

# Eumeralla Resources Limited

ACN 148 860 299

to be renamed Ausmex Mining Group Limited

## PROSPECTUS

For the offer of up to 75 million *shares* at an issue price of \$0.08 each to raise up to \$6,000,000 (before costs) (*public offer*).

The *public offer* is subject to a minimum subscription requirement of \$4,000,000. The *public offer* is not underwritten.

This *prospectus* is a re-compliance prospectus for the purposes of satisfying chapters 1 and 2 of the *listing rules* and to satisfy *ASX* requirements for reinstatement of the *company's* securities to trading following a change in the nature and scale of the *company's* activities.

The *offers* made under this *prospectus* and the issue of *securities* pursuant to this *prospectus* are subject to and conditional on satisfaction of the *offer conditions*. If the *offer conditions* are not satisfied, no *securities* will be issued pursuant to this *prospectus* and the *company* will repay all money received from *applicants* without interest.



### Lead manager

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



### Solicitors to the Offers

Blackwall Legal LLP  
Level 6, 105 St Georges Terrace  
Perth WA 6000

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

*The shares offered by this prospectus should be considered as highly speculative.*

# CONTENTS

1.	CORPORATE DIRECTORY.....	3
2.	TIMETABLE .....	4
3.	IMPORTANT NOTES .....	5
3.1.	Lodgement and timing.....	5
3.2.	Disclaimer.....	5
3.3.	Applications.....	5
3.4.	Offers conditional .....	5
3.5.	Electronic prospectus .....	6
3.6.	Forward-looking statements .....	6
3.7.	Foreign jurisdictions.....	7
3.8.	Speculative investment.....	8
3.9.	Other matters .....	8
4.	LETTER FROM THE CHAIRMAN .....	9
5.	INVESTMENT SUMMARY.....	11
6.	DETAILS OF THE OFFERS.....	20
6.1.	The public offer .....	20
6.2.	ASX waivers .....	20
6.3.	Minimum subscription.....	21
6.4.	Further offers .....	21
6.5.	General meeting.....	22
6.6.	Re-compliance with Chapters 1 and 2 of the listing rules .....	22
6.7.	Issue of securities.....	23
6.8.	Quotation of shares.....	23
6.9.	Restricted securities .....	23
6.10.	Dividend policy.....	24
6.11.	How to apply.....	24
6.12.	Application monies to be held on trust.....	25
6.13.	Allocation of shares.....	25
6.14.	Lead manager and commissions.....	26
6.15.	Financial forecasts .....	26
6.16.	CHESS and issuer sponsorship .....	26
6.17.	Privacy.....	27
6.18.	Taxation .....	27
6.19.	Enquiries .....	27
7.	PURPOSE AND EFFECT OF THE OFFERS .....	28
7.1.	Purpose of the public offer and funds allocation .....	28
7.2.	Effect of the offers.....	29
7.3.	Effect on capital structure.....	29
8.	DIRECTORS, KEY MANAGEMENT & CORPORATE GOVERNANCE .....	30
8.1.	Director profiles .....	30
8.2.	Directors' interests .....	32
8.3.	Directors' security holdings .....	32
8.4.	Remuneration of directors .....	33

8.5.	Key terms of agreements with directors .....	34
8.6.	Corporate governance.....	34
9.	COMPANY AND AUSMEX OVERVIEW .....	39
9.1.	Company strategy .....	39
9.2.	Ausmex – business overview.....	40
9.3.	Business model and strategy .....	40
9.4.	Ausmex projects - Queensland.....	41
9.5.	Ausmex projects - South Australia.....	47
9.6.	Consideration matters .....	51
9.7.	Management of Ausmex.....	51
10.	FINANCIAL INFORMATION.....	52
11.	INVESTIGATING ACCOUNTANT’S REPORT.....	53
12.	INDEPENDENT TECHNICAL REPORTS.....	72
12.1.	Independent Geological Report – Cloncurry tenements.....	72
12.2.	Tenement report – Cloncurry tenements .....	126
12.3.	Independent Technical Report – EL 5881 (South Australia) .....	185
12.4.	Tenement report - EL 5881 (South Australia) .....	255
13.	RISK FACTORS.....	281
13.1.	Introduction .....	281
13.2.	Risks specific to the acquisition.....	281
13.3.	Risks specific to Ausmex.....	283
13.4.	General risks.....	284
13.5.	Speculative investment.....	285
14.	MATERIAL CONTRACTS .....	286
14.1.	Introduction .....	286
14.2.	Broker mandate.....	286
14.3.	Lead manager agreement.....	286
14.4.	Acquisition agreement .....	287
14.5.	Material contracts of Ausmex.....	288
14.6.	Agreements with directors, related parties and key management personnel .....	290
15.	ADDITIONAL INFORMATION .....	291
15.1.	Rights attaching to shares.....	291
15.2.	Substantial shareholders .....	292
15.3.	Terms of advisor options .....	293
15.4.	Terms of officer options .....	295
15.5.	Terms of director options .....	296
15.6.	Terms of employee incentive scheme .....	297
15.7.	Interests of experts and advisors.....	301
15.8.	Consents .....	302
15.9.	Litigation.....	304
15.10.	Expenses of the offers .....	304
16.	DIRECTORS’ AUTHORISATION .....	305
17.	GLOSSARY .....	306
	ANNEXURE A - CORPORATE GOVERNANCE STATEMENT.....	312

# 1. CORPORATE DIRECTORY

<i>current directors</i>	Mr David Wheeler	Non-Executive Chairman
	Ms Nicole Fernandes	Non-Executive Director
	Mr James Hyndes	Non-Executive Director

<i>proposed directors</i>	Mr David Wheeler	Non-Executive Chairman
	Mr Matthew Morgan	Managing Director
	Dr Andrew Firek	Non-Executive Director
	Mr Geoff Kidd	Non-Executive Director

<i>company secretary</i>	Mr Tim Slate (current)
	Ms Mientze Tang (proposed post-completion)

<i>registered office</i>	Level 6, 105 St Georges Terrace, Perth WA 6000
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<i>telephone</i>	+61 8 6558 0886
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<i>email</i>	<a href="mailto:info@eumerallaresources.com">info@eumerallaresources.com</a>
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<i>website</i>	<a href="http://www.eumerallaresources.com">www.eumerallaresources.com</a>
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<i>share registry</i>	Automic Registry Services Suite 310, 50 Holt Street, Surry Hills NSW 2010
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<i>auditor</i>	HLB Mann Judd Level 4, 130 Stirling Street, Perth WA 6000
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<i>solicitors to the company</i>	Blackwall Legal LLP Level 6, 105 St Georges Terrace, Perth WA 6000
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<i>lead manager and corporate advisor</i>	CPS Capital Group Pty Ltd Level 45, 108 St Georges Terrace, Perth WA 6000
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<i>corporate advisor to Ausmex</i>	Armada Capital and Equity Pty Ltd 7/55 Hampden Rd, Nedlands WA 6009
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<i>investigating accountant</i>	RSM Corporate Australia Pty Ltd 8 St Georges Terrace, Perth WA 6000
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<i>independent geologists</i>	Australian Geoscientists Pty Ltd (in respect of <i>Cloncurry tenements</i> ) PO Box 5098, Kenmore East Qld 4069  RSC Consulting Limited (in respect of <i>EL 5881 (SA)</i> ) Level 3, 1111 Hay Street, West Perth WA 6005
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<i>tenement consultant</i>	GM Minerals Consultants Pty Ltd (trading as Geos Mining) Suite 301, 88 Alfred Street, Milsons Point NSW 2061
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<i>securities exchange</i>	Australian Securities Exchange (ASX)
	ASX Code: EUM (current); AMG (proposed)

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## 2. TIMETABLE

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<i>16 March 2017</i>	Lodgement of <i>prospectus</i> with <i>ASIC</i>
<i>16 March 2017</i>	Lodgement of <i>prospectus</i> and Appendix 3B with <i>ASX</i>
<i>16 March 2017</i>	<i>Public offer</i> opens
<i>22 March 2017</i>	<i>General meeting</i>
<i>7 April 2017</i>	<i>Closing date</i>
<i>21 April 2017</i>	Completion of the <i>acquisition</i>
<i>21 April 2017</i>	Issue date / <i>shares</i> entered into <i>shareholders'</i> security holdings
<i>5 May 2017</i>	<i>Quotation</i> of <i>shares</i> issued under the <i>public offer</i>

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The above timetable is indicative only and subject to change. Subject to the *listing rules*, the *directors* reserve the right to vary these dates, including the *closing date*, without prior notice. Any extension of the *closing date* will have a consequential effect on the anticipated date for issue of the *shares*. The *directors* also reserve the right not to proceed with the whole or part of the *public offer* at any time prior to allotment. In that event, the relevant *application monies* will be returned without interest.

## 3. IMPORTANT NOTES

### 3.1. Lodgement and timing

- 3.1.1. This *prospectus* is dated 16 March 2017 and was lodged with ASIC on that date. ASIC and its officers take no responsibility for the contents of this *prospectus* or the merits of the investment to which this *prospectus* relates.
- 3.1.2. No *shares* may be issued on the basis of this *prospectus* later than 13 months after the date of this *prospectus*.
- 3.1.3. Application will be made to ASX within seven days after the date of this *prospectus* for quotation of the *shares* the subject of the *public offer*.

### 3.2. Disclaimer

- 3.2.1. No person is authorised to give information or to make any representation in connection with this *prospectus*, which is not contained in the *prospectus*. Any information or representation not so contained may not be relied on as having been authorised by the *company* in connection with this *prospectus*.
- 3.2.2. It is important that investors read this *prospectus* in its entirety and seek professional advice where necessary. The *shares* the subject of this *prospectus* should be considered highly speculative. No document or information included on the *company's* website is incorporated by reference into this *prospectus*.

### 3.3. Applications

Persons wishing to apply for *securities* pursuant to the *offers* must do so using an application form as provided with a copy of this *prospectus*. The *Corporations Act* prohibits any person passing onto another person an application form unless it is attached to a hard copy of this *prospectus* or it accompanies the complete and unaltered version of this *prospectus*.

### 3.4. Offers conditional

The *offers* are conditional upon the following events occurring:

- (a) *shareholders* approving the *transaction resolutions* at the *general meeting* (see *Section 6.5*);
- (b) the *company* receiving subscriptions for the minimum subscription of the *public offer* (being \$4,000,000) (***minimum subscription***) (see *section 6.3*);
- (c) completion of the *acquisition*; and

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- (d) *ASX* approving the *company's* re-compliance with the admission requirements under Chapters 1 and 2 of the *listing rules* and the *company* receiving conditional approval for re-quotation of its *shares* on *ASX* (see *Section 6.6*),

(together, ***offer conditions***).

If any of the *offer conditions* are not satisfied, then the *company* will not proceed with the *public offer* and will repay all *application monies* received. If the *company* does not proceed with the *public offer*, it will not proceed with the other *offers*.

### 3.5. Electronic prospectus

This *prospectus* will be issued in paper form and as an electronic prospectus which may be accessed on the internet at [www.eumeralaresources.com](http://www.eumeralaresources.com). The *offers* pursuant to the electronic *prospectus* are only available to persons receiving an electronic version of this *prospectus* in Australia. The *Corporations Act* prohibits any person passing the application form on to another person unless it is attached to, or accompanied by, the complete and unaltered version of the *prospectus*. During the *offer period*, any person may obtain a hard copy of this *prospectus* by contacting the *company* at the address set out in the corporate directory in *Section 1*.

### 3.6. Forward-looking statements

- 3.6.1. This *prospectus* contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.
- 3.6.2. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this *prospectus*, are expected to take place.
- 3.6.3. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the *company*, the *directors* and management.
- 3.6.4. We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this *prospectus* will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.
- 3.6.5. We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this *prospectus*, except where required by law. These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in *Section 13*.

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## 3.7. Foreign jurisdictions

3.7.1. No action has been taken to permit the offer of *shares* under this *prospectus* in any jurisdiction other than Australia. The distribution of this *prospectus* outside Australia may be restricted by law and therefore persons into whose possession this *prospectus* comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This *prospectus* does not constitute an offer of any *shares* in any jurisdiction where, or to any person to whom, it would be unlawful to issue this *prospectus*.

### 3.7.2. Residents of Singapore

This *prospectus* has not been registered with the Monetary Authority of Singapore. This *prospectus* and any other materials in connection with the offer or sale, solicitation or invitation for subscription, or purchase of *shares* under the *public offer* may not be circulated or distributed, nor may those *shares* be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore, other than to the following (each an ***exempt investor***):

- (a) to an “institutional investor” under section 274 of the Securities and Futures Act, Chapter 289 of Singapore (***SFA***);
- (b) to a “relevant person” pursuant to section 275(1) of the *SFA*, or any person pursuant to section 275(1A) of the *SFA*, and, in each case, in accordance with the conditions specified in section 275 of the *SFA*; or
- (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the *SFA*.

Where *shares* are subscribed for or purchased under the *public offer* by an *exempt investor*, you are subject to restrictions on transferability and re-sale. The *shares* may not be transferred or re-sold in Singapore, except as permitted under the *SFA*. By accepting this *prospectus*, you agree to be bound by the disclaimers, limitations and restrictions described herein.

### 3.7.3. Residents of Hong Kong

The contents of this *prospectus* have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the *public offer*. If you are in any doubt about any of the contents of this *prospectus*, you should obtain independent professional advice.

This *prospectus* has not been registered in Hong Kong and it has not been approved by the Securities and Futures Commission of Hong Kong under the Securities and Futures Ordinance (Chapter 571) of Hong Kong (***SFO***). This *prospectus* and any other materials in connection with the offer or sale, solicitation or invitation for subscription, or purchase of *shares* under the *public offer* may not be circulated or

distributed, nor may such *shares* be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Hong Kong, other than to the following:

- (a) to a “professional investor” under the SFO;
- (b) in circumstances which will not result in the prospectus constituting a “prospectus” under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that ordinance.

By accepting this *prospectus*, you agree to be bound by the disclaimers, limitations and restrictions described herein.

### 3.8. Speculative investment

- 3.8.1. An investment in the *shares* offered under this *prospectus* should be considered highly speculative. Refer to *Section 13* for details of the key risks applicable to an investment in the *company*. Persons wishing to apply for *shares* offered under this *prospectus* should read this *prospectus* in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of the *company* and the rights and liabilities attaching to the *shares* offered pursuant to this *prospectus*.
- 3.8.2. This *prospectus* does not take into account the investment objectives, financial or taxation or particular needs of any *applicant*. Before making any investment in the *company*, each *applicant* should consider whether such an investment is appropriate to his or her particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. If persons considering applying for *shares* offered pursuant to this *prospectus* have any questions, they should consult their stockbroker, solicitor, accountant or other professional advisor.
- 3.8.3. There is no guarantee that the *shares* offered under this *prospectus* will make a return on the capital invested, that dividends will be paid on the *shares* or that there will be an increase in the value of the *shares* in the future.

### 3.9. Other matters

- 3.9.1. All financial amounts in this *prospectus* are expressed as Australian dollars unless otherwise stated. Any discrepancies between totals and sums and components in tables contained in this *prospectus* are due to rounding.
- 3.9.2. Defined terms and abbreviations italicised in this *prospectus* are detailed in the *glossary* in *Section 17*.

## 4. LETTER FROM THE CHAIRMAN

Dear Investor,

On behalf of the directors of Eumeralla Resources Limited (to be re-named Ausmex Mining Group Limited) (*company*), I am delighted to invite you to participate in an issue of *shares* to raise up to \$6,000,000 through an issue of up to 75,000,000 *shares* at an issue price of \$0.08 per share (*public offer*).

On 5 December 2016, the *company* announced the execution of a binding heads of agreement with Ausmex Mining Limited (*Ausmex*) for the acquisition of 100% of the issued capital in *Ausmex*. By entering into the *acquisition*, *Ausmex* will become a wholly-owned subsidiary of the *company*.

The proposed acquisition of *Ausmex*, described further in this *prospectus*, signifies an important transforming event that will see the *company* focus its business activities on the development base and precious metals projects in Queensland and South Australia.

This *public offer* is being made to provide funds to:

- (a) secure exploration projects that have potential to host giant world class IOCG or porphyry copper gold deposits such as Ernest Henry or Rocklands in Queensland, Olympic Dam in South Australia or Cadia – Ridgeway in New South Wales; and
- (b) allied and conducive to such exploration, secure gold/copper production opportunities on smaller gold projects to fund exploration and asset growth.

Using the funds obtained through the *public offer*, the *company* proposes to undertake the activities outlined in *Section 9.3* which include the following key development and commercialisation milestones:

- Implement exploration strategies to explore for world class IOCG or porphyry copper gold deposits
- Carry out feasibility studies to secure finance and/or attract JV partners for its major projects
- Develop gold/copper production opportunities on smaller projects to fund exploration and asset growth
- Be alert to new business opportunities, potential acquisitions and mergers

However, an investment in the *company* involves a number of risks, the key risks being:

- Exploration risks
- Environmental risks
- Commodity and exchange rate fluctuation risk
- Obtaining the required statutory approvals for its proposed activities

These risks are set out in more detail in Section 13 of this document.

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Whilst an investment under the *public offer* must be considered speculative, I believe it represents an excellent opportunity to participate in some exciting resources projects. I encourage you to read the *prospectus* carefully and seek professional advice if required before making an investment decision.

On behalf of the *board*, I commend the *public offer* to you and look forward to welcoming you as a *shareholder*.

Yours sincerely,

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

**David Wheeler**  
**Chairman**

## 5. INVESTMENT SUMMARY

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

Topic	Summary	More information
<b>Introduction</b>		
<b>Who is the issuer of the <i>prospectus</i>?</b>	Eumeralla Resources Limited ACN 148 860 299 (to be renamed Ausmex Mining Group Limited).	<i>Section 9.1</i>
<b>Who is the <i>company</i> and what does it do?</b>	The <i>company</i> is a public company that was admitted to the official list of <i>ASX</i> on 26 April 2012. The <i>company's</i> principal activities previously involved minerals exploration in Mongolia and Myanmar. In light of the relative lack of success in commercial development of those projects, the <i>company</i> has been evaluating high quality and value-adding investment opportunities in Australia.	<i>Section 9.1</i>
<b>What is the <i>company's</i> strategy and who is <i>Ausmex</i>?</b>	<p>The <i>company</i> is proposing to acquire all the share capital in <i>Ausmex</i>, an unlisted public company formed for the purpose of pursuing opportunities in the resources sector. Following the <i>acquisition</i>, <i>Ausmex's</i> business will become the principal business of the <i>company</i>.</p> <p><i>Ausmex's</i> principal assets are:</p> <ul style="list-style-type: none"><li>(a) exploration licence EL5881 in South Australia; and</li><li>(b) its rights (pursuant to the <i>Cloncurry option agreement</i>) to acquire interests in tenements in the Cloncurry region of Queensland.<p><i>Ausmex</i> is seeking a listing on <i>ASX</i> in order to raise funds with a view to fast-tracking the development of its projects in Queensland and South Australia. Following obtaining a listing on <i>ASX</i>, <i>Ausmex</i> will initially seek to generate revenues through small-scale gold/copper production opportunities to fund exploration and asset growth.</p></li></ul>	<i>Section 9.2</i>

Topic	Summary	More information
<b>Key investment highlights</b>	<p>The <i>directors</i> consider that key highlights of an investment in the <i>company</i> include:</p> <ul style="list-style-type: none"> <li>• potential for world class IOCG /porphyry discoveries;</li> <li>• allied strategy for production to support exploration; and</li> <li>• a management team, at both board and executive level, with the skills and experience to manage the development of Ausmex's projects.</li> </ul>	<i>Section 9.1.2</i>
<b>What are the <i>company's</i> key assets?</b>	<p>The <i>company's</i> principal assets are its cash holdings of approximately \$1,000,000 (as at 31 December 2016) and its exploration projects in Mongolia and Myanmar. Following completion of the <i>offers</i>, the <i>company</i> will seek either a strategic partner for, or divestment of, its interests in these projects.</p> <p>Via the <i>acquisition</i>, the <i>company</i> intends to acquire <i>Ausmex's</i> assets.</p>	<i>Section 9.1</i>
<b>What is the <i>public offer</i>?</b>	<p>The <i>company</i> is offering up to 75,000,000 <i>shares</i>, each at an issue price of \$0.08, to raise up to \$6.0 million (before costs of the <i>offers</i>).</p> <p>The <i>minimum subscription</i> is 50,000,000 <i>shares</i> to raise \$4,000,000.</p> <p>The <i>public offer</i> is not underwritten.</p>	<i>Section 6.1</i>
<b>What are the conditions of the <i>offers</i></b>	<p>The <i>public offer</i> is conditional on satisfaction of the <i>offer conditions</i>, being:</p> <ul style="list-style-type: none"> <li>• <i>shareholders</i> approving the <i>transaction resolutions</i> at the <i>general meeting</i>;</li> <li>• completion of the <i>acquisition</i>; and</li> <li>• <i>ASX</i> approving the <i>company's</i> re-compliance with the admission requirements under Chapters 1 and 2 of the <i>listing rules</i>.</li> </ul> <p>If any of the <i>offer conditions</i> are not satisfied, then the <i>company</i> will not proceed with the <i>public offer</i> and the <i>company</i> will repay all <i>application monies</i> received. If the <i>company</i> does not proceed with the <i>public offer</i> it will not proceed with the other <i>offers</i>.</p>	<i>Section 3.4</i>
<b>Why are the <i>offers</i> being conducted</b>	<p>The purposes of the <i>offers</i> are to:</p> <ul style="list-style-type: none"> <li>• acquire <i>Ausmex</i>;</li> <li>• meet the requirement that the <i>company</i> re-comply with <i>ASX's</i> admission requirements in accordance with Chapters 1 and 2 of the <i>listing rules</i>;</li> <li>• meet the requirements of the <i>acquisition agreement</i> to enable completion of the <i>acquisition</i>;</li> <li>• provide funding for the development of the <i>Ausmex projects</i>;</li> <li>• satisfy the <i>company's</i> obligations under the <i>broker mandate</i></li> <li>• meet the expenses of the <i>offers</i>; and</li> <li>• provide working capital for the <i>company</i>.</li> </ul>	<i>Section 7</i>

Topic	Summary	More information
<b>The acquisition of Ausmex</b>		
<b>What is the acquisition</b>	The <i>acquisition</i> involves the <i>company's</i> proposed acquisition of 100% of the issued capital of <i>Ausmex</i> pursuant to the <i>acquisition agreement</i> .	<i>Section 14.4</i>
<b>What are the key terms of the acquisition agreement</b>	<p>The key terms of the <i>acquisition agreement</i> are as follows:</p> <ul style="list-style-type: none"> <li>• as consideration for the acquisition of 100% of the issued capital of <i>Ausmex</i>, the <i>company</i> will issue the <i>consideration shares</i>; and</li> <li>• completion of the <i>acquisition</i> is conditional on, and subject to, a number of conditions. The following material conditions remain outstanding as at the date of this <i>prospectus</i>: <ul style="list-style-type: none"> <li>○ the <i>company</i> receiving valid applications for at least \$3,000,000, or such other minimum amount as agreed between the parties (the parties subsequently agreed the minimum amount to be raised to be \$4,000,000);</li> <li>○ the <i>company</i> receiving conditional approval from <i>ASX</i> to reinstate its <i>securities</i> and those conditions being satisfied to the reasonable satisfaction of the <i>company</i> and <i>Ausmex</i>;</li> <li>○ the parties obtaining all necessary regulatory approvals (including <i>ASX</i> approvals and waivers and <i>ASIC</i> relief) to complete the <i>acquisition</i>, the expiration of any necessary statutory waiting periods and the filing of all notices and proposals required under applicable law;</li> <li>○ the <i>company</i> obtaining all requisite shareholder approvals pursuant to the <i>listing rules</i> (including but not limited to <i>listing rule 11.1</i>), the <i>Corporations Act</i> and the <i>constitution</i> to give effect to: <ul style="list-style-type: none"> <li>▪ the transactions contemplated by the <i>acquisition agreement</i>; and</li> <li>▪ the change of the <i>company's</i> name to “Ausmex Mining Group Limited”.</li> </ul> </li> </ul> </li> </ul>	<i>Section 14.4</i>
<b>What approvals will be sought at the general meeting?</b>	<p>At the <i>general meeting</i> to be held on 22 March 2017, the <i>company</i> will seek <i>shareholder</i> approval to:</p> <ul style="list-style-type: none"> <li>• the change in nature and scale of the activities of the <i>company</i>;</li> <li>• issue the <i>consideration shares</i> to the <i>vendors</i>;</li> <li>• issue up to 75,000,000 <i>shares</i> under the <i>public offer</i>;</li> <li>• issue 10,350,000 <i>shares</i> to <i>CPS</i> in accordance with the <i>broker mandate</i>;</li> <li>• issue 12,500,000 <i>shares</i> to <i>QMN</i> on exercise of the <i>QMN Cloncurry option</i>;</li> <li>• issue the <i>advisor options</i> to <i>Armada</i> in accordance with the <i>acquisition agreement</i>;</li> <li>• issue the <i>officer options</i> to the <i>current directors</i>;</li> </ul>	<i>Section 6.5</i>

Topic	Summary	More information
	<ul style="list-style-type: none"> <li>• issue the <i>director options</i> to the <i>proposed directors</i>;</li> <li>• appoint Messrs Andrew Firek, Matthew Morgan and Geoff Kidd as <i>directors</i>;</li> <li>• approve an employee incentive scheme (the <i>LTI plan</i>); and</li> <li>• change the <i>company's</i> name to “Ausmex Mining Group Limited”.</li> </ul>	
<b>Why is the <i>company</i> required to re-comply with Chapters 1 and 2 of the <i>listing rules</i>?</b>	<p>At the <i>general meeting</i>, the <i>company</i> will seek <i>shareholder</i> approval for, amongst other things, a change in the nature and scale of the <i>company's</i> activities as a result of the <i>acquisition</i>. To give effect to these changes, <i>ASX</i> requires the <i>company</i> to re-comply with Chapters 1 and 2 of the <i>listing rules</i>.</p> <p>This <i>prospectus</i> is issued to assist the <i>company</i> to re-comply with these requirements. The <i>company's</i> securities will be suspended from trading from the date of the <i>general meeting</i> and will not be reinstated until the <i>company</i> has satisfied the <i>offer conditions</i>, including re-compliance with Chapters 1 and 2 of the <i>listing rules</i>. There is a risk that the <i>company</i> may not be able to meet the requirements for re-quotation on <i>ASX</i>.</p> <p>In the event the <i>offer conditions</i> are not satisfied or the <i>company</i> does not receive conditional approval for re-quotation on <i>ASX</i> then the <i>company</i> will not proceed with the <i>public offer</i> and will repay all <i>application monies</i> received (without interest).</p>	<i>Section 6.6</i>
<b>What is Ausmex's business model?</b>	<p>Ausmex has two key strategies:</p> <p>(a) to secure exploration projects that have potential to host giant world class <i>IOCG</i> or porphyry copper gold deposits such as Ernest Henry or Rocklands in Queensland, Olympic Dam in South Australia or Cadia – Ridgeway in New South Wales; and</p> <p>(b) allied and conducive to such exploration, secure gold/copper production opportunities on smaller gold projects to fund exploration and asset growth.</p> <p>Details of <i>Ausmex's</i> business model and projects are included in <i>Section 9.3</i>.</p>	<i>Section 9.3</i>
<b>Key risks</b>		
<p>Prospective investors should be aware that subscribing for <i>shares</i> involves a number of risks and uncertainties. The risk factors set out in <i>Section 13</i>, and the general risks applicable to all investments in listed securities, may affect the value of <i>shares</i> in the future. Accordingly, an investment in the <i>company</i> should be considered highly speculative. This <i>Section</i> summarises only some of the risks which apply to an investment in the <i>company</i> and investors should refer to <i>Section 13</i> for a more detailed summary of the risks.</p>		
<b>Conditional acquisition and offers</b>	<p>As part of the <i>company's</i> change in nature and scale of activities, <i>ASX</i> will require the <i>company</i> to re-comply with Chapters 1 and 2 of the <i>listing rules</i>. This <i>prospectus</i> is issued to assist the <i>company</i> to re-comply with these requirements. The <i>company's</i> securities will be suspended since the date of the <i>general meeting</i> and it is anticipated that its securities will remain suspended until</p>	<i>Sections 13.2.1 and 13.2.2</i>

Topic	Summary	More information
	<p>completion of the <i>acquisition</i> and the <i>offers</i>, re-compliance by the <i>company</i> with Chapters 1 and 2 of the <i>listing rules</i> and compliance with any further conditions <i>ASX</i> imposes for reinstatement to quotation. There is a risk that the <i>company</i> will not be able to satisfy one or more of those requirements and that the <i>shares</i> will consequently remain suspended from quotation.</p> <p>There is also a contractual risk that other conditions precedent to the <i>acquisition</i> will not be achieved and that completion of the <i>acquisition</i> does not occur.</p> <p>If the <i>offer conditions</i> are not satisfied (including completion of the <i>acquisition</i>) or the <i>company</i> does not receive conditional approval for re-quotation on <i>ASX</i>, the <i>company</i> will not proceed with the <i>public offer</i> and will repay all <i>application monies</i> received (as applicable). If the <i>public offer</i> does not proceed, the other <i>offers</i> will not proceed.</p>	
<b>Sufficiency of funding</b>	<p><i>Ausmex's</i> business strategy will require substantial expenditure and there can be no guarantees that the <i>company's</i> and <i>Ausmex's</i> existing cash reserves, funds raised by the <i>public offer</i> and funds generated over time by the <i>Ausmex projects</i> will be sufficient to successfully achieve any or all of the objectives of the <i>company's</i> business strategy. Further funding of the <i>company's</i> development projects may be required by the <i>company</i> to support ongoing activities and operations, including the need to develop mining operations, enhance its operating infrastructure and to acquire complementary assets.</p>	<i>Section 13.3.6</i>
<b>Limited operating history</b>	<p><i>Ausmex</i> is a start-up business, it does not have an operating history and there is no assurance that future operations will result in revenues or profits. If sufficient revenues to operate profitably cannot be generated, operations may be suspended or cease.</p> <p><i>Ausmex</i> will be subject to all the business risks and uncertainties associated with any new business enterprise. There can be no assurance that demand for <i>Ausmex's</i> products will be as anticipated, or that the business will become profitable. Consequently, there can be no forecast or confirmation as to the <i>company's</i> future performance following completion of the <i>acquisition</i>.</p>	<i>Section 13.3.1</i>
<b>Development of mining operations</b>	<p>The success of the <i>company</i> post-completion of the <i>acquisition</i> will depend upon <i>Ausmex's</i> ability to identify ore reserves on its projects. A failure to successfully develop ore reserves could adversely impact the <i>company's</i> operating results and financial position.</p>	<i>Section 13.3.2</i>
<b>Global marketplace</b>	<p>The industry in which <i>Ausmex</i> is involved is subject to global demand and supply configurations which are beyond the capacity of the company to control. While the <i>company</i> will undertake all reasonable due diligence in its business decisions and operations, the <i>company</i> will have no influence or control over the activities or actions of the global market-place, where</p>	<i>Section 13.4.1</i>

Topic	Summary	More information
	market participants' activities or actions may positively or negatively affect the operating and financial performance of the <i>company's</i> projects and business.	
<b>Reliance on key management personnel</b>	<i>Ausmex</i> has a number of key management personnel, and its future depends on retaining and attracting these and other suitable qualified personnel. There is no guarantee that the <i>company</i> will be able to attract and retain suitable qualified personnel, and a failure to do so could materially adversely affect the business, operating results and financial prospects.	<i>Section 13.3.7</i>
<b>The offers</b>		
<b>What is the proposed use of funds raised under the <i>public offer</i>?</b>	<p>The funds raised under the <i>public offer</i> are proposed to be used to fund the following key business activities:</p> <ul style="list-style-type: none"> <li>• acquisition of the mineral tenements under the <i>QMN Cloncurry North option</i></li> <li>• acquisition of a further 20% interest in the <i>Cloncurry joint venture</i>;</li> <li>• exploration activity;</li> <li>• project development;</li> <li>• costs of the <i>offers</i>; and</li> <li>• administrative expenditure and working capital.</li> </ul>	<i>Section 7.1.2</i>
<b>Will the <i>company</i> be adequately funded after completion of the <i>public offer</i>?</b>	The <i>directors</i> are satisfied that, on completion of the <i>public offer</i> , the <i>company</i> will have sufficient working capital to carry out its business objectives as set out in this <i>prospectus</i> .	<i>Section 7.1.3</i>
<b>What rights and liabilities attach to the <i>shares</i> and <i>options</i> being offered?</b>	All <i>shares</i> issued under the <i>offers</i> (and <i>shares</i> issued on exercise of <i>options</i> offered under the <i>offers</i> ) will rank equally in all respects with existing <i>shares</i> . The rights and liabilities attaching to the <i>shares</i> are described in <i>Section 15.1</i> .	<i>Section 15.1</i>
<b>Is the <i>public offer</i> underwritten?</b>	The <i>public offer</i> is not underwritten.	
<b>Who is the lead manager to the <i>public offer</i>?</b>	The company has appointed <i>CPS</i> as lead manager to the <i>public offer</i> . <i>CPS</i> has agreed to raise up to \$4 million on a "best endeavours" basis and will receive a lead manager fee of 6% of the funds raised under the <i>public offer</i> .	<i>Section 14.3</i>
<b>Will the <i>shares</i> issued under the <i>offers</i> be listed?</b>	The <i>company</i> will apply for listing of the <i>shares</i> on <i>ASX</i> under the <i>ASX</i> code "AMG" within seven days of the date of this <i>prospectus</i> . Completion of the <i>offers</i> is conditional on <i>ASX</i> approving this application.	<i>Section 6.8</i>
<b>What are the tax implications of investing in <i>shares</i></b>	The tax consequences of any investment in <i>securities</i> will depend on individual circumstances. Prospective investors should obtain their own tax advice before deciding to invest.	<i>Section 6.18</i>

Topic	Summary	More information
issued under the <i>public offer</i> ?		
What is the <i>company's</i> dividend policy?	<p>The <i>company</i> does not expect to pay dividends in the near future as its focus will primarily be on using cash reserves to grow and develop the <i>Ausmex projects</i>.</p> <p>Any future determination as to the payment of dividends by the <i>company</i> will be at the discretion of the <i>directors</i> and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the <i>company</i>, future capital requirements and general business and other factors considered relevant by the <i>directors</i>.</p> <p>No assurances are given in relation to the payment of dividends, or that any dividends may attach franking credits.</p>	Section 6.10
How do I apply for <i>shares</i> under the <i>public offer</i> ?	<p>Applications for <i>shares</i> under the <i>public offer</i> must be made by completing a <i>public offer application form</i> and must be accompanied by a cheque in Australian dollars for the full amount of the <i>application</i>.</p> <p>Cheques must be made payable to "Eumeralla Resources Limited – Trust Account" and should be crossed "Not Negotiable".</p>	Section 6.11.1
When will I receive confirmation that my application has been successful?	Subject to the <i>offer period</i> being extended, it is expected that holding statements will be sent to successful <i>applicants</i> by post on or about 7 April 2017.	Section 6.13
How can I find out more about the <i>prospectus</i> or the <i>offers</i> ?	Questions relating to the <i>offers</i> can be directed to the <i>lead manager</i> on +61 8 9223 2222.	Section 6.19
<b>Board and management</b>		
Who are the <i>directors</i> ?	<p>The <i>current directors</i> are:</p> <ul style="list-style-type: none"> <li>David Wheeler – Non-Executive Chairman</li> <li>Nicole Fernandes – Non-Executive Director</li> <li>James Hyndes – Non-Executive Director</li> </ul> <p>On completion of the <i>acquisition</i> and the <i>offers</i>, changes will be made to the <i>board</i>, with the resignations of Ms Fernandes and Mr Hyndes and the appointment of the <i>proposed directors</i>, such that the <i>board</i> will then comprise:</p> <ul style="list-style-type: none"> <li>David Wheeler – Non-Executive Chairman</li> <li>Matthew Morgan – Managing Director</li> <li>Andrew Firek – Non-Executive Director</li> <li>Geoff Kidd – Non-Executive Director</li> </ul>	Section 8.1

Topic	Summary	More information
Who are the key management personnel?	Other than the <i>directors</i> , from completion of the <i>acquisition</i> , the <i>company's</i> key management personnel will be comprised of Matthew Morgan as the Managing Director.	<i>Section 9.7</i>
What are the significant interests of <i>directors</i> ?	The interests of the <i>current directors</i> and <i>proposed directors</i> are detailed in <i>Section 8.2</i> and <i>8.3</i> .	<i>Sections 8.2 and 8.3</i>
Are there any relationships between the <i>company</i> and parties involved in the <i>acquisition</i> or <i>offers</i> that are relevant to investors?	Mr Jason Peterson, a substantial shareholder of the <i>company</i> , is a director and the chief executive officer of <i>CPS</i> which has commercial relationships with the <i>company</i> pursuant to the <i>broker mandate</i> and the <i>lead manager agreement</i> .	<i>Sections 14.2 and 14.3</i>
<b>Miscellaneous</b>		
What material contracts is the <i>company</i> a party to?	The <i>company</i> is a party to: <ul style="list-style-type: none"> <li>the <i>broker mandate</i></li> <li>the <i>lead manager agreement</i></li> <li>the <i>heads of agreement</i></li> <li>the <i>acquisition agreement</i></li> <li>non-executive director agreements and deeds of indemnity with each of the <i>current directors</i></li> </ul>	<i>Section 14</i>
What material contracts is <i>Ausmex</i> a party to?	<i>Ausmex</i> is a party to: <ul style="list-style-type: none"> <li>the <i>heads of agreement</i></li> <li>the <i>Cloncurry option agreement</i></li> <li>the <i>strategic alliance agreement</i></li> <li>the <i>Bestvale consultancy agreement</i></li> <li>the <i>director consultancy agreements</i></li> </ul>	<i>Section 14.5</i>
What will be the financial position of the <i>company</i> following completion of the <i>offers</i> and the <i>acquisition</i> ?	The <i>company</i> is currently listed on <i>ASX</i> and its financial history, including its 2016 Annual Report is available on its website ( <a href="http://www.eumerallaresources.com.au">www.eumerallaresources.com.au</a> ).  <i>Ausmex's</i> historical operations have been limited with no revenue since incorporation in June 2016 (other than interest received on its cash balances).  The sources and proposed use of funds available following completion the acquisition is set out in the table in <i>Section 7.1.2</i> .  Further financial information regarding the <i>company</i> and <i>Ausmex</i> is considered in <i>Section 10</i> and the <i>investigating accountant's</i> report in <i>Section 11</i> .	<i>Sections 7, 10 and 11</i>
Will any <i>shares</i> be subject to escrow	Subject to the <i>company</i> re-complying with Chapters 1 and 2 of the <i>listing rules</i> and the <i>company's securities</i> being reinstated to	<i>Section 6.9</i>

Topic	Summary	More information
	<p>trading on <i>ASX</i>, certain <i>securities</i> being issued pursuant to the <i>offers</i> (other than the <i>public offer</i>) will be classified by <i>ASX</i> as restricted securities and will be required to be held in escrow for up to 24 months from the date of reinstatement.</p> <p>The <i>Ausmex vendors</i> have acknowledged that some or all of the <i>consideration shares</i> may be escrowed in accordance with the requirements of <i>ASX</i> and will sign such form of escrow agreement as required by <i>ASX</i> or the <i>company</i>.</p> <p>The <i>company</i> will make submissions to <i>ASX</i> for “cash formula relief” in respect of the <i>consideration shares</i> to be issued to the <i>Ausmex vendors</i>. In the absence of this relief, all <i>consideration shares</i> will be escrowed for a period of either 12 or 24 months (depending on the relevant <i>Ausmex vendor’s</i> relationship with the <i>company</i>).</p> <p>The <i>shares</i> to be issued to <i>CPS</i> and the <i>options</i> to be issued to <i>Armada</i>, the <i>current directors</i> and the <i>proposed directors</i> will also be required to be held in escrow in accordance with <i>ASX</i> requirements.</p> <p>No <i>shares</i> issued under the <i>public offer</i> will be subject to escrow.</p>	

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## 6. DETAILS OF THE OFFERS

### 6.1. The public offer

- 6.1.1. By this *prospectus*, the *company* offers up to 75,000,000 *shares* at an issue price of \$0.08 each to raise up to \$6,000,000 (before the costs of the *offers*) (**public offer**).
- 6.1.2. All *shares* issued pursuant to the *public offer* will rank equally with existing *shares*. Please refer to *Section 15.1* for further information regarding the rights and liabilities attaching to *shares*.
- 6.1.3. Please refer to *Section 6.11.1* for details on how to apply for *shares* under the *public offer*.

