to verify usage information, we have assumed all information supplied to be correct.

We have not received detailed asset maintenance reports for any of these assets. In determining the condition of the mobile equipment, we have used a combination of our physical inspection findings and information provided by Davyhurst employees. We spoke with the maintenance superintendent and discussed any known issues with the machines, including major and minor repairs required. We have assumed all information provided to us as being correct and have utilised this information to determine our opinions of value.

VI. MARKET OVERVIEW

Industry & Market Observations

Following the “Super boom” cycle (2002 – 2012), the travails of the mining & construction industry are well documented and were triggered by a combination of factors:

1. Rapidly declining coal prices (Q1 2012);
2. Instability/volatility in key mineral prices – in particular Gold, Nickel, Silver;
3. Completion of major infrastructure construction projects – oil/gas in QLD, Gorgon/Wheatstone etc. in WA; and
4. Sharply declining iron ore prices – (Q2 2015).

From 2012 – 2016 the outcome was a major oversupply of services and equipment compared to underlying demand. This resulted in deteriorating used equipment prices over this period nominally between 20% for construction equipment and 50% for mining equipment.

Over 2017 market sentiment shifted towards one of greater optimism which in turn approached confidence by the end of H2 2017 and has continued through H1 2018. The key contributing factors of which were:

1. Sudden and unexpected improvement in coal prices which held sufficiently long enough to reverse trends and result in restarted operations. This led to a number of shuttered operations

coming back into production. It also led to a strategic shift from majors like Glencore and Anglo to a forced sell down of coal assets to a hold and review stance which has since resulted in some mines being taken off market placed back into production. The most obvious illustration of this is the mooted Adani project which while heavily objected to on environmental grounds remains a viable project for the owners based on economic factors.

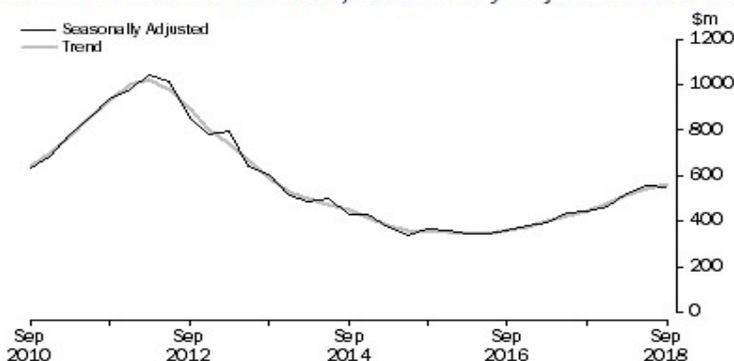
2. Improved civil infrastructure spending along the Eastern Seaboard – IBISWorld 2016 “solid growth of investment in large scale road, tunnel & bridge developments over the next five years” (Australia). Expenditure on major road projects in Australia is forecast to peak in 2019 at around \$8.5Bn. Up from around \$3.5Bn in 2015.
3. Improved confidence in the gold and lithium market – Sentiment at the annual Diggers N Dealers conference in Kalgoorlie in August was positive and since that time there has been a considerable number of contracts awarded which has moved drawing projects from the drawing board to ramp up i.e. Mt. Morgan, Gruyere Gold, Racetrack West Gold, Tawana Bald Hill are notable of a proposed 15 new and or expansion projects set to start in WA; anecdotally the amount of exploratory drilling has been on the rise evidenced by the lack of drills parked up in yards around Kalgoorlie. Other indicators include the rise in permanent jobs by 44% over 2017 in the mining industry; a 40% increase in mine project applications in WA. This trend has continued in 2018 with a further rise of 32% in job advertisements from June 2017 to June 2018 according to Seek’s job advertisement report.

At the same time sentiment is further boosted by the activity of mining majors with calling for major construction/expansion contracts in the Pilbara (i.e. BHP’s \$4.2Bn South Flank project, Rio Tinto’s feasibility study into a \$2.2Bn development at Koodaideri); release of capex for capital expenditure; expansion R&D. In addition, following recent announcements from CAT and other OEMs, of improving financial results, further indicate a more positive outlook for the industry.

The outcome of these market factors on the used equipment market has been considerable shifting it from a buyers’ market to a sellers’ market. Stock availability has dried up, both new and used; rental rates and terms have improved, driving up prices. The rate of this change accelerated over the second half of 2017 and most notably post August 2017. Prices have continued to hold strong in 2018 and 2019.

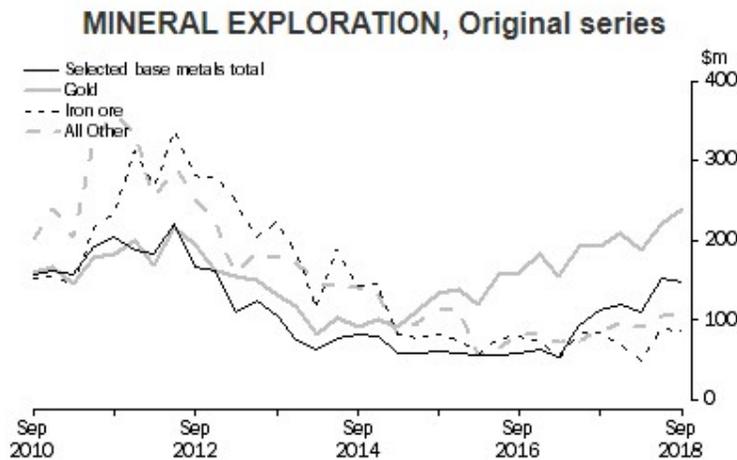
Key Australian Bureau of Statistics metrics continue to improve in 2018, highlighted by their September mining data release. Exploration, often considered a barometer of confidence in the mining sector has been on a steady incline since 2016 as the below graph shows.

MINERAL EXPLORATION, Seasonally adjusted and trend



*Graph sourced from ABS website

While mineral exploration differs by commodity, the overall trend as highlighted above is positive. See below graph highlighting the variation of mineral exploration spends. The graph reflects a significant uplift in base metals total and gold exploration, while iron ore has faced a more modest, albeit consistent rise.



*Graph sourced from ABS website

The Davyhurst mine has gold reserves, with gold a readily mined and traded commodity in Australia. China leads global gold production, with Australia being the second largest producer in 2017. Other countries to round of the top 5 gold producing countries are Russia, the United States and Canada.

The mining sector in Australia is enjoying positive trading conditions with renewed confidence surrounding the sector. The mining downturn in 2014/15 which saw dramatic price reductions across a broad range of commodities. Of particular importance to the Australian mining sector was the falls in iron ore, coal and gold prices. While the gold price is inherently volatile, the end of Australia's mining boom saw prices fall to near \$1,000 USD/oz. Early in 2016 the price began to skyrocket, recovering to \$1350 USD/oz by mid-2016. Since then, the price has witnessed constant movement but maintained a price range of \$1125 to \$1350 USD/oz. Currently the price resides around \$1285 USD/oz.

The dramatic fall in the AUD against the USD from parity earlier this decade has had an impact on Australia's gold producers. The lower AUD has resulted in higher margins for Australia's gold producers and profits have flowed into exploration.

The 2017-2018 gold market in Australia produced near record highs, totalling 310 tonnes produced. This is second only to the 1997-1998 record year for gold production in the country. While Boddington and the Kalgoorlie Super Pit vie for gold production supremacy, there are a raft of small and medium gold mines across the Western Australian gold fields, New South Wales and other locations across the country.

