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CONTO RESOURCES LIMITED

ACN 149 105 653

NOTICE OF GENERAL MEETING

TIME: 10:00am (WST)

DATE: 15 April 2013

PLACE: Colonial Conference Room
Level 1, Melbourne Hotel
Cnr Hay and Milligan Streets
Perth WA 6000

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Independent Expert has concluded that the transaction the subject of Resolution 3 outlined in this Notice of General Meeting is fair and reasonable to non-associated Shareholders. All Shareholders should refer to the Independent Expert's Report enclosed with this Notice of General Meeting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9476 4500.

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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the meeting of the Shareholders to which this Notice of Meeting relates will be held at 10:00am (WST) on 15 April 2013 at:

Melbourne Hotel, corner Hay and Milligan Streets, Perth, Western Australia

Your vote is important

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

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10:00am (WST) time on 13 April 2013.

Voting in person

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

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the

proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting;
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

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BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – CHANGE TO NATURE AND SCALE OF ACTIVITIES

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

> "*That, subject to and conditional upon the passing of Resolutions 2 and 3, for the purpose of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change in the nature and scale of its activities as set out in the Explanatory Statement.*"

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

2. RESOLUTION 2 – APPOINTMENT OF DIRECTOR – MR MARK JOHNSON

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

> "*That, subject to and conditional on the passing of Resolutions 1 and 3, for the purpose of the Constitution and for all other purposes, Mr Mark Johnson, being eligible to act as a Director, is elected as a Director of the Company with effect on and from the Commencement Date.*"

3. RESOLUTION 3 – RELATED PARTY TRANSACTIONS AND INCREASE OF VOTING POWER

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

> *"That, subject to and conditional on the passing of Resolutions 1 and 2, for the purposes of Sections 208 and 611 (Item 7) of the Corporations Act, ASX Listing Rules 10.1 and 10.11 and for all other purposes, approval is given for:*
>
> *(a) the Company to subscribe for shares in Dateline, an entity controlled by Mr Mark Johnson (a proposed Director), pursuant to and in accordance with the terms of the Agreement;*
>
> *(b) the Company to acquire shares in Dateline and the Remaining Johnson Debt pursuant to and in accordance with the terms of the Agreement;*
>
> *(c) the Company to issue up to 30,650,000 Consideration Shares and grant up to 4,500,000 Consideration Options to Mr Mark Johnson pursuant to and in accordance with the terms of the Agreement; and*
>
> *(d) an increase in Mr Mark Johnson's and his associates' voting power in the Company from 0% up to a maximum of 53.42% as a result of*

the issue of the Shares and exercise of Consideration Options referred to in (c) above,

on the terms and conditions set out in the Explanatory Statement."

Independent Expert's Report: Shareholders should carefully consider the report prepared by RSM Bird Cameron Corporate for the purposes of the Shareholder approval under Section 611 (Item 7) of the Corporations Act and Listing Rule 10.1. The Independent Expert's Report comments on the fairness and reasonableness of the transaction the subject of this Resolution to the non-associated Shareholders in the Company.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Mark Johnson and any of his associates. However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 4 – ISSUE OF CONSIDERATION SHARES TO A RELATED PARTY

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

"That, subject to and conditional on the passing of Resolutions 1, 2 and 3, for the purposes of Section 208 of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 114,938 Consideration Shares to Mr Jonathan King (or his nominees) as part of the number of Consideration Shares proposed to be issued under Resolution 3 pursuant to and in accordance with the terms of the Agreement, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr King, his nominees and any of their associates. However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 5 – ISSUE OF CONSIDERATION SHARES TO UNRELATED PARTIES

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

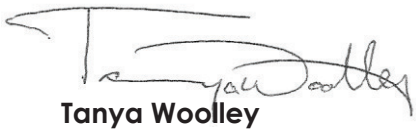
"That, subject to and conditional on the passing of Resolutions 1, 2 and 3, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue up to 5,402,063 Consideration Shares to parties which are not related parties of the Company (or their nominees) as part of the number of Consideration Shares proposed to be issued under Resolution 3 on the terms and conditions set out in the Explanatory Statement."

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

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Dated: 7 March 2013

By order of the Board



Tanya Woolley
Company Secretary

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EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

1. BACKGROUND TO THE TRANSACTION

1.1 General

The Company has entered into a Subscription and Shareholders Agreement (**Agreement**) pursuant to which it has agreed to acquire an interest in an unlisted public company called Dateline Resources Limited (ACN 152 582 217) (**Dateline**) which, via its wholly owned subsidiary, Matai Holdings (Fiji) Limited (**Matai**), holds a 100% beneficial interest in a copper project located in Fiji (**Project**) (**Transaction**).

Details of the Project, the Transaction and the Agreement are set out below.

1.2 The Project

Matai is a Fijian incorporated company with exploration and development activities in Fiji. Matai's key asset is the Udu Base Metal Project (**Udu**) which is situated on three contiguous Special Prospecting Licences (**SPLs**) on the far northeast of Vanua Levu Island in the Republic of Fiji.

The Udu Project comprises the Udu deposit located on the site of a previously mined open pit base metal mine and both advanced and greenfields exploration targets in the surrounding SPLs. To date, Matai has spent approximately A$4.5 million on exploration and development activities on these SPLs.

The three SPLs which are the subject of the Transaction are SPL1387, SPL1396 and SPL1494. SPL1494 expired on 30 January 2013 and is currently the subject of a renewal application. The SPLs are located on the eastern tip of Vanua Levu, which is the second largest of Fiji's islands. The licences and associated exploration assets are Matai's sole assets.

The SPLs cover and surround the historic Udu Copper Mine near the village of Nukudamu, which operated briefly in the 1960s. There is a JORC Inferred Resource in the vicinity of the previously mined open cut of 4.53mt grading 3.9% zinc, 1.2% copper, 29g/t silver and 0.3g/t gold. This resource is open both along strike and at depth.

The logistics of the area are considered to be satisfactory for mine development, despite the relatively remote location of the Project, given the key area of interest is located adjacent to a passage through the reef that provides access to the open ocean.

The overall exploration strategy for Udu is two-fold:

(a) The primary target is to locate additional VMS Cu/Zn mineralisation similar to that at the Udu Mine. This style of mineralisation tends to occur in clusters (or "camps") and additional mineralisation is likely to be hosted in the Mine Sequence basin sediments which broadly strike to west south west from the mine and are commonly covered by a blanket of ignimbrite.

(b) The secondary target is to test the potential for disseminated mineralisation that might be associated with a larger porphyry body at depth. A significant magnetic low is located to the south of the mine area which might represent a deeper porphyry stock from which the mineralising fluids in the mine area might have been sourced.

Exploration work completed indicates that the Udu deposit is a hybrid VMS system wherein both low and high sulphidation styles of mineralisation are recognised. These represent two stages of mineralisation in an evolving hydrothermal system in an emergent basin environment.

A number of lenses of VMS mineralisation are recognised in the mine area, spanning the stratigraphy of the host sequence, suggesting the mineralising system was a long-lived event. Mineralisation is associated with adjacent porphyry which was intruded and unroofed during basin development.

Recent regional exploration work has located additional gossans which suggests that there is potential to discover satellite deposits in the vicinity of the Udu Mine. In addition, recognition of massive sphalerite VMS clasts in the deeper basin stratigraphy suggests the existence of additional VMS lenses below the depth of current drilling.

1.3 Independent Geologist's Report

The Independent Geologist's Report is contained within the Independent Expert's Report annexed to this Notice as Annexure A.

1.4 Consultation with ASX – Chapter 11 of the ASX Listing Rules

In accordance with ASX Listing Rule 11.1, the Company provided full details to ASX of the Transaction and made submissions to ASX that the Transaction should not trigger ASX Listing Rule 11.1.3 (which would require the Company to re-comply with Chapters 1 and 2 of the Listing Rules).

ASX has confirmed in writing to the Company that, based on the information provided to ASX and on the basis that the Company:

(a) continues its current activities and notifies the market of its intention and proposed commitments on it current activities; and

(b) provides extensive disclosure in this Notice of Meeting to approve the Transaction,

ASX does not require the Company to re-comply with Chapters 1 and 2 of the Listing Rules pursuant to ASX Listing Rule 11.1.3. ASX has confirmed however that Shareholder approval pursuant to Listing Rule 11.1.2 is required for the Transaction. This approval is sought pursuant to Resolution 1.

1.5 Competent person's statement

The technical information in this Notice that relates to Exploration Results and Mineral Resources is based on information compiled under the supervision of Mr Jonathan King, a member of the Australian Institute of Geoscientist. Mr King is employed by Weston Consultancy Group Pty Ltd and is an alternate director in the Company of Mr Robert Jewson. Mr King has sufficient experience which is relevant to the styles of mineralisation under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral

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Resources and Ore Reserves" (**JORC Code**). Mr King consents to the inclusion in this Notice of the matters based on his information in the form and context in which it appears.

2. THE TRANSACTION

2.1 Overview

Dateline holds a 100% beneficial interest in Matai and is the legal owner of 99.9995% of the shares in Matai. Matai holds three SPLs comprising the Project.

The Company, Dateline and Dateline's only shareholder, Mr Mark Johnson, have entered into the Agreement for the purposes of developing the Project (**Joint Venture**).

Under the Agreement the Company has the right to acquire up to a 100% interest in Dateline.

2.2 Conditions precedent

The commencement of the Joint Venture is subject to the following conditions precedent being satisfied or waived (**Conditions**):

(a) No material adverse change has occurred with respect to Dateline or the Company.

(b) The Company and Johnson not having breached the Agreement on or before the Commencement Date.

(c) None of the warranties given by the Company or Dateline in the Agreement becoming false, incorrect, misleading or deceptive on or before the Commencement Date.

(d) None of the following matters occurring in relation to either of Dateline or the Company (as if they were the "target"):

(i) the target converts all or any of its shares into a larger or smaller number of shares;

(ii) the target or a Subsidiary resolves to reduce its share capital in any way;

(iii) the target or a Subsidiary:

(A) enters into a buy-back agreement; or

(B) resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;

(iv) the target or a Subsidiary issues shares (other than in the case of the Company, on exercise of existing Options or the Consideration Options), or grants an option over its shares, or agrees to make such an issue or grant such an option;

(v) the target or a Subsidiary issues, or agrees to issue, convertible notes;

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(vi) the target or a Subsidiary disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;

(vii) the target or a Subsidiary grants, or agrees to grant, a security interest in the whole, or a substantial part, of its business or property;

(viii) the target or a Subsidiary resolves to be wound up;

(ix) a liquidator or provisional liquidator of the target or of a Subsidiary is appointed;

(x) a court makes an order for the winding up of the target or of a Subsidiary;

(xi) an administrator of the target, or of a Subsidiary, is appointed under section 436A, 436B or 436C of the Corporations Act;

(xii) the target or a Subsidiary executes a deed of company arrangement; or

(xiii) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of the target or of a Subsidiary.

(e) Resolutions 1, 2 and 3 are passed.

(f) At all times prior to the Commencement Date, the Company remains admitted to the official list of ASX, its Shares remain quoted by ASX and have not been suspended from trading or the subject of a trading halt for more than 5 days in aggregate during the past 12 months, excluding any suspension imposed by ASX in accordance with ASX Listing Rule 11.3 in connection with the implementation of the Transaction.

2.3 Phase 1 Exploration Programme

Assuming that all of the Conditions outlined above are satisfied, the Joint Venture will commence on or about 22 April 2013 (**Commencement Date**).

On the Commencement Date, the Company will subscribe for 4,444,444 Ordinary Dateline Shares for a total subscription price of A$445,608.81.

The final subscription amount payable by the Company has been calculated based on the total costs incurred by Dateline on a drilling programme of 9 holes totalling approximately 1,200 metres of drilling (**Phase 1 Exploration Programme**) undertaken between 1 July 2012 and 31 December 2012 (**Phase 1 Exploration Period**), which cost $891,217.61 and has been funded by loans made to Dateline by Mr Mark Johnson. As the Phase 1 Exploration Programme has ended prior to the Commencement Date, the contribution made by the Company will be used by Dateline to partially reimburse expenditure incurred by Mr Johnson on behalf of Dateline in connection with the Phase 1 Exploration Programme (refer to Section 2.5 below for further details).

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Immediately following the issue of shares to the Company, the initial shareholder interests in Dateline will be:

Dateline Shareholder	Ordinary Dateline Shares	Non-voting Dateline Shares	Total
Company	10%	0%	10%
Others	90%	0%	90%

2.4 Phase 2 Exploration Programme

The Company and Dateline have agreed a detailed exploration programme (**Phase 2 Exploration Programme**) to be undertaken by Dateline during the 2013 calendar year (**Phase 2 Exploration Period**).

The Phase 2 Exploration Programme is divided into quarters and lists the budgeted expenditure for each quarter, as well as an estimate of the costs likely to be incurred to demobilise the Project if it was to be demobilised following the end of that quarter. The costs, excluding demobilisation costs, for the Phase 2 Exploration Period will total $3,000,000.

If the Company notifies Dateline that it wishes to continue sole funding the Project, the Company must pay to Dateline the budgeted expenditure and demobilisation costs for the first quarter on or around the Commencement Date. If Mr Mark Johnson has lent any working capital to Dateline for the Phase 2 Exploration Programme expenditure between 1 January 2013 and the date on which the Company makes such payment, the contribution made by the Company will be partly used to repay such amounts to Mr Johnson, with the balance being applied towards the Phase 2 Exploration Programme expenditure for that quarter.

Thereafter, the Company may elect to cease sole funding the Phase 2 Exploration Programme at any time. However, unless it has done so no later than 2 weeks prior to the commencement of each subsequent quarter during the Phase 2 Exploration Period, it will be required to pay Dateline an amount equal to the budgeted expenditure and demobilisation costs for that quarter less the demobilisation costs for the immediately preceding quarter.

In consideration for each of the payments made by the Company during the Phase 2 Exploration Period, Dateline must issue that number of shares in Dateline to the Company such that, after their issue, the Company's proportionate interest in the total issued share capital of Dateline increases by 1% for every $75,000 paid by the Company to Dateline, until the Company's proportionate interest reaches 50%. The shares issued to the Company will be Ordinary Dateline Shares until the Company's voting power in Dateline reaches 40%, and thereafter will be Non-voting Dateline Shares. Non-voting Dateline Shares will carry no right to vote but will otherwise rank equally with Ordinary Dateline Shares in all respects.

As discussed above, at any time during the Phase 2 Exploration Period, the Company may elect to cease sole funding the Phase 2 Exploration Programme. If it does:

(a) the Company will retain all of the Ordinary Dateline Shares and Non-voting Dateline Shares issued to date;

(b) Dateline may fund any future funding of exploration programmes as it wishes, subject to the terms of the Agreement; and

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(c) if Dateline commences demobilising the Project within 1 month after the Company notifies Dateline that it is ceasing sole funding, and the demobilisation costs exceed the amount included for such costs for the quarter in which the Company elected to cease sole funding, the Company must, at Dateline's request, subscribe for further Non-voting Dateline Shares having a total subscription price equal to the excess demobilisation costs, up to a maximum additional subscription price of $100,000 (unless otherwise agreed by the Company). For every $75,000 paid by the Company as part of the subscription price, Dateline must issue that number of Non-voting Dateline Shares to the Company such that, after their issue, the Company's proportionate interest in the total issued capital of Dateline increases by a further 1%; and

(d) if Dateline does not commence demobilising the Project within 1 month after the date on which the Company notifies it that it is ceasing sole funding, then the Company will not be obliged to contribute to any future demobilisation costs, either in cash or by way of further subscription for Ordinary Dateline Shares or Non-voting Dateline Shares.

Upon completion of the Phase 2 Exploration Period and assuming the Company has paid all the costs as agreed in the Phase 2 Exploration Programme and there have been no other changes to the capital structure of Dateline, the shareholder interests in Dateline will be:

Dateline Shareholder	Ordinary Dateline Shares	Non-voting Dateline Shares	Total
Company	40%	10%	50%
Others	50%	0%	50%

The Non-voting Dateline Shares will convert into Ordinary Dateline Shares upon the earlier of the Company's voting power in Dateline being diluted to below 40% (to the extent required to maintain voting power of 40%) and the date falling 2 years and 30 days after the completion of the Phase 2 Exploration Period.

2.5 Treatment of loans to Dateline

Mark Johnson has provided various tranches of loan funds to Dateline for three separate purposes. The purposes are to fund the Phase 1 Exploration Programme (**Phase 1 Loan**), to fund Dateline's other working capital requirements (**Working Capital Loan**) and to fund the cash held by Matai's financier as security in support of the guarantees it has provided to the Fijian Mineral Resources Department at the request of Matai to support a number of bonds issued in favour of the Fijian Mineral and Resources Department (**Bond Loan**). These three funding purposes have been formalised between Mr Johnson and Dateline, pursuant to three deeds, the material terms of which are summarised below.

As summarised in Section 2.3 above, Dateline has agreed to pay to Mr Johnson on the Commencement Date as a partial reimbursement of the Phase 1 Loan, the initial subscription price of A$445,608.81 which is payable by the Company to Dateline.

The Agreement sets out the terms on which the Company may elect to acquire Mr Johnson's interests and right to repayment as lender under the Working Capital Loan and the balance of the Phase 1 Loan then outstanding pursuant to the call and put options described in Section 2.6 below.

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The Bond Loan will not be acquired by the Company pursuant to the Agreement. Rather, it is intended to be repaid by Dateline in accordance with the Bond Loan deed, which is summarised below.

Phase 1 Loan deed

Pursuant to the Phase 1 Loan deed, Dateline and Mr Johnson have agreed the terms of unsecured loans of A$891,217.61 in aggregate provided by Mr Johnson to Dateline to fund the Phase 1 Exploration Programme on or prior to the Commencement Date.

Dateline must repay the Phase 1 Loan to Mr Johnson, or if it has been acquired by the Company pursuant to the call or put option, to the Company, as follows:

(a) if the Agreement is terminated due to certain failures to fulfil Conditions, Dateline must repay the Phase 1 Loan to Mr Johnson immediately upon demand by Mr Johnson;

(b) if all of the Conditions are satisfied, Dateline must repay:

  (i) to Mr Johnson on the Commencement Date, $445,608.81; and

  (ii) the balance of the Phase 1 Loan within 30 days of demand by Mr Johnson or the Company (as relevant) made after the conclusion of the Initial Period (as that term is defined in Section 2.9 below); and

(c) if one of various customary events of default occurs (such as Dateline's insolvency, appointment of a receiver or manager or failure to pay any debt when due), Dateline must repay the Phase 1 Loan (or so much of it that then remains outstanding) to Mr Johnson or the Company (as relevant) immediately upon demand.

Dateline may elect to repay the Phase 1 Loan earlier without premium or penalty.

Interest is only payable on the Phase 1 Loan if Dateline does not comply with the repayment deadlines; in which case interest in arrears at 10% per annum applies in monthly instalments until repayment is completed. Dateline has agreed to indemnify Mr Johnson for losses and other detriments associated with various events of default. The Phase 1 Loan deed also contemplates Mr Johnson assigning the Phase1 Loan to the Company as described in Section 2.6 below.

Working Capital Loan deed

Pursuant to the Working Capital Loan deed, Dateline and Mr Johnson have agreed the terms of unsecured loans of A$810,372.86 in aggregate provided by Mr Johnson to Dateline and applied by Dateline towards its working capital requirements, other than the Phase 1 Exploration Programme, the Phase 2 Exploration Programme and the Bond Loan. If requested by Dateline, Mr Johnson may provide further sums to Dateline to be applied towards the Dateline's working capital requirements other than the Phase 1 Exploration Programme and the Phase 2 Exploration Programme.

Dateline must repay the Working Capital Loan to Mr Johnson, or if it has been acquired by the Company pursuant to the call or put option, to the Company, as follows:

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(a) if the Agreement is terminated due to certain failures to fulfil Conditions, Dateline must repay the Working Capital Loan to Mr Johnson immediately upon demand from Mr Johnson;

(b) if all of the Conditions are satisfied or waived, Dateline must repay the Working Capital Loan to Mr Johnson or the Company (as relevant) within 30 days of demand by Mr Johnson or the Company (as relevant) made after the conclusion of the Initial Period (as that term is defined in Section 2.9); and

(c) if one of various customary events of default occurs (such as Dateline's insolvency, appointment of a receiver or manager or failure to pay any debt when due), Dateline must repay the Working Capital Loan (or so much of it that then remains outstanding) to Mr Johnson or the Company (as relevant) immediately upon demand.

Dateline may elect to repay the Phase 1 Loan earlier without premium or penalty.

Interest is only payable on the Working Capital Loan if Dateline does not comply with the repayment deadlines; in which case interest in arrears at 10% per annum applies in monthly instalments until repayment is completed. Dateline agreed to indemnify Mr Johnson for losses and other detriments associated with various events of default. The deed also contemplates Mr Johnson assigning the Working Capital Loan to the Company as described in Section 2.6.

Bond Loan deed

Pursuant to the Bond Loan deed, Dateline and Mr Johnson have agreed the terms of unsecured loans of $305,012 Fijian Dollars (**FJD**) in aggregate provided by Mr Johnson to Dateline to fund the cash held by Matai's financier as security in support of the guarantees it has provided to the Fijian Mineral Resources Department at Matai's request.

Dateline must repay the Bond Loan as follows, or can elect to pay earlier without premium or penalty:

(a) FJD$100,000 on 23 March 2013;

(b) FJD$100,000 on 23 March 2014; and

(c) the balance of FJD$105,012 on 23 March 2015,

or earlier upon written demand by Mr Johnson if one of various customary events of default occurs (such as Dateline's insolvency, appointment of a receiver or manager or failure to pay any debt when due).

Dateline must pay interest on the Bond Loan equal to any interest received by Matai from its financier on the Bond Loan whilst it is held in Matai's bank account. Interest is also payable on the Bond Loan if Dateline does not comply with the repayment deadlines; in which case interest in arrears at 10% per annum applies in monthly instalments until repayment is completed. Dateline agreed to indemnify Mr Johnson for losses and other detriments associated with various events of default.

2.6 Acquisition of Remaining Shareholder Interest – Call Option and Put Option

Call Option

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Provided the Company has not ceased sole funding the Project, has not breached any material provision of the Agreement and either:

(a) an independent expert has confirmed that at least 200,000 tonnes of contained copper (or equivalent) at a grade of greater than 2% determined according to industry standard calculations (**Contractual Milestone**) has been delineated at the Project; or

(b) in the Company's opinion, another equally commercially valuable resource has been, or is likely to be, delineated at the Project,

then the Company may elect at any time from the Commencement Date and no later than 30 January 2014 to acquire the shares currently on issue in Dateline (**Remaining Shareholder Interest**) and the Working Capital Loan and Phase 1 Loan owed by Dateline to Mr Mark Johnson (after partial repayment as outlined above), but not the Bond Loan referred to in Section 2.5 above (**Remaining Johnson Debt**) (**Call Option**), so that it will then hold 100% of the issued share capital of Dateline (assuming that there are no changes to the capital structure of Dateline other than the acquisition of shares by the Company as outlined above), but is not obliged to do so.

The Contractual Milestone is a term of the Agreement and is not based on exploration results or geological interpretation. It is not an exploration target, mineral resource or ore reserve for the purposes of the JORC Code and it is not a production target. The Contractual Milestone is not representative of mineralisation defined at the Project and there can be no guarantee or certainty that such mineralisation will ever be defined or found to exist at the Project.

The consideration for the acquisition of Remaining Shareholder Interest and the Remaining Johnson Debt will comprise the issue to:

(a) the remaining Dateline shareholders in their respective proportions of 30,650,000 Shares at a deemed issue price per Share equal to the volume weighted average price (**VWAP**) of Shares as traded on ASX for the 30 trading days immediately prior to the issue date (**Consideration Shares**);

(b) Mr Johnson of 500,000 Options exercisable at $0.20 each on or before 1 April 2014, and otherwise on the same terms as the Options with the same expiry date that the Company currently has on issue (**Class A Options**); and

(c) Mr Johnson of 4,000,000 Options exercisable at $0.20 each on or before 31 May 2014, and otherwise on the same terms as the Options with the same expiry date that the Company currently has on issue (**Class B Options**).

As currently Dateline's sole shareholder is Mr Mark Johnson, he will be entitled to receive all of the Consideration Securities in the event the Company exercises the Call Option. However, under the Agreement Mr Johnson is entitled to transfer up to 20% of his shares in Dateline to other people on the condition that the transferees accede to, and become bound by, the terms of the Agreement, including the requirement to transfer those Dateline shares to the Company in the event that the Company exercises the Call Option. In those circumstances, those transferees will receive a proportion of the Consideration Shares that otherwise would have been issued to Mr Johnson if the Company exercises the Call Option. Mr Johnson currently intends to exercise this right to transfer

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approximately 18% of his Dateline shares, however, as a result of certain ongoing rights he will hold in respect of those Dateline shares pursuant to the terms of transfer, will retain a relevant interest in the Dateline shares transferred and, in the event either the Call Option or Put Option is exercised, in any Consideration Shares issued to the transferees as consideration for them. Resolutions 4 and 5 seek Shareholder approval to issue Consideration Shares to those proposed transferees of approximately 18% of Mr Johnson's Dateline shares. The Consideration Options will only be issued to Mr Johnson, as consideration for the acquisition of the Remaining Johnson Debt.

On completion of the acquisition, the Company must appoint as directors of the Company such persons as may be nominated by Mr Johnson such that Mr Johnson and all such nominees represent half of the total number of directors of the Company immediately following completion.

Put Option

In addition to the Call Option, Mr Johnson may require the Company to acquire the Remaining Shareholder Interest and Remaining Johnson Debt in the event that a person or group of affiliated persons obtains voting power in the Company of more than 50% as a result of a takeover bid or a scheme of arrangement undertaken in accordance with the Corporations Act (**Put Option**). Mr Johnson can exercise the Put Option at any time from the Commencement Date until the Company notifies Dateline that it wishes to cease sole funding the Project or the Company owns 100% of the issued share capital of Dateline. The consideration and terms for completion of the Put Option are the same as for the Call Option.

2.7 Technical Committee

From the Commencement Date, the Company and Mr Mark Johnson will form a technical committee consisting of two nominees of the Company and two nominees of Mr Johnson (**Technical Committee**) for the purposes of:

(a) supervising the preparation by Dateline of a draft of the Phase 2 Exploration Programme for consideration by the Company and Dateline;

(b) determining any amendments to the Phase 2 Exploration Programme after it is approved by the Company and Dateline;

(c) keeping the Company and the other Dateline shareholders updated of the Dateline group's progress during the Initial Period.

(d) reviewing the exploration programmes undertaken by Dateline;

(e) providing a forum in which the Company and the other shareholders of Dateline can input technical oversight and management of the exploration programmes; and

(f) assessing technical data and making recommendations as to further exploration work and expenditure.

2.8 Board representation

(a) **Dateline:** Dateline's board will comprise at least 3 and no more than 5 directors. Mr Mark Johnson will be entitled to appoint 3 directors to the Dateline board. From the Commencement Date, the Company will be

entitled to appoint two directors to the Dateline board (one of whom will be Mr Johnson, who shall assume the role of Executive Chairman of the board) and will retain that right while it is sole funding the Phase 2 Exploration Programme. It is proposed that the Company's other nominee to Dateline's board will be Mr Francis DeSouza (a director of the Company). From the date that the Company's Shareholder Interest increases to 100%, it will be entitled to appoint all 5 directors to the Dateline board.

(b) **Company:** From the Commencement Date until the earlier to occur of the Company's Shareholder Interest increasing to 100% or the Company electing to cease sole funding the Phase 2 Exploration Programme, Dateline will be entitled to appoint 1 director to the Company's Board. It is currently intended that Mr Mark Johnson will be appointed as Executive Chairman of the Company and will not be entitled to receive Director fees during that period. Given Mr Johnson will be a related party of the Company, the Company is seeking Shareholder approval for the purposes of section 208 of the Corporations Act and Listing Rules 10.1 and 10.11 for the Transaction pursuant to Resolution 3. Please also refer to Section 2.6 above for further information concerning representation on the Company's Board.

2.9 Special Dateline board decisions

During the period commencing on the Commencement Date and ending on the earlier of:

(a) the date on which the Company elects to discontinue sole funding the Project;

(b) completion of the exercise of the Call Option or the Put Option; and

(c) the date falling 30 days after the date on which the Phase 2 Exploration Programme ends,

(**Initial Period**), the Dateline board may only undertake certain matters (including, without limitation, issuing new Dateline securities or terminating or materially varying the Project) after approval by a special decision. A special decision of the Dateline board will require a simple majority of Dateline directors, including the approval of at least 1 director (other than Mark Johnson) appointed by the Company.

2.10 Special Conto Board decisions

During the Initial Period, the Company may only undertake or agree to undertake any of the following matters with Mark Johnson's approval:

(a) the sale, transfer, conversion, surrender or forfeiture of a Company tenement or any other asset with a value equal to or greater than $100,000;

(b) the entering into, variation or termination of any material contract (being a contract to which the Company is a party that requires payments by the Company in excess of $100,000 in aggregate, or that cannot be performed within 12 months from the date it was entered into or terminated by the Company on 3 months' notice or less);

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(c) the termination or material variation of any project in which the Company is involved;

(d) the purchase of any asset (either tangible or intangible) for a consideration or having a value greater than $100,000;

(e) the issue of any securities other than Shares from the exercise of existing Options or the Consideration Options;

(f) the alteration of the Company's dividend policy;

(g) the alteration of the Company's constitution;

(h) the obtaining of any finance debt of amounts greater than $100,000 from any person other than a Subsidiary of the Company;

(i) the creation of any encumbrance over any asset or undertaking of the Company with a value of over $100,000;

(j) the giving of any security, guarantee or indemnity in an amount greater than $100,000;

(k) the appointment or removal of the Company's auditor;

(l) the Company being wound up or placed into the hands of an external receiver or administrator in any manner;

(m) a declaration of any dividend or distribution by the Company; and

(n) the payment of any remuneration to a Director other than in accordance with existing practice.

In addition, the following matters also require Johnson's approval during the Initial Period:

(a) the conversion of all or any of the Company's shares into a larger or smaller number of shares;

(b) the Company or a Subsidiary resolving to reduce its share capital in any way;

(c) the Company or a Subsidiary:

(i) entering into a buy-back agreement; or

(ii) resolving to approve the terms of a buy-back agreement under sections 257C(1) or 257D(1) of the Corporations Act;

(d) the Company or a Subsidiary issuing shares (other than pursuant to the exercise of Options that the Company has on issue at the date of the Agreement in accordance with the terms of such Options), or granting an option over its shares, or agreeing to make such an issue or grant such an option;

(e) the Company or a Subsidiary issuing, or agreeing to issue, convertible notes;

(f) the Company or a Subsidiary disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;

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(g) the Company or a Subsidiary charging, or agreeing to charge, the whole, or a substantial part, of its business or property;

(h) the Company or a Subsidiary resolving to be wound up;

(i) a liquidator or provisional liquidator of the Company or a Subsidiary being appointed;

(j) a court making an order for the winding up of the Company or a Subsidiary;

(k) an administrator of the Company or a Subsidiary being appointed under section 436A, 436B or 436C of the Corporations Act;

(l) the Company or a Subsidiary executing a deed of company arrangement; or

(m) a receiver, or a receiver and manager, being appointed in relation to the whole, or a substantial part, of the property of the Company or a Subsidiary.

2.11 Capital structure

The following table shows the effect of the Transaction on the Company's capital structure and assumes the Call Option or the Put Option is exercised:

	Shares	Options
Current issued capital	30,650,000	4,500,000
Securities to be issued pursuant to the Transaction	30,650,000	4,500,000
Total [1]	**61,300,000**	**9,000,000**

Note:

1 Assumes no other securities are issued or converted other than pursuant to the Transaction.

2.12 Pro-forma balance sheet

The following pro-forma balance sheet displays the potential effect of the Transaction on the Company.

	Reviewed	Pro-forma Adjustments			Pro-forma
	31-Dec-12	Phase 1 Exploration (1)	Phase 2 Exploration (2)	Remaining Shareholder Interest (3)	31-Dec-12
	$	$	$	$	$
Current Assets					
Cash & cash equivalents	3,554,345	(445,609)	(3,000,000)	-	108,736
Trade & other receivables	50,592	-	-	-	50,592
Prepayments	47,250	-	-	-	47,250
Total Current Assets	3,652,187	(445,609)	(3,000,000)	-	206,578
Non-Current Assets					
Plant & equipment	11,158	-	-	-	11,158
Exploration & evaluation	185,156	445,609	3,000,000	5,009.511	8,640,276

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	Reviewed	Pro-forma Adjustments			Pro-forma
	31-Dec-12	Phase 1 Exploration (1)	Phase 2 Exploration (2)	Remaining Shareholder Interest (3)	31-Dec-12
	$	$	$	$	$
expenditure					
Total Non-Current Assets	196,314	445,609	3,000,000	5,009,511	8,651,434
TOTAL ASSETS	**3,848,501**	**-**	**-**	**5,009,511**	**8,858,012**
Current Liabilities					
Trade & other payables	60,388	-	-	-	60,388
Total Current Liabilities	60,388	-	-	-	60,388
TOTAL LIABILITIES	**60,388**	**-**	**-**	**-**	**60,388**
NET ASSETS	**3,788,113**	**-**	**-**	**5,009,511**	**8,797,624**
Equity attributable to the equity holders of the Company					
Contributed equity	4,308,260	-	-	4,750,750	9,059,010
Reserves	429,181	-	-	258,761	687,942
Accumulated losses	(949,328)	-	-	-	(949,328)
TOTAL EQUITY	**3,788,113**	**-**	**-**	**5,009,511**	**8,797,624**

Notes:

The pro-forma information has been included for illustrative purposes to reflect the position of the Company on assumption that the following transactions had occurred as at 31 December 2012:

1. The payment by the Company of the initial subscription price for 4,444,444 Ordinary Dateline Shares as described in Section 2.3.
2. The funding by the Company of the Phase 2 Exploration Programme.
3. The issue of 30,650,000 Consideration Shares at $0.155, 500,000 Class A Options and 4,000,000 Class B Options to acquire the Remaining Shareholder Interest and the Remaining Johnson Debt (based on a closing price of the Company's Shares as at 22 February 2013).

3. RESOLUTION 1 – CHANGE TO NATURE AND SCALE OF ACTIVITIES

3.1 Background

The Company was admitted to the official list of the ASX on 21 June 2011 and was initially established to acquire, explore, evaluate and exploit gold deposits and explore prospective tenements for other minerals. Currently, the Company's projects comprise the Cardinia Bore Project and the Lone Wolf Project (together, the **Existing Projects**). Further details of the Existing Projects are set out in Section 3.3 below.

In line with the Company's strategy to acquire prospective projects, the Company has entered into a corporate mandate with Otsana Pty Ltd (**Otsana**) to secure mineral projects in the future. Otsana has introduced the Company to

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Dateline and the Project (please refer to Section 1.2 of this Explanatory Statement for further details regarding the Project).

3.2 ASX Listing Rule 11.1

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable. If required by ASX, the entity must get the approval of its shareholders and must comply with any requirements of ASX in relation to the notice of meeting.

ASX has confirmed that, given the change in the nature and scale of the Company's activities upon acquisition of the Project, it requires the Company to obtain Shareholder approval pursuant to Listing Rule 11.1.2.

The passing of Resolution 1 is subject to and conditional on the passing of Resolutions 2 and 3.

3.3 Existing Projects

Cardinia Bore Project

The Company has entered into an option and farm-in agreement with Sammy Resources Pty Ltd (**Sammy**), a wholly owned subsidiary of Cazaly Resources Ltd, to acquire up to an 80% interest in the Cardinia Bore Project. The Company may acquire this 80% interest by completing 1,000m of RC drilling within 2 years of the Company listing on ASX. Sammy is the holder of the tenements comprising the Cardinia Bore Project and the Company is the sole operator.

The Cardinia Bore Project consists of nine granted prospecting licences (eight of which have expired and are the subject of renewal applications, the outcome of which is still pending) covering an area of approximately 1,309ha (13km^2). The Cardinia Bore Project is located approximately 28km east-north-east of Leonora in the Goldfields-Esperance Region of Western Australia.

Historically, a wide spaced auger drilling campaign was conducted across the whole Cardinia Bore Project area outlining sporadic gold anomalies. Post listing on ASX, the Company appointed a geological team to conduct an extensive review of the previous exploration conducted across the project area. The technical review of the Cardinia Bore Project came to the conclusion that the anomalies defined were of limited extent as no prospects were identified.

During Q1, 2012 the Company conducted a rock chip sampling campaign and a Mobile Metal Ion (**MMI**) sampling campaign across the entire Cardinia Bore Project area to determine if any low level broad anomalies existed. In essence, the MMI geochemistry replicated the results of previous auger sampling, defining numerous low level anomalies of limited areal extent, not warranting further investigation at this point in time.

A second programme was conducted at Cardinia Bore Project which involved taking a total of six rock chip samples from the north eastern extent of P37/7654. The targets were identified using a combination of the MMI geochemical targeting investigation and interpretation of aerial imagery. On-ground inspection of the mineralisation indicated that the vein widths at surface were of limited width and extent. Workings interpreted from imagery were identified through field inspection as being prospecting shafts. These prospecting shafts did not intersect any mineralisation of economic value.

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In light of the recent results at the Cardinia Bore Project, the Company's focus shifted towards investigating additional tenement acquisition opportunities in the vicinity of the Cardinia Bore Project that demonstrated higher prospectivity.

As a result of the above, and as per the ASX announcement on 27 September 2011, the Company applied for two additional prospecting licences in close proximity to the Cardinia Bore Project known as the Lone Wolf Project. The first two Lone Wolf Project prospecting licences were granted in June 2012.

Lone Wolf Project

The Lone Wolf Project is located approximately 8km north-east of Leonora within the North Eastern Goldfields region of Western Australia. The Lone Wolf Project now consists of three (3) prospecting licences, P37/8113, P37/8114 and P37/8187 (**Lone Wolf Project**), covering a total area of approximately 3.2km^2.

The project lies within the Keith-Kilkenny Tectonic Zone to the northeast and east of Leonora the zone is approximately 20km wide and bounded by the Mt George Shear Zone to the west and the Keith-Kilkenny Lineament and Pig Well Graben to the east.

The majority of Lone Wolf Project licence areas were granted in June 2012, at which time the Company actively commenced a comprehensive review to acquire all historical exploration information pertaining to the project.

Collation and digitising of available historical reports identified a number of significant drill intercepts of gold mineralisation, including drilling intercepts of up to 6m @ 3.35g/t Au. The limited, wide spaced drilling outlined a continuous mineralised strike of 830m. The information obtained from this project review will form the basis of exploration targeting in order to define the potential extent of mineralisation across the Lone Wolf Project area.

A work programme to investigate the potential of the Lone Wolf Project is currently being devised to investigate extent of mineralisation.

Exploration Programme

In Q2, 2012, the Company revised its focus towards the Lone Wolf Project due to its successful grant in June 2012. All work at the Cardinia Bore Project has been postponed until an initial phase of field based reconnaissance and target ranking has been conducted at the Lone Wolf Project.

As announced on 8 October 2012, field based reconnaissance at the Lone Wolf Project has commenced. The results obtained from this initial reconnaissance sampling programme will determine future exploration efforts to be conducted on the Lone Wolf Project.

Any additional opportunities to apply for vacant ground in the vicinity of the Lone Wolf Project or the Cardinia Bore Project will be investigated on the merit of the prospectivity and exploration potential. The Company is utilising an intensive tenement monitoring system in order to maximise the potential of attaining additional tenement opportunities.

3.4 Background on the Project

Refer to Sections 1.1 and 1.2 of this Explanatory Statement for the background on the Project.

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3.5 Use of funds

Cash position

The Company's cash position as at 31 January 2013 was $3,470,176. It is proposed that the Company's estimated expenditure from those funds over the quarter to 30 April 2013 will be as set out in the table below:

Item	Amount ($)
Estimated costs of the Transaction	100,000
Cardinia Bore Project	6,250
Lone Wolf Project	75,000
Matai Project	1,200,000
Corporate administration	110,000
TOTAL	**1,491,250**

Following review of the results from the Company's activities on the Existing Projects and the Matai Project (including results from the Phase 1 Exploration Programme), the Company will determine whether or not to continue sole funding the Matai Project and will review its planned expenditure on all assets for the following quarter.

Capital structure

The Company's pro-forma capital structure assuming completion of the Transaction is set out at Section 2.11 of the Explanatory Statement above. The capital structure assumes the Company acquires the Remaining Shareholder Interest, however there is no certainty that this will occur.

If Resolution 1 is passed, it will have the effect that the approval of resolution 3 at the Company's 2012 Annual General Meeting, approving the expanded placement capacity under Listing Rule 7.1A will immediately expire.

3.6 Board representation

Board representation concerning Dateline and the Company has been outlined in Section 2.8 of this Explanatory statement.

3.7 Advantages of the Acquisition of the Project

The Directors consider the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on Resolution 1:

(a) The Transaction represents an opportunity for the Company to diversify its interests to include copper/zinc exploration and development in a highly prospective region.

(b) The Transaction provides the Company with access to a mineral project that is at a significantly more advanced stage of development than the Company's current projects, which is likely to enhance the Company's investment profile and may enhance its ability to raise further capital.

(c) Recent trading in the Company's Shares has been relatively illiquid. Completion of the Transaction may create increased interest in Shares, which could improve liquidity (subject to any escrow restrictions imposed by ASX on the Consideration Securities) and enable

Shareholders to sell their Shares more readily. Refer to the Independent Expert's Report at Annexure A for further information on the liquidity of Shares in the period since the announcement of the Transaction.

(d) Approval of the Transaction will result in the appointment of Mr Mark Johnson as Executive Chairman of the Company. Mr Johnson is a highly experienced corporate adviser and former deputy chairman of Macquarie Bank Ltd. Mr Johnson is also currently Chairman of Alinta Energy and an Independent Director of ASX Listed Westfield Group.

3.8 Disadvantages of the Transaction

The Directors consider the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on Resolution 1:

(a) If the Company acquires the Remaining Shareholder Interest in Dateline, Shareholders' interests in the Company will be diluted by 50%.

(b) The Company will be changing the nature and scale of its activities to include Copper/zinc exploration activities in Fiji, which may not be consistent with all Shareholders' objectives.

(c) The Company's risk profile will change should Shareholders approve the Transaction, as the Company will become exposed to the risks associated with Dateline's operations. The key risks Dateline faces in its operations are:

(i) Udu Resource – The Udu deposit has a resource currently defined to JORC Code standards. The resource is in the Inferred Mineral Resource category due to both the wide drill spacing and some shortcomings in the available data base. Converting this resource to higher confidence categories will require considerable infill drilling as well as the acquisition of additional information such as bulk density measurements. The current Inferred Mineral Resource is small and of modest grade and would not support the development of a stand-alone operation. Additional resources at higher grade and in a higher confidence category will need to be defined before economic development could be considered and there is no certainty that will occur.

(ii) Other prospects – Each of the other identified prospects of Dateline is at an early stage of investigation. Results are such that additional exploration is justified but no resources have yet been defined. Even with persistent and well focused exploration, the definition of resources in these areas is not assured. Exploration success will be required to confirm and prioritise targets that will then require detailed investigation accompanied by on-going success to define resources.