### 6.2. ASX waivers

- 6.2.1. The acquisition of *Ausmex* represents a significant change in the *company's* activities and, as a consequence, the *company* will need to meet the requirements of Chapters 1 and 2 of the *listing rules* as if the *company* were applying for admission to the official list of *ASX*. Those *listing rules* include requirements that:
- (a) the main class of a company's securities for which *quotation* is sought must have an issue price of at least \$0.20 in cash (listing rule 2.1, Condition 2); and
  - (b) the exercise price for any options on issue must be at least \$0.20 in cash (listing rule 1.1, Condition 11).
- 6.2.2. Successful closing of the *offer* will result in *shares* and *options* being issued which are not in compliance with the *listing rules* referred to in *Section 6.2.1* above. The terms of the *offer* involve the issue of *shares* at a price which will be below \$0.20, and further, the *advisor options* and the *officer options* will be exercisable at a price less than \$0.20.
- 6.2.3. The *company* has received a waiver from *ASX* of *listing rule 2.1* Condition 2 and *listing rule 1.1* Condition 11 to allow the *company* to issue the *offer shares*, the *advisor options*, the *officer options* and the *director options* as proposed in this *prospectus* (in each case for an issue price or exercise price less than \$0.20).
- 6.2.4. The *company* will also seek a waiver from *ASX* of *listing rule 9.1.3* to obtain "look through relief" in respect of escrow conditions to be imposed on the "unrelated" *Ausmex vendors*. Look through relief (by which *ASX* treats vendors as seed capitalists for escrow purposes) may be granted by *ASX* where there is a scrip-for-scrip acquisition of an unlisted entity that holds classified assets. A waiver may be granted to permit *Ausmex vendors* to be treated as seed capitalists of the *company* whereby:
- (a) cash formula relief is applied using the conversion ratio calculation in the *listing rules*; and

- (b) the escrow period is “backdated” so that the beginning of the escrow period for the *consideration shares* will begin on the date *Ausmex shares* were originally issued to the *Ausmex vendors*.

### 6.3. Minimum subscription

The minimum level of subscription for the *public offer* is 50,000,000 shares to raise \$4,000,000. No *securities* will be issued unless the *minimum subscription* has been received. If the *minimum subscription* is not received within four months after the date of this *prospectus* (or such period as varied by ASIC), the *company* will not issue any *securities* under this *prospectus* and will repay all *application monies* received (without interest) in accordance with the *Corporations Act*.

### 6.4. Further offers

- 6.4.1. In addition to the *public offer*, and subject to and conditional on the *offer conditions* being satisfied, the *company* will issue:

- (a) 207,000,000 *shares* to the *Ausmex vendors* pursuant to the *acquisition agreement (vendor offer)*;
- (b) 12,500,000 *shares* to QMN on exercise of the *QMN Cloncurry option (QMN offer)*;
- (c) 10,350,000 *shares* to CPS as consideration for services provided under the *broker mandate (CPS offer)*;
- (d) 50,000,000 *advisor options* to Armada (*Armada offer*);
- (e) 3,500,000 *officer options* to the *current directors* and *company secretary (officer offer)*; and
- (f) 10,000,000 *director options* to the *proposed directors (director offer)*.

- 6.4.2. The *shares* to be issued:

- (a) pursuant to the *vendor offer* and the *CPS offer*;
- (b) on exercise of the *QMN Cloncurry option*; and
- (c) on exercise of *options* issued under the *Armada offer*, the *officer offer* and the *director offer*,

will rank equally with existing *shares* other than in respect of *shares* issued that are subject to escrow.

- 6.4.3. A summary of the rights and liabilities attaching to *shares* is set out in *Section 15.1* of the *prospectus*.

- 6.4.4. A summary of the terms and conditions of issue of the *options* is set out in *Section 15.3* (in respect of the advisor options) and *Section 15.4* (in respect of the offer options).

## 6.5. General meeting

At the *general meeting* to be held on 22 March 2017, the *company* will seek *shareholder* approval to:

- (a) the change in nature and scale of the activities of the *company*;
- (b) issue the *consideration shares* to the *Ausmex vendors*;
- (c) issue *shares* to *CPS* in accordance with the *broker mandate*;
- (d) issue *shares* to *QMN* in accordance with the *QMN offer*;
- (e) issue *shares* under the *public offer*;
- (f) issue the *advisor options* to *Armada*;
- (g) issue the *officer options* to the *current directors* and *company secretary*;
- (h) issue the *director options* to the *proposed directors*;
- (i) appoint Messrs Matthew Morgan, Andrew Firek and Geoff Kidd as *directors*;
- (j) implement the *LTI plan*; and
- (k) change the *company's* name to "Ausmex Mining Group Limited".

## 6.6. Re-compliance with Chapters 1 and 2 of the listing rules

- 6.6.1. At the *general meeting*, the *company* will seek *shareholder* approval for, amongst other things, a change in the nature and scale of the *company's* activities as a result of the *acquisition*. To give effect to these changes, *ASX* requires the *company* to re-comply with Chapters 1 and 2 of the *listing rules*. This *prospectus* is issued to assist the *company* to re-comply with these requirements.
- 6.6.2. The *company* will be suspended from trading on *ASX* from the date of the *general meeting* and will not be reinstated until the *company* has satisfied the *offer conditions*, including re-compliance with Chapters 1 and 2 of the *listing rules*.
- 6.6.3. There is a risk that the *company* may not be able to meet the requirements for re-quotation on *ASX*. In the event the *offer conditions* are not satisfied or the *company* does not receive conditional approval for re-quotation on *ASX* then the *company* will not proceed with the *offers* and will repay all *application monies* received (without interest).

## 6.7. Issue of securities

- 6.7.1. *Securities* issued pursuant to the *offers* will be issued in accordance with the *listing rules* and the timetable set out at in *Section 2*.
- 6.7.2. Pending the issue of the *shares* under the *public offer* or payment of refunds pursuant to this *prospectus*, all *application monies* will be held by the *company* in trust for the *applicants* in a separate bank account as required by the *Corporations Act*. The *company*, however, will be entitled to retain all interest that accrues on the bank account and each *applicant* waives the right to claim interest.
- 6.7.3. Holding statements for *securities* issued under the *offers* will be mailed in accordance with the *listing rules* and timetable set out at in *Section 2*.

## 6.8. Quotation of shares

- 6.8.1. Application for *quotation* of the *shares* issued pursuant to this *prospectus* will be made in accordance with the timetable set out in *Section 2*. If *ASX* does not grant *quotation* of the *shares* offered pursuant to this *prospectus* before the expiration of 3 months after the date of issue of the *prospectus* (or such period as varied by *ASIC*) the *company* will not issue any *shares* and will repay all *application monies* for the *shares* within the time prescribed under the *Corporations Act*, without interest.
- 6.8.2. The fact that *ASX* may grant *quotation* to the *shares* is not to be taken in any way as an indication of the merits of the *company* or the *shares* now offered for subscription.

## 6.9. Restricted securities

- 6.9.1. Subject to the *company* re-complying with Chapters 1 and 2 of the *listing rules* and the *company's* securities being reinstated to trading on *ASX*, certain *securities* in the *company* will be classified by *ASX* as restricted securities and will be required to be held in escrow for up to 24 months from the date of reinstatement of trading of the *company's securities* on *ASX*. During the period in which these *securities* are prohibited from being transferred, trading in *shares* may be less liquid which may impact on the ability of a *shareholder* to dispose of his or her *shares* in a timely manner.
- 6.9.2. The *securities* likely to be subject to escrow are:
- (a) *consideration shares* to be issued to the *Ausmex vendors*;
  - (b) *shares* to be issued to *CPS* in accordance with the *broker mandate* (see *Section 14.2*);
  - (c) *options* (and *shares* issued on exercise of *options*) to be issued to *Armada* in accordance with the *acquisition agreement*; and
  - (d) *options* to be issued to the *directors* and *company secretary* (in respect of the *officer offer*) and the *proposed directors* (in respect of the *director offer*).

- 6.9.3. The *company* will make submissions to *ASX* for “cash formula relief” in respect of the *consideration shares* to be issued to the *Ausmex vendors*. In the absence of this relief, all *consideration shares* will be escrowed for a period of either 12 or 24 months (depending on the relevant *Ausmex vendor’s* relationship with the *company*).

## 6.10. Dividend policy

- 6.10.1. The *company* does not expect to declare any dividends in the near future as its focus will primarily be on using cash reserves to grow and develop the *Ausmex projects*.
- 6.10.2. Any future determination as to the payment of dividends by the *company* will be at the discretion of the *directors* and will depend on matters such as the availability of distributable earnings, the operating results and financial condition of the *company*, future capital requirements and general business and other factors considered relevant by the *directors*. No assurances can be given by the *company* in relation to the payment of dividends or that franking credits may attach to any dividends.

## 6.11. How to apply

### 6.11.1. Public offer

- (a) Applications for *shares* under the *public offer* will only be accepted on the general application form accompanying this *prospectus* (***public offer application form***). The *public offer application form* must be completed in accordance with the instructions set out on the back of the form.
- (b) The *public offer application form* must be accompanied by a personal cheque, payable in Australian dollars, or payment to the bank account advised by the *lead manager*, for an amount equal to the number of *shares* for which the *applicant* wishes to apply multiplied by the issue price of \$0.08 per *share*. Cheques must be made payable to “Eumeralla Resources Limited – Share Application Account” and should be crossed “Not negotiable”. Applications for *shares* must be for a minimum of 25,000 *shares* (\$2,000) and thereafter in multiples of 5,000 *shares* (\$400).
- (c) Completed *public offer application forms* and accompanying cheques must be received by the *company* before 5.00pm (WST) on the *closing date* at either of the following addresses:

CPS Capital Group Pty Ltd Level 45, 108 St Georges Terrace Perth WA 6000	CPS Capital Group Pty Ltd PO Box Z5467 Perth WA 6831
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- (d) Applicants under the *public offer* are encouraged to lodge their *public offer application forms* as soon as possible as the *public offer* may close early without notice. An original, completed and lodged *public offer application form* together with a cheque for the *application monies*, constitutes a binding and irrevocable

offer to subscribe for the number of *shares* specified in the *public offer application form*.

- (e) The *public offer application form* does not need to be signed to be valid. If the *public offer application form* is not completed correctly or if the accompanying payment is for the wrong amount, the application may still be treated by the *company* as valid. The *directors'* decision as to whether to treat such an application as valid, and how to construe, amend or complete the *public offer application form*, is final. However, an *applicant* will not be treated as having applied for more *shares* than is indicated by the amount of the cheque or direct transfer for the *application monies*.

#### 6.11.2. Vendor offer

- (a) The *vendor offer* is an offer to the *Ausmex vendors* only. Only the *Ausmex vendors* (or their nominees) may apply for *shares* under the *vendor offer*.
- (b) A personalised application form will be issued to each *Ausmex vendor* together with a copy of this *prospectus* (***vendor offer application form***). The number of *shares* to be offered to each *Ausmex vendor* will be outlined in the *vendor offer application form* provided by the *company*. The *company* will only provide the *vendor offer application forms* to the persons entitled to participate in the *vendor offer*.
- (c) To apply for the issue of *shares* under the *vendor offer* you must complete and return the personalised *vendor offer application form* to:

Eumeralla Resources Limited PO Box 5457 Perth WA 6831
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by no later than 5.00pm on 7 April 2017.

## 6.12. Application monies to be held on trust

- 6.12.1. Until the *shares* are issued under this *prospectus*, the *application monies* for *shares* will be held by the *company* on trust on behalf of *applicants* in a separate bank account maintained solely for the purpose of depositing *application monies* received pursuant to this *prospectus*. If the *shares* to be issued under this *prospectus* are not admitted to *quotation* within three months after the date of this *prospectus*, no *shares* will be issued and *application monies* will be refunded in full without interest in accordance with the *Corporations Act*.

## 6.13. Allocation of shares

- 6.13.1. The *directors* will determine the recipients of the *shares* under the *public offer* in consultation with the *lead manager*. The *directors* (in conjunction with the *lead manager*) reserve the right to reject any application or to issue a lesser number of *shares* than that applied for. If the number of *shares* allocated is less than that applied for, or no

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issue is made, the surplus *application monies* will be promptly refunded by cheque to the *applicant* (without interest).

- 6.13.2. Subject to the *offer conditions* being satisfied, the issue of *securities* under the *offers* will occur as soon as practicable after the *offers* close. Holding statements will be dispatched as required by *ASX*. It is the responsibility of *applicants* to determine their allocation prior to trading in the *shares*. *Applicants* who sell the *shares* before they receive their holding statement will do so at their own risk.

## 6.14. Lead manager and commissions

- 6.14.1. *CPS* has been appointed as lead manager to the *public offer*. *CPS* will receive 6% of the amount raised from the *shares* placed to its clients under the *public offer*. Refer to *Section 14.3* for a summary of the terms of the *lead manager agreement* between the *company* and *CPS*.
- 6.14.2. The *company* reserves the right to pay, via the *lead manager*, a commission of up to 6% (exclusive of *GST*) of amounts subscribed through *AFSL* holders in respect of valid *applications* lodged and accepted by the *company* and bearing the stamp of the *AFSL* holder.

## 6.15. Financial forecasts

- 6.15.1. The *directors* have considered the matters set out in *ASIC* Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the *company* are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

## 6.16. CHESS and issuer sponsorship

- 6.16.1. The *company* is a participant in *CHESS*, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through *CHESS* will be *issuer sponsored* by the *company*. Because the sub-registers are electronic, ownership of *securities* can be transferred without having to rely upon paper documentation.
- 6.16.2. Electronic registers mean that the *company* will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of *securities* issued to them under this *prospectus* (as well as any other *securities* registered in their name at the time). The notice will also advise holders of their “Holder Identification Number” (if broker sponsored) or “Securityholder Reference Number” (if *issuer sponsored*) and explain, for future reference, the sale and purchase procedures under *CHESS* and *issuer sponsorship*.

- 6.16.3. Further monthly statements will be provided to holders if there have been any changes in their security holding in the *company* during the preceding month.

## 6.17. Privacy

- 6.17.1. If you complete an *application* for *shares*, you will be providing personal information to the *company* (directly or through the *company's* share registry). The *company* collects, holds and will use that information to assess your application, service your needs as a holder of *securities* in the *company*, facilitate distribution payments and corporate communications to you as a *shareholder*, and carry out administration.
- 6.17.2. The information may also be used from time to time and disclosed to persons inspecting the *company's securities* registers, bidders for your *securities* in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the *company's* share registry.
- 6.17.3. You can access, correct and update the personal information that we hold about you. Please contact the *company* or its share registry if you wish to do so at the relevant contact numbers set out in this *prospectus*.
- 6.17.4. Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the *Corporations Act* and certain rules such as the *settlement operating rules*. You should note that if you do not provide the information required on the application for *shares*, the *company* may not be able to process or accept your application.

## 6.18. Taxation

- 6.18.1. It is the responsibility of all persons to satisfy themselves of the taxation treatment that applies to them in relation to the *offers*, by consulting their own professional tax advisers. Neither the *company* nor any of its *directors* or officers accepts any liability or responsibility in respect of the taxation consequences of the matters referred to above.

## 6.19. Enquiries

- 6.19.1. Any questions concerning the *offers* should be directed to the *lead manager* on +61 8 9223 2222.

## 7. PURPOSE AND EFFECT OF THE OFFERS

### 7.1. Purpose of the public offer and funds allocation

7.1.1. The purpose of the *public offer* is to raise up to \$6,000,000 (before the costs of the *offers*) to provide the *company* with additional working capital to assist in the funding of the *company's* future business activities.

7.1.2. The table below sets out the intended use of funds raised under the *prospectus* (assuming the *public offer* is fully subscribed) together with existing cash reserves over the two years following reinstatement to *quotation* of *shares* as follows:

	subscription \$4,000,000	%	subscription \$6,000,000	%
Cash on hand of the <i>Company</i> and <i>Ausmex</i>	1,000,000	20.0%	1,000,000	14.3%
Funds raised under the <i>public offer</i>	4,000,000	80.0%	6,000,000	85.7%
<b>Total funds available</b>	5,000,000	100.0%	7,000,000	100.0%
Use of funds				
Exploration of <i>EL 5881 (SA)</i>	250,000	5.0%	500,000	7.1%
Exploration of Cloncurry tenements	1,650,000	32.0%	2,900,000	41.5%
Exploration of Mongolian project	100,000	2.0%	100,000	1.4%
<i>QMN</i> settlement of further 20% interest in joint venture	1,000,000	20.0%	1,000,000	14.3%
Exercise of <i>QMN North Cloncurry option</i>	500,000	10.0%	500,000	7.1%
Administration expenses	800,000	16.0%	900,000	12.9%
Working capital	100,000	3.0%	380,000	5.4%
Expenses associated with the <i>acquisition</i> (including expenses of the <i>offers</i> )	600,000	12.0%	720,000	10.3%
<b>Total use of funds</b>	5,000,000	100.0%	7,000,000	100.0%

Refer to *Section 15.10* for further details relating to the estimated expenses of the *offers*.

7.1.3. On completion of the *offers*, the *board* believes the *company* will have sufficient working capital to undertake the activities detailed in the table above.

- 7.1.4. The above table is a statement of current intentions as of the date of this *prospectus*. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which funds are ultimately applied. The *board* reserves the right to alter the way funds are applied on this basis.

## 7.2. Effect of the offers

The principal effect of the *offers*, assuming the *public offer* is fully subscribed and no *options* are exercised and converted into *shares* between the date of this *prospectus* and the *closing date*, will be to:

- (a) increase the *company's* cash reserves by approximately \$6.3 million (after adding *Ausmex's* cash holdings and deducting the estimated expenses of the *offers*) immediately after completion of the *offers*;
- (b) increase the number of *shares* on issue from 99,165,607 as at the date of this *prospectus* to 404,015,607 *shares* immediately after completion of the *offers* and exercise of the *QMN Cloncurry option*; and
- (c) increase the number of *options* on issue from 10,000,000 as at the date of this *prospectus* to 73,500,000 *options* immediately after completion of the *offers*.

## 7.3. Effect on capital structure

- 7.3.1. As at the date of this *prospectus* the *company* has on issue:

- (a) 99,165,607 *shares*; and
- (b) 10,000,000 unlisted *options* exercisable at \$0.045 on or before 31 Dec 2018.

- 7.3.2. The combined effect on the capital structure of the *company* of the *offers*, assuming the *public offer* is fully subscribed and no *options* are exercised between the date of this *prospectus* and the *closing date*, is set out below.

	ordinary shares (minimum subscription)	ordinary shares (maximum subscription)	options
<i>currently on issue</i>	99,165,607	99,165,607	10,000,000
<i>public offer</i>	50,000,000	75,000,000	-
<i>vendor offer</i>	207,000,000	207,000,000	-
<i>CPS offer</i>	10,350,000	10,350,000	-
<i>issue to QMN</i>	12,500,000	12,500,000	-
<i>Armada offer</i>	-	-	50,000,000
<i>officer offer</i>	-	-	3,500,000
<i>director offer</i>	-	-	10,000,000
<i>total after offers</i>	379,015,607	404,015,607	73,500,000

## 8. DIRECTORS, KEY MANAGEMENT & CORPORATE GOVERNANCE

### 8.1. Director profiles

- 8.1.1. Subject to the completion of the *acquisition* it is intended that the *board* will be comprised of Messrs Matthew Morgan, David Wheeler, Andrew Firek and Geoff Kidd.

Ms Nicole Fernandes and Mr James Hyndes intend to resign as *directors* immediately following completion of the *acquisition*.

- 8.1.2. Brief profiles of the *directors* following *completion* are set out below.

#### ***Mr Matthew Morgan***

Mr Morgan holds a Bachelor of Science (Geology), is a member of the Australian Institute of Mining and Metallurgy (MAusIMM), and has over 20 years' experience in mine geology, quality control and mining engineering, and mine management roles in coal, gold, antimony, and iron ore mining & exploration, both open-cut and underground. Mr Morgan recently resigned as a non-executive director of ASX-listed company Gold Mountain Ltd (ASX:GMN).

His previous management experience includes open cut roles with BHP Billiton, Rio Tinto, Thiess, and Underground Mine Manager for Mandalay Resources and was previously exploration manager for Coalworks Limited prior to the 2014 takeover by Whitehaven Coal. Mr Morgan has previously worked within Australia as well as in Malaysia, Mongolia, & Papua New Guinea.

It is proposed that Mr Morgan be appointed as chief executive officer and managing *director* with effect from *completion*.

#### ***Mr David Wheeler***

Mr. Wheeler has more than 30 years of senior executive management, director and corporate advisory experience. He is a foundation director of Pathways Corporate, a boutique corporate advisory firm that undertakes assignments on behalf of family offices, private clients and ASX-listed companies.

Mr Wheeler has engaged in business projects in the USA, UK, Europe, New Zealand, China, Malaysia, Singapore and the Middle East. David is a Fellow of the AICD. He is a director of ASX listed companies Oz Brewing Ltd, TW Holdings Ltd, Castillo Copper Ltd, Premiere Eastern Energy Ltd, Antares Mining Ltd and Eumeralla Resources Ltd.

Mr Wheeler is a non-executive *director*.

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### ***Dr Andrew Firek***

Dr Firek holds a M.Sc. and a Ph.D. and is a Fellow of the Australian Institute of Mining and Metallurgy and the Australian Institute of Energy. He has been involved in the minerals exploration, mining and processing industry at operational and executive levels for over 25 years.

He worked in Europe and Africa as a United Nations expert in fossil fuels, mineral processing and energy generation. He was a Group Leader at the CSIRO, Division of Fossil Fuels in Sydney and was engaged in developing technologies to produce liquid fuels from coal. He was a Project Director at Memtec Ltd, following which he joined Pancontinental Mining Ltd where he was a Research and Development Manager involved in substantial mineral resources projects including base and precious metals, uranium and the technology development and commissioning of a \$220 million magnesia production facility near Rockhampton in Queensland. He worked on site during construction and commissioning for 12 months. He was a founding director of three ASX-listed companies and managed coal, iron ore, base and precious metals exploration, feasibility studies and financial negotiations for projects in Australia, South America and China (Inner Mongolia).

Dr Firek is the former chief executive officer and managing director of Coalworks Ltd, taken over by Whitehaven Ltd in 2012, and a former executive director of Allegiance Mining NL and Zelos Resources NL. Currently he is a non-executive director of ASX-listed company Wollongong Coal Limited.

It is proposed that Dr Firek be appointed as non-executive *director* with effect from *completion*.

### ***Mr Geoff Kidd***

Mr Kidd has over 35 years' experience working in senior positions in and around the mining industry.

He has fulfilling successful roles as Managing Director, Director, Chief Operating Officer, Operations Manager, General Manager, Engineering Manager, Project Manager and Regional Manager of mining companies or leading consultants to the mining industry.

He was previously Chief Operating Officer for Coalworks Limited prior to its takeover by Whitehaven and has worked successfully on numerous aspects of mining developments in all states of Australia and in Irian Jaya, India, New Zealand, South Africa, Zimbabwe, South America, China, and the USA.

Mr Kidd was a founding Director and Partner of Sedgman & Associates (later Sedgman Limited) and a founding Director of Mineral Control Instrumentation Pty Ltd, (later Scantech Limited) a company which commercialised CSIRO inventions for the mining industry.

He has a long background in successfully managing the risks associated with managing, studying, designing, purchasing, building, and commissioning new mines together with the expansion & optimisation of new and existing mine developments.

Mr Kidd was the inaugural Chairman of Austmine, a Federal Government initiative to export Australian mining expertise and services. He has also been a member of Australian trade delegations and he has chaired a number of mining industry professional bodies and associations.

It is proposed that Mr Kidd be appointed as a non-executive *director* with effect from *completion*.

## 8.2. Directors' interests

Other than as set out in this *prospectus*, no *director* or proposed *director* holds, or has held within the 2 years preceding lodgement of this *prospectus* with ASIC, any interest in:

- (a) the formation or promotion of the *company*;
- (b) any property acquired or proposed to be acquired by the *company* in connection with:
  - (i) its formation or promotion; or
  - (ii) the *offers*; or
- (c) the *offers*,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a *director* or proposed *director*:

- (d) as an inducement to become, or to qualify as, a *director*; or
- (e) for services provided in connection with:
  - (i) the formation or promotion of the *company*; or
  - (ii) the *offers*.

## 8.3. Directors' security holdings

8.3.1. As at the date of the notice, the *current directors* do not hold any interests in *securities* of the *company* or *Ausmex*.

8.3.2. The interest in the *company's securities* of each of the *directors* with effect from *completion* is set out in the table below.

	David Wheeler	Matthew Morgan	Andrew Firek	Geoff Kidd
<i>shares held</i>	-	23,254,316 <sup>1</sup>	19,302,316 <sup>2</sup>	19,302,316 <sup>3</sup>
<i>options held</i>	3,500,000 <sup>4</sup>	2,500,000	2,500,000	2,500,000

Notes:

1. Mr Morgan will hold his interest in *securities* in his capacity as a trustee of the Morgan Family Super Fund and as a director of Mineral X Pty Ltd
2. Dr Firek will hold his interest in *securities* in his capacity as a director of Florims Pty Ltd, the trustee of the Firek Family Trust
3. Mr Kidd will hold his interest in *securities* in his capacity as a director of Brash Corporation Pty Ltd
4. Mr Wheeler will hold his interest in *options* in his capacity as a director of Pathways Corporate Pty Ltd

## 8.4. Remuneration of directors

8.4.1. The *constitution* provides that the non-executive *directors* may be paid, in aggregate for their services as *directors*, a sum not exceeding such fixed sum per annum as may be determined by the *company* in general meeting. The determination of non-executive *directors'* remuneration within that maximum will be made by the *board* having regard to the inputs and value to the *company* of the respective contributions by each non-executive *director*. The current aggregate sum has been set at an amount not to exceed \$300,000 per annum.

8.4.2. The remuneration of executive *directors* is decided by the *board*, without the affected executive *director* participating in that decision-making process and may be paid by way of fixed salary or commission.

8.4.3. *Directors* may also be reimbursed for all reasonable expenses incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the *company* and other miscellaneous expenses.

8.4.4. The non-executive *directors* have each executed an agreement with the *company* entitling them to remuneration in their capacities as *directors*.

8.4.5. The remuneration (including superannuation) of the *current directors* for the year ended 30 June 2017 will be as follows:

	David Wheeler (\$)	Nicole Fernandes (\$)	James Hyndes (\$)
<i>remuneration</i>	48,000	48,000	48,000

8.4.6. The remuneration (including superannuation) of the non-executive *proposed directors* for the year ended 30 June 2018 will be as follows:

	David Wheeler (\$)	Andrew Firek (\$)	Geoff Kidd (\$)
<i>remuneration</i>	48,000	48,000	48,000

## 8.5. Key terms of agreements with directors

### 8.5.1. Agreements with directors and proposed directors

- (a) Each of the *directors* have been appointed (in the case of the *proposed directors*, conditional on *completion* occurring) in accordance with letters of appointment including standard terms and conditions for appointment of directors of ASX-listed entities.
- (b) *Proposed directors* Morgan, Firek and Kidd have entered into the *director consultancy agreements*, the key terms of which are set out in *Section 14.5*.

### 8.5.2. Deeds of indemnity and access

The *company* is party to a deed of indemnity, insurance and access with each of the *current directors* and is proposing to enter into similar deeds with each of the *proposed directors*. Under these deeds, the *company* has agreed to indemnify each *director* to the extent permitted by the *Corporations Act* against any liability arising as a result of the *director* acting as a director of the *company*. The *company* is also required to maintain insurance policies for the benefit of the *directors* and must also allow the *directors* to inspect board papers in certain circumstances.

## 8.6. Corporate governance

The summary below identifies the key corporate governance policies and practices adopted by the *board*. The *board* is committed to ensuring continued investor confidence in the operations of the *company* and in maintaining high standards of corporate governance in the performance of their duties.

### 8.6.1. Roles of the board & management

The *board* is responsible for evaluating and setting the strategic direction for the *company*, establishing goals for management and monitoring the achievement of these goals.

Subject to the specific authorities reserved to the *board* under the Board Charter, the *board* delegates to the managing director responsibility for the management and operation of the *company*. The managing director is responsible for the day-to-day operations, financial performance and administration of the *company* within the powers authorised to him from time-to-time by the board. The managing director may make further delegation within the delegations specified by the *board* and will be accountable to the *board* for the exercise of those delegated powers.

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Further details of *board* responsibilities, objectives and structure are set out in the Board Charter on the *company's* website.

8.6.2. Board committees

The *board* considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate committees at this time including audit, risk, remuneration or nomination committees, preferring at this stage of the *company's* development, to manage these elements of the company's corporate governance framework through the *board*. The *board* assumes the responsibilities normally delegated to the audit, risk, remuneration and nomination committees.

If the *company's* activities increase in size, scope and nature, the appointment of separate committees will be reviewed by the *board* and implemented if appropriate.

8.6.3. Diversity

The *company* has adopted a formal Diversity Policy and is committed to workplace diversity, with a particular focus on supporting the representation of women at the senior level of the *company* and on the *board*.

The *company* is at a stage of its development such that the application of measurable objectives in relation to gender diversity, at various levels of the *company's* business, is not considered to be appropriate or practical.

The *board* will review this position on an annual basis and will implement measurable objectives as and when it deems the *company* requires them.

8.6.4. Code of conduct

The *company* has implemented a Code of Conduct which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the *company*.

An employee that breaches the Code of Conduct may face disciplinary action including, in the cases of serious breaches, dismissal.

8.6.5. Audit

The *board* as a whole fulfils the functions normally delegated to the Audit Committee as detailed in the Audit Committee Charter.

The *board* is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the *company* through the engagement period. The *board* may otherwise select an external auditor based on criteria relevant to the *company's* business and circumstances. The performance of the external auditor is reviewed on an annual basis by the *board*.

The *board* receives regular reports from management and from external auditors. It also meets with the external auditors as and when required.

The external auditors attend the *company's* AGM and are available to answer questions from security holders relevant to the audit.

Prior approval of the *board* must be gained for non-audit work to be performed by the external auditor. There are qualitative limits on this non-audit work to ensure that the independence of the auditor is maintained.

#### 8.6.6. Disclosure

The *company* has a Continuous Disclosure Policy which outlines the disclosure obligations of the *company* as required under the *listing rules* and *Corporations Act*. The policy is designed to ensure that procedures are in place so that the market is properly informed of matters which may have a material impact on the price at which *company* securities are traded.

The *board* considers whether there are any matters requiring disclosure in respect of each and every item of business that it considers in its meetings. Individual *directors* are required to make such a consideration when they become aware of any information in the course of their duties as a *director*.

The *company* is committed to ensuring all investors have equal and timely access to material information concerning the *company*.

The *board* has designated the company secretary as the person responsible for communicating with *ASX*. The chairman, managing director (where one is appointed) and company secretary are responsible for ensuring that:

- (a) *company* announcements are made in a timely manner, are factual and do not omit any material information required to be disclosed under the *listing rules* and *Corporations Act*; and
- (b) *company* announcements are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

#### 8.6.7. Shareholder communication

The *company* recognizes the value of providing current and relevant information to its *shareholders*.

The *company* respects the rights of its *shareholders* and to facilitate the effective exercise of those rights the *company* is committed to:

- (a) communicating effectively with *shareholders* through releases to the market via *ASX*, the *company* website, information mailed to *shareholders* and general meetings of the *company*; and

- 
- (b) giving *shareholders* ready access to clear and understandable information about the *company*.

The *company* also makes available a telephone number and email address for *shareholders* to make enquiries of the *company*. These contact details are available on the “contact us” page of the *company*’s website.

*Shareholders* may elect to, and are encouraged to, receive communications from the *company* and its registry electronically.

The *company* maintains information in relation to its constitution, governance documents, *directors* and senior executives, *board* and committee charters, annual reports and *ASX* announcements on the *company*’s website.

#### 8.6.8. Risk management

The *board* is committed to the identification, assessment and management of risk throughout the *company*’s business activities.

The *board* is responsible for the oversight of the *company*’s risk management and internal compliance and control framework. The *company* does not have an internal audit function. Responsibility for control and risk management is delegated to the appropriate level of management within the *company* with the managing director having ultimate responsibility to the *board* for the risk management and internal compliance and control framework. The *company* has established policies for the oversight and management of material business risks.

The *company*’s Risk Management and Internal Compliance and Control Policy recognises that risk management is an essential element of good corporate governance and fundamental in achieving its strategic and operational objectives. Risk management improves decision making, defines opportunities and mitigates material events that may impact security holder value.

The *company*’s process of risk management and internal compliance and control includes:

- (a) identifying and measuring risks that might impact upon the achievement of the *company*’s goals and objectives, and monitoring the environment for emerging factors and trends that affect those risks;
- (b) formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and
- (c) monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

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The *board* reviews the *company's* risk management framework at least annually to ensure that it continues to effectively manage risk.

#### 8.6.9. Independence of directors

The independence of each proposed *director* has been determined by considering the relevant factors suggested in the Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council (***recommendations***) (***independence factors***). The following table offers a brief explanation of how the *independence factors* have been applied to the proposed *directors* in anticipation of their respective appointments.

Matthew Morgan	Applying the <i>independence factors</i> , Mr Morgan will not be independent because he will be an executive of the <i>company</i> .
David Wheeler	Mr Wheeler is considered to be independent in accordance with the <i>independence factors</i> , and there are no other factors that the <i>company</i> considers are likely to affect Mr Wheeler's capacity to exercise independent judgment with respect to the affairs of the <i>company</i> .
Andrew Firek	Dr Firek is considered to be independent in accordance with the <i>independence factors</i> , and there are no other factors that the <i>company</i> considers are likely to affect Dr Firek's capacity to exercise independent judgment with respect to the affairs of the <i>company</i> .
Geoff Kidd	Mr Kidd is considered to be independent in accordance with the <i>independence factors</i> , and there are no other factors that the <i>company</i> considers are likely to affect Mr Kidd capacity to exercise independent judgment with respect to the affairs of the <i>company</i> .

#### 8.6.10. Departures from recommendations

In accordance with the *listing rules*, the *company* is required to report any departures from the *recommendations* in its annual financial report. The *company's* compliance with, and departures from, the *recommendations* as at the date of this *prospectus* are set out in Annexure A.

## 9. COMPANY AND AUSMEX OVERVIEW

### 9.1. Company strategy

#### 9.1.1. Company's existing activities

The *company* is a public company that was admitted to the official list of *ASX* on 26 April 2012. The *company's* principal activities have involved minerals exploration in Mongolia (through its wholly-owned subsidiary Centreville LLC) and Myanmar (through its wholly-owned subsidiary Mawsaki Mining Co. Limited). In light of the relative lack of success in commercial development of those projects, the *company* has been evaluating high quality and value-adding investment opportunities in Australia.

The *proposed directors* have indicated that:

- (a) they consider that the *company's* Mongolian project to have potential and propose to continue the *company's* Mongolian exploration program at least in the short term; and
- (b) they do not intend to pursue existing opportunities in Myanmar and intend to divest or relinquish the *company's* interest in its Myanmar joint venture.

#### 9.1.2. Company's proposed new activities and key investment highlights

On 5 December 2016, the *company* announced the execution of a binding heads of agreement with *Ausmex* for the acquisition of 100% of the issued capital in *Ausmex* (***acquisition agreement***). By entering into the *acquisition*, the *company* will:

- (a) subject to exercise of the *QMN Cloncurry option* (which the *proposed directors* intend to do immediately following completion of the *acquisition*), acquire 60% of mainly production assets including the Gilded Rose and Mt Freda gold projects by the issue of 12,500,000 shares to commence a 60-40 joint venture with QMN; *Ausmex* can also increase its equity in this joint venture to 80% by the payment of a further \$1 million (which the *proposed directors* also intend to do immediately following completion of the *acquisition*) with the right to a final \$1 million to achieve 100% ownership on payment of a further \$1 million;
- (b) subject to exercise of the *QMN Cloncurry North option* (in respect of which the *proposed directors* will make a decision no later than 15 May 2017), acquire certain exploration projects including the Morris Creek, Flamingo and Jessievale projects which are all exploration areas near Cloncurry containing *IOCG* targets where *Ausmex* plans fresh exploration programs based on encouraging results to date in those projects;

- (c) acquire *EL 5881 (SA)* covering 970 sq km comprising three project areas near Burra in South Australia targeting *IOCG* or porphyry copper-gold targets, Burra-style base metal deposits and vein-style gold deposits;
- (d) have the funds available to exploit the *Ausmex projects*; and
- (e) have a management team, at both board and executive level, with the skills and experience to manage the technical and commercial development of the *Ausmex projects*.

## 9.2. Ausmex – business overview

- 9.2.1. *Ausmex* was incorporated in June 2016 and, as at the date of this *prospectus*, has 11 shareholders holding a total of 207 million *Ausmex shares*. It has no other securities on issue.
- 9.2.2. *Ausmex* was incorporated with the principal objective of acquiring assets to explore for and develop a large *IOCG* or porphyry deposit funded by low-risk gold production resources. To that end it has:
  - (a) applied for and been granted *EL 5881 (SA)*, a licence covering 970 sq km prospective for gold/copper in the Mount Bryan-Red Banks-World's End area near Burra in South Australia; and
  - (b) entered into the *Cloncurry option agreement*.
- 9.2.3. Ausmex is seeking a listing on ASX in order to raise funds with a view to accelerating the development of the *Ausmex projects*.

## 9.3. Business model and strategy

- 9.3.1. Ausmex is planning two key strategies as corporate objectives:
  - (a) to secure exploration projects that have potential to host world-class *IOCG* or porphyry copper gold deposits such as Ernest Henry or Rocklands in Queensland, Olympic Dam in South Australia or Cadia – Ridgeway in New South Wales; and
  - (b) allied and conducive to such exploration, secure gold/copper production opportunities on smaller gold projects to fund exploration and asset growth.
- 9.3.2. Studies of both *IOCG* and porphyry copper gold deposits in Queensland, South Australia and other mineral provinces have allowed geologists to formulate typical *IOCG* models or porphyry models based on the significant number of copper gold discoveries in those regions. Many of the largest copper gold deposits show atypical features however, which suggest a transition from porphyry or mesothermal conditions or indicating overprinting of a hydrothermal system on a porphyry environment. *IOCG* signatures have also allowed key indicator profiles to be built as exploration pathfinder tools.