Ultimately, the production ramp ups of coal, iron ore and gold has led to an increase in demand for mining machinery.

VII. SALE CONSIDERATIONS

As is the case for all mines, careful consideration is required for the planning and implementation of a sale program.

The processing plant requires time and significant national and international marketing to attract the right buyers and is suited to sale by private treaty. The plant would be offered as a going concern to the secondary market in its entirety. While Gordon Brothers expect there to be reasonable demand for the plant, a suitable sale timeframe would be required to find end users requiring the assets. Gordon Brothers have based our FMVICU on a minimum 12 to 24 month sale timeframe.

VIII. OTHER CONSIDERATIONS

Excluded Items

The following have been excluded from our report as being outside our scope of works:

- Any asset located on any premise other than those we attended and which we were not made aware of;
- All forms of intellectual property such as goodwill, software etc.;
- All assets considered land, buildings or fixtures or building and/or structural improvements;
- All assets which are said to be provided under operating or rental/hire agreements.

Goods and Services Tax (“GST”)

The values provided in this report are exclusive of GST.

Currency Exchange Rates

It may be the case that some of the market data used in this analysis originated from international manufacturers and suppliers. Accordingly, we have used exchange rates prevailing at the date of valuation to enable us to make meaningful comparisons with Australian sourced data.

Currency versions have been factored in some instances, see below currency exchange rates as at the date of this report:

- USD to AUD: \$1.39
- Euro to AUD: \$1.58

Leased and third-party property

Ownership categorisation and any comment as to outstanding amounts provided in this report is reliant on information provided to us and as such is accurate solely to the extent the information relied upon was accurate. We have not sought to verify title via the PPSR register. Neither have we procured loan pay-outs direct from the relevant loan provider(s).

Validity period of valuation

The values contained herein are current as at the stated date of valuation only. In the normal course of events assuming market factors which underpin the basis of our values remain stable, the values in this report can be considered valid for a period of up to three months. We note that the market conditions have remained stable between the date of valuation and the report date and note that events within this time frame have not materially affected our opinions of value.

In the event external and/or market factors shift suddenly and/or unexpectedly (within three months) causing those underlying value assumptions to change then the validity period would be void and a review of values required. No liability in respect to any loss or damage claimed from any such change(s) is accepted. Similarly, no liability or responsibility is accepted for any party’s reliance on this report after the three-month validity period.

IX. LIMITING CONDITIONS AND EXTRAORDINARY ASSUMPTIONS

This plant, machinery and equipment valuation is made subject to the following:

General limiting conditions

- 1) All facts and data set forth in this report are true and correct to the best of the valuer's knowledge.
- 2) The determined values are exclusive of Goods and Services Tax.
- 3) The fee for this valuation report is not contingent upon the values reported.
- 4) Neither all nor any part of the contents of this report, or copy thereof, shall be reproduced for any purpose other than stated in the report, nor shall it be made available to the media, another valuer or anyone else without the written consent of Gordon Brothers.
- 5) Physical condition in most instances has been determined by assumption. Any unknown conditions existing at the time of inspection could alter the value. No responsibility is assumed for latent defects of any nature whatsoever which may affect value, nor for any expertise required to disclose such conditions.
- 6) No investigation of legal title to the property, unless explicitly stated otherwise, has been made and the claim to the property has been assumed to be valid.
- 7) No additional values have been made in regard to such intangibles as patents, trademarks or goodwill.
- 8) Information, estimates and opinions furnished by the appraiser and contained in this report were obtained from sources considered reliable and believed to be true and correct; however, no responsibility for the accuracy of such items furnished to the appraiser can be assumed by the appraiser.
- 9) Matters of a legal nature or with tax consequences have not necessarily been considered in this report. The reader should consult a competent legal advisor and/or a qualified tax accountant for information and opinions in those areas.
- 10) The valuer has endeavoured to use due diligence in all market comparisons. If possible, multiple comparisons of similar items sold within a reasonable and applicable time period usually provide substance for a credible value determination. However, at times it is not possible to find any direct sales comparisons that have actually sold. In these cases, the appraiser has relied heavily on comments and testimony from sources considered reliable (dealers, auctioneers, manufacturers, wholesalers for example) in arriving at the final value estimate.
- 11) The values shown are not intended for the piecemeal selling of separate items. In the event that any item included in this valuation is separately sold or is withdrawn from sale or is to be sold either at a time different to the other items or from a different location then a re-valuation of the remaining items will be necessary.
- 12) It is assumed that all equipment has standard features commensurate with its normal operation. For instance, machinery might include: guards, electrical starters, switch-gear, safety equipment, wiring, conduit/piping and electrical, pneumatic or hydraulic controls systems, or other peripheral items considered standard for operating the indicated model or type of equipment. This type of detailed listing is not described for each machine due to repetition, time, cost, and description length within the listing. An attempt is made, however, to indicate any non-standard features at an appropriate point within the investigation.

- 13) Description of items made as part of this report is believed correct to the best ability of the appraiser. Any errors or omissions were unintentional and should not affect the value assignment.
- 14) The subject equipment may or may not conform to local WHS standards. The sole responsibility for conforming rests with the owner of the subject equipment and may not necessarily affect the final estimate of value reported herein.
- 15) The valuation has been prepared in good faith on the basis that full disclosure of all information and salient points which may affect the valuation.
- 16) The valuation is valid only as of the effective date of the report and for the purposes outlined in the section "Purpose of Valuation".
- 17) The valuation concept used in this report is one accepted by the client.
- 18) Nothing in this report constitutes as financial advice prepared for Eastern Goldfields Limited (Administrators Appointed), its Shareholders, or Advisors.

Extraordinary Assumptions specific to this assignment

- As the mine is in care and maintenance, we have not been able to sight any of the assets in operation. Given this, we have assumed unless advised otherwise, or an out of service tag is on the asset, that all assets are in operational condition.
- All information provided to us verbally and in writing before, during and post our inspection is true and correct.

Hypothetical Assumptions specific to this assignment

No hypothetical assumptions were made.

X. CERTIFICATION OF VALUE

It is hereby certified that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions set forth in this report are limited only by the assumptions and limiting conditions (imposed by the terms of the assignment or by the undersigned) set forth by this report, and are personal, unbiased, professional analyses, opinions, and conclusions.
- The engagement of Gordon Brothers in this assignment was not contingent upon developing or reporting predetermined results.
- Neither the valuation nor the amount of the fee is contingent upon developing or reporting a predetermined value, requested minimum value, a direction in the value that favours the cause of Eastern Goldfields Limited (Administrator Appointed) or its shareholders or advisors, a specific valuation, the approval of a loan, the amount of the value estimates or attainment of a stipulated result, nor is the compensation contingent upon an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The use of this report is subject to the definitions contained within the Uniform Standards of Professional Appraisal Practice (“USPAP”) as defined by the Appraisal Standards Board of The Appraisal Foundation.



Ben Gibson
Director
BComm

Annexures

Annexure A. Definitions

Source - "Valuing Machinery and Equipment: "The Fundamentals of Appraising Machinery and Technical Assets", The American Society of Appraisers, Third Edition,

Excellent (E) This term describes those items that are in near-new condition and have had very little use.