(iii) Expiry of SPL 1494 – One of the three Fijian Special Prospecting Licences forming part of the Project, being SPL 1494 expired on 30 January 2013. Matai has applied for renewal of that SPL but the outcome of the application is currently pending and Matai cannot be sure of the expected timeframe for a decision. SPL 1494 comprises 3,331 hectares out of the total Project area of 7,200 hectares. None of existing inferred mineral resource defined in accordance with the JORC Code at the Project is

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contained within SPL 1494. The Company cannot guarantee that renewal of SPL 1494 will be granted on a timely basis, or at all and there is a risk that the Company will not acquire an ultimate interest in that tenement or have any rights in relation to it under the Transaction.

(iv) Political risk – Fiji's current Prime Minister, Commodore Frank Bainimarama, has taken power in Fiji twice, the first in July 2000 and more recently, in December 2006. In January 2007 he restored the presidency to Ratu Josefa Iloilo and Bainimarama was subsequently formally appointed Interim Prime Minister and subsequently Prime Minister, the position he still holds. The Constitution of Fiji remains suspended and the Court of Appeal has been dismissed. Prime Minister Frank Bainimarama is also the current Minister for Lands and Mineral Resources. Despite the uncertain political climate and the lack of a functioning Constitution, the current political situation appears reasonably stable. The current administration has retained a variety of pre-existing taxation and other incentives to encourage foreign investment. The Fijian Mining Act is comparable in many respects to Australian state mining acts. Refer to the Independent Expert's Report at Annexure A for further details of the political landscape of Fiji.

(v) Infrastructure and Access – The Udu Project is located on the northeastern tip of Vanua Levu. Access by Dateline for exploration is predominantly via boat and logging tracks and may become unavailable from time to time.

(d) If the Company acquires the Remaining Shareholder Interest in Dateline and as such, issues the Consideration Securities, Mr Johnson's relevant interest in the Company's issued Shares will be 50% (before exercise of any Consideration Options). This could act as a potential deterrent to a future takeover offer for the Company.

(e) If the Company acquires the Remaining Shareholder Interest in Dateline and as such, issues the Consideration Securities to Mr Johnson, there is a risk that he may elect to exit all or part of his investment in the Company at that point in time (subject to any escrow restrictions imposed by ASX on the Consideration Securities) or in the future. If this occurs through an on-market sale of his Shares, this could result in an oversupply of Shares on the market, which may have a negative impact of the Company's Share price.

3.9 Taxation consequences of the Transaction

Securityholders are advised to seek their own tax advice on the potential tax consequences of the Transaction. Neither the Company, nor the Directors accept any responsibility for taxation implications for individual Securityholders arising from the Transaction.

3.10 Risk factors

A number of material risk factors relating to the Transaction are set out below. These risk factors are non-exhaustive:

Risks associated with the Transaction

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The key material risks associated with the Transaction are those described in Section 3.8 above.

Risks relating to the Company's operations

(a) (**Competition risk**): The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(b) (**Commodity price volatility and exchange rate risks**): If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors. Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(c) (**Development capital and future capital requirements**): Exploration of the Project will reduce the cash reserves of the Company, which may not be replaced. The Company would then be dependant on seeking development capital elsewhere, through equity, debt, or joint venture financing, to support long-term exploration, evaluation and development of its projects.

The Company's growth through expansion of its current business will require substantial expenditures. The Company's cash reserves may not be sufficient to successfully achieve all the objectives of the Company's overall business strategy and it may be required to raise additional capital.

If the Company is unable to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the existing working capital and funds generated from operations, there can be no assurance that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all.

Any additional equity financing may be dilutive to the Company's existing Shareholder and any debt financing if available, may involve restrictive covenants, which limit the Company's operations and business strategy. The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

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General risks

(a) (**Market conditions**): Share market conditions may affect the value of the Company's quoted securities, regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

(i) the general economic outlook;

(ii) the introduction of tax reform or other new legislation;

(iii) interest rates and inflation rates;

(iv) changes in investor sentiment toward particular market sectors;

(v) the demand for, and supply of, capital; and

(vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular.

(b) (**Further funding requirements**): The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on favourable terms.

(c) (**Insurance risks**): The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the Company's business, financial condition and results. Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

(d) (**Economic risks**): General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(e) (**Investment speculative**): The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by Shareholders as investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the Company's financial performance and the value of its Shares.

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3.11 Directors' recommendation

The current Directors other than Mr King unanimously recommend that Shareholders vote in favour of Resolution 1 for the reasons set out in Section 3.7 above. Each Director other than Mr King will vote, or procure the voting of any Director-controlled Share, in favour of Resolution 1.

As Resolution 4 (which relates to the issue of Consideration Shares to Mr Jonathan King, a Director) is conditional upon Resolutions 1, 2 and 3 being passed, Mr King abstains from making a recommendation in relation to Resolution 1.

None of the current Directors other than Mr King have an interest in the outcome of Resolution 1 save for an interest as a Shareholder of the Company.

The Directors are not aware of any other information other than as set out in this Notice of Meeting that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 1.

4. RESOLUTION 2 – APPOINTMENT OF DIRECTOR – MR MARK JOHNSON

Resolution 2 seeks Shareholder approval for the election of Mr Mark Johnson as a Director of the Company, with effect from the Commencement Date. Further details regarding his appointment are set out above at Section 2.8(b) of the Explanatory Statement.

Mark Johnson LLB MBA FAICD AO

Mr Johnson has worked in banking and corporate finance for more than forty years. He retired as Deputy Chairman of Macquarie Bank in mid 2007, and now divides his time between work in the private and public sectors.

Mr Johnson is a senior adviser to Gresham Partners, chairman of Alinta Energy, and a director of Westfield Group.

Mr Johnson is also chairman of the Australian Financial Centre Taskforce, an Australian Government initiative directed towards ensuring efficiency and competitiveness in the financial services sector. He has been one of the three Australian members of the APEC Business Advisory Council (ABAC) since 2002.

Mr Johnson has been a director of a number of public companies, including Macquarie Group, AGL Energy, Pioneer International, GPG Plc, Santos and the Sydney Futures Exchange.

Mr Johnson was born in Fiji and has been involved in the Project since 1996, and has had a number of other business interests in Fiji.

It is intended that Mr Johnson will be appointed as Executive Chairman of the Company.

Resolution 2 is conditional on Shareholders approving Resolutions 1 and 3.

The current Directors other than Mr King unanimously recommend that Shareholders vote in favour of Resolution 2. Mr King abstains from making a recommendation in relation to Resolution 2 because Resolution 4 (which relates to the issue of Consideration Shares to him) is conditional upon Resolution 2 being passed.

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Each Director other than Mr King will vote, or procure the voting of any Director-controlled Share, in favour of Resolution 2. None of the current Directors other than Mr King have an interest in the outcome of Resolution 2 save for an interest as a Shareholder of the Company.

5. RESOLUTION 3 – RELATED PARTY TRANSACTIONS AND INCREASE OF VOTING POWER

The passing of Resolution 3 is subject to and conditional on the passing of Resolutions 1 and 2.

5.1 ASX Listing Rule 10.1 – Acquisition of a substantial asset from a related party

ASX Listing Rule 10.1 provides that an entity (or any of its subsidiaries) must not acquire a 'substantial' asset from, or dispose of a substantial asset to, among other specified parties, a related party or a substantial holder (if the person and the person's associates have a 'relevant interest', or had a relevant interest at any time in the 6 months before the transaction, in at least 10% of the total votes attached to the voting securities).

An asset is 'substantial' if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the company's equity interests as set out in the latest accounts given to ASX under the Listing Rules.

It is a term of the Transaction that Mr Mark Johnson will join the Company's board of directors. As a proposed Director, he is a related party of the Company for the purposes of section 228(6) of the Corporations Act. In addition, Dateline will become a related party of the Company by virtue of the fact that Mr Johnson controls Dateline. Notwithstanding the fact that Mark Johnson and Dateline will be related parties of the Company by reason only of the Transaction and the application of section 228(6) of the Corporations Act, ASX has exercised its power under Listing Rule 10.1 to require that the Company obtain an approval pursuant to ASX Listing Rule 10.1 in connection with the issue of the Consideration Securities upon exercise of the Call Option or the Put Option (as described in further detail in Section 2.6 above).

ASX Listing Rule 10.1 will apply to Mr Johnson and Dateline from the time Mr Johnson is appointed as a Director of the Company.

Based on the Company's Half Year Financial Report for the period ended 31 December 2012, the Company's total equity interests were $3,788,113. As a result, an asset will be deemed to be 'substantial' if its value is at least 5% of this amount. Accordingly, the acquisition of the Remaining Shareholder Interest and the Remaining Johnson Debt in accordance with the Agreement will constitute the acquisition of a substantial asset from a related party of the Company, for which Shareholder approval is sought pursuant to ASX Listing Rule 10.1.

Accompanying this Notice at Annexure A is an Independent Expert's Report prepared by RSM Bird Cameron Corporate providing a detailed analysis of those aspects of the proposed Transaction which are the subject of Resolution 3. The report concludes that each of those parts of the Transaction is **fair and reasonable** to the non-associated Shareholders.

The Independent Expert's Report is also accessible on the Company's website at www.contoresources.com. The Company will send a further hard copy of the Independent Expert's Report to any Shareholder who requests it.

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5.2 Chapter 2E of the Corporations Act and ASX Listing Rule 10.11

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

(a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

The subscription for shares in Dateline by the Company constitutes the giving of a financial benefit to Dateline and Dateline is a related party of the Company by virtue of the fact that it is controlled by Mr Johnson, a proposed Director.

In addition, the issue of the Consideration Securities constitutes giving a financial benefit to Mr Johnson and Mr Johnson is a related party of the Company by virtue of being a proposed Director.

The estimated value of the financial benefit given on the subscription by the Company for shares in Dateline is $3,445,608.81. The value of the financial benefit given on the acquisition of the Remaining Shareholder Interest will be determined by reference to the volume weighted average closing price of Shares (**VWAP**) for the 30 trading days immediately prior to the issue date of the Consideration Shares. Based on the 30-day VWAP as at 22 February 2013 of 16.77 cents, the estimated value of the financial benefit given on the acquisition of the Remaining Shareholder Interest (if it were acquired as at 22 February 2013 and the Remaining Johnson Debt would be approximately $5,408,608. The actual value of the financial benefit given on the acquisition of the Remaining Shareholder Interest and the Remaining Johnson Debt may vary upwards or downwards depending on the price at which Shares are trading at the time acquired.

The Directors consider that the exceptions set out in Sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 may not apply in the current circumstances. Whilst the Transaction has been negotiated on arms' length terms, given the complexity of the Transaction and the fact that other approvals are required, the Directors believe it to be best practice to obtain this additional approval. Accordingly, approval is being sought for the subscription for shares in Dateline by the Company for the purposes of Chapter 2E of the Corporations Act and for the issue of the Consideration Securities for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11.

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

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.13 and section 219 of the Corporations Act, the following information is provided in relation to the subscription for shares in Dateline and the issue of the Consideration Securities:

(a) the recipient of the Consideration Securities will be Mr Mark Johnson (a related party of the Company by virtue of being a proposed Director) and any other person to whom he transfers his existing shares in Dateline;

(b) the maximum number of Consideration Securities (being the nature of the financial benefit being provided) to be issued to Mr Johnson is:

(i) 30,650,000 Consideration Shares; and

(ii) 4,500,000 Consideration Options (comprising 500,000 Class A Options and 4,000,000 Class B Options).

In addition, the financial benefit which Dateline (and Mr Johnson, as Dateline's controlling shareholder) will receive from the Company comprises the subscription funds for Dateline shares and the cash contributions towards the Phase 2 Exploration Programme expenditure, each of which are detailed in Sections 2.3 and 2.4 of the Explanatory Statement above;

(c) ASX Listing Rule 10.13.3 provides that the Consideration Securities must be granted within one month of the date of the General Meeting. As announced to the market on 27 November 2012, ASX has granted the Company a waiver of this rule in order for the Consideration Securities to be issued after the completion of the Phase 2 Exploration Period (but in any event, no later than 31 January 2014). The Company has applied to extend that deadline to a date on or about 28 February 2014, subject to ASX approval;

(d) the Consideration Securities will be issued for nil cash consideration as they will be allotted and issued in consideration for the acquisition of the Remaining Shareholder Interest and the Remaining Johnson Debt;

(e) the Consideration Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

(f) the Consideration Options will be granted on the terms and conditions set out in Schedules 1 and 2;

(g) the value of the Consideration Options and the pricing methodology is set out in Schedule 3;

(h) the relevant interests of Mr Johnson and Dateline in the Company's securities as at the date of this Notice are set out below:

Related party	Shares	Options
Mark Johnson	0	0
Dateline	0	0

(i) neither Mr Johnson nor Dateline has received any remuneration or emoluments from the Company during the financial year ended 30 June 2012 and there is no proposal to pay any remuneration or grant any emoluments to Mr Johnson or Dateline during the current financial year;

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(j) the trading history of the Company's Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	$0.275	2 November 2012
Lowest	$0.067	7-9 August 2012
Last	$0.155	22 February 2013

(k) if the Consideration Securities are issued and the Consideration Options are exercised, a total of 35,150,000 Shares would be allotted and issued. This will increase the number of Shares on issue from 30,650,000 to 65,800,000 (assuming that no other Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by 53.42%; and

(l) no funds will be raised from the issue of the Consideration Securities as they will be issued in consideration for the Company acquiring the Remaining Shareholder Interest and the Remaining Johnson Debt.

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

5.4 Item 7 of Section 611 of the Corporations Act

Section 606 of the Corporations Act – statutory prohibition

Pursuant to Section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

(a) from 20% or below to more than 20%; or

(b) from a starting point that is above 20% and below 90%,

(**Prohibition**).

Voting power

A person's voting power in a body corporate is determined in accordance with Section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

Associates

For the purposes of determining voting power under the Corporations Act, a person (**second person**) is an "associate" of the other person (**first person**) if:

(a) the first person is a body corporate and the second person is:

(i) a body corporate the first person controls;

(ii) a body corporate that controls the first person; or

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(iii) a body corporate that is controlled by an entity that controls the person;

(b) the second person has entered or proposed to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; or

(c) the second person is a person with whom the first person is acting or proposed to act, in concert in relation to the company's affairs.

As the terms of the Agreement referred to in Section 2.10 of the Explanatory Statement above confer powers on Mark Johnson to control certain Board decisions (and therefore, the conduct of the Company's affairs), Mr Johnson and Dateline are associates of the Company. Mr King is not an associate of Mr Johnson.

Relevant interests

Section 608(1) of the Corporations Act provides that a person has a 'relevant interest' in securities if they:

(a) are the holder of the securities;

(b) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or

(c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

In addition, Section 608(3) of the Corporations Act provides that a person has a relevant interest in securities that any of the following has:

(a) a body corporate in which the person's voting power is above 20%;

(b) a body corporate that the person controls.

As at the date of this Notice, Mr Mark Johnson and his associates do not have a relevant interest in the Company's Shares.

Reason why Section 611 approval required

Item 7 of Section 611 of the Corporations Act provides an exception to the Prohibition, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval.

Shareholder approval under Item 7 of Section 611 of the Corporations Act is required for Resolution 3.

Increase in relevant interest

There is the potential for an increase in the relevant interest of Mr Mark Johnson and his associates in the Company from 0% up to a maximum of 53.42% assuming that:

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(a) Shareholders approve Resolutions 1, 2 and 3;

(b) the Company acquires the Remaining Shareholder Interest;

(c) Mr Johnson receives all of the Consideration Shares;

(d) Mr Johnson exercises all of the Consideration Options; and

(e) no other Shares are issued or Options exercised.

Prescribed information – ASIC Regulatory Guide

The following information is required to be provided to Shareholders in accordance with the Corporations Act and ASIC Regulatory Guide 74 in respect of an approval under Item 7 of Section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report prepared by RSM Bird Cameron Corporate annexed to this Explanatory Statement as Annexure A.

(a) **Acquirer**

Mr Mark Johnson is acquiring up to the number of Consideration Securities described pursuant to Resolution 3.

Dateline is an associate of Mr Mark Johnson (**Associate**). The Company is an associate of Mr Johnson and Dateline.

(b) **Relevant interests and voting power**

As at the date of this Notice, neither Mr Johnson nor his Associate has a relevant interest in Shares. Mr Johnson and his Associate therefore have a combined relevant interest in 0 Shares and a combined voting power of 0%.

(c) **Mr Johnson's intentions**

As set out in Section 2.10 of the Explanatory Statement, Mr Johnson will have certain controls on decisions made by the Board of Directors during the Initial Period. Subject to those controls and, other than as disclosed elsewhere in this Explanatory Statement, the Company understands that Mr Mark Johnson:

(i) has no intention of making any significant changes to the Company's business;

(ii) has no intention to inject further capital into the Company;

(iii) has no intention of making changes regarding the future employment of the Company's present employees;

(iv) does not intend to redeploy any of the Company's fixed assets;

(v) does not intend to transfer any property between the Company and himself or any of his Associates; and

(vi) does not intend to significantly change the Company's financial or dividend distribution policies.

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These intentions are based on information concerning the Company, its business and the business environment which is known to Mr Johnson at the date of this Notice, which is limited to the publicly available information and a due diligence review of certain non-public material provided by the Company to Mr Johnson.

(d) **Particulars of proposed allotment and timing**

Particulars relating to the proposed issue and allotment of the Consideration Securities are set out in detail at Section 2.6 of this Explanatory Statement.

(e) **Reason for the proposed allotment**

The Consideration Securities will be issued as consideration for the acquisition of the Remaining Shareholder Interest and the Remaining Johnson Debt and will only be issued at the time the Remaining Shareholder Interest is acquired.

(f) **Directors' interests and recommendations**

Refer to Sections 5.6 and 5.7 for the Directors' interests and recommendations in relation to Resolution 3.

(g) **Capital structure**

The Company's pro-forma capital structure assuming completion of the Transaction is set out at Section 2.11 of the Explanatory Statement above. The capital structure assumes the Company acquires the Remaining Shareholder Interest, however there is no certainty that this will occur.

(h) **Advantages and disadvantages of the Acquisition**

The Directors consider the non-exhaustive list of advantages and disadvantages described in Sections 3.7 and 3.8 above may be relevant to a Shareholder's decision on how to vote on proposed Resolution 3.

5.5 Independent Expert's Report

The Independent Expert's Report assesses whether Mr Johnson's acquisition of Shares under Resolution 3 (including upon exercise of the Consideration Options) is fair and reasonable to the Shareholders who are not associated with Mr Johnson.

The Independent Expert's Report also contains an assessment of the advantages and disadvantages of the proposed issue and allotment of Shares the subject of Resolution 3. This assessment is designed to assist all Shareholders in reaching their voting decision.

The Independent Expert's Report concludes that the proposal as outlined in Resolution 3, on balance, is **fair and reasonable** to the non-associated Shareholders.

The Independent Expert's Report is enclosed with this Notice of Meeting. The Board recommends Shareholders read the Independent Expert's Report in full.

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5.6 Interest of proposed Director

Mr Mark Johnson is a proposed Director of the Company and has an interest in the outcome of Resolutions 1, 2 and 3. If Resolutions 1, 2 and 3 are passed then Mr Mark Johnson may subsequently receive part repayment of the debts owed to him by Dateline and be issued with the Consideration Securities as set out in Sections 2.3 to 2.6 of this Explanatory Statement.

5.7 Directors' recommendations

The current Directors other than Mr King unanimously recommend that Shareholders vote in favour of Resolution 3 as they consider the Advantages of the Transaction and the Acquisition outweigh the disadvantages. Mr King abstains from making a recommendation in relation to Resolution 3 because Resolution 4 (which relates to the issue of Consideration Shares to him) is conditional upon Resolution 3 being passed.

Each Director other than Mr King will vote, or procure the voting of any Director-controlled Share, in favour of Resolution 3.

None of the current Directors other than Mr King have an interest in the outcome of Resolution 3 save for an interest as a Shareholder of the Company.

The Directors are not aware of any other information other than as set out in this Notice of Meeting that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 3.

6. RESOLUTION 4 – ISSUE OF CONSIDERATION SHARES TO A RELATED PARTY

As discussed in Section 2.6 above, Mr Mark Johnson is entitled to transfer up to 20% of his shares in Dateline to other people on the condition that each transferee accedes to, and becomes bound by, the terms of the Agreement, including the requirement to transfer their Dateline shares to the Company in the event that the Company exercises the Call Option or Mr Johnson exercises the Put Option. In those circumstances, those transferees will receive a proportion of the Consideration Shares that otherwise would have been issued to Mr Johnson if the Company exercises the Call Option or Mr Johnson exercises the Put Option.

Mr Johnson currently intends to transfer up to 150,000 of his Dateline shares to Mr Jonathan King or his nominees. Mr King is a related party of the Company by virtue of being a Director. Accordingly, Resolution 4 seeks Shareholder approval for the issue of up to 114,938 Consideration Shares to Mr King or his nominees. The maximum number of 114,938 Consideration Shares potentially to be issued to Mr King or his nominees form part of and are not additional to the total number of Consideration Shares the subject of Resolution 3.

The passing of Resolution 4 is subject to and conditional on the passing of Resolutions 1, 2 and 3.

6.1 Chapter 2E of the Corporations Act and ASX Listing Rule 10.11

A summary of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 is set out in Section 5.1 above.

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

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.13 and section 219 of the Corporations Act, the following information is provided in relation to the issue of the Consideration Shares to Mr King or his nominees:

(a) the recipient of the Consideration Shares will be Mr Jonathan King (a related party of the Company by virtue of being a Director) or his nominees;

(b) the maximum number of Consideration Shares (being the nature of the financial benefit being provided) to be issued under Resolution 4 is 114,938;

(c) ASX Listing Rule 10.13.3 provides that the Consideration Shares must be issued within one month of the date of the General Meeting. As announced to the market on 27 November 2012, ASX has granted the Company a waiver of this rule in order for the Consideration Shares to be issued after the completion of the Phase 2 Exploration Period (but in any event, no later than 31 January 2014). The Company has applied to extend that deadline to a date on or about 28 February 2014, subject to ASX approval;

(d) the Consideration Shares will be issued for nil cash consideration as they will be allotted and issued as part consideration for the acquisition of the Remaining Shareholder Interest;

(e) the Consideration Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

(f) Mr King's relevant interest in the Company's securities as at the date of this Notice is set out below:

Shares	Options
Nil	Nil

(g) the remuneration and emoluments from the Company Mr King for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Year ended 30 June 2012	Current Financial Year
$5,500	$43,110

(h) the trading history of the Company's Shares on ASX in the 12 months before the date of this Notice is set out in Section 5.3(j) above;

(i) if all the Consideration Shares are issued, a total of 30,650,000 Shares would be allotted and issued (including the maximum number of 114,938 Shares proposed to be issued to Mr King or his nominees pursuant to Resolution 4). This will increase the number of Shares on issue from 30,650,000 to 65,800,000 (assuming that all Consideration Securities are issued and exercised and assuming that no other Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by 0.175% by the issue of 114,938 Shares to Mr King or his nominees. It should be noted

however that the issue of up to 114,938 Consideration Shares to Mr King or his nominees will not occur in isolation of the issue of the balance of the Consideration Shares under Resolution 3. The total dilutionary effect of the issue of all 30,650,000 Consideration Shares is 50%; and

(j) no funds will be raised from the issue of the Consideration Shares as they will be issued in consideration for the Company acquiring the Remaining Shareholder Interest.

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

7. RESOLUTION 5 – ISSUE OF CONSIDERATION SHARES TO UNRELATED PARTIES

7.1 General

As discussed in Sections 2.6 and 6 above, Mr Mark Johnson is entitled to transfer up to 20% of his shares in Dateline to other people on the condition that each transferee accedes to, and becomes bound by, the terms of the Agreement, including the requirement to transfer their Dateline shares to the Company in the event that the Company exercises the Call Option or Mr Johnson exercises the Put Option. In those circumstances, those transferees will receive a proportion of the Consideration Shares that otherwise would have been issued to Mr Johnson if the Company exercises the Call Option or Mr Johnson exercises the Put Option.

Mr Johnson currently intends to transfer up to 7,050,000 of his Dateline shares in aggregate to the parties listed in Section 7.2(e) below or their nominees, none of whom are related parties of the Company (**Unrelated Parties**). The maximum number of 5,402,063 Consideration Shares potentially to be issued in aggregate to the Unrelated Parties pursuant to Resolution 5 form part of and are not additional to the total number of Consideration Shares the subject of Resolution 3.

The passing of Resolution 5 is subject to and conditional on the passing of Resolutions 1, 2 and 3.

ASX 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 5 will be to allow the Company to issue up to 5,402,063 Consideration Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

7.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 5:

(a) the maximum number of Consideration Shares to be issued under Resolution 5 is 5,402,063;

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(b) ASX Listing Rule 7.3.2 provides that the Consideration Shares must be issued within 3 months of the date of the General Meeting. The Company has applied for ASX to grant the Company a waiver of this rule in order for the Consideration Shares to be issued after the completion of the Phase 2 Exploration Period (but in any event, no later than on or about 28 February 2014). In the event ASX does not grant the waiver sought, the Company may seek Shareholders' approval at a later meeting of Shareholders and reserves the right to issue the Consideration Shares the subject of Resolution 5 out of the Company's placement capacity under chapter 7 of the ASX Listing Rules.

(c) it is intended that allotment will occur on the same date as the issue of Consideration Shares;

(d) the Consideration Shares will be issued for nil cash consideration as they will be allotted and issued as part consideration for the acquisition of the Remaining Shareholder Interest;

(e) unless other recipients are nominated, the Consideration Shares are proposed to be allotted and issued to the Unrelated Parties as follows:

Recipient	No. of Consideration Shares
Stewart Capp	2,681,875
Jack Lowenstein	383,125
George Niumataiwalu	383,125
Steve Gemell	383,125
Grant Ferguson	134,094
Denise Poke	95,781
Anthony Ferguson	38,313
Robin Ferguson	38,313
Tidescan Pty Limited	153,250
CVM & Co Pty Limited	38,313
John Fosberg as trustee for the Fosberg Family Trust	57,469
Megan Pipin	28,734
Sarah Fosberg	28,734
George Niumataiwalu and Steward Capp ATF residents of the Udu Point area	383,125
Jo Morris	95,781
Karen Calleia	95,781
Duane Woodbury	95,781
Maree Lowenstein	191,563
James Chute	95,781
Total	**5,402,063**

(f) the Consideration Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

(g) if all the Consideration Shares are issued, a total of 30,650,000 Shares would be allotted and issued (including the maximum number of 5,402,063 Shares proposed to be issued to the Unrelated Parties pursuant to Resolution 5). This will increase the number of Shares on issue from 30,650,000 to 65,800,000 (assuming that all Consideration Securities are issued and exercised and assuming that no other Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by 8.21% by the issue of 5,402,063 Shares to the Unrelated Parties. It should be noted however that the issue of up to 5,402,063 Consideration Shares to the Unrelated Parties will not occur in isolation of the issue of the balance of the Consideration Shares under Resolution 3. The total dilutionary effect of the issue of all 30,650,000 Consideration Shares is 50%; and

(h) no funds will be raised from the issue of the Consideration Shares as they will be issued in consideration for the Company acquiring the Remaining Shareholder Interest.

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GLOSSARY

$ means Australian dollars.

Agreement means the Subscription and Shareholders Agreement between Mark Johnson, the Company and Dateline Resources Limited in respect of the Transaction dated 25 January 2013.

ASIC means the Australian Securities and Investments Commission.

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

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

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

Call Option has the meaning given to that term in Section 2.6 of the Explanatory Statement.

Chair means the chair of the Meeting.

Class A Options means the Options to be granted on the terms and conditions set out in Schedule 1.

Class B Options means the Options to be granted on the terms and conditions set out in Schedule 2.

Commencement Date means the date falling 5 Business Days after the General Meeting, unless otherwise agreed between the Company, Mr Johnson and Dateline.

Company or **Conto** means Conto Resources Limited (ACN 149 105 653).

Conditions means the conditions precedent to the Transaction as set out in Section 2.2 of the Explanatory Statement.

Consideration Securities means the Consideration Shares and Consideration Options together.

Consideration Shares means 30,650,000 Shares to be issued as consideration for the acquisition of the Remaining Shareholder Interest.

Consideration Options means a total of 4,500,000 Options to be granted as consideration for the acquisition of the Remaining Johnson Debt, comprising of 500,000 Class A Options and 4,000,000 Class B Options.

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Dateline means Dateline Resources Limited (ACN 152 582 217).

Directors means the current directors of the Company and includes Mr Jonathan King, an alternate director of Mr Robert Jewson.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Independent Expert means RSM Bird Cameron Corporate Pty Ltd (ACN 050 508 024).

Matai means Matai Holdings (Fiji) Limited, a Fijian incorporated company.

Non-voting Dateline Share means a share in the capital of Dateline which carries no right to vote but otherwise ranks equally with an Ordinary Dateline Share in all respects.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Ordinary Dateline Share means a fully paid, ordinary share in the capital of Dateline.

Phase 2 Exploration Period has the meaning set out in Section 2.4 of the Explanatory Statement.

Phase 2 Exploration Programme has the meaning set out in Section 2.4 of the Explanatory Statement.

Proxy Form means the proxy form accompanying the Notice.

Put Option has the meaning given to that term in Section 2.6 of the Explanatory Statement.

Remaining Johnson Debt has the meaning set out in Section 2.6 of the Explanatory Statement.

Remaining Shareholder Interest has the meaning set out in Section 2.6 of the Explanatory Statement.

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

RSM Bird Cameron Corporate means RSM Bird Cameron Corporate Pty Ltd (ACN 050 508 024).

Section means a section of the Explanatory Statement unless indicated otherwise.

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

Shareholder means a holder of a Share.

Subsidiary has the meaning given to that term by section 9 of the Corporations Act.

Transaction means the proposed subscription by the Company for up to 50% of the shares in Dateline and subsequent acquisition by the Company of the Remaining Shareholder Interest and the Remaining Johnson Debt.

Unrelated Parties means the parties listed in Section 7.2(e), none of whom are related parties of the Company.

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

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SCHEDULE 1 – CLASS A OPTIONS

The terms and conditions of the Class A Options are as follows:

(a) each Class A Option entitles the holder to one Share in the Company;

(b) the Class A Options are exercisable at any time on or prior to 5:00pm (WST) on 1 April 2014 (**Expiry Date**) by completing an option exercise form and delivering it together with the payment for the number of Shares in respect of which the Class A Options are exercised to the Company's registered office;

(c) the exercise price of each Class A Option is $0.20;

(d) a Class A Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Class A Option can be exercised;

(e) all Shares issued upon exercise of the Class A Options will rank equally in all respects with the Company's then issued Shares. The Company will apply for quotation of the Shares issued upon exercise of the Class A Options on ASX;

(f) if the Company undertakes a pro-rata issue (except a bonus issue), the exercise price of a Class A Option may be reduced in accordance with ASX Listing Rule 6.22.2;

(g) there are no participating rights or entitlements inherent in the Class A Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Class A Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Class A Option holders the opportunity to exercise their Class A Options prior to the date for determining entitlements to participate in any such issue; and

(h) if at any time the issued capital of the Company is reconstructed, all rights of a Class A Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules.

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SCHEDULE 2 – CLASS B OPTIONS

The terms and conditions of the Class B Options are as follows:

(a) each Class B Option entitles the holder to one Share in the Company;

(b) the Class B Options are exercisable at any time on or prior to 5:00pm (WST) on 31 May 2014 (**Expiry Date**) by completing an option exercise form and delivering it together with the payment for the number of Shares in respect of which the Class B Options are exercised to the Company's registered office;

(c) the exercise price of each Class B Option is $0.20;

(d) a Class B Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Class B Option can be exercised;

(e) all Shares issued upon exercise of the Class B Options will rank equally in all respects with the Company's then issued Shares. The Company will apply for quotation of the Shares issued upon exercise of the Class B Options on ASX;

(f) if the Company undertakes a pro-rata issue (except a bonus issue), the exercise price of a Class B Option may be reduced in accordance with ASX Listing Rule 6.22.2;

(g) there are no participating rights or entitlements inherent in the Class B Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Class B Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Class B Option holders the opportunity to exercise their Class B Options prior to the date for determining entitlements to participate in any such issue; and

(h) if at any time the issued capital of the Company is reconstructed, all rights of a Class B Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules.

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SCHEDULE 3 – VALUATION OF CONSIDERATION OPTIONS

The Consideration Options have been valued. Using the theoretical Black & Scholes option model and based on the assumptions set out below, the Consideration Options were ascribed a value range, as follows:

Assumptions:	Class A Options	Class B Options
Valuation date	31 January 2012	31 January 2012
Market price of Shares	$0.155	$0.155
Exercise price	$0.20	$0.20
Expiry date	1 April 2014	31 May 2014
Risk free interest rate	2.65%	2.65%
Volatility	100%	100%
Indicative value per Consideration Option	**$0.054**	**$0.058**
Total value of Consideration Options	**$26,769**	**$231,992**

Note: The valuations noted above are not necessarily the market prices that the Consideration Options could be traded at and they are not automatically the market prices for taxation purposes.

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APPOINTMENT OF PROXY FORM

CONTO RESOURCES LIMITED
ACN 149 105 653

GENERAL MEETING

I/We Insert member's name

of:

Address: Insert member's address

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name of proxy: Insert proxy's name

OR: ☐ the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10:00am (WST), on 15 April 2013 at Melbourne Hotel, corner of Hay and Milligan Streets, Perth, Western Australia, and at any adjournment thereof.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

Voting on business of the Meeting		**FOR**	**AGAINST**	**ABSTAIN**
Resolution 1	Change to Nature and Scale of Activities	☐	☐	☐
Resolution 2	Appointment of Director – Mr Mark Johnson	☐	☐	☐
Resolution 3	Related Party transactions and Increase of Voting Power	☐	☐	☐
Resolution 4	Issue of Consideration Shares to a Related Party	☐	☐	☐
Resolution 5	Issue of Consideration Shares to unrelated parties	☐	☐	☐

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

If two proxies are being appointed, the proportion of voting rights this proxy represents is:

Individual or Member 1	**Member 2**	**Member 3**
Sole Director/Company Secretary	Director	Director/Company Secretary

Date:

Contact name: **Contact ph (daytime):**

E-mail address: **Consent for contact by e-mail:** **YES** ☐ **NO** ☐

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Instructions for Completing 'Appointment of Proxy' Form

1. (**Appointing a proxy**): A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.

2. (**Direction to vote**): A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.

3. (**Signing instructions**):

   - (**Individual**): Where the holding is in one name, the Shareholder must sign.
   - (**Joint holding**): Where the holding is in more than one name, all of the Shareholders should sign.
   - (**Power of attorney**): If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
   - (**Companies**): Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.

4. (**Attending the Meeting**): Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

5. (**Return of Proxy Form**): To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

   (a) post to Conto Resources Limited, 108 Outram Street, West, Perth, Western Australia, 6005 or PO Box 1346, West Perth, Western Australia, 6872; or

   (b) facsimile to the Company on facsimile number +61 8 6314 1587; or

   (c) email to the Company at info@contoresources.com,

   so that it is received not less than 48 hours prior to commencement of the Meeting.

   Proxy Forms received later than this time will be invalid.

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RSM Bird Cameron Corporate Pty Ltd

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Conto Resources Limited

Financial Services Guide and Independent Expert's Report

7 March 2013

We have concluded that the Proposed Transaction is FAIR and REASONABLE to the shareholders of Conto Resources Limited not associated with the Proposed Transaction.

RSM Bird Cameron Corporate Pty Ltd

RSM Bird Cameron Corporate Pty Ltd
8 St Georges Terrace, Perth, WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 **F** +61 8 9261 9102
www.rsmi.com.au

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Financial Services Guide

RSM Bird Cameron Corporate Pty Ltd ABN 82 050 508 024 ("RSM Bird Cameron Corporate Pty Ltd" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

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

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No 255847;
- 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 complaints handling procedures and how you may access them.

Financial services we are licensed to provide

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

- deposit and payment products limited to:
  - (a) basic deposit products;
  - (b) deposit products other than basic deposit products.
- interests in managed investments schemes (excluding investor directed portfolio services); and
- securities (such as shares and debentures).

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

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

RSM Bird Cameron Corporate Pty Ltd

AFS Licence No 255847

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General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

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

Except for the fees referred to above, neither RSM Bird Cameron Corporate Pty Ltd, 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.

Remuneration or other benefits received by our employees

All our employees receive a salary.

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.

Associations and relationships

RSM Bird Cameron Corporate Pty Ltd is beneficially owned by the partners of RSM Bird Cameron, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Bird Cameron Partners.

From time to time, RSM Bird Cameron Corporate Pty Ltd, RSM Bird Cameron Partners, RSM Bird Cameron and / or RSM Bird Cameron related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

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, RSM Bird Cameron Corporate Pty Ltd, P O Box R1253, Perth, WA, 6844.

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 Financial Ombudsman Service ("FOS"). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact Details

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

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RSM Bird Cameron Corporate Pty Ltd

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Independent Expert's Report

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RSM Bird Cameron Corporate Pty Ltd
AFS Licence No 255847

Direct Line: (08) 9261 9447
Email: andy.gilmour@rsmi.com.au

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7 March 2013

The Directors
Conto Resources Limited
108 Outram Street, West Perth
Western Australia 6005

Dear Directors

Independent Expert's Report

1. Introduction

1.1. This Independent Expert's Report (the "Report" or "IER") has been prepared to accompany the Notice of General Meeting and Explanatory Statement to shareholders for a General Meeting of Conto Resources Limited ("Conto" or "the Company") to be held in April 2013, at which shareholder approval will be sought for resolutions relating to the proposed acquisition of up to 100% of the issued share capital of Dateline Resources Limited ("Dateline"), owner of the Udu Base Metal Project ("Udu Project"), in Fiji and the proposed acquisition by Conto of the Remaining Johnson Debt as that term is defined in paragraph 3.12 of this Report (together "the Proposed Transaction").

1.2. Dateline is currently 100% wholly owned by Mr Mark Johnson ("Mr Johnson"). It is proposed that Mr Johnson be appointed a Director of Conto, subject to shareholder approval and approval of the Proposed Transaction.

1.3. On 25 January 2013 Conto entered into a Subscription and Shareholders Agreement ("Agreement") to acquire up to 100% of the Australian registered company Dateline. Under the terms of the Agreement, Conto will earn its interest in the issued share capital of Dateline through a three stage farm in arrangement, summarised as follows:

- **Stage 1** – Provided all the conditions precedent which are summarised in paragraph 3.20 of this Report and section 2.2 of the Explanatory Statement have been satisfied or waived, subscribing for 4,444,444 shares in Dateline, which equates to a 10% interest in the ordinary shares of Dateline for a total subscription price of $445,608.81 cash ("Initial Subscription"), on or about the date which is 5 business days after the date of the General Meeting of Conto's shareholders (unless otherwise agreed between the Company, Dateline and Mr Johnson) ("Commencement Date");

- **Stage 2** - Subscribing for up to an additional 40% (30% voting and 10% non-voting) interest in Dateline, through sole funding the next $3 million of exploration expenditure on the Udu Project, during the 2013 calendar year ("Phase 2 Exploration Period"); and

- **Stage 3** – At any point between the Commencement Date and no later than 30 January 2014, provided the Company has not ceased sole funding of the Udu Project, has not breached any material provision of the Agreement and either:

  I. An independent expert has confirmed that at least 200,000 tonnes of contained copper (or equivalent) at a grade of greater than 2% copper equivalence determined according to industry standard calculations has been delineated at the Udu Project ("Contractual Milestone"); or

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II. In the Company's opinion, another equally commercially valuable resource has been or is likely to be, delineated at the Udu Project,

then Conto may, elect to acquire the shares currently on issue in Dateline, which will provide Conto with a 100% interest in Dateline. The consideration to be paid by Conto to acquire the shares currently on issue in Dateline and the Remaining Johnson Debt is, 30,650,000 new fully paid ordinary Conto shares, 500,000 options to acquire Conto shares exercisable at $0.20 each on or before 1 April 2014, and 4,000,000 options to acquire Conto shares exercisable at $0.20 each on or before 31 May 2014 ("Consideration Securities").

1.4. The Contractual Milestone is a term of the Agreement and is not based on exploration results or geological interpretation. It is not an exploration target, mineral resource or ore reserve for the purposes of the JORC Code and it is not a production target. The Contractual Milestone is not representative of mineralisation defined at the Udu Project and there can be no guarantee or certainty that such mineralisation will ever be defined or found to exist at the Udu Project.

1.5. Conto is seeking approval from its shareholders, among other resolutions, for the following resolutions relating to the Proposed Transaction (although there is no legal requirement for this Report to concern Resolutions 4 and 5) as set out in the Notice of General Meeting ("Notice") and Explanatory Statement which this Report accompanies:

Resolution 3 – related party transactions and increase in voting power

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

"That, subject to and conditional on the passing of Resolutions 1 and 2, for the purposes of Sections 208 and 611 (Item 7) of the Corporations Act, ASX Listing Rules 10.1 and 10.11 and for all other purposes, approval is given for:

(a) the Company to subscribe for shares in Dateline, an entity controlled by Mr Mark Johnson (a proposed Director), pursuant to and in accordance with the terms of the Agreement;

(b) the Company to acquire shares in Dateline and the Remaining Johnson Debt pursuant to and in accordance with the terms of the Agreement;

(c) the Company to issue up to 30,650,000 Consideration Shares and grant up to 4,500,000 Consideration Options to Mr Mark Johnson pursuant to and in accordance with the terms of the Agreement; and

(d) an increase in Mr Mark Johnson's and his associates' voting power in the Company from 0% up to a maximum of 53.42% as a result of the issue of the Shares and exercise of Consideration Options referred to in (c) above,

on the terms and conditions set out in the Explanatory Statement."

Resolution 4 – issue of consideration shares to a related party

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

"That, subject to and conditional on the passing of Resolutions 1, 2 and 3, for the purposes of Section 208 of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 114,938 Consideration Shares to Mr Jonathan

King (or his nominees) as part of the number of Consideration Shares proposed to be issued under Resolution 3 pursuant to and in accordance with the terms of the Agreement, on the terms and conditions set out in the Explanatory Statement."

Resolution 5 – issue of consideration shares to unrelated parties

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

"That, subject to and conditional on the passing of Resolutions 1, 2 and 3, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue up to 5,402,063 Consideration Shares to parties which are not related parties of the Company (or their nominees) as part of the number of Consideration Shares proposed to be issued under Resolution 3 on the terms and conditions set out in the Explanatory Statement."

1.6. The issue of the Consideration Securities, should Conto elect to acquire a 100% interest in Dateline and acquire the Remaining Johnson Debt, may result in Mr Johnson owning greater than 20% of the issued share capital of Conto. Therefore, Section 611, Item 7 of the Act, requires the approval of shareholders not associated with the acquisition who are not excluded from voting ("the Non-Associated Shareholders") of the proposed share issue at a general meeting. In addition, Australian Securities Exchange ("ASX") Listing Rule 10.1 provides that an entity must not acquire a substantial asset from a related party without the approval of shareholders. Whilst Mr Johnson and Dateline are only considered related parties of the Company under the Act, the ASX has exercised its power under Listing Rule 10.1 to require that Conto obtain an approval from shareholders pursuant to ASX Listing Rule 10.1 of the issue of the Consideration Securities.

1.7. Accordingly the Directors of Conto have requested that RSM Bird Cameron Corporate Pty Ltd ("RSMBCC"), being independent and qualified for the purpose, express an opinion as to whether the Proposed Transaction as set out in Resolution 3 is fair and reasonable to Conto's Non-Associated Shareholders.