- 9.3.3. The two key mineral provinces in which Ausmex projects are located are the Mt Isa Inlier, Queensland and the G2 Structural Corridor in South Australia. The geological model and structural controls for each province can be interpreted by reference to tectonic setting and the evolution of the volcanic arcs in each region. In particular, deposit form, vein texture and mineralogy coupled with growing knowledge of the hydrothermal alteration which accompanies the formation of these type of copper gold deposits, are useful tools available now to explorers in those provinces towards recognising the key features of copper gold-bearing geological environments. Thus an 'indicator checklist' of *IOCG* or porphyry features in Queensland and South Australia can be utilised in exploration.
- 9.3.4. Ausmex plans to focus on geochemical sampling and geological mapping against which the typical geochemical, geophysical and geological profiles will be compared in search for a match in focusing the best drilling targets.

## 9.4. Ausmex projects - Queensland

- 9.4.1. On 15 August 2016, *Ausmex* entered into the *Cloncurry option agreement* with ASX-listed Queensland Mining Corporation Ltd (*QMN*), with the intention of acquiring copper-gold projects near Cloncurry, Queensland.
- 9.4.2. The *Cloncurry option agreement* contains two options exercisable within 3 months or an extended time not exceeding a further 6 months (that is, both options expire on 15 May 2017 unless exercised prior to that date). It provides for:
- (a) *QMN Cloncurry option*: the acquisition of 60% of mainly production assets including the Gilded Rose and Mt Freda gold projects to be acquired by the issue of 12,500,000 shares to commence a 60-40 joint venture with *QMN*; *Ausmex* can also increase its equity in this joint venture to 80% by the payment of a further \$1 million with the right to achieve 100% ownership by payment of a further \$1 million; and
  - (b) *QMN Cloncurry North option*: the acquisition of certain exploration projects by the payment of \$500,000 by *Ausmex*; these include the Morris Creek, Flamingo and Jessievale projects which are all exploration areas near Cloncurry containing potential *IOCG* targets where Ausmex plans fresh exploration programs based on encouraging results to date in those projects.

### *Mt Freda Gold Project*

- 9.4.3. Mt Freda lies 39 km southeast of Cloncurry and comprises mining leases ML2741 and ML2752 (total area 120.28 ha) held by Spinifex Mines Pty Ltd (of which *Ausmex* is to hold 60% and *QMN* 40%) (*Spinifex*).
- 9.4.4. Former tenement holder Diversified Mineral Resources NL (*DMR*) processed 100,000 tonnes of ore from the Mt Freda open cut during 1988-1989. Depending on the level of success in establishing a mineral resource, *Ausmex* will assess this project for development through the use of the Gilded Rose plant described below. A low-

cost heap leach operation will be considered as one of the production options. Project infrastructure and mine layout from previous operations may reduce development costs for such an operation. *Ausmex's* in-house technical team will undertake project planning studies including a drilling program, metallurgical test work, bulk sampling or trial mining and other feasibility work.



Mt Freda Project area (circa 1990) – existing infrastructure shown – picture on right shows open cut ore body that was mined in the pit (left photo) in 1988-1990.

#### *Gilded Rose Gold Project*

- 9.4.5. The Gilded Rose Project is located 15 km east-southeast of Cloncurry and has a history of mining dating back to 1882. There are four granted mining leases (66.41 ha), including mining leases ML2709, ML2713, ML2718, & ML2719, owned by *Spinifex*.
- 9.4.6. The Gilded Rose group of workings have produced approximately 280 kg of gold, most of which came from the oxidised zone. Potential for mineralisation is present in repeat structures and associated with the 1.5 km long system that hosts the Gilded Rose group of workings. *Ausmex* plans to step out and re-focus drilling on cross faults to 200m targeting Au-Cu mineralisation.



CIL Gold Plant with crushing and milling circuits at Gilded Rose

- 9.4.7. The Gilded Rose gold process plant (on care and maintenance) will be assessed for plant upgrade and metallurgical assessment to determine an optimum flow sheet for economic recovery. Technical studies will be completed by management to determine the most cost effective means of extraction of identified minerals. The Gilded Rose gold process plant and infrastructure includes an 8 tph high grade CIL gold plant with crushing and milling circuits, Zadra electrowinning circuit and goldroom, tailings dam and 400 KVA powerhouse. Project work will include drilling, mine engineering and metallurgical evaluation to determine the compatibility of the different ores for treatment accordingly.

*Evening Star IOCG / Oxide Project*

- 9.4.8. The Evening Star Project is located 39 km southeast of Cloncurry and consists of three granted mining leases that lie adjacent to the Mt Freda gold deposit comprised of mining leases ML2742, North ML2763, and ML 2750 (total area 21 ha). A 20 hole RC programme drilled 160m of the potential 600m strike length by former tenement holder DMR. There is potential to delineate further mineralisation both down dip and along strike as the Evening Star deposit is open in all directions although it does thin at surface. The target has IOCG potential or as near surface oxide material to feed a heap leach or other processing operation.
- 9.4.9. QMN in its 2008 prospectus included an independent geologist's report (Australian Geoscientists – author Neil Stuart) which stated: “The northern end of the Evening Star mine was worked on a small scale in the 1880s. The first reference to modern exploration was by Broken Hill Proprietary Ltd which in the 1970s drilled two holes immediately south of the Evening Star open cut. Information about this drilling is sketchy and no records have been sighted. During the early 1980s, about 1,000 tonnes of ore averaging 4.3% Cu was mined and sold to Mt Isa Mines before DMR bought the Evening Star project in 1987. DMR later mined 380.84 tonnes of oxide ore averaging 3.9% Cu and 0.96 g/t Au that was sold to Mt Isa Mines.”



Evening Star area with copper outcrops showing

*Morris Creek IOCG Project*

- 9.4.10. The tenement consists of one sub-block (EPM 15076 of 3 sq km) and is located approximately 18 km to the west of Cloncurry. Access to the tenement is via station tracks leading north from the Barkley Highway. Low hills and shallow creeks dominate the terrain. The Morris Creek project abuts Cudoco Ltd's ground to the north where the Rocklands Cu-Co-Au deposit was discovered and is now under mine development. The prospect is located in the hinge part of the regional north-plunging Duck Creek Anticline in the highly mineralised eastern fold belt of the Proterozoic Mount Isa Inlier. The area hosts the Overhang Jaspilite and Mitakoodi Quartzite units of the Mid Proterozoic Age, which are intruded by dolerites and transacted by NE, NS and NW trending faults.
- 9.4.11. Past work has identified strong ferruginous and silicified zones in the northern part of the tenement where intense deformation and oxide copper mineralisation are evident along a NWW-SEE trending linear structure (estimated to be at least 300m long and 5m wide) parallel to the mineralisation zones defined in the Cudoco's Rocklands project. Copper showings were also recognised in the central part of the tenement in association with marble units and mafic intrusives. In addition, historical soil sampling by SRC highlighted an elevated copper anomalous zone at an extent of 700m by 50m over 200 ppm Cu in the southwestern portion of the project area.



Cu outcrops on the side of the hill up Morris Creek adjoining Rocklands area.

*Flamingo IOCG Project*

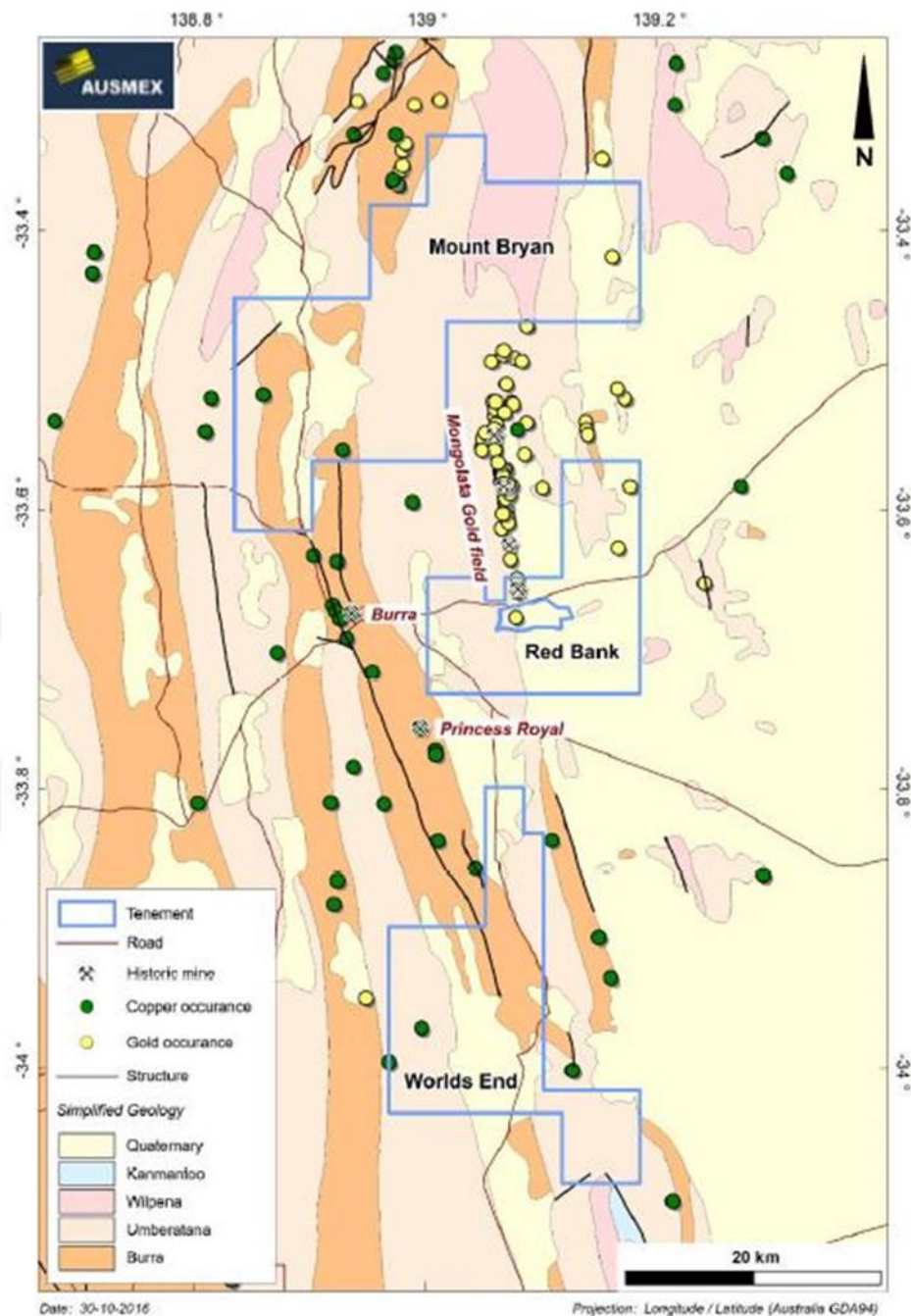
- 9.4.12. The Flamingo Project is located 105 km NNW of Cloncurry and comprises mining leases ML90103 & ML90104 and EPM 18106 with a combined area of more than 13 square km. Drilling by MIM in the early 1990's intersected significant intersections of copper and gold.
- 9.4.13. QMN in its 2008 prospectus included an independent geologist's report (Australian Geoscientists – author Neil Stuart) which stated:
- 9.4.14. “Many old copper workings are present in the area, although only minor amounts of ore have been mined. Mining Lease 90103 contains scattered workings that include prospecting pits, shafts and costeans while shallow prospecting pits have been reported in the northern part of Mining Lease 90104.”
- 9.4.15. MIM completed exploration within the project area during 1990-96, while investigating EPM 7052 for economic concentrations of copper-gold mineralisation. Follow-up exploration included geological mapping. Drilling was undertaken by QMC to test the coincident copper-gold soil anomaly, which resulted in encouraging copper and gold grades being intersected. As well, several MIM holes intersected wide intervals of oxide copper-gold mineralisation.

*Jessievale IOCG Project*

- 9.4.16. Jessievale EPM 16078 is located 48 km north-northwest of Cloncurry in northwest Queensland. The EPM comprises four sub-blocks that cover an area of 13 sq km.
- 9.4.17. The area was investigated by other explorers (Chevron Exploration Corp, BHP, WMC and North Limited) from the 1970s to the early 1990s. Wide spaced shallow drilling by these previous groups outlined several zones of anomalous copper and zinc geochemistry geophysical anomalies were also identified and remain untested. QMC completed a ground magnetic survey and reinterpreted both this data and the historic gravity information. This geophysical modelling has highlighted several coincident magnetic and gravity anomalies that require further investigations including electrical geophysics and diamond drill testing.

- 
- 9.4.18. The Jessievale EPM is located within the Ernest Henry magnetic terrane, nearly 31 km northwest of the Ernest Henry Mine (166 Mt at 1.1% Cu, 0.54 g/t Au) and exhibits similar IOCG mineralisation.
- 9.4.19. The Gilded Rose and Mt Freda projects may provide early gold production potential depending on establishing an economic mineral resource and viable upgrade of the gold process plant at the Gilded Rose project site.
- 9.4.20. Subject to exploration progress, it is proposed to advance the existing gold project to feasibility status. Technical studies and engineering work will be carried out to permit trial mining and production. Thus, Ausmex will drive an aggressive project management program to achieve early production at Mt Freda and Gilded Rose.
- 9.4.21. The in-house production management expertise within *Ausmex* will focus on low capex gold production projects with cheaper heap leach potential within a short time frame to increase cash resources for ongoing exploration.

## 9.5. Ausmex projects - South Australia



Burra Projects EL5881 tenement location (comprises all three blocks).

- 9.5.1. *Ausmex* has been granted *EL 5881 (SA)* covering 970 sq km comprising three project areas in South Australia, being Mt Bryan, Redbanks and World's End. *Ausmex* is targeting *IOCG* or porphyry copper-gold targets, Burra-style base metal deposits and vein-style gold deposits at its projects near Burra in South Australia.
- 9.5.2. The Mt Bryan and World's End blocks are on strike from the famous Monster Mine. *Ausmex's* third South Australian project, Redbanks, is set on the same geological unit as the prolific Mongolata goldfield north-east of Burra with added prospectivity for phosphate.

9.5.3. These areas contain structural features with potential for mineralization produced by transportation of deeply sourced fluids typical of porphyry or IOCG style deposits and are also prospective for Burra-style base metal deposits and vein style gold deposits.

9.5.4. Ausmex has submitted comprehensive exploration programs including advanced geophysics and drilling to the South Australian Mines Department.

*Mt Bryan Copper Gold Project Block*

9.5.5. The Mt Bryan Block is about 12 km northwest of the township of Burra and in the same geological trend as the Monster Mine at Burra. The Burra region is reported to have historically produced 86,000 tonnes of copper in its history and produced 40,000 tonnes in the period 1969 to 1981 in its 'second life'. The Monster Mine at Burra is reported to have produced 10% of the world's copper supply in 1851 (ref. Copper Mining and Treatment in South Australia – Ken F. Bampton, Consultant Geologist).

9.5.6. The Monster Mine ore zone is hosted in a fractured and brecciated zone within the Skilogalee Dolomite member of the Adelaidean Burra Group of Neoproterozoic age. The geological unit consists of limestone, dolomite and dolomitic siltstone of which the Skilogalee dolomite forms the country rock. A group of volcanic porphyry dykes located within the current pit environment are interpreted as a possible source of the copper. Significantly Phoenix Copper in its Burra Group - Annual Technical Report 2009 to 2010 stated:

“A small lens of sulphide- mineralized intrusive feldspar porphyry was exposed in the open pit. It is possible that this exposure represents an offshoot from a larger igneous body at depth, and if such a body is present it may well be the host of the primary mineralization from which the oxide bodies have been derived.”

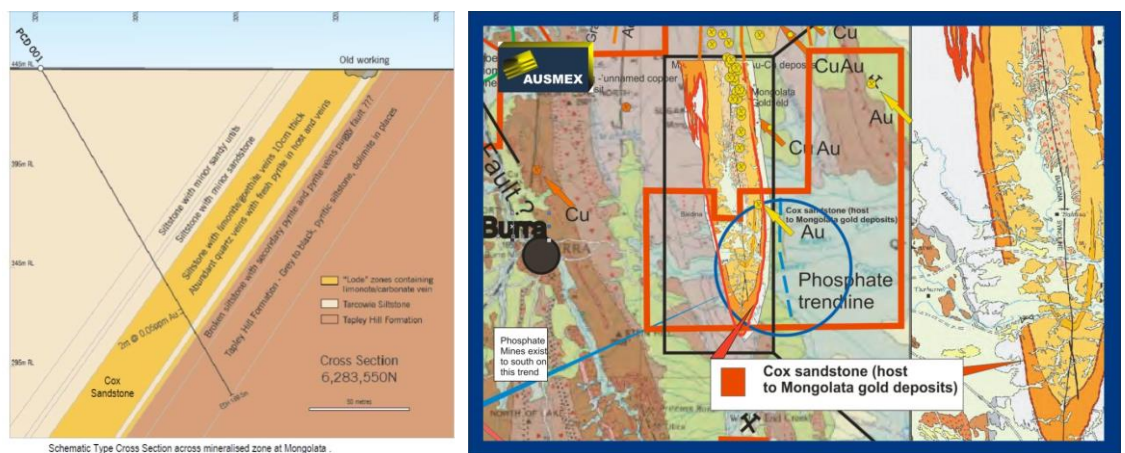
9.5.7. Ausmex wishes to pursue a target based on a north south structural feature containing the magnetic high (reddish zone on diagram below) which is a proposed hidden porphyry model and deep seated intrusive. The Mt Bryan tenement outline is superimposed on yellow on the diagram with the geophysical feature target. Additional targets lie in the west of the EL outline on trend from the Monster Mine.

*Redbanks Gold Phosphate Project Block*

9.5.8. The Redbanks Block is about 10 km east of the township of Burra adjoining the Mongolata gold field hosted within the Cox Sandstone unit. The Cox Sandstone unit which extends south across Redbanks project area is the host to the large number of Mongolata gold deposits (see diagram below).

9.5.9. Former tenement holder Phoenix Copper summarised the Mongolata goldfield geological model to the north of the Redbanks Block in its Burra Group- Annual Technical Report 2009 to 2010 which stated:

“The host formation for mineralisation in the goldfield is a feldspathic, sandy siltstone named the Cox Sandstone, belonging to the Neoproterozoic Tarcowie Siltstone Formation; which overlies the Tapley Hill Formation units. The Cox Sandstone outcrops for approximately 12 kilometres along the eastern scarp of the Mt Lofty Ranges, with most of the gold developments concentrated within a 4-kilometre extent within this outcrop. These formations are developed within a deformed (Delamerian orogeny) Neoproterozoic basin of greenschist facies metamorphism termed the Nackara Arc, this basin joins the larger Adelaide Geosyncline to the west. Gold mineralisation is hosted in a network of cross-cutting quartz-veins, with large flat-lying veins recording the highest gold production. Exceptional high-grade coarse-grained gold occurs at the intersection of these lodes with steeply-dipping veins. Mineralisation within veins and breccias outward into the hanging or foot-walls of the Cox Sandstone is also reported. The interface between the Cox Sandstone and the underlying laminated metasiltstone is characterised by the bedding- parallel "Limonite Lode".” (p16-17).



Cox Sandstone (host to Mongolata gold deposits) model cross section Ausmex Redbanks Block outline in red showing extension of Cox Sandstone across centre of EL

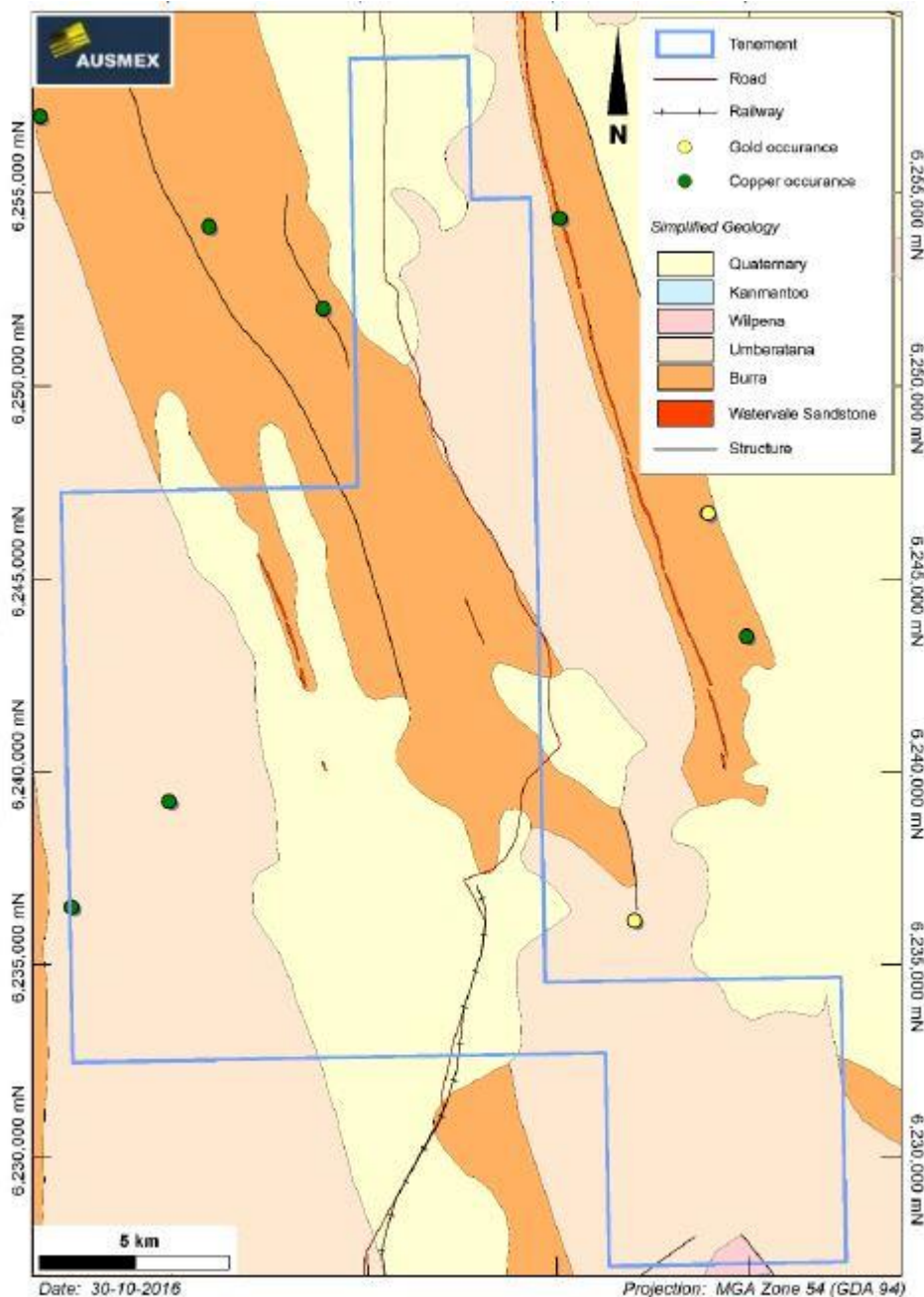
- 9.5.10. A typical model cross section for the significant Cox Sandstone Unit hosting these gold zones is shown above. Ausmex wishes to pursue a target based on potential for similar mineralization to that of the Mongolata Goldfield just to the north of the EL. This model is underscored by the Redbanks Block outline map above providing potential along the Cox Sandstone trendline for many gold targets given the multitude of gold deposits within the Cox Sandstone unit to the north.
- 9.5.11. In addition, given the existence of phosphate deposits to the south of the Redbanks Block, a phosphate prospectivity zone has been highlighted by past explorers including Phoenix Copper shown by the phosphate trend line in the diagram above. Ausmex will conduct a dual gold and phosphate exploration program in *EL 5881 (SA)*.

#### *World's End Copper Gold Project Block*

- 9.5.12. The World's End Block area is about 15 km south east of the township of Burra and in the same geological trend as the Monster Mine at Burra. As referred to earlier the

Monster Mine ore zone is hosted in a fractured and brecciated zone within the Skilogalee Dolomite member of the Adelaidean Burra Group of Neoproterozoic age. The geological unit consists of limestone, dolomite and dolomitic siltstone of which the Skilogalee dolomite forms the country rock. Petrographic analysis shows a series of tuffaceous and volcanoclastic beds within the dolomite sequence without any large body of intrusives.

- 9.5.13. The World's End prospect area is an interesting prospect as it lies in a trend zone having a number of common structural and geological features within the Skilogalee Dolomite that hosts the Monster Mine and thus is a prime drilling target once confirmatory work is done to validate the targets.



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## 9.6. Consideration matters

- 9.6.1. The *board* considers that the quantum of the *consideration shares* to be issued to the *Ausmex vendors* in relation to the *acquisition* reflects reasonable fair value for *Ausmex* in view of the key investment highlights set out in *Section 9.1.2* and the *company* having conducted arm's length negotiations with representatives of *Ausmex* to arrive at the commercial terms of the *acquisition*.
- 9.6.2. In determining the consideration for the *acquisition*, the *board* took into account;
- (a) *Ausmex's* business model and strategy;
  - (b) the *Ausmex projects*;
  - (c) the *Ausmex* management team; and
  - (d) the independent reports of *Stantons* and other experts as to valuation of the relevant projects prepared for the *acquisition*.
- 9.6.3. The Investigating Accountant's Report set out in *Section 11* contains a discussion with respect to the fair value of the 207,000,000 *consideration shares* to be issued to the *Ausmex vendors* as consideration for their *Ausmex shares*.
- 9.6.4. As the *Ausmex vendors* will together acquire a controlling interest in the *company* following *completion* (notwithstanding that they are not "associates" for the purposes of the *Corporations Act*), the *investigating accountant* has deemed that *Ausmex* is the acquirer for accounting purposes and has therefore determined that the most appropriate accounting treatment for the *acquisition* is under AASB 2 – share-based payments. Under this treatment, *Ausmex* is deemed to have issued *Ausmex shares* to the *company's* shareholders in exchange for assets held by the *company*.
- 9.6.5. Using this method, the *investigating accountant* has determined that the fair value of 100% of the *company* is \$5,949,936 (based on the pre-announcement assessed preferred fair value of a *share*). Consequently, a listing expense of \$3,815,424 will be expensed to the income statement of the consolidated entity which represents the excess of the deemed fair value of the share-based payment less the pro forma net assets of the *company* of \$2,134,512, immediately prior to *completion*.
- 9.6.6. It should be noted that the fair value referred to above was based on the pro forma adjustments as at 31 December 2016, and will require re-determination based on the identifiable assets and liabilities as at *completion*, which may result in changes to the fair value determined by the *investigating accountant*.

## 9.7. Management of Ausmex

### **Matt Morgan – managing director**

Mr Morgan's credentials as the proposed managing *director* are set out in *Section 8.1.2*.

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# 10. FINANCIAL INFORMATION

Following the change in the nature of activities, the *company* will be focused on developing the *Ausmex projects*. Therefore, the *company's* past operations and financial historical performance will not be of significant relevance to future activities.

The *directors* consider that it is not possible to accurately predict the future revenues or profitability of the *company* or the *Ausmex projects* or whether any material revenues or profitability will eventuate.

Prior to the date of this *prospectus*, the *company* has been operating its mining exploration business. As stated above, the *directors* do not consider that exploration results to date provide sufficient evidence to predict any future material revenues or profitability.

*Ausmex* is essentially a start-up company with a limited trading history. Since incorporating in June 2016, *Ausmex's* activities have principally involved attracting and engaging its management team, development of its proposed business model and securing access to the *Ausmex projects*.

Given *Ausmex's* limited trading history, and given that its business is largely unproven, it is difficult to make an evaluation of *Ausmex's* business or its financial prospects. Accordingly, no assurance can be given that the *company* will achieve commercial viability through the acquisition of *Ausmex* and the implementation of its business plan.

The initial funding for the *company's* future activities will be generated from the *public offer* and existing cash reserves of the *company* and *Ausmex*. The *company* may need to raise further capital in the future to continue to develop the *Ausmex projects*, and such amounts may be raised by further equity raisings, or the *company* may consider other forms of debt or quasi-debt funding if required.

As a result of the above, the *company* is not in a position to disclose any of the key financial ratios or financial information other than the financial statements included in *Section 11*.

# 11. INVESTIGATING ACCOUNTANT'S REPORT

For personal use only

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14 March 2017

The Directors  
Eumeralla Resources Limited  
Level 6, 105 St Georges Terrace  
Perth, WA, 6000

Dear Directors

## INVESTIGATING ACCOUNTANT'S REPORT

### **Independent Limited Assurance Report ("Report") on Eumeralla Resources Limited Historical and Pro Forma Historical Financial Information**

#### **Introduction**

We have been engaged by Eumeralla Resources Limited ("Eumeralla" or the "Company") to report on the historical financial information of Eumeralla for the six months ended 31 December 2016 and years ended 30 June 2015 and 30 June 2014 and pro forma financial information of the Company as at 31 December 2016 for inclusion in the prospectus ("Prospectus") of Eumeralla dated on or about 16 March 2017 in connection with Eumeralla's proposed capital raising, pursuant to which the Company is offering up to 75,000,000 ordinary Eumeralla shares at an issue price of \$0.08 per share to raise up to \$6.0 million before costs (the "Offer"). Minimum subscriptions of up to 50,000,000 shares may be accepted (to raise \$4.0 million before costs).

The Company is also proposing to acquire all of the share capital in Ausmex Mining Limited ("Ausmex"), an unlisted public company formed for the purpose of pursuing opportunities in the resources sector ("Acquisition"). Following the Acquisition, Ausmex's business will become the principal business of the Company.

Expressions and terms defined in the Prospectus have the same meaning in this Report.

The future prospects of the Company, other than the preparation of a Pro Forma Historical Financial Information, assuming completion of the transactions summarised in Note 1 of the Appendix of this Report, are not addressed in this Report. This Report also does not address the rights attaching to the shares to be issued pursuant to this Prospectus, nor the risks associated with an investment in shares in the Company.

#### **Background**

Eumeralla is a public company that was admitted to the official list of ASX on 26 April 2012. The Company's principal activities previously involved minerals exploration in Mongolia and Myanmar. Recently, the company has been evaluating high quality and value-adding investment opportunities in Australia, and has agreed to acquire 100% of Ausmex.

**THE POWER OF BEING UNDERSTOOD**  
**AUDIT | TAX | CONSULTING**

RSM Corporate Australia Pty Ltd is beneficially owned by the Directors of RSM Australia Pty Ltd. RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 Australian Financial Services Licence No. 255847

Ausmex was incorporated in June 2016 with the principal objective of acquiring assets to explore for and develop a large iron oxide, gold and copper (“IOGC”) or porphyry deposit funded by low-risk gold production resources. Ausmex has the rights or options to acquire rights in the Mt Freda Gold Project, Gilded Rose Gold Project, Evening Star IOCG / Oxide Project, Morris Creek IOCG Project, Flamingo IOCG Project and Jessievale IOCG Project.

## Scope

### Historical financial information

You have requested RSM Corporate Australia Pty Ltd (“RSM”) to review the following historical financial information of the Company included in the Prospectus at the Appendix to this Report:

- The statements of financial performance and cash flows of the Company and its controlled entities for the six months ended 31 December 2016 and the years ended 30 June 2016 and 30 June 2015;
- The statements of financial performance and cash flows of Ausmex for the six months ended 31 December 2016 and the period from incorporation to 30 June 2016; and
- The consolidated statement of financial position of the Company and its controlled entities and Ausmex as at 31 December 2016.

(together the “Historical Financial Information” attached at Appendix A for reference).

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

The Historical Financial Information has been extracted from the financial statements of Eumeralla and Ausmex.

The Historical Financial Information extracted from the financial statements of Eumeralla for the six months ended 31 December 2016 and the years ended 30 June 2016 and 30 June 2015, were audited by HLB Mann Judd in accordance with International Auditing Standards. The audit reports issued for the six months ended 31 December 2016 and the years ended 30 June 2016 and 30 June 2015 were unqualified opinions.

The Historical Financial Information extracted from the financial statements of Ausmex for the six months ended 31 December 2016 and the period from incorporation to 30 June 2016, were audited by William Buck in accordance with International Auditing Standards. The audit reports issued for the six months ended 31 December 2016 and the period from incorporation to 30 June 2016 were unqualified opinions, however an emphasis of matter on the basis of accounting as the directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Corporations Act 2001*.

The Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by International Financial Reporting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

### Pro forma historical financial information

You have requested RSM to review the pro forma historical consolidated statement of financial position as at 31 December 2016, referred to as “the Pro Forma Historical Financial Information”.

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of the Company after adjusting for the effects of the subsequent events and pro forma adjustments described in Note 1 of the Appendix to this Report. The stated basis of preparation is the recognition and measurement principles of the International Financial Reporting Standards applied to the Historical Financial Information and the events or transactions to which the subsequent events and pro forma adjustments relate, as described in Note 1 of the Appendix to this Report, as if those events or transactions had occurred as at the date of the Historical Financial Information.

Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position or statement of financial performance.

## Directors' responsibility

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

## Our responsibility

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

A review consists of making such enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. Our procedures included:

- A consistency check of the application of the stated basis of preparation, to the Historical and Pro Forma Historical Financial Information;
- A review of the Company's work papers, accounting records and other documents;
- Enquiry of directors, management personnel and advisors;
- Consideration of subsequent events and pro forma adjustments described in Note 1 of the Appendix to this Report; and
- Performance of analytical procedures applied to the Pro Forma Historical Financial Information.

A review is substantially less in scope than an audit conducted in accordance with International Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusions

### Historical Financial Information

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

- The statements of financial performance and cash flows of the Company and its controlled entities for the six months ended 31 December 2016 and the years ended 30 June 2016 and 30 June 2015;
- The statements of financial performance and cash flows of Ausmex for the six months ended 31 December 2016 and the period from incorporation to 30 June 2016; and
- The consolidated statement of financial position of the Company and its controlled entities and Ausmex as at 31 December 2016,

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Note 2 of the Appendix to this Report.

### **Pro Forma Historical Financial Information**

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as described in the Appendix to this Report, and comprising the consolidated statements of financial position as at 31 December 2016 of the Company and its controlled entities are not presented fairly in all material respects, in accordance with the stated basis of preparation, as described in Note 2 of the Appendix of this Report.

### **Restriction on Use**

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

### **Responsibility**

RSM has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included. RSM has not authorised the issue of the Prospectus. Accordingly, RSM makes no representation regarding, and takes no responsibility for, any other documents or material in, or omissions from, the Prospectus.

### **Disclosure of Interest**

RSM does not have any pecuniary interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. RSM will receive a professional fee for the preparation of this Report.

Yours faithfully

A handwritten signature in black ink that reads 'Andrew Gilmore'.

A J GILMOUR  
Director

# Appendix A – Historical and Pro Forma Financial Information

## EUMERALLA RESOURCES LIMITED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEARS ENDED 30 JUNE 2015, 30 JUNE 2016 AND THE SIX MONTHS ENDED 31 DECEMBER 2016 AND 31 DECEMBER 2015

	6 months ended 31-Dec-16 Reviewed \$	6 months ended 31-Dec-15 Reviewed \$	Year ended 30-Jun-16 Audited	Year ended 30-Jun-15 Audited
Finance income	2,646	4,143	3,722	27,749
Other income	-	-	1,043	-
<b>Total income</b>	<b>2,646</b>	<b>4,143</b>	<b>4,765</b>	<b>27,749</b>
Administrative expenses	(80,462)	(38,533)	(79,634)	(85,839)
Audit fees	(14,250)	(8,000)	(28,996)	(6,949)
Consulting fees	(58,463)	(54,338)	(108,321)	(114,851)
Corporate services	(22,750)	(50,553)	(100,000)	(99,071)
Employee benefit expenses	(72,000)	(6,731)	(143,244)	(388,854)
Impairment of exploration expenditure	(11,870)	(49,825)	(77,033)	(316,670)
Share based payment expenses	(194,183)	-	-	-
Reversal of employee benefit expenses on expiry and relinquishment of performance rights	-	-	211,030	-
Legal fees	(28,675)	(28,254)	(36,972)	(32,777)
Other expenses	(103,172)	(93,234)	(132,031)	(56,356)
<b>Loss before income tax</b>	<b>(583,179)</b>	<b>(325,325)</b>	<b>(490,436)</b>	<b>(1,073,618)</b>
Income tax expense	-	-	-	-
<b>Net loss for the period</b>	<b>(583,179)</b>	<b>(325,325)</b>	<b>(490,436)</b>	<b>(1,073,618)</b>
Other comprehensive income				
Items that may be reclassified to profit or loss:				
Exchange (loss)/gain on translation of foreign subsidiaries	71,067	(14,570)	(11,440)	17608
<b>Total comprehensive loss for the year</b>	<b>(512,112)</b>	<b>(339,895)</b>	<b>(501,876)</b>	<b>(1,056,010)</b>

Investors should note that past results are not a guarantee of future performance.

## Appendix A – Historical and Pro Forma Financial Information

### AUSMEX MINING LIMITED STATEMENT OF FINANCIAL PERFORMANCE FOR THE SIX MONTHS ENDED 31 DECEMBER 2016 AND THE PERIOD FROM INCORPORATION TO 30 JUNE 2016

	6 months ended 31-Dec-16 Audited \$	Period From Incorporation to 30-Jun-16 \$
Other income	15	-
Exploration payments	(100,626)	-
Share based payments	-	(2,500)
Other expenses	(8,349)	(3,000)
<b>Profit/ (loss) before income tax</b>	<b>(108,960)</b>	<b>(5,500)</b>
Income tax expense	-	-
<b>Profit/ (loss) for the period</b>	<b>(108,960)</b>	<b>(5,500)</b>
Other Comprehensive Income	-	-
<b>Total comprehensive loss for the period</b>	<b>(108,960)</b>	<b>(5,500)</b>

Investors should note that past results are not a guarantee of future performance.

## Appendix A – Historical and Pro Forma Financial Information

### EUMERALLA RESOURCES LIMITED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 30 JUNE 2015, 30 JUNE 2016 AND THE SIX MONTHS ENDED 31 DECEMBER 2015 AND 31 DECEMBER 2016

	6 months ended 31-Dec-16 Reviewed \$	6 months ended 31-Dec-15 Reviewed \$	Year ended 30-Jun-16 Audited \$	Year ended 30-Jun-15 Audited \$
<b>Cash flows from operating activities</b>				
Payments to suppliers and employees (inclusive of GST)	(314,115)	(328,048)	(588,378)	(642,254)
Interest received	2,646	4,143	3,722	27,749
Other income			1,042	-
Net cash (outflow) from operating activities	<u>(311,469)</u>	<u>(323,905)</u>	<u>(583,614)</u>	<u>(614,505)</u>
<b>Cash flows from investing activities</b>				
Payments for capitalised exploration expenditure	(11,870)	(49,825)	(77,033)	(58,696)
Net cash (outflow) from investing activities	<u>(11,870)</u>	<u>(49,825)</u>	<u>(77,033)</u>	<u>(58,696)</u>
<b>Cash flows from financing activities</b>				
Proceeds from issue of shares	1,065,759	-	246,727	-
Payment of share issue costs	(78,749)	-	(4,902)	-
Proceeds from issue of options	25,000	-	-	-
Net cash inflow from financing activities	<u>1,012,010</u>	<u>-</u>	<u>241,825</u>	<u>-</u>
Net increase (decrease) in cash held	688,671	(373,730)	(418,822)	(673,201)
Cash and cash equivalents at the beginning of the period	342,845	761,667	761,667	1,434,868
<b>Cash and cash equivalents at the end of the period</b>	<u><u>1,031,516</u></u>	<u><u>387,937</u></u>	<u><u>342,845</u></u>	<u><u>761,667</u></u>

Investors should note that past results are not a guarantee of future performance.