Extraordinary Assumption is an assumption directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions (USPAP page U-3)

Fair (F) This term describes those items of equipment which because of their condition are being used at some point below their full designed and specified utilisation because of the effect of age and/or application and that may require general repairs and some replacement of minor elements in the foreseeable future to raise them to be capable of being utilised to or near their original specifications. Pg. 58

Fair Market Value is an opinion expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, as of a specific date.

Fair Market Value in Continued Use with Assumed Earnings is an opinion, expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, as of a specific date and assuming that the business earnings support the value reported, without verification.

Fair Market Value in Continued Use with an Earnings Analysis is an opinion, expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, as of a specific date and supported by the earnings of the business.

Fair Market Value – Installed is an opinion, expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, considering market conditions for the asset being valued, independent of earnings generated by the business in which the property is or will be installed, as of a specific date.

Fair Market Value - Removed is an opinion, expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, considering removal of the property to another location, as of a specific date.

Forced Liquidation Value is an opinion of the gross amount, expressed in terms of money, that typically could be realised from a property advertised and conducted public auction, with the seller being compelled to sell with a sense of immediacy on an as-is where-is basis, as of a specific date

Good (G) This term describes those items of equipment which are in good operating condition. They may or may not have been modified or repaired and are capable of being used at or near their full designed and specified utilisation.

Hypothetical condition That which is contrary to what exists but is supposed for the purpose of analysis (USPAP page U-3)

Insurable Value Depreciated The insurance replacement or reproduction cost less accrued depreciation considered for insurance purposes, and as defined in the insurance policy or other agreement, as of a specific date.

Liquidation Value in place is an opinion of the gross amount, expressed in terms of money, that typically could be realized from a properly advertised transaction, with the seller being compelled to sell, as of a specific date, for a failed, non-operating facility, assuming that the entire facility is sold intact.

New (N) This term describes new items that have not been used before

Orderly Liquidation Value An opinion of the gross amount, expressed in terms of money, that typically could be realised from a liquidation sale, given a reasonable period of time to find a purchaser (or purchasers), with the seller being compelled to sell on an as-is, where-is basis, as of a specific date

Poor (P) This term is used to describe those items of equipment which because of their condition can be used only at some point well below their full designed and specified utilization, and it is not possible to realise full capacity in their current condition without extensive repairs and/or the replacement of major elements in the near future.

Replacement cost new Is the current cost of a similar new property having the nearest equivalent utility as the property being appraised, as of a specific date.

Reproduction cost new Is the cost of reproducing a new replica of a property on the basis of current prices with the same or closely similar materials, as of a specific date.

Salvage Value (S) Is an opinion of the amount, expressed in terms of money that may be expected for the whole property or a component of the whole property that is retired from service for possible use elsewhere, as of a specific date.

Scrap Value (X) An opinion of the amount, expressed in terms of money that could be realised for the property if it were sold for its material content, not for productive use, as of a specific date.

Very Good (VG) This term describes an item of equipment in excellent condition capable of being used to its fully specified utilization for its designed purpose without being modified and without requiring any repairs or abnormal maintenance at the time of inspection or within the foreseeable future.

Annexure B. Valuer Credentials & Memberships

Project Team

Fenton Healy

Fenton Healy is responsible for developing liquidity and asset-based solutions for clients across Australia. Fenton brings over 20 years of experience in asset valuation and liquidation. He has deep knowledge and understanding of used equipment markets across Australia and applies this insight in developing capital solutions for clients.

Prior to joining Gordon Brothers, Fenton held numerous sales, senior management, directorial and leadership roles at GraysOnline, where he was one of the original shareholders. Throughout his career, Fenton has worked on some of the region's largest disposition projects, including for Toyota, Procter & Gamble, Alcatel, Sunbeam Victa, Kirby Engineering, Huntsman Chemicals, Solelectron, Email Metering, Colgate Palmolive, and Mitsubishi. He has targeted expertise in the mining and transportation sectors.

Ben Gibson

Ben Gibson is responsible for the leadership and oversight of Gordon Brothers' Perth office. Ben has over 23 years of experience in the valuation and auction industry, managing large scale asset valuation and sale projects on behalf of banks, insolvency practitioners and large corporations across many industries.

Prior to joining Gordon Brothers, Ben served as the Executive Director, Restructuring and Finance for Tiger Asset Group, where he was responsible for the Restructuring & Finance service line on a national basis. Before his tenure at Tiger, he was the General Manager for the Western Australian operations of Graysonline, one of Australia's leading industrial equipment e-commerce participants Ben has experience across a wide range of industry sectors including Mining, Agriculture, Transport, Construction, Earthmoving, Manufacturing, Engineering, and Consumer Retail Products.

Throughout his career, Ben has personally managed over 3,000 valuation and asset disposition projects, both in Australia and internationally. Ben has a Bachelor of Commerce degree from the University of Wollongong, a Diploma of Auctioneering from the Western College of Auctioneering USA, and is a Candidate Member, American Society of Appraisers.

Luke Santostefano

Luke Santostefano is responsible for the delivery of asset advisory, valuation and asset disposition programs for clients across Australia. Luke also focuses on the identification and diligence of asset-based opportunities in the Australian market. Luke has over 5 years of asset disposition and valuation experience and has developed a deep understanding of the Australian equipment market.

Prior to joining Gordon Brothers, Luke was most recently employed by GraysOnline in the role of Valuations Manager – Major Projects where he conducted large and complex valuation matters across a range of sectors. Sectors include manufacturing, transport, mining, civil construction, agriculture, forestry and automotive. Luke holds a Bachelor of Business (Property) from the University of South Australia and is currently an accredited member of the American Society of Appraisers.

Annexure C. Asset Listing & Valuation

Please see attached excel spreadsheet titled “Eastern Goldfields Valuation Report _Gordon Brothers Draft” for asset listing and attributed values.

Schedule 3 – Pro Forma Statement of Financial Position

		EGS as at 31-Dec- 18	Subseque nt events	Balance sheet after sub events	Pro-forma adjustment s	Pro-forma adjustment s	Pro- forma after Offer	Pro- forma after Offer
	Note s	\$'000	\$'000	\$'000	Min \$'000	Max \$'000	Min \$'000	Max \$'000
Current Assets								
Cash and cash equivalents	2	2,759	(2,759)	-	15,213	24,733	15,213	24,733
Trade and other receivables		121	-	121	-	-	121	121
Inventories		79	-	79	-	-	79	79
Total Current Assets		2,959	(2,759)	200	15,213	24,733	15,413	24,933
Non-Current Assets								
Trade and other receivables		64	-	64	-	-	64	64
Mine properties		38,460	-	38,460	-	-	38,460	38,460
Financial assets	3	945	(945)	-	-	-	-	-
Total Non-Current Assets		39,469	(945)	38,524	-	-	38,524	38,524
Total Assets		42,428	(3,704)	38,724	15,213	24,733	53,937	63,457
Current Liabilities								
Trade and other payables	4	44,372	1,000	45,372	(45,372)	(45,372)	-	-
Loans and borrowings	5	31,935	650	32,585	(32,585)	(32,585)	-	-
Provisions	6	1,104	-	1,104	(1,104)	(1,104)	-	-
Total Current Liabilities		77,411	1,650	79,061	(79,061)	(79,061)	-	-
Non-Current Liabilities								
Provision for rehabilitation	7	18,289	-	18,289	(2,506)	(2,506)	15,783	15,783
Total Non-Current Liabilities		18,289	-	18,289	(2,506)	(2,506)	15,783	15,783
Total Liabilities		95,700	1,650	97,350	(81,567)	(81,567)	15,783	15,783
Net Assets		(53,272)	(5,354)	(58,626)	96,780	106,300	38,154	47,674
Equity								
Contributed equity	8	287,168	-	287,168	63,622	73,042	350,830	360,210
Accumulated losses	9	(353,778)	(5,354)	(359,132)	32,928	32,928	(326,244)	(326,204)
Reserves	10	13,338	-	13,338	230	330	13,568	13,668
Total Equity		(53,272)	(5,354)	(58,626)	96,780	106,300	38,154	47,674

Schedule 4 - Terms and Conditions of Lead Manager Options

1. Exercise Price

The exercise price of each Lead Manager Option is 1.75 cents.