1.8. Our report is prepared pursuant to Sections 208 (Need for member approval for financial benefit) and 611 of the Act and as required under ASX Listing Rule 10.10.2 and is to be included in the Notice and Explanatory Statement for Conto in order to assist the Non-Associated Shareholders of Conto in their decision as to whether to approve the Proposed Transaction.

1.9. The ultimate decision whether to approve the Proposed Transaction should be based on each Shareholder's assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt about the Proposed Transaction, or matters dealt with in this Report, Non-Associated Shareholders should seek independent professional advice.

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2. Summary and Conclusion

2.1. In our opinion, and for the reasons set out in Sections 11 and 12 of this Report, for the purposes of 611 (Item 7) of the Corporations Act 2001 and ASX Listing Rules 10.1 and 10.10.2, the Proposed Transaction is **Fair and Reasonable** for the Non-Associated Shareholders of Conto.

2.2. As we have concluded that the Proposed Transaction as a whole is fair and reasonable for the Non Associated Shareholders of Conto in accordance with Section 611 (Item 7) of the Act, in our opinion the financial benefit being provided to Dateline and Mr Johnson for which approval is being sought for the purposes of Section 208 of the Act, is fair and reasonable to the Non-Associated Shareholders of Conto.

Fairness

2.3. In order to assess the fairness of the Proposed Transaction, we assessed the value of a share in Conto prior to the announcement of the Proposed Transaction and a share in Conto assuming the Proposed Transaction is completed, to determine whether a Non-Associated Shareholder would be better off should the Proposed Transaction be approved.

2.4. Due to the earn-in nature of the Proposed Transaction, our assessed value of a Conto share after the Proposed Transaction, has been addressed under six different scenarios. These scenarios reflect a range of possible outcomes under the terms of the Agreement and consider both:

- The fair value of the Udu Project as at the date of this Report based on the current JORC Inferred Resource ("Current Value of Udu Project"); and
- The fair value of the Udu Project assuming the Contractual Milestone had been achieved ("Prospective Value of the Udu Project.

2.5. We engaged technical specialists Salva Resources Pty Limited ("Salva Resources") to prepare an assessment of the Current Value and Prospective Value of the Udu Project. A fully copy of the valuation report prepared by Salva Resources ("Salva Resources' Report") is set out at Appendix 5 of this Report and further information on the key assumptions and methodologies upon which the Current Value and Prospective Value of the Udu Project have been derived is set out in Section 9 of this Report.

2.6. The Non-Associated Shareholders should be aware that the Contractual Milestone is conceptual in nature and further exploration at Udu Project may or may not result in the Contractual Milestone being achieved. Furthermore Salva Resources' valuation of the Udu Project assuming the Contractual Milestone is achieved is based on economic conditions at the date of this Report. Economic conditions at the date Conto elects or otherwise to exercise the Call Option over Dateline or the date the Contractual Milestone is or is not achieved, are likely to be different than those upon which the valuations set out in this Report are based, and consequently the fair value of the Udu Project at these future dates may be materially different to the Current and Prospective Values of the Udu Project set out in this Report.

2.7. The six scenarios under which we have assessed the fair value of a Conto share post the Proposed Transaction are as follows:

- **Scenario 1** – Assuming completion of the Initial Subscription based on the Current Value of the Udu Project, at which point Conto will have a 10% interest in Dateline;
- **Scenario 2** – Assuming completion of the Phase 2 Exploration Period based on the Current Value of the Udu Project, at which Conto will have a 50% interest (40% voting, 10% non-voting) in Dateline;

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- **Scenario 3** - Assuming completion of the Phase 2 Exploration Period, at which point Conto will have a 50% interest (40% voting 10% non-voting) in Dateline, with the value of Dateline based on the Prospective Value of the Udu Project;
- **Scenario 4** – Assuming Conto elects to complete the acquisition of 100% interest in Dateline and the Remaining Johnson Debt and issues the Consideration Securities upon completion of the Phase 2 Exploration Period, with the value of Dateline based on the Prospective Value of the Udu Project;
- **Scenario 5** – Assuming Conto elects to acquire a 100% interest in Dateline and the Remaining Johnson Debt and issues the Consideration Securities immediately post the Commencement Date, based on the Current Value of the Udu Project; and
- **Scenario 6** – Assuming Conto elects to acquire a 100% interest in Dateline and the Remaining Johnson Debt and issues the Consideration Securities upon completion of the Phase 2 Exploration Period, based on the Current Value of the Udu Project

2.8. Our assessed values of a Conto share both pre and post the Proposed Transaction are summarised in the table below.

Assessment of fairness	Non-Associated Shareholders interest in Conto	Conto interest in Dateline	Ref.	Value per Share Low	Value per Share High
Fair Value of a Conto share pre Proposed Transaction - Control basis	100%	0%	Section 8	$0.117	$0.120
Fair value post the Proposed Transaction					
Scenario 1 - Control basis	100%	10%	Section 10	$0.111	$0.123
Scenario 2 - Control basis	100%	50%	Section 10	$0.052	$0.099
Scenario 3 - Control basis	100%	50%	Section 10	$0.172	$0.194
Scenario 4 - Non-Control minority basis	50%	100%	Section 10	$0.165	$0.169
Scenario 5 - Non-Control minority basis	50%	100%	Section 10	$0.101	$0.130
Scenario 6 - Non-Control minority basis	50%	100%	Section 10	$0.061	$0.092

Table 1: Summary of value of Conto share pre and post Proposed *Transaction (Source: RSMBCC Analysis)*

2.9. The high end of our assessment of the values of a share in Conto, assuming the Proposed Transaction is approved, post the Proposed Transaction, fall above our assessed value of a share in Conto pre the Proposed Transaction, on a controlling basis, for the majority of (4 out of the 6) scenarios considered.

2.10. In accordance with the guidance set out in Australian Securities and Investment Commission Regulatory Guide 111 – Content of Expert Reports ("ASIC RG 111"), and in the absence of any other relevant information, for the purposes of Section 611, Item 7 of the Corporations Act 2001 and ASX Listing RuleS 10.1 and 10.10.2, we consider the Proposed Transaction to be Fair to the Non-Associated Shareholders of Conto, on the basis that the majority of the scenarios considered indicate there is an accretion in the value of a Conto share as a result of the Proposed Transaction.

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2.11. Set out below is a graphical representation of our fairness assessment.

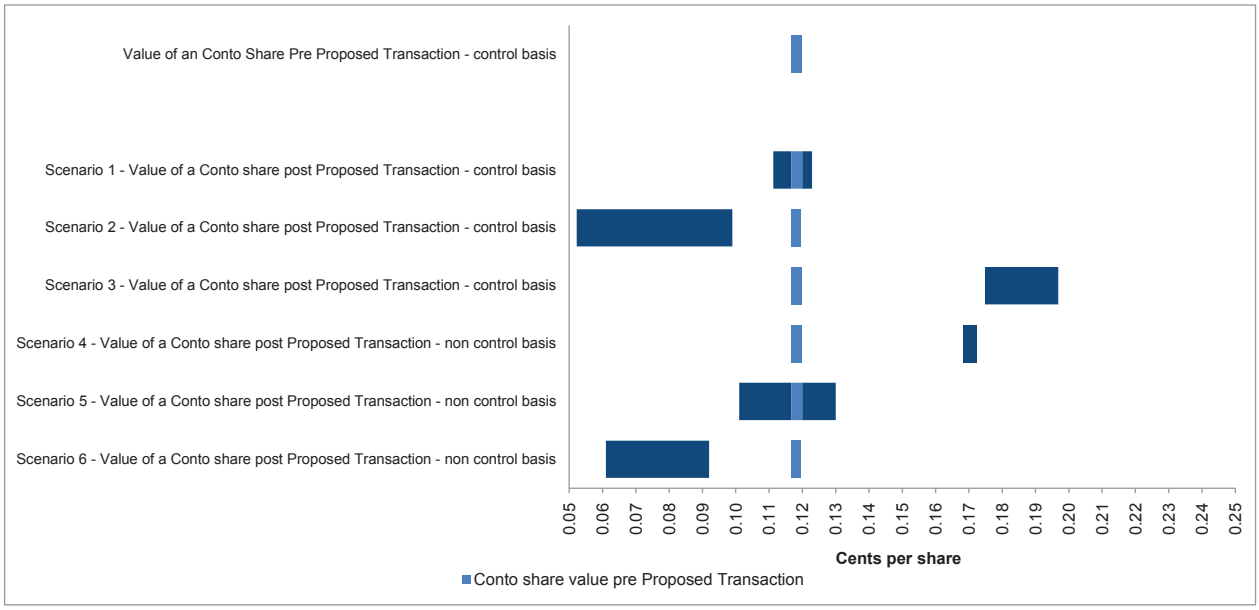


Figure 1: Conto Share Valuation Graphical Representation (*Source: RSMBCC Analysis)*

2.12. Whilst we have concluded that the Proposed Transaction is fair, we note that both our valuation range for scenarios 2 and 6 and the low end of our assessed valuation range of a share in Conto after the Proposed Transaction in scenarios 1 and 5, is below our assessed value of a Conto share prior to the Proposed Transaction on a control basis. However, we note that our valuations derived under scenarios 2 and 6 are based on the Current Value of the Udu Project and reflect no incremental value which may be created by the $3 million of exploration expenditure, which is to be spent and funded by Conto during the Phase 2 Exploration Period.

2.13. Conto's Non-Associated Shareholders will only cede control if Conto completes the acquisition of 100% of Dateline and issues the Consideration Securities, which is contemplated in Scenarios 4, 5 and 6.

Reasonableness

2.14. In accordance with the guidance provided in RG 111, as the Proposed Transaction is fair, it is reasonable. Notwithstanding this, we have also considered the following factors in relation to the reasonableness aspects of the Proposed Transaction:

- The future prospects of the Company if the Proposed Transaction does not proceed.
- Any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

Future prospects of Conto

2.15. We understand that if the Proposed Transaction is not successful, Conto's Board and management will continue to actively seek investment opportunities and continue to develop Conto's existing exploration assets, the Lone Wolf and Cardinia Bore Projects.

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2.16. As at 31 December 2012, the Company's reviewed net asset position of circa $3.7 million and cash balances of circa $3.5 million. Therefore, the Company still has sufficient reserves to enable it to pursue alternative investment opportunities should Non-Associated Shareholders not approve the Proposed Transaction.

Key advantages and disadvantages

2.17. In our opinion, the key advantages of the Proposed Transaction are:

- the Proposed Transaction is fair;
- The Proposed Transaction represents an opportunity for the Company to diversify its interests to include copper/zinc exploration and development in a highly prospective region;
- The Proposed Transaction may enhance the Company's ability to raise further capital due to the increased size and diversification of the Company;
- Trading in Conto's shares historically has been very illiquid. The announcement of the Proposed Transaction has significantly improved the liquidity in Conto's shares with approximately 200% of Conto's tradable shares trading in the 88 trading day period post the announcement of the Proposed Transaction to the date of this Report. This compares to 4.61% of Conto's tradeable shares being traded in the 90 days pre the announcement of the Proposed Transaction.
- Approval of the Proposed Transaction will, subject to shareholder approval, result in the appointment of Mr Mark Johnson as a Director of Conto. Mr Johnson is a highly experienced corporate advisor and former deputy chairman of Macquarie Bank Ltd.

2.18. The key disadvantages of the Proposed Transaction are:

- Current shareholders' interest will be diluted from 100% to 50% on an undiluted basis and 53.42% on a diluted basis (assuming the Consideration Options as defined below are exercised but no pre-existing options are exercised), should Conto elect to acquire 100% of Dateline and the Remaining Johnson Debt. However the structure of the Proposed Transaction ensures this dilution is at the election of Conto;
- Should Conto elect to acquire 100% of Dateline and as such issue the Consideration Securities, Mr Johnson's interest in the issued shares of Conto will be 50% on an undiluted basis and could be up to 53.42% upon exercise of his Consideration Options (Assuming no pre-existing options are exercised and regardless of whether Mr Johnson transfers a 20% interest in Dateline to other people as is his right under the Agreement). This could act as a potential deterrent to a future takeover
- The Company will be changing the nature and scale of its activities to include copper/zinc exploration and development activities in Fiji, which may not be consistent with the objectives of all Non-Associated Shareholders;
- The risk profile of Conto will change and Conto will become exposed to the risks associated with operating in Fiji; and
- Should Conto elect to acquire 100% of Dateline and the Remaining Johnson Debt, they will issue the Consideration Securities to Mr Johnson and any transferees of his Dateline Shares. The issue

of the Consideration Securities, subject to any escrow restrictions imposed by the ASX, may result in an oversupply of Conto shares to the market, which may result in a fall in Conto's share price.

2.19. We are not aware of any alternative proposals which may provide a greater benefit to the Non-Associated Shareholders of Conto at this time.

2.20. In the absence of any other relevant information and/or a superior offer, for the purposes of Sections 208 and 611 (Item 7) of the Corporations Act 2001 and ASX Listing Rules 10.1 and 10.10.2, we consider that the Proposed Transaction is **Reasonable** for the Non-Associated Shareholders of Conto.

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3. Summary of Proposed Transaction

3.1. On 22 October 2012, Conto announced that it had entered into a conditional binding heads of agreement. Subsequent to the announcement on 25 January 2013 the Company entered into the Agreement, which provides Conto with the right to acquire up to 100% of the Australian registered company Dateline. Dateline holds a 100% beneficial interest in and is the legal owner of 99.9995% of shares of Matai Holdings (Fiji) Limited ("Matai"), a Fijian incorporated company which is the owner of a portfolio of Fijian exploration tenements, which collectively comprise the Udu Project.

Transaction structure and consideration

3.2. Under the terms of the Agreement Conto, Dateline and Mr Mark Johnson (Dateline's sole shareholder) have agreed to enter into a joint venture for the purposes of exploring for minerals at the Udu Project ("Joint Venture"), and pursuant to which Conto has the right to acquire up to a 100% interest in Dateline. The joint venture will commence on the Commencement Date.

3.3. The Agreement sets out that the Company can acquire up to a 100% interest in the issued share capital of Dateline, in three stages subject to the satisfaction of certain exploration expenditure obligations, as summarised below.

Stage 1 – Initial Subscription

3.4. Assuming the conditions set out at paragraph 3.20 are satisfied, the Company will subscribe for an initial 10% interest in the issued share capital of Dateline, by contributing $445,608.81 to Dateline on the Commencement Date. This amount has been calculated based on the total costs of a drilling programme undertaken by Dateline on the Udu Project in the period 1 July 2012 to 31 December 2012 ("Phase 1 Exploration Programme"). The Phase 1 Exploration Programme cost $891,217.61 and has been funded by loans made by Mr Johnson to Dateline ("Phase 1 Loan").

3.5. Under the terms of an agreement between Dateline and Mr Johnson ("Phase 1 Loan Deed"), Dateline has agreed to pay Mr Johnson $445,608.81, being the initial subscription price which is payable by Conto. This will result in the Phase 1 Loan due to Mr Johnson following completion of the Initial Subscription being $445,608.80. Should Conto elect to acquire 100% of Dateline in accordance with the Agreement it will acquire the remaining balance of the Phase 1 Loan. After Conto acquires or is no longer entitled to acquire 100% of Dateline or ceases sole funding of the Udu Project, the Phase 1 Loan will become fully repayable to Mr Johnson or the Company (as relevant) within 30 days of demand. Further details on the Phase 1 Loan and Phase 1 Loan Deed are set out at 2.5 of the Explanatory Statement.

Phase 2 Exploration Period

3.6. Upon completion of the Initial Subscription the Company may subscribe for up to an additional 40% ownership interest in Dateline by electing to sole fund a further $3 million exploration programme on the Udu Project to be undertaken by Dateline in the 2013 calendar year ("Phase 2 Exploration Programme"). The Company and Dateline must endeavour to agree a detailed exploration budget for the Phase 2 Exploration Programme by 28 February 2013 or such later date agreed by the parties.

3.7. In consideration for each of the payments made by Conto during the Phase 2 Exploration Period, Dateline must issue to Conto an amount of shares in Dateline which equates to a further 1% ownership interest in Dateline for every $75,000 paid by the Company to Dateline, until Conto's proportionate interest in

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Dateline reaches 50%. The shares issued to the Company will be ordinary shares until the Company's voting power reaches 40%, and will be non-voting shares in Dateline thereafter.

3.8. Upon completion of the Phase 2 Exploration Period, assuming there have been no other changes in the capital structure of Dateline, Conto will have a 50% ownership interest in Dateline, comprising of 40% voting ownership interest and 10% non-voting ownership interest in Dateline.

3.9. Should Conto not elect to acquire a 100% interest in Dateline, the non-voting shares acquired by Conto during the Phase 2 Exploration Period will convert into voting shares upon the earlier of, Conto's voting power in Dateline being diluted to below 40%, or the date 2 years and 30 days after the end of the Phase 2 Exploration Period.

3.10. Pursuant to an agreement ("Working Capital Loan Deed"), Mr Johnson and Dateline have agreed to the terms of unsecured loans of $810,372.86 previously provided by Mr Johnson to Dateline as working capital ("Working Capital Loan"), which is in addition to amounts provided under the Phase 1 Loan. Under the terms of the Working Capital Deed should Conto elect to acquire 100% of Dateline in accordance with the Agreement, it will acquire the rights to the Working Capital Loan. After Conto acquires or is no longer entitled to acquire 100% of Dateline or ceases sole funding of the Udu Project, the Working Capital Loan will become fully repayable to Mr Johnson or the Company (as relevant) within 30 days of demand. Further details on the Working Capital Loan are set out at 2.5 of the Explanatory Statement.

3.11. If Mark Johnson has lent any working capital to Dateline under the Working Capital Loan Deed in the period 1 January 2013 to the date the Company makes its first payment during the Phase 2 Exploration Period, the contribution will be partly used to repay such amounts to Mr Johnson.

Stage 3 – Acquisition of 100% interest in Dateline

3.12. Provided the Company has not ceased sole funding of the Udu Project, has not breached any material provision of the Agreement and either:

I. An independent expert has confirmed that at least 200,000 tonnes of contained copper (or equivalent) at a grade of greater than 2% copper equivalence has been delineated at the Udu Project according to industry standard calculations (the Contractual Milestone); or

II. In the Company's opinion, another equally commercially valuable resource has been or is likely to be, delineated at the Udu Project,

then Conto may elect at any time from the Commencement Date and no later than 30 January 2014 to acquire the shares currently on issue in Dateline, the Working Capital Loan and the Phase 1 Loan (collectively "the Remaining Johnson Debt"), but it is not obliged to do so.

3.13. The Contractual Milestone is a term of the Agreement and is not based on exploration results or geological interpretation. It is not an exploration target, mineral resource or ore reserve for the purposes of the JORC Code and it is not a production target. The Contractual Milestone is not representative of mineralisation defined at the Udu Project and there can be no guarantee or certainty that such mineralisation will ever be defined or found to exist at the Udu Project.

3.14. The consideration for the acquisition of the remaining shares currently on issue in Dateline and the Remaining Johnson Debt will comprise of the issue of the Consideration Securities, which consists of in total:

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- 30,650,000 new fully paid ordinary Conto shares ("Consideration Shares");
- 500,000 options to acquire Conto shares exercisable at $0.20 each on or before 1 April 2014; and
- 4,000,000 options to acquire Conto shares exercisable at $0.20 each on or before 31 May 2014 ("Consideration Options").

3.15. Mr Johnson is currently Dateline's sole shareholder, as such he will be entitled to receive all the Consideration Securities. However, under the Agreement Mr Johnson has the right to transfer up to 20% of his shares in Dateline to other people on the condition that the transferees agree to be bound by the terms of the Agreement. Mr Johnson currently intends to exercise this right to transfer approximately 18% of his Dateline shares. Resolutions 4 and 5 of the Notice and Explanatory Statement seek shareholder approval to issue the Consideration Shares to persons other than Mr Johnson, who Mr Johnson is currently proposing to transfer approximately 18% of the shares he holds in Dateline to ("Transferees"). Should Conto elect to acquire 100% of Dateline the Transferees would receive their pro rata entitlement to the Consideration Shares which would otherwise have been issued to Mr Johnson. The Transferees shall not be entitled to any of the Consideration Options, with these being issued to Mr Johnson as consideration for the Remaining Johnson Debt.

3.16. In the event that a person or group of affiliated persons obtains voting power in Conto of more than 50% as a result of a takeover bid or a scheme of arrangement Mr Johnson, under the terms of the Agreement has the right to exercise a put option ("Put Option"). Should Mr Johnson exercise the Put Option the Company must acquire the shares currently on issue in Dateline and the Remaining Johnson Debt through the issue of the Consideration Securities.

Bond Loan

3.17. In addition to the Working Capital Loan and Phase 1 Loan Deeds, Dateline and Mr Johnson have entered in to a loan agreement ("Bond Loan Deed") in relation to 305,012 Fijian Dollars ("FJD$") of funding, ("Bond Loan") provided by Mr Johnson to Dateline to support guarantees provided by Matai's financier to the Fijian Mineral Resources Department.

3.18. Under the terms of the Bond Loan, Dateline must repay the Bond Loan as follows:

- FJD$100,000 on 23 March 2013;
- FJD$100,000 on 23 March 2014; and
- The balance of FJD$105,012 on 23 March 2015.

3.19. The Bond Loan is repayable to Mr Johnson on the terms set out above regardless of the ownership interest Conto acquires in Dateline.

Conditions precedent

3.20. The commencement of the Joint Venture is subject to the satisfaction or waiver of the following conditions precedent:

- No material adverse change has occurred with respect to Dateline or the Company.

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- The Company and Mr Johnson not having breached the Agreement on or before the Commencement Date.
- None of the warranties given by the Company or Dateline in the Agreement becoming false, incorrect, misleading or deceptive on or before the Commencement Date.
- None of the following matters occurring in relation to either of Dateline or the Company (as if they were the "target"):

  I. the target converts all or any of its shares into a larger or smaller number of shares;

  II. the target or a Subsidiary resolves to reduce its share capital in any way;

  III. the target or a Subsidiary:

  A. enters into a buy-back agreement; or

  B. resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;

  IV. the target or a Subsidiary issues shares (other than in the case of the Company, on exercise of existing Options or the Consideration Options), or grants an option over its shares, or agrees to make such an issue or grant such an option;

  V. the target or a Subsidiary issues, or agrees to issue, convertible notes;

  VI. the target or a Subsidiary disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;

  VII. the target or a Subsidiary grants, or agrees to grant, a security interest in the whole, or a substantial part, of its business or property;

  VIII. the target or a Subsidiary resolves to be wound up;

  IX. a liquidator or provisional liquidator of the target or of a Subsidiary is appointed;

  X. a court makes an order for the winding up of the target or of a Subsidiary;

  XI. an administrator of the target, or of a Subsidiary, is appointed under section 436A, 436B or 436C of the Corporations Act;

  XII. the target or a Subsidiary executes a deed of company arrangement; or

  XIII. a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of the target or of a Subsidiary.

- Resolutions 1, 2 and 3 are passed.
- At all times prior to the Commencement Date, the Company remains admitted to the official list of ASX, its Shares remain quoted by ASX and have not been suspended from trading or the subject of a trading halt for more than 5 days in aggregate during the past 12 months, excluding any suspension imposed by ASX in accordance with ASX Listing Rule 11.3 in connection with the implementation of the Proposed Transaction.

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Board structure of Conto and Dateline post Proposed Transaction

3.21. Upon approval of the Proposed Transaction and shareholder approval of his appointment as set out in Resolution 2 of the Notice, Mr Johnson will be appointed from the Commencement Date as a Director of Conto. Dateline's Board of Directors will comprise of at least 3 and no more than 5 directors. From the Commencement Date Conto will be entitled to appoint 2 Directors to the Board of Dateline, (one of whom will be Mr Mark Johnson) and will retain this right while it is sole funding the Phase 2 Exploration Programme. Refer to sections 2.6 and 2.8 of the Notice for further information.

Impact of the Proposed Transaction on Conto's capital structure

3.22. Should Non-Associated Shareholders approve the Proposed Transaction there will be no impact on the capital structure in the period commencing from the Commencement Date and until such time that Conto elects to acquire 100% of Dateline in accordance with the Agreement.

3.23. The Proposed Transaction will only impact Conto's share structure should they elect to acquire a 100% interest in Dateline and the Remaining Johnson Debt (or the Put Option is exercised). Should Conto make this election or if the Put Option is exercised this would trigger the issue of the Consideration Securities. The impact of the issue of the Consideration Securities on the capital structure of Conto is summarised in the table below.

Conto Shareholding structure pre and post Proposed Transaction	Shares #	Shares %	Options #	Options %	Total securities #	Total securities %
Pre Proposed Transaction						
Non Associated Shareholders	30,650,000	100.0%	4,500,000	100.0%	35,150,000	100.0%
Total securities pre Proposed Transaction	**30,650,000**	**100.0%**	**4,500,000**	**100%**	**35,150,000**	**100.0%**
Post Proposed Transaction						
Non Associated Shareholders	30,650,000	50.0%	4,500,000	50.0%	35,150,000	50.0%
Dateline Shareholders	30,650,000	50.0%	4,500,000	50.0%	35,150,000	50.0%
Total securities post Proposed Transaction	**61,300,000**	**100.0%**	**9,000,000**	**100.0%**	**70,300,000**	**100.0%**

Table 2: Capital structure pre and post the Proposed Transaction assuming issue of Consideration securities *(Source: Explanatory Statement)*

3.24. Should Non-Associated Shareholders approve the Proposed Transaction, their interest in Conto may be diluted from 100% to 50% on an undiluted and, from 100% to 46.58% on a diluted basis (assuming the Consideration Options are exercised and no pre-existing options are exercised), if Conto elect to acquire a 100% interest in Dateline. These calculations are based on the assumption that Conto issues no additional securities, in the period following approval of the Proposed Transaction until, Conto elect or otherwise to complete a 100% acquisition of Dateline.

Rationale for the Proposed Transaction

3.25. As disclosed in the Company's Initial Public Offering ("IPO") prospectus and the Company's 2011 and 2012 Annual Reports, the Company's stated strategy has been to identify and evaluate potential new mineral projects and opportunities in Australia and overseas suitable for acquisition, development or investment/joint venture to build shareholder value. Consistent with this strategy, the Directors of Conto consider that the Proposed Transaction represents an exciting opportunity to acquire, not only a project with exploration potential, but an exploration team which has considerable experience and success in operating in Fiji.

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4. Purpose of this Report

Corporations Act

4.1. Section 606(1) of the Corporations Act ("the Act") prohibits the acquisition of shares of a "relevant interest" in issued voting shares in a public company, if as a result of the acquisition the person's voting power in the company increases from below 20% to more than 20%, or from a starting point between 20% and 90%. In broad terms, a person has a "relevant interest" in shares if that person holds shares or has the power to control the right to vote or dispose of shares. A person's voting power in a company is the number of voting shares in which the person (and its associates) has a relevant interest compared with the total number of voting shares in a company.

4.2. Completion of the Proposed Transaction may, should Conto elect to acquire 100% of Dateline, result in Mr Johnson having a relevant interest in Conto of above 20%. Therefore, the Company will be in breach of Section 606(1) of the Act in the absence of an applicable exception.

4.3. Section 611, Item 7 of the Corporations Act provides an exemption to the rule noted in paragraph 4.1 above. Section 611, Item 7 allows a party (and its associates) to acquire a relevant interest in shares that would otherwise be prohibited under Section 606(1) of the Act if the proposed acquisition is approved in advance by a resolution passed at a general meeting of the Company; and:

i) no votes are cast in favour of the resolution by the proposed acquirers or respective associates; and

ii) there was full disclosure of all information that was known to the persons proposed to make the acquisition or their associates or known to the Company that was material to a decision on how to vote on the resolution.

4.4. Section 611 states that shareholders must be given all information that is material to the decision on how to vote at the meeting. ASIC RG 111 advises the commissioning of an Independent Expert's Report in such circumstances and provides guidance on the content.

4.5. We note that approval of the Non-Associated Shareholders is also sought under Section 208 "Need for member approval for financial benefit" since the subscription by the Company for shares in Dateline and the issue of the Consideration Securities constitute the giving of financial benefits to Dateline, Mr Johnson and Mr King, respectively. Mr Johnson and as such Dateline is a related party of Conto by virtue of the fact that Mr Johnson is a proposed Director of Conto and current 100% shareholder in Dateline. Mr Johnson currently intends to transfer 114,938 Consideration Shares to Mr King (or his nominees) and Mr King is a related party by virtue of being a Director of Conto. Guidance on this is provided by ASIC Regulatory Guide 76 "Related Party Transactions" ("RG 76") and RG 111.

ASX Listing Rules

4.6. ASX Listing Rule 10.1 prohibits a company from acquiring or disposing of a substantial asset to (amongst other persons) a related party or a substantial shareholder or any associates of the aforementioned without the approval of shareholders.

4.7. Notwithstanding the fact that Mr Johnson and Dateline will be related parties of Conto by reason only of the Proposed Transaction and the application of the Act, the ASX has exercised its power under ASX Listing Rule 10.1 to require that the Company obtain an approval pursuant to ASX Listing Rule 10.1 in connection with the issue of the Consideration Securities

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4.8. An asset is a substantial asset if its value or the value of the consideration for it is 5% or more of the equity interests of a company as set out in its latest accounts given to the ASX. The Company had total equity at 31 December 2012 of $3,788,113 as recorded in the financial statements lodged with the ASX. We have valued the equity of Dateline to be in the range of $3.1 million to $5.9 million, and consequently completion of all or part of the Proposed Transaction will be considered an acquisition of a substantial asset from a related party under the ASX Listing Rules.

4.9. Accordingly, the Company is seeking the approval of holders of the Company's ordinary securities whose votes are not to be disregarded (the Non-Associated Shareholders) for the Proposed Transaction in accordance with ASX Listing Rule 10.1.

4.10. Where ASX Listing Rule 10.1 approval is sought, shareholders must be presented with a report on the transaction from an independent expert. The report must state whether the transaction is fair and reasonable to Non-Associated Shareholders.

Basis of Evaluation

4.11. In determining whether the Proposed Transaction is "fair and reasonable" we have given regard to the views expressed by ASIC in RG 111.

4.12. RG 111 provides ASIC's views on how an expert can help security holders make informed decisions about transactions. Specifically it gives guidance to experts on how to evaluate whether or not a proposed transaction is fair and reasonable.

4.13. RG 111 states that the expert report should focus on:

- the issues facing the security holders for whom the report is being prepared; and
- the substance of the transaction rather than the legal mechanism used to achieve it.

4.14. Where an issue of shares by a company otherwise prohibited under section 606 is approved under item 7 of section 611 and the effect on the company's shareholding is comparable to a takeover bid, RG 111 states that the transaction should be analysed as if it was a takeover bid.

4.15. RG 111 applies the "fair and reasonable" test as two distinct criteria in the circumstance of a takeover bid, stating:

- a takeover offer is considered "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer; and
- a takeover offer is considered "reasonable" if it is fair or, where the offer is "not fair", it may still be "reasonable" if the expert believes that there are sufficient reasons for security holders to accept the offer.

4.16. Consistent with the guidelines in RG 111, in determining whether the Proposed Transaction is "fair and reasonable" to the Non-Associated Shareholders, the analysis undertaken is as follows:

- a comparison of the fair value of an ordinary share in Conto prior to and immediately following the Proposed Transaction, being the 'consideration' for Non-Associated Shareholders - fairness; and
- a review of other significant factors which Non-Associated Shareholders might consider prior to approving the Proposed Transaction - reasonableness.

4.17. In particular, in considering the reasonableness we have considered the advantages and disadvantages of the Proposed Transaction in the event that the Proposed Transaction proceeds or does not proceed including:

- the future prospects of the Company if the Proposed Transaction does not proceed; and
- any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

4.18. In assessing the financial benefit being provided to Dateline, Mr Johnson and Mr King for which approval is being sought for the purposes of Section 208 of the Act, we have considered the guidance set out in RG 111 and RG 76. Given the financial benefit is effectively the Proposed Transaction, in our opinion the financial benefit is fair and reasonable to the Non-Associated Shareholders of Conto, if, in our opinion we conclude that the overall Proposed Transaction is fair and reasonable.

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5. Profile of Conto

History

5.1. Conto is an Australian based exploration company established primarily to acquire, explore, evaluate and exploit gold deposits and explore prospective tenements for other minerals. The Company was incorporated on 3 February 2011, and listed on the ASX via an IPO of its securities on 21 June 2011.

Projects

5.2. Conto currently has interests in two exploration projects as follows:

- Option to earn an 80% interest in the Cardinia Bore Project; and
- 100% interest in the Lone Wolf Project.

Cardinia Bore Project

5.3. Prior to listing on the ASX, the Company entered into a farm-in agreement with Sammy Resources Pty Ltd, a wholly owned subsidiary of, ASX listed explorer, Cazaly Resources Ltd, to acquire up to an 80% interest in the Cardinia Bore Project.

5.4. The Cardinia Bore Project is located approximately 28km north east of Leonora in the Goldfields-Esperance region of Western Australia and consists of 9 tenements covering 1,309 hectares (8 of which have expired and are the subject of renewal applications, the outcome of which is still pending). The region has a long history of gold mining and exploration. The region is prospective for gold mineralisation, with several gold anomalies identified in the general area.

5.5. Under the terms of the farm-in agreement, Conto can earn an 80% interest in the project, subject to Conto completing 1,000 metres of reverse circulation exploration drilling on the project tenements within 2 years of Conto listing on the ASX. Thus the drilling must be completed by 20 June 2013. We understand that at the date of this Report Conto has yet to commence any drilling on the Cardinia Bore Project.

Lone Wolf Project

5.6. The Lone Wolf Project lies within the Keith-Kilkenny Tectonic Zone and consists of three prospecting licences covering a total area of approximately 3.2km², located approximately 8km North East of Leonora. Conto actively commenced a comprehensive review of all historical exploration information pertaining to the Lone Wolf Project. Collation and digitising of available historical reports identified a number of significant drill intercepts of gold mineralisation, including drilling intercepts of up to 6m @ 3.35g/t Au.

Board of Directors

5.7. The following individuals currently comprise Conto's Board of Directors:

- Mr Michael Ralston – Non-Executive Chairman
- Mr Robert Jewson – Non-Executive Technical Director
- Mr Jonathan King – Alternate Director
- Mr Francis De Souza – Non-Executive Director

5.8. Should Non-Associated Shareholders approve the Proposed Transaction, it is proposed, subject to shareholder approval, that Dateline's sole shareholder Mr Mark Johnson will be appointed a Director of Conto.

Financial Performance

5.9. The table below sets out a summary of the financial performance of Conto for the period ended 30 June 2011, year ended 30 June 2012 and six months ended 31 December 2012 sourced from the audited financial statements for the year ended 30 June 2012 and the reviewed financial report of Conto for the six months ended 31 December 2012.

Conto Resources Ltd Financial performance	Ref.	Actual Six mths ended 31-Dec-12 $	Actual Year ended 30-Jun-12 $	Actual Period ended 30-Jun-11 $
Interest Income		87,595	188,334	2,625
Expenses				
Directors fees & other benefits	5.12	62,000	113,384	2,667
Share based payments	5.11	-	23,272	427,955
Consulting expenses		140,185	128,097	-
Administration expenses		134,654	65,016	15,106
Compliance & regulatory expenses		32,161	66,070	15,602
Depreciation & Amortisation		1,024	689	-
Total expenses		**370,024**	**396,528**	**461,330**
Net Loss Before Tax	**5.10**	**(282,429)**	**(208,194)**	**(458,705)**

Table 3: Conto Financial Performance ***(Source: 2012 Conto financial report & half year financial report for the six months ended 31 December 2012)***

5.10. In the six months ended 31 December 2012, the Company generated a loss before tax of $282,000 compared to a net loss of $208,000 in the year ended 30 June 2012.

5.11. Share based payments during the period ended 30 June 2011 and period ended 30 June 2012 consisted of options and rights issued to directors.

5.12. Director's fees and other benefits consist of salaries and fees paid to directors.

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Financial Position

5.13. The table below sets out a summary of the financial position of Conto as at 30 June 2011 and 30 June 2012 and 31 December 2012.

Conto Resources Ltd Financial position	Ref	31-Dec-12 Reviewed $	30-Jun-12 Audited $	30-Jun-11 Audited $
ASSETS				
Current assets				
Cash and cash equivalents	5.14	3,554,345	3,849,739	4,093,640
Trade and other receivables		97,842	9,181	35,212
Total current assets		**3,652,187**	**3,858,920**	**4,128,852**
Non-current assets				
Plant & equipment		11,158	3,218	-
Exploration & evaluation expenditure	5.15	185,156	168,780	114,091
Total non-current assets		**196,314**	**171,998**	**114,091**
Total assets		**3,848,501**	**4,030,918**	**4,242,943**
LIABILITIES				
Current liabilities				
Trade and other payables		60,388	10,376	37,479
Total current liabilities		**60,388**	**10,376**	**37,479**
Total liabilities		**60,388**	**10,376**	**37,479**
NET ASSETS	5.14	**3,788,113**	**4,020,542**	**4,205,464**
EQUITY				
Contributed equity		4,308,260	4,236,214	4,236,214
Reserves		429,181	451,227	427,955
Accumulated Losses		(949,328)	(666,899)	(458,705)
Total Equity		**3,788,113**	**4,020,542**	**4,205,464**

Table 4: Financial Position of Conto as at 30 June 2011 and 30 June 2012 *(Source: 2012 Conto Financial Report* half year financial report for the six months ended 31 December 2012)

5.14. Conto disclosed net assets of $3,788,113 as at 31 December 2012 compared to net assets of $4,020,542 as at 30 June 2012. Net assets at 31 December 2012, primarily comprised of cash and cash equivalents of $3,554,345.

5.15. In accordance with its accounting policies Conto has capitalised its exploration and evaluation expenditure.

Capital Structure

5.16. The capital structure of Conto as at the date of this Report is set out below:

Conto capital structure	Number
Ordinary shares on issue	30,650,000
Options (Exercisable at $0.20 on or before 1 April 2014)	500,000
Options (Exercisable at $0.20 on or before 31 May 2014)	4,000,000
Fully diluted number of securities on issue	**35,150,000**

Table 5: Conto capital structure *(Source: ASX announcements)*

5.17. The top 20 shareholders as at 5 December 2012 is summarised in the table below.

	Number	%
HAWTHORN CAPITAL PTY LTD	1,425,000	4.6%
BUZZ CAPITAL PTY LTD	1,068,750	3.5%
BENEFICO PTY LTD	1,000,000	3.3%
BRIJOHN NOMINEES PTY LTD	861,875	2.8%
MR EMANUEL JOSE FERNANDES DIAS	859,610	2.8%
AH SUPER PTY LTD	831,750	2.7%
ABN AMRO CLEARING SYDNEY	707,601	2.3%
BAGA RIVER PTY LTD	475,000	1.5%
MR PAUL ANTHONY GREENWOOD	470,000	1.5%
SAMMY RESOURCES PTY LTD	400,000	1.3%
JAYVEE INVESTMENTS PTY LTD	350,434	1.1%
MR ANDREW COLIN EVERSON	350,000	1.1%
TT NICHOLLS PTY LTD	350,000	1.1%
JAYVEE INVESTMENTS PTY LTD	342,190	1.1%
SOLEQUEST PTY LTD	342,183	1.1%
SOLEQUEST PTY LTD	334,067	1.1%
MR MICHAEL RALSTON &	300,000	1.0%
CHANCERY HOLDINGS PTY LTD	300,000	1.0%
MR BIN LIU	273,667	0.9%
MRS KEMALA DINIATI	260,000	0.8%
Total top 20	**11,302,127**	**36.9%**
Other shareholders	19,347,873	63.1%
Total ordinary shares on issue	**30,650,000**	**100%**

Table 6: Top 20 shareholders as at 5 December 2012 *(Source: Conto share register 5 December 2012)*

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Share price performance

5.18. Conto's daily closing share price and volumes traded are shown in the figure below, for the period since listing on 21 June 2011 to 6 March 2013.

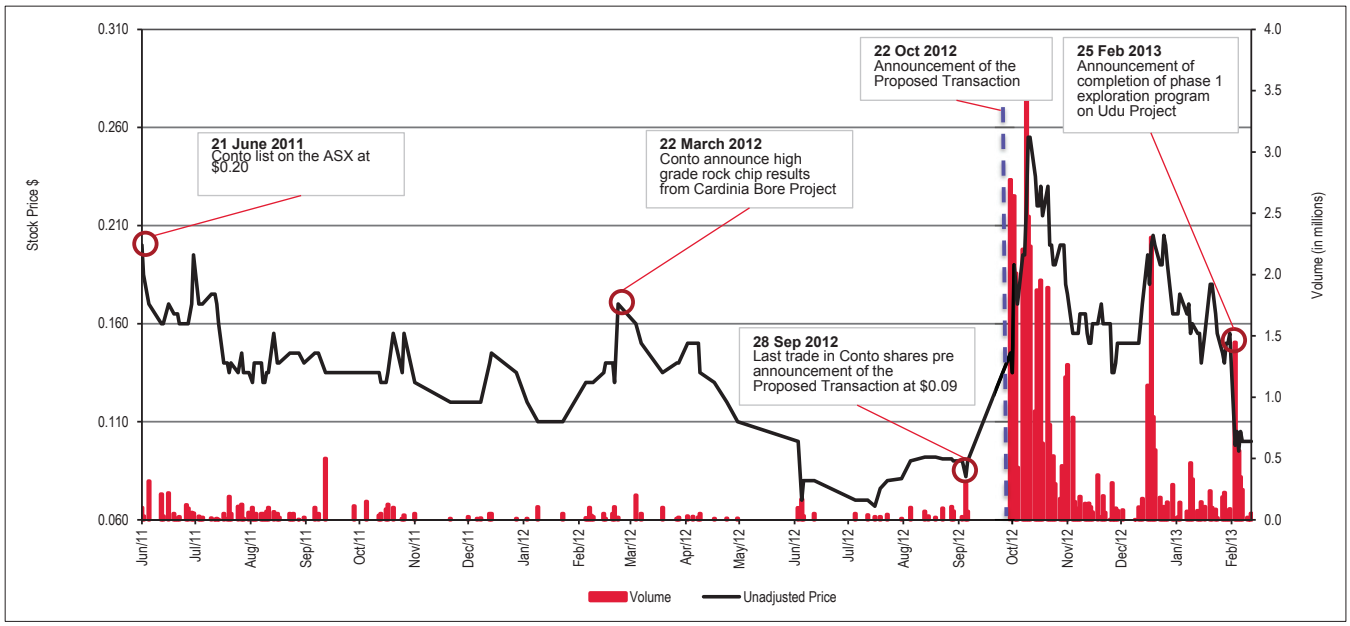


Figure 2: Daily Closing Share Price and Traded Volumes *(Source: S&P Capital IQ)*

5.19. Conto's shares traded between a low of $0.067 on 7 August 2012 and a high of $0.20 on 23 June 2012, in the period since its IPO on 21 June 2011 and the announcement of the Proposed Transaction.

5.20. Conto's share price closed at $0.145 on 22 October 2012, the date of the announcement of the Proposed Transaction, as compared to the last trade prior to the announcement of $0.09 on 28 September 2012.

5.21. Conto's share price continued to rise in the period post the announcement, peaking at $0.255 on 1 and 2 November 2012 but subsequently fell to a then post announcement low of $0.135 on 18 December 2012. After initially rebounding from this post announcement low through the latter half of December 2012 and early January 2013 the share price of Conto gradually declined to close at $0.155 on 22 February 2013.