## Appendix A – Historical and Pro Forma Financial Information

### AUSMEX MINING LIMITED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 31 DECEMBER 2016 AND THE PERIOD FROM INCORPORATION TO 30 JUNE 2016

	6 months ended 31-Dec-16 Audited \$	Period From Incorporation to 30-Jun-16 \$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(71,228)	-
Receipts from interest	10	-
Net cash flows generated from / (used in) operating activities	<u>(71,218)</u>	<u>-</u>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets		
Other exploration evaluation costs	(113,139)	-
Net cash flows used in investing activities	<u>(113,139)</u>	<u>-</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of ordinary shares	45,001	-
Proceeds from issue of converting notes	500,000	-
Net cash flows from financing activities	<u>545,001</u>	<u>-</u>
Net increase/ (decrease) in cash and cash equivalents	360,644	-
Exchange rate differences on cash balances	-	-
Cash and cash equivalents at beginning of period	<u>-</u>	<u>-</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>360,644</u></u>	<u><u>-</u></u>

Investors should note that past results are not a guarantee of future performance.

## Appendix A – Historical and Pro Forma Financial Information

### EUMERALLA RESOURCES LIMITED CONSOLIDATED PRO FORMA STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	Ausmex Audited 31-Dec-16 \$	Eumeralla Reviewed 31-Dec-16 \$	Pro forma adjustments Unaudited 31-Dec-16 \$	Pro forma Unaudited 31-Dec-16 \$
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	4	360,644	1,031,516	3,780,000	5,172,160
Trade and other receivables		7,631	12,359	-	19,990
Prepayments		-	1,539	-	1,539
<b>Total current assets</b>		<u>368,275</u>	<u>1,045,414</u>	<u>3,780,000</u>	<u>5,193,689</u>
<b>Non-current assets</b>					
Exploration and evaluation assets	5	113,139	1,119,292	2,500,000	3,732,431
<b>Total non-current assets</b>		<u>113,139</u>	<u>1,119,292</u>	<u>2,500,000</u>	<u>3,732,431</u>
<b>Total assets</b>		<u>481,414</u>	<u>2,164,706</u>	<u>6,280,000</u>	<u>8,926,120</u>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables		48,373	30,194	-	78,567
<b>Total current liabilities</b>		<u>48,373</u>	<u>30,194</u>	<u>-</u>	<u>78,567</u>
<b>Total liabilities</b>		<u>48,373</u>	<u>30,194</u>	<u>-</u>	<u>78,567</u>
<b>Net assets</b>		<u>433,041</u>	<u>2,134,512</u>	<u>6,280,000</u>	<u>8,847,553</u>
<b>Equity</b>					
Issued capital	6	547,501	6,544,134	5,458,802	12,550,437
Reserves	7	-	342,213	2,400,787	2,743,000
Accumulated losses	8	(114,460)	(4,751,835)	(1,579,589)	(6,445,884)
<b>Total equity</b>		<u>433,041</u>	<u>2,134,512</u>	<u>6,280,000</u>	<u>8,847,553</u>

The unaudited consolidated pro forma statement of financial position represents the notionally consolidated audited statement of financial position of the Company as at 31 December 2016 adjusted for the pro forma transactions outlined in Note 1 of this Appendix. It should be read in conjunction with the notes to the historical and pro forma financial information.

## Appendix A – Historical and Pro Forma Financial Information

### 1. Introduction

The financial information set out in this Appendix consists of the consolidated statement of financial position as at 31 December 2016 and the consolidated statements of financial performance and cash flows for the six months ended 31 December 2016 and years ended 30 June 2016 and 30 June 2015 (“Historical Financial Information”) together with a pro forma consolidated statement of financial position as at 31 December 2016, reflecting the Directors’ pro forma adjustments (“Pro Forma Historical Financial Information”).

The Pro Forma Historical Financial Information has been compiled by adjusting the consolidated statements of financial position of the Company for the impact of the following subsequent events and pro forma adjustments.

#### Adjustments adopted in compiling the Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been prepared by adjusting the Historical Financial Information to reflect the financial effects of the following pro forma transactions which are yet to occur, but are proposed to occur immediately before or following completion of the Offer:

- (i) The issue of 207,000,000 ordinary shares in the Company to complete the Acquisition under the Vendor Offer;
- (ii) The issue of 12,500,000 ordinary shares in the Company and the payment of \$1,000,000 to acquire 80% the Gilded Rose and Mt Freda gold projects under the QMN Cloncurry option;
- (iii) The payment of \$500,000 to acquire certain exploration projects including the Morris Creek, Flamingo and Jessievale projects under the QMN Cloncurry North option;
- (iv) The issue of 75,000,000 ordinary shares in the Company at \$0.08 each to raise \$6,000,000 before costs pursuant to the Offer;
- (v) The payment of cash costs related to the Offer estimated to be \$485,000;
- (vi) The payment of cash costs related to the Acquisition estimated to be \$235,000;
- (vii) The issue 10,350,000 shares to CPS in accordance with the broker mandate;
- (viii) The issue of 30,000,000 advisor options, exercisable at \$0.12 per option with a 3 year expiry in respect of services provided in relation to the Offer and 20,000,000 advisor options exercisable at \$0.14 per option with a 3 year expiry in respect of services provided in relation to the Acquisition, to Armada;
- (ix) The issue of 3,500,000 officer options, exercisable at \$0.045 per option with a 3 year expiry, to the current directors and the company secretary; and
- (x) The issue of 10,000,000 director options, exercisable at \$0.12 per option with a 3 year expiry, to the proposed directors.

The Pro Forma Historical Financial Information has been presented in abbreviated form and does not contain all the disclosures usually provided in an Annual Report prepared in accordance with the *Corporations Act 2001*.

## Appendix A – Historical and Pro Forma Financial Information

### 2. Statement of significant accounting policies

#### (a) Basis of preparation

The Historical Financial Information has been prepared in accordance with the recognition and measurement requirements of the International Financial Reporting Standards ("IFRS"), adopted by the International Accounting Standards Board and the Corporations Act 2001.

The significant accounting policies that have been adopted in the preparation and presentation of the historical and the Pro forma Historical Financial Information are:

#### (b) Basis of measurement

The historical and pro forma financial information has been prepared on the historical cost basis except for financial instruments classified at *fair value through profit or loss*, which are measured at fair value.

#### (c) Functional and presentation currency

These historical and pro forma financial information has been presented in Australian dollars which is the Group's functional currency.

#### (d) Principles of consolidation

The historical and pro forma financial information incorporates the assets, liabilities and results of entities controlled by the Company at the end of the pro forma reporting period. A controlled entity is any entity over which the Company has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

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

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

#### (e) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

#### (f) Going concern

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

#### (g) Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting period arising from the course of the activities of the entity and it is shown net of any related sales taxes and rebates. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from rendering of services that are not significant transactions is recognised as the services are provided or when the significant acts have been completed. Interest income is recognised using the effective interest method.

#### (h) Translation of financial statements of other entities

## Appendix A – Historical and Pro Forma Financial Information

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting period rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting period. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity

### **(i) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **(j) Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment

### **(k) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### **(l) Exploration and evaluation expenditure**

Exploration and evaluation costs related to an area of interest are written off as incurred except that they may be carried forward as an item in the statement of financial position where the rights of tenure of an area are current and one of the following conditions is met:

- the costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- Capitalised costs include costs directly related to exploration and evaluation activities in the relevant area of interest. General and administrative costs are allocated to an exploration or evaluation asset only to the extent that those costs can be related directly to operational activities in the area of interest to which the asset relates.

Capitalised exploration and evaluation expenditure is written off where the above conditions are no longer satisfied. Identifiable exploration assets acquired are recognised as assets at their cost of acquisition, as determined by the requirements of AASB 3 Business Combinations.

Exploration and evaluation expenditure incurred subsequent to the acquisition in respect of an exploration asset acquired is accounted for in accordance with the policy outlined above.

All capitalised exploration and evaluation expenditure is assessed for impairment if facts and circumstances indicate that an impairment may exist. Exploration and evaluation assets are also tested for impairment once commercial reserves are found, before the assets are transferred to development properties.

### **(m) Share-based payment transactions**

## Appendix A – Historical and Pro Forma Financial Information

The Company provides benefits to employees and other parties in the form of share based payments, whereby the employees and parties provide services in exchange for shares and other securities in the Company. The cost of the equity settled share based payment transactions is determined by reference to the fair value of the equity instruments granted.

The fair value of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance/ and or service conditions are fulfilled ("vesting period").

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- (i) The grant date fair value;
- (ii) The extent to which the vesting period has expired; and
- (iii) The number of equity instruments that, in the opinion of the Directors of the Company, will ultimately vest.

This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for equity instruments that do not ultimately vest, except for equity instruments where vesting is conditional upon a market condition.

### **(n) Income tax**

The income taxes are accounted using the liability method that requires the recognition of taxes payable or refundable for the current period and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting period in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting period and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

### **(o) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

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

## Appendix A – Historical and Pro Forma Financial Information

### 3. Reverse acquisition

The proposed acquisition of Ausmex (the legal subsidiary) by the Company (the legal parent) is deemed to be a reverse acquisition as the substance of the transaction is such that the existing shareholders of Ausmex will obtain control of the Company. However, the Company is not considered to meet the definition of a business under AASB 3 *Business Combinations* (AASB 3) and, as such, it has been concluded that the Acquisition cannot be accounted for in accordance with the guidance set out in AASB 3. Therefore, consistent with the accepted practice for transactions similar in nature to the Acquisition, the Acquisition has been accounted for in the consolidated financial statements of the legal acquirer (the Company) as a continuation of the financial statements of the legal acquiree (Ausmex), together with a share based payment measured in accordance with AASB 2 *Share Based Payment* (AASB 2), which represents a deemed issue of shares by the legal acquiree (Ausmex), equivalent to current shareholders interest in the Company post the Acquisition. The excess of the assessed value of the share based payment over the net assets of the Company has been expensed to the income statement as a listing fee.

The Company (legal parent, accounting acquiree) will issue 207,000,000 ordinary shares to Ausmex's shareholders who, as a result, will own approximately 68%<sup>1</sup> of the combined entity at settlement of the Acquisition prior to the Offer. The remaining 32% will be owned by the current shareholders of the Company.

As there is no current market for Ausmex shares, the pro forma fair value of 100% of the Company is assessed as \$5,949,936 immediately prior to the Acquisition.

Consequently, a listing expense of \$3,815,424 has been expensed to the income statement which represents the excess of the deemed fair value of the share based payment less the pro forma net assets of the Company of \$2,134,512, immediately prior to settlement of the Acquisition, as set out below.

	Note	Unaudited Pro-forma 31-Dec-16 \$
Cash and cash equivalents		1,031,516
Trade and other receivables		12,359
Prepayments		1,539
Exploration and evaluation assets		1,119,292
Trade and other payables		(30,194)
<b>Net assets of the Company acquired on reverse acquisition</b>		<b>2,134,512</b>
Assessed fair value of asset acquired:		
- Post-consolidation Company shares on issue		99,165,607
- Post-consolidation value per share under the Prospectus		\$ 0.06
Deemed fair value of share-based payment, assessed in accordance with AASB 2		5,949,936
<b>Pro-forma listing expense recognised on reverse acquisition</b>		<b>3,815,424</b>

<sup>1</sup> Calculations do not reflect the impact of the Offer or any options

## Appendix A – Historical and Pro Forma Financial Information

### 4. Cash and cash equivalents

	Note	Audited 31-Dec-16 \$	Unaudited Pro-forma 31-Dec-16 \$
Cash and cash equivalents		360,644	5,172,160
Ausmex cash and cash equivalents as at 31 December 2016			360,644
<i>Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:</i>			
Cash acquired in the Acquisition			1,031,516
Proceeds from the Public Offer pursuant to the Prospectus			6,000,000
Cash option fee paid under the QMN Cloncurry option			(1,000,000)
Cash option fee paid under the QMN Cloncurry North option			(500,000)
Capital raising costs			(485,000)
Transaction costs			(235,000)
			4,811,516
<b>Pro-forma cash and cash equivalents</b>			<b>5,172,160</b>

The Prospectus has provision for subscriptions of between 50,000,000 and 75,000,000 shares to raise between \$4.0 million and \$6.0 million (before costs) wherein the pro forma statement of financial position assumes the maximum \$6.0 million is raised. Should the minimum \$4.0 million be raised, the share issue cash costs would decrease to \$365,000 and the cash at bank balance would decrease by \$1,880,000 to \$3,292,160.

### 5. Exploration and evaluation assets

	Audited 31-Dec-16 \$	Unaudited Pro-forma 31-Dec-16 \$
Exploration and evaluation assets	113,139	3,732,431
Ausmex exploration and evaluation assets as at 31 December 2016		113,139
<i>Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:</i>		
Exploration and evaluation assets acquired in the Acquisition		1,119,292
Shares issued under the QMN Cloncurry option		1,000,000
Cash option fee paid under the QMN Cloncurry option		1,000,000
Cash option fee paid under the QMN Cloncurry North option		500,000
		3,619,292
<b>Pro-forma exploration and evaluation assets</b>		<b>3,732,431</b>

## Appendix A – Historical and Pro Forma Financial Information

### 6. Issued capital

	Note	Number of shares	\$
Ausmex issued share capital as at 31 December 2016		99,165,607	547,501
<i>Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:</i>			
Fully paid ordinary shares issued at \$0.08 pursuant to this Prospectus		75,000,000	6,000,000
Vendor shares issued in the Acquisition		207,000,000	5,949,936
Shares issued under the QMN Cloncurry option		12,500,000	1,000,000
Shares issued to CPS		10,350,000	828,000
Cash costs associated with the share issue pursuant to this Prospectus		-	(485,000)
Cost of options issued to Armada in relation to the Offer		-	(1,290,000)
		304,850,000	12,002,936
<b>Pro-forma issued share capital</b>		<b>404,015,607</b>	<b>12,550,437</b>

The Prospectus has provision for subscriptions of between 50,000,000 and 75,000,000 shares to raise between \$4.0 million and \$6.0 million (before costs) wherein the pro forma statement of financial position assumes the maximum \$6.0 million is raised. Should the minimum \$4.0 million be raised, the share issue cash costs would decrease to \$365,000 and the issued capital would decrease by \$1,880,000 to \$10,670,437.

### 7. Reserves

	Audited 31-Dec-16 \$	Unaudited Pro-forma 31-Dec-16 \$
Reserves	-	2,743,000
Ausmex reserves as at 31 December 2016		-
<i>Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:</i>		
Cost of options issued to Armada in relation to the Offer		1,290,000
Cost of options issued to Armada in relation to the Acquisition		820,000
Cost of the officer options		203,000
Cost of the director options		430,000
		2,743,000
<b>Pro-forma reserves</b>		<b>2,743,000</b>

## Appendix A – Historical and Pro Forma Financial Information

### 7. Reserves (cont.)

#### (a) Options

All options have been valued using a standard binomial pricing model based on the fair value of a Company share at the grant date, assuming completion of the Offer and the Acquisition using the following assumptions:

Assumptions	Armada Options - Offer	Armada Options - Acquisition	Officer Options	Director Options
Number	30,000,000	20,000,000	3,500,000	10,000,000
Stock price	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08
Exercise price	\$ 0.12	\$ 0.14	\$ 0.045	\$ 0.12
Expiry period	3 years	3 years	3 years	3 years
Expected future volatility	100%	100%	100%	100%
Risk free rate	1.5%	1.5%	1.5%	1.5%
Dividend yield	0%	0%	0%	0%

The terms and conditions for the Advisor Options are set out in sections 15.3 to 15.5 of the Prospectus.

### 8. Accumulated losses

	Audited 31-Dec-16 \$	Unaudited Pro-forma 31-Dec-16 \$
Accumulated losses	(114,460)	(6,445,884)
Ausmex accumulated losses as at 31 December 2016		(114,460)
<i>Subsequent events are summarised as follows:</i>		
Cost of shares issued to CPS		(828,000)
Transaction costs of the Acquisition		(235,000)
Listing fee recognised on reverse acquisition		(3,815,424)
Cost of options issued to Armada in relation to the Acquisition		(820,000)
Cost of the officer options		(203,000)
Cost of the director options		(430,000)
		(6,331,424)
Pro-forma accumulated losses		(6,445,884)

### 9. Related party disclosure

Following completion of the Offer and Acquisition, the Directors of Eumeralla will be David Wheeler, Matthew Morgan, Andrew Firek, and Geoff Kidd. Directors' holdings of shares, directors' remuneration and other directors' interests are set out in Section 8 of the Prospectus.

## Appendix A – Historical and Pro Forma Financial Information

### 10. Commitments and contingent liabilities

#### (a) Commitments

The Company has the following exploration commitments as at 31 December 2016:

	31-Dec-16
Exploration expenditure commitments payable:	
- not later than 12 months	125,000
- between 12 months and 5 years	125,000
- greater than 5 years	-
<b>Total</b>	<b>250,000</b>

### 11. Controlled entities

Consolidated Entities	Country of Incorporation	Pro forma interest held
Eumeralla Resources Limited	Australia	Parent
Ausmex Mining Limited	Australia	100%
Eumeralla Resources Singapore Pte Ltd	Singapore	100%
Centreville LLC	Mongolia	100%
Eumeralla Resources (South East Asia) Pte. Ltd	Singapore	100%
Mawsaki Mining Co. Limited	Myanmar	70%

## 12. INDEPENDENT TECHNICAL REPORTS

### 12.1. Independent Geological Report – Cloncurry tenements

# Australian Geoscientists Pty Ltd

ACN 010 860 625

P.O. Box 5098, Kenmore East, Qld 4069

Neil Stuart – M. 0417 769 972

Robert Pyper –M. 04-19661342

26 February 2017

The Directors

Eumeralla Resources Limited

Level 6, 105 St Georges Terrace

PERTH WA 6000

## Independent Geological Report

At the request of Eumeralla Resources Limited (**Eumeralla**), Australian Geoscientists Pty Ltd (**AGS**) has prepared the Independent Geological Report (**IGR**) of the tenements listed in the Property section below. The IGR is for inclusion in a prospectus to be issued by Eumeralla in connection with its proposed re- listing on the Australian Stock Exchange.

AGS has prepared a wide range of Independent Expert and Specialist's reports relating to the requirements of the ASX and ASIC. The IGR has used technical and economic data provided by Queensland Mining Corporation Limited (ASX: QMN) (**QMC**). The IGR has been carried out to conform to the VALMIN Code (2015) and the JORC Code (2012) and ASIC Regulatory Guides 111 and 112.

The Cloncurry Projects described in this IGR are currently owned by QMC and are subject to an option agreement between QMC and Ausmex Mining Limited (**Ausmex**).

The JORC Code (2012) and the VALMIN Code (2015) set out the principles and matters, which should be taken into account in preparation of an expert report concerned with mining assets, including resources and reserves. Regulatory Guide 111 provides guidance on how an expert can help security holders make informed decisions about transactions. Regulatory Guide 112 explains how ASIC interprets the requirement that an expert is independent of the party that commissions the expert report (commissioning party) and other interested parties.

Any information in this report that relates to exploration activity is based on information compiled by Consultant Geologist R C W Pyper, BSc. FAusIMM, GAICD. ,and Mr Neil Stuart, MSc, FAusIMM, who is also a member of the Mineral Industry Consultants Association and a Member of The Australian Institute of Geoscientists, both of whom are duly authorised representatives of AGS. The principal author, Mr Pyper has had over 50 years' experience in the minerals industry and specialises in valuations and project assessments. Both are familiar with the areas held by QMC and both have sufficient experience of the relevant style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as competent persons as deemed in the JORC Code (2012). Both Mr Pyper and Mr Stuart consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Both Mr Pyper and Mr Stuart observe section 947B of the Corporations Act, 2001 and the associated regulations and amendment and confirm that the IGR is not financial product advice but is intended

to provide investors with expert opinion on matters relevant to an investment in Eumeralla. AGS is not operating under an Australian Financial Services licence and the advice given in the IGR is an opinion on matters other than financial products and does not include advice on financial products.

#### **Disclaimer**

*This document contains certain statements that involve a number of risks and uncertainties. There can be no assurance that such statements will prove to be accurate; actual results and future events could differ materially from those anticipated in such statements.*

#### **Forward Looking Statements**

*The materials may include forward looking statements. Forward looking statements inherently involve subjective judgement, and analysis and are subject to significant uncertainties, risks, and contingencies, many of which are outside the control of, and may be unknown to, the company.*

*Actual results and developments may vary materially from that expressed in these materials. The types of uncertainties which are relevant to the company may include, but are not limited to, commodity prices, political uncertainty, changes to the regulatory framework which applies to the business of the company and general economic conditions. Given these uncertainties, readers are cautioned not to place undue reliance on forward looking statements.*

*Any forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or relevant stock exchange listing rules, the company does not undertake any obligation to publicly update or revise any of the forward looking statements, changes in events, conditions or circumstances on which any statement is based.*

#### **Competent Person Statement**

*The details contained in this document that pertain to exploration results or estimates of mineral resources or ore reserves are based upon information (**Information**) compiled by Mr Robert Pyper. Mr Pyper is a Fellow of the AusIMM and is a Consultant to Ausmex. Mr Pyper has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the JORC Code. Mr Pyper has consented to the inclusion in the report of the matters based on the Information in the form and context in which it appears.*

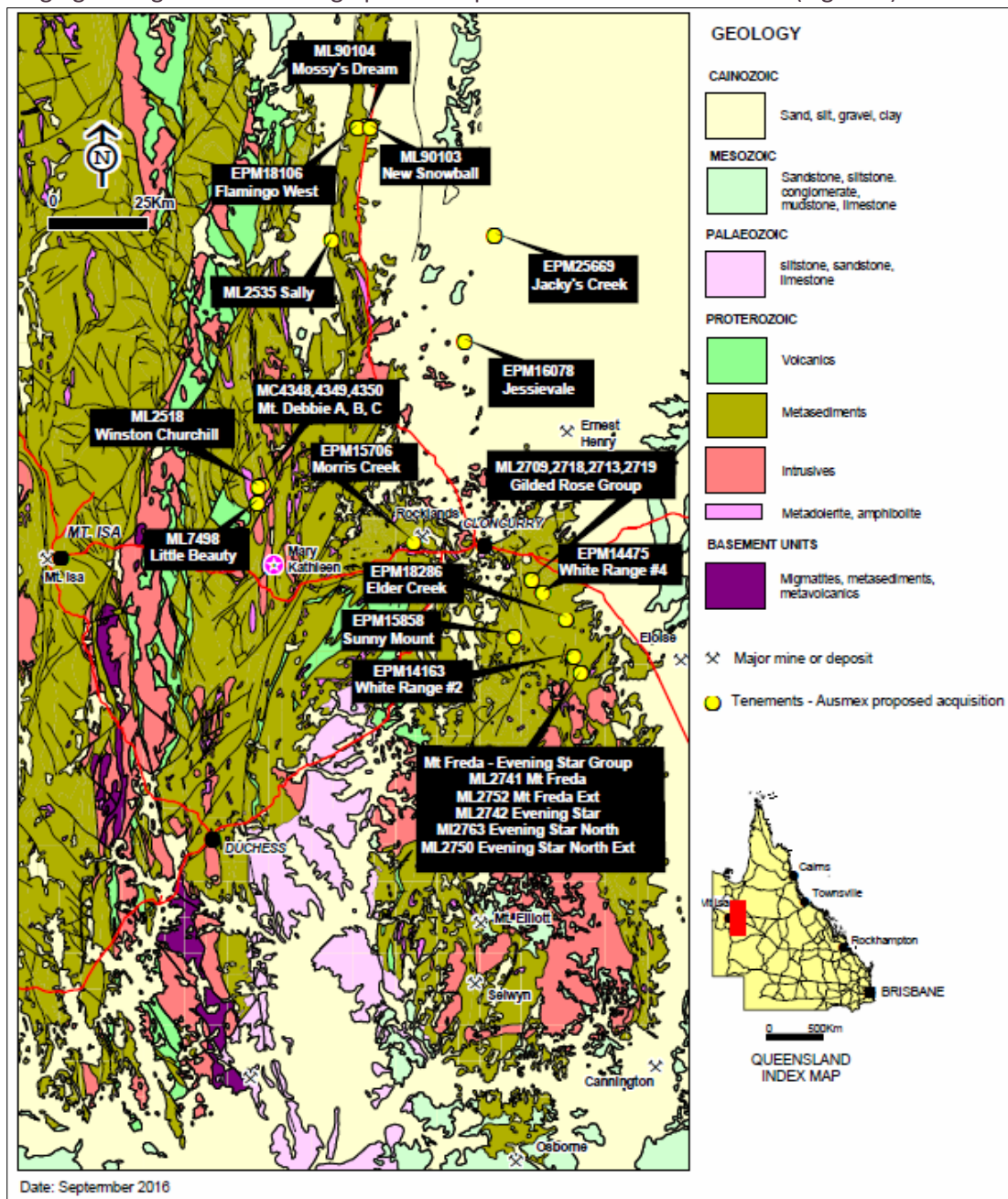
Yours faithfully



Robert Pyper

## 1 Summary

Eumeralla is intending to acquire Ausmex which has an option to acquire a portfolio of copper and gold mineral properties, some with associated silver, cobalt and uranium, that are located in the Cloncurry Mining District in northwest Queensland. The projects are at varying stages of development ranging from grassroots through predevelopment as summarised below (Figure 1).



**Figure 1 Proposed Tenement Acquisition and Geological Setting**

Previous resource estimates have been defined at Gilded Rose, Mt Freda, Mossy's Dream and New Snowball, yet there are no mineral resources currently defined that are compliant with the requirements of the JORC Code (2012). However, sufficient drilling, geological mapping and in some cases past mining has been undertaken so that the understanding of the geology and mineralisation controls can be made with some confidence.

### **White Range No2 (EPM14163); White Range No 4 (EPM14475)**

The EPMs were acquired for their bulk tonnage potential as exemplified by Greenmount and Mount McCabe style oxide copper deposits and iron oxide copper gold (IOCG) deposits. Potential currently lies within two main areas:

- The Mt Freda and Evening Star MLs that are within the White Range No 2 EPM
- The Gilded Rose MLs associated with White Range No 4 EPM

#### **Mt Freda**

Mt Freda has historically produced approximately 732t of ore for 5.48 kg (1176 oz) of gold. Before 1938, underground mining targeted the high-grade oxide zones, which extended to a depth of 50-60m, while historic open cut mining was carried out between 1938 and 1940, then reopened in the late 1980's producing gold from an open cut operation 350m long and 60m deep.

#### **Evening Star**

The Evening Star mine has not been systematically explored, despite approximately 1,400t of copper oxide previously mined from the project. Potential exists to find more copper at the mine and along the southerly strike limb where several old shafts are present.

A 24 hole RC drilling program (2527m) was completed in 2008 by QMC to test an identified north - south shear zone for surface copper mineralisation copper targets. QMC indicated the potential presence of iron oxide-copper-gold (IOCG) indicator mineralisation as well as the presence of cobalt.

#### **Gilded Rose**

The Gilded Rose project within White Range No 4 has a history of mining that dates from 1882. The mines have produced over 280 kg of gold, with almost all coming from the oxide zone, which extends to a depth of around 60m. Historical exploration drilling and costeaning has confirmed the potential to find gold in repeat structures along the 1.5 km mineralised strike within which are the historical mines. During 1999, Australian Geoscientists Pty Ltd (Stuart) reviewed the mineral resource potential for the Gilded Rose Mining Company NL and identified possible exploration targets from the open cut and extensions to the open cut over an approximately 1.5km strike length.

#### **Sunnymount (EPM15858)**

QMC conducted a tenement-wide geochemical lag sampling program that was successful in confirming anomalous historic geochemical areas and indicating new areas for follow-up work. Multiple anomalous copper and gold results suggested a strong NW trending copper anomaly across the block and a more subtle N-S gold trend. Both trends are broadly concurrent with the regional lithological bedding orientations and previous aeromagnetic TMI data. Three historic copper workings also highlight the mineral potential for the area.

#### **Morris Creek (EPM15706)**

The Morris or Tommy Creek prospect covers an area of approximately 3km<sup>2</sup> and is located 1.5km SW of CuDeco's Las Minerale Cu-Au-Co mine. Mineralisation is regarded as being of IOCG style and as such warrants exploration for a large gold and base metal deposit.

#### **Elder Creek (EPM18286)**

Elder Creek was acquired as the ground is considered prospective for IOCG and Tick Hill type deposits in the area. Historical exploration has been confined to the peripheral areas of the licence area.

#### **Jessievale (EPM16078)**

Jessievale covers an area of 16 sq km, is located approximately 30km northwest of Xstrata's Ernest Henry mine (167 Mt @ 1.1% Cu and 0.54 g/t Au) and exhibits potentially similar IOCG mineralisation.

Jessievale lies within the same structural corridor as Ernest Henry, bounded by NW trending faults. Geophysical modelling and data compilation completed by QMC in 2010 indicate that a major potential IOCG target may exist within this project and drill ready opportunities have been identified.

#### **Flamingo West (EPM18106)**

QMC previously conducted two phases of RC drilling within the two mining leases, Mossy's Dream and New Snowball, in 2009 and 2010, respectively.

#### **Jacky's Creek (EPM25669)**

At Jacky's Creek, mineral alteration typical of IOCG deposits has been noted and there are magnetic anomalies within the tenement that warrant investigating with higher resolution geophysical surveys.

#### **Winston Churchill (ML2518)**

The Winston Churchill copper mine was discovered in 1965 and until 1974 had historically produced around 7,000t of ore averaging 11% Cu. A small tonnage of high grade near surface copper oxide material remains on site. Stuart (Aust. Geoscientists, 2007), reviewed the Winston Churchill mine and estimated a small tonnage of high grade copper mineralisation could exist to a depth of 25m. He also suggested there was the potential for further low-moderate grade copper mineralisation below this depth and along strike although this is limited because of the small size of the mining lease.

#### **Little Beauty (ML7498)**

The Little Beauty workings consist of a main shaft to 20m depth, a series of shallow pits and a small open-cut. Historical recorded production is approximately 947t at around 6 % Cu. Information about previous mining and exploration is unclear and there are no records of drilling being carried out. Potential oxide target mineralisation is limited by the Mining Licence size.

#### **Mt Debbie (MC4348-4350)**

The Mt Debbie copper mine is located 1 km northeast of the Winston Churchill mine and is covered by three adjoining mining claims that total 3.0 ha in area. Historical recorded production amounts to approximately 1,040t averaging 9.1% Cu. Based on field observations by Stuart (Aust. Geoscientists, 2007), a small tonnage of moderate grade copper mineralisation is contained in dumps on site.

## Table of Contents

1	Summary.....	3
2	Location .....	9
3	Mineral Tenements.....	11
4	Budget.....	15
5	White Range No2 (EPM14163 and associated MLs) .....	16
5.1	EPM14163 (Au, Cu, Co).....	16
5.1.1	Introduction.....	16
5.1.2	Geology .....	16
5.1.3	Historical Exploration .....	16
5.1.4	Proposed Exploration (Au, Cu) .....	17
5.2	Mt Freda ML2741, ML2752 (Au, Cu, Co) .....	17
5.2.1	Geology .....	17
5.2.2	Mt Freda Proposed Exploration (Au, Cu, Co).....	19
5.3	Evening Star MLs 2742, 2750, 2763 (Au, Cu, Co, IOCG).....	19
5.3.1	Introduction.....	19
5.3.2	Geology .....	20
5.3.3	History.....	20
5.3.4	Proposed Exploration (Au, Cu, Co, IOCG) .....	21
6	White Range No 4 EPM14475 and associated MLs.....	21
6.1	EPM14475 (Au, Cu, Co).....	21
6.1.1	Introduction.....	21
6.1.2	QMC 2012 Lag Sampling .....	21
6.1.3	Proposed Exploration (Au, Cu, Co) .....	22
6.2	Gilded Rose and Gilt Edge MLs 2709, 2713, 2718, 2719.....	23
6.2.1	Introduction.....	23
6.2.2	Geology .....	23
6.2.3	History.....	24
	Gilt Edge.....	25
6.2.4	Processing Plant .....	25
6.2.5	Proposed Exploration (Au) .....	25
7	Sunnymount EPM15858 (Cu) .....	26
7.1	Introduction .....	26
7.2	Geology .....	26
7.3	Previous work.....	27
7.4	Northeast Block lag sampling.....	28
7.5	Southwest Block lag sampling.....	29
7.6	Southeast Block lag sampling.....	29

7.7	Proposed Exploration (Cu)	29
8	Elder Creek EPM18286 (IOCG)	29
8.1	Introduction	29
8.2	Geology	29
8.3	Historical Exploration	30
8.4	Proposed Exploration	30
9	Morris Creek EPM15706 (Cu, Au, Co)	31
9.1	Introduction	31
9.2	Geology	31
9.3	History	32
9.4	Proposed Exploration (Cu, Au, Co)	33
10	Jessievale EPM16078 (IOCG)	33
10.1	Introduction	33
10.2	Geology	33
10.3	History	34
10.4	Previous Exploration (IOCG)	35
10.5	Proposed Exploration (IOCG)	35
11	Flamingo West EPM18106, ML90103 New Snowball and ML90104 Mossy's Dream (Cu)	35
11.1	Introduction	35
11.2	Historical Work	35
11.3	Geology	36
11.4	Proposed Exploration (Cu)	37
12	Jacky's Creek EPM25669 (IOCG)	37
12.1	Introduction	37
12.2	Geology	37
12.3	Historical Exploration	38
12.4	Geophysical Setting	38
12.5	Proposed Exploration (IOCG)	39
13	North Cloncurry MLs	39
13.1	Sally ML2535 (Cu)	39
13.1.1	Proposed Exploration	39
13.2	Winston Churchill ML2518 (Cu)	39
13.2.1	Introduction	39
13.2.2	Geology	39
13.2.3	History	40
13.2.4	Proposed Exploration (Cu)	41
13.3	Little Beauty ML7498 (Cu)	41
13.3.1	Introduction	41

13.3.2	Geology.....	41
13.3.3	History.....	41
13.3.4	Mineralisation .....	41
13.3.1	Proposed Exploration (Cu).....	42
13.4	Mt Debbie MCs 4348, 4349, 4350.....	42
13.4.1	Introduction.....	42
13.4.2	Geology.....	42
13.4.3	History.....	42
13.4.4	Mineralisation .....	43
13.4.1	Proposed Exploration (Cu).....	43
14	References .....	44
15	Glossary .....	46

## List of Figures

Figure 1	Proposed Tenement Acquisition and Geological Setting .....	3
Figure 2	Regional tenement location plan.....	9
Figure 3:	Location of Cloncurry South Tenements .....	10
Figure 4:	Location of Cloncurry North Tenements .....	11
Figure 5	Mt Freda Open cut aerial photo.....	19
Figure 6	Location of RC drill holes completed in 2008 and N-S structure in Evening Star Source QMC 23/12/08.....	20
Figure 7	Flat Top Geology, source, Queensland Mining Corporation Ltd Technical Report No. 1172, Exploration Permit for Minerals No 14475 'White Range #4' Annual Report For the Period Ended 26th June 2014.....	22
Figure 8	Gilded Rose and Gilt Edge simplified geological setting. Coffee Mining Nov. 2006 (source: QMC 20/11/07) .....	24
Figure 9	EPM15858 Sunnymount Regional Geology & location plan .....	27
Figure 10	Elders Creek Geology plan .....	30
Figure 11	Morris Creek location plan .....	31
Figure 12	Morris Creek Geology.....	32
Figure 13	Jessievale Geology plan.....	34
Figure 14	Location of ML 90103 and 90104 within EPM 18106 with Geology.....	36
Figure 15	Jacky's Creek Regional geological setting showing Cenozoic cover sequences.....	38
Figure 16	Regional geological setting Winston Churchill, Little Beauty and Mt Debbie.....	40
Figure 17	Plan and long section Winston Churchill workings (Source NQM Presentation Dec 2006) .....	41
Figure 18	Little Beauty plan of workings (Source NQM Presentation Dec 2006).....	42

## List of Tables

Table 1	Exploration Permit Summary .....	12
Table 2	Mining Claim and Mining Lease Summary.....	13
Table 3	Proposed use of funds.....	15
Table 4	Historical EPMs covering EPM 14475 .....	21
Table 5	Historical exploration within EPM 15858 Sunnymount.....	28
Table 6	Previous exploration summary for EPM25669 .....	38

## 2 Location

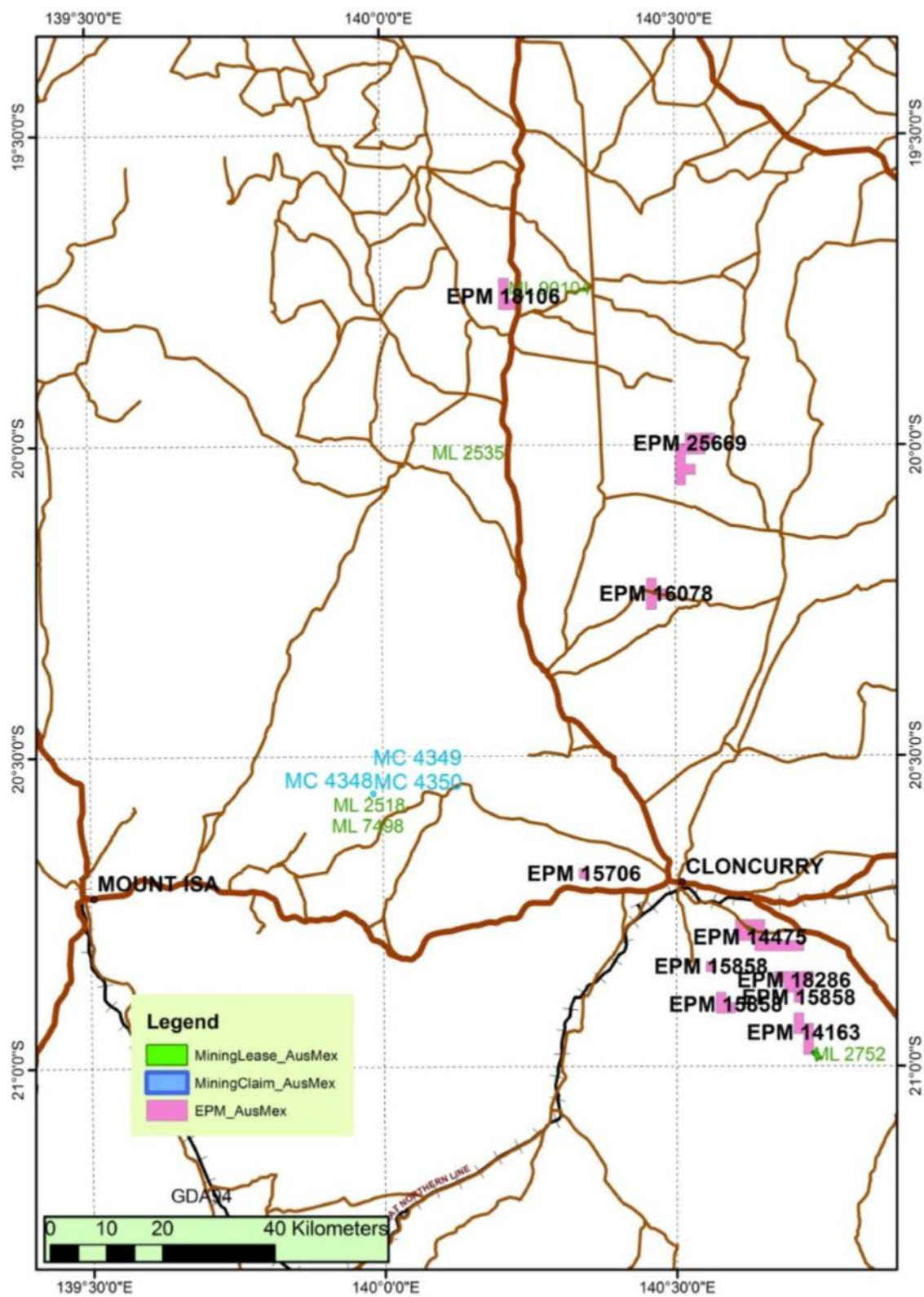


Figure 2 Regional tenement location plan

The tenements are located to the south-east (Figure 3) and north-west (Figure 4) of Cloncurry in North West Queensland.