2. Exercise Period

(a) The Lead Manager Options are exercisable at any time on or prior to the date that is 2 years after the date of their issue (**Exercise Period**).

(b) Subject to paragraph 2(a) and any applicable Vesting Conditions, the Options are exercisable at any time on or prior to the applicable Expiry Date (**Exercise Period**).

3. Exercise of Options

The Options may only be exercised during the Exercise Period.

4. No Official Quotation of Options

The Company will not apply for official quotation of the Options.

5. Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of each Option.

6. Notice of Exercise

The Options may be exercised by giving written notice to the Company at any time during the Exercise Period. The notice (**Exercise Notice**) must:

(a) specify the number of Options being exercised and the number of Shares to be issued;

(b) specify whether the Shares are to be issued to the holder of the Options or a nominee; and

(c) be accompanied by payment of the Exercise Price for each Option being exercised.

Any Exercise Notice in respect of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

7. Shares Issued on Exercise

Shares issued on exercise of Options rank equally with the Shares currently on issue.

8. Official Quotation of Shares on Exercise

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.

9. Timing of issue of Shares

(a) Subject to paragraph 9(b), within 3 business days after the receipt of an Exercise Notice, given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised, the Company will allot and issue the Shares pursuant to the exercise of the Options and will, at the same time, issue a cleansing notice under section 708A(5) of the Corporations Act.

(b) If the Company is not then permitted to issue a cleansing notice under section 708A(5) of the Corporations Act, the Company must issue a prospectus within 30 days of the issue of the Shares in accordance with the requirements of section 708A(11) of the Corporations Act to enable the Shares to be freely tradeable.

(c) If the Company is required to issue a Prospectus pursuant to paragraph 9(b), the holder acknowledges and agrees not to dispose of effective ownership or control of the Shares at any time before the Company issues the prospectus and that the Company may instruct the Company's share registry to place a holding lock on all the Shares until the lodgement of a prospectus.

10. 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.

However, the Company will ensure that, for the purposes of determining entitlements to any such issue, the record date will be at least 4 business days after the issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

11. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu of, or in satisfaction of, dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

12. Adjustment for Rights Issue

If the Company makes an issue of Shares pro rata to existing Shareholders (except a bonus issue) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New Exercise Price} = O - \frac{E [P - (S + D)]}{N + 1}$$

- O = the old Exercise Price of the Option.
- E = the number of underlying Shares into which one Option is exercisable.
- P = volume weighted average market price (as defined in the Listing Rules) per Share during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price of a Share under the pro rata issue.
- D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).
- N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

13. Adjustments for Reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholder will, be varied to the extent necessary to comply with the Listing Rules which apply to the reorganisation at the time of the reorganisation.

14. Options Not Transferable

The Options are non-transferable.

15. Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's share registry.

Schedule 5 - Terms and Conditions of the Plan

In 2019, the Company amended its Employee Option Plan (**Plan**).

The Plan is designed to provide incentives to the employees and Directors of the Company and to recognise their contribution to the Company's success, through the granting of options and allocation of shares on exercise of those options.

The Company previously obtained Shareholder approval of its Plan at the 2017 Annual General Meeting on 30 November 2017, as reconvened on 19 December 2017. Since the last shareholder approval, no Options or Shares have been granted under the Plan.

The terms of the Plan are summarised below.

Eligible Participants

- 1 The eligible participants under the Plan are directors, senior executives, contractors, consultants and employees of the Company, related bodies corporate of the Company and any other company designated by the Board to be a group company for the purposes of the Plan (**Group Company**), who are invited by the Board to participate in the Plan (**Eligible Employee**).

Limits on Entitlement

- 2 Subject to limited exceptions, the Company must not grant Options under the Plan if, immediately afterwards, the sum of:
 - 2.1 the number of shares in the same share class which would be issued if each unvested Option granted under the Plan (provided that such Option has not lapsed) or any other employee incentive plan of the Company were to vest and be exercised; and
 - 2.2 the number of shares in the same class issued during the previous five years under the Plan or any other employee incentive plan of the Company,

would exceed 5% of the total number of Shares on issue at the time of the proposed grant (excluding offers made to persons outside of Australia, that do not need disclosure to investors, or made under a disclosure document).

- 3 The maximum allocation and allocated pool may be increased the Board, provided such an increase complies with the Corporations Act, ASX Listing Rules and applicable ASIC Class Order requirements.

Offer and Conditions

- 4 The Board must determine and advise each Eligible Employee at the time an Offer is made, of the following:
 - 4.1 the number of Options the subject of the Offer (each entitling its holder to be issued one Share upon vesting and exercise of that Option);
 - 4.2 the Expiry Date;
 - 4.3 the Grant Date as determined by the Company, following receipt of the signed and completed Offer from the Eligible Employee by the Company;
 - 4.4 details of the applicable Vesting Date or Dates;
 - 4.5 the Exercise Price (if any);
 - 4.6 whether the vesting of the Options will be subject to a Performance Condition, and if so, details of the Performance Condition and its Performance Period; and
 - 4.7 any other information, terms or conditions the Company considers to be relevant to the Offer (including any post exercise restrictions on dealing with Shares granted to the participant under the Plan).

Consideration Payable

- 5 Options are to be granted to Eligible Employees at a price the Board considers to be appropriate, as specified in the Offer (for the avoidance of doubt, including at no price if the Board considers it appropriate), and in any case must be for no more than nominal consideration.

Option Terms

- 6 Each Option will entitle its holder to subscribe for and be issued, credited as fully paid, one Share (upon vesting and exercise of that Option).

- 7 The Exercise Price of an Option will be as determined by the Board (in its discretion) on or before the grant of the Options. The Board may grant an Eligible Employee zero exercise price options.
- 8 Shares issued on the exercise of Options will be issued on the same terms and conditions and rank equally in all respects as the existing Shares in the capital of the Company from the date of issue of those Shares, subject to the restrictions on transfer of the Shares as may be imposed by the Board. They will not rank for any rights attaching to Shares by reference to a record date preceding the date of issue.
- 9 The Board may, in its absolute discretion, determine:
- 9.1 the time periods (if any) after which the Options granted will vest and the percentage of Options granted which will vest at each particular time; and
- 9.2 any performance conditions which must be satisfied before the Options vest or are otherwise exercisable by the participant.
- 10 A participant may only transfer an Option granted under the Plan with the consent of the Board by force of law upon death to the participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.
- 11 If the Company offers a pro rata issue of securities to holders of Shares, the exercise price in respect of any unexercised Options may be adjusted in accordance with the adjustment formula for pro rata issues set out in the Listing Rules at the time when the Options were granted under this Plan.
- 12 If Shares are issued pro rata to the Company's shareholders generally by way of a bonus issue (other than an issue in lieu of dividends or by way of a dividend reinvestment) involving capitalisation of reserves or distributable profits, Options will be adjusted in the manner allowed or required by the ASX Listing Rules.
- 13 If there is a reconstruction or reorganisation (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any Options, the number of Options to which each participant is entitled or the exercise price of his or her Options or both or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the Listing Rules.
- 14 Options will not be listed for quotation on the ASX, however, the Company will apply for official quotation of the Shares issued upon the exercise of any vested Options to ASX and to each other stock exchange on which Shares are listed at that time.