5.22. On 25 February 2013 Conto announced exploration results relating to the Udu Project. The markets adverse reaction to these exploration results has caused Conto's share price to fall by 36.77% to $0.098 compared to the prior trading days close of $0.155. The volume of Conto shares traded in the period post the announcement is significantly higher than pre the announcement.

5.23. Further information on the price and volume at which the Company's shares have traded pre and post the announcement of the Proposed Transaction is set out in Section 8 and Section 12 of this Report.

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6. Profile of Dateline

History

6.1. Dateline is an unlisted, Australian registered public company which was incorporated on 11 August 2011. On 23 December 2011 Dateline acquired from Mr Mark Johnson a 99.9995% legal and 100% beneficial interest in Matai. Matai was incorporated in Fiji in 1996 as a mineral exploration company, whose key asset is the Udu Project.

Corporate and ownership structure

6.2. The figure below sets out the corporate and ownership structure of Dateline.

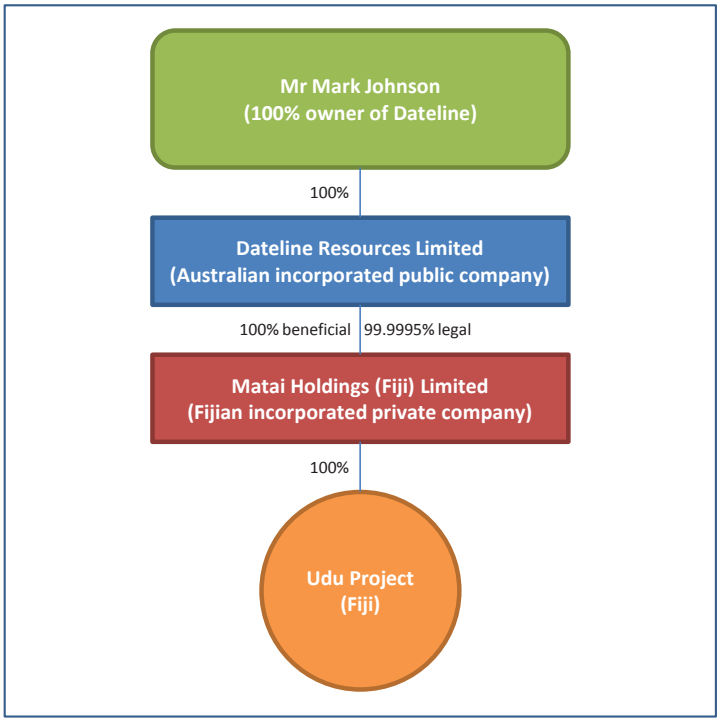


Figure 3: Dateline ownership structure *(Source: Notice)*

6.3. Dateline is wholly owned by Mr Mark Johnson, a Fijian born resident of Australia. Mr Johnson was formerly the Deputy Chairman of Macquarie Bank Ltd and was the second longest serving member of the Macquarie Bank Board. Mr Johnson is a highly experienced corporate adviser having joined Macquarie Bank's predecessor, Hill Samuel, in 1971 as Joint Managing Director with Mr David Clarke.

Overview of the Udu Project

6.4. The Udu Project is located approximately 70km North East of Labasa, the largest town on the island of Vanua Levu, Fiji. Access to the project area is via boat from Labasa. Footpaths and logging tracks exist across the project area.

6.5. The project consists of three special prospecting licences, SPL1387, SPL1396 and SPL1494, the last of which expired on 30 January 2013 and is currently the subject of a renewal application. Matai has spent approximately $4.5 million on exploration and development activities on the Udu Project.

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6.6. The Udu Project has a JORC inferred resource of 4.5 million tonnes at 1.2% copper (Cu), 3.9% zinc (Zn), 29g/t silver (Ag) and 0.3g/t gold (Au).

6.7. Further information of the Udu Project is set out at Appendix 5 and an overview of the global copper and zinc industries and the Fiji Mining Industry is summarised at Appendix 4 of this Report.

Financial position

6.8. The table below sets out a summary of the consolidated financial position of Dateline as at 30 June 2012 sourced from Dateline's audited financial statements.

Dateline Resources Ltd Financial position	Ref:	30-Jun-12 Audited $
ASSETS		
Current assets		
Cash and cash equivalents		39,309
Term deposits		168,835
Trade and other receivables	6.11	61,475
Other current assets		189
Total current assets		**269,808**
Non-current assets		
Property, plant and equipment		8,887
Exploration & evaluation expenditure	6.9 - 6.10	3,370,802
Total non-current assets		**3,379,689**
Total assets		**3,649,497**
LIABILITIES		
Current liabilities		
Trade and other payables	6.12	670,292
Total current liabilities		**670,292**
Total liabilities		**670,292**
NET ASSETS	6.9	**2,979,205**
EQUITY		
Contributed equity		4,100,000
Reserves		(1,643)
Accumulated Losses		(1,119,151)
Shareholders equity interest		2,979,206
Non-controlling equity interest		(1)
Total Equity		**2,979,205**

Table 7: Financial Position of Dateline as at 30 June 2012 ***(Source: 2012 Dateline Financial Report)***

6.9. As at 30 June 2012 Dateline had consolidated net assets of $2,979,205, which were primary made up of exploration and evaluation expenditure of $3,370,802 relating to the Udu Project, offset by shareholder

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loans due to Mr Mark Johnson of $604,088, comprising the Working Capital Loan, Phase 1 Loan and Bond Loan.

6.10. The variance between the book value of exploration expenditure of approximately $3.4 million as at 30 June 2012, recorded in Dateline's financial statements and the $4.5 million spent on the Udu Project by Matai over the period of its ownership referenced in paragraph 6.5 above, relates to historical impairment charges recognised in prior periods.

6.11. Trade and other receivables as at 30 June 2012 of $61,475, comprises of GST receivable of $61,394 and other receivables of $81.

6.12. Trade and other payables of $670,292 as at 30 June 2012, represents, $604,088 the loans due to Mark Johnson, $46,204 of trade and other creditors and $20,000 of accrued liabilities. Dateline's directors have advised that since the 30 June 2012 Mr Johnson has sole funded the working capital requirements of Dateline and the exploration program of the Udu Project via additional loan funds, such that, as at 31 December 2012, the combined balance of amounts due to Mr Johnson had increased to approximately $1,866,000 (see paragraph 9.7 for further details on the amounts due to Mr Johnson).

Financial performance

6.13. The table below sets out a summary of the consolidated financial performance of Dateline in the period since incorporation on 11 August 2011 to 30 June 2012 sourced from Dateline's audited financial statements.

Dateline Resources Ltd Financial performance	Ref	Period 1-Aug 2011 to 30-Jun-12 Audited $
Interest Income		548
Expenses		
Professional fees		128,067
Finance costs		3,635
Aborted IPO costs	6.14	357,265
Other expenses		5,656
Total expenses		**494,623**
Loss for the period		**(494,075)**
Foreign currency translation differences		172
Total comprehensive loss for the period	**6.14**	**(493,903)**

Table 8: Financial Performance of Dateline 11 August 2011 to 30 June 2012 ***(Source: 2012 Dateline Financial Report)***

6.14. In the period 11 August 2011 to 30 June 2012, Dateline generated a total comprehensive loss of $493,903.

6.15. During the period ended 30 June 2012, Dateline commenced the process of an IPO, but this was subsequently withdrawn. Costs of $357,265 were incurred in connection with this process.

7. Valuation Approach

Valuation methodologies

7.1. In assessing the fair value of an ordinary Conto share prior to and immediately following the Proposed Transaction, we have considered a range of valuation methodologies. RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:

- the discounted cash flow ("DCF") method and the estimated realisable value of any surplus assets;
- the application of earnings multiples to the estimated future maintainable earnings or cash flows added to the estimated realisable value of any surplus assets;
- the amount which would be available for distribution on an orderly realisation of assets;
- the quoted price for listed securities; and
- any recent genuine offers received.

7.2. We consider that the valuation methodologies proposed by RG 111 can be split into three valuation methodology categories, as follows.

Market Based Methods

7.3. Market based methods estimate the fair value by considering the market value of a company's securities or the market value of comparable companies. Market based methods include:

- The quoted price for listed securities; and
- Industry specific methods.

7.4. The recent quoted price for listed securities method provides evidence of the fair market value of a company's securities where they are publicly traded in an informed and liquid market.

7.5. Industry specific methods usually involve the use of industry rules of thumb to estimate the fair market value of a company and its securities. Generally rules of thumb provide less persuasive evidence of the fair market value of a company than other market based valuation methods because they may not account for company specific risks and factors.

Income based methods

7.6. Income based methods estimate value by calculating the present value of a company's estimated future stream of earnings or cash flows. Income based methods include:

- Capitalisation of maintainable earnings; and
- Discounted cash flow methods.

7.7. The capitalisation of earnings methodology is generally considered a short form DCF, where an estimation of the Future Maintainable Earnings ("FME") of the business, rather than a stream of cash flows is capitalised based on an appropriate capitalisation multiple. Multiples are derived from the analysis of transactions involving comparable companies and the trading multiples of comparable companies.

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7.8. The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company's cash flows at the end of the forecast period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.

Asset based methods

7.9. Asset based methodologies estimate the fair value of a company'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; and
- net assets on a going concern basis.

7.10. The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. This technique is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.

7.11. The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame.

7.12. The net assets on a going concern method estimates the market values of the net assets of a company but unlike the orderly realisation of assets method it does not take into account realisation costs. Asset based methods are appropriate when companies are not profitable, a significant proportion of the company's assets are liquid, or for asset holding companies.

Selection of Valuation Methodologies

Basis of fairness assessment

7.13. In forming our opinion as to whether we consider the Proposed Transaction to be fair to the Non-Associated Shareholders we have assessed and compared:

- The fair value of Conto and a Conto share pre the Proposed Transaction; and
- The fair value of Conto and a Conto share post the Proposed Transaction.

7.14. This has involved an assessment of the fair value of the equity of:

- Conto pre the Proposed Transaction;
- Dateline; and
- Conto post the Proposed Transaction, consisting of the fair value of Conto pre the Proposed Transaction and its interest in Dateline post the Proposed Transaction.

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7.15. In accordance with the guidance set out in RG 111, our assessment of the fair value of a Conto share pre the Proposed Transaction is on a controlling basis, and on a non-controlling basis post the Proposed Transaction where appropriate.

Valuation of Conto and a Conto share pre the Proposed Transaction

7.16. In assessing the fair value of Conto and a Conto share pre the Proposed Transaction we have chosen to employ the following methodologies:

- Net assets on a going concern – primary basis; and
- Quoted price of listed securities – secondary basis.

7.17. We have selected these methodologies for the following reasons:

- Conto does not generate regular trading income. Therefore there are no historic profits that could be used to represent future earnings. This means that the capitalisation of FME approach is not appropriate;
- Conto has no foreseeable future net cash inflows and therefore we do not consider the application of the DCF methodology to be appropriate in these circumstances;
- Conto is an early stage junior exploration company whose most significant assets are cash and its interest in Australian exploration projects. In our experience the most appropriate method for determining the value of junior early stage exploration companies such as Conto is on the basis of the fair value of their underlying net assets; and
- Conto's securities are listed on the ASX, which provides an indication of the market value where an observable market for the securities exists.

Valuation of Dateline

7.18. In assessing the fair value of Dateline we have utilised the net assets on a going concern methodology. Dateline is an unlisted exploration company and does not currently generate trading revenues and its principal assets are cash and the Udu Project. We consider that the most appropriate valuation methodology for valuing companies of this nature is on the basis of the fair value of their underlying assets.

7.19. We have undertaken an assessment of the fair value of Dateline based on both the current JORC mineral resource of the Udu Project (Current Value of the Udu Project), and also assuming the Contractual Milestone had been achieved (Prospective Value of the Udu Project).

Valuation of Conto and a Conto share post the Proposed Transaction

7.20. To assess the fairness of the Proposed Transaction, we have estimated the theoretical underlying value of Conto and a share in Conto post the Proposed Transaction, based on the combined values of Conto and Conto's potential ownership interest in Dateline.

7.21. The farm in structure of the Proposed Transaction means that Conto's ultimate ownership interest in Dateline could be one of a number of scenarios, with this interest being dependent on the decisions made by Conto throughout the Joint Venture. Furthermore, the issue of the Consideration Securities will occur at the election of Conto (or upon exercise of the Put Option) at a point in the period post the Commencement Date and 30 January 2014, when the value of the Udu Project is likely to be different

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than its current value. Therefore our assessment of the fair value of a Conto share post the Proposed Transaction has been addressed under six different scenarios as set out below:

- **Scenario 1 –** Fair value of Conto and a Conto share on a control basis post the Proposed Transaction, assuming completion of the Initial Subscription taking into account:
  - The value of a 10% interest in Dateline, determined based on the Current Value of the Udu Project; and
  - The expenditure by Conto of $445,608.81 to acquire this interest.
- **Scenario 2 –** Fair value of Conto and a Conto share on a control basis post the Proposed Transaction, assuming completion of the Phase 2 Exploration Period taking into account:
  - The value of a 50% interest in Dateline, with the value of Dateline based on the Current Value of the Udu Project; and
  - The expenditure by Conto of $3,445,608.81 million to acquire this interest, comprising of $445,608.81 payment made under the Initial Subscription and $3 million in payments during the Phase 2 Exploration Period.
- **Scenario 3 -** Fair value of Conto and a Conto share on a control basis post the Proposed Transaction, assuming completion of the Phase 2 Exploration Period taking into account:
  - The value of a 50% interest in Dateline, with the value of Dateline based on the Prospective Value of the Udu Project, which assumes the Contractual Milestone had been achieved; and
  - The expenditure by Conto of $3,445,608.81 to acquire this interest.
- **Scenario 4 –** Fair value of Conto and a Conto share on a non-control basis post the Proposed Transaction, assuming Conto completes the acquisition of a 100% interest in Dateline upon completion of the Phase 2 Exploration Period, taking into account:
  - The value of a 100% interest in Dateline, with the value of Dateline based on the Prospective Value of the Udu Project, assuming the Contractual Milestone had been achieved; and
  - The expenditure by Conto of $3,445,608.81 and the issue of the Consideration Securities, to acquire this interest.
- **Scenario 5 -** Fair value of Conto and a Conto share on a non-control basis post the Proposed Transaction, assuming Conto completes the acquisition of a 100% interest in Dateline upon completion of the Initial Subscription, taking into account:
  - The value of a 100% interest in Dateline, with the value of Dateline based on the Current Value of the Udu Project; and
  - The expenditure by Conto of $445,608.81 made under the Initial Subscription.

- **Scenario 6 -** Fair value of Conto and a Conto share on a non-control minority basis post the Proposed Transaction, assuming Conto completes the acquisition of a 100% interest in Dateline upon completion of the Phase 2 Exploration Period, taking into account:
    - The value of a 100% interest in Dateline, with the value of Dateline based on the Current Value of the Udu Project; and
    - The expenditure by Conto of $3,445,608.81 million to acquire this interest, comprising of $445,608.81 payment made under the Initial Subscription and $3 million in payments during the Phase 2 Exploration Period.

Use of specialists in our valuations

7.22. ASIC Regulatory Guides envisage the use by an independent expert of specialists when valuing specific assets. We determined the need for a specialist's involvement with regard to valuing Conto's interest in the Lone Wolf and Cardinia Bore Projects and the Current Value and Prospective Value of the Udu Project. We have, therefore, engaged Salva Resources to prepare an independent technical report (Salva Resources' Report) providing a valuation of the Lone Wolf and Cardinia Bore Projects and Udu Project under the scenarios outlined above.

7.23. The Salva Resources' Report has been prepared in accordance with the requirements of the VALMIN code. We have satisfied ourselves as to Salva Resource's qualifications and independence from Conto and have placed reliance on their report. A copy of the Salva Resources' Report is attached at Appendix 5.

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8. Valuation of Conto (pre Proposed Transaction)

8.1. As stated at paragraph 7.16 we have assessed the value of Conto pre the Proposed Transaction on a net assets on a going concern basis, and have also considered the recent quoted price of its listed securities.

Net Assets on a Going Concern Basis

8.2. We have assessed the value of Conto to be in the range of approximately $3.6 million to $3.7 million and the value of a Conto share on a control basis to be in the range of $0.117 to $0.12, pre the Proposed Transaction, based on the net assets on a going concern methodology, as summarised in the table below.

Valuation of a Conto share pre Proposed Transaction	Ref:	Low $	High $
Net assets of Conto as at 31 December 2012	8.3	3,788,113	3,788,113
Plus: Fair value of exploration assets	8.5 - 8.8	75,000	180,000
Less: Book value of exploration assets		(185,156)	(185,156)
Less: Estimate of costs associated with the Proposed Transaction	8.9	(100,000)	(100,000)
Fair value of Conto on a control basis		**3,577,957**	**3,682,957**
Number of shares on issue pre the Proposed Transaction	8.10	30,650,000	30,650,000
Fair value of a Conto share on a control basis		**$0.117**	**$0.120**

Table 9: Assessed fair value of Conto share pre Proposed Transaction – Net assets on a going concern basis *(Source: RSMBCC Analysis)*

Key assumptions

Net assets as at 30 June 2012

8.3. Our assessment has been based on the reviewed net assets of Conto as at 31 December 2012 of $3,788,113 as per the Company's reviewed half year financial statements, adjusted for known events and other fair value adjustments which we have identified through discussions with Directors and from a review of the assets and liabilities of the Company as set out these financial statements. We have been advised that there has been no significant change in the net assets of Conto since 31 December 2012.

8.4. We summarise the adjustments we have made to the net assets of Conto in the following paragraphs.

Conto's exploration assets

8.5. We have assessed the fair value of Conto's exploration assets to be in the range of $75,000 to $180,000 as summarised in the table below.

Fair value of Conto's exploration assets	Ref:	Low $	High $
100% interest in the Lone Wolf Project	8.6	52,817	76,820
80% interest in the Cardinia Bore Project	8.6	172,183	253,180
Total assessed value		225,000	330,000
Less: Estimated cost of RC Drilling Program	8.8	(150,000)	(150,000)
Fair value of Conto's Australian exploration assets		**75,000**	**180,000**

Table 10: Assessed value of Conto's interest in its exploration assets *(Source: Salva Resources Report & RSMBCC Analysis)*

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8.6. In assessing the fair value of Conto's exploration assets we engaged independent technical specialists Salva Resources to assess the fair value of a 100% interest in the Lone Wolf and an 80% interest in the Cardinia Bore Project. Salva Resources assessed the fair value of these interests in total, to be in the range of $225,000 to $330,000.

8.7. Salva Resources has valued the Lone Wolf and Cardinia Bore Projects based on the comparable transaction and appraisal value methodologies. The comparable transaction method has involved the fair value of the projects being determined through an appraisal of transactions involving early stage WA gold projects. The appraisal value methodology involves the fair value of a project being determined based on a multiple of the historical exploration expenditure on the project. A copy of the Salva Resources' Report is set out at Appendix 5 of this Report. This provides further detail on the methodologies used and the valuation of Conto's exploration assets.

8.8. As summarised at paragraph 5.5 of this Report Conto currently only has an option to acquire an 80% interest in the Cardinia Bore Project. The terms of the option state that Conto will acquire 80% of the project subject to Conto solely funding and completing a 1,000 metre Reverse Circulation ("RC") drilling programme within two years of listing on the ASX (i.e. by 23 June 2013). This drilling program has yet to commence, thus to assess the fair value of Conto's option over the Cardinia Bore Project, we have deducted $150,000 being management's estimate of the cost of a 1,000 RC drilling program, from Salva Resources assessment of an 80% interest in the project.

Transaction fees

8.9. Conto's Directors have estimated that costs associated with the Proposed Transaction are $100,000, which we understand are payable regardless of whether or not the Proposed Transaction is approved by the Non Associated Shareholders, thus these costs have been deducted in our assessment of the fair value of Conto pre the Proposed Transaction.

Number of shares on issue

8.10. We have assessed the 4,500,000 unlisted options on issue, with an exercise price of 20 cents, to be non-dilutionary as the exercise price is above our assessed value of a Conto share. We have therefore not adjusted for these options in our assessment of the value of a Conto share pre the Proposed Transaction.

Control value

8.11. The net assets on a going concern valuation methodology provides a control value of an entity, therefore the value of a share derived using this methodology represents the control value of a share.

Quoted Price of Listed Securities

8.12. In order to provide a comparison and cross check to our valuation of Conto derived using the Net Assets on a Going Concern methodology we have considered the recent quoted market price for Conto's shares on the ASX prior to the announcement of the Proposed Transaction.

Analysis of recent trading in Conto shares

8.13. The figure below sets out a summary of Conto's closing share price and volume of Conto shares traded in the 90 trading days prior to 17 October 2012, the date Conto's securities went into a trading halt prior to the announcement of the Proposed Transaction, on 22 October 2012. The assessment only reflects

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trading prior to the announcement, in order to avoid the influence of any movement in price that may have occurred as a result of the announcement of the Proposed Transaction.

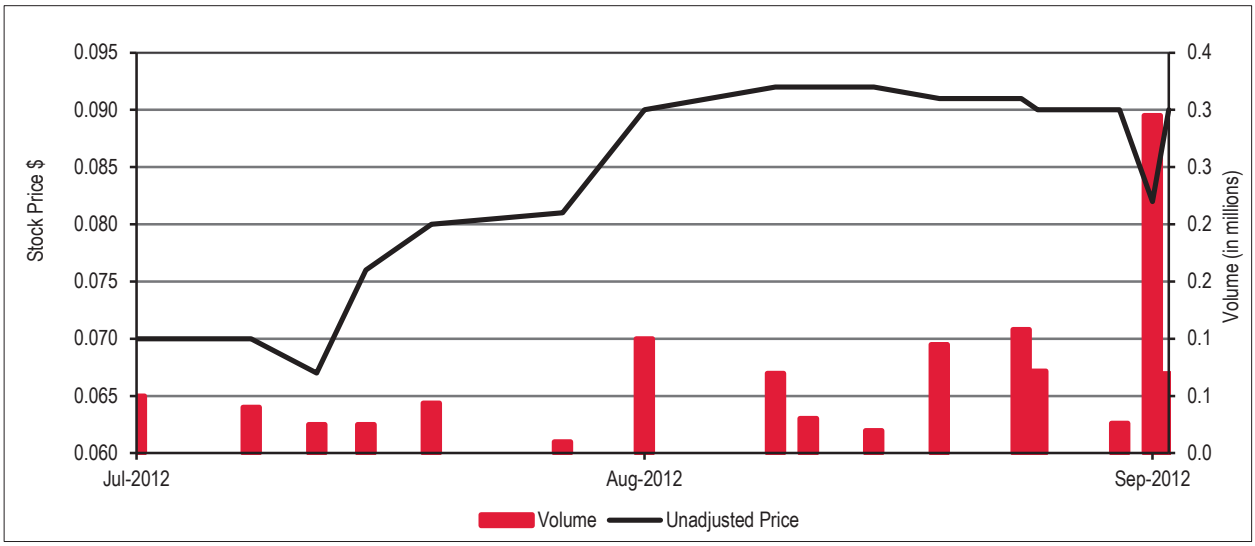


Figure 4: Conto Share Price Volume Graph (*Source: S&P Capital IQ*)

8.14. Over the 90 day trading period pre the announcement of the Proposed Transaction, Conto shares have traded in a range from a low of $0.067 on 7 August 2012 to a high of $0.092 on 4 September 2012.

8.15. To provide further analysis of the quoted market prices for Conto's shares, we have considered the Volume Weighted Average Price ("VWAP") for the 1 day, 5 day, 10 day, 30 day and 60 trading day periods to 17 October 2012, as summarised in the table below.

Trading period	28-Sep-12	30 Day	60 Day	90 Day
Last price	$0.090			
VWAP		$0.087	$0.087	$0.085

Table 11: VWAP of Conto's shares *(Source: S&P Capital IQ)*

8.16. We note that the most recent trade in Conto's shares prior to the announcement of the Proposed Transaction occurred on 28 September 2012, therefore there is no VWAP for Conto's shares for the 1, 5 and 10 day trading periods prior to the date of the trading halt on 17 October 2012.

8.17. An analysis of the volume in trading in Conto's shares for the 90 day trading period to 17 October 2012 is set out in the table below.

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Trading period	High	Low	Number of days traded	Cumulative volume	VWAP	Volume as a % of unrestricted shares on issue
1 Day	N/A	N/A	0	-	N/A	0.00%
30 Day	0.091	$0.082	5	665,280	$0.087	2.72%
60 Day	$0.092	$0.080	11	938,580	$0.087	3.84%
90 Day	$0.092	$0.067	16	1,128,580	$0.085	4.61%
120 Day	$0.110	$0.067	20	1,438,080	$0.084	5.88%
180 Day	$0.150	$0.067	28	1,612,080	$0.090	6.59%

Table 12: Traded volumes of Conto shares to 17 October 2012 ***(Source: S&P Capital IQ)***

8.18. Conto's shares traded on only 5 of the 30 trading days, 16 of 90 trading days and 28 of the 180 trading days ended 17 October 2012. Out of Conto's tradable shares on issue of 24,454,812, 4.61% were traded in the 90 trading day period and 6.59% were traded in the 180 trading day period ended 17 October 2012. We consider this analysis indicates a low level of liquidity in Conto's shares.

Valuation of a Conto share (Quoted price of listed securities methodology)

8.19. Our valuation of a Conto share, on the basis of the recent quoted market price including a premium for control is between $0.092 and $0.104 as summarised in the table.

	Low	High
Quoted market price - Non control minority basis	$0.084	$0.090
Control premium	10%	15%
Quoted market price valuation including a premium for control	**$0.092**	**$0.104**

Table 13: Assessed value of a Conto share – Quoted Price of Listed Securities ***(Source: RSMBCC analysis)***

Key assumptions

Value of a Conto share on a non-control minority basis

8.20. Based on the analysis of the recent trading in Conto's shares (Paragraphs 8.13 - 8.18), we have assessed the value of a Conto share on a minority basis, to be in the range $0.084 (Being the 120 day VWAP) and $0.09 (Being the last traded price prior to the announcement and the 180 day VWAP).

Control Premium

8.21. The value derived at paragraph 8.20 is indicative of the value of a marketable parcel of shares assuming the shareholder does not have control of Conto. RG 111.11 states that when considering the value of a company's shares for the purposes of approval under Item 7 of s611 the expert should consider a premium for control. As a result of the Proposed Transaction Mr Johnson may acquire a relevant interest in the issued share capital of Conto in excess of 20%. Therefore in our assessment of the fair value of a Conto share, we have reflected a premium for control.

8.22. In selecting a control premium we have given consideration to RSM Bird Cameron's 2010 Control Premium Study. The study performed an analysis of control premiums paid over a 5-year period to 30

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June 2010 in 212 successful takeovers and schemes of arrangements of companies listed on the ASX. Our study concluded that on average control premiums in takeovers and schemes of arrangements involving Australian companies was in the range of 20% to 30%. A summary of the findings of our study are summarised in the table below.

	Number of Transactions	2 Days Pre	10 Days Pre	20 Days Pre
All Industries	212	21.9%	25.6%	30.7%
Metals & Mining	55	26.4%	29.9%	33.9%
Energy	23	13.6%	27.8%	32.8%
Pharmaceuticals & biotechnology	10	36.0%	36.0%	37.1%
Real estate	13	10.6%	10.3%	10.3%
Banks and diversified financials	18	14.8%	12.3%	13.3%
Other	93	22.3%	25.9%	33.0%

Table 13: Average Control Premium over five years to 30 June 2010
(Source: RSM Bird Cameron Control Premium Study 2010)

8.23. Our analysis indicated:

- transactions involving companies engaged in the metal & mining and pharmaceutical & biotechnology industries averaged between 26.4% to 37.1%. Our opinion is that control premiums tend to be higher in these industries due to the greater risk, and as such returns available to investors in these sectors; and
- transactions for entities engaged in the real estate and banking and financial industries averaged in the range of 10.3% to 14.8%. Entities in these sectors tend to have a high net tangible asset backing per share relative to their share price and investment in these sectors have traditionally been considered lower risk, hence the lower level of control premiums observed in these sectors.

8.24. We consider that Conto is essentially a listed corporate shell, with its primary assets being its cash and its listed status. The tangible nature of its assets make it more similar in this perspective to a banking or real estate stock. Based on this analysis we have selected applied a control premium of 10% to 15% in valuing an ordinary Conto share pre the Proposed Transaction using the quoted price of listed securities methodology.

Valuation summary and conclusion

8.25. A summary of our assessed values of an ordinary Conto share on a control basis pre the Proposed Transaction, derived under the two methodologies, is set out in the table below.

	Ref.	Low	High
Net assets on a going concern basis	8.2	$0.117	$0.120
Quoted market value	8.19	$0.092	$0.104
Preferred valuation		**$0.117**	**$0.120**

Table 13: Conto share valuation summary pre Proposed Transaction *(Source: RSMBCC analysis)*

8.26. In our opinion we consider that the net assets on a going concern valuation methodology provides a better indicator of the fair value of a Conto share, as we consider, our analysis of the recent trading of Conto's shares indicates that the trading market for Conto's shares is not deep enough to provide an assessment of their fair value. Conto's shares have not historically traded in significant volumes or on a regular basis.

8.27. We note that there is a significant difference between the assessed values of a Conto share derived under the two methodologies. In our opinion this difference is due to the low level of liquidity in Conto's securities. The underlying value of a company is often not accurately reflected in the company's share price if the shares are thinly traded.

8.28. Therefore in our opinion the fair value of a Conto share pre the Proposed Transaction is in the range of $0.117 to $0.120 on a control basis.

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9. Valuation of Dateline

Valuation approach

9.1. We have assessed the value of Dateline using the net assets on a going concern methodology. The only significant asset of Dateline is its 100% beneficial interest in the issued share capital of Matai, which in turns holds a 100% direct interest in the Udu Project.

9.2. Due to the farm in structure of the Proposed Transaction, the quantum of the total consideration and final ownership interest Conto has in Dateline could be one of a number of scenarios, and will vary dependent on the decisions made by Conto throughout the period of the Joint Venture. Furthermore, the issue of the Consideration Securities will occur at the election of Conto at a point in the future, when the value of the Udu Project is likely to be different than its current value. Therefore we have valued the equity of Dateline on the following basis:

- Based on the Current Value of the Udu Project based on the current JORC Inferred Resource delineated at the Udu Project; and
- Based on the Prospective Value of the Udu Project assuming the Contractual Milestone is achieved.

9.3. Under the terms of the Agreement Conto can acquire the shares currently on issue in Dateline regardless of whether the Contractual Milestone is achieved and has no obligation to issue the Consideration Securities, or acquire the shares if the Contractual Milestone is achieved. Whilst we note Conto is under no obligation to acquire the shares currently on issue in Dateline, the rationale for undertaking an analysis of the Prospective Value of the Udu Project assuming the Contractual Milestone is achieved, is as follows:

- The Contractual Milestone is the only economic target specified in the Agreement;
- We understand that Conto and Dateline are aiming to achieve the Contractual Milestone, with the budgeted exploration expenditure during the Phase 2 Exploration Period; and
- Whilst we note that the Contractual Milestone is a term of the Agreement and is not an exploration target, mineral resource or ore reserve for the purposes of the JORC Code and it is not a production target, valuing the Udu Project assuming the Contractual Milestone is achieved is, in our opinion the only reasonable approach as to allow an assessment of the potential value of Dateline, Conto, and the fairness of the Proposed Transaction, should Conto elect to acquire the shares currently on issue in Dateline and issue the Consideration Securities.

Summary of valuation of Dateline

9.4. We have assessed the fair value of Dateline to be in the range of approximately $3.1 million to $5.9 million based on the Current Value of the Udu Project and in the range of $10.8 million to $12 million assuming the Contractual Milestone is achieved, based on the net assets on a going concern methodology, as summarised in the tables below. These valuations have been based on the approach set in paragraphs 9.1 to 9.3 above and the key assumptions set out in paragraphs 9.5 to 9.16 below.

Valuation of 100% of Dateline (Current Value of Udu Project)	Ref:	Low $	High $
Net assets of Dateline as at 30 June 2012	9.5	2,979,205	2,979,205
Less: Mr Johnson loan adjustment	9.7 - 9.10	(816,055)	(816,055)
Plus: Fair value of exploration assets	9.12 - 9.16	4,300,000	7,100,000
Less: Book value of exploration assets	9.11	(3,370,802)	(3,370,802)
Fair value of 100% of Dateline on a control basis		**3,092,348**	**5,892,348**

Valuation of 100% of Dateline (Prospective Value of Udu Project)	Ref:	Low $	High $
Net assets of Dateline as at 30 June 2012	9.5	2,979,205	2,979,205
Less: Mr Johnson loan adjustment	9.7 - 9.10	(816,055)	(816,055)
Plus: Fair value of exploration assets	9.12 - 9.16	12,000,000	13,200,000
Less: Book value of exploration assets	9.11	(3,370,802)	(3,370,802)
Fair value of 100% of Dateline on a control basis		**10,792,348**	**11,992,348**

Table 14: Valuation of Dateline *(Source: RSMBCC analysis)*

Key assumptions

Net Assets as at 30 June 2012

9.5. Our assessment has been based on the audited net assets of Dateline as at 30 June 2012 of $2,979,205 as disclosed in Dateline's audited financial statements, adjusted for known events and other fair value adjustments which we have identified through discussions with Directors and from a review of the assets and liabilities of the company as set out these financial statements. Further details of the assets and liabilities of Dateline as at 30 June 2012 are summarised at Section 6.8 of this Report.

9.6. We have been advised by the Directors that the only material change in the assets and liabilities of Dateline since 30 June 2012 relates to the increase in the loan liabilities due by Dateline to Mr Johnson, which we have adjusted for in our valuation of Dateline as discussed in paragraph 9.7 below.

Loans due to Mr Mark Johnson

9.7. As summarised at paragraph 6.12, at 30 June 2012 Dateline had loans payable to Mr Mark Johnson of approximately $604,088. As at 31 December 2012, loans payable to Mr Johnson had increased to approximately $1,866,000, comprising of the Phase 1 Loan ($891,218), the Working Capital Loan ($810,373) and the Bond Loan ($164,161 (FJD$305,012 converted to $ at a rate of $1:1.858 FJD$)).

9.8. As set out in Section 3 of this Report, the payment of $445,608.81 by Conto to Dateline under the Initial Subscription will be used to repay a portion of the Phase 1 Loan, with the outstanding Phase 1 Loan and Working Capital Loan balances to be acquired by Conto should they elect to acquire a 100% interest in Dateline.

9.9. The Bond Loan will be repayable to Mr Johnson regardless of Conto's ultimate ownership in Dateline on the terms set out in paragraph 3.17 of this Report.

9.10. Therefore in assessing the value of Dateline, we have adjusted its net assets by $816,664, such that our valuation of Dateline reflects the balance of the Phase 1 Loan, Working Capital Loan and Bond Loan upon completion of the Initial Subscription, as summarised in the table below. We have addressed the impact of the repayment terms of these loans in our assessment of the value of Conto post the Proposed Transaction in Section 10 of this Report.

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Johnson Loans	Calculation	$
Phase 1 Loan		891,218
Working Capital Loan		810,373
Bond Loan		164,161
Balance of Loans due to Mr Johnson as at 31 December 2012	A	1,865,752
Less: Book value of loans as at 30 June 2012	B	(604,088)
Less: Repayment following Initial Subscription	C	(445,609)
	D	(1,049,697)
Loan value adjustment	A - D	**816,055**
Loan balance due post Initial Subscription	**A - C**	**1,420,143**

Table 15: Valuation of Dateline *(Source: RSMBCC analysis and Dateline management information)*

Fair value of Udu Project

9.11. In assessing the fair value of Dateline we deducted the book value of the Udu Project included in Dateline's statement of financial position as at 30 June 2012 of $3,370,802 and replaced this with the market value.

9.12. For the purposes of this Report, to assess the value of the mineral exploration assets being acquired as part of the Proposed Transaction, RSMBCC engaged Salva Resources to value, the Udu Project under the scenarios set out at Section 9.2 above, in accordance with the VALMIN Code. A summary of the valuation of the Udu Project undertaken by Salva Resources is set out in the table below.

Fair value of Udu Project	Low $	High $
Current Value of Udu Project present state (100% interest)	4,300,000	7,100,000
Prospective Value of Udu Project assuming Contractual Milestone is achieved	12,000,000	13,200,000

Table 16: Fair value of Udu Project *(Source: Salva Resources Report)*

9.13. The valuation methodologies adopted by Salva Resources to value the Udu Project were the market based comparable transaction approach and the appraised value approach. Further details on the valuation undertaken, and methodologies adopted by Salva Resources is set out in the Salva Resources' Report, which is included in full at Appendix 5.

9.14. The Salva Resources' Report sets out that an Inferred Resource in accordance with the JORC Guidelines of 4.5 Mt at 1.2% Cu, 3.9% Zn, 29g/t Ag and 0.3 g/t Au has been estimated for Udu Project.

9.15. Whilst the Contractual Milestone is not an exploration target, mineral resource or ore reserve for the purposes of the JORC Code and it is not a production target, in Salva Resource's opinion, to achieve the Contractual Milestone, approximately 10.Mt to 11Mt of mineral resource will be required to be delineated at Udu Project, at similar grade and metallurgical characteristics as the current mineral resource of Udu Project. Consequently Salva Resources' assessment of the fair value of the Udu Project assuming the Contractual Milestone is achieved has been formed on the assumption that the Udu Project had a mineral resource of approximately 10.Mt to 11Mt, at similar grade and metallurgical characteristics as the current mineral resource of Udu Project which is summarised above.

9.16. The Non-Associated Shareholders should be aware that the Contractual Milestone is conceptual in nature and further exploration at Udu Project may or may not result in the Contractual Milestone being achieved. Furthermore Salva Resources' valuation of the Udu Project assuming the Contractual Milestone is achieved is based on economic conditions at the date of this Report. Economic conditions at the date Conto elects or otherwise to exercise the Call Option over Dateline or the date the Contractual Milestone is or is not achieved, are likely to be different to those at the date of this Report, and consequently the fair value of the Udu Project at these future dates may be materially different than the Current and Prospective Values of the Udu Project set out in this Report.

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10. Valuation of a Conto Share (post the Proposed Transaction)

Valuation approach

10.1. To assess the fairness of the Proposed Transaction, we have compared our assessment of the fair value of a Conto share pre the Proposed Transaction to our assessment post the Proposed Transaction. Our assessment of the fair value of a Conto share post the Proposed Transaction has been based on our assessment of the value of Conto and Dateline pre the Proposed Transaction, after reflecting:

- the various ownership interests Conto may have in Dateline throughout the Joint Venture;
- the exploration expenditure commitments Conto has to fund in accordance with the Agreement; and
- the impact of the issue of the Consideration Securities.

10.2. As summarised at Section 7.20 of this Report we have assessed the fair value of a Conto share post the Proposed Transaction under the following scenarios:

- **Scenario 1** – Assuming completion of the Initial Subscription based on the Current Value of the Udu Project, at which point Conto will have a 10% interest in Dateline;
- **Scenario 2** – Assuming completion of the Phase 2 Exploration Period based on the Current Value of the Udu Project, at which point Conto will have a 50% interest (40% voting 10% non-voting) in Dateline;
- **Scenario 3** - Assuming completion of the Phase 2 Exploration Period based on the Prospective Value of the Udu Project assuming the Contractual Milestone is achieved, at which point Conto will have a 50% interest (40% voting 10% non-voting) in Dateline;
- **Scenario 4** – Assuming Conto completes the acquisition of a 100% interest in Dateline and the Remaining Johnson Debt upon completion of the Phase 2 Exploration Period, based on the Prospective Value of the Udu Project assuming the Contractual Milestone is achieved.
- **Scenario 5** – Assuming Conto elects to acquire a 100% interest in Dateline and the Remaining Johnson Debt and issues the Consideration Securities immediately post the Commencement Date, based on the Current Value of the Udu Project.
- **Scenario 6** – Assuming Conto elects to acquire a 100% interest in Dateline and the Remaining Johnson Debt and issues the Consideration Securities upon completion of the Phase 2 Exploration Period, based on the Current Value of the Udu Project

Summary of valuation of Conto share post the Proposed Transaction

10.3. The tables below summarises RSMBCC's assessment of the fair value of a Conto share post the Proposed Transaction under each of the scenarios considered as part of the Proposed Transaction. This assessment has been based on the approach set out at paragraphs 10.1 to 10.2 above, and the key assumptions set out in paragraphs 10.4 to 10.17 below.

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Valuation of Conto and a Conto share post Proposed Transaction Scenario 1	Ref:	Low $	High $
Valuation of Conto pre the Proposed Transaction	10.4	3,577,957	3,682,957
Plus: fair value of 10% interest in Dateline (Assuming Current Value of Udu Project)	10.5	278,311	530,311
Less: considered paid for Initial Subscription	10.11	(445,609)	(445,609)
Value of Conto on a control basis		**3,410,659**	**3,767,659**
Number of shares on issue upon completion of Initial Subscription	10.16	30,650,000	30,650,000
Value of an Conto share on a control basis		**$0.111**	**$0.123**

Table 17: Assessed value of a Conto share post the Proposed Transaction – Scenario 1 ***(Source: RSMBCC Analysis)***

Valuation of Conto and a Conto share post Proposed Transaction Scenario 2	Ref:	Low $	High $
Valuation of Conto pre the Proposed Transaction	10.4	3,577,957	3,682,957
Plus: fair value of 50% interest in Dateline (Assuming Current Value of Udu Project)	10.5	1,468,865	2,798,865
Less: considered paid for Initial Subscription	10.11	(445,609)	(445,609)
Less: exploration expenditure requirements (Phase 2 Exploration Period)	10.11	(3,000,000)	(3,000,000)
Value of Conto on a control basis		**1,601,213**	**3,036,213**
Number of shares on issue post Phase 2 Exploration Period	10.16	30,650,000	30,650,000
Value of an Conto share on a control basis		**$0.052**	**$0.099**

Table 18: Assessed value of a Conto share post the Proposed Transaction – Scenario 2 (Source: RSMBCC Analysis)

Valuation of Conto and a Conto share post Proposed Transaction Scenario 3	Ref:	Low $	High $
Valuation of Conto pre the Proposed Transaction	10.4	3,577,957	3,682,957
Plus: fair value of 50% interest in Dateline (Assuming Prospective Value of Udu Project)	10.5	5,126,365	5,696,365
Less: considered paid for Initial Subscription	10.11	(445,609)	(445,609)
Less: exploration expenditure requirements (Phase 2 Exploration Period)	10.11	(3,000,000)	(3,000,000)
Value of Conto on a control basis		**5,258,713**	**5,933,713**
Number of shares on issue post Phase 2 Exploration Period	10.16	30,650,000	30,650,000
Value of an Conto share on a control basis		**$0.172**	**$0.194**

Table 19: Assessed value of a Conto share post the Proposed Transaction – Scenario 3 ***(Source: RSMBCC Analysis)***

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Valuation of Conto and a Conto share post Proposed Transaction Scenario 4	Ref:	Low $	High $
Valuation of Conto pre the Proposed Transaction	10.4	3,577,957	3,682,957
Plus: fair value of 100% interest in Dateline (Assuming Prospective Value of Udu Project)	10.5	12,048,330	13,248,330
Less: considered paid for Initial Subscription	10.11	(445,609)	(445,609)
Less: exploration expenditure requirements (Phase 2 Exploration Period)	10.11	(3,000,000)	(3,000,000)
Value of Conto on a control basis		**12,180,678**	**13,485,678**
Number of shares of Conto shares currently on issue	10.16	30,650,000	30,650,000
Number of Conto shares issued upon the acquisition of a 100% interest in Dateline	10.16	30,650,000	30,650,000
Shares on issue post acquisition of 100% of Dateline		61,300,000	61,300,000
Value of an Conto share on a control basis		$0.199	$0.220
Less: Minority discount	10.12	(0.0340)	(0.0510)
Value of a Conto share on a non control basis		**$0.165**	**$0.169**

Table 20: Assessed value of a Conto share post the Proposed Transaction – Scenario 4 ***(Source: RSMBCC Analysis)***

Valuation of Conto and a Conto share post Proposed Transaction Scenario 5	Ref:	Low $	High $
Valuation of Conto pre the Proposed Transaction	10.4	3,577,957	3,682,957
Plus: fair value of 100% interest in Dateline (Assuming Current Value of Udu Project)	10.5	4,348,330	7,148,330
Less: considered paid for Initial Subscription	10.11	(445,609)	(445,609)
Value of Conto on a control basis		**7,480,678**	**10,385,678**
Number of shares of Conto shares currently on issue	10.16	30,650,000	30,650,000
Number of Conto shares issued upon the acquisition of a 100% interest in Dateline	10.16	30,650,000	30,650,000
Shares on issue post acquisition of 100% of Dateline		61,300,000	61,300,000
Value of an Conto share on a control basis		$0.122	$0.169
Less: Minority discount	10.12	(0.0210)	(0.0390)
Value of a Conto share on a non control basis		**$0.101**	**$0.130**

Table 21: Assessed value of a Conto share post the Proposed Transaction – Scenario 5 ***(Source: RSMBCC Analysis)***

Valuation of Conto and a Conto share post Proposed Transaction Scenario 6	Ref:	Low $	High $
Valuation of Conto pre the Proposed Transaction	10.4	3,577,957	3,682,957
Plus: fair value of 100% interest in Dateline (Assuming Prospective Value of Udu Project)	10.5	4,348,330	7,148,330
Less: considered paid for Initial Subscription	10.11	(445,609)	(445,609)
Less: exploration expenditure requirements (Phase 2 Exploration Period)	10.11	(3,000,000)	(3,000,000)
Value of Conto on a control basis		**4,480,678**	**7,385,678**
Number of shares of Conto shares currently on issue	10.16	30,650,000	30,650,000
Number of Conto shares issued upon the acquisition of a 100% interest in Dateline	10.16	30,650,000	30,650,000
Shares on issue post acquisition of 100% of Dateline		61,300,000	61,300,000
Value of an Conto share on a control basis		$0.073	$0.120
Less: Minority discount	10.12	(0.0120)	(0.0280)
Value of a Conto share on a non control basis		**$0.061**	**$0.092**

Table 22: Assessed value of a Conto share post the Proposed Transaction – Scenario 6 ***(Source: RSMBCC Analysis)***

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Key assumptions

Valuation of Conto Pre Proposed Transaction

10.4. We have assessed the value of 100% of Conto on a control basis pre the Proposed Transaction to be in the range of $3,577,957 to $3,682,957 on the net assets on a going concern basis. Further details on this valuation are set out in Section 8.2 of this Report.