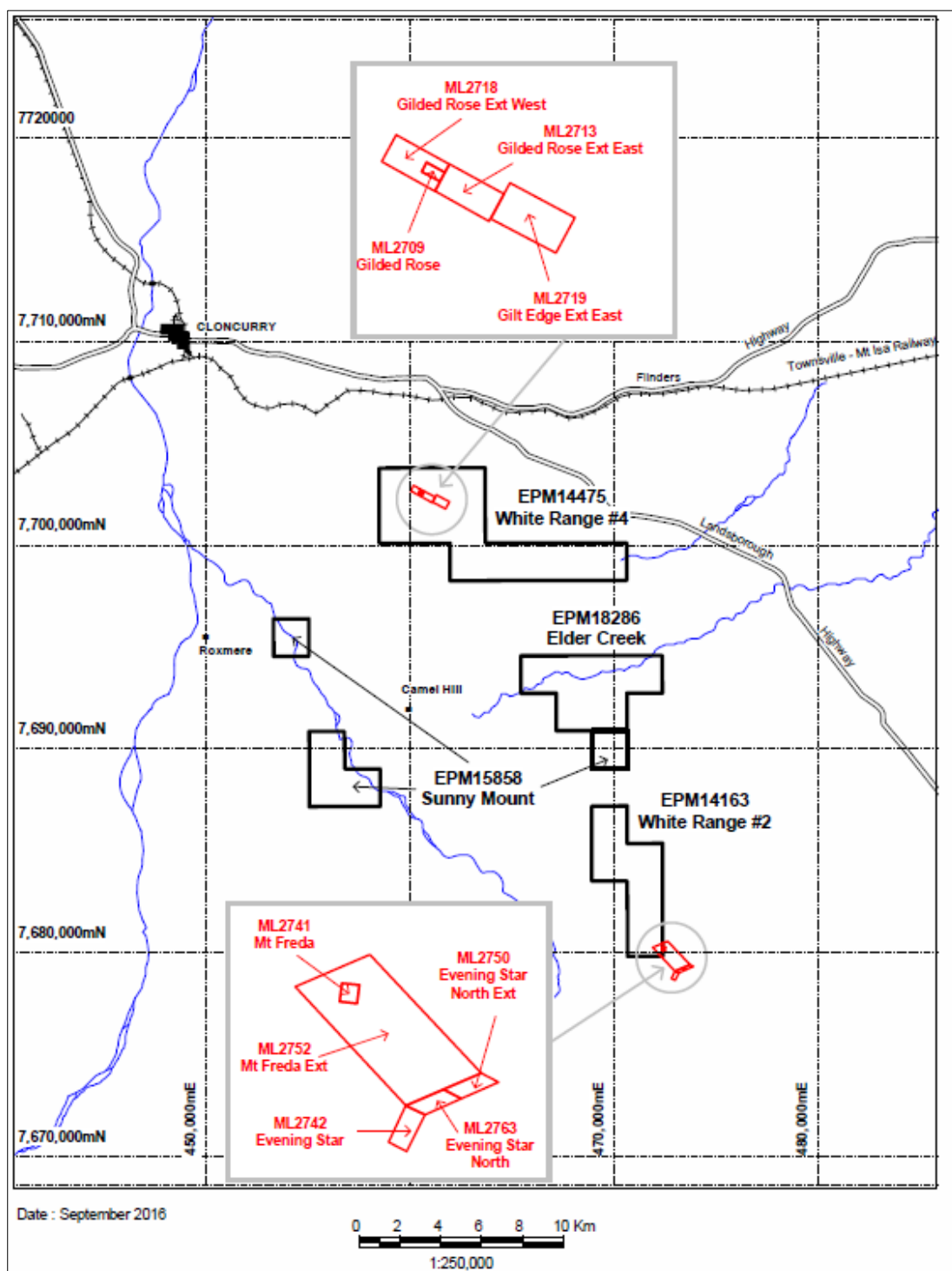
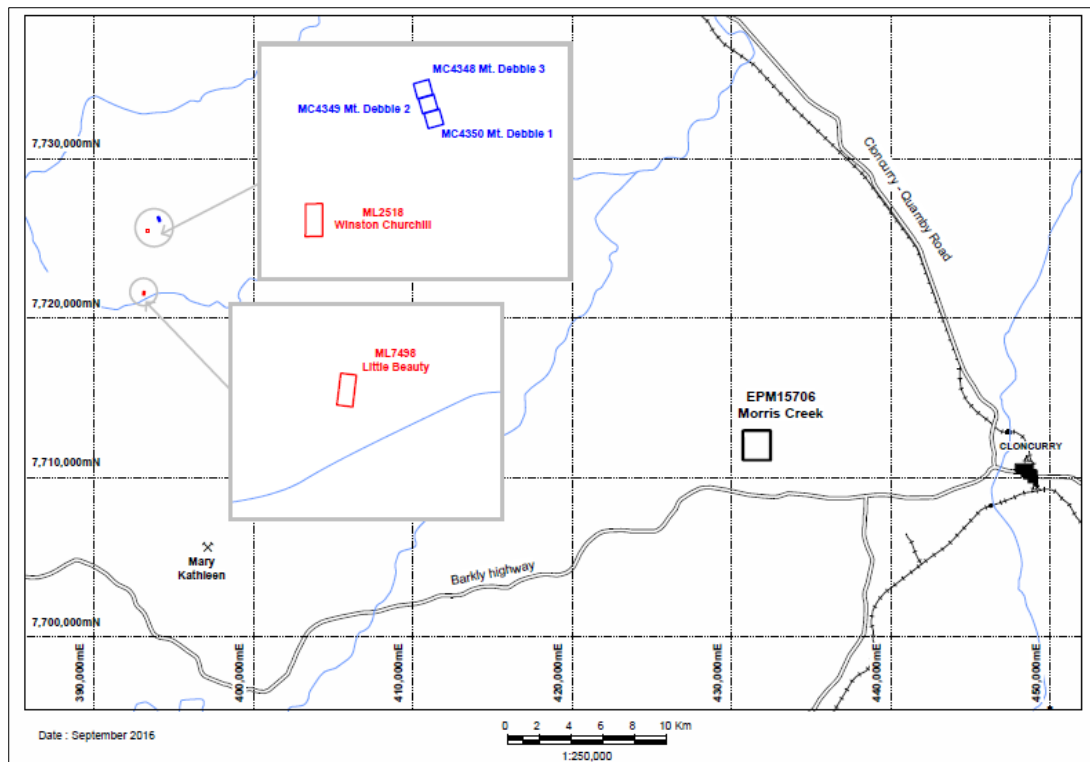


Figure 3: Location of Cloncurry South Tenements



**Figure 4: Location of Cloncurry North Tenements**

### 3 Mineral Tenements

Comprehensive details of all holdings have been provided in a report by Geos Mining. The summary tenement details are reproduced from that report and shown below as Tables 1 and 2.

**Table 1 Exploration Permit Summary**

Tenement	Project Name	Holder	Grant Date	Expiry Date	Area (sub blocks)	Status	Future Requirements	Current Expenditure Condition	Current Term Expenditure to Date	Annual Report Due
EPM14163	White Range #2	Mt Norma Mining Company Pty Limited	19/10/2004	18/10/2019	5	Granted	Reduce by 40% at renewal	\$162,000 Years 13-15		18/11/2017
EPM14475	White Range #4	Spinifex Mines Pty Ltd	27/06/2005	26/06/2017	11	Granted	Reduce by 4sb Year 12	\$142,377 Year 11	2015-2016 \$18,555	26/07/2017
EPM15706	Morris Creek	Qld Mining Corporation Limited	30/04/2008	29/04/2018	1	Granted	None	\$12,000 Years 6-8		29/05/2017
EPM15858	Sunny Mount	QMC Exploration Pty Limited	23/10/2008	22/10/2018	5	Granted	Reduce by 50% at renewal	\$110,000 Years 9-10		22/11/2017
EPM16078	Jessievale	Qld Mining Corporation Limited	7/02/2008	6/02/2018	4	Granted	Reduce by 50% at renewal	\$130,000 Years 9-10		06/03/2017
EPM18106	Flamingo West	Flamingo Copper Mines Pty Ltd	21/11/2012	20/11/2017	4	Granted	Reduce by 50% at renewal	\$75,000 Years 4-5	2015-2016 \$74,600	20/12/2016
EPM18286	Elder Creek	Flamingo Copper Mines Pty Ltd	14/01/2013	13/01/2018	6	Granted	Reduce by 50% at renewal	\$65,000 Years 4-5		13/02/2017
EPM25669	Jacky's Creek	Flamingo Copper Mines Pty Ltd	7/04/2015	6/04/2020	10	Granted	Reduce by 40% in 2018 then 50% on renewal	\$123,000 Years 1-3	2015-2016 \$2,900	06/05/2017

**Table 2 Mining Claim and Mining Lease Summary**

Tenement	Project Name	Holder	Grant Date	Expiry Date	Area (ha)	Status	Purpose	Minerals
MC4348	Mt Debbie 3	Cudeco Limited <sup>1</sup>	14/10/1986	31/10/2016	1.00	Renewal <sup>2</sup> Lodged 27/04/2016	Stockpile ore / overburden, tailings / settling dam, treatment plant / mill site.	Cu, Au, Pb, Ag, Zn
MC4349	Mt Debbie 2	Queensland Mining Corporation Limited	14/10/1986	31/10/2016	1.00	Renewa <sup>3</sup> Lodged 28/04/2016	Stockpile ore / overburden, tailings / settling dam, treatment plant / mill site.	Cu, Au, Pb, Ag, Zn
MC4350	Mt Debbie 1	Queensland Mining Corporation Limited	14/10/1986	31/10/2016	1.00	Renewal <sup>3</sup> Lodged 28/04/2016	Stockpile ore / overburden, tailings / settling dam, treatment plant / mill site.	Cu, Au, Pb, Ag, Zn
ML2518	Winston Churchill	Queensland Mining Corporation Limited	22/11/1973	30/11/2010	2.02	Renewal <sup>4</sup> Lodged 02/07/2010		Cu, Pb, Mo, Ni, Ag, S, Zn
ML2535	Sally	North Queensland Mines Pty Ltd	24/01/1974	31/01/2024	4.05	Granted	Includes road access	Cu
ML2709	Gilded Rose	Spinifex Mines Pty Ltd	21/01/1982	31/01/2024	2.03	Granted	Mineral processing - copper	Au
ML2713	Gilded Rose Extd East	Spinifex Mines Pty Ltd	21/01/1982	31/01/2024	18.21	Granted	Mineral processing - copper	Au
ML2718	Gilded Rose Extd West	Spinifex Mines Pty Ltd	20/09/1984	30/09/2026	14.17	Granted	Mineral processing - copper	Au
ML2719	Gilt Edge Extd East 1	Spinifex Mines Pty Ltd	29/03/1984	31/03/2026	32.00	Granted		Au
ML2741	Mt Freda	Spinifex Mines Pty Ltd	29/05/1986	31/05/2028	3.80	Granted	Includes road access	Co, Cu, Au, Ag

<sup>1</sup> MC4348 was sold to Queensland Mining Corporation Limited in 2007 & currently held in trust by Cudeco

<sup>2</sup> Renewals Lodged 27/04/2016 and awaiting processing and finalisation by QLD Department of Natural Resources & Mines

<sup>3</sup> Renewals Lodged 28/04/2016 and awaiting processing and finalisation by QLD Department of Natural Resources & Mine

<sup>4</sup> Renewals Lodged 02/07/2010 and awaiting processing and finalisation by QLD Department of Natural Resources & Mine

Tenement	Project Name	Holder	Grant Date	Expiry Date	Area (ha)	Status	Purpose	Minerals
ML2742	Evening Star	Spinifex Mines Pty Ltd	29/05/1986	31/05/2028	8.09	Granted	Includes road access	Co, Cu, Au, Ag
ML2750	Evening Star North Extd	Spinifex Mines Pty Ltd	26/01/1989	31/01/2028	5.14	Granted	Includes road access	Co, Cu, Au, Ag
ML2752	Mt Freda Extd	Spinifex Mines Pty Ltd	23/02/1989	29/02/2028	116.48	Granted	Includes road access	Co, Cu, Au, Ag
ML2763	Evening Star North	Spinifex Mines Pty Ltd	08/06/1989	30/06/2028	8.00	Granted	Includes road access	Co, Cu, Au, Pt
ML7498	Little Beauty	Queensland Mining Corporation Limited	19/12/1991	31/10/2020	2.00	Granted	Stockpile ore / overburden, tailings / settling dam, treatment plant / mill site. Includes road access	Cu, Au, Pb, Ag, Zn
ML90103	New Snowball	Flamingo Copper Mines Pty Ltd	17/10/1996	31/10/2016	18.00	Renewal <sup>5</sup> Lodged 20/04/2016	Includes road access	Co, Cu, Au
ML90104	Mossy's Dream	Flamingo Copper Mines Pty Ltd	17/10/1996	31/10/2016	24.00	Renewal <sup>6</sup> Lodged 21/04/2016	Includes road access	Co, Cu, Au

<sup>5</sup> Renewals Lodged 20/04/2016 and awaiting processing and finalisation by QLD Department of Natural Resources & Mine

<sup>6</sup> Renewals Lodged 21/04/2016 and awaiting processing and finalisation by QLD Department of Natural Resources & Mine

## 4 Budget

The company's overall budget from the capital raising is tabled below:

Sources of funds	subscription amount \$4,000,000	subscription amount \$6,000,000
Cash on hand of the company and Ausmex	1,000,000	1,000,000
Funds raised under the public offer	4,000,000	6,000,000
<b>Total funds available</b>	<b>5,000,000</b>	<b>7,000,000</b>
Use of funds		
Exploration of EL 5881	250,000	500,000
Exploration of Cloncurry tenements and Cloncurry North tenements	1,650,000	2,900,000
Exploration of Mongolian project	100,000	100,000
QMC payment for further 20% interest in joint venture	1,000,000	1,000,000
Exercise of Cloncurry North option	500,000	500,000
Expenses associated with the acquisition <sup>1</sup>	600,000	720,000
Administration expenses	800,000	900,000,
Working capital	100,000	380,000
<b>Total use of funds</b>	<b>5,000,000</b>	<b>7,000,000</b>

**Table 3 Proposed use of funds**

### Exploration Budget, Queensland

The exploration budget for Queensland is approximately \$1,650,000 over two years. In Year 1, 80% of the budget will be spent on drilling and related study costs to validate previous resource estimates and historical estimates, and test further potential of exploration targets<sup>1</sup> at the Gilded Rose – Gilt Edge and Mt Freda – Evening Star targets, focusing on copper, gold and cobalt mineralisation. Approximately 20% of the budget will be spent on exploration on other tenements to maintain them in good standing and further review known target gold and copper mineralisation. In Year 2, the budget allocation will depend on results from Year 1 but is expected to be similar with approximately 80% of the budget to be spent in a similar fashion.

The Gilded Rose – Gilt Edge / Mt Freda – Evening Star targets have already been extensively drilled and previous resource estimates made of the defined mineralisation.

Australian Geoscientists (Stuart) considers that this drilling is sufficient to meet the company's aim of establishing a mineable Cu/Au and potential Co deposit within two years if current indications of mineralisation and high confidence targets are borne out as expected by infill drilling.

## 5 White Range No2 (EPM14163 and associated MLs)

### 5.1 EPM 14163 (Au, Cu, Co)

#### 5.1.1 Introduction

EPM 14163 is located within the Eastern Fold Belt of the Mt Isa Inlier, hosted by Mid Proterozoic metamorphic rocks and includes a number of prospects including Llomas, Corner, Jiyer, Carpet, Mt Scheelite, Water-holes, Norna SE and Norna E. The tenement was acquired to undertake exploration for bulk tonnage Greenmount and Mount McCabe styles oxide copper deposits and IOCG deposits within the Soldiers Cap Formation. The main target style is vein and minor breccia copper-gold mineralisation at the base of the Marimo Formation and the Kuridala Formation. Copper-gold mineralisation is also found within extensional faults such as occur at Sierra and at Helafels, which are silicified and brecciated. At the southern end of the EPM are the Evening Star and Mt Freda MLs.

#### 5.1.2 Geology

The tenements are underlain by rocks of the Mary Kathleen Group and the Soldiers Cap Group. The former are part of Cover Sequence 2, and the latter part of Cover Sequence 3 (Foster & Austin, 2006). The oldest rocks are Middle Proterozoic calcareous sedimentary and meta-sedimentary rocks, scapolitic granofels, quartzites, and amphibolites of the Corella Formation (PLkc), a rock unit belonging to the Mary Kathleen Group. Corella Formation rocks have been dated between  $<1750 \pm 7$  and  $1738 \pm 2$  Ma (Foster & Austin, 2006). Post-dating these rocks are meta-sedimentary and meta-volcanic rock units of the Soldiers Cap Group, including the Mount Norna Quartzite and Toole Creek Volcanics. These were formerly regarded as underlying the Mary Kathleen Group, but were subsequently found to be considerably younger, and are now assigned to Cover Sequence 3.

The Mount Norna Quartzite is dominant in the NW part of the EPM, where this unit is exposed in the core of a west-NW trending anticline. To the south and southeast these meta-sedimentary rocks are overlain by the Toole Creek Volcanics comprising four members, which form part of the Toole Creek Syncline. Members 1 and 3 are of volcanic origin, and consist of amphibolite, metabasalt, and metadolerite (with Member 3 also having a minor meta-sedimentary component). The metavolcanic members are separated and overlain by largely sedimentary Members 2 and 4, which are composed of quartzite, phyllite, metamorphosed chert and siltstone, with minor metabasalt. As for the Mount Norna Quartzite, strike directions in the Toole Creek Volcanics are west-north-westerly.

The Soldiers Cap Group rocks are “intruded” by the Gilded Rose Breccia (PLbr). This is a chaotic breccia derived largely from Corella Formation rocks and is associated with the Naraku Batholith (Plgu). This intrusive, together with the Williams Batholith, belongs to the youngest of the granites in the Inlier.

The Soldiers Cap Group rocks are tightly folded with steep, sometimes overturned, attitudes, and strata dipping mostly south-south-westerly. The EPM area is divided roughly in the middle by a northerly striking fault. The sequence to the west of this fault has been displaced upward relative to that on the east side, with an additional sinistral component to the direction of movement.

#### 5.1.3 Historical Exploration

The geology, mineral occurrences and historical exploration have been reported in detail in previous annual and partial relinquishment reports covering White Range #2 by authors Davey,

2006; Rypkema, 2007; Rypkema et al, 2008; Dennis, 2008. The most comprehensive previous exploration of the tenement was undertaken by Eagle Mining Corporation NL on EPM 9108 Snake Creek during 1996-1997 and included BLEG, -80# sampling, rock chip sampling and "prospect" mapping. The BLEG sampling produced the largest and strongest gold anomalous area recorded in the Cloncurry district.

Matrix Metals Ltd undertook a comprehensive lag sampling program over the seven NE sub-blocks, providing unprecedented coverage of this portion of the tenement.

BHP undertook comprehensive stream sediment sampling during the period 1983-1986 within EPM (ATP) 3390. The first pass sampling involved the collection of bulk 2 kg, -20# mesh samples from heavy mineral trap sites for aqua regia digest/low level fire assay. This produced numerous highly anomalous gold results.

In 2012, QMC carried out soil sampling over much of the tenement, 373 samples being collected on a 100m \* 50m grid. The geochemical survey particularly highlighted the southwestern corner of the sampled area. Here, the regional north-westerly trend was mimicked by anomalous zones in several elements, including Cu, V, P and Au. This anomalous zone seems to be associated with a wide band of what is mapped as mafic intrusive (metadolerite/amphibolite) on regional geology maps. The Cu anomaly is open to the south and previous lag sampling indicates continuation to the north. Some anomalous Cu was also returned just to the south of the Llomas prospect.

Gold values are more erratically distributed, although the north-western trend in the southwest corner of the sampled area appears to also be present.

#### **5.1.4 Proposed Exploration (Au, Cu)**

Encouraging copper and gold values in the previous surface sampling indicate a potential for vein and IOCG style mineralisation. Initially further surface mapping and sampling is planned but precedence will be given to the Mt Freda and Evening Star MLs within the tenement.

## **5.2 Mt Freda ML2741, ML2752 (Au, Cu, Co)**

### **5.2.1 Introduction**

The Mt Freda gold project consists of two granted MLs covering an area of 120 ha and located at the southern boundary of White Range No 2. Mt Freda has historically produced approximately 732t of ore for 5.48 kg (1176 oz) of gold. Before 1938, underground mining targeted the high-grade oxide zones, which extended to a depth of 50-60m, while historic open cut mining was carried out between 1938 and 1940. During then late 1980's the Mt Freda gold mine produced gold up until 1989 from an open cut operation 350m long and 60m deep. Mineralisation is open along strike and at depth and further drilling is planned. A stockpile of approximately 100,000t is on site plus other low grade stockpiles (Stuart, AGS 20/11/07).

Previous drilling results indicate that the Mt Freda deposit mineralisation may remain open at depth and plunges steeply east. Deeper drilling would test this obvious target.

### **5.2.2 Geology**

The mine is hosted in steeply west dipping, north striking interbedded amphibolites and meta-sediments of the Toole Creek Volcanics, which form the uppermost member of the Middle Proterozoic Soldiers Cap Group. Gold is hosted in pyritic quartz and carbonate breccia and veins along an east trending structure. The mineralisation transects the local geology. The ore zone

extends over a length of 400m and is described as variably composed of pyritic fault breccias, massive quartz and carbonate veining, and vughy jasper with coarse-grained sulphides. The oxide mineralisation is reported to have extended to a depth of 50-60m and in the open cut ranged between 2m and 10m wide. Below the oxide zone, primary mineralisation narrows to 1.5-5m wide. The deposit has been interpreted as a possible gold-rich end member of the structurally controlled iron oxide Cu-Au style deposit. The mineralisation is noticeably Fe-Ca-Mg rich, with high gold grades but low copper grades, also containing cobalt.

There has been extensive exploration and small scale mining, including 9 diamond drill holes completed by QMC in 2009. Weathering can extend to approximately 60m

The mine was worked intermittently since its discovery in 1880 until 1940. During that period, with an historical estimate of approximately 732t of ore mined yielding 5.48 kg gold (1176 oz). Before 1938, underground mining targeted the high-grade oxide zones, which extended to a depth of 50-60m, while open cut mining was carried out between 1938 and 1940.

No significant work was then undertaken until 1985 when approximately 4,000t of ore grading approximately 3g/t Au was mined and transported to Mt Isa for processing, with a further 500t of similar grade ore sent to Ravenswood for treatment. Horsburgh and Associates examined the deposit in 1985 for the then mine owner and drilled 13 holes (MFP1-12, MFP2a) that targeted areas below the workings. Diversified Mineral Resources NL (DMR) bought the Mt Freda mine in 1987 and soon after began mining and construction of a CIL plant. During 1987-92, 43 RC and 15 diamond holes were drilled; the first 10 holes were unsupervised and not logged.

Open cut mining started in 1988 and around 100,000t of oxide ore of unknown grade was processed before the mine closed in 1989. Further exploration was undertaken not long after mine closure.

In 2009 DMR assessed what was previously interpreted to be a series of shears with quartz-carbonate veining was now showing good continuity along strike. Mineralisation was characterised by quartz veining, brecciation, and the presence of sulphides. The depth of oxidation appears to be about 50 – 60m and drilling has extended the potential ore zone by another 100m.



**Figure 5 Mt Freda Open cut aerial photo**

In July 2010, QMC completed the next drilling program of 16 holes (1,974m) to increase the level of confidence for the purpose of mineral tonnage and grade estimation.

### **5.2.3 Mt Freda Proposed Exploration (Au, Cu, Co)**

The Mt Freda historical data and recent drilling shows that the old mine and the mineralised extensions are high quality exploration targets that have an excellent chance of increasing the known mineralisation combining a gold, copper & cobalt content by continued targeted exploration. Most of the exploration funds for this project will go into infill and step-out drilling. There is no guarantee that following the evaluation and further exploration that mineral resources will be reported in accordance with the JORC code

## **5.3 Evening Star MLs 2742, 2750, 2763 (Au, Cu, Co, IOCG)**

### **5.3.1 Introduction**

The Evening Star (ML 2742) and Canteen mine of Evening Star North (ML 2750) are within 15 km of the Mt Norma copper oxide processing operations. The Evening Star mine has not been systematically explored, despite more than approximately 1,400t of oxide ore having been historically mined in previous years. Potential exists to find more copper and cobalt mineralisation at the mine and along the southerly strike limb where several old shafts are present. As well, there is the possibility of discovering further mineralisation at the Canteen mine, particularly along strike where drilling has only tested 240m of the potential 600m mineralised strike.

### 5.3.2 Geology

Mineralisation is hosted in the Toole Creek Volcanics that comprise the upper member of the Proterozoic Soldiers Cap Group. Hewson (1987) and Wardley Australia Limited (1989) described the northern end of the Evening Star lode as consisting of quartz-jasper rock within a southerly plunging fold hinge, with the southern end of the lode occupying a north-south trending shear zone. They also described the lode as being 3- 5m wide at surface and hosted in a sequence of amphibolites, metasediments and albite dykes.

### 5.3.3 History

There are few records available on the Evening Star and the Canteen mines. The northern end of the Evening Star mine was worked on a small-scale in the 1880s. During the early 1980s, about 1,000t of ore averaging 4.3% Cu was mined and sold to Mt Isa Mines. DMR bought the Evening Star project in 1987 and mined 380t of oxide ore averaging 3.9% Cu and 0.96.g/t Au, which was sold to Mt Isa Mines.

The Evening Star appears to be an IOCG system. Exploration in 2008 conducted by QMC showed that there is north-trending shear that contains a mineralised zone traceable for 300m to the tenement boundary. The presence of K feldspar, amphibole, magnetite and sericite is typical of IOCG systems. Channel sampling across the shear showed that gold and cobalt were present with copper, and that a zone of low grade uranium is present nearby. QMC indicated the potential presence of IOCG indicator mineralisation as well as the presence of cobalt. Previous drill hole results completed in 2008 indicate that that grade and thickness of copper may improve with depth.

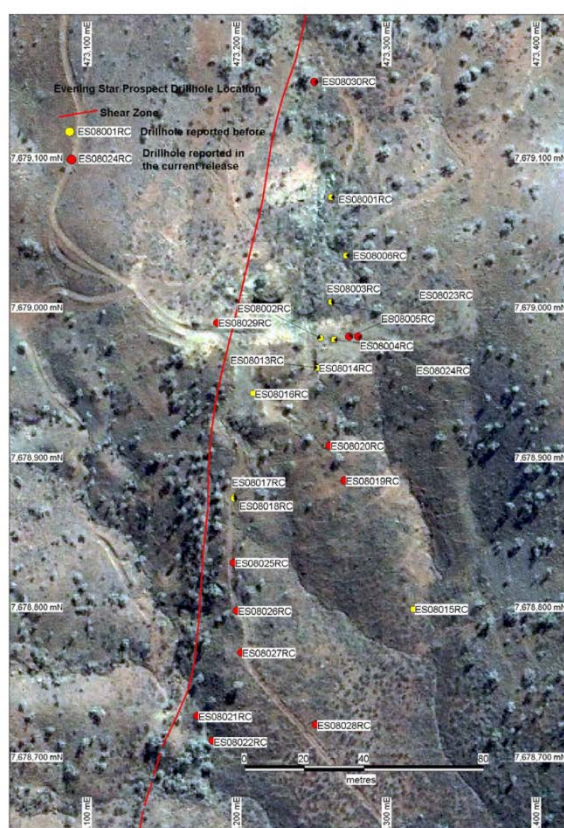


Figure 6 Location of RC drill holes completed in 2008 and N-S structure in Evening Star Source QMC 23/12/08

### 5.3.4 Proposed Exploration (Au, Cu, Co, IOCG)

The copper and uranium zones are open to the south and down dip. To date, the drilling suggests that grade and thickness may improve with depth. Drilling has only tested 240m of the potential 600m mineralised strike.

There is potential for further oxide and sulphide copper-gold & cobalt mineralisation around the open cut and along the southerly strike limb where several old shafts have been excavated. The exploration program will include re-mapping and surface sampling of the main target and initial RC drilling to determine continuity of mineralisation thickness and grade. Infill RC and diamond drilling would then follow up this work.

## 6 White Range No 4 EPM 14475 and associated MLs

### 6.1 EPM 14475 (Au, Cu, Co)

#### 6.1.1 Introduction

EPM 14475 includes a number of prospects including Wally's Find, Flat Top, Wally's Shaft and more importantly the Gilded Rose.

There have been at least 12 previously issued exploration permits that overlap completely or partly with the area covered by EPM 14475. These old EPMs are listed below in Table 4.

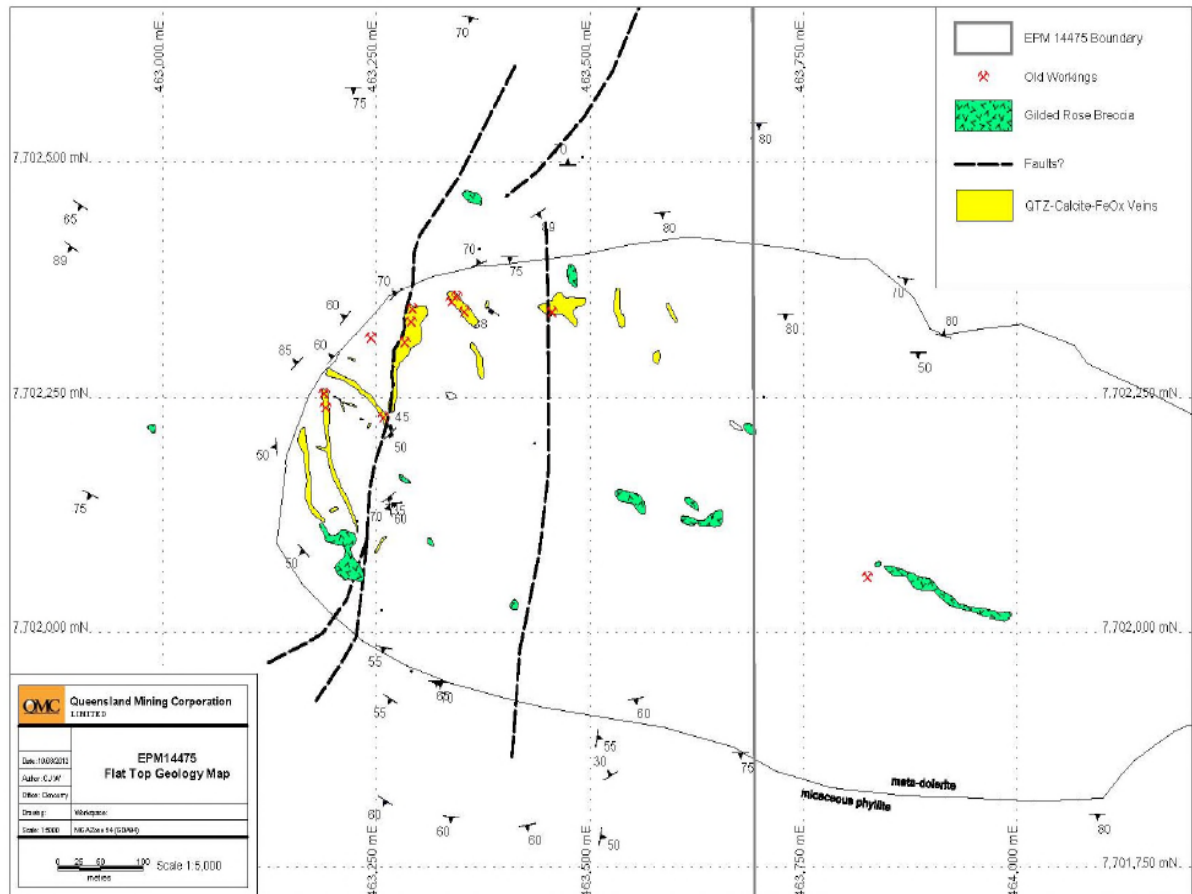
<u>Period</u>	<u>EPM #</u>	<u>Details</u>
1960-1969	362	Kennecott / base metals / sss, soil, rc / 1967
1970-1979	743	Onslow / base metals / sss, soil, rc, mapping, mag/EM, IP / '70-'71
	1632	CEC / Pb-Zn and Cu / sss, soil, rc, mapping, mag/EM, grav., res., IP / '76-'77
	1854	ICI-Newmont / base metals / mapping, sss, soil, rc, mag/EMP, DDrilling / 1978
1980-1989	2967	CRAE / U and base metals / aerial radiometrics-mag, helicopter and soil-rc follow-up / 1980
	3388 & 89	Utah / gold / sss, soil, rc, mapping, IP, TEM, mag, RAB, RC, Ddrill, aerial mag-radiometrics / '83-'85
	4389	G. McKenzie / gold-copper / mapping, costeans, rc, EM, RAB, RC / Notlor prospect / '86-'88
	4774	Utah '87 – bought by Kingsgate in '94 / gold / sss, soil, rc, grids (11 prospects), mapping, RC / '87 – '98
	5476	Diversified-UODC JV / gold-copper / sss, soil, rc, RAB / China Wall / '88 – '97
1990-1999	7411	Wiluna/Asarco / Gilded Rose-Dingo / sss, soil, rc, mag, TEM, grav., RC drilling / '90-'94
	10282	Wiluna/Asarco – converted from previous EPM / Bull Ck-Gilded Rose / mag, IP, RC drilling / '94-'96

**Table 4 Historical EPMs covering EPM 14475**

#### 6.1.2 QMC 2012 Lag Sampling

To provide an overview of the tenement with regard to previous historic anomalous gold and copper results from the stream sediment sampling and the possibility of contamination from previous mining operations a comprehensive programme of lag sampling of the entire tenement was previously undertaken by QMC. In 2012

The programme highlighted areas of known mineralisation and several new areas warranting further exploration.



**Figure 7 Flat Top Geology, source, Queensland Mining Corporation Ltd Technical Report No. 1172, Exploration Permit for Minerals No 14475 'White Range #4' Annual Report For the Period Ended 26th June 2014**

A new area of copper was outlined in the northwest corner within a zone of anomalous copper trending SE. The cobalt results in particular highlight the Flat Top area and to a lesser extent other areas of weak anomalous trending NW in the area from Wally's Find to Flat Top to the ML boundary. Anomalous areas were followed up with soil sampling which identified two strong gold anomalies located in the north and central part of the surveyed area coinciding with the results of the broader lag sampling program.

### 6.1.3 Proposed Exploration (Au, Cu, Co)

Exploration has outlined areas with the potential for significant gold and copper mineralisation. Future work will focus on :

- defining the trends indicated by the lag and soil sampling,
- analysis of the airborne radiometrics and regional geology in relation to the gold at the Gilded Rose mine,
- testing the potential of the northwest corner to host a copper deposit,
- the mapping of the northeast soils area to record all mineralisation including that associated with small breccia outcrops,
- further work in the Flat Top Area,
- follow-up of the zinc anomaly in the western portion of the Wally/s Find area along with the copper -cobalt potential of Wally's, and
- follow-up of anomalous gold and copper values from the old shaft , north of Wally's Find.

## 6.2 Gilded Rose and Gilt Edge MLs 2709, 2713, 2718, 2719

### 6.2.1 Introduction

This tenement group is within the White Range EPM No 4 and comprises Gilded Rose and North Gilded Rose, Gilt Edge, Boomerang, Wally's Find, Llomas, Jiver, Carpet and Silver Lining mines and prospects. The main prospects are:

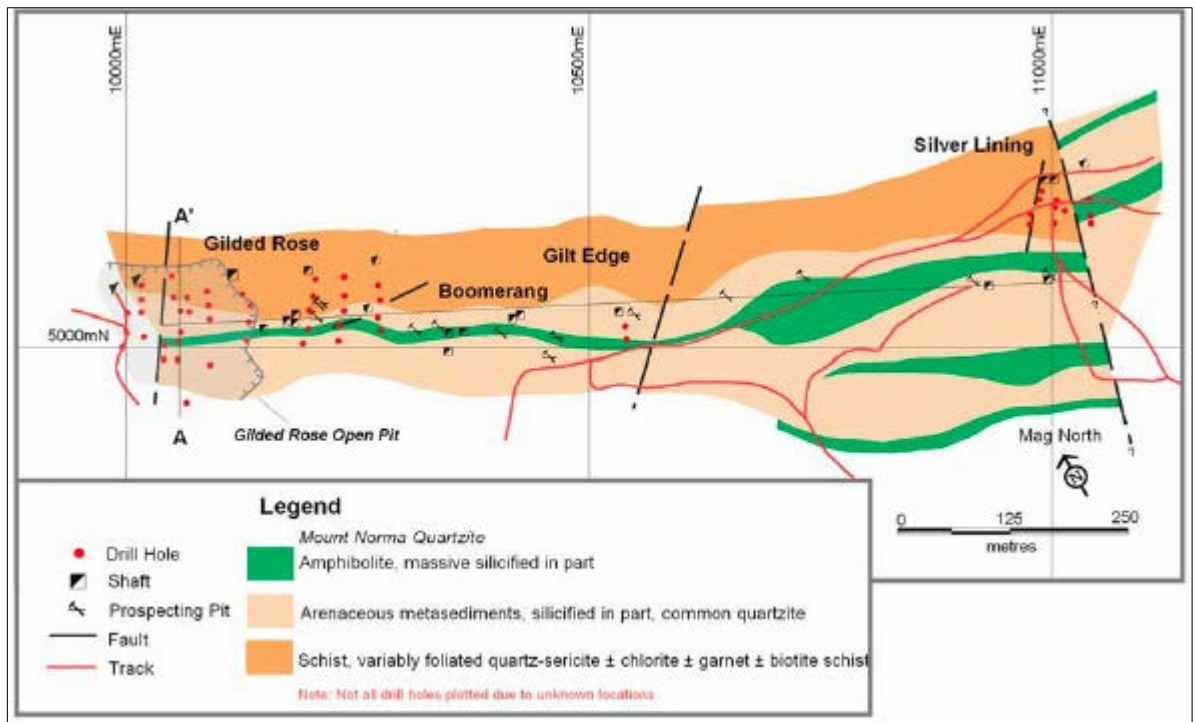
- Wally's Find - a 900m x 200m surface zinc anomaly. Native copper has been found in the cover alluvium,
- Flat Top - malachite veins occur within dolerite
- Llomas – the geological setting has IOCG characteristics.