Lapse of Options

- 15 An unvested Option will immediately lapse upon the first to occur of:
- 15.1 15 years after the date on which the Options were allocated to the participant, or any other date nominated as the expiry date in the offer;
- 15.2 if the performance conditions associated with the Options are not satisfied prior to the end of any specified performance periods;
- 15.3 the transfer or purported transfer of the Option in breach of the Plan;
- 15.4 the day that is 30 days following the date the participant ceases to be employed or engaged by the Company or a Group Company by virtue of the participant resigning voluntarily and the participant has not recommenced employment with the Company or a Group Company before the expiration of those 30 days;
- 15.5 subject to the treatment outlined in section 18.2 below, the day which is 30 days following the date the participant ceases to be employed or engaged by the Company or a Group Company by reason of his or her death, disability, serious illness, bona fide redundancy, or any other reason with the approval of the Board and the participant has not recommenced employment with the Company or a Group Company before the expiration of those 30 days;
- 15.6 termination of the participant's employment or engagement with the Company or a Group Company on the basis that the participant acted fraudulently, dishonestly, in breach of the participant's obligations or otherwise for cause; and
- 15.7 the day which is six months after a change of control event under the Plan.
- 16 If an Option lapses, the Board must repay the price paid (if any) for the grant of the Option.
- 17 An Option which has vested but has not been exercised will immediately lapse upon the first to occur of:

- 17.1 close of business on the expiry date;
- 17.2 the transfer or purported transfer of the Option in breach of the Plan;
- 17.3 termination of the participant's employment or engagement with the Company or a Group Company on the basis that the participant acted fraudulently, dishonestly, in breach of the participant's obligations, committed an act, whether at work or otherwise, which could reasonably be regarded to have brought the Company or a Group Company into disrepute, or are convicted of an offence punishable by imprisonment, or otherwise for cause;
- 17.4 the day which is six months after a change of control event under the Plan; and
- 17.5 the receipt by the Company of a notice in writing from a participant to the effect that the participant has elected to surrender the Option.

Cessation of employment

- 18 Where a participant ceases to be employed or engaged by the Company or an Group Company by reason of his or her death, disability, serious illness, bona fide redundancy, or other reason with the approval of the Board, then:
 - 18.1 if any of the participant's Options have vested but have not been exercised, they will remain exercisable by the participant's estate or legal representative who has been recognised by the Company as the holder of the participant's Options until the Options lapse;
 - 18.2 if any of the participant's Options have not vested, the Board will determine as soon as reasonably practicable after the date the participant ceases to be employed or engaged, how many (if any) of those participant's Options will be deemed to have vested; and
 - 18.3 to the extent to which the participant's Options:
 - 18.3.1 are deemed to have vested, they will be exercisable by that participant's estate or legal representative who has been recognised by the Company until the Options lapse; and
 - 18.3.2 are not deemed to have vested, they will lapse immediately upon the Board making its determination.
- 19 The Board may specify in the offer to the participant how the participant's Options will be treated on cessation of employment or engagement.

Change of Control

- 20 The Board may declare that all or a specified number of any unvested Options granted to a Participant which have not lapsed immediately vest if, in the opinion of the Board:
 - 20.1 a Change of Control has occurred, or is likely to occur; or
 - 20.2 any person or corporation has a relevant interest in more than 90% issued share capital of the Company; and
 - 20.3 the participant's pro-rata performance is in line with the performance conditions applicable to those Options (if any) during the period from the date of the grant of the Options to the date the Change of Control event occurred., the date the Board becomes aware that a Change of Control Event is likely to occur, or the date the person or corporation has a relevant interest in more than 90% of the Shares (as the case requires).
- 21 The Board may in its absolute discretion declare the vesting of an Option during such period as the Board determines where:
 - 21.1 the Company passes a resolution for the voluntary winding up of the Company;
 - 21.2 an order is made for the compulsory winding up of the Company; or
 - 21.3 the Company passes a resolution in accordance with Listing Rule 11.2 to dispose of its main undertaking.
- 22 In this Schedule, **Change of Control** means:
 - 22.1 in the case of a takeover bid, an offeror who previously had voting power of less than 50% in the Company obtains voting power of more than 50%;

- 22.2 a court approves under Section 411(4)(b) of the Corporations Act, a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;
- 22.3 any person becomes bound or entitled to acquire shares in the Company under:
- 22.3.1 section 414 of the Corporations Act (compulsory acquisition following a scheme or contract); or
- 22.3.2 Chapter 6A of the Corporations Act (compulsory acquisition of securities);
- 22.4 a selective capital reduction is approved by shareholders of the Company pursuant to section 256C(2) of the Corporations Act which results in a person who previously had voting power of less than 50% in the Company obtaining voting power of more than 50%; or
- 22.5 in any other case, a person obtains voting power in the Company which the Board (which for the avoidance of doubt will comprise those directors holding office immediately prior to the person acquiring that voting power) determines, acting in good faith and in accordance with their fiduciary duties, is sufficient to control the composition of the Board.

Termination, Suspension or Amendment

- 23 The Board may suspend or terminate the Plan at any time, in which case the Company will not make any further grants of Options under the Plan during the suspended period or following termination. However, during the suspended period or following termination the Board will otherwise continue to administer the Plan in accordance with the rules of the Plan until all Options have vested or lapsed.

Disposal Restrictions on Shares

- 24 The Board may impose disposal restrictions on Shares issued under the Plan or acquired following the vesting of exercise of Options as a condition of any Offer. The Board may place a holding lock or similar arrangements on the Shares to give effect to the restrictions.

Schedule 6 - Terms and Conditions of the Hawke's Point Options, Wyllie Group Options, Perennial Options and Donald Smith Options

1. Exercise Price

The exercise price of each Hawke's Point Option, Wyllie Option, Perennial Option and Donald Smith will be \$0.075.

2. Exercise Period

The Hawke's Point Options, Wyllie Options, Perennial Options and Donald Smith Options are exercisable at any time on or prior to the date that is 4 years after the date of their issue (**Exercise Period**).

3. Exercise of Hawke's Point Options, Wyllie Options, Perennial Options and Donald Smith Options

The Hawke's Point Options, Wyllie Options, Perennial Options and Donald Smith Options may only be exercised during the Exercise Period.

4. No Official Quotation of Hawke's Point Options, Wyllie Options, Perennial Options and Donald Smith Options

The Company will not apply for official quotation of the Hawke's Point Options, Wyllie Options, Perennial Options and Donald Smith Options.