Valuation of investment in Dateline

10.5. We have assessed the value Conto's interest in Dateline under each of the scenarios' set out at Section 10.2 of this Report, which are summarised in the table below.

Fair value of Conto's interest in Dateline	Ref:	Low $	High $
Scenario 1 - 10% interest in Dateline (Current Value of Udu Project)			
Pro rata value of 10% interest	10.6	309,235	589,235
Discount for lack of control (10%)	10.7	(30,924)	(58,924)
Fair value of 10% interest (Scenario 1)		**278,311**	**530,311**
Scenario 2 - 50% interest in Dateline (Current Value of Udu Project)			
Pro rata value of 50% interest	10.6	1,546,174	2,946,174
Discount for lack of control (5%)	10.7	(77,309)	(147,309)
Fair value of 50% interest (Scenario 2)		**1,468,865**	**2,798,865**
Scenario 3 - 50% interest in Dateline (Prospective Value of Udu Project)			
Pro rata value of 50% interest	10.6	5,396,174	5,996,174
Discount for lack of control (5%)	10.7	(269,809)	(299,809)
Fair value of 50% interest (Scenario 3)		**5,126,365**	**5,696,365**
Scenario 4 - 100% interest in Dateline (Prospective Value of Udu Project)			
Pro rata value of 100% interest	10.6	10,792,348	11,992,348
Transfer of Remaining Johnson Debt	10.10	1,255,982	1,255,982
Discount for lack of control (0%)	10.7	-	-
Fair value of 100% interest (Scenario 4)		**12,048,330**	**13,248,330**
Scenario 5 & 6 - 100% interest in Dateline (Current Value of Udu Project)			
Pro rata value of 100% interest	10.6	3,092,348	5,892,348
Transfer of Remaining Johnson Debt	10.10	1,255,982	1,255,982
Discount for lack of control (100%)	10.7	-	-
Fair value of 100% interest (Scenario 5 & 6)		**4,348,330**	**7,148,330**

Table 23: Assessed value of a Conto's investment in Dateline– Scenario 1 to 6 ***(Source: RSMBCC Analysis)***

Pro rata value

10.6. We have calculated the value of Conto's interest in Dateline based on the pro rata value of 100% of Dateline pre the Proposed Transaction, which we have assessed to be in the range of $3,092,348 to $5,892,348 based on the Current Value of the Udu Project, and in the range of $10,792,348 to $11,992,348 assuming the Contractual Milestone is achieved. Further information on our valuation of Dateline is set out at Section 9 of this Report.

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Discount for lack of control

10.7. Under valuation scenarios 1, 2 and 3 Conto will be a non-controlling shareholder in Dateline and have a voting interest of either 10% or 40%, with Mr Mark Johnson owning the remaining 90% or 60% of Dateline. Therefore in our assessment of the fair value of Conto's interest in Dateline under these three scenarios we have applied a discount to the pro rata value of its interest in Dateline to reflect its lack of control.

10.8. In our assessment of the discount for lack of control, we have considered the following:

- Under scenario 1 Conto holds a 10% voting interest in Dateline, which will give it neither the ability to block or pass shareholder resolutions. Under scenario 2 and 3 Conto holds a 40% voting interest in Dateline, which will provide it with marginally more control in that it will have the ability to block special resolutions which requires a shareholder to have in excess of a 25% voting interest in the respective company;
- Under the terms of the Agreement a technical committee will be formed with Conto and Dateline each having 2 representatives each on this committee. The technical committee will be responsible for determining the detailed Phase 2 Exploration Programme, agreeing the scope of the exploration programs on the Udu Project and keeping Conto and Mr Johnson informed of Dateline's exploration progress throughout the Joint Venture.
- Throughout the Joint Venture Dateline will have a maximum 5 person Board of Directors, with Conto having the ability to appoint two of these Directors. However, Non-Associated Shareholders should be aware that one of these appointments has to be Mr Johnson, the controlling shareholder of Conto;
- RSM Bird Cameron's control premium study indicated that observed control premiums in the Australian market averaged between of 20% to 30%, implying listed securities in Australia trade at a discount to their control value in the range of 17% to 23%. We note that this study was performed on a portfolio holding, and Conto will have a stake in Dateline that is significantly larger than a portfolio holding. In our opinion, the minority discount will decrease as the level of a shareholder's interest increases, given the increased perceived level of influence a larger shareholding is expected to provide.

10.9. Based on the analysis set out above we have applied a discount for lack of control of 10% in scenario 1 and 5% in scenarios 2 and 3 in assessing the value of Conto's interest in Dateline in these scenarios.

Transfer of Remaining Johnson Debt

10.10. As summarised at Section 9.7 of this report should Conto elect to acquire 100% of Dateline the Remaining Johnson Debt (Phase 1 Loan and Working Capital Loan) will transfer from Mr Johnson to Conto and as such become an intercompany loan. This will result in an increase in the consolidated net assets of Conto. Therefore we have reflected an adjustment in scenarios 4, 5 and 6, which represents the transfer of the Remaining Johnson Debt of $1,255,982 to Conto, calculated as the balance of Phase 1 Loan and Working Capital Loan as at 31 December 2012 ($1,701,591) less the repayment to be made to Mr Johnson of $445,609 following Conto's subscription for an initial 10% interest in Dateline.

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Exploration expenditure

10.11. In our assessment of the value of a Conto share post the Proposed Transaction, we have deducted the consideration payable by Conto of $445,609 as part of the Initial Subscription and the $3,000,000 of exploration expenditure to be contributed by the Company during the Phase 2 Exploration Period. Further information on Conto's expenditure commitments on the Udu Project is set out at Section 3 of this Report.

Discount for lack of control

10.12. Under valuation scenarios 1, 2 and 3 Conto will issue no shares or options to acquire the various ownership interests in Dateline set out under these scenarios. Therefore in assessing the fair value of a Conto share under these scenarios we have not reflected a discount for lack of control as there has been no change in the capital structure of Conto under these scenarios.

10.13. Under Scenarios 4, 5 and 6 we have assumed that Conto elect to issue the Consideration Securities, which will dilute the Non-Associated Shareholders interest in Conto from 100% to 50% on an undiluted basis and up to 46.58% on a fully diluted basis (Assuming the Consideration Options are exercised and no further shares are issued by Conto prior to the issue of Consideration Securities and the pre-existing options in the Company are not exercised). These scenarios are considered to represent control transactions in accordance with RG 111, and as such RSMBCC has assessed the fair value of a Conto share under this scenario on a non-control basis by applying a discount for lack of control.

10.14. In determining the discount for lack control, we have considered the following factors:

- Mr Johnson will be the single largest Conto shareholder by a significant margin, having 40% of the voting power (Assuming Mr Johnson transfers a 20% interest in Dateline to other people as is his right under the Agreement) meaning he will have significant influence over the future operations of Conto; and
- RSM Bird Cameron's control premium study indicated that observed control premiums in the Australian market averaged between of 20% to 30%, implying listed securities in Australia trade at a discount to their control value in the range of 17% to 23%.

10.15. Based on the considerations set out above we have applied a discount for lack of control in the range of 17% to 23% in our assessment of the fair value of a Conto share post the Proposed Transaction under scenarios 4, 5 and 6.

Shares on issue

10.16. Conto will only issue 30,650,000 ordinary shares and 4,500,000 share options, if it acquires a 100% interest in Dateline. Therefore in our assessment of the fair value of a Conto share post the Proposed Transaction we have only reflected a share issue under scenarios 4, 5 and 6.

10.17. In all the scenarios, we have assessed that the 4,500,000 unlisted options on issue and those to be issued as part of the Consideration Securities, with an exercise price of 20 cents to be non-dilutionary as the exercise price is above our assessed value of a Conto share in each scenario. We have therefore not adjusted for these options in our assessment of the fair value of a Conto share in any of our scenario valuations.

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11. Is the Proposed Transaction Fair

11.1. The table below sets out our assessed values of a Conto share prior to and post the Proposed Transaction, under each of the scenarios considered as part of our appraisal of the Proposed Transaction.

Assessment of fairness	Non-Associated Shareholders interest in Conto	Conto interest in Dateline	Ref.	Value per Share Low	Value per Share High
Fair Value of a Conto share pre Proposed Transaction - Control basis	100%	0%	8.28	$0.117	$0.120
Fair value post the Proposed Transaction					
Scenario 1 - Control basis	100%	10%	10.3	$0.111	$0.123
Scenario 2 - Control basis	100%	50%	10.3	$0.052	$0.099
Scenario 3 - Control basis	100%	50%	10.3	$0.172	$0.194
Scenario 4 - Non-Control minority basis	50%	100%	10.3	$0.165	$0.169
Scenario 5 - Non-Control minority basis	50%	100%	10.3	$0.101	$0.130
Scenario 6 - Non-Control minority basis	50%	100%	10.3	$0.061	$0.092

Table 24: Valuation Summary pre and post the Proposed Transaction *(Source: RSMBCC Analysis)*

11.2. The high end of our assessment of the values of a share in Conto, assuming the Proposed Transaction is approved, post the Proposed Transaction, fall above our assessed value of a share in Conto prior to the announcement of the Proposed Transaction, on a controlling basis, for the majority of (4 out of the 6) scenarios considered.

11.3. In accordance with the guidance set out in Australian Securities and Investment Commission Regulatory Guide 111 – Content of Expert Reports ("ASIC RG 111"), and in the absence of any other relevant information, for the purposes of Section 611, Item 7 of the Corporations Act 2001, we consider the Proposed Transaction to be **Fair** to the Non-Associated Shareholders of Conto, on the basis that the majority of the scenarios considered indicate there is an accretion in the value of a Conto share as a result of the Proposed Transaction.

11.4. Set out below is a graphical representation of our fairness assessment.

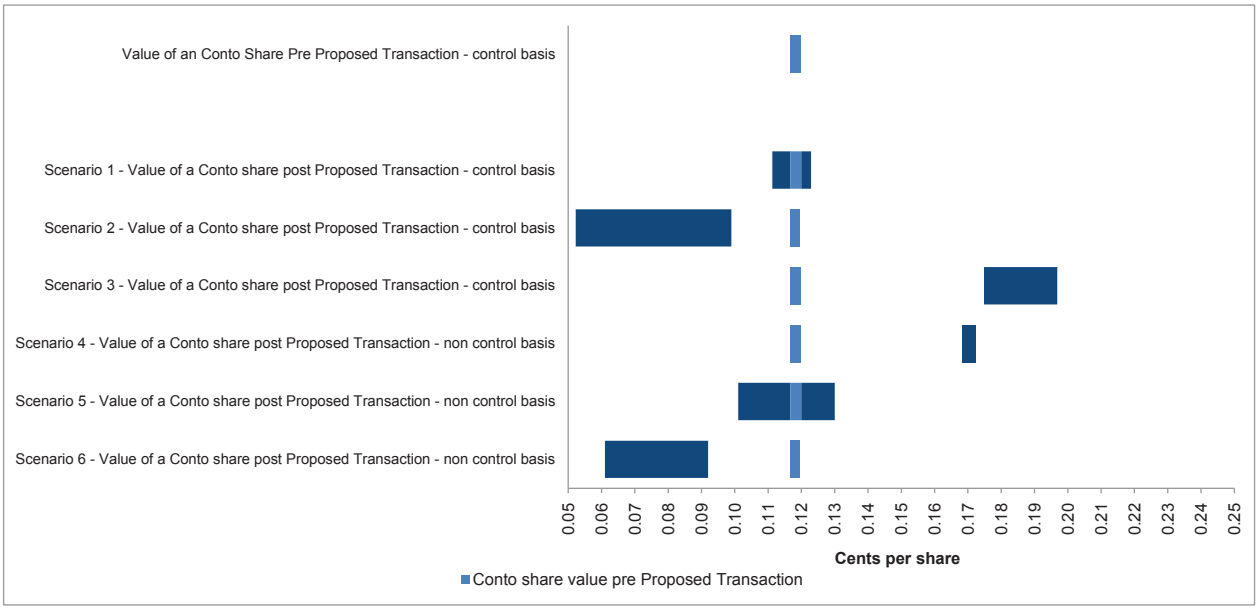


Figure 5: Conto Share Valuation Graphical Representation (*Source: RSMBCC Analysis)*

11.5. Whilst we have concluded that the Proposed Transaction is fair, we note that both our valuation range for scenarios 2 and 6 and the low end of our assessed valuation range of a share in Conto after the Proposed Transaction in scenarios 1 and 5, is below our assessed value of a Conto share prior to the Proposed Transaction on a control basis. However, we note that our valuations derived under scenarios 2 and 6 are based on the Current Value of the Udu Project and reflect no incremental value which may be created by the $3 million of exploration expenditure, which is to be spent and funded by Conto during the Phase 2 Exploration Period.

11.6. Conto's Non-Associated Shareholders will only cede control if Conto completes the acquisition of 100% of Dateline and issues the Consideration Securities, which is contemplated in scenarios 4, 5 and 6. Under this scenario we note that the minimum value of a Conto share, post the Proposed Transaction on a non-control basis, which would be required to ensure the Non-Associated Shareholders are not disadvantaged financially by implementing the Proposed Transaction is $0.117. Assuming all other assumptions used in our valuation remain the same, a value of this level implies that the Udu Project at that stage, after an additional $3 million exploration expenditure has been incurred on appraising and developing the Udu Project, would need to have a minimum value of approximately $8.5 million, which compares to its Current Value, which has been assessed to be in the range of $4.3 million to $7.1 million.

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12. Other Factors taken into Consideration in Forming our Opinion

12.1. As the Proposed Transaction is fair, it is therefore considered to be reasonable in accordance with the guidance provided by the ASIC. However, we have also considered the following:

- The future prospects of Conto if the Proposed Transaction does not proceed; and
- Other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

Stated Intentions of Conto

12.2. As detailed in Section 3 of this Report, Conto's Directors consider that the Proposed Transaction is consistent with its stated investment strategy, and represents the acquisition of a mineral project which may create value for shareholders and assist the Company in the next phase of its growth. The Directors believe that the Udu Project presents an investment opportunity which provides the Company significant potential upside due to the nature of the project, which consists of both advanced and greenfield targets, and the location of the permit zones which although remote, are in an area which is considered to be suitable for mine development.

Future Prospects of Conto if the Proposed Transaction does not proceed

12.3. If the Proposed Transaction is not successful, Conto will continue to actively seek and appraise mineral asset investment opportunities in line with its stated investment strategy, and continue to develop its existing exploration assets, being the Lone Wolf and Cardinia Bore Projects.

12.4. As at 31 December 2012, the Company disclosed a net asset position of circa $3.7 million and cash of circa $3.5 million. Therefore, the Company still has sufficient reserves to enable it to pursue alternative investment opportunities should Non-Associated Shareholders not approve the Proposed Transaction.

Advantages and Disadvantages

12.5. In assessing whether the Non-Associated Shareholders are likely to be better off if the Proposed Transaction proceeds than if it does not, we have compared various advantages and disadvantages that are likely to accrue to the Non-Associated Shareholders.

Advantages

Advantage 1 – Proposed Transaction is Fair

12.6. RG 111 states that a transaction is reasonable if it is fair.

Advantage 2 – Opportunity for Diversity and Growth

12.7. The Proposed Transaction represents an opportunity for the Company to diversify its interests to include copper/zinc exploration and development in a highly prospective region.

Advantage 3 – Enhanced capital raising profile

12.8. The Proposed Transaction provides Conto with access to a mineral project that is at a significantly more advanced stage of development that Conto's current projects, which is likely to enhance the investment

profile of the Company and may enhance the Company's ability to raise further capital.

Advantage 4 – Possible Improvement in Liquidity

12.9. Recent trading in Conto shares has been relatively illiquid, as outlined in paragraph 8.18 of this Report. Completion of the Proposed Transaction may create increased interest in Conto shares which could improve liquidity and enable shareholders to sell their shares efficiently. We note that there has been a significant increase in the liquidity of Conto shares in the period since the announcement to the date of this Report. An analysis of the trading in Conto's shares post the announcement is set out at paragraph 12.16.

Advantage 5 – Strengthening of Conto Board of Directors

12.10. Approval of the Proposed Transaction will, subject to shareholder approval, result in the appointment of Mr Mark Johnson as a Director of Conto. Mr Johnson is a highly experienced corporate advisor and former deputy chairman of Macquarie Bank Ltd. Mr Johnson is also currently Chairman of Alinta Energy and an Independent Director of ASX Listed Westfield Group.

Disadvantages

Disadvantage 1 – Possible dilution of Shareholders' Interests

12.11. Should Conto elect to acquire 100% of Dateline and the Remaining Johnson Debt, Conto's current shareholders' interest will be diluted from 100.0% to 50% on an undiluted basis and up to 46.58% on a diluted basis (assuming the Consideration Options are exercised but no pre-existing options in the Company are exercised). However, the structure of the Proposed Transaction (in that the Consideration Securities are issued at the election of Conto), enables Conto's Directors to assess the value proposition of the issue throughout the life of the Joint Venture.

Disadvantage 2 – Change in nature and scale of the Company's activities

12.12. The Company will be changing the nature and scale of its activities to include copper/zinc exploration activities in Fiji, which may not be consistent with the objectives of all Shareholders.

Disadvantage 3 – Change in Risk Profile

12.13. The risk profile of Conto will change should shareholders approve the Proposed Transaction and Conto will become exposed to the risks associated with operating in Fiji. A summary of the political landscape of Fiji is set out in Appendix 4 of this Report.

Disadvantage 4 – Potential deterrent to a future takeover offer

12.14. Should Conto elect to acquire 100% of Dateline and as such issue the Consideration Securities, Mr Johnson's interest in the issued shares of Conto will be 50% on an undiluted basis and could be up to 53.42% upon exercise of his options (Assuming the Consideration Options are exercised but no pre-existing options in the Company are exercised and regardless of whether Mr Johnson transfers a 20% interest in Dateline to other people as is his right under the Agreement). This could act as a potential deterrent to a future takeover offer of Conto.

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Disadvantage 5 – Potential fall in share price

12.15. Should Conto elect to acquire 100% of Dateline and, as such, issue the Consideration Securities to Mr Johnson, there is a risk, subject to ASX escrow restrictions, that Mr Johnson may elect to exit all or part of his investment in Conto at that point in time. Were Mr Johnson's exit conducted through an on market sale of his Conto shares this could result in an oversupply of Conto shares, which may have a negative impact of the price of Conto's shares.

Response of the Market to the Announcement of the Proposed Transaction

12.16. The figure and table below sets out an analysis of the movement in Conto's share price in the period since the announcement of the Proposed Transaction to 6 March 2013.

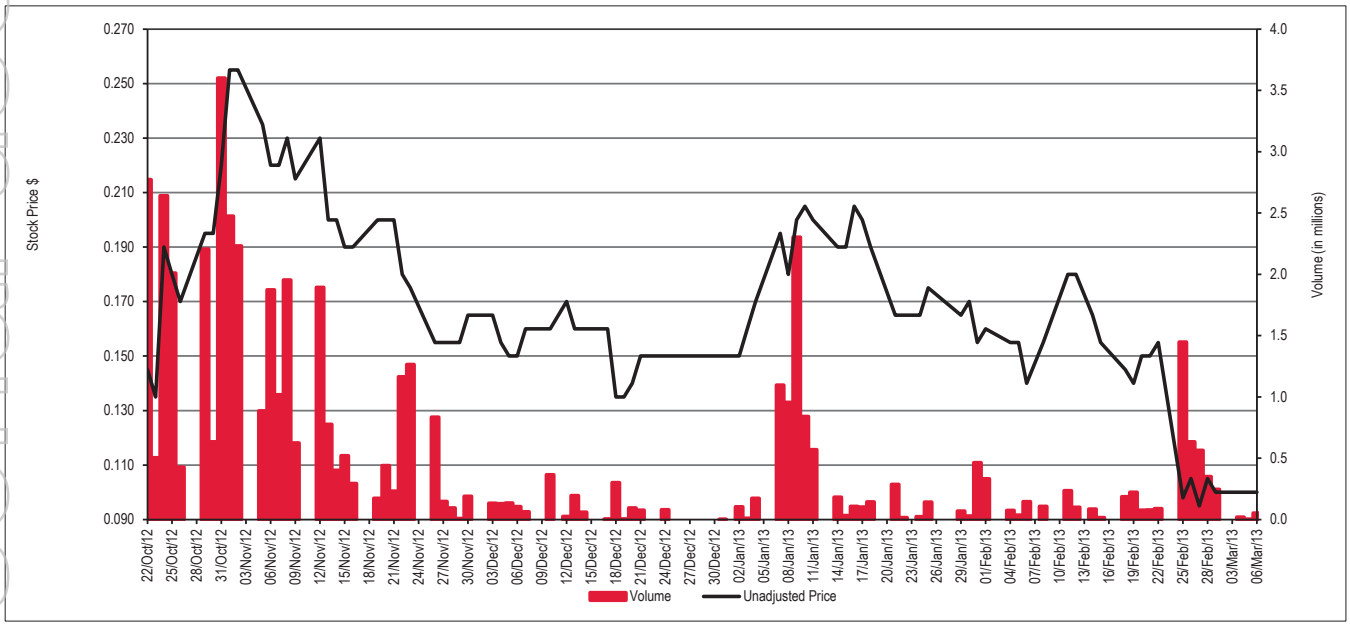


Figure 6: Conto share price volume post announcement of the Proposed Transaction (*Source: S&P Capital IQ*)

12.17. Since the announcement of the Proposed Transaction and up to 22 February 2013 Conto's shares traded in a range of $0.135 to $0.255. There was a steep increase in the share price in the immediate trading days post the announcement, with the share price peaking at $0.255 on 2 November 2012. Subsequently the share price fell to a post announcement low of $0.135 on the 18 December 2012, rebounded to $0.205 on 10 January 2013 and closed at $0.155 on 22 February 2013.

12.18. On 25 February 2013 Conto released an announcement to the ASX which provided information on exploration results relating to the Udu Project. The announcement resulted in Conto's share price closing at $0.098 on 25 February 2013 which represented a fall of 36.77% compared to the closing price on the previous trading day. Subsequent to this announcement the price of Conto's shares has slightly recovered and they closed at $0.10 on 6 March 2013 the last trading day prior to the date of this Report.

12.19. Until the announcement on 25 February 2013 Conto's shares had traded at significantly higher prices that prior to the announcement of the Proposed Transaction, however the closing price on 6 March 2013 $0.10 is only $0.01 or 11.1% higher than the last traded price of Conto's shares pre the announcement the Proposed Transaction of $0.09 on 28 September 2012.

12.20. Despite the recent fall in Conto's share price the announcement of the Proposed Transaction has

significantly increased the liquidity in Conto's shares, with approximately 48.8 million Conto shares being traded in the 88 trading days post the announcement, which represents approximately 200% of the total number of tradable Conto securities on issue. This compares to traded volumes in the 90 days pre the announcement of the Proposed Transaction equal to approximately 4.61% of Conto's tradable securities on issue.

Alternative Proposals

12.21. We are not aware of any alternative investment opportunities which Conto are pursuing, or would pursue if the Proposed Transaction did not proceed, at this time.

Conclusion on Reasonableness

12.22. In the absence of any other relevant information and/or a superior offer, for the purposes of Sections 208 and 611 (Item 7) of the Corporations Act 2001 and ASX Listing Rules 10.1 and 10.10.2, we consider that the Proposed Transaction is **Reasonable** for the Non-Associated Shareholders of Conto.

12.23. As we have concluded that the Proposed Transaction as a whole is fair and reasonable for the Non Associated Shareholders of Conto in accordance with Section 611 (Item 7) of the Act and ASX Listing Rules 10.1 and 10.10.2, in our opinion the financial benefit being provided to Dateline and Mr Johnson for which approval is being sought for the purposes of Section 208 of the Act, is fair and reasonable to the Non-Associated Shareholders of Conto.

12.24. An individual shareholder's decision in relation to the Proposed Transaction may be influenced by his or her individual circumstances. If in doubt, shareholders should consult an independent advisor.

Yours faithfully

RSM BIRD CAMERON CORPORATE PTY LTD

A GILMOUR
Director

G YATES
Director

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RSM Bird Cameron Corporate Pty Ltd

AFS Licence No 255847

APPENDIX 1

Declarations and Disclosures

RSM Bird Cameron Corporate Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Qualifications

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board.

RSM Bird Cameron Corporate Pty Ltd is beneficially owned by the partners of RSM Bird Cameron (RSMBC) a large national firm of chartered accountants and business advisors.

Mr. Andrew Gilmour and Mr Glyn Yates are directors of RSM Bird Cameron Corporate Pty Ltd. Both Mr Gilmour and Mr Yates are Chartered Accountants with extensive experience in the field of corporate valuations and the provision of independent expert's reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This report has been prepared solely for the purpose of assisting the Non-Associated Shareholders of Conto Limited in considering the Proposed Transaction. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the Directors and management of Conto Resources Limited and we have no reason to believe that this information was inaccurate, misleading or incomplete. However, we have not endeavoured to seek any independent confirmation in relation to its accuracy, reliability or completeness. RSM Bird Cameron Corporate Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Bird Cameron Corporate Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

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Disclosure of Interest

At the date of this report, none of RSM Bird Cameron Corporate Pty Ltd, RSMBC, Andrew Gilmour, Glyn Yates, nor any other member, director, partner or employee of RSM Bird Cameron Corporate Pty Ltd and RSMBC has any interest in the outcome of the Proposed Transaction, except that RSM Bird Cameron Corporate Pty Ltd are expected to receive a fee of $30,000 based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of whether Conto Resources Limited receives Shareholder approval for the Proposed Transaction, or otherwise.

Consents

RSM Bird Cameron Corporate Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Explanatory Memorandum to be issued to Shareholders. Other than this report, none of RSM Bird Cameron Corporate Pty Ltd, RSM Bird Cameron Partners or RSMBC has been involved in the preparation of the Notice of General Meeting and Explanatory Statement. Accordingly, we take no responsibility for the content of the Notice of General Meeting and Explanatory Statement as a whole.

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APPENDIX 2

Sources of Information

In preparing this Report we have relied upon the following principal sources of information:

- Drafts and final copies of the Notice of General Meeting for Conto;
- Conto Audited Financial Statements for the period ended 30 June 2011 and year ended 30 June 2012;
- Conto Half Year Financial Statements for the period ended 31 December 2012;
- Dateline Audited Financial Statements for the period ended 30 June 2012;
- Binding Heads Of Agreement relating to Joint Venture;
- ASX announcements of Conto;
- IBIS World database;
- S&P Capital IQ database;
- Salva Resources' Report; and
- Discussions with Directors of Conto.

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APPENDIX 3

Glossary of Terms and Abbreviations

Term or Abbreviation	Definition
$	Australian Dollar
Act	Corporations Act
Agreement	Subscription and Shareholders Agreement between the Company and Mr Johnson and Dateline in respect of the Proposed Transaction dated 25 January 2013
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
Bond Loan	Amounts owed by Dateline to Mr Johnson which amounted FJD$305,012 as at 31 December 2012 and are repayable in accordance with the Bond Loan Deed
Bond Loan Deed	Agreement under which Mr Johnson has agreed to provide funding to Dateline to support guarantees made by Matai's financier to the Fijian Mineral Resource Department
Cardinia Bore Project	Mineral exploration project located approximately 28km north east of Leonora in the Goldfields-Esperance region of Western Australia, consisting of 9 tenements covering 1,309 hectares (8 of which have expired and are the subject of renewal applications, the outcome of which is still pending), over which Conto has an option to acquire an 80% interest
Company	Conto
Conto	Conto Resources Limited
Control basis	As assessment of the fair value on an equity interest, which assumes the holder or holders have control of entity in which the equity is held
Commencement Date	The date which is 5 business days after the date of the General Meeting, which is being held pursuant to the Notice, or such other date agreed between the Company, Mr Johnson and Dateline
Consideration Options	500,000 options to acquire Conto shares exercisable at $0.20 each on or before 1 April 2014, and 4,000,000 options to acquire Conto shares exercisable at $0.20 each on or before 31 May 2014, to be issued to Mr Johnson to acquire the Remaining Johnson Debt
Consideration Shares	30,650,000 new fully paid ordinary Conto shares, to be issued should Conto elect

Term or Abbreviation	Definition
	to acquire 100% of Dateline or should the Put Option be exercised
Consideration Securities	The Consideration Options and Consideration Shares together
Contractual Milestone	The identification of 200,000 tonnes of contained copper (or equivalent) at a grade of greater than 2% determined according to industry standards, at the Udu Project. The Contractual Milestone is a term of the Agreement and is not based on exploration results or geological interpretation. It is not an exploration target, mineral resource or ore reserve for the purposes of the JORC Code and it is not a production target. The Contractual Milestone is not representative of mineralisation defined at the Udu Project and there can be no guarantee or certainty that such mineralisation will ever be defined or found to exist at the Udu Project.
Current Value of Udu Project	Fair value of Udu Project assessed by Salva Resources, in its current state based on its current estimated mineral content,
Dateline	Dateline Resources Limited
Discounted Cash Flow Method (DCF)	A method within the income approach whereby the present value of future expected net cash flows is calculated using a discount rate
Equity	The owner's interest in property after deduction of all liabilities
Fair value	The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction
FJD$	Fijian Dollars
FME	Future Maintainable Earnings
Going Concern	An ongoing operating business enterprise
IER	This Independent Expert Report
IPO	Initial Public Offering, of an entities securities on a recognised stock exchange
IBIS	IBIS World, producer of industry reports
Initial Subscription	The subscription for 4,444,444 shares in Dateline by Conto on the Commencement Date, which equates to a 10% interest in the ordinary shares of Dateline for a total subscription price of $445,608.81 cash
Joint Venture	The joint venture, Conto, Dateline and Dateline's Shareholder have conditionally agreed to enter into, under the terms of the Agreement for the purposes of exploring for minerals at the Udu Project

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Term or Abbreviation	Definition
JORC	Joint Ore Reserves Committee (of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Minerals Council of Australia).
JORC Code	A code developed by the Australian Joint Ore Reserves Committee which sets minimum standards for public reporting of exploration results, Mineral Resources and Ore Reserves.
Lone Wolf Project	Mineral exploration project, consisting of three prospecting licences covering a total area of approximately 3.2km², located approximately 8km North East of Leonora in Western Australia, in which Conto has a 100% interest
Matai	Matai Holdings (Fiji) Limited, a company incorporated in Fiji which owns 100% of the Udu Project
Mr Johnson	Mr Mark Johnson, 100% shareholder in Dateline and proposed director of Conto
Non-Associated Shareholders	Shareholders of Conto not associated with the Proposed Transaction, who are permitted to vote on Resolution 3 as set out in the Notice
Non control minority basis	As assessment of the fair value on an equity interest, which assumes the holder or holders do not have control of entity in which the equity is held
Notice	Notice of General Meeting prepared for a meeting of Conto shareholders in April 2013 to consider the Proposed Transaction
Phase 1 Loan	Amounts owed by Dateline to Mr Johnson which amounted $891,217.61 as at 31 December 2012 and are repayable in accordance with the Phase 1 Loan Deed
Phase 1 Loan Deed	Agreement under which Mr Johnson has agreed to provide funding to Dateline to fund the exploration of the Udu Project up to 31 December 2012
Phase 2 Exploration Period	Calender year 2013
Phase 2 Exploration Programme	Exploration programme to be undertaken on the Udu Project during the Phase 2 Exploration Period, to be sole funded by Conto
Proposed Transaction	The proposed acquisition of up to 100% of the issued share capital of Dateline and the Remaining Johnson Debt by Conto
Prospective Value of Udu Project	Estimate of the fair value of the Udu Project by Salva Resources assuming the Contractual Milestone had been achieved

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Term or Abbreviation	Definition
Put Option	The option granted to Mr Johnson under the Agreement which provides him with the option to sell the shares currently on issue in Dateline and the Remaining Johnson Debt to Conto in exchange for the Consideration Securities, in the event that a person or group of affiliated persons obtains voting power in Conto of more than 50% as a result of a takeover bid or a scheme of arrangement
Remaining Johnson Debt	The remaining balances of the Working Capital Loan and Phase 1 Loan upon completion of the Initial Subscription
Report	This Independent Experts Report prepared by RSMBCC dated 22 January 2013
RG 111	ASIC Regulatory Guide 111 Contents of Expert's Reports
RG 76	ASIC Regulatory Guide 76 Related Party Transactions
RSMBCC	RSM Bird Cameron Corporate Pty Ltd
Salva Resources	Salva Resources Pty Ltd, mineral exploration valuation specialists
Salva Resources Report	Report prepared by Salva Resources included in the IER, setting a valuation of the Cardinia Bore, Lone Wolf and Udu Projects
S&P Capital IQ	Standard and Poors Capital IQ database which provides information on public and private companies
Transferees	Those persons Mr Johnson is proposing to transfer up to 20% of his interest in Dateline to
Udu Project	The Udu polymetallic mineral project, located in Fiji, comprising of three special prospecting licences, SPL1387, SPL1396 and SPL1494, the last of which expired on 30 January 2013 and is currently the subject of a renewal application
VALMIN code	Code for the technical assessment and valuation of mineral and petroleum assets and securities for independent expert reports 2005
VWAP	Volume weighted average share price
Working Capital Loan	Amounts owed by Dateline to Mr Johnson which amounted $810,372.86 as at 31 December 2012 and are repayable in accordance with the Working Capital Loan Deed
Working Capital Loan Deed	Agreement under which Mr Johnson has agreed to provide funding to Dateline to fund their working capital requirements

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APPENDIX 4

Overview of the Global Copper and Zinc Industry and Fiji

Background

The Udu Project is a polymetallic project, located in Fiji and is highly prospective for Zinc and Copper. We set out below a summary of the Global Copper and Zinc industries and an overview of Fiji.

Global Copper Industry

Overview

Copper is commonly discovered in deposits which may contain other base metals such as silver, gold, zinc and lead. Copper is a ductile metal with very high thermal and electrical conductivity, making it ideally suited to a variety of applications in the electrical, construction and manufacturing industries. Despite competition from other materials, copper remains the preferred electrical conductor in nearly all categories of electrical wiring.

Copper resources

There are varying estimates of the level of existing copper reserves available for mining. Research undertaken by the US government body U.S Geological Survey released in January 2012, estimated world reserves of copper were in the region of 690 million metric tons.

Copper production & consumption

Approximately 16 million metric tonnes of copper was mined globally in 2011[1], with Chile the world's largest copper producer, producing over a third of total supply. Other major producers of Copper include Peru, the United States, China and Australia[2].

China is the world's largest consumer of copper, accounting for 40% of global consumption in 2011 which represented approximately 7.9 million tonnes[3].

The Australian Bureau for Energy and Resources Economics ("BREE") estimate global copper mine production will rise by 1.1% in 2012 and a further 5.1% in 2013, with consumption of refined copper to rise by 3% in 2012 and 5% in 2013. The majority of this growth in consumption is forecast to come from the BRIC nations (Brazil, Russia, India and China), with a large part of production increase to be contributed by Africa.

Copper prices

Copper prices are quoted on the London Metals Exchange ("LME"). The global balance between copper ore output and demand plays a key role in setting copper prices. Demand is largely determined by investment levels, particularly in infrastructure. Whilst supply from established mines is relatively insensitive to copper prices, it is a major factor in determining whether and when new mines are committed.

Copper prices (as well as other commodities) are priced in US dollars. Therefore, the revenues of industry participants in Australia are exposed to the volatility in exchange rates, in addition to copper prices.

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1 International Copper Study Group ("ISCG"), press release 23 October 2012.

2 IBISWorld, Copper Ore Mining in Australia, May 2011

3 Australian Government Bureau for Energy and Resources Economics, September 2012 resources and energy quarterly

Set out below are the historical copper prices as quoted on the LME.

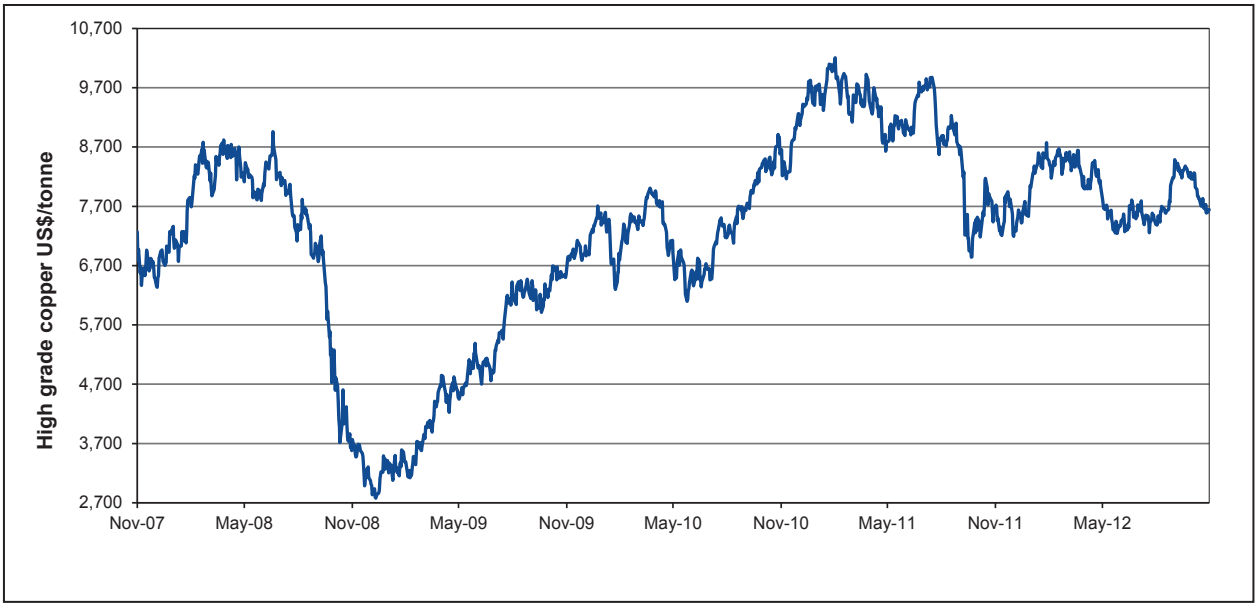


Chart 1: Historical LME Copper Prices *(Source: S&P Capital IQ)*

Strong global growth, in particular in developing countries such as China and India pushed the price of copper to an average price above of US$8,700 per tonne in the latter part of 2007 and early 2008.

Copper prices fell sharply in 2008-09 in response to deteriorating global economic conditions, with the global demand for copper closely linked to economic activity.

Strong economic growth in China and India, together with apparent stockpiling of commodities by Chinese buyers and signs of firmer activity in developed countries, resulted in a sustained increase in copper prices throughout the latter part of 2009 and through 2010, with copper prices exceeding US$9,700 in December 2010. In mid 2011 copper prices fell to less than $7,000 per tonne, largely in response to concerns about the sustainability of Chinese demand, subsequently the copper price has continued to be volatile, trading in a range of between US$6,700 and US$8,700 per tonne.

Outlook for the industry

Firming global growth is expected to underpin solid growth in the demand for copper in the medium term, a depreciation in the valuation of the Australian Dollar and a fairly stable US$ copper price is expected is forecast to result in a compound annual increase in revenue, for Australian producers of 7.5% in the 5 years ending 2017[4].

Global Zinc Industry

Overview

Geologically Zinc is commonly found alongside lead in complex deposits which also often also contain silver and sometime gold or copper. The main market for Zinc is its use in galvanising iron and steel, which accounts for almost half its modern-day demand. Zinc's electropositive nature enables metals to be readily galvanised, which gives added protection against corrosion to building structures, vehicles, machinery and household equipment. Other major uses for Zinc include brass and bronze making and use in the manufacture of other alloys which account for approximately 19% and 14% of global consumption respectively[5].

4 IBISWorld, Copper Ore Mining in Australia, October 2012
5 London Metal Exchange, November 2012, www.lme.com/zinc_industryusage.asp

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Zinc production & consumption[6&7]

As with copper China is the world's largest consumer of Zinc, and is forecast to account for 42% of global consumption in 2012.

Total world consumption of Zinc is forecast to increase by 3% in 2012 relative to 2011, to 13.1 million tonnes, with China being the key driving force, with forecasts indicating the country's consumption will increase by 6% to 5.8 million tonnes.

In 2013 Zinc consumption is forecast to increase by a further 4% to 13.6 million, driven by an improvement in global economic growth. This is expected to result in increased spending on infrastructure projects, which have a high content of galvanised steel and iron.

The majority of the world's Zinc is mined in Asia, with the region accounting for approximately 61% of total production in 2011. The second largest producer of Zinc is Europe which delivered 19% of total production in 2011.