The project has a history of mining that dates from 1882. The mines have produced historical recoveries of over 280 kg of gold, with almost all coming from the oxide zone, which extends to a depth of around 60m. Exploration drilling confirmed the potential to find more gold mineralisation in repeat structures along the 1.5 km strike of the mines.

### 6.2.2 Geology

The mineralisation is hosted within the Mount Norma Quartzite member of the Proterozoic Soldiers Cap Group. The Group consists of quartzite, metamorphosed greywacke, schist, siltstone, chert, amphibolite and metadolerite. Oxide and primary gold mineralisation is hosted within sheeted quartz veins along NW - trending shear zones developed mainly on the contact between the phyllite-quartz unit and overlying metavolcanics of the Weatherly Creek Formation (Figure 8)

Gold is associated with the Gilded Rose Reef and sub parallel reefs within an interbedded sequence of sericite-chlorite-garnet schists, hornblende schist and quartzite close to a band of amphibolite. The quartz reefs (veins) usually strike east-southeast in conformity with the surrounding schist and dip 75° south. They are associated with strike faults and transverse faults that strike east-northeast. The quartz veins are narrow, with an average width of 0.3m, but can vary from micro veinlets to massive veins up to 1-2m wide. They often occur over a width of 0.5-10m and individual veins have short strike lengths of less than 25m within a system with an overall strike length of about 800m. The veins typically display 10-50mm wide selvages of chlorite-biotite garnet and some are associated with small pods of medium-grained biotite granite that is strongly boudinaged.



**Figure 8 Gilded Rose and Gilt Edge simplified geological setting. Coffee Mining Nov. 2006 (source: QMC 20/11/07)**

### 6.2.3 History

Gold was discovered at the Gilded Rose in 1882 and sporadic small-scale mining continued until 1940. During that period, historic production records of approximately 4,109t of ore grading 42g/t Au was extracted (173.8 kg). The gold is associated with the Gilded Rose Reef and sub parallel reefs within an interbedded sequence of sericite-chlorite-garnet schists, hornblende schist and quartzite, close to a band of amphibolite. The quartz reefs (veins) usually strike east-southeast in conformity with the surrounding schist and dip 75° south. The quartz veins are narrow, with an average width of 0.3m, but can vary from micro veinlets to massive veins up to 10m wide. Individual veins have short strike lengths of less than 25m within a system with an overall strike length of about 800m.

The most extensive workings are at the Gilded Rose mine where the main ore shoot was mined over a length of 135m and to a depth of 46m. The ore is strongly pyritic in the sulphide zone, which is encountered below the 46m level. Almost all the historical gold production came from the oxide zone, with the ore averaging >46g/t Au.

In 1981 Kennecott Exploration (Australia) Ltd examined the area and carried out mapping and sampling.

In 1982, the North Queensland Company Ltd excavated several shallow costeans. Three costeans were sampled and returned encouraging historical results yet there is no way of validating the historical sampling results.

DMR bought the project in 1987 and later undertook geological mapping and sampling, and drilled 52 RC (GRC1-41, SL1-11) and eight diamond (GRDD1-8) holes. Most of the drilling was at the Gilded Rose mine to define open cut and underground resources, although some drilling was completed at the Gilt Edge (4 RC holes), Boomerang (5 RC holes) and Silver Lining (11 RC holes) mines. The drilling at the Gilded Rose mine intersected four gold bearing reefs including

the Gilded Rose Reef, and five narrower reefs in the footwall metasediments. The reefs are not continuous along strike and are faulted off west of the main Gilded Rose workings.

In June 2010, Phase 1 of 24 RC holes (2,400m) had been completed by QMC in a new drilling program to establish the potential for open cut mineralisation along strike of the Gilded Rose mine shaft and 18 of these intersected varying widths of sulphides. The main gold zone was now shown to extend for 250m and is open along strike and at depth.

### **Gilt Edge**

This is one of the Gilded Rose group of gold mines, which produced some gold from the oxide zone. DMR undertook geological mapping and sampling in the 1980s, and drilled 4 RC holes at the Gilt Edge mine, however little information is available.

### **6.2.4 Processing Plant**

The Coffey 2006 report on the Gilded Rose carbon in pulp (CIP) processing plant noted that it was last operated in 2002. It was a fully mobile low production plant set up for high grade gold quartz throughput with open circuit crushing (1 t/h) but capable of 8 t/h with closed circuit crushing (set up for 80% passing 95 microns).



**Photo 1: Gilded Rose processing plant**

### **6.2.5 Proposed Exploration (Au)**

In 1988, DMR historically mined 10,000t of oxide ore from the Gilded Rose open cut. In 1989 they sank a 65m deep shaft at the Gilded Rose mine to gain access a the high-grade target A 500t parcel of unknown grade was extracted.

The gold is hosted in four main gold bearing reefs and several less continuous reefs in footwall metasediments that were believed to be barren. The footwall metasediments have not been adequately tested by drilling and there is a possibility of discovering more reefs in repeat structures along the approximately 1.5km length of the Gilded Rose-Silver Lining group of mines.

The focus will be on assessing the potential mineralisation extending on the current open cut and continuing along the approximately 1.5km long Gilded Rose-Silver Lining host structure for further gold mineralisation. The proposed activities include reviewing and validating all relevant historical exploration results including drilling, logging, surveying & sampling of historical holes and collating into a valid data base. On-site inspections would be required validating previous field surveying of historical open cut pits, costeans, drill hole collars and geological interpretations. Some historical drill holes may require redrilling for further validation. Additional down dip and along strike drilling from known mineralisation would be required to test the current geological interpretations and extrapolated mineral envelopes the Gilded Rose reef.

A combination of RC & Diamond drilling would be required to produce suitable bulk samples for metallurgical test work and geological and geotechnical logging. Down dip extensional drilling may require up to 1500m of RC & Diamond drilling. Extensional drilling along strike may require up to 2500m of RC & Diamond drilling along an additional approximately 1200m strike length. It is anticipated such a program could be completed within a six month period, yet there is no guarantee that following the evaluation and further exploration that mineral resources.

## **7 Sunnymount EPM 15858 (Cu)**

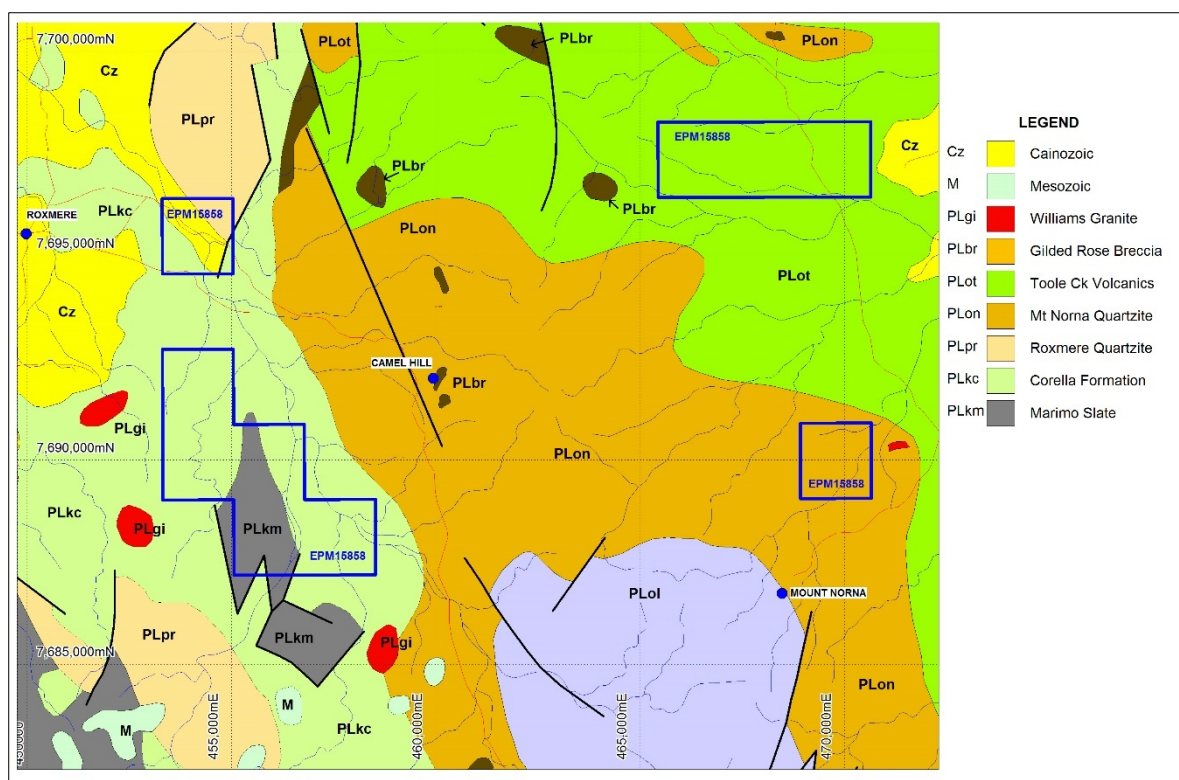
### **7.1 Introduction**

A tenement-wide geochemical lag sampling program was successful in confirming anomalous historic geochemical areas and indicating new areas for follow-up work. Of particular interest are the lag results on the SE and SW Blocks. The SE Block has multiple anomalous copper and lag gold results suggesting a strong northwest trending copper trend across the block and a more subtle north-south gold trend. Both trends are broadly concurrent with the regional lithological bedding orientations and the aeromagnetic data. Three historic copper workings also highlight the mineral potential for the area. The SW Block has a strong lag gold anomaly of three adjacent highs on a coinciding magnetic high located along the Corella Formation and Corella Formation Breccia contact. Strong northwest trending magnetic features are evident on the aeromagnetic data broadly underlying the lag high copper results.

### **7.2 Geology**

The tenement is underlain by rocks of the Mary Kathleen Group and the Soldiers Cap Group. The oldest rocks are Middle Proterozoic calcareous sedimentary and metasedimentary rocks. Post-dating these rocks are meta-sedimentary and meta-volcanic rock units of the Soldiers Cap Group, including the Mount Norna Quartzite (PLon) and Toole Creek Volcanics (PLot). These are overlain by units of the 'Young Australia Group', represented here in turn as Roxmere Quartzite (PLpr), and Staveley Formation (PLks). The former includes feldspathic quartzite, calcareous sandstone, minor siltstone and conglomerate, with the latter including calcareous to ferruginous, feldspathic and siliceous arenite, siltstone, and minor phyllitic marble and conglomerate (Figure 9).

Small zones of the Williams Granite intrusive, part of the Williams Batholith (PLgi, 1550 - 1490 Ma), consisting of leucogranite and locally albitised granites, crop out just outside the western edges of the tenement, possibly representing a source for the mineralising fluids of the area.



**Figure 9 EPM15858 Sunnymount Regional Geology & location plan**

Old mines in the area include, all of which produced small tonnages of copper include Sunny Mount, The Joker, The Joker West and at least four others mineral occurrences.

### 7.3 Previous work

There have been numerous historical Exploration Permits (Table 5) that partly overlap the areas covered by EPM 15858, mostly exploring the base metal and gold potential with considerable interest shown in the known copper occurrences.

Period	EPM Number	Details	CR Numbers
1950 - 1959	84	Rio Tinto Australian Exploration Pty Ltd. 1957 to 1958	151, 243
1960 - 1969	362	Kennecott Explorations (Australia) Pty Ltd 1966 to 1967	2107, 2127, 2497
1970 - 1979	709	Valiant Exploration NL 1970 to 1972	3735, 4008
	743-745	Pickands Mather & Co International 1970 to 1971	3931, 4025, 4235, 4293, 4346
	1261	Jododex Australia Pty Ltd 1973 to 1974	4900, 5139
	1356	Newmont Proprietary Ltd 1974 to 1975	5268
	1470	Carpentaria Exploration Company Pty Ltd 1976	5575
	1478	Newmont Proprietary Ltd 1975	5438
	1626	Carpentaria Exploration Company Pty Ltd 1976 to 1977	6046, 6047
	1632	Carpentaria Exploration Company Pty Ltd 1976 to 1977	6006, 6274, 6382
	1854	Newmont Proprietary Ltd 1978	6790
1980 - 1989	2559	CRA Exploration Pty Ltd 1980 to 1981	9896, 10204, 10205, 10206, 11010, 11011
	3355	BHP Minerals Ltd 1982 to 1984	11905, 13225
	3389	Utah Development Company 1983 to 1986	12430, 13158, 13751, 14707, 15696, 15819, 16531, 16533
	4389	Tarrama Pty Ltd, Hopper & Mackenzie, Murdoch Geosciences 1986 to 1989	17415, 17638, 17699, 18435, 19156, 20184
	4774	BHP Minerals Ltd, Kingsgate Consolidated NL (and others) 1987 to 1998	18281, 19288, 20527, 20975, 21630, 21845, 22594, 24009, 24041, 24679, 25986, 28193, 28194, 30426, 30427, 30497, 30498, 30499
	5203	Diversified Mineral Resources NL, Cloncurry Goldfields Pty Ltd 1988 to 1989	18863, 20176
	5476	Diversified Mineral Resources NL, Aurora Gold Ltd (and others) 1988 to 1994	20234, 21619, 25938
1990 - 1999	6955	Battle Mountain Australia Inc, Homestake Australia Ltd 1990 to 1993	23324, 23386, 24219, 25029
	7089	Diversified Mineral Resources NL 1991	24325
	8763	Cloncurry Mining Company NL, Exco Resources Pty Ltd 1994 to 2006	28756, 44481
	9179	Aurora Gold Ltd, Exco Resources Pty Ltd 1993 to 2006	25938, 44503
	9642	Homestake Gold of Australia Ltd 1994 to 1995	26335
	10191	Queensland Minex NL 1994 to 1995	28308
2000-Present	13988	Exco Resources Pty Ltd 2005 to 2008	44507, 49937
	15858	Matrix Metals Ltd 2008 -	N/A

**Table 5 Historical exploration within EPM 15858 Sunnymount**

Historical exploration in EPM 15858 has largely involved surface geochemical surveys and these have highlighted a number of anomalous copper and gold areas.

While rock chip copper results have generally been low order in the small number of samples collected QMC produced 19 stream sediment samples elevated Cu values these require follow-up.

## 7.4 Northeast Block lag sampling

A programme of lag sampling designed to cover the entire tenement was recently completed by QMC. A geostatistical analysis for gold completed by QMC indicates there are seven anomalous samples. The lag copper results define a zone trending E and WNW, roughly following the regional bedding orientations. The strongest copper result occurs near a mapped dolerite body suggesting potential

contact controlled mineralisation. The best lag gold result is are located at the southwest portion of the block.

## **7.5 Southwest Block lag sampling**

QMC identified three main copper anomalies located on the eastern side of the tenement, all of which coincide with previous moderate strength magnetic anomalies. There are four gold highs QMC recorded with three adjacent to each other forming a strong anomaly on the northwest boundary. This anomaly also has a large strongly magnetic feature associated with it. The plot of anomalous gold values shows a possible north-south trend on the western boundary of the SW Block overlapping the regional Corella Formation and Corella Formation Breccia contact. The Wilgar polymetallic mineralisation on Rockland's Copper Project is situated on the same breccia contact within the Corella Formation. Adjacent or underlying mafic/ felsic intrusive bodies may be responsible for the mineralisation. Further work is required here.

## **7.6 Southeast Block lag sampling**

QMC identified two adjacent copper anomaly that respectively, make up the bulk of the anomaly. A spot copper high also occurs along the northwest trend to the southwest. The copper low values in between these two anomalies may be attributed by the northeast trending fluvial cover mapped on the regional geological map. Three very small copper workings are located on this block both along a north-south trending fault just south of the main copper anomaly. The regional aeromagnetic data shows a moderate magnetic northwest trending feature broadly coinciding with the copper trend. The NW Block sampling was not anomalous.

## **7.7 Proposed Exploration (Cu)**

The lag anomalies should be ranked as high priority for follow-up work including close-spaced soil sampling and rock chip programs, detailed geophysical surveys followed by drilling activities if the previous results are positive.

# **8 Elder Creek EPM 18286 (IOCG)**

## **8.1 Introduction**

EPM 18286 was acquired as the ground was considered prospective for IOCG and Tick Hill type deposits. Historic exploration activities have been documented since the 1960s. None of the previous companies' exploration produced significant results within the current tenement. However, available historic results only covered the peripheral area of the tenement and no historic work has been completed within the central portion.

The tenement covers the prospective stratigraphic horizons with known mines and mineral occurrences in the adjacent leases. Potential exists in east trending fold hinges located at the northeast portion of the tenement.

## **8.2 Geology**

The Elder Creek project area is located within the Eastern Succession of the Proterozoic Mount Isa Inlier. Rock formations in the region are intruded by numerous minor granite stocks that are the roof zones of major batholiths. The regional metamorphic grade ranges from upper greenschist to lower amphibolite facies. Multi-phase deformation has affected the metasedimentary/ volcanic rocks with broad antiforms and synforms recognised. Major faults mainly along north-northeast and northwest trending corridors are evident.

The area covers prospective rocks of the Toole Creek Volcanics in the eastern fold belt of the Proterozoic Mount Isa Inlier. The main structure within the tenement is dominated by the northwest trending fault that may have been active during D3 deformation. Intersections of the northwest trending faults with cross faults are considered prospective for IOCG systems.

Structural synthesis to quantify the setting, controls and potential for Au-Cu mineralization in the general area found many known mineral occurrences to be located at the intersection of regional “feeder” N-S trending structures and subsidiary cross-structures. (Sampson, 1994)

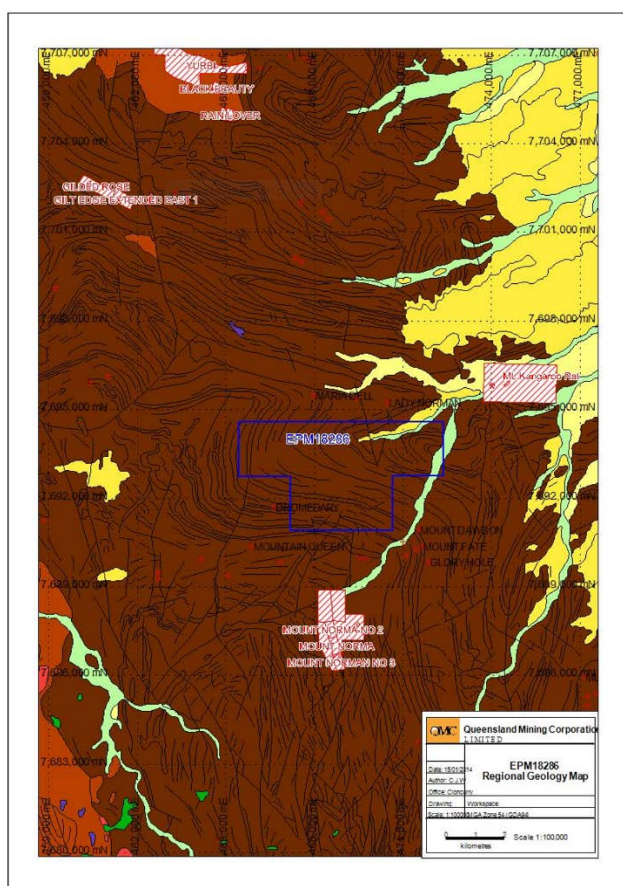


Figure 10 Elders Creek Geology plan

### 8.3 Historical Exploration

Numerous historic workings and mineral occurrences are located within the region but not within the tenement. The historic workings apparently correlate with the location of the fold hinges.

### 8.4 Proposed Exploration

A review of the geophysical data is planned for potential target identification as the tenement covers the prospective stratigraphic horizons with known mines and mineral occurrences in the adjacent leases. Potential exists in E-trending fold hinges located at the northeast portion of the tenement.

## 9 Morris Creek EPM 15706 (Cu, Au, Co)

### 9.1 Introduction

The Morris or Tommy Creek EPM 15706 includes an area of approximately 3km<sup>2</sup>, located 1.5km SW of CuDeco's Las Minerale Cu-Au-Co discovery. Mineralisation is regarded as being of IOCG style and as such warrants exploration for a large gold and base metal deposit.

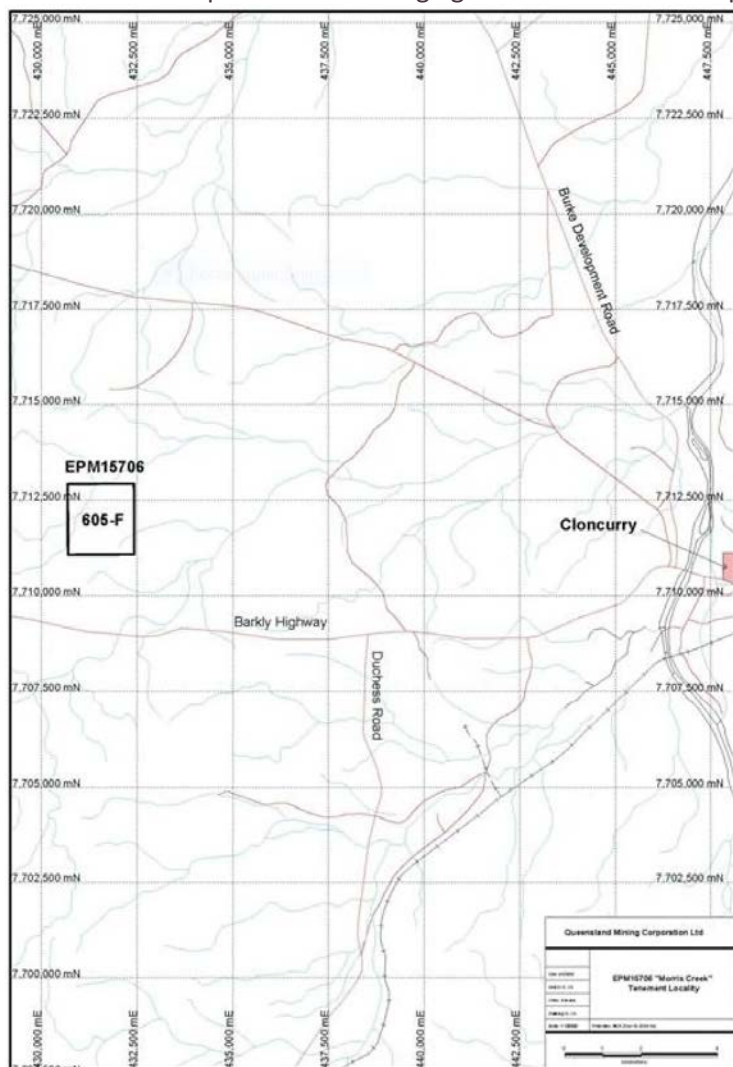
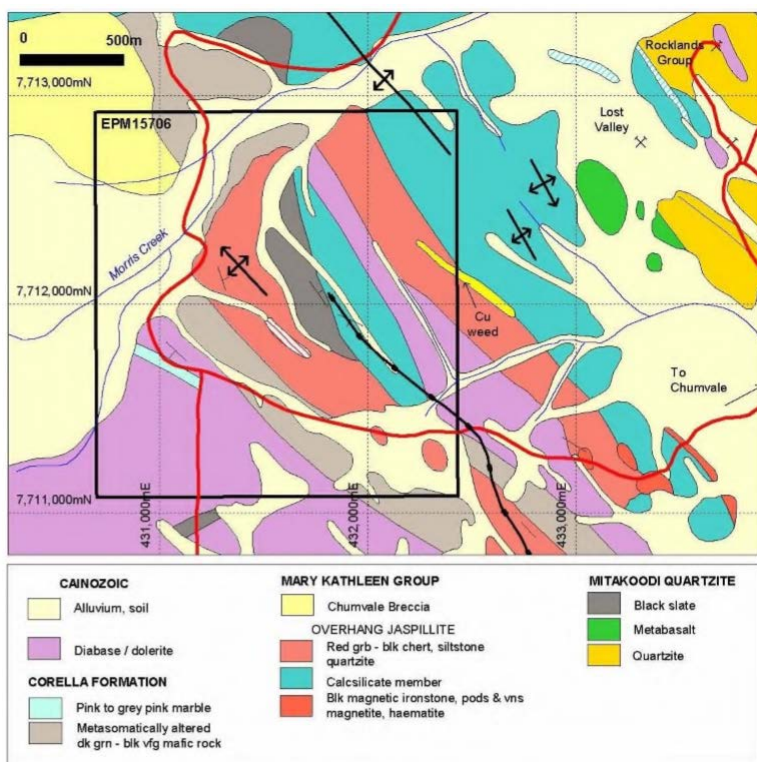


Figure 11 Morris Creek location plan

### 9.2 Geology

The EPM lies within the northern part of the north plunging Duck Creek Anticline, a major structure in the Cloncurry region. The Proterozoic Overhang Jaspilite, which is composed of three sub-units, is the dominant rock type and hosts northwest trending shears that are usually intruded by dolerite dykes of variable width. The dykes are often associated with lenses of calcite and quartz-calcite veining. Small copper occurrences are common along, or proximal to the contact of the dolerite dykes. The main breccia of interest is over 700m long and hosted within metavolcanic and dolomitic siltstone units; its mineral association is regarded as being typical of IOCG style mineralisation.



**Figure 12 Morris Creek Geology**

### 9.3 History

Several companies have explored the Morris Creek area since the late 1960s, with most of the work being of a reconnaissance nature. During 1980-2, Sturt Meadows Prospecting Syndicate NL (SMPS) undertook regional mapping and limited rock chip sampling in the application area and found several copper-rich zones associated with northwest trending fault-shear zones. Despite the historical rock chip sampling returning promising assays with anomalous Cu values, no follow-up work was completed. Regional exploration was continued by CSR Limited (ATP 3719M) and CSR Limited and Placer Exploration Limited (ATP 4175).

The most recent work undertaken in the application area was by Xstrata Copper Exploration Pty Ltd (Xstrata) in joint venture with Echelon Resources Limited while exploring EPM8588 during 1992-2006. They interpreted airborne magnetic data and carried out a regional stream sediment and rock chip sampling programme.

The closeness to CuDeco's copper deposit is encouraging and Morris Creek shows similarities in magnetics, geology and style of mineralisation. In 2008, Xstrata released detailed airborne geophysical surveys that outlined magnetic and radiometric anomalies in the EPM. Follow up mapping by QMC using this data, has identified a number of NW striking faults and breccia zones over the magnetic anomalies. Some intense silicification up to 10m wide was observed accompanied by malachite staining. These were considered to be analogous to CuDeco's Rockland's Project area to the immediate north.

QMC completed a Sub-Audio Magnetics (SAM) survey in late September 2009 by Gap Geophysics, with the data interpretation presented as Equivalent Magnetometric Resistivity (EQMMR) and Total Magnetic Intensity Reduced to Pole (TMITRP). SAM is an active source geophysical method that channels current into conductive subsurface features, generating an electromagnetic field that is detected at the surface. It produces high-resolution images that can be effective for identifying

conductive, mineralisation and fluidised structures and differential weathering in the regolith to respective depths of 100-600m. The QMC survey measured both the total magnetic intensity .

An initial drilling program was completed by December 2009 following up the targets generated from the SAM survey that was completed during the previous quarter.

In 2010, eight shallow RC and two diamond drill holes (for 1375m) were completed and mostly terminated in the oxide zone, focusing on SAM targets on the western side to test conceptual Ernest Henry/Rocklands style mineralisation. This was an area where >100m wide zone of hydrothermal breccias, calc silicate, K feldspar and magnetite alteration effects are known but not tied into any structural feature as yet. Several intervals of low grade gold & copper mineralisation were intersected. A large IOCG style alteration system was defined with intervals of hydrothermal brecciation and associated calc-silicate alteration. Wide intersections of anomalous copper were reported in several holes at 3 – 5 times background level.

#### **9.4 Proposed Exploration (Cu, Au, Co)**

Further drilling is required to target deeper parts of the system Interpretation of the SAM survey results indicate the presence of strong first order magnitude conductivity anomalies within a total strike length of 2.5 km. More than 50% of the mapped strike as well as structural intersections are still to be tested.

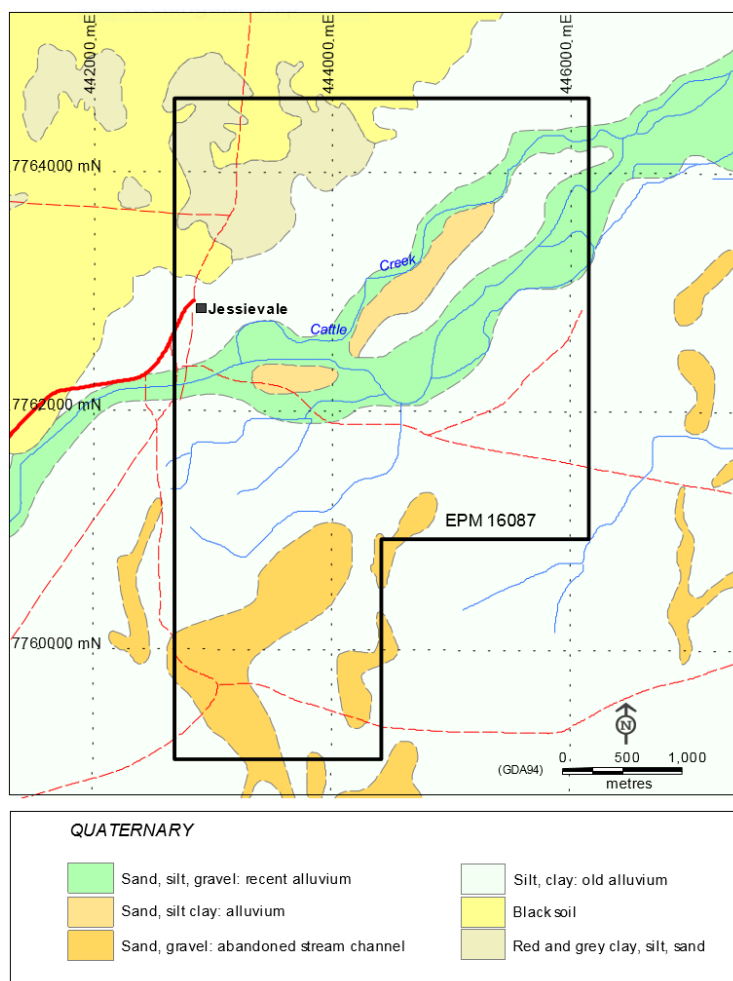
### **10 Jessievale EPM16078 (IOCG)**

#### **10.1 Introduction**

The Jessievale EPM16078 of area 16 km<sup>2</sup>, is located approximately 30km northwest of Xstrata's Ernest Henry mine (167 Mt @ 1.1% Cu and 0.54 g/t Au) and exhibits similar IOCG mineralisation.

#### **10.2 Geology**

Jessievale lies within the same structural corridor as Ernest Henry, bounded by NW trending faults. Geophysical modelling and data compilation in 2010 shows that a major IOCG target exists at this project and drill ready opportunities have already been identified. (Stuart 2007)



**Figure 13 Jessievale Geology plan**

### 10.3 History

The area was investigated by other explorers (Chevron Exploration Corp, BHP, WMC and North Limited) from the 1970s to the early 1990s. Wide spaced shallow drilling by these previous groups outlined several zones of anomalous copper and zinc geochemistry geophysical anomalies were also identified and remain untested.

QMC completed a ground magnetic survey and reinterpreted both this data and the historic gravity information. This geophysical modelling has highlighted several coincident magnetic and gravity anomalies that require further investigations including electrical geophysics and diamond drill testing. The northwest orientated magnetic complex identified in the survey is interpreted to be associated with the contact between the Naraku Granite and the Corella Formation (the host sequence to the nearby Ernest Henry Deposit).

The high quality of the geophysical data has enabled a three dimensional model of the target area to be produced and this model indicated a structurally complex body to exist within the middle of the project area where two near north-south trending faults separated by a demagnetized zone are evident. Intersections of the north trending faults with cross faults are considered prospective for localization of mineralisation, especially in this region.

In 2010 a Land Transient Electromagnetic survey was completed. This is a sensitive magnetic method able to detect deeply buried conductive sulphide mineralisation and which, in conjunction with the

previous magnetic survey and gravity information has defined four strongly conductive anomalies. These have a signature typical of an IOCG deposit.

## **10.4 Previous Exploration (IOCG)**

The majority of the IOCG deposits discovered to date in Australia (Olympic Dam, Ernest Henry and Prominent Hill) have shown a very intimate relationship between both magnetics and gravity and QMC regarded the Jessievale anomalies as some of the best untested IOCG targets in the Cloncurry region. To fine-tune the targets, a detailed ground magnetic survey and a ground electromagnetic survey were completed over the entire tenement using Land Transient Electromagnetic (LANDTEM) to aid in the detection of deeply buried conductive sulphide mineralisation. The survey has outlined several strong conductors that might reflect the deep sulphide mineralization hidden within the tenement.

Magnetic Highs have defined potential drill targets from the geophysics, importantly these targets have a coincident conductivity, magnetic and gravity signature, typical of IOCG. Drilling of an analogous target by WMC in 1991 led to the discovery of Ernest Henry 30 km to the southeast.

## **10.5 Proposed Exploration (IOCG)**

Further exploration will require RC drilling and down-hole geophysics. Priority will be given to the anomalous zone consisting of three separate bodies with increased conductivity at depth. The depth to the top of the conductive bodies varies from 150m to 220m.

## **11 Flamingo West EPM 18106, ML 90103 New Snowball and ML 90104 Mossy's Dream (Cu)**

### **11.1 Introduction**

The area has seen considerable exploration work including work by MIM and Falconbridge. The style of mineralisation may be similar to other large IOCG deposits in the Cloncurry district and potential exists to discover a small tonnage primary copper-gold deposit. There is also potential for finding significant amounts of oxide copper-gold mineralisation that may be accessible by open cut.

### **11.2 Historical Work**

Many old copper workings are present in the area, although only minor amounts of ore have been mined. Mining Lease 90103 contains scattered workings that include prospecting pits, shafts and costeans while shallow prospecting pits have been reported in the northern part of Mining Lease 90104.

Historical data shows two magnetic highs associated with elevated copper values in the stream sediment and soil data of the EPM with targeted areas designated as Carty's Bore and Poddy's each extending for about 1 km along strike. The anomalies are mainly covered with thin soils and were considered to have potential for IOCG style mineralisation given the proximity to granite intrusion and the development of brittle-ductile structural traps.

Drilling (25 holes totalling 3,045m) was undertaken at the former Eclipse and Eclipse West areas (now New Snowball and Mossy's Dream) by MIM to test the coincident copper-gold soil anomaly. MIM reported mineralisation in their drill holes to be patchy and grades not consistent along strike but they obtained some significant near surface intersections.

Mineralisation within the EPM are characterized by moderate IP chargeability responses and anomalous copper values in soil samples.

### 11.3 Geology

The regional geology is characterised by the Coolullah Fault that strikes in a northerly direction and northwest trending magnetic units; the intersection of the northwest magnetic trends with the fault provides structural traps prospective for mineralisation.

The area has been targeted by QMC and other companies for IOCG style of mineralization over the last 20 years. Significant drill intercepts of copper and gold have been returned from the adjacent QMC mining lease ML90103, New Snowball, Figure 14, less than 3km to the northeast.

The geology includes mafic and calc silicate units of the Proterozoic Soldiers Cap Group rocks, which have been deeply weathered to form deposits of Pliocene ferricrete, silcrete and ferruginous duricrust. Lithologies include northwest trending tightly folded volcanoclastic sediments, dacites and schist. Late granites, amphibolites and pegmatites intrude these rocks.

The copper-gold mineralisation at New Snowball (ML 90103) is controlled by veining on the sheared elongated eastern limb of an asymmetrical synform fold. At Mossy's Dream prospect (ML 90104) copper-gold mineralisation is hosted by magnetite-pyrite-feldspar veining in amphibolite host rocks. Both areas cover part of a zone of high magnetics near a northwest trending structure. Shallow prospecting pits have been reported in the northern part. ML90103 contains scattered workings that include prospecting pits, shafts and costeans.

In 2009 considerable drilling by QMC resulted in a resource estimate calculated in 2010 at both the Eastern ML90103 and the western lease ML90104 following up earlier drilling by MIM . The resource estimate produced for Flamingo by QMC in 2010 is not compliant with the JORC (2012) code.

The location of the MLs within the EPM is shown below in Figure 14.

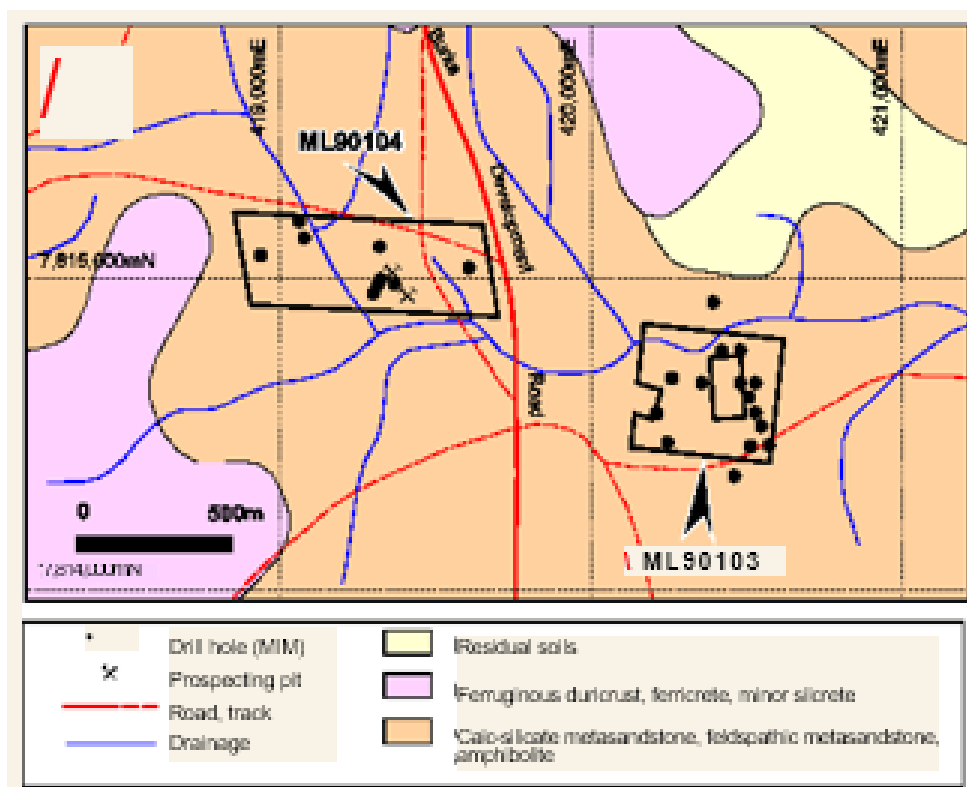


Figure 14 Location of ML 90103 and 90104 within EPM 18106 with Geology

Eighteen holes totaling 1,902m were designed to follow up recent soil anomalies outlined in the Flamingo West lease and significant mineralization intersected by Mt Isa Mines (MIM, now X-strata) in 1994. The results showed the presence of some high grade sulphide mineralization at shallow depth in the project area and almost near doubling of the strike length from 160- 300m from the previous drilling

The drilling extended the strike length of the higher grade zone from 160m to 300m.

The soil sampling undertaken by the company highlighted three areas with anomalous copper values, in the central part of the lease, with drilling results showing a high degree of correlation with surface soils. Sporadic oxide copper mineralization in the form of malachite and azurite veins and stockworks is exposed in shallow pits and creeks across the lease covering an area of about 450m x 350m.