5. Entitlement

Each Hawke's Point Option, Wyllie Option, Perennial Option and Donald Smith Option entitles the holder to subscribe for one Share upon exercise of each Hawke's Point Option, Wyllie Option, Perennial Option and Donald Smith Option.

6. Notice of Exercise

The Hawke's Point Options, Wyllie Options, Perennial Options and Donald Smith Options may be exercised by giving at least 3 Business Days' written notice to the Company at any time during the Exercise Period. The notice (**Exercise Notice**) must:

- (a) specify the number of Hawke's Point Options, Wyllie Options, Perennial Options and Donald Smith Options (as applicable) being exercised and the number of Shares to be issued;
- (b) specify whether the Shares are to be issued to the holder of the Hawke's Point Options, Wyllie Options, Perennial Options and Donald Smith Options (as applicable) or a nominee; and
- (c) be accompanied by payment of the Exercise Price for each Hawke's Point Option, Wyllie Option, Perennial Option and Donald Smith Option (as applicable) being exercised.

Any Exercise Notice in respect of an Hawke's Point Option, Wyllie Option, Perennial Option and Donald Smith Option (as applicable) received by the Company will be deemed to be a notice of the exercise of that Hawke's Point Option, Wyllie Option, Perennial Option and Donald Smith Option (as applicable) as at the date of receipt.

7. Shares Issued on Exercise

Shares issued on exercise of Hawke's Point Options, Wyllie Options, Perennial Options and Donald Smith Options (as applicable) rank equally with the Shares currently on issue.

8. Official Quotation of Shares on Exercise

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Hawke's Point Options, Wyllie Options, Perennial Options and Donald Smith Options (as applicable).

9. Timing of issue of Shares

- (a) Subject to paragraph 9(b), within 3 business days after the receipt of an Exercise Notice, given in accordance with these terms and conditions and payment of the Exercise Price for each Hawke's Point Option, Wyllie Option, Perennial Option and Donald Smith Option (as applicable) being exercised, the Company will allot and issue the Shares pursuant to the exercise of the Hawke's Point Option, Wyllie Option, Perennial Option and Donald

Smith Option (as applicable) and will, at the same time, issue a cleansing notice under section 708A(5) of the Corporations Act.

- (b) If the Company is not then permitted to issue a cleansing notice under section 708A(5) of the Corporations Act, the Company must either:
- (i) issue a prospectus on the date that the Shares are issued under paragraph (a) above (in which case the date for issuing those Shares may be extended to not more than 25 Business Days after the receipt of the Exercise Notice, to allow the Company time to prepare that prospectus); or
 - (ii) issue a prospectus before the date that the Shares are issued under paragraph (a) above, provided that offers under that prospectus must still be open for acceptance on the date those Shares are issued,

in accordance with the requirements of section 708A(11) of the Corporations Act.

10. **Participation in new issues**

There are no participation rights or entitlements inherent in the Hawke's Point Options, Wyllie Options, Perennial Options and Donald Smith Options (as applicable) and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Hawke's Point Options, Wyllie Options, Perennial Options and Donald Smith Options (as applicable).

However, the Company will ensure that, for the purposes of determining entitlements to any such issue, the record date will be at least 4 business days after the issue is announced. This will give the holders of Hawke's Point Options, Wyllie Options, Perennial Options and Donald Smith Options (as applicable) the opportunity to exercise their Hawke's Point Options, Wyllie Options, Perennial Options and Donald Smith Options (as applicable) prior to the date for determining entitlements to participate in any such issue.

11. **Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu of, or in satisfaction of, dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Hawke's Point Option, Wyllie Option, Perennial Option and Donald Smith Option (as applicable) will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Hawke's Point Options, Wyllie Options, Perennial Options and Donald Smith Options (as applicable) before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

12. **Adjustment for Rights Issue**

If the Company makes an issue of Shares pro rata to existing Shareholders (except a bonus issue) the Exercise Price of an Hawke's Point Option, Wyllie Option, Perennial Option and Donald Smith Option (as applicable) will be reduced according to the following formula:

$$\text{New Exercise Price} = O - \frac{E [P - (S + D)]}{N + 1}$$

- O = the old Exercise Price of the Hawke's Point Options, Wyllie Options, Perennial Options and Donald Smith Options (as applicable).
- E = the number of underlying Shares into which one Hawke's Point Options, Wyllie Options, Perennial Options and Donald Smith Options (as applicable) is exercisable.
- P = volume weighted average market price (as defined in the Listing Rules) per Share during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price of a Share under the pro rata issue.
- D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

13. **Adjustments for Reorganisation**

If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholder will, be varied to the extent necessary to comply with the Listing Rules which apply to the reorganisation at the time of the reorganisation.

14. **Dividends**

A Hawke's Point Option, Wyllie Option, Perennial Option and Donald Smith Option (as applicable) does not confer any rights to dividends

15. **Hawke's Point Options, Wyllie Options, Perennial Options and Donald Smith Options Transferable**

The Hawke's Point Options, Wyllie Options, Perennial Options and Donald Smith Options shall be freely assignable and transferable without the Company's consent, subject to the provisions of Chapter 6D of the Corporations Act.

16. **Lodgement Instructions**

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Hawke's Point Options, Wyllie Options, Perennial Options and Donald Smith Options with the appropriate remittance should be lodged at the Company's share registry.

Schedule 7 - Summary of Secured Hawke's Point Debt

Hawke's Point Secured Debt

Assignment of the Hawke's Point Secured Debt to Hawke's Point

- (a) On 28 August 2018, Investec Bank PLC and Investec Australia Limited assigned the Syndicated Facilities Agreement, Security Trust Deed and General Trust Deed to Hawke's Point and Hawke's Point Holdings II Limited.
- (b) On 28 August 2018, Hawke's Point provided the Company with a standstill on the amounts outstanding under the Syndicated Facilities Agreement until 5 September 2018.
Syndicated Facility Agreement
- (c) Pursuant to a Syndicated Facilities Agreement between the Company, Investec Australia Limited, Investec PLC and others dated on or about 1 February 2017 (**Syndicated Facility Agreement**) the Company has access to a debt facility comprising:
- (i) an Australian dollar revolving credit facility in an aggregate amount of \$15 million (**Facility A**); and
 - (ii) subject to the Company providing a drawdown notice during the in the period ending 60 days prior to maturity, an Australian dollar revolving credit facility in an aggregate amount of \$10 million (**Facility B**).
- (d) Without Investec Bank PLC's prior written consent, each facility may only be used for the following purposes:
- (i) **Facility A:** for general corporate and working capital purposes of the Group and for no other purpose; and
 - (ii) **Facility B:** for:
 - (A) general corporate and working capital purposes of the Group; and
 - (B) to meet principal, interest, cost and fee payments in relation to Facility A,
 - (iii) and for no other purpose.
- (e) The Company may draw down loans from:
- (i) **Facility A:** in a minimum principal amount of \$1 million and a whole multiple of \$500,000 or the undrawn commitments; and
 - (ii) **Facility B:** in a minimum principal amount of \$2.5 million and a whole multiple of \$500,000 or the undrawn commitments,
- (each a **Loan**).
- (f) The Company must ensure that there is no more than one Facility A Loan outstanding at any time.
- (g) The Company is liable to pay interest on the outstanding principal amount in arrears on the last day of each funding period (being 90 days for Facility A and up to 90 days after the drawn down date as selected by the Company pursuant to the Syndicated Facility Agreement for Facility B) (**Funding Period**) and on repayment or prepayment of all or the relevant part of a Loan.
- (h) The interest rate is calculated by Investec Bank PLC to be the sum of:
- (i) **Facility A:** the:
 - (A) margin (being 4% pa until the Company achieves 8 weeks of continuous gold production or 3% after such date; and
 - (B) arithmetic mean of the bid rates displayed at or about 10:30am (Sydney time) on the first day of that period on the Reuters screen BBSW for a term equivalent to the period after eliminating one of the highest and one of the lowest of those rates, or
 - (ii) **Facility B:** the
 - (A) Margin (being 1.5% pa);

- (B) arithmetic mean of the bid rates displayed at or about 10:30am (Sydney time) on the first day of that period on the Reuters screen BBSW for a term equivalent to the period after eliminating one of the highest and one of the lowest of those rates; and
- (C) costs associated with borrowing shares required in order to fully hedge the position of any Loan,

for the relevant Funding Period.