Refined Zinc production is expected to increase by increase by 1% in 2012 to 13.3 million tonnes and a further 1% in 2013 to 13.4 million tonnes. Most of the increase in production is expected to come from China following the scheduled commissioning of an additional 400 000 tonnes of refining capacity in 2011.

Zinc prices

Set out below are the historical Zinc prices as quoted on the LME.

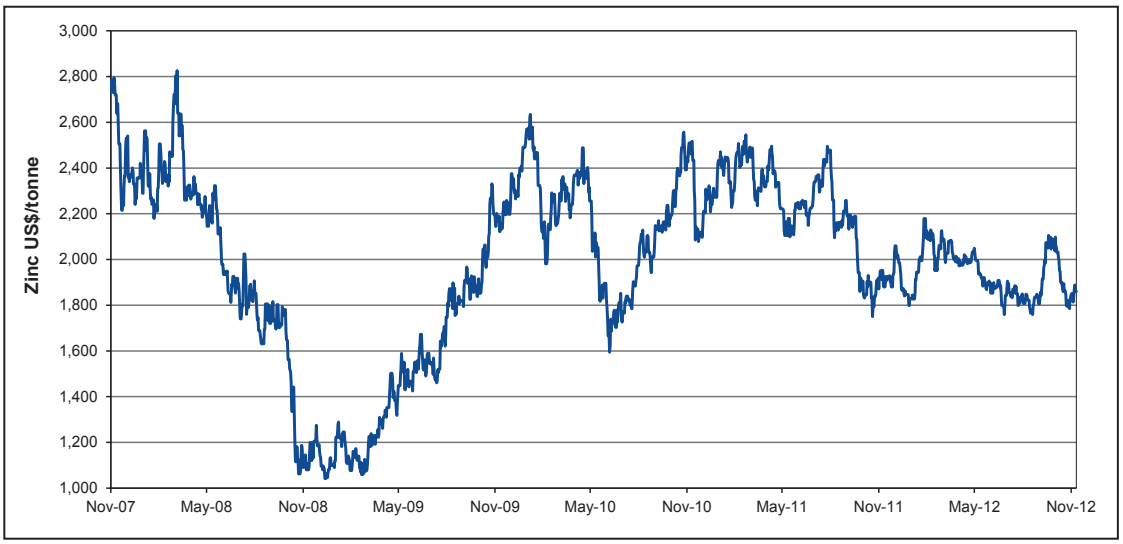


Chart 1: Historical LME Zinc Prices *(Source: S&P Capital IQ)*

Prices for Zinc were heavily impacted by the Global Financial Crises, as a slowdown in construction reduced demand for galvanised Iron and steel and ultimately Zinc, falling from around US$2,800 per tonne in early 2008 to just above $1,000 per tonne in December 2008.

Mirroring the price rises in copper, Zinc prices rebounded strongly throughout 2009 and early 2010 reaching US$2,600 in early 2010, before falling to around US$1,600 in June 2010. Zinc prices recovered throughout the remainder of 2010 before stabilising in 2011, when compared to historical price volatility.

For the whole of 2012 the average zinc price is forecast to decrease by 12 per cent, relative to 2011, to US$1928 a tonne with prices being heavily affected by concerns over European debt and uncertainty over global demand[8].

Outlook for the industry

Overall, global demand for zinc is expected to rise strongly during the next five years, which is forecast to be underpinned by continued demand growth from China but also from other developing countries, such as India, and

[6] BREE Resources and Energy Quarterly Report, September 2012

[7] IBISWorld, Silver, Lead and Zinc Ore Mining in Australia, May 2012

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an increase in demand from Japan due to continued rebuilding in the wake of the March 2011 earthquake and tsunami[9].

Following a contraction in Zinc prices through 2012, Zinc prices are forecast to bounce back strongly in 2013, with BREE forecasting a 5 increase to an average annual price of US$2020 a tonne, which is underpinned by assumed improvements in economic conditions i0n Europe and key emerging economies[8].

About Fiji

Geography and overview

Fiji consists of more than 320 islands, atolls and islets with a total land mass of approximately 18,274 square kilometres in the Southwest Pacific. The two major islands are Viti Levu and Vanua Levu are home to in excess of 85% of the country's 850,000 strong population, and are located approximately 2,000 kilometres north east of New Zealand's north island.

Economy

Fiji is the largest and the most developed of the Pacific Island economies. Major industries include tourism, sugar and gold mining. Key export partners of the country are the US and Australia which accounted for approximately 15.7% and 14.6% of total exports in terms of value in 2010[8].

GDP per capita was estimated to be US$4,600 in 2011, which ranked the country 153 in the world. The structural business environment is generally considered to be sound, with the majority its legal system and many of its commercial statutes being based on Australian, British and New Zealand legislation for precedents and practice[9].

Political status and sovereign risk

Fiji has been an independent county since October 1970 when it ceased being a British colony. Since independence elected government rule has been punctuated by a series of coups. The latest took place in December 2006 when the military led by Commodore Bainimarama, seized executive power from the previously elected regime.

In 2009 the military regime abrogated the country's constitution in 2009, after the Court of Appeals ruled that the military takeover was illegal and recommended fresh elections. Bainimarama has been installed as interim Prime Minister, and rules by decree while the country remains in a state of emergency. Mr Bainimarama has said there will be a new constitution by September 2013 followed by elections in September 2014.

International relations have been strained by continued military rule, with the EU suspending sugar allowances and the US suspending aid. Australia and New Zealand imposed travel sanctions on individuals from the regime but not on broader trade and aid and Fiji was suspended from the Pacific Islands forum and the Commonwealth after the coup. However in July 2012 the Australian and New Zealand governments moved to restore ties with Fiji agreeing to restore high commissioners with the two countries.

Mining industry

Mining is a significant part of Fiji's economy, with gold exports representing the country's second largest export. Gold production is dominated by two mines, the largest being the 100,000 ounces per year Vatukoula Mine, owned by AIM listed Vatukoula Gold Mines Plc[10].

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[8] CIA World Fact Book, Fiji Economy 2012

[9] Euler Hermes, Country Review Fiji, February 2011

[10] MBendi Information services, Mining in Fiji, www.mbendi.com

APPENDIX 5

Salva Resources Pty Ltd Independent Valuations of the Lone Wolf, Cardinia Bore and Udu Projects

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Conto Resources Ltd

Independent Assessment & Mineral Asset Valuation Report

Prepared for

RSM Bird Cameron Corporate Pty Ltd

December 2012

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Key abbreviations

Ag	Silver
Anticline	An anticline is a fold of strata that is convex up and has its oldest beds at its core
ASIC	Australian Securities and Investment Commission
ASX	Australian Securities Exchange
Au	Gold
$	Australian dollars
AusIMM	Australian Institute of Mining and Metallurgy
Company/Conto	Conto Resources Ltd
Cretaceous	Geological period (70 million years to 140 million years ago)
Cu	Copper
DCF	Discounted cash flow
EEM	Exploration expenditure multiples (method of mineral valuation)
Formation	A formation consists of a certain number of rock strata that have a comparable lithology, facies, or other similar properties.
Gangue	The commercially worthless material surrounds, or is closely mixed with, a wanted mineral in a mineral deposit.
Ha	Hectare
JORC	2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
Jurassic	Geological period (140 million years to 200 million years ago)
km	Kilometre(s)
km^2	Square kilometre
M	million
Member	A lithostratigraphic unit of subordinate rank, comprising some specially developed part of a Formation.
Mesozoic	Geological era (70 million years to 250 million years ago)
Mt	millions of tonnes
NPV	Net present value
Project	The Udu Project located in Fiji
RC	Reverse circulation (drilling)
Salva	Salva Resources Pty Ltd
Syncline	A syncline is a fold, with younger layers closer to the centre of the structure
t	Tonne
USD	United States Dollar
VALMIN	2005 Edition of the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
VMS	Volcanogenic massive sulphide mineral deposit
Zn	Zinc

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Executive Summary

RSM Bird Cameron Corporate Pty Ltd (RSMBCC) has engaged Salva Resources Pty Ltd (Salva) to prepare Independent Valuations of the mineral assets of Conto Resources Ltd (Conto or the Company) in Australia and mineral assets of Dateline Resources Ltd (DTL) through its wholly owned subsidiary, Matai Holdings (Fiji) Limited, who is the legal owner of the Udu Project (or the project) in Fiji.

The Udu Project is a hybrid volcanogenic massive sulphide (VMS) style polymetallic project located approximately 70 km North East of Labasa, Vanua Levu, Fiji. The region hosts a number of mineral prospects, and is historically associated with mining of polymetallic mineralisation. Udu project includes the historic Udu polymetallic mine that operated in 1960s & produced 32,435 t of mineralisation containing 5.9% Cu and 6.7% Zn. On the basis of results generated from various exploration programmes, an Inferred Resource in accordance with the JORC Guidelines of 4.5 Mt at 1.2% Cu, 3.9% Zn, 29g/t Ag and 0.3 g/t Au has been estimated for Udu project. These resources have been estimated at cut-off grade of Zn 0.5%. The Company plans to spend $3.45 million to further explore the project to increase Resource estimate.

Conto's mineral assets in Australia consist of the Lone Wolf project (100% equity) and option to acquire 80% interest in Cardinia Bore project. Projects are located near Leonora in Western Australia. These two projects together cover a total area of 16.3 sq. km. Gold has intermittently been mined in the Cardinia Bore district in a series of small pits. A total of approximately 289,995 ounces of gold was produced from Cardinia Bore district. On a local scale, historical production records show a total of 12,637 ounces were extracted from Webster Find mine in the early 1900's. This mine is located approximately 1.5km from the Cardinia Bore project. Conto has recently completed rock chip sampling program in the Cardinia Bore area which confirmed the presence of gold mineralisation within the project area. A subsequent programme has been planned by Conto to define the extent of gold mineralisation.

The Lone Wolf project area has been more thoroughly explored than the nearby Cardinia Bore project area. In line with their exploration program Conto reviewed the historical drilling on the project area and found a number of significant drill intercepts of gold mineralisation, including one intercept of up to 6 metres containing 3.35 grams per tonne gold. An exploration programme similar to Cardinia Bore project is in progress at Lone Wolf Project.

Salva's opinion of the fair market value of Conto's and DTL's mineral assets is summarised in the following table.

Project	Values ($ million)		
	Low	High	Preferred
Udu Project – 100%	4.3	7.1	5.7
Udu Project - 10%	0.43	0.71	0.57
Conto's Mineral Assets	0.23	0.33	0.28

RSMBCC has instructed Salva to value the Udu Project, assuming the following future contractual milestone is achieved:

- 200,000 tonnes of contained copper (or equivalent) at a grade of greater than 2% Copper (determined according to industry standard calculations) has been delineated at the Project.

Salva notes that the future milestone is merely a contractual option for Conto to consider and is conceptual in nature. This future milestone is not to be confused with a mineralisation or production target or a resource estimate. Further exploration at the Udu Project may or may not result in achieving this future contractual milestone.

The contractual milestone is not representative of mineralisation defined at the Udu Project and there can be no guarantee or certainty that such mineralisation will ever be defined or found to exist at the Udu Project. Actual results may differ materially from the future contractual milestone. Forward-looking information is provided as of the date hereof and Salva assumes no responsibility to update or revise it to reflect new events or circumstances.

In Salva's opinion, to achieve the potential future contractual milestone, 10.Mt to 11Mt of mineral resource will be required to be delineated at the Udu Project. This assumes that any future resource has similar grade and metallurgical characteristics as the current mineral resource.

Salva's opinion of the fair market value of DTL's mineral assets at the assumed contractual milestone is shown below:

Valuation of Udu Project at Future Contractual Milestone			
	Low	High	Preferred
Value of Udu Project at Future Contractual Milestone	$12.0 million	$13.2 million	$12.6 million

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1 Introduction

RSM Bird Cameron Corporate Pty Ltd (RSMBCC) has engaged Salva Resources Pty Ltd (Salva) to prepare an Independent Valuations of the mineral assets of Conto Resources Ltd (Conto or the Company) in Australia and mineral assets of Dateline Resources (DTL) who is the holder of Udu Project (or the project) located in Fiji.

Conto Resources Ltd is a publically listed (ASX) company with main assets being the early stage gold exploration tenements in Western Australia. DTL's main asset, through its wholly owned subsidiary Matai Holdings (Fiji) Limited, is the 100% holding in Udu project located on Vanua Levu Island in Fiji.

1.1 Scope

RSMBCC has requested that Salva provides an independent assessment and valuation of the following:

- a valuation of the Conto's exploration assets assuming:
    - A 100% interest in the Lone Wolf project, which is located approximately 8km north-east of Leonora in the North Eastern Goldfields region of Western Australia. The Lone Wolf Project comprises of three (3) prospecting licences, P37/8113, P37/8114 and P37/8187; and
    - An 80% interest in the Cardinia Bore Project which consists of nine prospecting licences, P37/7635, P37/7636, P37/7637, P37/7638, P37/7639, P37/7640, P37/7641, P37/7642 and P37/7654. These cover an area of approximately 1,309 ha and are located approximately 28km north-east of Leonora in the Goldfields region of Western Australia.
- a valuation of DTL's mineral assets under the following three scenarios, assuming:
    - A 10% interest in the Udu Project, which consists of Fiji special prospecting licences 1387, 1396 and 1494, currently based on its current JORC mineral resource; and
    - A 100% interest in the Udu Project, which consists of Fiji special prospecting licences 1387, 1396 and 1494, currently based on its current JORC mineral resource;
    - A 100% interest in the Udu Project at a future contractual milestone (200,000 tonnes of contained copper (or equivalent) at a grade of greater than 2% (determined according to industry standard calculations)). This contractual milestone is not based on exploration results or geological interpretation. It is not an exploration target, mineral resource or ore reserve for the purposes of the JORC Code and it is not a production target. The contractual milestone is not representative of mineralisation defined at the Udu Project and there can be no guarantee or certainty that such mineralisation will ever be defined or found to exist at the Udu Project.

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1.2 Reporting standard

This report is prepared in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Experts ("the VALMIN Code") as issued in 1995 and updated in 2005. For the purposes of this report, value is defined as "fair market value", being the amount for which a mineral asset should change hands between a willing buyer and a willing seller in an arm's length transaction where each party is assumed to have acted knowledgeably, prudently and without compulsion.

1.3 Data sources

This review is based on the information provided by Conto, the technical reports of consultants and previous explorers, as well as other published and unpublished data relevant to the area. Salva has carried out, to a limited extent, its own independent assessment of the quality of the geological data. The status of agreements, royalties or tenement standing pertaining to the assets was, however, not investigated and Salva was not required to do so.

In developing our assumptions for this report, Salva has relied upon information provided by the company and information available in the public domain. Key sources are outlined in this report and all data included in the preparation of this report has been detailed in the references section of this report. Salva has accepted all information supplied to it in good faith as being true, accurate and complete, after having made due enquiry.

1.4 Competent Persons and Experts statement

The information in this report that relates to Exploration Targets and Exploration Results is based on information derived from data and reports provided by the company. This information was compiled by, or under the supervision of Manish Garg (BEng (Hons), Master of Applied Finance, MAusIMM) and Prof Kenneth D Collerson (Ph.D. (Geology), MAusIMM).

Mr Garg and Prof Collerson have sufficient assessment and valuation experience, which is relevant to the activity that they are undertaking to qualify as an Expert as defined in the 2005 Edition of the "Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports" (VALMIN Code).

1.5 Disclaimer and warranty

Salva was commissioned by Conto on a fee-for-service basis according to Salva's schedule of rates. Salva's fee is not contingent on the outcome of its valuation or the success or failure for the transaction for which the report was prepared. None of Salva's consultants or their immediate families involved in the preparation of this valuation report have (or had) a pecuniary or beneficial interest in Conto prior to or during the preparation of this report.

Salva is not qualified to express legal opinion and has not sought any independent legal opinion on the ownership rights and obligations relating to the respective mineral assets under licence or any other fiscal or legal agreements that Conto or DTL may have with any third party in relation to the Udu Project.

A draft version of this report was provided to the directors of Conto for comments in respect of omissions and factual accuracy. As recommended in Section 39 of the VALMIN Code, Conto has

provided Salva with an indemnity under which Salva is to be compensated for any liability and/or any additional work or expenditure, which:

- results from Salva's reliance on information provided by Conto and/or Independent consultants that is materially inaccurate or incomplete, or
- relates to any consequential extension of workload through queries, questions or public hearings arising from this report.

This report may contain or refer to forward-looking information based on current expectations, including, but not limited to timing of mineral resource estimates, future exploration or project development programmes and the impact of these events on the Conto and/or DTL's project. Forward-looking information is subject to significant risks and uncertainties, as actual results may differ materially from forecasted results. Forward-looking information is provided as of the date hereof and Salva assumes no responsibility to update or revise them to reflect new events or circumstances.

The conclusions expressed in this updated valuation report are appropriate as at December 2012. The valuation is only appropriate for this date and may change in time in response to variations in economic, market, legal or political factors, in addition to ongoing exploration results. All monetary values outlined in this report are expressed in Australian dollars ($) unless otherwise stated. Salva services exclude any commentary on the fairness or reasonableness of any consideration in relation to this acquisition.

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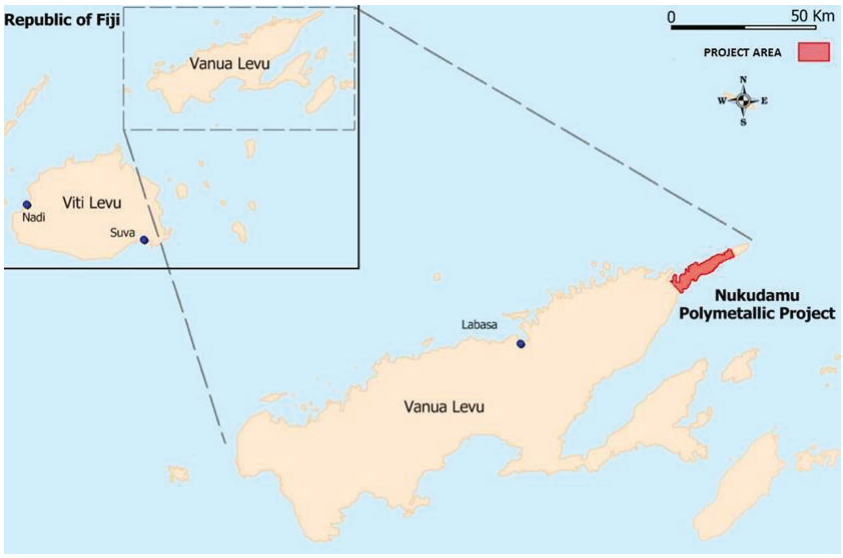
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2 Udu Project, Fiji

2.1 Location, infrastructure, and tenure

The Udu Project, consisting of three contiguous Special Prospecting Licences ("SPLs") is located at a distance of 70 km north east of Labasa, on the Island of the Vanua Levu in Fiji. (Figure 2:1)

Figure 2:1 Project location, Udu Project



Source: Conto Resources, Salva

The project area can be accessed via boat from the town of Labasa and following existing footpaths and logging tracks from the coast. Despite of the remote location of the project, the project is easily accessible as it is located adjacent to passage through the reef that provides access to the open ocean (Figure 2:2).

Figure 2:2 Access to the Udu Project



Source: Conto Resources, Salva

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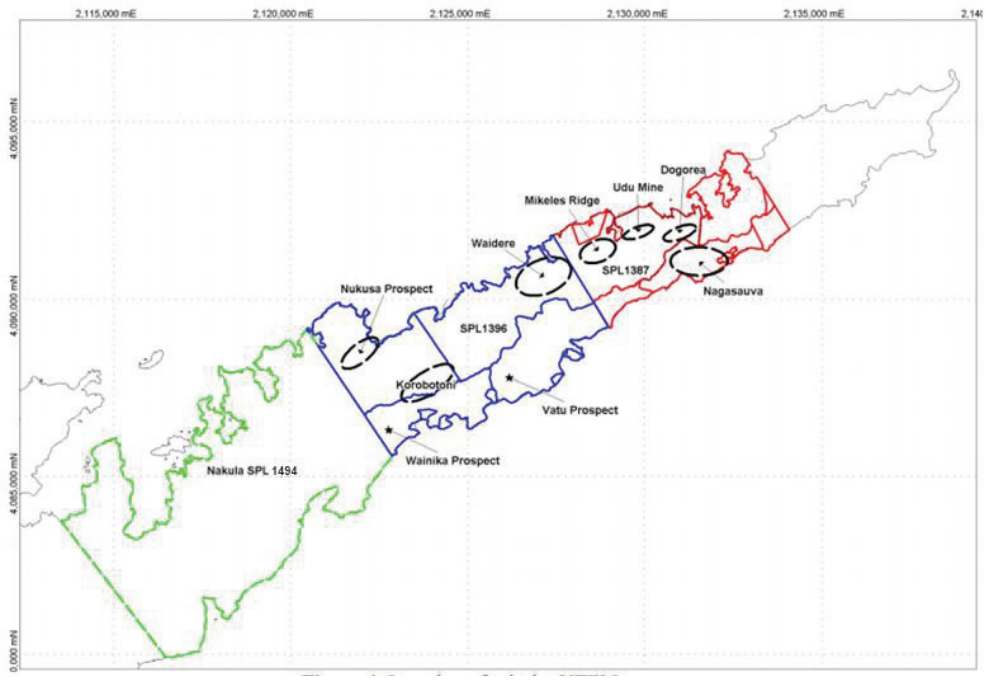
The area of the project enjoys a tropical climate, with a distinct wet and dry season. Rainfall is not uncommon throughout the year, however rainfall tends to peak during the wet season between January and April. There is not much seasonal variation in temperature, with the maximum temperature being around 30˚C.

2.2 Ownership and licences

Matai Holdings (Fiji) Limited ("Matai"), a Fijian incorporated private company is the licence holder for the Udu Project which is situated on the far northeast of Vanua Levu Island in the Republic of Fiji. The project comprises the Udu Copper Mine, which is located on the site of a previously mined open pit base metal mine, and both advanced and greenfield exploration targets in the surrounding SPLs.

Dateline Resources Limited (DRL) has 100% equity in Matai. Matai has spent approximately $4.5 million on exploration and development of the project. Matai has identified several prospects in the project area and targeted its exploration work in order to gain more geological and economical information about these prospects. The location of these prospects within the project area has been indicated in Figure 2:3 below.

Figure 2:3 Udu Project - Key Prospects



Source: Conto Resources

In accordance with Fijian Mining laws, holders of a Special Prospecting Licence (SPL), have unfettered right to progress from prospecting to mining if they have complied with the licence conditions and they have proven that a minable Resource exists. The mining regulation stipulates issuance of an exploration licence for a maximum period of 2 years which can be renewable up to 3 years. Mining Leases and Special Mining Leases can be issued for 5 to 21 years. All leases are renewable at the end of the initial licence period. The period of the renewal mining licence depends on the size of the proven Resource.

Salva has prepared this report upon the understanding that Matai has a 100% interest in the Udu Project (SPL1387, SPL 1396 and SPL1494). These special prospecting licences cover a total land area of approximately 72 km2 (Table 2:1).

Table 2:1 Udu Project Area

Special Prospecting Licence	Area (Ha)
SPL 1387	1,369
SPL 1396	2,500
SPL 1494	3,331
Total	7,200

Source: Conto Resources

Salva has not independently verified the current ownership status and legal standing of the material tenements that are the subject of this Report. Instead, it has relied on legal advice, provided to Conto Resources Limited by third parties (Table 2:2) regarding the status of material tenements underlying the mineral assets involved in the transaction.

Table 2:2 Legal Advice

Name of independent law firm	Jurisdiction covered by legal advice
Howards	Republic of Fiji Islands
Steinepreis Paganin	Australia

This advice confirms that:

- Matai is the named licensee of SPL 1387 (Macuata Province, Vanua Levu), with a right to prospect for precious metals and metalliferous minerals including copper and zinc. SPL 1387 was renewed and extended on 31 January 2012. All fees due for this extension have been paid. The extension term is for a period of 36 months from 23 January 2012 until 22 January 2015. There are no outstanding issues in respect of SPL 1387;

- Matai is the named licensee of SPL 1396 (Macuata Province, Vanua Levu), with a right to prospect for precious metals and metalliferous minerals including copper and zinc. SPL 1396 was renewed and extended on 31 January 2012. All fees due for this extension have been paid. The extension term is for a period of 36 months from 23 January 2012 until 22 January 2015. There are no outstanding issues in respect of SPL 1396; and

- The term of SPL 1494 (Macuata Province, Vanua Levu) was for a period of 12 months from 31 January 2012 to 30 January 2013. Matai has lodged all necessary applications in respect of the renewal of SPL 1494 in Matai's favour, but the outcome of the application is pending.

- The Cardinia Bore Project consists of nine granted prospecting licences, being P37/7635 – P37/7642 and P37/7654 ("Cardinia Bore Tenements"). Eight of the Cardinia Bore Tenements (being P37/7635 – P37/7642) have expired and are the subject of renewal

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applications, the outcome of which is still pending. The Company holds an equitable interest in the Cardinia Bore Tenements under a Farm-in Agreement dated 16 February 2011 with Sammy Resources Pty Ltd, pursuant to which it has the right to earn up to an 80% interest in the Cardinia Bore Tenements. The Cardinia Bore Tenements are currently in good standing in all material respects.

- Conto is the registered holder of three granted prospecting licences comprising the Lone Wolf Project, being P37/8113, P37/8114 and P37/8187 ("Lone Wolf Tenements"). The Lone Wolf Project Tenements are in good standing in all material respects.

Salva having reviewed the findings of the firms set out in Table 2:2 on the status of the material tenements underlying the mineral assets involved in the transaction, Salva is satisfied with the status of the tenements for the purposes of the valuation.

2.3 Geological Setting and Mineralisation

Exploration work completed indicates that the Udu Copper Mine is a hybrid Volcanogenic Massive Sulphide deposit (VMS) system containing both low and high sulphidation styles of mineralisation. Two stages of mineralisation developed in an evolving hydrothermal system in an emergent basin. The project presents a range of exploration targets, from immediate, high priority exploration drill targets, resource extension/infill drilling to grass roots geochemical/geophysical targets.

2.3.1 Stratigraphy

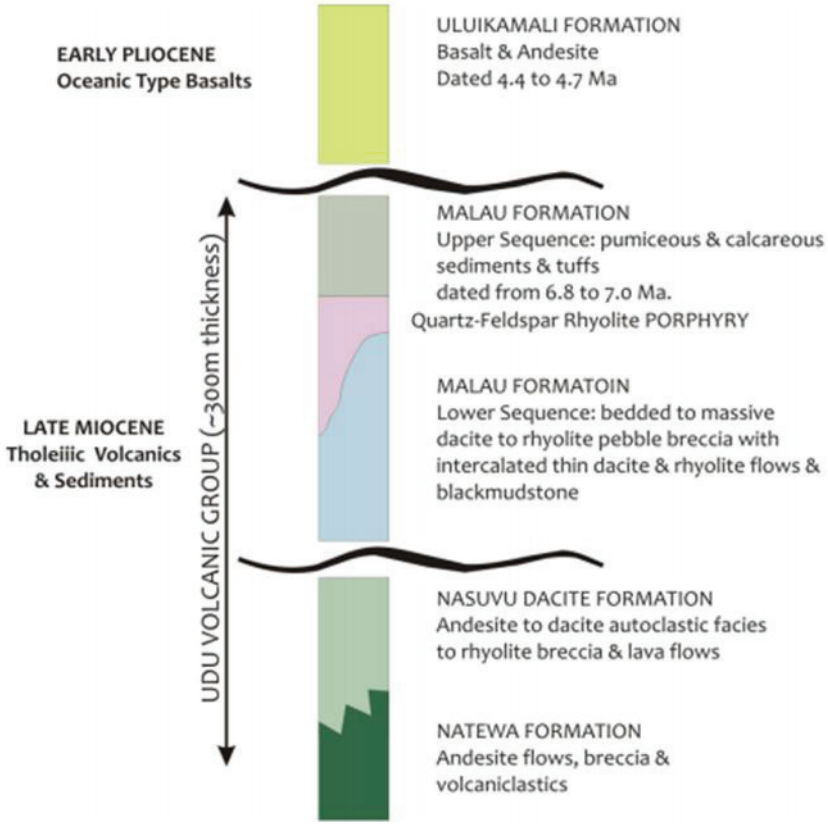
The mineralisation that is hosted in the Udu Volcanic Group occurs in the North Eastern portion of Vanua Levu along the Udu Peninsula. The Udu Volcanic Group is divided into two formations, the Malau Formation (which hosts the Mine) and the Nasavu Dacite Formations (Figure 2:4)

On a regional scale, the stratigraphy of the Udu Volcanic Group has been poorly studied. Work has focused on the Udu Mine area. The only available dating constrains the upper portion of the Udu Volcanic Group to be Late Miocene era. The thickness of the Group is estimated to be 300m.

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Figure 2:4 Regional stratigraphic framework



Source: Conto Resources, Salva

The Udu Volcanic Group is unconformably overlain by Early Pliocene basalt and andesite flows, which outcrop along the coast towards the tip of Udu Point. In the vicinity of the Udu Mine the stratigraphy was established from geological mapping and logging of drill core. The geology is dominated by felsic volcanic rocks and a lesser proportion of intermediate rocks occurring as interdigitate syneruptive and syndepositional facies. This suggests deposition in a tectonically active terrain.

There are five major components (from oldest to youngest);

- Mafic Volcanics – Andesite to dacite dominated mass flow breccias derived from a submarine arc volcano.
- Basin Facies – Quartz/feldspar to feldspar bearing turbidites, ash fall deposits and shallow water or lacustrine cross-bedded sediments which include an evaporites. Physical changes in depositional style of the facies indicate initial development in a submarine basin that became at least partially emerging towards the end of the cycle of deposition. A number of conformable low sulphidation zinc mineralised lenses are hosted in this facies.
- Quartz/Feldspar porphyry - and associated porphyritic breccia facies associated with shallow level intrusion.

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- Dacite dome facies - with breaching of local dacite intrusions resulting in development of a zone of proximal auto breccia.
- Pyroclastic (ignimbrite) eruption events - dominated by pumice with minor intercalated units of ash fall tuff. This unit unconformably overlies all preceding units and signifies the end of the mineralizing system.

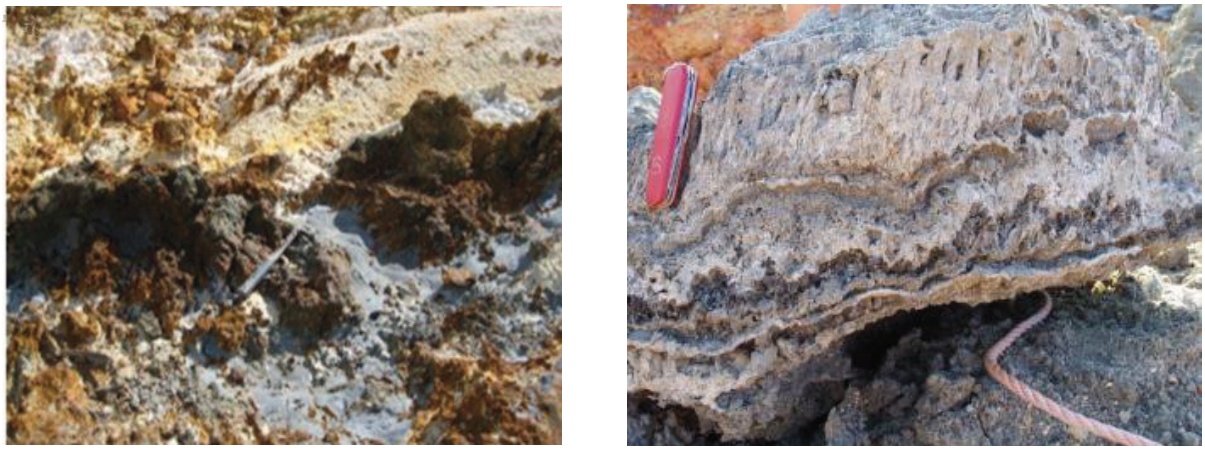
Of key significance to exploration are the following;

- The strata-bound low sulphidation zinc mineralisation is hosted within the basin sediments. This sequence is readily identifiable.
- The ignimbrite unit signifies the end of the mineralising system. This unit is eroded in the mine area, allowing mineralisation to outcrop. The unit tends to blanket the area around the mine so that if additional mineralisation occurs in the area it is unlikely to outcrop.
- The discordant high sulphidation mineralisation is also dominantly hosted within the basin sequence. However some minor mineralisation has been noted within the ignimbrite unit, suggesting either the mineralising system waned in the early stages of ignimbrite deposition, or that later events resulted in some remobilisation of sulphides into structures cutting the ignimbrite.
- Massive, banded crystalline gypsum outcropping in the open pit is not related to mineralisation, rather it is an evaporate horizon, representing a period of uplift and emergence of the basin.
- One drill hole (UDH036) which intersected the lowermost basin unit recognized to date contains abundant zinc rich massive sulphide clasts. These are hosted in a poorly sorted, angular mass flow unit, suggesting a proximal source. The clasts imply potential for additional strata-bound zinc lenses deeper in the basin stratigraphy.

2.3.2 Structure

The structure of the project area is strongly deformed and a large number of faults cut the mineralisation. (Figure 2:5). Sulphide mineralisation hosted is commonly deformed and in some cases, massive pyrite-chalcopyrite lenses are developed within the zone of shearing.

Figure 2:5 Faulting and Shear Plane, Udu deposit



Source: Consulting Report to Matai Holdings Ltd by Derwent Geoscience Pty Ltd, November 2008

Structure across the area is consistent with a trans-tensional setting dominated by a wrench strike-dip fault system that developed under broad North East compression. This is very much consistent with prevailing regional tectonics.

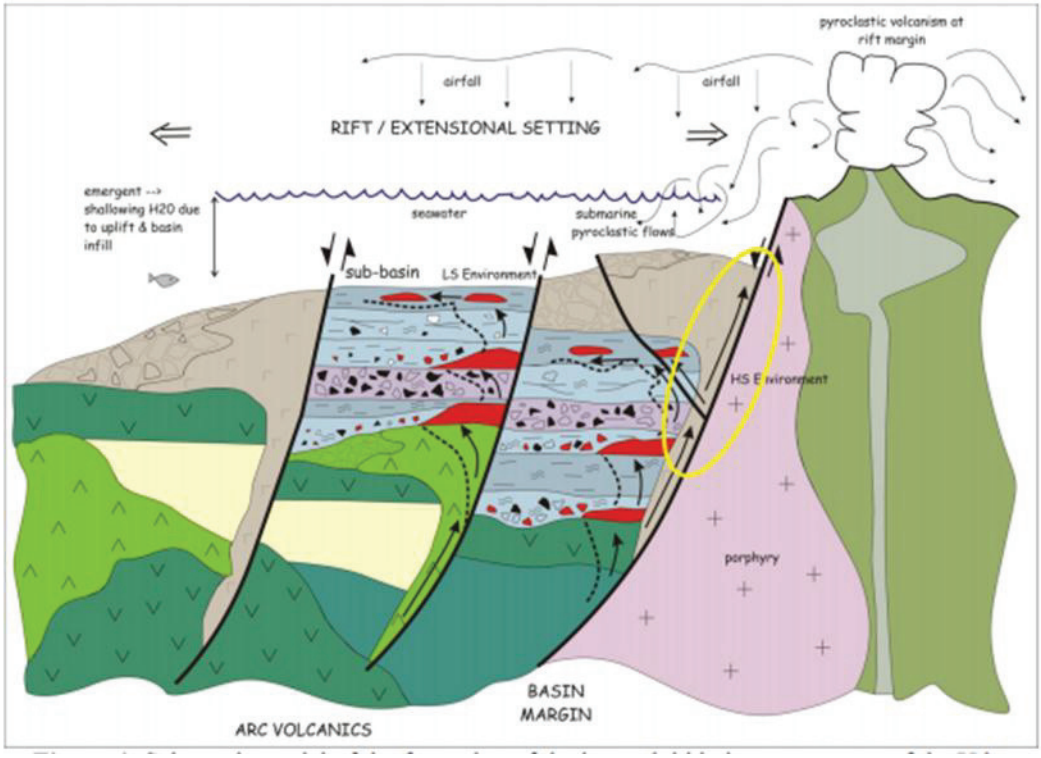
2.3.3 Mineralisation

In the Udu Mine the mineralisation is hosted in a sequence of felsic volcanic dominated sediments that deposited into a basinal environment. They were largely sourced from an adjacent porphyry body that were intruded and unroofed during basin development and erosion.

The two stages of mineralisation in the Udu Minet were formed in an evolving hydrothermal system driven by concurrent volcanic, magnetic and the structural activity within the emergent basin. The two styles of mineralisation, in order of formation, are:

- Zn rich (Cu, Ag, Au), massive sulphides with abundant barite typical of low sulphidation VMS barite- polymetallic sulphide end member (see Figure 2:6). The mineralisation is conformable and is interpreted to be syngeneic. It occurs as a series of lenses that span the deposition of the host basin sequence. It contains low iron sphalerite and crystalline barite. This is consistent with a low temperature sea floor exhalative origin.
- Structurally controlled copper rich massive sulphide that is consistent with high sulphidation VMS (See Figure 2:7) to epithermal mineralisation. The mineralisation generally cross cuts stratigraphy and is hosted in structural dilatational zones. Some associated strata-bound mineralisation interpreted to be the result of fluids leaking into surrounding permeable stratigraphy.

Figure 2:6 Schematic of the low sulphidation formation



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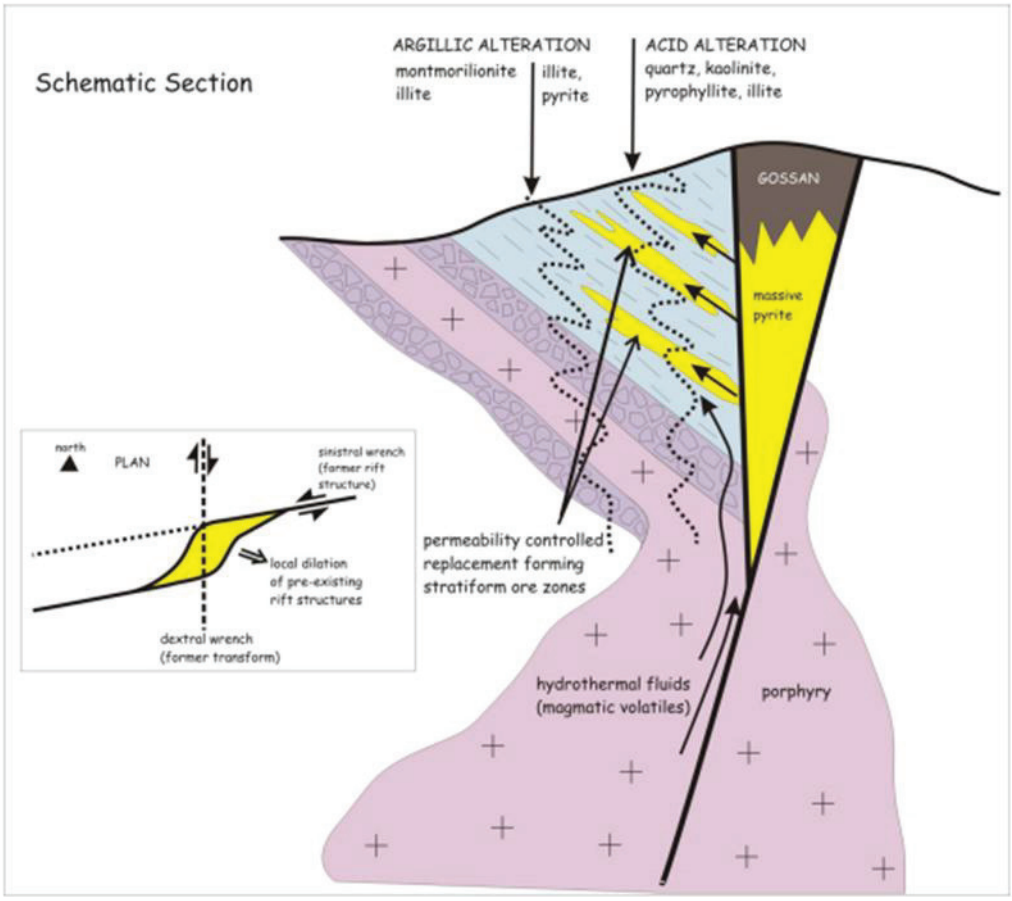
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Source: Conto Resources

Illustrating Zn-rich massive sulphide lenses (red) forming as a stacked mineralisation system contemporaneous to basin sedimentation (blue). The location of later high sulphidation Cu-rich mineralisation towards the basin margin is indicated by yellow circle (from Sharpe 2008)

The two mineralising systems spatially and temporally overlap, with the low sulphidation zinc mineralisation generally pre-dating the structurally hosted high sulphidation mineralisation, which may in part have remobilised the earlier low sulphidation mineralisation. Earlier massive sulphide-pyrite- barite of low sulphidation system represents a syngeneic mineralisation event, with the deposition of sulphide spanning deposition of the host basin volcanoclastic sequence in a repeated series of hydrothermal and burial events. The low Fe- sphalerite and crystalline barite mineralogy of the upper most massive sulphide lenses is consistent with a low temperature, near seafloor exhalative origin, The best development of massive sphalerite- pyrite occurs within the finer grained tuffaceous sequences reflecting increase sulphide deposition during more quiescent sedimentation period. It is suggested that the progressive uplift and emergence of basin to a shallow- marine to sub-aerial setting coincided with the transition of the system to a later stage of high sulphidation Cu, a rich porphyry style mineralisation.

Figure 2:7 Schematic of the high sulphidation formation



Formation of massive pyrite-chalcopyrite mineralisation (yellow) is controlled by intersecting wrench faults in areas where local dilation was pronounced (inset). Leakage of mineralizing hydrothermal fluids outwards from primary structures resulted in the local development of strata-bound replacement mineralisation within stratified facies (from Sharpe 2008).

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2.4 Exploration Programmes

2.4.1 Historical exploration & mining

The history of prospecting and mining at the Udu Mine goes back to 1959 when local planter and prospector J.V. Tarte recognised Cu and Ag mineralisation and entered into an agreement with Banno Mining Company Limited (Banno). Banno commenced exploration of the project and took control in 1959.

1959-1971

During this period, a total of 383 diamond holes involving 20,000m of core drilling were completed by Banno Mining Company Limited. Vertical drilling to a maximum depth of 100m was drilled with the majority of holes (243 totals) being slimline holes with core recovery of only 10%. The remaining 140 holes were of larger diameter where core recoveries in the range 50 to 90% were achieved.

Summary geological logs and locations are available for these holes; since Banno did not routinely assay any of their drilling so assay data was never collected.

Banno Mining Company Limited constructed a mineral processing plant and commenced mining. Production totalled 32,435 tonnes at 5.9% copper and 6.7% zinc from which 5,524 tonnes of concentrates grading 18.3% copper, 1.65g/t gold and 192 g/t silver was extracted. Banno Mining Company Limited abandoned the mine and removed most of their equipment by 1971 due to discontinuous occurrence of copper mineralisation (Figure 2:8).

Figure 2:8 Historical Udu Mine



Source: Conto Resources

1986-1991

Geopacific Limited explored the area for its gold potential. They mapped and sampled the gossans area located near to mine site and drilled four diamond holes within and adjacent to the old open pit mine. They abandoned the exploration programme in 1991 due to low gold grades. However, further review of drill holes shows samples containing up to 5.13% Cu, 5.13% Zn and 104 g/t Ag.