The mineralized zone is within a 300m long and 100m wide corridor trending near N-S where a drilling pattern of 25m x25m was employed to define a shallow sulphide mineralization. The style of mineralization found in the Flamingo West lease is very similar to that observed in the Flamingo East lease in terms of mineral assemblage and structural control, both of which are associated with the NNW- trending Eclipse fault that transects the area. The new mineralized zone is open along strike and at depth.

#### **11.4 Proposed Exploration (Cu)**

The mineralized zone is within a 300m long and 100m wide corridor where drilling defined shallow sulphide mineralisation. The style of mineralization is associated with the NNW- trending Eclipse fault that transects the area. The new mineralized zone is open along strike and at depth. The geophysical targets defined by previous work will be reviewed and extensions to the current mineralised zones will be explored by further sampling and drilling.

### **12 Jacky's Creek EPM 25669 (IOCG)**

#### **12.1 Introduction**

EPM 25669, Jacky's Creek was originally acquired by QMC in its search for IOCG deposits in the region. Previous drilling by Teck shows that the depth of cover is approximately 185m in the north and 270m in the south of the tenement and that coincident positive magnetic and gravity anomalies are due to altered gabbro.

IOCG style alteration has been noted but copper and gold mineralisation is absent. However there are additional magnetic anomalies within the tenement that warrant investigation and higher resolution geophysical surveys are recommended.

#### **12.2 Geology**

Jacky's Creek is underlain by a sequence of Cenozoic, Mesozoic and Palaeozoic sediments belonging to the Eromanga, Carpentaria and Georgina Basins. The prospective geology in the area comprises the buried Proterozoic basement sequences, which are host to significant Cu ± Au mineralisation in other parts of the Mt Isa Inlier. No areas of Proterozoic outcrop exist within the project area (Figure 15). The area covers prospective rocks of the Mary Kathleen and Soldiers Cap Group in the Eastern Fold Belt of the Proterozoic Mount Isa Inlier. The main structure surrounding the tenement is dominated by the NE trending fault that may have been active during D3 deformation. Intersections of the north trending faults with cross faults are considered prospective for Ernest Henry style IOCG systems.

EPM 25669 contains magnetic highs occurring within Corella Formation sequences, or within roof pendants of the Williams Batholith. They have similar geometries to the mineralised portion of the Ernest Henry magnetic high, and are interpreted to be cut by N to NNW, D3 deformation period faults, which also occur at Ernest Henry.



Figure 15 Jacky's Creek Regional geological setting showing Cenozoic cover sequences

## 12.3 Historical Exploration

Previous exploration within the tenement is summarized below in table 6:

Tenement No.	Company Report No.	Dates Held	Company	Targets	Activities
2825	11002	1980-1982	Pacific Coal Pty Ltd	Oil Shale	Geological mapping, drilling 9 holes totalling 1074m, geophysical logging,
8282	28930	1991-2001	BHP Minerals Limited, Exco Resources	Copper, Zinc, Lead, Silver, Gold	Aeromagnetic and radiometric survey, ground magnetics/ EM, GEOTEM, gravity survey
8458	no reports available				
8608	29668, 26621	2002-2010	WMC Resources Limited,	Copper, Gold	Aeromagnetic and regional gravity, Ground gravity surveys, ground magnetic survey
10597	27364	1995-1995	Savage Resources Limited	Copper, Gold	Aeromagnetic survey, Ground magnetometer survey, RC drilling (1 hole to 264m)
14142	68295	2004-2011	Teck Australia Pty Ltd	Copper, Gold	Ground gravity survey, rotary/ diamond drilling (4 holes)
17286	90650	2011-2015	Minotaur Operations Pty Ltd	Copper, Gold	Ground gravity survey, moving-loop ground EM, high resolution airborne magnetic and radiometric survey

Table 6 Previous exploration summary for EPM25669

## 12.4 Geophysical Setting

The EPM is located SE of a major regional NE trending dextral strike fault. There are D3 faults within and surrounding the project area is prospective for IOCG mineralisation. The main structure surrounding the tenement is dominated by the NE trending fault that may have been active during D3 deformation. Intersections of the north trending faults with cross faults are considered prospective for Ernest Henry style IOCG systems. Regional magnetic data suggest multiple NNE and NNW trending lineation. There is a zone of possible fault junctions

## 12.5 Proposed Exploration (IOCG)

There are several historic magnetic anomalies within the tenement that warrant investigation and higher resolution gravity surveys are recommended to determine underlying structures and identify conductors for targeting with RC drilling.

## 13 North Cloncurry MLs

### 13.1 Sally ML 2535 (Cu)

#### 13.1.1 Introduction

The ML is located about 15km north of Altona's large copper deposit at Little Eva on the same regional Roseby - Coolullah Fault that is characterized by a prominent magnetic lineament. The drill targets are defined by strong soil anomalism correlated with occasional patchy oxide copper mineralization. Two holes were drilled and both intersected broad zones of sodic-calcic alteration and pyrite mineralization. The widespread presence of feldspar, magnetite, amphibole and chlorite alteration in the drill cuttings indicates the Sally prospect has characteristics of an IOCG system.

In 2015, QMC undertook both geological mapping and portable XRF analyser soil readings over the entire lease. Visible copper mineralization (malachite and chalcopryite) was noted within altered and deformed calc-silicate units of the Corella Formation. A total of 88 readings were taken at 20m x 25m spacing. This work identified anomalous zones of copper that were recommended for drill testing.

Two RC holes were completed by QMC at the Sally prospect, for a total of 270m. These holes targeted the soil anomalies and outcropping mineralization. Both holes intersected extensive red rock (i.e. iron-rich) alteration, which is commonly associated with IOCG deposits, and visible sulphides. Broad geochemically anomalous zones were encountered. The limited drilling to date indicates potential for deeper sulphide mineralization to be intersected.

#### 13.1.2 Proposed Exploration

Visible copper mineralization (malachite and chalcopryite) was noted during surface exploration within altered and deformed calc-silicate units of the Corella Formation. Further surface sampling, costeaning and follow-up drilling will be undertaken.

### 13.2 Winston Churchill ML 2518 (Cu)

#### 13.2.1 Introduction

The Winston Churchill copper mine in the Cloncurry region is held as a 2.02 ha mining lease. The mine was discovered in 1965 and until 1974 has historically produced around 7,000t of ore averaging 11% Cu. A small tonnage of high grade near surface copper oxide is available for transport to a treatment facility.

#### 13.2.2 Geology

The Winston Churchill copper mine is situated in the Middle Proterozoic Argylla Formation, near the faulted contact with the Ballara Quartzite (Figure 16). At the mine, the Argylla Formation comprises biotite schists, acid volcanics and metadolerite. The mineralisation is hosted in a typical fault fissure lode that has a well-defined hanging wall and footwall. The lode strikes north-northwest and dips steeply to the east. It can be followed on surface for 60m and is up to 4.5m wide. The footwall rocks are siliceous rhyolite porphyry while the hanging wall comprises

porphyry and biotite schist. Oxide ore is mainly malachite, while the sulphide ore comprises mainly massive chalcopyrite.

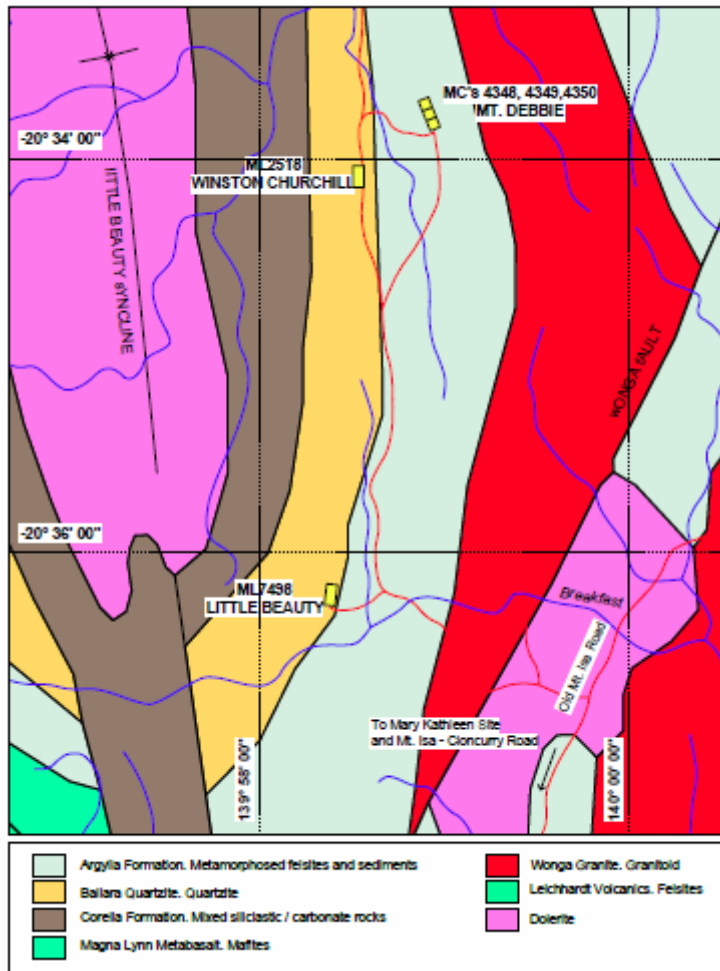


Figure 16 Regional geological setting Winston Churchill, Little Beauty and Mt Debbie

### 13.2.3 History

The mine was discovered in 1965, with most of the mining being carried out during 1967-72. In the period up to 1974, it produced approximately 7,000t of ore with an average grade of 11% Cu. The workings include a small open cut, two shafts and a decline. Stopping has taken place at three levels (24m, 33m and 45m), with the deepest shaft reaching a depth of 50m.

In 1992, shallow drilling was undertaken across the lode and encouraging copper grades were intersected in the oxide zone.

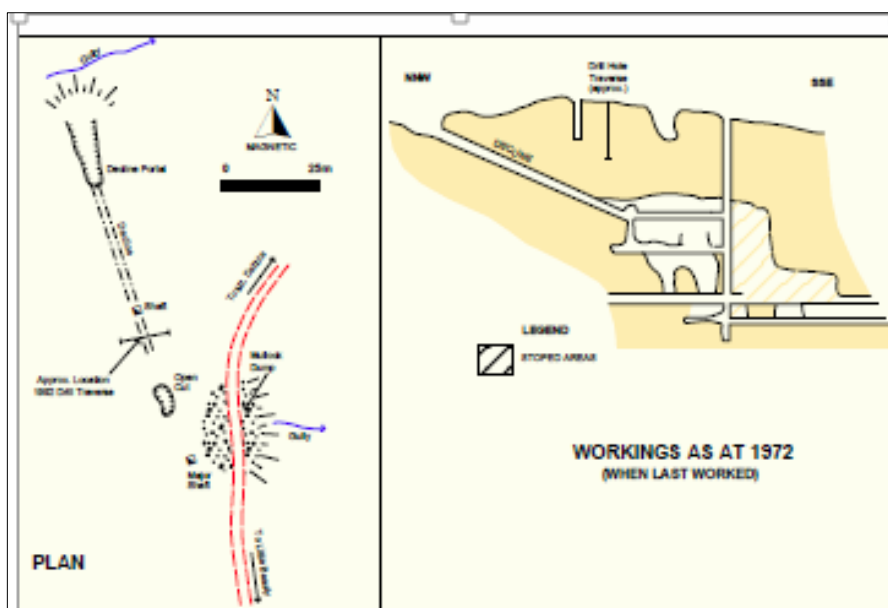


Figure 17 Plan and long section Winston Churchill workings (Source NQM Presentation Dec 2006)

#### 13.2.4 Proposed Exploration (Cu)

Stuart (2001), reviewed the Winston Churchill mine underground data, surface drilling and geology and estimated a possible low-moderate grade copper mineralisation along strike, but mentioned the tonnage potential was likely to be reduced because of the small size of the mining lease. These recommendations will be followed up commencing with site inspections, field sampling and mapping, stockpile sampling and volume estimation, close grid soils sampling, and potentially ground based geophysical surveys to locate suitable drill hole locations for RC and diamond drilling.

It is anticipated such a program could be completed within a three month period.

### 13.3 Little Beauty ML7498 (Cu)

#### 13.3.1 Introduction

The Little Beauty copper mine is covered by a 2ha mining lease located 4km south of the Winston Churchill Mine.

#### 13.3.2 Geology

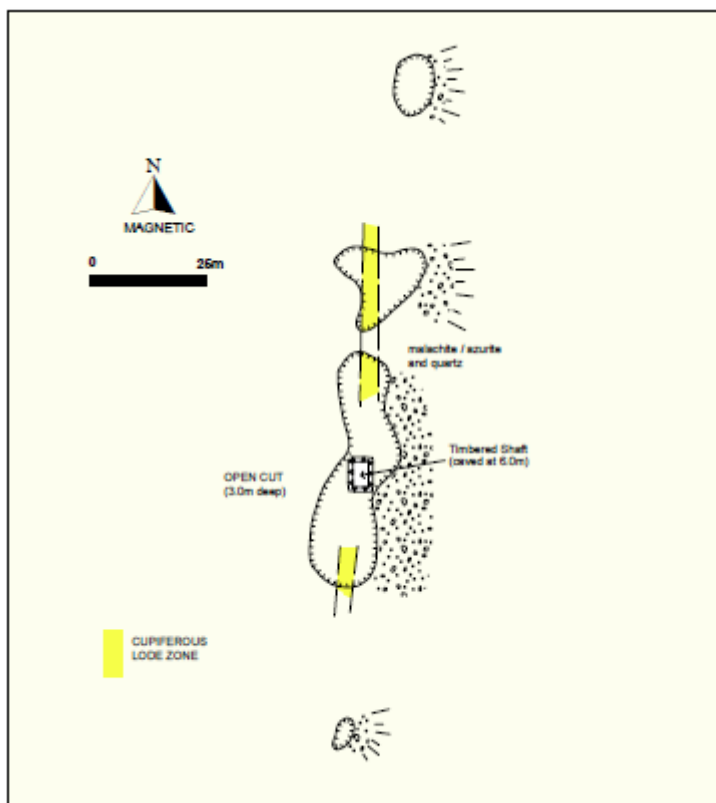
The main workings are in the Lower Proterozoic Argylla Formation. Host rocks are quartzites and biotite schists with bedding and foliation trending northerly. Mineralisation in the oxide zone is malachite and azurite in a limonitic quartz gangue that can be up to 1.5m wide and traced along strike for 150m. The lode dips nearly vertically.

#### 13.3.3 History

The workings consist of a main shaft to 20m depth and a series of shallow pits and a small open-cut (Figure 18). It was worked between 1910 and 1920, and again in the 1960s and early 1970s. Recorded production is 947t at around 6% Cu.

#### 13.3.4 Mineralisation

Information about previous mining and exploration is unclear, and there are no records of drilling being carried out. Stuart (2007) reviewed the Little Beauty mine in 2001 and suggested potential for a small tonnage of high grade copper mineralisation.



**Figure 18 Little Beauty plan of workings (Source NQM Presentation Dec 2006)**

### **13.3.1 Proposed Exploration (Cu)**

The company intends to evaluate the Little Beauty mine for oxide copper resources that are suitable for small-scale open cut mining. Initial site investigations, soil sampling and costeaning may provide adequate information to design a small drill program. This can be carried out by a small drilling programme comprising two or three shallow RC holes to test the 150m strike of the Little Beauty lode. Further exploration will depend on the results of the first drilling programme. It is anticipated such a program could be completed within a three month period.

## **13.4 Mt Debbie MCs 4348, 4349, 4350**

### **13.4.1 Introduction**

The Mt Debbie copper mine is located 1 km northeast of the Winston Churchill mine and is covered by three adjoining mining claims that total 3.0 ha in area. Mine records show there is potential for a small, shallow high-grade oxide copper deposit.

### **13.4.2 Geology**

The mine lode is hosted within Lower Proterozoic Argylla Formation. A well-foliated tuffaceous acid porphyry unit trending 160° and dipping steeply east dominates the country rock. The lode averages 1.5m wide although it can be up to 5m wide. It is broadly conformable with the trend of the country rock, and is present on the hanging wall of a northerly trending fault zone.

### **13.4.3 History**

Workings consist of a 22m deep shaft and two declines. There are no records of drilling being undertaken and the recorded production amounts to 1,040t averaging 9.1% Cu, with most of the production occurring between 1967 and 1972. During 1990-91, Axis Mining NL undertook a

small-scale copper leaching operation that treated the southern mullock dump, but only 1,800t of the 7,000t dump was treated. (Stuart 2001).

#### **13.4.4 Mineralisation**

Stuart (2007) considered that a small tonnage of moderate grade copper mineralisation could be contained within the deposit. Two mullock dumps are also present and according to Stuart, historical trial mining of 1800t of the southern dump 7000t dump indicated a grade of about 2% Cu

##### **13.4.1 Proposed Exploration (Cu)**

The company will evaluate the Mt Debbie mine for shallow, low-moderate grade oxide copper resources that are suitable for extraction by open cut mining and amenable to treatment by heap or vat leach. On site field mapping, sampling and costeans may aid in location suitable drill hole locations. A small drilling programme comprising five-six holes totalling up to 1,000m is recommended initially. It is anticipated such a program could be completed within a three month period.

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QMC	18/5/2010	23.2% Cu Intersected at Flamingo Project
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QMC	20/10/2015	Quarterly Activities and Cashflow Report
QMC	25/10/2016	Quarterly Activities and Cashflow Report

## 15 Glossary

AS	Atomic Absorption Spectrometry, a method of chemical analysis
aerial photography	photographs of the earth's surface taken from an aircraft <i>syn. aerophotography</i>
aeromagnetic survey	a geophysical survey made from the air to record variations in the earth's magnetic field
aircore	a rotary drilling technique that uses compressed air to cut a core sample and return fragments to surface inside the drill rods
alkali feldspar	a feldspar with high potassium and sodium contents
alluvium	a sediment deposited by water <i>adj alluvial</i>
alteration	applied to rocks or rock forming minerals that have been chemically changed <i>adj altered</i>
AMG	Australian Metric Grid, co-ordinates based on the metric system of measurement
amphibolite	a dark coloured iron silicate mineral
anomaly	a value or group of values higher or lower than expected often outlining a zone of potential exploration interest but not necessarily of commercial significance <i>syn. anomalism adj anomalous</i>
anticline	a fold where the rock strata dips outwards away from the axis <i>adj anticlinal ant syncline</i>
antiform	a fold whose limbs close upward in strata for which the stratigraphic sequence is not known
Archaean	a division of geological time from the origin of the Earth to 2,500 million years ago
arkose	a feldspar rich sandstone
As	the chemical symbol for arsenic
Au	the chemical symbol for gold
auger	a screw-like tool used to obtain shallow samples
auriferous	containing gold
basalt	a fine grained volcanic rock composed primarily of plagioclase feldspar and mafic minerals
basement	a complex of rocks that underlies younger sedimentary deposits
base metal	a metal inferior in value to precious metals, e.g. copper, lead, zinc
bed	an individual sedimentary layer <i>syn. stratum</i>
bedding	the general arrangement and types of beds in a stratigraphic sequence <i>adj bedded</i>
bedrock	any solid rock underlying unconsolidated material
biotite	a mineral of the mica group
BLEG	Bulk Leach Extractable Gold, an analytical technique
blind	applied to mineralisation or a deposit meaning not visible at surface

breccia	a coarse grained rock of angular broken rock fragments cemented together <i>adj brecciated</i>
bulk sample	a large sample taken from a deposit usually for metallurgical purposes
Cainozoic	a division of geological time from 65 million years ago to the present
calcrete	a hard pan layer in which surface debris is cemented by calcium carbonate
Cambrian	a division of geological time from 570 to 500 million years ago
carbonate	a mineral or compound containing the carbonate radical CO <sub>3</sub>
carboniferous	a division of geological time from 345 to 280 million years ago
chalcopyrite	a copper-iron sulphide mineral, an important ore of copper CuFeS <sub>2</sub>
chert	a rock composed of very fine grained silica
sample	a sample taken by the collection of similar sized fragments generally at intervals over a distance
clast	a fragment produced by physical weathering <i>adj clastic</i> clay particles of less than 0.0039 millimetres often but not always composed of clay minerals
clay mineral	a member of a large group of essentially aluminium silicate minerals with micro crystalline, colloidal or amorphous structure
Co	the chemical symbol for cobalt
colluvium	alluvium transported only a short distance before deposition <i>adj colluvial</i>
composite sample	a sample formed by the aggregating of all or part of smaller samples
conglomerate	a sedimentary rock usually composed essentially of gravel sized grains, distinct from breccia
contact zone	the zone around an igneous intrusion where the country rock has been metamorphosed
core drilling	a rotary drilling technique whereby a continuous cylindrical sample is produced
costean	a trench
country rock	the rock enclosing a mineral deposit or an igneous intrusive
Cretaceous	a division of geological time from 135 to 65 million years ago
cross section	a drawing in the vertical plane through a geological feature at right angles to the feature's direction of elongation
Cu	the chemical symbol for copper
deformation	the folding and faulting that results from the application of Earth forces <i>adj deformed</i>
deposit	a natural accumulation of material
deposition	the processes that result in the formation of deposits <i>adj depositional</i>
Devonian	a division of geological time from 410 to 345 million years ago
diamond drilling	a rotary drilling technique using diamond set or impregnated bits whereby a continuous core drilling cylindrical sample is produced
dip	the angle that an inclined sedimentary layer, fault or other planar surface makes with the horizontal

disseminated	where one material is distributed through the mass of another material
dolerite	a medium grained intrusive rock mainly composed of feldspar and pyroxene <i>adj doleritic</i>
dolomite	a mineral composed of calcium, magnesium, carbon and oxygen $\text{Ca Mg}(\text{CO}_3)_2$ and the rock that is composed predominantly of the mineral dolomite <i>adj dolomitic</i>
dome	a large intrusive whose sides slope away at low angles generally increasing with depth
down hole logging	a technique whereby geophysical parameters are measured by lowering a sensor probe down a drill hole
drainage	a collective term for the rivers, streams, lakes etc. by which an area is drained of rainwater
drainage survey	a geochemical exploration technique where stream sediments are the sampling medium
drill	to produce a hole by rotary or percussive action <i>adj drill, drilling</i>
duricrust	a general term for a hard crust on the surface of, or layer in the upper horizons of, a soil in a semi-arid climate
dyke	a tabular intrusive body of igneous rock that cuts across the layers it intrudes.
EM survey	electromagnetic survey, a geophysical method of measuring the alternating magnetic fields associated with electrical currents artificially or naturally maintained in the subsurface
Exploration Permit	a type of mineral exploration tenement in Queensland for minerals (EPM),
evaporites	rocks formed from the evaporation of saline solutions
fault	a fracture in rocks on which there has been movement on one of the sides relative to the other
faulting	the general style and arrangement of faults in an area
feldspar	a member of an abundant group of rock forming silicate minerals in which calcium, sodium and potassium are in combination with aluminium <i>adj feldspathic</i>
ferruginous	containing iron
fire assay	an analytical technique used for gold, silver and platinum determinations
fluvial	of or pertaining to a river or rivers
fold	a bend in a planar feature such as bedding usually resulting from deformation
fold axis	the plane around which a fold is wrapped
folding	the general style and arrangement of folds in an area
foliation	the planar arrangement of features in a rock <i>adj foliated</i>
footwall	the wall rock below an inclined vein or fault
formation	a stratigraphic unit having recognisable characteristics
fracture	a break resulting during deformation
gabbro	a dark coloured basic igneous intrusive rock <i>adj gabbroic</i>

garnet	a silicate mineral and common accessory in igneous rocks
geochemistry	the study of the variation of chemical elements in rocks or soils
geomorphology	the study of the configuration of the Earth's surface
geophysics	the study of the Earth by quantitative physical methods
GEOTEM	a time-domain airborne geophysical survey involving the measurement of the magnetic effects associated with eddy currents induced in ground conductors brought about by applied electromagnetic fields
Gneiss	a foliated rock formed by regional metamorphism
gossan	the ferruginous surface product from the weathering of sulphide mineralisation <i>adj gossanous</i>
granitoid	an intrusive of generally granitic affinities
granulite	a granular metamorphic rock formed at high temperatures and pressures
greenschist	low temperature metamorphic rock with an abundance of green minerals
greenstone	a general term for metamorphosed basic or ultrabasic rocks often dark green in colour
g/t	grams per tonne, a measurement of grade generally applied to precious metals
hanging wall	the wall rock above an inclined vein or fault
hematite	a common iron mineral
hydrothermal	of or pertaining to hot water/solutions.
ICP	Inductively Coupled Plasma, an analytical technique
ICPMS	Inductively Coupled Plasma Mass Spectrometry, an analytical technique
igneous	pertaining to rocks formed by crystallisation from molten material
intermediate	said of an igneous rock that is transitional between mafic and felsic igneous rocks
intrusion	a body of igneous rock that was intruded whilst molten in to the earth's crust <i>intrusive</i>
intrusive	a body of igneous rock that was intruded whilst molten in to the earth's crust <i>intrusion</i>
IOCG	iron oxide-copper-gold
IP survey	Induced Polarisation survey, a geophysical survey technique involving the measurement of induced electrical charge brought about by applied electromagnetic fields
JORC Code	the Australasian Code for the Reporting of Mineral Resources and Ore Reserves
Jurassic	a division of geological time from 212 to 142 million years ago
laterite	red residual soil or rock developed in humid tropical or sub-tropical regions with good drainage; it contains concentrations of insoluble residual elements such as iron and aluminium
lava	a molten rock that has been erupted on to the earth's surface <i>syn. extrusive</i>
layered	when pertaining to an igneous intrusion, where distinctive layers occur with different mineral compositions

limestone	a sedimentary rock composed of calcium carbonate
lineament	any elongated feature on an image from aerial photography, geophysical survey,
linear	any elongated feature on an image from aerial photography, geophysical survey,
mafic	pertaining to dark coloured silicate minerals that are rich in iron and magnesium and the igneous rocks in which these minerals are abundant
magnetometry	a geophysical survey made to record variations in the Earth's magnetic field
malachite	a copper carbonate mineral $\text{Cu}_2\text{CO}_3(\text{OH})_2$
mesa	isolated flat-topped hill mass bounded by steep sides
Mesoproterozoic	a division of geological time from 1,700 to 1,200 million years ago
Mesozoic	an era of geological time from about 225 to 65 million years ago
meta	a prefix meaning that the rock type has undergone metamorphism
metallurgy	the science of producing valuable metals and minerals from their ores
metamorphism	the mineralogical, structural and chemical changes induced within solid rocks through the actions of heat, pressure or the introduction of new chemicals.
mica	a member of a group of silicate minerals that easily split into sheets <i>adj micaceous</i>
mineral	a naturally occurring chemical compound that is a constituent of a rock or sediment
mineral processing	the science of producing valuable metals and minerals from their ores <i>syn. metallurgy</i>
mineralisation	in economic geology the introduction of valuable elements into a rock body or the result of such introduction <i>adj mineralised</i>
Mining Lease	a type of mineral tenement — generally allowing mining activities
MLA, ML	Mining Lease Application, Mining Lease
mmi	mobile metal irons
monzogranite	an intrusive rock intermediate between monzonite and granite
monzonite	an intrusive rock with approximately equal amounts of alkali and plagioclase feldspar with little or no quartz
Ordovician	a division of geological time from 500 to 440 million years ago
ore	that part of a mineral deposit that can be economically exploited
ore shoot	an elongate mass of higher grade material within a deposit
orientation	survey the application of an exploration technique on a trial basis generally to an area of known characteristics as a preliminary to the systematic application of the technique
orogeny	the process of formation of mountains <i>adj orogenic</i>
outcrop	the surface expression of a rock layer <i>syn. exposure</i>
oxide	a mineral incorporating oxygen
oxide zone	the near surface part of a mineral deposit altered by atmospheric oxygen and water
Pb	chemical symbol for lead

palaeo	a prefix relating to a past, ancient or fossil feature
Palaeoproterozoic	a division of geological time from 2,400 to 1,700 million years ago
Palaeozoic	an era of geological time from about 570 to about 225 million years ago
pan concentrate	a concentrate of heavier minerals produced by the use of a pan <i>adj panned</i>
pathfinder	in geochemistry an element or mineral associated with the element or mineral being sought and that can be more easily detected
percussion drilling	rock drilling carried out by the hammering action of a pneumatically driven drill bit
Permian	a division of geological time from 280 to 225 million years ago
pH	concentration of hydrogen ions in solution
Phanerozoic	a division of geological time from 580 million years ago to the present
Photogeology	the interpretation of geological features using photography usually aerial photography
pisoiite	a rounded pea size accretion or a rock formed from such accretions
placer	a mineral deposit formed by physical concentration processes
plagioclase	a feldspar with a high sodium-calcium content
plume	the inclination of a linear structure measured in the vertical plane
pluton	an igneous intrusion
porphyry	an igneous rock with a comparatively fine grained matrix and scattered coarse mineral crystals
ppb	parts per billion, a measure of concentration
ppm	parts per million, a measure of concentration
precollar	the part of a hole drilled down to the depth at which diamond core drilling is to commence and for which some other drilling technique is used
prospectivity	the degree to which an area is judged to have the potential to contain a mineral deposit
Proterozoic	a division of geological time from 2,400 to 570 million years ago
pyrite	a mineral composed of iron and sulphur $\text{FeS}_2$ <i>adj pyritic</i>
pyroxene	a dark rock forming silicate mineral
quartz	a very common mineral composed of silicon and oxygen $\text{SiO}_2$
quaternary	a division of geological time from two to three million years ago to the present
RAB	Rotary Air Blast, a rotary drilling technique that uses compressed air to clear the drill bit of cuttings and return them to the surface
radiometric survey	a geophysical survey made to record variations in the ambient radiation
RC	reverse circulation, a rotary percussion drilling technique in which the samples are returned to the surface inside the drill rods minimising contamination
resistivity survey	a geophysical survey technique in which the resistance of the earth is measured by means of an introduced electrical current

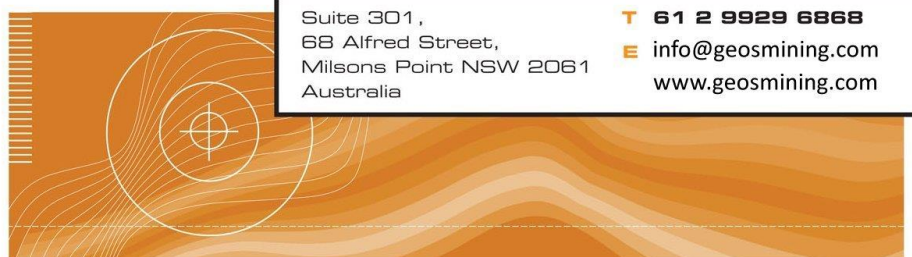
resource	quantitative estimate of material in a mineral deposit that is potentially exploitable at a profit
reverse fault	a fault where the hanging wall has moved upward relative to the footwall
sample	collected material that is intended to be representative of a larger body of material the processes by which samples are obtained
schist	a foliated metamorphic rock easily split into sheets <i>adj schistose</i> the rock fabric of a schist
sericite	a potassium rich mica mineral <i>adj sericitic</i>
shear zone	a form of deformation where movement occurs parallel to geological contacts ad/ shearing, sheared a zone of many parallel shears
sieved sample	a sample where a particular size fraction is collected typically less than a certain sieve mesh aperture syn. screened sample
silicification	the introduction of silica into a rock <i>adj silicified</i>
silcrete	silica cemented sand and gravel
sill	a tabular intrusive body of igneous rock that is conformable with the layers it intrudes
siltstone	a sedimentary rock usually composed of silt sized grains
stockwork	a mineral deposit with veinlets in a number of orientations cross each other
stratiform	pertaining to a mineral deposit that is confined to one or more rock layers syn. stratabound
stratigraphy	the general arrangement and types of beds in a sedimentary sequence
stream sediment survey	a geochemical exploration technique where stream sediments are the sampling medium
strike	the direction of a horizontal line in the plane of an inclined sedimentary layer, fault or other planar surface perpendicular to the direction of dip
supergene	said of a mineral deposit or enrichment formed near the surface, commonly by descending solutions
syncline	a fold where the rock strata dip inwards towards the axis
Tectonism	the major structural processes forming faults and folds in the earth's crust
TEM	Transient Electromagnetic survey, a time-domain geophysical survey technique involving the measurement of the magnetic effects associated with eddy currents induced in ground conductors brought about by applied electromagnetic fields
ultrabasic	pertaining to igneous rocks containing less silica than basic rocks
ultramafic	a general term for igneous rocks chiefly composed of mafic minerals
unconformity	a position in a sedimentary sequence where there is a lack of continuity in adjacent rock strata caused by a time break in sedimentation <i>adj unconformable</i>
Valmin Code	the Code and Guidelines for Technical Assessment and/or Valuation of Mineral and Petroleum Assets and Mineral and Petroleum Securities for Independent Expert Reports
volcaniclastic	pertaining to a clastic rock with a high proportion of volcanic derived material

volcanogenic

formed by the processes directly connected with volcanism

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12.2. Tenement report – Cloncurry tenements



# Independent Tenement Report

## Mineral Tenements, Cloncurry Region

### Ausmex Mining Limited

Job No. 2715-03

Report Date: 15 February 2017

This report has been commissioned by Ausmex Mining Limited for the purpose of inclusion in a Prospectus to be issued by Eumeralla Resources Limited in connection with a capital raising to be lodged with the Australian Securities and Investments Commission (ASIC).

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## Executive Summary

Ausmex Mining Limited (Ausmex) holds an option on a beneficial interest in gold-copper exploration projects in Queensland and the sole owner of EL5881, a gold copper phosphate exploration project in South Australia. On 5 December 2016, Eumeralla Resources Limited (Eumeralla) announced that “it has entered into a binding heads of agreement in relation to the acquisition of all of the securities in unlisted Australian public company Ausmex Mining Limited....”.

This report is concerned only with the Ausmex portfolio of tenements in Queensland and provides an independent assessment of mineral tenure status and compliance. The mineral tenements include eight Exploration Permits for Minerals (EPMs), three Mining Claims (MCs) and 14 Mining Leases (MLs) within the Cloncurry region of North West Queensland.

The date of this independent tenement report is 31 January 2017.

Ausmex and the tenement holders have provided some data to Geos Mining, but we note that there is outstanding data not yet sighted by Geos Mining. We have not carried out a site inspection to verify any comments or conclusions.

Queensland Mining Corporation Limited (QMC) holds a number of wholly owned subsidiaries that are registered holders of the tenements being optioned by Ausmex; all of the QMC subsidiary companies are registered with ASIC.

Two groups of Mining Leases (Gilded Rose and Mt Freda) are reported as under Care and Maintenance following recent mining. Considerable infrastructure remains on site. The rehabilitation requirements for these areas have not been assessed.

Geos Mining has sighted several access and compensation agreements but notes that some tenements do not have an associated agreement.

All tenements have current Environmental Authorities and we have not sighted any evidence of breaches of these conditions. Many of the EPMs have small (~10%) areas of Category B Environmentally Sensitive Areas, but these are not expected to unduly affect exploration.

Three of the EPMs include indigenous cultural heritage sites. The locations of these have been determined, but the restrictions on proximity access to these sites has not been investigated. All but two of the EPMs are subject to Native Title agreements, whereas Native Title has been extinguished in all the mining tenements.

There are several ongoing financial and regulatory commitments that Ausmex must meet should it exercise its option on these tenements.

Geos Mining considers that all of the mineral tenements under consideration by Ausmex are in good standing.



Signature:

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Qualifications:

BSc (Hons), MAIG, RPGeo

Date:

31 January 2017

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# Contents

<b>EXECUTIVE SUMMARY .....</b>	<b>1</b>
<b>1. INTRODUCTION.....</b>	<b>5</b>
1.1 COMMISSIONING ENTITY .....	5
1.2 INDEMNITIES .....	5
1.3 BACKGROUND .....	5
1.4 STANDARDS AND CODES.....	6
1.5 STATEMENT OF COMPETENCE.....	6
1.6 STATEMENT OF INDEPENDENCE.....	8
1.7 RELIANCE ON OTHER SPECIALISTS.....	9
1.8 REASONABLENESS STATEMENT .....	9
1.9 REMUNERATION .....	9
1.10 LIMITATIONS AND CONSENT.....	9
<b>2. SOURCES OF INFORMATION .....</b>	<b>10</b>
2.1 DATA PROVIDED BY COMMISSIONING CLIENT .....	10
2.2 DATA NOT SIGHTED .....	11
2.3 SITE INSPECTION .....	11
<b>3. CORPORATE STRUCTURE .....</b>	<b>11</b>
<b>4. TENEMENT COMMENTARY .....</b>	<b>12</b>
4.1 TENEMENT LOCATION AND ACCESS .....	12
4.2 TENEMENT DETAILS AND CONDITIONS .....	12
EXPLORATION PERMITS.....	12
MINING TENEMENTS.....	13
4.3 TENEMENT EXCLUSIONS .....	21
4.4 OVERLAPPING AND ADJOINING TITLES AND APPLICATIONS .....	21
4.5 ENCUMBRANCES.....	22
4.6 EXEMPT AREAS.....	22
4.7 LANDHOLDERS, ACCESS AND COMPENSATION.....	22
4.8 CONTINUITY OF TENURE.....	26
4.9 ENVIRONMENTAL CONSIDERATIONS.....	29
ENVIRONMENTAL AUTHORITIES - CONDITIONS AND OBLIGATIONS.....	29
ENVIRONMENTALLY SENSITIVE AREAS .....	32
ENVIRONMENTAL CONSTRAINTS .....	35
4.10 INFRASTRUCTURE CONSTRAINTS.....	35
4.11 CULTURAL HERITAGE .....	35
ABORIGINAL HERITAGE .....	35
EUROPEAN HERITAGE .....	39
4.12 NATIVE TITLE .....	39
MINING CLAIM AND MINING LEASE NATIVE TITLE STATUS.....	42
4.13 FUTURE OBLIGATIONS.....	42
<b>5. CONCLUSIONS.....</b>	<b>44</b>
<b>6. BIBLIOGRAPHY.....</b>	<b>44</b>
<b>7. TERMS AND DEFINITIONS .....</b>	<b>44</b>
<b>8. APPENDIX – TENEMENT MAPS.....</b>	<b>46</b>

## Tables

TABLE 1: CLONCURRY NORTH GROUP OF TENEMENTS .....	18
TABLE 2: CLONCURRY SOUTH GROUP OF TENEMENTS .....	20
TABLE 3: TENEMENT LANDHOLDER AGREEMENTS .....	25
TABLE 4: ENVIRONMENTAL AUTHORITIES .....	31
TABLE 5: ENVIRONMENTALLY SENSITIVE AREAS .....	33
TABLE 6: RECORDED INDIGENOUS HERITAGE SITES .....	36
TABLE 7: NATIVE TITLE AGREEMENTS .....	41
TABLE 8: FINANCIAL COMMITMENTS.....	43

## Figures

FIGURE 1: TENEMENT REGIONAL LOCATION .....	14
FIGURE 2: CLONCURRY NORTH TENEMENT LOCATION .....	15
FIGURE 3: CLONCURRY TENEMENT LOCATION .....	16
FIGURE 4: SURFACE DISTURBANCE ON ML2709 AND ML2718 .....	27
FIGURE 5: SURFACE DISTURBANCE ON ML2713 .....	27
FIGURE 6: SURFACE DISTURBANCE ON ML2719 .....	28
FIGURE 7: SURFACE DISTURBANCE ML2741 AND ML2752 .....	28
FIGURE 8: SURFACE DISTURBANCE MLs 2741, 2742, 2750, 2763 .....	29
FIGURE 9: ENVIRONMENTALLY SENSITIVE AREAS.....	34
FIGURE 10: ABORIGINAL HERITAGE SITES IN EPM14163 AND ML2763 .....	37
FIGURE 11: ABORIGINAL HERITAGE SITES IN EPM14475 .....	38
FIGURE 12: ABORIGINAL HERITAGE SITES IN EPM15706 .....	38
FIGURE 13: REGISTERED AND DETERMINED NATIVE TITLE PARTIES.....	40
FIGURE 14: TENEMENT MAP EPM18106 AND MLs 90104, 90103.....	46
FIGURE 15: TENEMENT MAP ML2535 .....	47
FIGURE 16: TENEMENT MAP EPM25669 .....	48
FIGURE 17: TENEMENT MAP EPM16078 .....	49
FIGURE 18: TENEMENT MAP – MINING CLAIMS AND MLs 2518, 7498 .....	50
FIGURE 19: TENEMENT MAP EPM15706 .....	51
FIGURE 20: TENEMENT MAP EPM14475 AND ASSOCIATED MLs .....	52
FIGURE 21: TENEMENT MAP MLs 2719, 2718, 2713, 2709 .....	53
FIGURE 22: TENEMENT MAP EPM15858 .....	54
FIGURE 23: TENEMENT MAP EPMS 18286 AND 15858 .....	55
FIGURE 24: TENEMENT MAP EPM14163 .....	56
FIGURE 25: TENEMENT MAP MLs 2752, 2741, 2763, 2742, 2750 .....	57

# 1. Introduction

## 1.1 COMMISSIONING ENTITY

This independent tenement report was commissioned by Ausmex Mining Limited (Ausmex).