- (i) The Company must repay each facility Loan on the last day of its Funding Period.
- (j) The Company was required to repay the principal amount of each of Facility A and Facility B on 1 February 2019.
- (k) The Syndicated Facility Agreement contains customary review events and events of default for an agreement of its nature.

General Security Deed

- (a) On 1 February 2017 the Company, Carnegie Gold Pty Ltd, Ida Gold Operations Pty Ltd, Mt Ida Gold Pty Ltd, Mt Ida Gold Operations Pty Ltd, Pilbara Metals Pty Ltd, Siberia Gold Operations Pty Ltd and Siberia Mining Corporation Pty Ltd (each an **Obligor**) entered into a general security deed with Investec Australia Limited (**General Security Deed**).
- (b) Pursuant to the General Security Deed, each Obligor granted a security interest to Investec Australia Limited in each of the Obligor's respective all present and after-acquired property, to secure payment of amounts owing to the beneficiaries of the security trust.
- (c) In accordance the General Security Deed, the Existing Convertible Notes and the Hawke's Point New Convertible Notes were included as part of the security as new finance documents.

Security Trust Deed

- (d) On 1 February 2017, the Obligors entered into a security trust deed with Investec Australia Limited, Investec Bank PLC and others (**Security Trust Deed**) to declare and establish the security trust and appoint Investec Australia Limited as the security trustee.
- (e) Hawke's Point has agreed to procure that the terms and conditions of the Security Trust Deed are amended subject to and with effect from completion of the Hawke's Point New Convertible Note Deed to include the conditions required by the ASX Waiver.

Schedule 8 - Summary of Existing Convertible Notes

On 27 September 2018 and 28 September 2018, the Company entered into binding agreements with the Secured Creditors to issue 87,500 Existing Convertible Notes to the Secured Creditors to raise \$8,750,000 (**Existing Convertible Note Deeds**). It should be noted that the Secured Creditors have agreed to settle their claims under the Existing Convertible Notes into Shares at the rate of 1 cent per Share in accordance with the DOCA (subject to approval at the General Meeting). The terms of the Existing Convertible Notes are summarised for completeness below.

The Existing Convertible Notes are secured debt instruments of the Company (comprising a loan from the relevant Secured Creditor to the Company) and do not carry any rights to conversion into Shares unless and until receipt of Shareholder approval at the General Meeting (amongst other things) approve the issue of the Shares to be issued upon conversion of the Existing Convertible Notes for the purpose of the Listing Rules.

Following the receipt of the required shareholder and regulatory approvals (and satisfaction of the other conditions precedent to conversion, the Existing Convertible Notes are convertible into Shares (**Conversion Shares**) in accordance with their terms.

The key terms of the Existing Convertible Notes are detailed below:

- (a) Face Value: \$100.00;
- (b) Interest: Accrues daily as 8% per annum;
- (c) Security: The Existing Convertible Notes will be secured against the assets of the company by reason of indebtedness being recognised and brought under the current security package issued by the Company in connection with the Syndicated Facilities Agreement. Hawke's Point has agreed to procure that the terms and conditions of the Security Trust Deed are amended subject to and with effect from completion of the Hawke's Point New Convertible Note Deed to include the conditions required by the ASX Waiver.
- (d) Conditions Precedent to Conversion:
 - (i) the Company receiving cleared funds from a placement for an amount not less than \$36.9 million at a price of \$0.05 per share;
 - (ii) ASX not refusing to:
 - (A) grant quotation of the Conversion Shares issued upon conversion of the Notes;
 - (B) grant quotation of any Shares issued upon the exercise of the Noteholder Options; or
 - (C) grant the reinstatement of the Company's securities to official quotation from suspension by ASX; and
 - (iii) all necessary Shareholder and regulatory approvals having been obtained by the Company, presently proposed to be sought at the General Meeting;
 - (iv) in relation to the Existing Convertible Notes issued to Hawke's Point only:
 - (A) the Company discharging its obligations to separate its officers, personnel, bank accounts, systems and other information technology from those of Investmet and any other persons or entities affiliated with Michael Fotios;
 - (B) the Company and Adaman entering into the "Master Services Contract" contemplated by the Recapitalisation and Services Deed on terms satisfactory to Hawke's Point (acting reasonably); and
 - (C) the Company providing evidence that two additional non-executive independent directors will be appointed by the Company (such as the total number of directors will be at least 5) as soon as practicable following conversion of the Notes.
- (e) Conversion: The Existing Convertible Notes will convert to Shares on the date that is two business days after the date on which all conditions precedent to conversion have been satisfied or waived (and in respect of the Hawke's Point Notes, if the receipt of funds

under the placement is the last condition precedent to be satisfied, simultaneously with the receipt of funds under the placement to the extent practicable);

- (f) Conversion Price: \$0.05;
- (g) Number of Conversion shares: The number of Conversion Shares to be issued on conversion of the Existing Convertible Notes is calculated as follows:

$\frac{A}{B}$

B

where:

A = the amount paid on issue of the Existing Convertible Notes and any capitalised interest; and

B = the Conversion Price.

- (h) Noteholder Options: Each Secured Creditor will be issued the number of options (**Noteholder Options**) as follows:
 - (i) Hawke's Point: 17,500,000 Options;
 - (ii) Donald Smith: 12,500,000 Options;
 - (iii) Wyllie Group: 10,000,000 Options; and
 - (iv) Perennial: 3,750,000 Options.

The Noteholder Options will have an exercise price of \$0.075 and an expiry date of 4 years after the date on which the Placement is completed.

- (i) Redemption: Where the Existing Convertible Notes have not been earlier converted, the Existing Convertible Notes must be redeemed by cash repayment within 8 weeks of the issue of the Existing Convertible Notes.
- (j) Events of Default:
 - (i) in relation to the Existing Convertible Notes issued to Hawke's Point only, the Company amends the terms of any other Convertible Note Deed without the consent of Hawke's Point;
 - (ii) failure of the Company to seek Shareholder approval for the Conversion Shares at the General Meeting;
 - (iii) subscription letters for the previously contemplated placement are terminated for an amount of at least \$5 million in aggregate and the funding shortfall is not remedied by the execution of further subscription letters within 10 Business Days;
 - (iv) termination of the Recapitalisation and Services Deed between the Company, Adaman and Pit N Portal Mining;
 - (v) other standard events of default for an agreement of this nature.