2.4.2 Recent exploration by Matai

The exploration work on the areas near the Udu mining was recommenced in 1996 when these exploration licences (SPL1387 and SPL1396) were granted to Matai.

Matai carried out extensive exploration on the tenements after they constructed an exploration camp in 2008 near the Udu Village, which is located close to the mine site.

Since acquiring the project, Matai has engaged several geological and geophysics consultant and explored the project area thoroughly. In this process, they spent approximately $4.5 million on exploration, acquiring critical data, geophysical survey drilling, test work and carrying evaluation studies. Matai exploration activities were successful in increasing the size and confidence in the known mineralisation.

Geophysics

In 2003 Induced Polarisation (IP) and Resistivity surveys were carried out in the area of the project indicating high chargeability and low resistivity for the open pit area. Later 2008 drilling showed that high chargeability was related to low sulphidation zinc mineralisation, and the low resistivity was associated with the high sulphidation mineralisation.

In addition these surveys detected a moderate chargeability low and adjacent resistivity low to the west of the open pit, in an area known as Mikeles Ridge. Both anomalies occurred beneath the ignimbrite rocks.

Because of the high conductivity of the ground large areas had no meaningful IP readings.

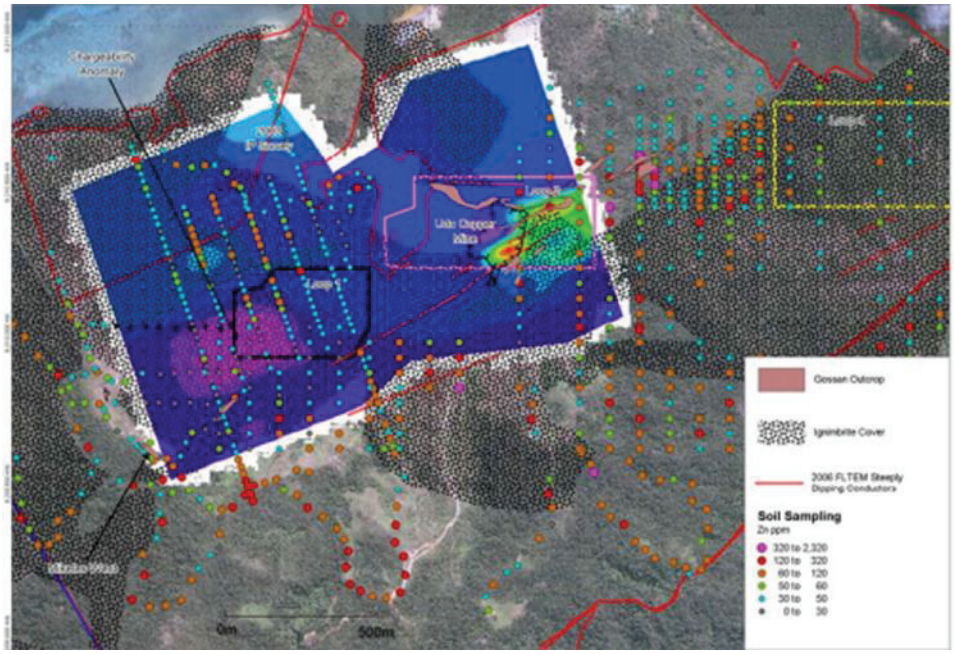
In 2006 a Moving Loop Time Domain Electromagnetic (MLTEM) and a Fix Loop Time Domain Electromagnetic (FLTEM) were carried out over the pit area and the 2003 IP area. Results of these surveys suggested that MLTEM was an appropriate method to detect the mineralisation at Udu Mine, and that larger conducting units detected by FLTEM may be related to the stratigraphic nature of the area's geological units.

Figure 2:9 and Figure 2:10 show the location of the 2003 and 2006 geophysical surveys.

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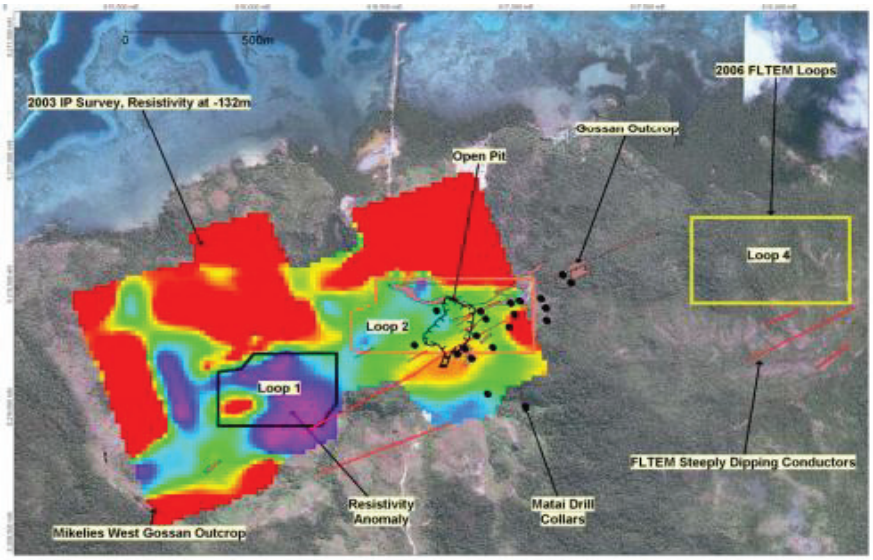
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Figure 2:9 Chargeability Anomaly, Udu Project Area



Source: Conto Resources

Figure 2:10 Resistivity Survey, Udu Project Area



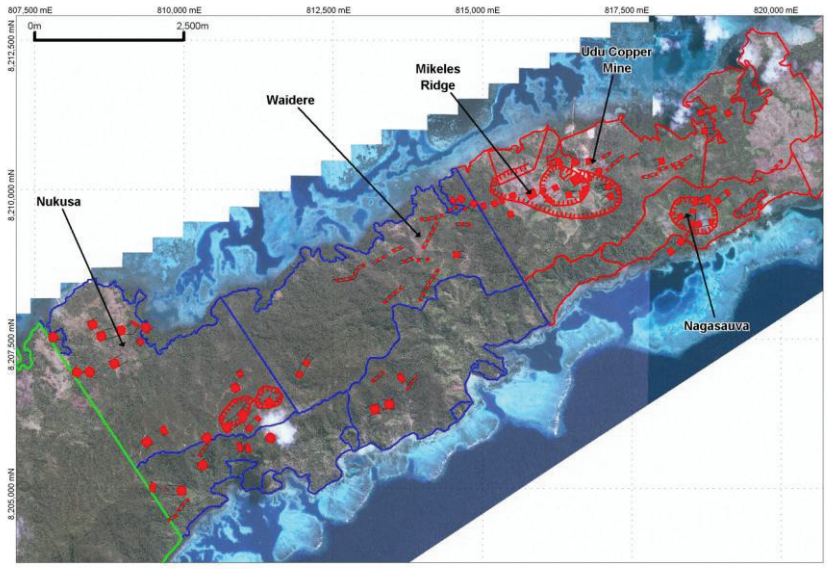
Source: Conto Resources

A VTEM survey was conducted over the project in September 2010 on 100m flight lines, which were closed up to 80m in the vicinity of the Udu Mine. The survey identified numerous conductive bodies, a number of which correlated with areas of geochemical anomalism.

The airborne magnetics data collected in conjunction with the VTEM survey provided a detailed date set which was inverted to define zones of magnetite destruction which might be indicative of fluid pathways. Figure 2:11shows the results from VTEM survey.

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Figure 2:11 VTEM Conductors, Udu Project Area

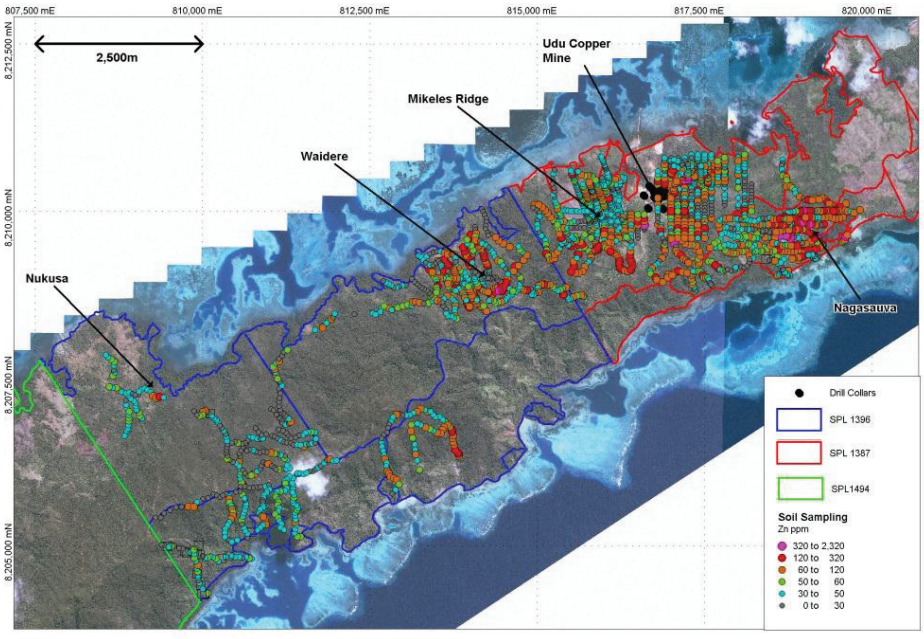


Source: Conto Resources

Geochemistry

In 2008, soil geochemistry was conducted to the south and east of the mine area. Additional soil sampling was conducted on the regional traverse line elsewhere within the project. Gridding and sampling across Udu Mine and nearby area was conducted on 100 m spacing, with infill lines of 50 m spacing across the area of interest (Figure 2:12).

Figure 2:12 Soil Geochemistry, Udu Area



Source: Conto Resources

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In general highly anomalous, dispersive geochemical anomalies over the Udu deposit are observed in Au (>5ppb), Cu (>50ppm), Pb (>20ppm) and to a lesser extent Ag (>0.1ppm). Ba also has a wide dispersive halo over Udu (>150 ppm) and represents the element with the largest footprint. The large area of the Ba anomaly coincident with the Udu deposit is suggestive of structural control and the presence of Ba as a host rock alteration phase (barite). In contrast narrow, elongate anomalies coincident with mapped structures and mineralization over the Udu deposit are observed in Zn (>100ppm).Arsenic anomalism over Udu (>10 ppm) has a mixed signature with a mix of wide halos, indicating dispersion, as well as elongate trends suggestive of structural control/leakage.

After 2010 significant regional soil sampling has been undertaken to help in the delineation and understanding of the distribution of the mineralisation across the remainder of the project area, this work is ongoing.

Drilling

Matai conducted two drilling programs on the Udu Mine area (Figure 2:13). An initial program in 1997 Comprised 1,427m of drilling in 12 vertical holes (MHUPDD01 to 12). Drilling was largely focussed on the southern extension of the mine area with an objective of testing the mineralisation extension. Most of the material generated from the drilling programme is available on the site, but is in degraded condition.

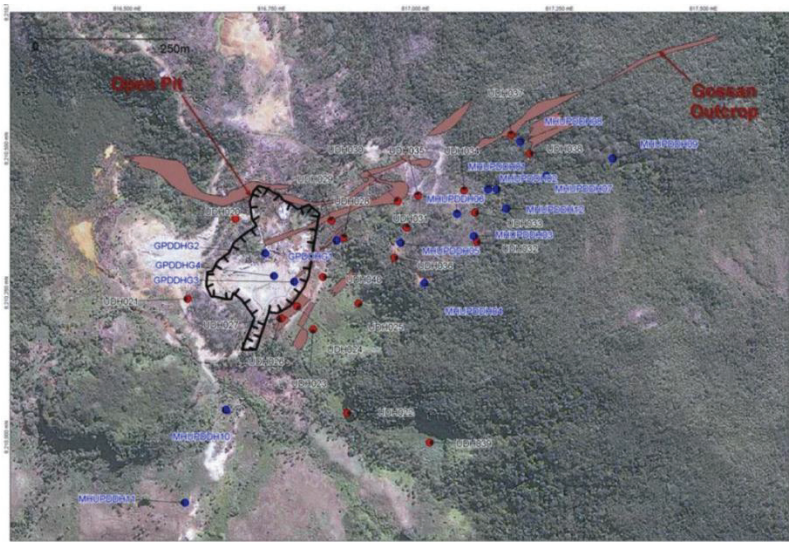
Figure 2:13 Exploration Drilling, Udu Area



In 2008, Matai carried out an another drilling campaign which comprised of drilling 21 inclined holes (generally 60˚ to grid 330˚) using HQ triple tube drilling, surveyed at 25m down hole intervals (Figure 2:14). The drilling was largely focused in the area where mineralisation is already known so a Resource estimate could be prepared. The drilling completed in 2008 was geo-technically and geologically logged prior to portions of the holes being selected for sampling. In general sample intervals of 1m were used, however in some area of poor recovery, a sample interval were assigned to ascertain proper depth of core blocks. These samples were assayed at Genalysis Laboratories in Perth, Western Australia.

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Figure 2:14 Drill Holes Collar Locations



In general, drilling conditions were problematic, with the host rocks being generally degraded to clays and the sulphide zones being vuggy, with cavities up to 0.3m across. This is most apparent in the area around the old pit, with material tending to be more robust to the north-eastern end of the project area.

Environmental baseline study

Environmental Consultants Fiji (ECF) was engaged to undertake an environmental baseline study, focusing on the previously mined area. The primary aim of the study was to provide a sound basis for future mine development planning and to quantify any environmental impacts relating to the existing workings. ECF were engaged to independently monitor exploration activities being undertaken by Matai and to provide advice on minimising the impact of the work and rehabilitation issues.

The study commenced in 2008, with wet and dry season sampling of stream sediments, stream water and biota being undertaken. The Nubu Creek estuary, 4km west of Udu was selected as a control area, as it has a similar physical setting. Preliminary assessments of the terrestrial fauna and flora have been undertaken as a precursor to planning a full survey in future. A preliminary assessment of marine flora and fauna was completed in early 2010.

Compensation agreement with the land owners

In 2008 Matai negotiated a compensation agreement with all the landholders affected by SPL1387 and SPL1396. The agreement allows Matai access to all lands covered by the SPLs and lays out compensation for exploration specific activities such as drilling, road construction, drawing water, general use of raw materials such as timber and gravel and specific compensation for any economically valuable crops and timber damaged in the course of exploration.

2.5 Exploration expenses and future budget

A significant exploration program has been completed at the project site including over 3,493 m of drilling. A new drilling program has already commenced and company forecast to spend $800,000 on the current program (Phase 1). Company plans to commence phase 2 of the exploration program next year. Out of the planned $3 million Phase 2 program, Salva estimates that $2.5M will be used on direct exploration expenditure during this phase of the exploration program. Estimated expenditure for exploration is shown in Table 2:3 below.

Table 2:3 Exploration Expenses, Udu Project

Year	Total Expenditure (Fijian $)	Direct Expenditure (Fijian $)	Direct Expenditure ($)
2006	$ 280,703	$ 249,628	$ 174,740
2007	$ 96,528	$ 81,280	$ 67,570
2008	$ 2,615,753	$ 2,367,541	$ 1,831,027
2009	$ 403,041	$ 301,823	$ 241,825
2010	$ 1,166,050	$ 1,023,740	$ 676,309
2011	$ 915,679	$ 821,729	$ 476,153
2012- Forecast			$ 800,000
2013- Forecast			$ 2,500,000
Total			**$ 6,767,624**

Historical expenses incurred in Fijian Dollars has been converted into A$ on the basis of prevailing exchange rate.

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2.6 Resource estimation

An Inferred Resource has been estimated for the mineralization at Udu Project. The estimate utilised all drilling and geological data on hand in September 2008. A cut-off grade of 0.5% zinc was used to generate the mineralised envelopes. The Resource estimate and breakup based on mineralisation style is presented in Table 2:4 and Table 2: respectively.

Table 2:4 Resource Estimate, Udu Project

Inferred Resource (tonnes)	Zn %	Cu %	Pb %	Ag (g/t)	Au (g/t)
4,530,000	3.9	1.2	0.14	29	0.3

Table 2:5 Resource Estimate, Udu Project by mineralisation Style

Style	Inferred Resource (tonnes)	Zn %	Cu %	Pb %	Ag (g/t)	Au (g/t)
Strata Form	1,900,000	5.22	1.59	0.28	43	0.4
Structural	2,230,000	3.32	1.01	0.05	22	0.2
Pebble Breccia	400,000	0.87	0.25	0.01	4	0.1
Total	4,530,000	3.9	1.2	0.14	29	0.3

The information in this Report that relates to Exploration results and Mineral Resources for Udu Project is based on information compiled by or under the supervision of Mr Stewart Capp. Mr Capp, a fulltime employee of Derwent Geoscience Pty Ltd, a private geological consultancy, has sufficient experience that is relevant to the styles of mineralisation under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Mr Capp consents to the inclusion in this report of the Information, in the form and context in which it appears.

Due to the sparse nature of the drilling and the complexity of the mineralisation, Resource estimation was undertaken using classical end area sectional techniques, with mineralisation being projected half the distance between each drill section and half the distance between adjacent holes on each section. Intercepts were composited on the basis of a lower cut-off of 0.5% zinc, with up to 2m of continuous internal dilution included within the composite. Copper, lead, gold, silver and arsenic grades were composited over the same intervals. Mineralisation has been extrapolated from surface to a maximum depth of 100m below surface. Following drill holes were included in Resource estimation for the project (Table 2:).

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Table 2:6 Drill Holes Information- Udu Project

Hole ID	Company	UTM_E	UTM_N	RL	Method	Depth	Drill Size	Start Date	Rig Type
UDH020	Matai Holdings	816680	8210370	28	GPS	117.4	HQ_TT	3-May-08	UDR650
UDH021	Matai Holdings	816597	8210231	11.7	GPS	118.9	HQ_TT	6-May-08	UDR650
UDH022	Matai Holdings	816874	8210034	10	GPS	120.9	HQ_TT	8-May-08	UDR650
UDH023	Matai Holdings	816815	8210178	9	GPS	97.9	HQ_TT	12-May-08	UDR650
UDH024	Matai Holdings	816787	8210218	8	GPS	104.9	HQ_TT	14-May-08	UDR650
UDH025	Matai Holdings	816894	8210223	22	GPS	64.4	HQ_TT	18-May-08	UDR650
UDH028	Matai Holdings	816868	8210337	32	GPS	120.7	HQ_TT	28-May-08	UDR650
UDH029	Matai Holdings	816847	8210367	32.7	GPS	102.4	HQ_TT	1-Jun-08	UDR650
UDH030	Matai Holdings	816962	8210401	55	GPS	69.4	HQ_TT	6-Jun-08	UDR650
UDH031	Matai Holdings	816977	8210355	60	GPS	105.4	HQ_TT	8-Jun-08	UDR650
UDH032	Matai Holdings	817099	8210330	66.8	GPS	182.9	HQ_TT	10-Jun-08	UDR650
UDH033	Matai Holdings	817096	8210381	66	GPS	121.9	HQ_TT	15-Jun-08	UDR650
UDH034	Matai Holdings	817077	8210419	62	GPS	82.9	HQ_TT	18-Jun-08	UDR650
UDH035	Matai Holdings	816997	8210410	60	GPS	73.9	HQ_TT	19-Jun-08	UDR650
UDH036	Matai Holdings	816956	8210303	59	GPS	178.9	HQ_TT	20-Jun-08	UDR650
UDH037	Matai Holdings	817159	8210516	68	GPS	48.4	HQ_TT	26-Jun-08	UDR650
UDH038	Matai Holdings	817191	8210483	66.5	GPS	78.9	HQ_TT	27-Jun-08	UDR650
UDH039	Matai Holdings	817017	8209982	12	GPS	106.9	HQ_TT	29-Jun-08	UDR650
UDH040	Matai Holdings	816832	8210269	14	GPS	102.9	HQ_TT	1-Jul-08	UDR650
DDHG1	GeoPacific	816855.5	8210333	29.84	N/A	50.6	HQ_Undiff	1/01/1990	
DDHG2	GeoPacific	816731.8	8210310	6.41	N/A	74	HQ_Undif	1/01/1990	
DDHG3	GeoPacific	816782	8210261	7.48	GPS	60.6	HQ_Undif	1/01/1990	
DDHG4	GeoPacific	816747	8210271	5.33	GPS	37.6	HQ_Undif	1/01/1990	
MUHPDDH1	Matai Holdings	817119	8210421	56.45	GPS	89	PQ		LY-44

MUHPDDH2	Matai Holdings	817133.3	8210421	56	Unknown	65.75	PQ	3/03/1997	LY-44
MUHPDDH3	Matai Holdings	817094	8210336	67.48	GPS	171.7	PQ	12/03/1997	LY-44
MUHPDDH4	Matai Holdings	817004.3	8210269	64	GPS	121.8	PQ	9/04/1997	LY-44
MUHPDDH5	Matai Holdings	816966	8210327	59.09	GPS	132	PQ	14/04/1997	LY-44
MUHPDDH6	Matai Holdings	817066	8210390	76.42	GPS	132.4	PQ	30/05/1997	LY-44
MUHPDDH7	Matai Holdings	817220	8210444	64	GPS	75.5	PQ	6/06/1997	LY-44
MUHPDDH8	Matai Holdings	817175	8210504	68	GPS	141.1	PQ	12/06/1997	LY-44
MUHPDDH9	Matai Holdings	817335.1	8210474	67.74	Unknown	75.6	PQ	18/06/1997	LY-44
MUHPDDH12	Matai Holdings	817157	8210367	60	GPS	115.8	PQ	14/07/1997	LY-44

Source: Conto Resources

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2.7 Project risks

For evaluating the Udu Project, Salva has identified the key project risks outlined below. Material changes to any of the assumptions below may result in the basis on which the Udu Project was evaluated becoming redundant.

Reserves and Resources estimate

Mineral reserve and resource estimates are expressions of judgment based on knowledge, experience, and industry practices. The Udu Project is an exploration project with Inferred Resource estimate, reported in accordance with the JORC guidelines. In addition, by their very nature, resource estimates are imprecise and depend to a certain extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans, which may, in turn, adversely affect the Company's operations.

Fluctuations in mineral prices and demand for mineral

Mineral prices and the demand for mineral are cyclical and subject to significant fluctuations, and any significant decline in the prices of mineral or demand for mineral could materially and adversely affect the Company's business and financial condition results of operations and prospects. Mineral markets are highly competitive and are affected by factors beyond the Company's control, including, but not limited to:

- Global economic conditions
- Government actions and fiscal policies
- Fluctuations in industries with high demand for base metals such as electrical, construction and steel industry.

Exploration and Mining Permits

In Fiji, all mineral resources are owned by the State, no matter who owns the land or has the right to use the land. Salva is not qualified to express legal opinion and has not sought any independent legal opinion on the ownership rights and obligations relating to the respective mineral assets under licence in relation to the Udu Project.

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2.8 Valuation

2.8.1 Salva's techniques

In determining the appropriate valuation method(s) to be used for DTL's mineral assets, Salva has taken into consideration the classification of these assets as defined in the VALMIN Code and the different methodologies that are generally accepted as industry practice for each classification. Generally there are three broad methods of valuation that are used for valuing mineral assets. These are the cost approach, income approach and market approach and each is more suitable for the relevant status of the exploration or mining project from grass roots exploration through to operating mine. The asset classifications that may be applied to the Udu Project tenements are set out in Table 2: below

Table 2:7 Typical Valuation Methods

Classification	General Description	Valuation Methods
Exploration Areas	Properties where mineralisation may or may not have been identified, but a Resource has not been identified	Rule of Thumb, Geo-scientific method, Comparable Transactions
Advanced Exploration Areas	Properties where considerable exploration has been undertaken and specific targets identified. Resource estimation may or may not have been made. Good understanding of mineralisation present	Geo-scientific method, Appraised Value Method, Comparable Transactions
Pre- development Projects	Properties where mineral resources have been identified but decision to proceed with development not made. Includes properties held on retention titles	The above methods and DCF/NPV valuation

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

The valuation approach that is generally adopted for an advanced stage exploration areas are generally defined as inferential methods that rely on comparative or subjective inputs such as a rule of thumb or appraised value method. These include the estimated metal content and a value of the metal derived from recent transactions. Typically, such a method values the property in $/Metal unit. The value would be discounted by any specific site factors as well as the status of the resource classification. Salva considers that this valuation approach is appropriate for the Udu Project which may be considered as an exploration area.

The understanding of the geology of the mineral deposit, structure and defined resources places the project area in the Advanced Exploration or Pre-development classification phase. A large range of valuation methods are recognised for this status with some requiring a degree of subjective estimation. All have been used by valuation practitioners and usually a combination of methods is used as cross checks to the reasonableness of the input assumptions.

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For the valuation of the Udu mineral deposit Salva has used a combination of two methods due to the uncertainties attached to advancing the project despite its comprehensive resource base. The valuation methods applied include: Comparable Transactions; and an Appraised Value based on past and forecast exploration expenditure with an appropriate multiplier applied to these expenditures.

The valuation of the identified mineral areas is a "rule of thumb' methodology where comparative sales are compared on a value per tenement area. Fair market value is usually the technical value plus a premium or discount to account for market, strategic considerations and special purposes. Salva has therefore assessed a range of values based on the methodologies used, which is a technical value, and applied a premium due to the tenement's location and market potential, particularly with respect to the mineral qualities.

Comparable Transactions Approach

A comparable market transaction is generally based on the hypothesis that similar mineral properties should have similar market value, assuming that an arm's length transaction has been undertaken between a willing buyer and a willing seller. In the case of transactions which are not completed at a particular time but have a farm-in arrangement, future exploration expenditure commitments must be taken into consideration.

To determine the fair market value for the Udu Project mineral asset, Salva has reviewed recent comparable transactions involving similar polymetallic mineral deposits. To assist in identifying the proper comparable value, Salva has used qualitative parameters. The key factors used to identify comparable transactions are:

- Generally favourable geology
- VMS type deposit
- Contains grades of the metal similar to Udu Project
- Resource estimate resides predominately in inferred category, reported as per generally acceptable international reporting guidelines.

On the basis of above parameters, Salva identified five (5) transactions broadly relevant to the valuation of this Project; details of these transactions are outlined in Appendix A.

Based on the analysis of Udu Project with reference to comparable transactions, Salva chose to apply a median value of $1.20/t of total resource as a preferred value. The upper and lower value for the Udu Project has been estimated as median value as plus-minus 30% respectively. This valuation was selected to be consistent with the accuracy that might be attributed to mineral property with inferred resources and this stage of development.

A summary of the market based valuation of Udu Project has been indicated in Table 2: below. A range of $3.8 million to $7.1 million with a preferred value of $5.4 million is deemed appropriate for 100% of the Project based on market based comparable approach.

Table 2:8 Market Based Valuation, Udu Project

Project	Inferred Resources (t)	Market value ($)		
		Lower	Higher	Preferred
Udu Project	4,530,000	$0.90/t	$1.66/t	$1.20/t
Sub-total (Project, 100%) $ Million		3.8	7.1	5.4

2.8.2 Appraised Value Approach

The cost approach or Appraised Value method is founded on the assumption that the intrinsic value of the exploration tenement is based on its exploration potential. This includes the amount of expenditure that has been meaningfully used in the past to define a target or resource and the future costs in advancing the exploration to a pre-feasibility stage. A prospectivity enhancement multiplier is applied to the exploration expenditure, usually limited to the past three years and immediate year, and is based on the overall attractiveness of the exploration area for progressing to a reserves status. The multiplier ranges from 0.5 to 5.0.

From information provided by the company and a review of the exploration programme by Salva, the effective exploration expenditure is shown in Table 2: below.

Table 2:9 Effective Exploration Expenditure, Udu Project

Year	Amount ($)
2009-2011 Actual	1,394,000
2012 Forecast	800,000
2013 Plan	2,500,000
Total	4,694,287

Salva has used the direct exploration expenditure for past three years and the proposed exploration program as the base for property valuation based on appraised value method. Salva has applied a prospectivity enhancement multiplier (Lawrence/Minval/PEM schema) of 1.0 to 1.5 based on the fact that existing data consists of pre-drilling exploration and the results are sufficiently encouraging to warrant further exploration. Therefore for the Appraised Value Method a possible value of $4.69 to 7.04 million is attributed as shown in Table 2:

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Table 2:10 Appraised Value – Udu Project

Exploration Expenditure ($000)			Base Value ($000)	Enhancement Multiplier		Value of 100% Asset ($ M)	
2009-2011	2012F	2013P		Lower	Higher	Lower	Higher
1,394	800	2,500	4,694	1.0	1.5	4.7	7.0

2.8.3 Valuation Summary – Udu Project

Salva has taken guidance from the appraised valuation method and comparable transactions to form its opinion of the fair market value of the Project.

Salva has derived a valuation range for 100% of the Udu Project of between $4.3 million and $7.1 million with a preferred value of $5.7 million. This valuation range was derived considering comparable transactions, the current market, locality, technical and strategic factors that may impact the development of the tenement.

Salva's opinion of the fair market value of 10% share of the Udu Project lies in the range $0.43 million and $0.71 million with a preferred value of $0.57 million.

A summary of Salva's valuation of the Udu Project is presented in Table 2:2 below.

Table 2:2 Valuation summary (Udu Project)

Approach	Method	Values ($ million)		
		Low	High	Preferred
Cost-based	Appraised Valuation	4.7	7.0	5.9
Market-based	Market Comparable	3.8	7.1	5.4
Udu Project (100% Equity) – Selected Valuation		4.3	7.1	5.7
10% interest in Udu Project		**0.43**	**0.71**	**0.57**

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3 Valuation of Udu Project Assets at Future Contractual Milestone

3.1 Valuation at Assumed Contractual Milestone

RSMBCC has instructed Salva to value the Udu Project, assuming the following contractual milestone will be achieved:

- 200,000 tonnes of contained copper (or equivalent) at a grade of greater than 2% Copper (determined according to industry standard calculations) has been delineated at the Project.

3.1.1 Future Contractual Milestone – Conceptual in nature

Salva notes that the future milestone is merely a contractual option for Conto to consider and is conceptual in nature.

This future milestone is not to be confused with a mineralisation or production target or a resource estimate. Further exploration at Udu Project may or may not result in achieving this future contractual option.

The contractual milestone is not representative of mineralisation defined at the Udu Project and there can be no guarantee or certainty that such mineralisation will ever be defined or found to exist at the Udu Project. Actual results may differ materially from the future contractual milestone.

Forward-looking information is provided as of the date hereof and Salva assumes no responsibility to update or revise it to reflect new events or circumstances.

3.2 Market based – Comparable Transaction Approach

In Salva's opinion, to achieve the potential contractual future milestone, 10.Mt to 11Mt of mineral resource will be required to be delineated at the Udu Project. This assumes that any future resource has similar grade and metallurgical characteristics as the current mineral resource.

Salva has applied comparable transaction approach to value the Udu Project at future milestone. Based on the analysis of recent market transaction involving polymetallic deposits, Salva assessed that size of deposit has limited impact on unit value at Inferred Resource estimation stage. Salva used the same identified five (5) transactions broadly relevant to the valuation of this Project, as outlined in Appendix A.

Based on an analysis of the Udu Project with reference to comparable transactions, Salva chose to apply a median value of $1.20/t of total resource. The upper and lower value for the Udu Project at the future contractual milestone has been estimated based on the range of potential mineral resource required to achieve the contractual milestone.

A summary of Salva's market based valuation of the Udu Project at the future contractual milestone is presented in Table 3:1 below.

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Table 3:1 Valuation of Udu Project at Assumed Contractual Milestone

Valuation of Udu Project at Future Contractual Milestone			
	Lower	Higher	Preferred
Potential Resources (Mt) required to achieve Contractual Milestone	10.0	11.0	10.5
Comparable Market Value ($/t)	$1.20/t	$1.20/t	$1.20/t
Value of Udu Project at Future Contractual Milestone (100% Equity)	$12.0 million	$13.2 million	$12.6 million

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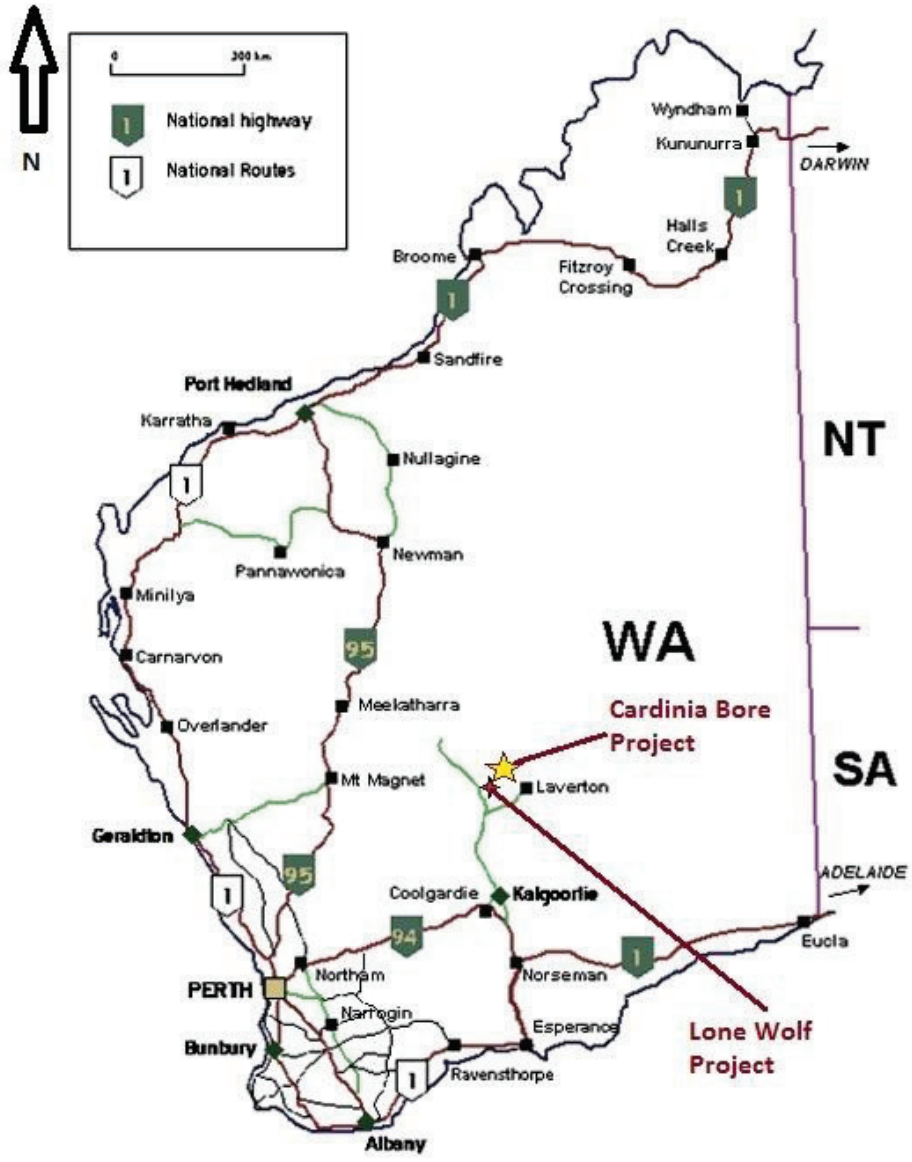
4 Cardinia Bore & Lone Wolf Gold Project

4.1 Project location, access and infrastructure

The Cardinia Bore Project is located approximately 28 kilometres East - Northeast of Leonora within the North Eastern Goldfield region of Western Australia. The project consists of 9 granted prospecting licences covering an area of approximately 1,309 hectares.

Lone Wolf Gold Project is located approximately 8 km Northeast of Leonora and located in close proximity to the Cardinia Bore Project. The location of these two projects is shown in Figure 4:1 below.

Figure 4:1 Location: Cardinia Bore and Lone Wolf Project



Source Salva Resources

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Lone Wolf Gold Project consists of three prospecting licences and covers an area of 324 hectares. The region is prospective for gold mineralisation, with several gold anomalies identified in the general area, and has a long history of gold mining and exploration, gold being first discovered in the early years of last century.

Gold has been intermittently mined in the Cardinia Bore district in a series of small pits. A total of approximately 289,995 ounces of gold was produced from entire Cardinia Bore district. Historic records reveal that a total of 12,637 ounces of gold was mined in early 1900s from Webster Find mine which is located approximately 1.5 km from the project area. ASX listed Navigator Resources Ltd, which is exploring gold adjacent to project area has reported JORC complaint resources of 199 koz of gold comprising 95 koz of Indicated Resources and 104 koz of Inferred Resource.

There is good access to the southern portion of the Cardinia Bore Project, which is accessed via the sealed Laverton to Leonora Road, and then 35 kilometres from Leonora, via gravel station tracks, as well as within the project area itself which has haul road, exploration tracks, station tracks and fence lines. Parts of the Cardinia Bore Project tenements overlie the Minara pastoral lease. The presence of haul road, station tracks and fence lines makes the Project easily accessible.

4.2 Tenements

The Cardinia Bore Project consists of 9 granted prospecting licences covering an area of approximately 1,309 hectares. These Tenements are held by Sammy Resources (Sammy), a wholly owned subsidiary of Cazaly resources.

Salva has prepared this report upon the understanding that gold prospecting licences comprising Cardinia Bore Projects, P37/7635 to P37/7642 and P37/7654 (Figure 4:2) granted for a period of four years to Sammy, a wholly owned subsidiary of Cazaly resources, are currently in good standing and has not independently verified Sammy's legal tenure over the tenements. Conto has entered into a Farm-in Agreement with Sammy Resources Pty Ltd, pursuant to which the Company acquired a right to earn an 80% interest in the Cardinia Bore Project by completing 1,000 metres of RC drilling within 2 years of the Company listing on the ASX.

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Figure 4:2 Cardinia Bore Tenements

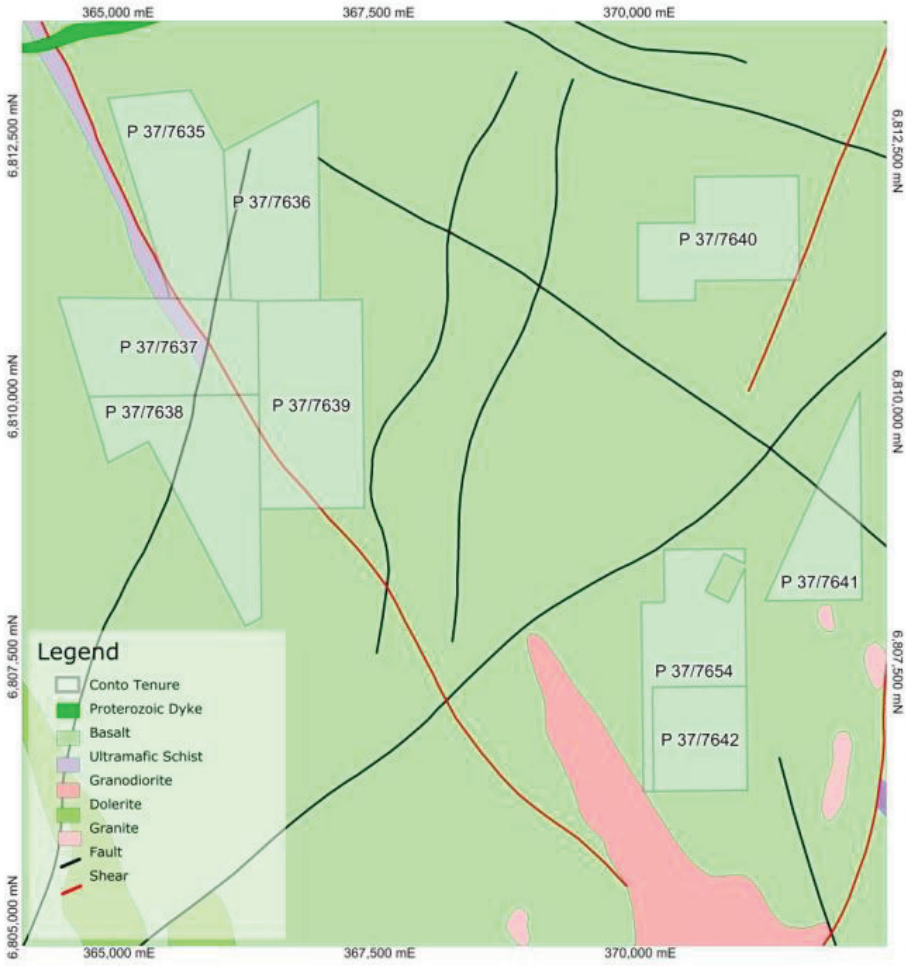


Table 4:1 shows the status of Sammy's prospecting licences which comprise the Cardinia Bore Project

Table 4:1 Gold Tenements- Cardinia Bore Project

Tenement	Area(Ha)	Grant Date	Expiry Date	Minimum Expenditure commitment
PL37/7635	158	06/02/2009	05/02/2013	$6,320
PL37/7636	150	06/02/2009	05/02/2013	$6,000
PL37/7637	165	06/02/2009	05/02/2013	$6,600
PL37/7638	182	06/02/2009	05/02/2013	$7,280
PL37/7639	200	06/02/2009	05/02/2013	$8,000

PL37/7640	142	06/02/2009	05/02/2013	$5,680
PL37/7641	91	06/02/2009	05/02/2013	$3,640
PL37/7642	90	06/02/2009	05/02/2013	$3,600
PL37/7654	131	12/06/2009	11/06/2013	$5,240
Total	1,309 Ha			$52,360

Source: Conto Resources

Lone wolf Projects comprise of three prospecting licence granted recently, covering a total area of 326 hectares. The details of Lone Wolf licences are given in the Table 4:2 below.

Table 4:2 Lone Wolf Project Tenements

Tenement	Area(Ha)	Grant Date	Expiry Date	Expenditure commitment
PL37/8114	122	12/06/2012	11/06/2016	$4,880
PL37/8113	199	12/06/2012	11/06/2016	$7,960
PL37/8187	5	13/09/2012	12/09/2016	$2,000

Source: Conto Resources

Salva is not qualified to make statements in regard to legal ownership and has relied upon information provided by Conto.

4.3 Geological setting

The Leonora-Laverton district is divided by Hallberg (1985) into the Murrin-Margaret and Merolia geological sectors, based on difference in structural style, sedimentary rock features, and felsic igneous activity. Two Late Archean stratigraphic associations are defined within the Murrin-Margaret geological sector: an older Association 1, whose occurrence is confined to the Mt Margaret anticline, and a conformably overlying younger Association 2, which occupies the remaining area of the Murrin-Margaret geological sector (Hallberg, 1985).

Association 1 mainly comprises tholeiitic basalts with minor ultramafic rocks, high-Mg basalts, clastic sedimentary rocks, graphitic shales, cherts and BIF. Association 2 comprises discontinuous high-Mg basalt (the youngest unit) as well as calc-alkaline intrusions and feldspathic and epiclastic sedimentary units.

Granitoids, ranging from a few square kilometres to 100's km^2 in area, intrude and surround greenstone belts in the district. The relative order of intrusion has been granodiorite porphyry, granodiorite, porphyritic monzogranite and monzogranite.

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The main structural features of the Murrin-Margaret geological sector are regional open folds and strike-slip faults. Metamorphism in the Murrin-Margaret geological sector took place under low-strain conditions. Primary textures are generally well preserved and penetrative deformation is absent.

Rocks of Association 1 have been metamorphosed to greenschist conditions, whereas prehnite-pumpellyite to greenschist facies conditions characterise Association 2 (Hallberg, 1985).

4.4 Project Geology

The Project is situated over a sequence of mafic intrusive and extrusive rocks. These lie on the western limb of the regionally faulted, south plunging Benalla Anticline north of the unconformable contact with the Butchery syncline. These geological sequences are correlated with the Gundockerta Formation and highly prospective Mulgabbie Formation in the Kalgoorlie area.

The lithological sequence from west to east across the Tenements (youngest to oldest) comprises feldspatic sediments and basalts, thoroughly intruded by minor shales, chert and siltstone (Figure 4:3)

The dolerite is pervasively altered, along shear zones and towards the chert contacts. Alteration is indicated by the presence of carbonated pyrite and leucoxene. In shear zones, the dolerite contents ferruginised sulphides. The chert is highly pyritic, and in contact with the upper dolerite containing extensive carbonation.

Structure

Dominant structural control factors are en echelon shears parallel to the chert horizon. Flat lying fabrics and drag folds indicate that some thrust faulting has also occurred throughout the area. The relationship of this, if any, to the mineralisation is obscure. Structures within the Tenements strike approximately north north-west (Figure 4:3). A number of north east trending structures are interpreted to cross the Tenements possibly linking structures that may produce dilation and be conduits for focusing mineralised fluids.

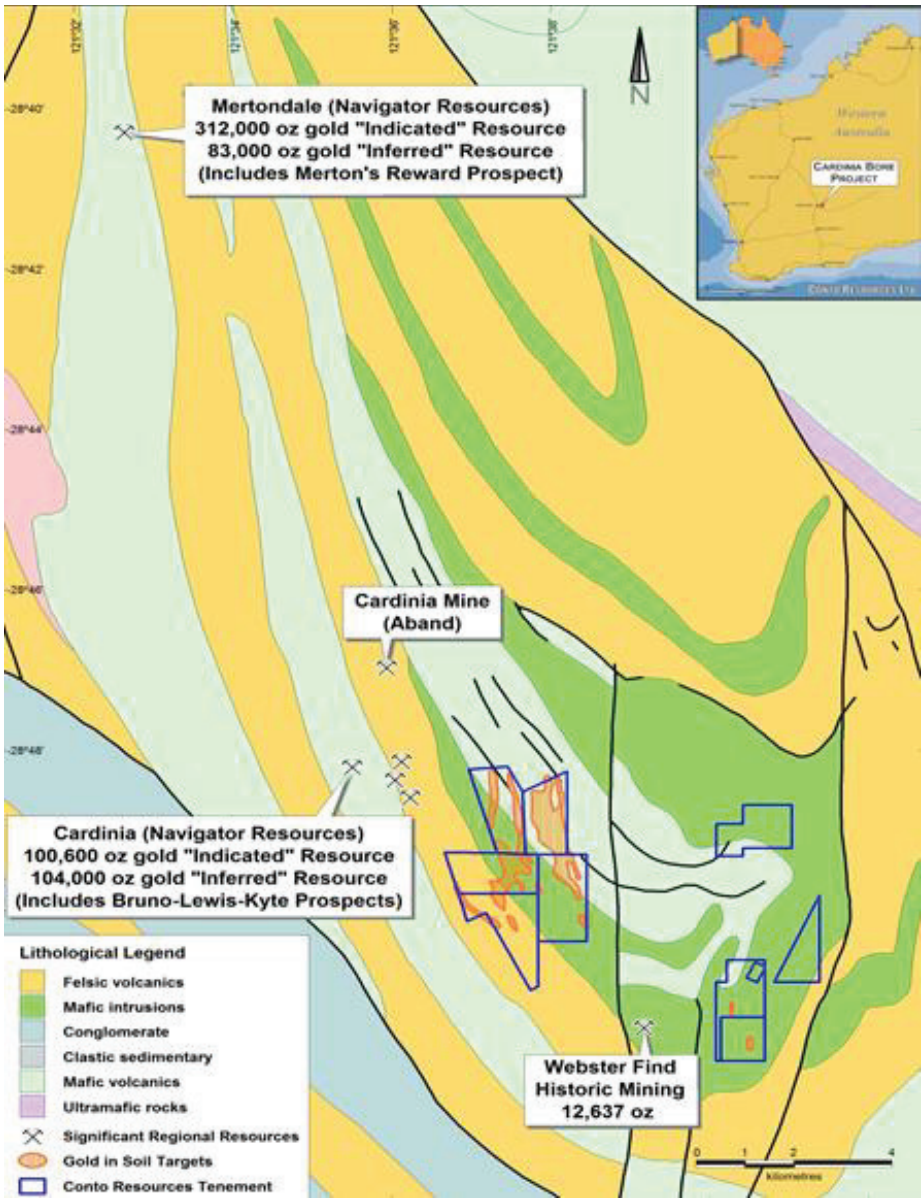
Mineralisation

Gold mineralisation in the greenstone sequences occurs in all rock types, although host rocks in most historical producers are dominantly mafic or granitic. Most of the major producing centres lie within or immediately adjacent to a major tectonic zone. Gold mines in mafic sequences tend to occur in quartz reefs in dilational fault zones with little host rock alteration. Mineralisation in the region of the project is disseminated in the vicinity of the shears and localised within them. Quartz is present as fine veins, associated with pyrite, gold, silver, arsenopyrite and minor scheelite in the shear zone. The mineralisation appears to be enclosed within an en echelon shear system.

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Figure 4:3 Project Geology, Cardinia Project



4.5 Historical mining and exploration

Gold has been previously mined in the Cardinia Bore district intermittently by a series of small pits. A total of approximately 289,995 ounces of gold was produced from the entire Cardinia Bore district till date. On a local scale, historical production records show a total of 12,637 ounces was delivered from Webster Find in the early 1900's. Webster Find is located approximately 1.5km from the Project tenements. ASX listed Navigator Resources Limited is currently exploring tenements neighbouring the Project and has reported a JORC compliant gold resource of 199 koz of gold comprising 95 koz of Indicated Resources and 104 koz of Inferred Resource. Table 4:3 below summarises historical production form the Cardinia Bore District.

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Table 4:3 Historical Mining - Cardinia Bore

Prospect	Tonnes	Grade (g/t)	Gold Extracted (Ounces)
Websters Find			12,637
Mertons Reward	90,000	20.8	58,780
Mertondale 3 & 4	1,300,00	4.3	175,195
Mertondale 5	340,000	3.4	36,230
Bruno/ Mertonadale 2	39,800	2.2	2,773
Total			289,955

Cardinia Bore district has been explored intermittently in the past. However, within the project area, no recent drilling has been conducted so far, leaving the project area largely unexplored.

4.6 Recent exploration within the Cardinia Bore Project area

Cazaly Resources carried out a geochemical reconnaissance soil sampling program on the tenements comprising Cardinia Bore Project during March 2010 and collected a total of 180 sand samples on a 400 by 50 m grid. These soil samples were submitted for analysis of gold and other elements. A peak value of 25 ppb gold was observed, five times over the approximated background of 5 ppb gold. The Cazaly geochemical soil samples had analyses ranging from below detection up to 25ppb gold and an average value of 3.7ppb gold.

Several single peak anomalies required further investigation on P37/7642 and P37/7654 and confirmed the presence of at least two structural corridors of gold mineralisation (Figure 4:4). The larger of these corridors contains gold auger values of 71 ppb, 268 ppb and 4,813 ppb and extends from the northern end of P37/7635 in a south south-easterly direction to the southern end of P76/7639 over a total strike length of approximately 3.5 kilometres (to 500m wide). Another strongly mineralised corridor is located to the east and sub-parallel to the first corridor and contains peak auger values of 54ppb and 50ppb gold within a mineralised envelope over a total strike length of approximately 3 kilometres (to 600m wide).

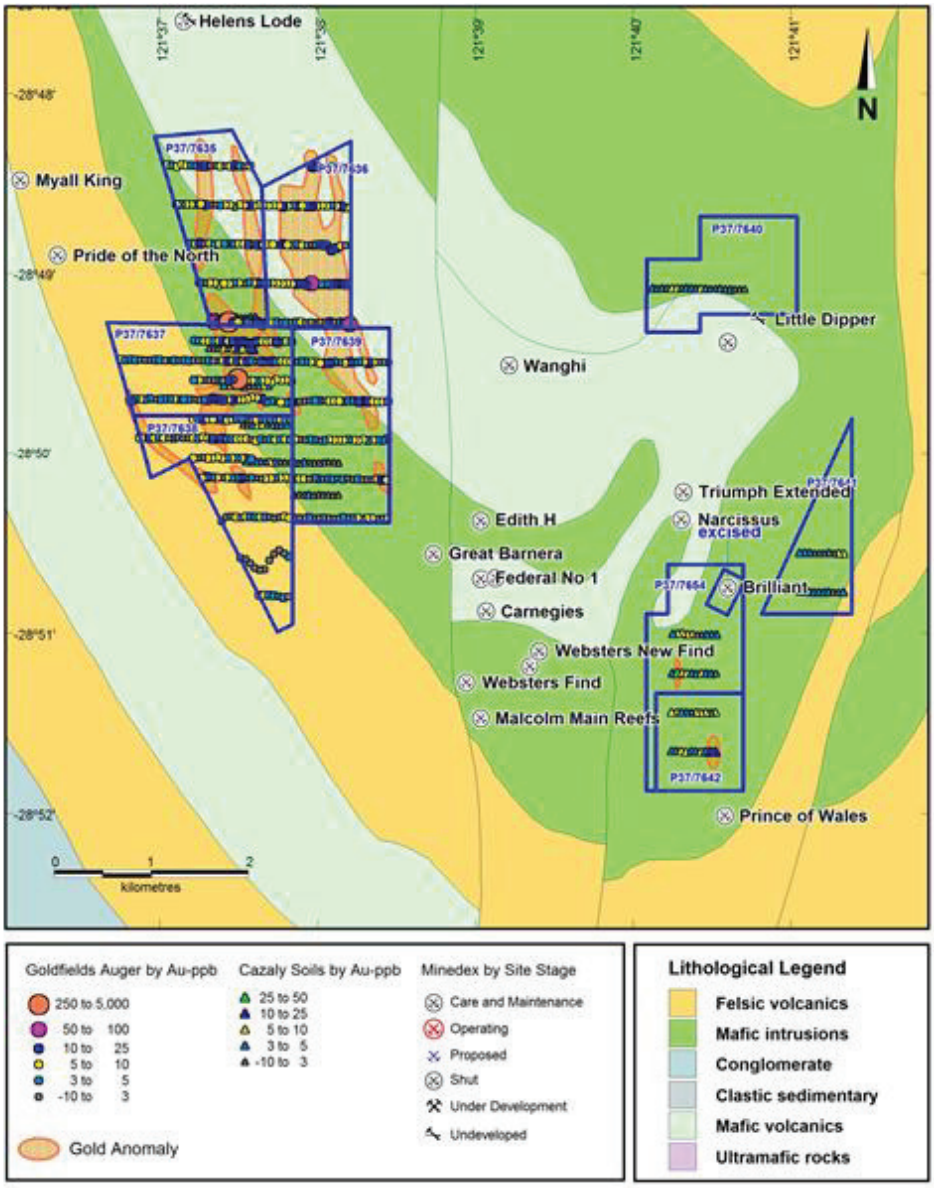
No drilling has been conducted within the project to test the shear zone or structural splay faults. The geochemical anomalies warrant further geochemical sampling and/or RC drilling targeting the gold anomalism and prospective structural settings.

In August 2011 Conto conducted Geochemical sampling (MMI) which involved collection and analysing of 300 soil samples on a 200x200 m grid along with geological mapping across the Cardinia Bore Project. This was followed by a rock chip sampling which validated the encouraging result obtained from geochemical sampling using MMI technique.

A total of six rock chip samples were taken from north eastern extent of P37/7654, part of Cardinia Bore Gold Project. The targets were identified using a combination of MMI (Mobile Metal Iron) and interpretation of aerial imagery.

Results of rock chip sampling program confirmed the presence of gold mineralisation within the project area. A subsequent programme has been planned by Conto to define the extent of gold mineralisation. These anomalous gold results reflected in separate geochemical campaigns at the project area could confirm the presence of mineralisation associated with paralleling structural zones along strike from significant gold discoveries

Figure 4:4 Gold Anamoly at Cardinia Bore Project



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4.7 Recent exploration within Lone Wolf Project

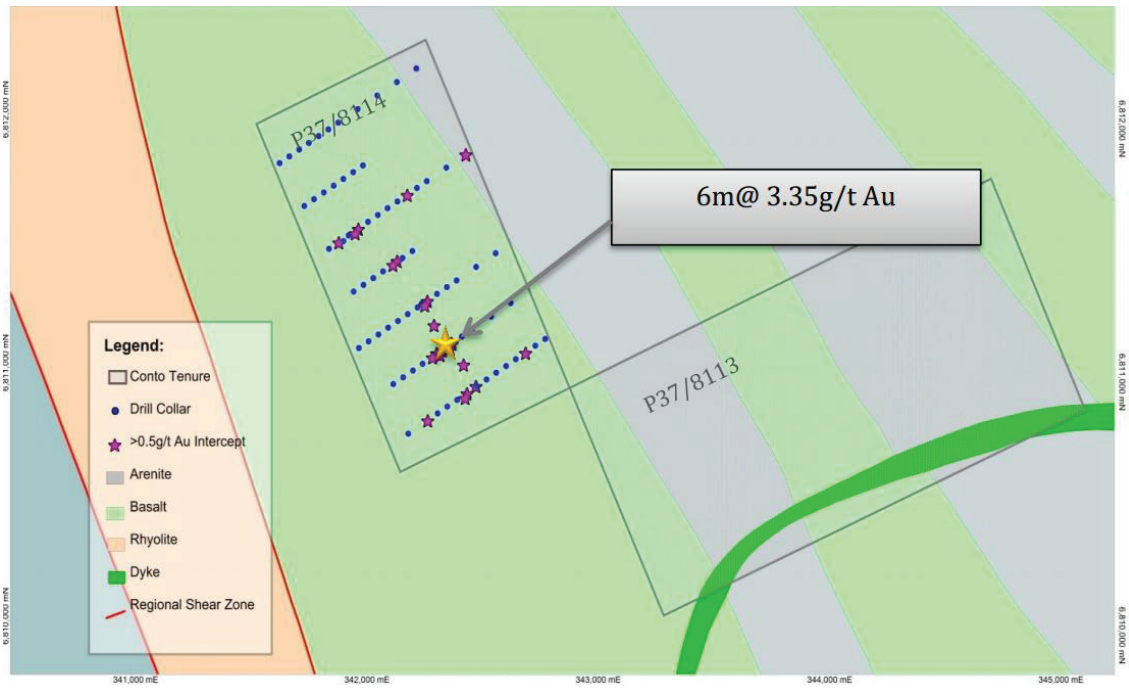
The Lone wolf project area has been better explored than the nearby Cardinia Bore project area in the past. There are several historic drilling locations which indicated presence of significant gold deposits. In line with their exploration program, Conto reviewed the historical drilling on the project area and found a number of significant drills intercepts of gold mineralisation, including an intercept of up to 6 metres at 3.35 grams per tonne gold. (Figure 4:5). The limited, wide spaced drilling outlines a continuous mineralised strike of 830 m.

Conto has recently commenced an initial field based reconnaissance program (ASX announcement Oct 8, 2012) which aims to broaden the understanding of extents of gold mineralisation at Lone Wolf. In the ongoing field based reconnaissance program, Conto will undertake a Mobile Metal Ion (MMI) geochemistry survey at Lone Wolf.

The geochemical sampling is expected to highlight a number of priority targets and geochemical trends which will be explored by more detailed analysis prior to any drilling assessment. Conto aims to identify areas that are geochemically anomalous in the target commodities – gold and base metals.

Additionally, Conto is targeting to conduct detailed geological mapping of the entire project area. The aim of the geological mapping in conjunction with MMI geochemistry is to further understand the extent and controls on mineralisation within the project area.

Figure 4:5 Lone Wolf Project Historical Drilling



Source: Conto Resources

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4.8 Exploration program

The Company intends to pursue further expansion on both projects. Results of recent geochemical work and rock chip sampling program at Cardinia Bore project confirmed the presence of gold mineralisation within the project area. A subsequent programme has been planned by Conto to define the extent of gold mineralisation.

Conto has recently commenced initial field based reconnaissance program at Lone Wolf project which aims to broaden the understanding of extents of gold mineralisation. In the ongoing field based reconnaissance program, Conto will undertake a Mobile Metal Ion (MMI) geochemistry survey at Lone Wolf.

Conto aims to identify areas that are geochemically anomalous in the target commodities – gold and base metals. Additionally, Conto is targeting to conduct detailed geological mapping of the entire project area. The aim of the geological mapping in conjunction with MMI geochemistry is to further understand the extent and controls on mineralisation within the project area.

The information in this Report that relates to Exploration Results for Conto's Australian assets is based on information compiled by or under the supervision of Mr Jonathan King. Mr King, an Alternate Director for Conto Resources Ltd and a fulltime employee of Weston Consultancy Group Pty Ltd, a private geological/geochemical consultancy, has sufficient experience that is relevant to the styles of mineralisation under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Mr King Consents to the inclusion in this report of the Information, in the form and context in which it appears.

4.9 Valuation – Conto Resource's gold projects

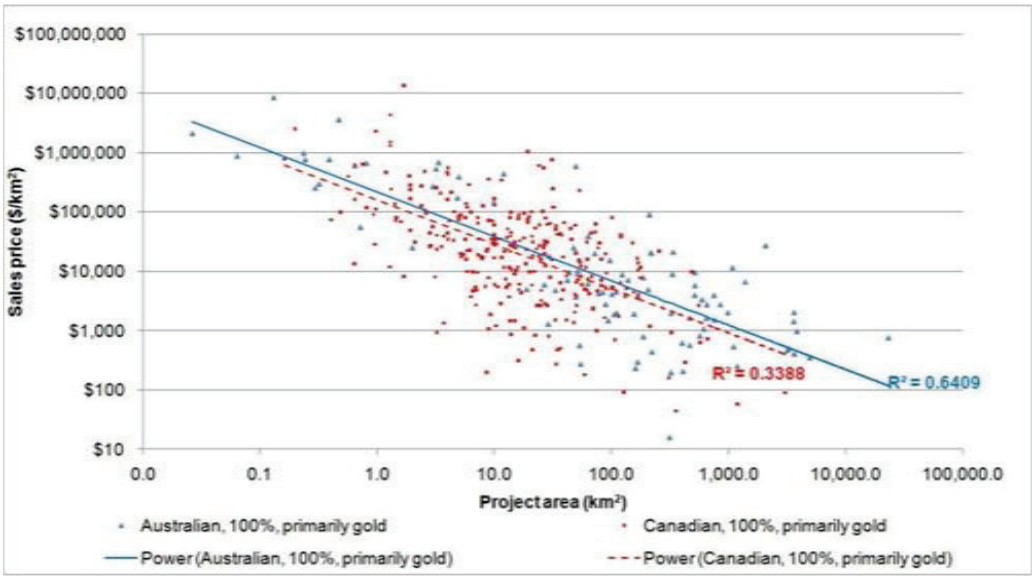
Salva has carried out the valuation of Conto's Western Australian gold tenement in accordance with the VALMIN Code. Salva has taken into consideration the classification of these assets as defined in the VALMIN Code and the different methodologies that are generally accepted as industry practice for each classification. To ascertain the potential value of the project, Salva has used a combination of Market based "the comparable transactions" and cost based "appraised value" methods. Considering the proximity of these two different projects and similar regional geology and exploration potential, Salva has opted to value these two projects together.

4.9.1 Market based Valuation – Comparable Transactions

To obtain an insight into the likely market value for the Conto's Western Australian gold tenements, Salva has conducted a search for transactions involving early stage Western Australian gold exploration projects. To obtain a dataset that is relevant under the time and circumstance, Salva restricted the market transaction database to properties with the comparable size, as the size of the tenement has a profound effect on value (inverse relationship) for gold properties as outlined in Figure 4:6 below.

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Figure 4:6 Relationship between size and value for gold properties



Furthermore, considering the present volatility in the commodity market especially for gold prices, Salva has considered transaction which occurred in the past two years only.

Salva identified 12 transactions which were relevant and comparable with these gold projects. These transactions are tabulated in the Appendix B.

Conto's projects are located close to remnant open-pit prospect where mining activities had occurred several times with substantial historic data. The significant level of historical exploration and mining activity will require considerable desktop analysis in order to adequately utilise the available data. The economic potential of these tenements depends on careful focussed and systematic exploration program aimed to identify sufficient mineralisation and enable drilling to outline resources

An analysis of the Conto's project relative to comparable transactions suggests that the valuation for these projects should be close to median of the comparable transaction range, probably between $15,600-22,300/km2 with a preferred value of $19,000/km2. In addition, this valuation range is in-line with the expected value from the property size vs. value graph in Figure 4:6 and Figure 4:7 lending support to this argument.

Conto's share of Lone Wolf (100%) and Cardinia Bore (80%) projects is valued at preferred value of $260,000 within the range of $ 213,000 to $305,000. A summary of Salva's market-based valuation of Conto's project is presented in Table 4:4 below.

Table 4:4 Market- Based Valuation Summary

Project	Tenement Size (km^2)	Selected value ($ 000 / km^2)			Project value ($ 000)		
		Low	High	Preferred	Low	High	Preferred
Lone Wolf Project	3.6	15.6	22.3	19.0	50	71	61
Cardinia Bore - 100%	13.1				204	292	249
Cardinia Bore - 80%					163	234	199
Conto's Equity Share (Lone Wolf 100% + Cardinia Bore 80%)					**213**	**305**	**260**

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4.9.2 Cost Based – Appraised Value Method

Salva have used the Appraised Value method to estimate the realisable (market) value for all of the tenements that comprise Conto's Gold Project. This method is commonly used to assess value for "grass-roots" through to maturing exploration tenements, where no resources in accordance with JORC Guidelines has been identified or where a resource in accordance with JORC Guidelines may be available but insufficient information relating to development processes and timing are available. The cost based Appraised Value method is founded on the assumption that the intrinsic value of the exploration tenement is based on the exploration potential. This includes the amount of expenditure that has been meaningfully used in the past to define a target or resource and the future costs in advancing the exploration to a pre-feasibility stage. A prospectivity enhancement multiplier is applied to the exploration expenditure, usually limited to the past three years and immediate year, and is based on the overall attractiveness of the exploration area for progressing to a reserves status. The multiplier ranges from 0.5 to 5.0.

A review of the exploration programme by Salva, derived from the information provided by the company and public announcements, the effective exploration expenditure is shown in Table 4:5 below.

Table 4:5 Exploration Program - Direct Expenditure

Year	Amount ($)
2011 Actual	85,000
2012 Forecast	88,000
2013 Plan	65,172*
Total	**238,472**

* Minimum expenditure commitment

Salva has applied a prospectivity enhancement multiplier (Lawrence/Minval/PEM schema) of 1.0 to 1.5 based on the fact that existing data consists of historical exploration records and the results are sufficiently encouraging to warrant further exploration on one or more defined targets. Therefore for the Appraised Value Method a possible value of $238,000 to $357,000 is attributed as shown in Table 4:6 below.

Table 4:6 Appraised Value – Conto's Gold Assets

Exploration Expenditure ($000)			Base Value ($000)	Enhancement Multiplier		Value ($000)	
Prior	2012F	2013P		Lower	Higher	Lower	Higher
85	88	65	238	1.0	1.5	238	357

4.10 Valuation Summary – Conto Resources Gold Projects

In forming its opinion of the fair market value of Conto's Gold Project, Salva has taken guidance from the comparable transactions and cost based methods.

In consideration of comparable transactions, the current market, locality and technical and strategic factors which Salva has assessed to have an impact on the development of the tenement, Salva has derived a valuation range of between $ 225,000 and $330,000 with a preferred value of $280,000.

A summary of Salva's valuation of the Conto's Gold project is presented in Table 4:7 below.

Table 4:7 Valuation Summary- Conto Resource's Gold Assets
(100% equity in Lone Wolf Project & 80% equity in Cardinia Bore project)

Approach	Method	Values ($ '000)		
		Low	High	Preferred
Market-based	Comparable	213	305	260
Cost based	Appraised Value	238	357	300
Selected		**225**	**330**	**280**

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5 Declaration

5.1 Independence

Salva Resources is a privately owned and operated mining and resource industry consultancy providing independent, strategic and tactical advice to exploration and mining companies, engineering firms, financial institutions and investors. In addition, Salva Resources confirms its independence for the purpose of the Australian Securities and Investment Commission's Regulatory Guide 112 – Independence of experts (ASIC, 2011). Salva Resources operates through its offices in Australia, Indonesia, India and United Kingdom. Our corporate services include technical audits, project reviews, valuations, independent expert reports, project management plans and corporate advice.

Salva Resources personnel have extensive experience in the preparation of independent valuations for a variety of commodities including coal, gold, base metal, platinum, diamonds and iron. This report has been prepared independently and in accordance with the VALMIN Code. The authors do not hold any interest in the Conto, related parties, or in any of the mineral properties or interested parties, which are the subject of this report. Fees for the preparation of this report are being charged at Salva's standard rates, whilst expenses are being reimbursed at cost. Payment of fees and expenses is in no way contingent upon the conclusions drawn in this report.

5.2 Qualifications

Manish Garg | Director – Salva Consult

Manish has over 24 years' experience in mining operations, marketing, corporate roles and consulting. Before joining Salva Resources, Manish managed business analysis, planning and improvement functions at Rio Tinto, BHP Billiton, WMC Resources, Oceanagold and Pasminco apart from working as Site Manager at base metal operations. Manish's experience includes market intelligence, due diligence, metal and concentrate marketing, valuation, strategic planning and optimising business performance. Manish has managed and worked on due diligences, feasibility studies and reviews for banks, financial investors and mining companies on worldwide projects including Australia, New Zealand, India, South Africa, Congo, Zambia, Kazakhstan, Peru & Bolivia. Manish is a BEng (Hons) (Minerals Engineering), Master of Applied Finance, and a member of the AusIMM.

Prof Kenneth Collerson | Principal Consultant – Geology

Ken has more than 40 years of geological experience from academia and industry. His core skills include: Precambrian crustal evolution and deposit targeting, rare earth element and speciality metal geochemistry and mineralisation.

He has international experience in logistically challenging environments in Australia, Canada, Greenland, Antarctica, Rwanda, Kenya and Brazil. He is a lateral thinker and has generated targets for companies in Australia, Brazil and Africa.

Ken is a CP for a variety of commodities. Ken is an Emeritus Professor at UQ and has publishing more than 100 highly cited scientific papers. Kenneth is Ph.D. (Geology), and is a member of AusIMM.

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Appendix A- Comparable Market Transaction Udu Project, VMS type deposits

Date	Parties (Seller-Buyer)	Project	Transaction	Location	Descriptions	Resources and grades	Implied Value ($/t)	Reporting Standard
June-11	Sabina Gold & Silver Corp. - Xstrata plc.	Hackett River Base Metal/Silver Deposit	Xstrata has agreed to pay cash consideration of $50 million. Sabina will reserve a silver production royalty equal to 22.5% of the first 190 million ounces of payable silver from the current resource at Hackett River and other properties.	Canada	A VMS deposit, located within Wishbone Greenstone Belt is amenable to work by open pit mining method. The project is located at lies 480 km northeast of Yellowknife and 75 km southwest of Bathrust inlet in North Canada	Indicated Resource 43 Mt containing 144 g/t Ag, 4.65% Zn, 0.42% Cu, 0.64% Pb and 0.30 g/t Au and an Inferred Resource 14.6 Mt containing 136 g/t Ag 4.46% Zn, 0.31% Cu, 0.57% Pb and 0.31 g/t Au	0.85	NI 43-100

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Apr-11	Undisclosed-Redtail Metals Corp.	Marg Base Metal Project	The deal comprise of a cash payment of CAD 14 M only.	Canada	The Marg Project is a large VMS deposit located approximately 45km east-northeast along a winter road accessible from the town of Mayo in the Yukon Territory of Canada. The property covers a number of significant untested exploration targets with excellent geochemical and geophysical signatures in favourable stratigraphy.	Indicated Resource of 3.96 Mt of 1.57% Cu, 1.92% Pb, 3.90% Zn, 49.40 g/t Ag, and 0.79 g/t Au, Inferred Resource of 7.78 Mt of 1.12% Cu, 1.36% Pb, 2.89% Zn, 34.88 g/t Ag, and 0.52 g/t Au	1.20	NI43-101

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March-11	Jabiru Metals-Laconia Resources Limited	Lennons Find Base Metal Deposit	Laconia Resources acquired 100% equity of Jabiru Metals by issuing 10 million Laconia Shares	Australia	The project is located at 70 km south east of Marble Bar in Western Australia. Presence of historical mining with recorded production of 30.5 t of Cu ore and 20.3 t of Zn ore.	Inferred Resources of 0.85 Mt of 7.7% Zn, 1.8% Pb, 0.7 % Cu and 115g/t Ag	0.98	JORC
Feb-11	HudBay Minerals Inc.—Rockcliff Resources Inc.	Spruce Point Mine Copper/Zinc Project	Transactions comprised of conditional payments in form of cash payment and exploration expenditure valued at CAD $ 2.9 M	Canada	Comprise of historical mine and nearby tenement (copper-zinc) Mine located 50km southwest of Snow Lake, Manitoba, Canada.	Estimated Inferred resource of 1.47 Mt in two distinct areas with average grade of 1.44g/t Au, 15.04 g/t Ag, 1.7% Zinc, 2.15% Cu in area 1 and 2.34% Cu in area 2	1.98	Historical Resource Estimate – Canada
Jan 11	Toho Zinc Company Ltd-Venturex Resources Limited	Panorama Copper/Zinc Mine	Cash Consideration of $ 26.2 M and take off rights capped	Australia	One of the largest VMS deposit in Pilbara , Western	Total Resource: 19.3 Mt @ 1.2% Cu, Zn 3.2% Zn, 0.2% Pb, and 16.1 g/t Ag.	1.36	JORC

			at 230,000 t Zn		Australia located at 162 SE of port Hedland.	Resource Comprising of Measured 5.774 Mt, Indicated 16.49 Mt and Inferred 4.3 Mt.		
Median ($/t)							**1.20**	

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Appendix B - Comparable Market Transaction Early Stage Gold Projects, WA

Date	Parties (Buyers-Seller)	Projects	Transaction	Description	Area (Km2)	Implied value $/Km2
Oct-12	Phoenix Gold Ltd-Carrik Gold	Kalgoorlie west	Phoenix Gold ltd acquired early stage exploration tenement owned by Carrik Gold in the West Kalgoorlie Gold project tenements located adjacent to its Broads dam and Castle hill projects by paying AUD 350,000 in cash and 1.62 million fully paid ordinary shares @ 0.22 AUD.	The 85.0 sq. km project is located in the West Kalgoorlie region where advance stage exploration project owned by Phoenix is located. Some of the tenements are located in between several tenements owned by Phoenix Gold Ltd.	85	8,310
Sep-12	Mithril Resources-Breakaway resources	Spurges Reward old mine and nearby tenements	Mithril to acquire Spurges Reward Gold Mine and surrounding tenements for $200,000 in cash from Breakaway Resources Previous production to 120 metres vertical depth of approx. 30,000ozs @ 8g/t gold. Excludes the nickel right form the tenements.	Total 15 Km2 tenements comprises of two prospecting licences (P15/4876 and P15/48666) and 9 tenements. The Tenements are located 16kms north along strike from the operating Wattle Dam Gold Mine (total production of 250Koz gold from 2006- august12).	15	13,333
Jun-12	Global Metals Exploration NL-Messina Resources Ltd	Leonora	Global Metals Exploration NL acquired from Messina Resources Ltd a 100% interest in the Leonora project for $0.55 M cash, $0.77 M in shares and 40.0 M options (no exercise price or term identified).	The 56.9 sq km Leonora project is located approximately 35 km to the southeast of the Teutonic Bore VMS deposit in Western Australia. The early-stage gold exploration project had previously been subject to geochemical soil sampling and limited drilling.	56.9	23,209

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Feb-12	Auzex Exploration Limited-Tampia gold and Goldoro	Tampia Gold Project	The Tampia Gold project was acquired for a $500,000 cash payment to Tampia gold and Goldoro. The remaining 20% is retained by Tampia gold and Goldoro, till completion of a definitive feasibility study. Post feasibility Tampia gold and Goldoro will have an option to convert this interest into equity or a royalty interest.	The 35Km2 project is located 300km east of Perth in the Wheat Belt of WA. The Narembeen township,12km NW of the project area is a wheat and sheep farming Community is the nearest populated area with a population of 500. Approximately 6 properties are covered by the project area. An Exploration Licence E70/2132 and two Mining Leases M70/815 and M70/816	35	17,857
Jan-12	Exterra Resources Ltd – Undisclosed	Zelica Ext	Exterra Resources Ltd acquired a 100% interest in the Zellica extension project for $0.05 M cash from an undisclosed vendor.	The 1.75 km2, Zellica extension project is located about 70 km Southwest of Laverton. The project surrounds Exterra Resources Zellica project which contained 0.09 M oz of Au potentially amenable to extract by open pit, heap leach technology.	1.8	29,000
Feb-11	Wild Acre Metals Ltd-Undisclosed	Mt Ida South Extension	Wild Acre Metals Ltd obtained 100% interest in the Mount Ida South Extension project for $ 0.03 M cash from an undisclosed private vendor.	The 45.0 sq km Mt Ida South project is located approximately 200 km north-northwest of Kalgoorlie in the north-eastern Goldfields region of Western Australia. The project does not have any history of gold mining but it hosts the White Eagle nickel laterite prospect which was discovered from auger drilling in 1971 and later confirmed by later explorers utilising RAB and RC drilling.	45	667

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Jan-11	Paynes Find Gold Ltd – private vendor	Paynes Find	Paynes Find Gold Ltd acquired from a private vendor a 100% interest in tenement number P59/1942 for payment of $0.05 M cash.	The 0.84 km2 P59/1942 tenement area is one of the prospecting tenement located in the Paynes Find project area (which is around 11 km2, western Australia. Little additional project specific detail about the early-stage gold exploration project.	0.8	59,000
Jan-11	Silver Stone Resources—Undisclosed	Cheritons East	Company acquired from an undisclosed vendor a 100% in the Cheritons East project for $0.11 M cash and 0.50 M shares (valued at $0.20/share).	The 58.3 sq km Cheritons East project is located about 48 km southeast of Marvel Loch in Western Australia and overlies the southern strike extension of the Redwing gold mineralisation. The Project is considered to have the potential to host major low to medium grade gold mineralisation, subject to deeper drilling.	58.3	3,602
Jan-11	Paynes Find Gold Ltd – private vendor	Paynes Find	Paynes Find Gold Ltd acquired from a private vendor a 100% interest in P59/1941 for $0.05 M cash.	The 1.74 km2 P59/1941 tenement area is located in the Paynes Find are of western Australia. Little additional project specific detail about the early-stage gold exploration project was there	1.7	29,000
Dec-10	WCP Resources Ltd– Undisclosed	Yalgoo	WCP resources a 100% interest in the Yalgoo project for$0.022 M cash and 0.15 M shares (deemed $0.09/share) from undisclosed vendor	The 75.0 sq km Yalgoo project is located within 70Km of the Mount Gibson gold mine, the Golden Grove base metal min, Karara Magnetite project and Kirkalocka gold mine. The project consists of Exploration Licence E59/174. Previous gold exploration was limited to soil sampling only.	75	473
Oct-10	Monteray Group Ltd—Undisclosed	Hickman's	Monteray Group acquired from a private party a 100% interest in the Golden Ridge South, Malcolm King, Triple 3 and Hickman's projects for $0.11 M cash, 55.0 M shares with a stated value of $0.01/share and	The 3.9 sq km Golden Ridge South, 1.9 sq km Malcolm Kings, 9 sq km Triple 3 and 15 sq km Hickman's projects are located in the Leonora, Leinster and Mt Monger regions of Western Australia. The Hickman's projects are located in the Mt Monger region approximately 50km east	29.8	34,582

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			35.0 M four year $0.0125 M options.	of Kalgoorlie. The Triple 3 licence lie SSE of Integra Mining's Majestic gold deposit where they have reported grades of up to 20m @ 5.79g/t Au and 198m @ 1.0 g/t Au.		
Sep-10	Mount Resources Pty Ltd– Orion Metals Ltd	Killi Killi	Company acquired 100% interest in the Killi Killi project for $0.03 M cash, 0.50 M shares valued at $0.05/share and for a 1% gross sales royalty capped to $0.10 M.	The 41.7 sq.km Killi Killi project is located about 300 km southeast of Halls Creek in Western Australia. Orion Metals Ltd reported that the project was prospective for REE, gold and uranium mineralisation. The project was near the third party Browns Range REE deposit and had previously only been subject to geochemical rock chip sampling exploration programmes.	41.7	1,319
				Average	37.2	18,363
				Median	38.3	15,595

Appendix C - Valuation Approaches and Methods

Valuation considerations

To ensure compliance with the ASX's listing rules and Australian Corporations Law, this report has been prepared in accordance with the VALMIN Code.

Under the VALMIN Code, mineral assets are classified according to their maturity. A *mineral asset* includes all property held for the purpose of near term or eventual mineral extraction, including but not limited to:

- real property
- intellectual property
- tenements, plant, equipment and associated infrastructure.

Most mineral assets can be classified as outlined in Table below.

Mineral asset classification

Project development stage	Criterion
Exploration areas	Mineralisation may or may not have been defined, but where a Mineral Resource has not been identified.
Advanced exploration areas	Considerable exploration has been undertaken and specific targets identified. Sufficient work has been completed on at least one prospect to provide a good geological understanding and encouragement that further work is likely to result in the determination of a Mineral Resource.
Pre-development / resource	Mineral Resources and/or Ore Reserves have been identified estimated. A positive development decision has not been made. This includes properties where a development decision has been negative and properties are either on care and maintenance or held on retention titles.
Development	Committed to production but not yet commissioned or not initially operating at design levels.
Operating	Mineral properties, in particular mines and processing plants, which have been fully commissioned and are in production.

Source: VALMIN, 2005

Under the VALMIN Code, *value* is the fair market value of a mineral asset (2005). Fair market value is the amount of money or the cash equivalent that a willing buyer and seller would exchange on the valuation date in an arm's length transaction (VALMIN, 2005). Each party is assumed to have acted knowledgeably, and without compulsion. In essence, fair market value is comprised of:

- Underlying or 'technical value' - a mineral asset's future economic benefit under a set of assumptions, excluding any premium or discount for market, strategic, or other considerations
- Market component - a premium relating to market, strategic or other considerations, which can be either positive, negative, or zero.

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The market value should include all material information to the asset. For projects with extensive technical detail, the valuer determines materiality of information based on whether its inclusion would result in the valuation reaching a different conclusion.

There is no single method of valuation which is appropriate for all situations. Rather, there are several valuation methods, each of which have some merit and are more or less applicable depending on the circumstances. Mineral assets are generally valued based on approaches that assess income, cost, and the open market. As the VALMIN Code is not prescriptive in this regard, the 2008 Edition of The South African Code for the Reporting of Mineral Asset Valuation (SAMVAL) and the Canadian 2003 Edition of the Standards and Guidelines for Valuation of Mineral Properties (CIMVAL) provide insight into applicable approaches, as shown in the table below.

Valuation approaches for different types of mineral assets

Approach	Project development stage			
	Exploration	Resource	Development	Operating
Income	No	Rarely	Yes	Yes
Cost	Yes	Rarely	No	No
Market	Yes	Yes	Yes	Yes

Source: CIMVAL, 2003

Market-based approach

The market-based approach uses the transaction prices of projects in similar geographical, geopolitical, and geological environments to derive a market value using a process similar to that in the real estate industry (CIMVAL, 2003). The market-based approach may use the assumption either of joint venture terms or outright acquisitions, and can be presented in range of unitised values including on a dollar per ounce or tonne of contained metal/mineral; dollar per square kilometre; or as a percentage of the prevailing commodity price.

In the Salva's opinion, a market-based approach is well suited to establishing a likely value for mineral deposits and exploration projects, as it inherently takes into account all value drivers.

Related comparable transactions

Recent comparable transactions can be relevant to the valuation of projects and tenements. While it is acknowledged that it can be difficult to determine to what extent the properties and transactions are indeed comparable, unless the transactions involve the specific parties, projects or tenements under review, this method can provide a useful benchmark for valuation purposes. The timing of such transactions must be considered as there can be substantial change in value with time.

Salva has considered whether any comparable relevant transactions have taken place in recent years which can be used as a basis for estimation of value of the mining assets assessed herein.

As no two mineral assets are the same, the Expert must be cognisant of the quality of the assets in the comparable transactions, with specific reference to:

- the grade of the resource;
- the metallurgical qualities of the resource;
- the proximity to infrastructure such as an existing mill, roads, rail, power, water, skilled work force, equipment, etc.;
- likely operating and capital costs;
- the amount of pre-strip (for open pits) or development (for underground mines) necessary;
- the likely ore to waste ratio (for open pits);
- the size of the tenement covering the mineral asset; and
- the overall confidence in the resource.

Alternative offers and joint venture terms

If discussions have been held with other parties and offers have been made on the project or tenements under review, then these values are certainly relevant and worthy of consideration. Similarly, joint venture terms where one party pays to acquire an interest in a project, or spends exploration funds in order to earn an interest, provide an indication of value.

Rules of thumb or yardsticks

Certain industry ratios are commonly applied to coal mining projects to derive an approximate indication of value. The most commonly used ratios are dollars per tonne of coal in resources, dollars per tonne of coal in reserves, and dollars per tonne of annual production. The ratios used commonly cover a substantial range which is generally attributed to the 'quality' of the coal, the infrastructure to reach markets and the status of the tonnes estimates. Low cost of production tonnes are clearly worth more than high cost tonnes. Where a project has substantial future potential not yet reflected in the quoted resources or reserves a ratio towards the high end of the range may be justified.

Other Expert Valuations

Where other independent experts or analysts have made recent valuations of the same or comparable properties, these opinions clearly need to be reviewed and to be taken into consideration.

Cost-based approach

Appraised Valuation or Multiple of exploration expenditure method (MEE)

Past expenditure, or the amount spent on exploration of a tenement is commonly used as a guide in determining the value of exploration tenements, and 'deemed expenditure' is frequently the basis of joint venture agreements. The assumption is that well directed exploration has added value to the property. This is not always the case and exploration can also downgrade a property and therefore a 'prospectively enhancement multiplier' (PEM), which commonly ranges from 0.5-3.0, is applied to the effective expenditure. The selection of the appropriate multiplier is a matter of experience and judgement.

To eliminate some of the subjectivity with respect to this method, Salva applies a scale of PEM ranges as follows to the exploration expenditure:

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Prospectively enhancement multipliers

PEM	Rationale
0.5 -1.0	Previous exploration indicates the area has limited potential
1.0 -1.5	The existing (historical and/or current) data consists of pre-drilling exploration and the results are sufficiently encouraging to warrant further exploration.
1.5 -2.0	The prospect contains one or more defined targets warranting additional exploration.
2.0 -2.5	The prospect has one or more targets with significant drill hole intersections.
2.5 -3.5	Exploration is well advanced and infill drilling is required to define a resource.
5.0	A resource has been defined but a (recent) pre-feasibility study has not yet been completed

Source: Salva Resource

Over-riding any mechanical or technical valuation method for exploration ground must be recognition of prospectivity and potential, which is the fundamental value in relation to exploration properties.

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