Schedule 9 - Summary of New Convertible Notes

The Company will enter into binding agreements with professional and sophisticated investors to issue New Convertible Notes to raise up to \$38.7 million (**New Convertible Note Deeds**).

The New Convertible Notes will be debt instruments of the Company and do not carry any rights to conversion into Shares unless and until receipt of Shareholder approval at the General Meeting (amongst other things) approve the issue of the Shares to be issued upon conversion of the New Convertible Notes for the purpose of the Listing Rules.

Following the receipt of the required shareholder and regulatory approvals (and satisfaction of the other conditions precedent to conversion), the New Convertible Notes are convertible into Shares (New Conversion Shares) in accordance with their terms.

The New Convertible Notes issued to Hawke's Point, Donald Smith, Wyllie Group and Perennial also provide for the grant of Noteholder Options contemplated under the Noteholder Offer. The Noteholder Options are exercisable 4 years from the date of the issue of the New Convertible Notes with an exercise price of \$0.075. The number of Noteholder Options to be issued is as follows:

- (a) Hawke's Point: 17,500,000 Noteholder Options;
- (b) Donald Smith: 12,500,000 Noteholder Options;
- (c) Wyllie Group: 10,000,000 Noteholder Options; and
- (d) Perennial: 3,750,000 Noteholder Options.

Under the terms of the Existing Convertible Notes, each of these entities was previously entitled to receive this number of Options on the same terms and conditions. However, the Options were never issued by the Company and their claims under the Existing Convertible Notes have been subsumed into the DOCA.

The Noteholder Options are now being granted to each of these entities under the New Convertible Notes, subject to Shareholder approval, in lieu of the grant of Options as originally contemplated under the terms of the Existing Convertible Notes and in consideration of the entities' support for the Recapitalisation.

The key terms of the New Convertible Notes are detailed below:

- (a) Face Value: \$100.00;
- (b) Interest: Accrues daily as 10% per annum;
- (c) Security:
 - (i) The New Convertible Notes issued to Hawke's Point and the Secured Creditors will be treated as a "Finance Document" and will be secured against the assets of the Company under the current security package issued by the Company in connection with the Syndicated Facilities Agreement.
 - (ii) ASX has granted a waiver from Listing Rule 10.1 on conditions which include that the existing security documents are amended to satisfy the conditions of the waiver (see Section 3.2). Hawke's Point has agreed to procure that the terms and conditions of the Security Trust Deed are amended subject to and with effect from completion of the Hawke's Point New Convertible Note Deed to include the conditions required by the ASX Waiver.
 - (iii) All other New Convertible Notes will be unsecured.
- (d) Conditions Precedent to Conversion:
 - (i) the Company confirming it is not aware of any matter that would prevent ASX:
 - (A) granting quotation of the Conversion Shares issued upon conversion of the Notes or the exercise of the Noteholder Options; and
 - (B) granting permission for the resumption of trading of the Company's securities on ASX; and
 - (ii) all necessary Shareholder and regulatory approvals having been obtained by the Company, presently proposed to be sought at the General Meeting;

- (e) Conversion: The New Convertible Notes will convert to Shares on the date determined by the Company that is no more than two business days after the satisfaction or waiver of the conditions precedent to conversion;
- (f) Conversion Price: \$0.01;
- (g) Number of Conversion shares: The number of Conversion Shares to be issued on conversion of the New Convertible Notes is calculated as follows:

$\frac{A}{B}$

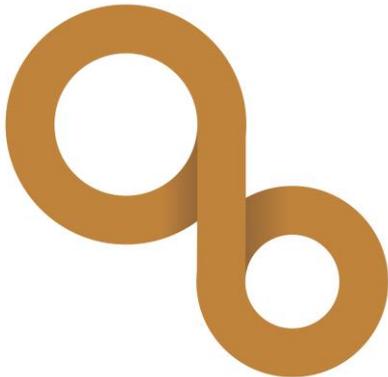
B

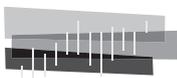
where:

A = the amount paid on issue of the New Convertible Notes and any capitalised interest; and

B = the Conversion Price;

- (h) Redemption: Where the Existing Convertible Notes have not been earlier converted, the Existing Convertible Notes must be redeemed by cash repayment on 31 December 2019; and
- (i) Events of Default:
 - (i) in relation to the New Convertible Note Deed between the Company and Hawke's Point only, the Company defaults in its obligation under the Syndicated Facility Agreement or any Existing Convertible Note Deed other than certain exempted matters relating to the Recapitalisation;
 - (ii) termination of the DOCA;
 - (iii) failure of the Company to seek Shareholder approval for the New Conversion Shares at the General Meeting;
 - (vi) the Company being obliged to return any funds held on trust for subscribers under the placement;
 - (vii) the Company materially amending the terms and conditions of any other New Convertible Note or the DOCA, except with the consent of the holder of the Notes; and
 - (viii) other standard events of default for an agreement of this nature.





Eastern
Goldfields
Ltd

ABN 69 100 038 266
Eastern Goldfields Limited (Subject to Deed of Company Arrangement)

Lodge your vote:

Online:
www.investorvote.com.au

By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

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For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

EGS

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form - General Meeting

XX



Vote online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



For your vote to be effective it must be received by 11:00am (WST) Wednesday, 5 June 2019

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

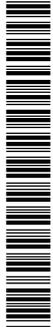
Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** →



MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Eastern Goldfields Limited (Subject to Deed of Company Arrangement) hereby appoint

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the Chairman **OR**

of the Meeting

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Eastern Goldfields Limited (Subject to Deed of Company Arrangement) to be held at Ground Floor, 108 St Georges Terrace, Perth, Western Australia on Friday, 7 June 2019 at 11:00am (WST) and at any adjournment or postponement of that Meeting. A proxy may (as it sees fit) vote on any procedural resolution or motion at the meeting, including at any adjourned or subsequent meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 18-22 and 25 (except where I/we have indicated a different voting intention below) even though Resolutions 18-22 and 25 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 18-22 and 25 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

	For	Against	Abstain		For	Against	Abstain
Resolution 1 Approval for issue of Shares to settle claims of Wyllie Group	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 14 Issue of Lead Manager Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Approval for issue of Shares to settle claims of Donald Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 15 Issue of Lead Manager Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Approval for issue of Shares to settle claims of Perennial	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 16 Issue of Noteholder Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Approval for Conversion of New Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 17 Issue of Ancillary Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Approval for issue of Shares to settle claims of Aggreko	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 18 Adoption of Employee Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Approval for issue of Shares to settle claims of GR Engineering	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 19 Issue of Options to David Quinlivan under the Employee Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 Approval for issue of Shares to settle claims of Pit N Portal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 20 Issue of Options to Peter Mansell under the Employee Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 Approval for issue of Shares to settle claims of RJ Vincent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 21 Issue of Options to Keith Jones under the Employee Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 Approval for issue of Shares to settle claims of Squire Patton Boggs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 22 Issue of Options to Mark Wheatley under the Employee Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10 Approval for issue of Shares to settle claims of Seismic Drilling	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 23 Consolidation of Share Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11 Approval for issue of Shares to settle claims of Red Dirt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 24 Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12 Approval for issue of Shares to settle claims of Gilbert & Tobin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 25 Approval of Indemnified Persons' Deeds of Indemnity, Access and Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13 Approval for Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 26 Section 195 Approval	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				Resolution 27 Increase in Voting Power - Hawke's Point	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Telephone _____

Date ____/____/____