## 1.2 INDEMNITIES

In commissioning this work, Ausmex Mining Limited signed a written undertaking to:

- provide all material information in its possession to Geos Mining;
- ensure that necessary access will be assured for Geos Mining staff to the company's personnel and records;
- inform Geos Mining if any information is to be regarded as confidential and not to be included in the final report;
- respect the independence of Geos Mining Staff.

In accordance with Clause 11.4 of the VALMIN Code 2015, Ausmex Mining Limited also undertook to indemnify Geos Mining for any liability:

- resulting from their reliance on information provided by Ausmex Mining Limited that is materially inaccurate or incomplete; and
- relating to any consequential extension of workload through queries, questions or public hearings arising from the Public Report.

## 1.3 BACKGROUND

Ausmex Mining Limited (Ausmex) holds an option on a beneficial interest in gold-copper exploration projects in Queensland and the sole owner of EL5881, a gold copper phosphate exploration project in South Australia. On 5 December 2016, Eumeralla Resources Limited (Eumeralla) announced that "it has entered into a binding heads of agreement in relation to the acquisition of all of the securities in unlisted Australian public company Ausmex Mining Limited....".

This report is concerned only with the Ausmex portfolio of tenements in Queensland, which are either:

- under option to acquire a 60% interest for listed shares (or cash payment); or
- under option to acquire a 100% interest for cash; or
- interests held under exploration licence application.

The sole purpose of this report is to provide an independent assessment of tenement details, any post grant approvals or impediments, past expenditure and future expenditure commitments, ownership and details of any co-venturers, as well as details of liabilities, encumbrances and Native Title considerations.

This report is intended for inclusion in a prospectus to be issued in connection with the proposed listing of the merged Eumeralla Resources Limited and Ausmex Mining Limited (to be re-named Ausmex Mining Group Limited) on to the Australian Stock Exchange.

The date of this independent tenement report is 31 January 2017.

## 1.4 STANDARDS AND CODES

This independent tenement report has been prepared in accordance with:

- The VALMIN Code 2015, prepared by the VALMIN Committee, a joint committee of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists, with the participation of the Minerals Council of Australia and other key stakeholder representatives (The Valmin Committee, 2016)
- ASX Listing Rules
- Australian corporations law (Commonwealth Government of Australia, 2001)

## 1.5 STATEMENT OF COMPETENCE

This report has been prepared by Geos Mining and has been compiled and edited by Senior Consultants Jeff Randell and Andrew Todd. Principal Consultant Murray Hutton has reviewed the document.

**Jeff Randell**

SENIOR CONSULTANT: CORPORATE AND MINERALS

Jeff Randell has 17 years' experience in exploration and mining tenement management across Australia and is an experienced exploration and mining geologist having worked in Australia and overseas for more than 35 years.

### Key Skills

- VALMIN Code 2015 Specialist
- JORC 2012 Competent Person (gold, bauxite, nickel and base metals)
- Widely experienced professional geologist in exploration, mining and tenement management
- Qualified Senior Site Executive (SSE) for exploration programs within Queensland
- Detailed knowledge of work health and safety legislation and implementation

## Qualifications

**1970 – 73** Flinders University of South Australia, BSc. (Hons)

## Professional Memberships

Member of the Australian Institute of Geoscientists  
Registered Professional Geoscientist

## Summary of Experience

**2008 - current** **Geos Mining:** Project Manager/ Senior Consultant

- Extensive experience in gold, and base metals and bauxite exploration in Australia
- Management of the tenement and agreement business for a number of clients
- Technical assessments, project management, OHS systems and corporate aspects

**1999 - 2008** **Triako/ CBH Resources** Senior Exploration Geologist

- Maintained the company's mineral tenement and joint venture database
- Established OHS&E documentation and procedures
- Supervised technical and admin staff to ensure statutory and corporate reporting compliance.
- Monitored geological project results and provided technical advice.

**Previous** **Various**

- Four years as a mine geologist on the Kambalda nickel field
- Seventeen years of base metal and gold exploration with Shell/ Billiton in a broad range of geological environments and commodities throughout Australia
- Four years as assistant to the General Manager of Plutonic Operations advising on various corporate and administrative aspects of the business.

**Andrew Todd**

SENIOR CONSULTANT: COAL

## Key Skills

- VALMIN Code 2015 Specialist
- JORC Code 2012 Competent Person (coal mineral resources and exploration results)
- Coal exploration management experience with thermal and coking coals
- Coal mining experience in Central Queensland coking and thermal coal mines, involving pit to port coal quality management
- Groundwater investigation and monitoring.

## Qualifications

**1977** **BSc. (Earth Sciences),** University of Waikato, New Zealand

1982      **MSc (Hons), Earth Sciences**, University of Waikato, New Zealand  
 2006      **Australian Groundwater School Certificate**, Australian Centre for Groundwater Studies

## Professional Memberships

Member of Australian Institute of Mining and Metallurgy

## Summary of Experience

- 2011 – present      **Geos Mining: Project Manager / Senior Consultant**
- Involved with several coal resource valuation projects, including on-going annual and quarterly valuations
  - Coal and mineral sand resource assessment and estimation
  - Independent technical reporting for coal projects; mine site production reconciliation; and coal exploration management.
- 2001 – 2011      **Queensland University of Technology** Project hydrogeologist
- SEQ Catchments Ltd:** Groundwater Projects Officer
- Maroochy Waterwatch Inc.:** Projects officer
- 1996 – 1998:      **Callide Coalfields Pty Ltd:** Coal Quality Systems Officer
- Provided support to the coal quality control officer, and developing new coal quality control procedures.
- 1977 – 1995:      **Various**
- Coal Quality Engineer with South Blackwater Coal Pty Ltd
  - Coal Quality Geologist with Newlands Coal Pty Ltd
  - Coal Geologist with PT Adaro Indonesia
  - Coal Geologist with Applied Geology Associates Ltd.
  - Geological Assistant with NZ State Coal Mines and NZ Geological Survey

## 1.6 STATEMENT OF INDEPENDENCE

Geos Mining is independent of all parties involved with the project activities described in this report. Geos Mining has received a professional fee based on standard rates, plus reimbursement of out of pocket expenses for the preparation of this report. The payment of these fees is not contingent upon the success or otherwise of any associated fundraising or transactions. There are no pecuniary or other interests that could be reasonably regarded as being capable of affecting the independence of Geos Mining or the authors of this report.

Geos Mining is not aware of any appointments over the past two years by any stakeholders or other relevant parties involved in the tenements being reviewed that may be perceived as affecting the independence of Geos Mining. Geos Mining, the authors and members of the authors' families, have no interest in, or entitlement to, any of the project areas the subject of this report.

### 1.7 RELIANCE ON OTHER SPECIALISTS

Many aspects of this report have been prepared based on communications and advice with and documents provided by Catherine Dupont, who is the Authorised Holder Representative for all the tenements of interest.

### 1.8 REASONABLENESS STATEMENT

In undertaking this independent tenement report, Geos Mining has assessed relevant material in an impartial, rational, realistic and logical manner. We believe that the approach and methods used are in line with industry standards and meet the Reasonable Grounds Requirement of the VALMIN Code 2015.

### 1.9 REMUNERATION

Geos Mining is to be remunerated on a fixed fee basis for undertaking this independent tenement report, with no bonus payment to be made based on the content of the report or the success of any resulting transaction.

The fee agreed between Geos Mining and Ausmex Mining Limited is \$15,000 Australian Dollars.

### 1.10 LIMITATIONS AND CONSENT

With respect to this report and its use by Ausmex Mining Limited and its advisers, Ausmex Mining Limited agrees to indemnify and hold harmless Geos Mining, its shareholders, directors, officers and associates against any and all losses, claims, damages, liabilities or actions to which they or any of them may become subject under any securities act, statute or common law, except in respect to fraudulent conduct, negligence or wilful misconduct, and will reimburse them on a current basis for any legal or other expenses incurred by them in connection with the investigation of any claims or defence of any actions, except where they or any of them are found liable for, or guilty of fraudulent conduct, negligence or wilful misconduct.

This report is provided to Ausmex Mining Limited solely for the purpose of assisting Ausmex Mining Limited and Eumeralla Resources Limited directors and other interested parties in assessing the listed tenements. This report does not constitute a full audit, but rather seeks to provide an independent overview of the listed tenements.

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

## 2. Sources of Information

### 2.1 DATA PROVIDED BY COMMISSIONING CLIENT

Ausmex has provided the following data to Geos Mining:

- **Cultural Heritage/ Native Title Agreements**
  - Deed of Variation between Flamingo Copper Mines P/L and Kalkadoon People #4 in respect of EPM 18626, 18627, 18097, 18106, 18657, dated and signed on 4 September 2011
  - Ancillary Agreement between Mitakoodi People and Matrix Metals Limited in respect of EPM 14148, 14450, 14163 and 14475, signed and dated 28 June 2004
  - S31 Deed between Mitakoodi and Mayi People and Matrix Metals Limited and The State of Queensland in respect of EPM 15858 and 15897, dated 1 April 2008 (signed by Matrix only)
  - Native Title and Heritage Protection Agreement between Mitakoodi People and Matrix Metals Limited in respect of EPM 15858 and 15897, draft document only
  - Exploration Agreement between Kalkadoon People #4 and #5 and Queensland Mining Corporation Limited in respect of EPM 16078 and 16628, dated 20 October 2009 (signed by QMC only)
  - Exploration Agreement between Kalkadoon People #4 and #5 and Flamingo Copper Mines P/L in respect of EPM 17246-17251, 17322-17324, dated 20 October 2009 (signed by Flamingo only)
  - Ancillary Agreement between Mitakoodi People and North Queensland Mines P/L in respect of EPM 15706, not signed or dated [2007]
- **Landowner Compensation Agreements**
  - North Australian Pastoral Company P/L and Flamingo Copper Mines P/L in respect of EPM 18106 (Lot59 Plan TG40) for 3 RC holes; undated but ~June 2015
  - Daniels, Kennedy, Mt Norma Mining Company P/L, North Queensland Mines P/L and Spinifex Mines P/L in respect of ML 2506, 2550, 2551, 2547, 2741, 2742, 2750, 2752, 2763, 90149 and MLA 90172-90176 (Lot 4640 Plan PH1434, Lot 4143 PH821, Lot 4893 Plan PH2202, Lot 4641 Plan PH1473) signed and dated 25 May 2014
  - Cloncurry Shire Council and Spinifex Mines P/L in respect of ML 2709 and council roads, signed and dated 4 June 2013
  - Cloncurry Shire Council and Spinifex Mines P/L in respect of ML 2752 and council roads, signed and dated 4 June 2013
- **Sale Agreement**
  - Queensland Mining Corporation P/L (QMC), Cudoco Limited, Kaldig P/L, shareholders of Kryptonite Battery Co. Ltd and Flamingo Copper Mines P/L in respect of the acquisition of assets held by Cudoco, Kaldig, Kryptonite and Flamingo by QMC, including MC4348, MC4349 and MC4350, dated and signed 16 March 2007
- **Annual Reports**
  - 2015 annual reports for EPMs 14163, 14475, 15706, 15858, 18106

- 2016 annual reports for EPMs 16078, 18286, 25669
- Licence Documents
  - EPMs 18286, 25669
- Licence Renewal Applications
  - MC 4348-4350, ML 2518, 90103, 90104
- Environmental Authorities
  - ML 2518, 2535, 2709, 2713, 2718, 2719, 7498, 90103, 90104
  - MC 4348, 4349, 4350
  - EPM 25669
- Variation of Conditions
  - EPM 14163, 14475, 15706, 15858, 16078, 18106, 18286

## 2.2 DATA NOT SIGHTED

- Ancillary agreement between Flamingo Copper Mines P/L and Kalkadoon People #4, dated 20 October 2009

## 2.3 SITE INSPECTION

Site inspections have not been undertaken, and are considered unnecessary for the determination of the validity, ownership and encumbrances associated with the listed tenements.

# 3. Corporate Structure

Queensland Mining Corporation Limited (QMC) is a listed company on the ASX with 60% of the shares held by two entities. The company has a number of wholly owned subsidiaries that are registered holders of the tenements (Queensland Mining Corporation Limited, 2016) that are the subject of this independent report:

- North Queensland Mines Pty Ltd
- Mt Norma Mining Company Pty Ltd
- Flamingo Copper Mines Pty Ltd
- Spinifex Mines Pty Ltd
- White Range Mines Pty Ltd
- QMC Exploration Pty Ltd

All companies are registered with Australian Securities & Investments Commission (ASIC).

We note that one tenement (MC4348) is registered as being held by CuDeco Limited. Geos Mining has sighted evidence of transfer of this tenement to QMC as a sale agreement where it is stated that this tenement is held in trust by Cudeco Limited.

## 4. Tenement Commentary

### 4.1 TENEMENT LOCATION AND ACCESS

Ausmex are acquiring a beneficial interest in eight Exploration Permits for Minerals (EPMs), three Mining Claims (MCs) and 14 Mining Leases (MLs) within about 120km of Cloncurry township in North West Queensland, which is within the Mount Isa Mining District and Cloncurry Shire (Figure 1).

The tenements have been grouped by Ausmex into:

- Cloncurry North group (Figure 2), comprising scattered EPMs (4), mining claims (3) and mining leases (5); and
- Cloncurry group (Figure 3), comprising scattered EPMs (4), of which EPM 15858 is in three parts, and two groups of mining leases (9). One group comprises 5 adjoining tenements at the south-eastern end of EPM14163, while the second consists of 4 adjoining mining leases within EPM14475.

More detailed tenement location maps are presented in Appendix – Tenement Maps.

Established highways and roads provide good access into these areas and to some of the tenements, while access to and within tenements is via privately owned station tracks. Station track access is, in some areas, subject to flooding during the wet season. There is a domestic airport just to the north of Cloncurry and the Great Northern railway line connects Cloncurry to Mt Isa, to the west, and to Townsville, to the east.

Topography for all of the tenements is either flat or flat to gently undulating, with minor localised relief. Ephemeral drainage lines, some of which are broad and subject to seasonal flooding, pass through all tenements.

### 4.2 TENEMENT DETAILS AND CONDITIONS

#### EXPLORATION PERMITS

The exploration permits comprise two groups (Table 1 and Table 2)

- Four exploration tenements located up to 45km to the south-east of Cloncurry;
- Four exploration tenements scattered over an area from immediately west of Cloncurry to about 115 km to the north.

We have not been able to view any original licence documents as they have not been retained by the holders (C Dupont, pers.comm.). However, advice from the Department of Natural Resources and Mines indicates that most information is available as a public record.

We have also viewed all documents relating to the Variation of Conditions in regard to expenditure commitments and area reductions, with the exception of dealing 181229 (EPM14163). Advice from the Authorised Holder Representative (C. DuPont) indicates that all rental and rates payments have been made and that securities totalling \$111,461<sup>1</sup> are current. Geos Mining has only sighted the rental invoice for EPM 14163. We have not sighted any evidence of securities held in respect of the tenements.

#### MINING TENEMENTS

The current status of these tenements is shown in Table 1 and Table 2. Mining Claims (MC4348, MC4349 and MC4350) are located about 55km to the west of Cloncurry. Mining lease ML2518 is located about 1km to the south-east of Mining Claim MC4349. Mining leases ML90103 and ML90104 are located 2 km to the east of EPM18106.

Four adjoining Mining Leases are located within EPM14475. These include the historical Gilded Rose, Boomerang, Gilt Edge and Silver Lining underground mines and QMCL's CIL Gold Plant that is currently under Care and Maintenance.

Five adjoining Mining Leases are located to the south-east of EPM14163. These include the Mt Freda opencut mine, which ceased operation in 1991 and is currently under Care and Maintenance. Substantial infrastructure apparently remains, including surface infrastructure at the mine site and a carbon-in-pulp treatment plant, a carbon stripping and electro winning plant, and a CIP batch plant located in the Gilded Rose prospect 20km to the north.

We have not sighted any evidence of the securities held in respect of the mining tenements but have had verbal advice from the AHR.

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<sup>1</sup> The security for ML 2535 is part of a group of MLs not included in the Ausmex tenements

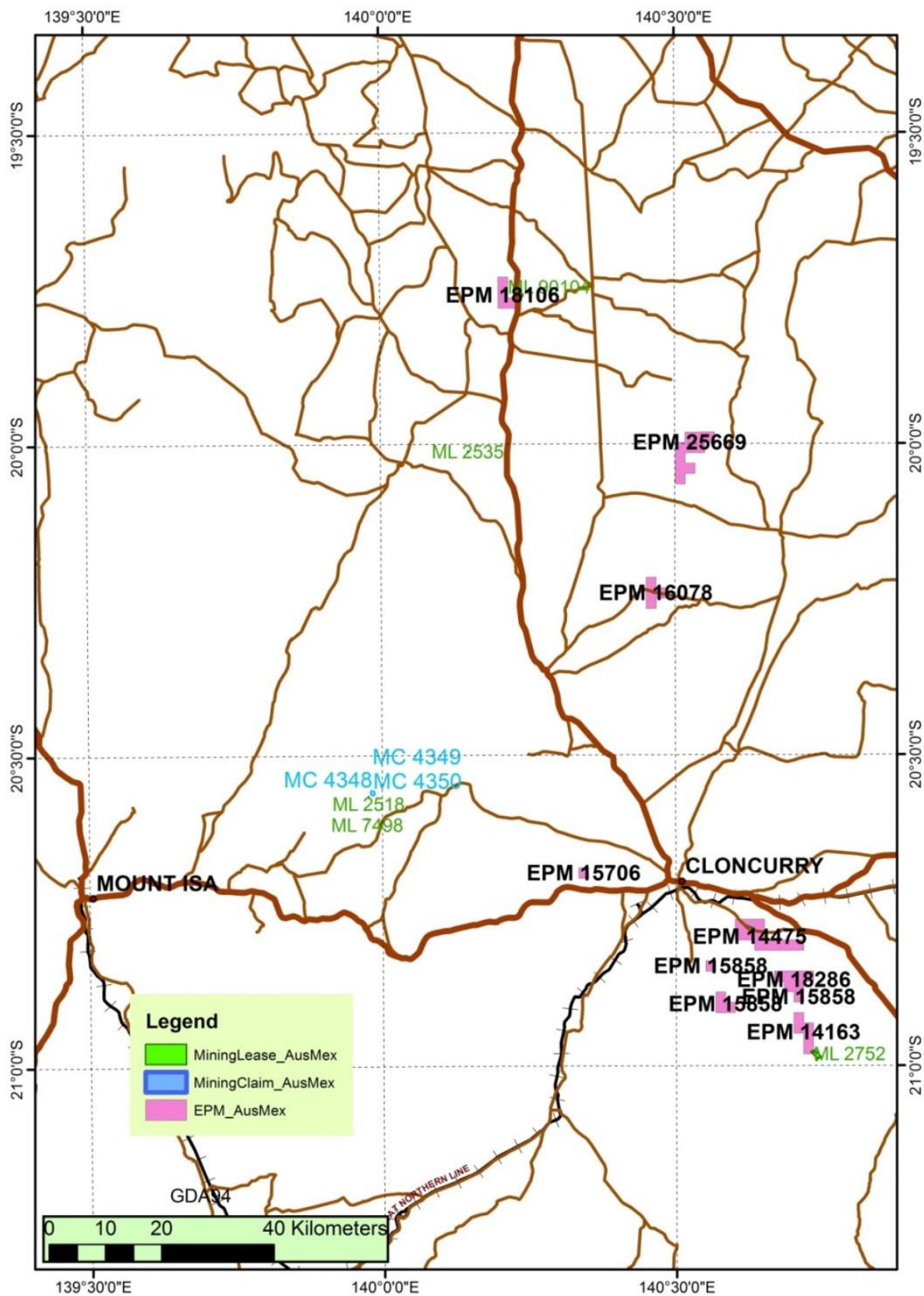


Figure 1: Tenement Regional Location

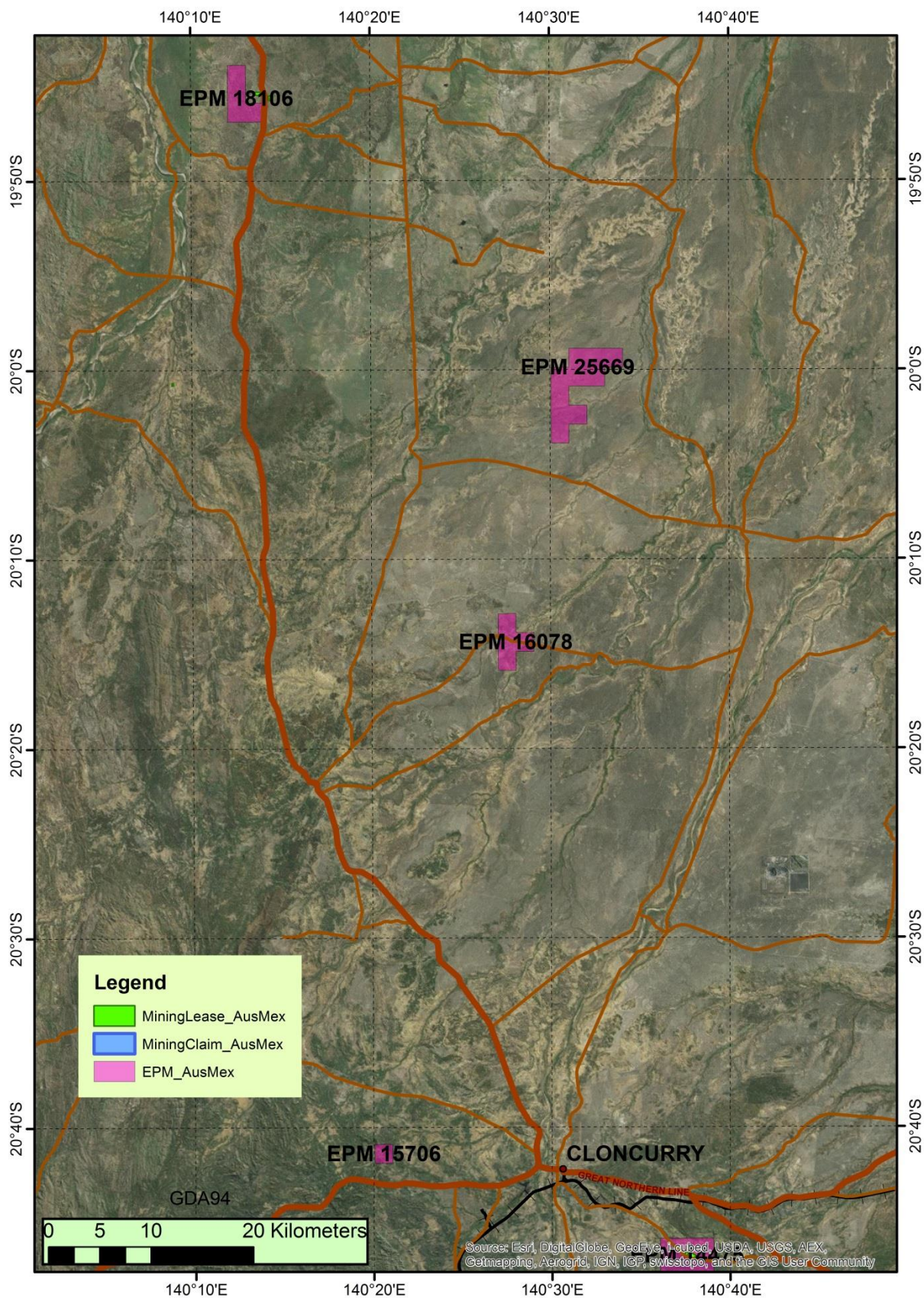


Figure 2: Cloncurry North Tenement Location

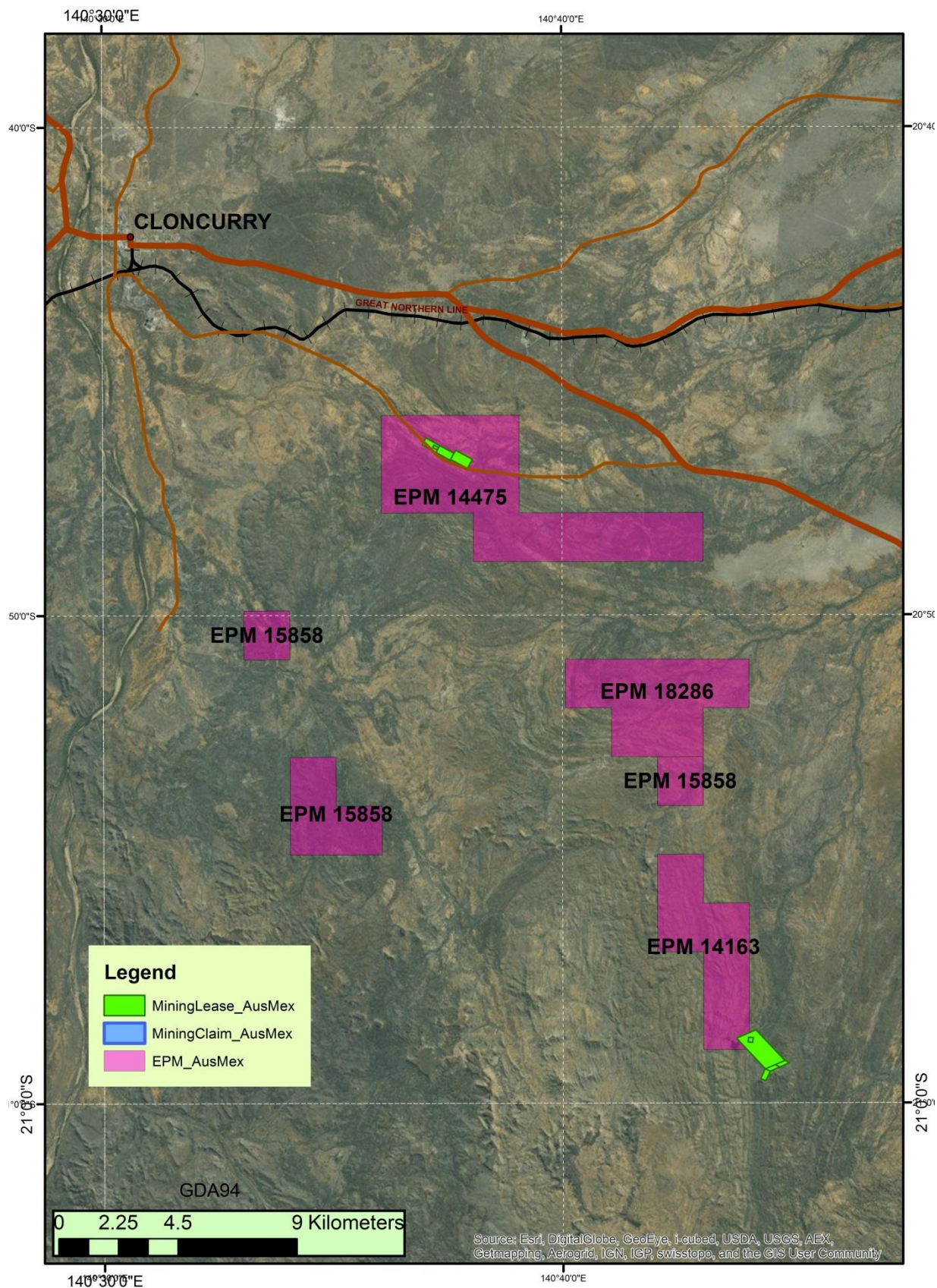


Figure 3: Cloncurry Tenement Location

Tenement	Project Name	Holder	Grant Date	Expiry Date	Area (sub blocks)	Status	Future Requirements	Current Expenditure Condition	Current Term Expenditure to Date	Annual Report Due
<b>EPM15706</b>	Morris Creek	Qld Mining Corporation Limited	30/04/2008	29/04/2018	1	Granted	None	\$110,000 Years 9-10		29/05/2017
<b>EPM16078</b>	Jessievale	Qld Mining Corporation Limited	7/02/2008	6/02/2018	4	Granted	Reduce by 50% at renewal	\$130,000 Years 9-10		06/03/2017
<b>EPM18106</b>	Flamingo West	Flamingo Copper Mines Pty Ltd	21/11/2012	20/11/2017	4	Granted	Reduce by 50% at renewal	\$75,000 Years 4-5	2015-2016 \$74,600	20/12/2017
<b>EPM25669</b>	Jacky's Creek	Flamingo Copper Mines Pty Ltd	7/04/2015	6/04/2020	10	Granted	Reduce by 40% in 2018 then 50% on renewal	\$123,000 Years 1-3	2015-2016 \$2,900	06/05/2017

Tenement	Project Name	Holder	Grant Date	Expiry Date	Area (ha)	Status	Purpose	Minerals
<b>MC4348</b>	Mt Debbie 3	Cudoco Limited <sup>2</sup>	14/10/1986	31/10/2016	1.00	Renewal Lodged 27/04/2016	Stockpile ore / overburden, tailings / settling dam, treatment plant / mill site.	Cu, Au, Pb, Ag, Zn
<b>MC4349</b>	Mt Debbie 2	Queensland Mining Corporation Limited	14/10/1986	31/10/2016	1.00	Renewal Lodged 28/04/2016	Stockpile ore / overburden, tailings / settling dam, treatment plant / mill site.	Cu, Au, Pb, Ag, Zn
<b>MC4350</b>	Mt Debbie 1	Queensland Mining Corporation Limited	14/10/1986	31/10/2016	1.00	Renewal Lodged 28/04/2016	Stockpile ore / overburden, tailings / settling dam, treatment plant / mill site.	Cu, Au, Pb, Ag, Zn

<sup>2</sup> MC4348, MC4349 and MC4350 were sold to Queensland Mining Corporation Limited in 2007. MC4348 has not been transferred to QMC as only two MCs can be held by one holder. MC4348 is awaiting transfer to a separate entity and is currently held in trust by Cudoco.

Tenement	Project Name	Holder	Grant Date	Expiry Date	Area (ha)	Status	Purpose	Minerals
<b>ML2518</b>	Winston Churchill	Queensland Mining Corporation Limited	22/11/1973	30/11/2010	2.02	Renewal Lodged 02/07/2010		Cu, Pb, Mo, Ni, Ag, S, Zn
<b>ML2535</b>	Sally	North Queensland Mines Pty Ltd	24/01/1974	31/01/2024	4.05	Granted	Includes road access	Cu
<b>ML7498</b>	Little Beauty	Queensland Mining Corporation Limited	19/12/1991	31/10/2020	2.00	Granted	Stockpile ore / overburden, tailings / settling dam, treatment plant / mill site. Includes road access	Cu, Au, Pb, Ag, Zn
<b>ML90103</b>	New Snowball	Flamingo Copper Mines Pty Ltd	17/10/1996	31/10/2016	18.00	Renewal Lodged 20/04/2016	Includes road access	Co, Cu, Au
<b>ML90104</b>	Mossy's Dream	Flamingo Copper Mines Pty Ltd	17/10/1996	31/10/2016	24.00	Renewal Lodged 21/04/2016	Includes road access	Co, Cu, Au

Table 1: Cloncurry North Group of Tenements

Tenement	Project Name	Holder	Grant Date	Expiry Date	Area (sub blocks)	Status	Future Requirements	Current Expenditure Condition	Current Term Expenditure to Date	Annual Report Due
<b>EPM14163</b>	White Range #2	Mt Norma Mining Company Pty Limited	19/10/2004	18/10/2019	5	Granted	Reduce by 40% at renewal	\$162,000 Years 13-15		18/11/2017
<b>EPM14475</b>	White Range #4	Spinifex Mines Pty Ltd	27/06/2005	26/06/2017	11	Granted	Reduce by 4sb Year 12	\$not stated Year 12	2015-2016 \$18,555	26/07/2017
<b>EPM15858</b>	Sunny Mount	QMC Exploration Pty Limited	23/10/2008	22/10/2018	5	Granted	Reduce by 50% at renewal	\$110,000 Years 9-10		22/11/2017
<b>EPM18286</b>	Elder Creek	Flamingo Copper Mines Pty Ltd	14/01/2013	13/01/2018	6	Granted	Reduce by 50% at renewal	\$65,000 Years 4-5		13/02/2017

Tenement	Project Name	Holder	Grant Date	Expiry Date	Area (ha)	Status	Purpose	Minerals
<b>ML2709</b>	Gilded Rose	Spinifex Mines Pty Ltd	21/01/1982	31/01/2024	2.03	Granted	Mineral processing - copper	Au
<b>ML2713</b>	Gilded Rose Extd East	Spinifex Mines Pty Ltd	21/01/1982	31/01/2024	18.21	Granted	Mineral processing - copper	Au
<b>ML2718</b>	Gilded Rose Extd West	Spinifex Mines Pty Ltd	20/09/1984	30/09/2026	14.17	Granted	Mineral processing - copper	Au
<b>ML2719</b>	Gilt Edge Extd East 1	Spinifex Mines Pty Ltd	29/03/1984	31/03/2026	32.00	Granted		Au
<b>ML2741</b>	Mt Freda	Spinifex Mines Pty Ltd	29/05/1986	31/05/2028	3.80	Granted	Includes road access	Co, Cu, Au, Ag
<b>ML2742</b>	Evening Star	Spinifex Mines Pty Ltd	29/05/1986	31/05/2028	8.09	Granted	Includes road access	Co, Cu, Au, Ag
<b>ML2750</b>	Evening Star North Extd	Spinifex Mines Pty Ltd	26/01/1989	31/01/2028	5.14	Granted	Includes road access	Co, Cu, Au, Ag

Tenement	Project Name	Holder	Grant Date	Expiry Date	Area (ha)	Status	Purpose	Minerals
ML2752	Mt Freda Extd	Spinifex Mines Pty Ltd	23/02/1989	29/02/2028	116.48	Granted	Includes road access	Co, Cu, Au, Ag
ML2763	Evening Star North	Spinifex Mines Pty Ltd	08/06/1989	30/06/2028	8.00	Granted	Includes road access	Co, Cu, Au, Pt

Table 2: Cloncurry South Group of Tenements

### 4.3 TENEMENT EXCLUSIONS

Exclusions defined in the Mineral Resources Act 1989 include land:

- subject to a Mining Claim, Mining Lease or Mineral Development Licence, and their associated access ways, granted within an Exploration Permit at the time that the Exploration Permit was granted;
- subject to any pending Mining Claim, Mining Leases or Mineral Development Licence, and their associated access ways;
- vested in the Commonwealth of Australia;
- subject to any recognised environmental or cultural reserve; and
- subject to any mining reserve.
- protected environmental areas (ESAs) as may be defined in the Environmental Authority attached to each tenement (refer Section Environmental Considerations);

The detailed tenement maps in Appendix – Tenement Maps show any mining licences or licensed access ways held by other parties that occur within each EPM of interest. They also show land ownership, including road reserve areas. We note the following:

- EPM 15706 has an ML Access<sup>3</sup> area which passes through it, leading to ML 90188 (Cudeco holder) to the east. ML 90188 was granted on 09/12/2011 after EPM 15706 was granted; we have not sighted any agreement and therefore cannot comment as to whether there are any restrictions imposed by either party in regard to use of the access or its effect on exploration activities.
- A number of the tenements of interest have road reserve areas passing through them and this may impose some limit to activity. Land access and compensation arrangements are discussed in Section Landholders, Access and Compensation.
- There are no Restricted Areas or Nature Refuges identified within the immediate area of the tenements. However we note the Soldiers Cap Gem Site is located ~1 km to the south west of ML 2751.

### 4.4 OVERLAPPING AND ADJOINING TITLES AND APPLICATIONS

There are no Petroleum Leases or applications that overlap or adjoin the tenements of interest. The nearest petroleum permits include ATP914 about 60km to the south-east of the tenements and an application (ATP1112) about 50km to the north of the northernmost tenement (EPM 18106).

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<sup>3</sup> We note that this is not shown on the Qld Gov Mines Online website

Detailed tenement maps in Appendix – Tenement Maps show any overlapping or adjoining mining licences, and their associated access ways. We note the following:

- The Cloncurry area is almost entirely covered by mineral exploration titles, so that all of the tenements of interest adjoin or occur close to other titles;
- ML2750 and ML2763 adjoin ML2751 to the south; the latter was granted 14/01/1982 to Malaco Leichhardt Pty Ltd (Copperchem Limited);
- EPM14163 adjoins a number of MLs in the north held by Mt Norma Mining Company Ltd, including ML2551, which overlaps slightly into EPM14163 (Figure 24). ML2551 was granted on 24/01/1974, and therefore pre-dates and is excluded from EPM14163;
- The Mt Norma Mining Company group of MLs extend to within about 140m of a southern boundary of EPM15858 (eastern part; Figure 23);
- EPM15706 adjoins ML90177 to the north: the latter was granted 08/12/2011 and is currently held by Cudoco Limited
- A number of the tenements of interest are in close proximity to Moratorium areas for minerals.

#### 4.5 ENCUMBRANCES

The tenement information provided through the public report database available on the Department of Natural Resources and Mines (DNRM) website has not indicated any encumbrances applicable to any of the licences. We note however that there are no extant copies of original licence instruments or renewals held by the holders. This information is available through the DNRM but has not been sourced.

We note that each tenement of interest has an associated security held for the purpose of rehabilitation. These securities total \$111,261 and will need to be replaced, subject to Ausmex' exercise of the options with the current holders.

#### 4.6 EXEMPT AREAS

A search of the Queensland government Mines Online website has not indicated any exempt areas within the tenements, apart from those current due to pre-existing mineral title. No exempt environmental or heritage areas have been identified.

#### 4.7 LANDHOLDERS, ACCESS AND COMPENSATION

There are a number of access and compensation agreements current as listed below:

- Ancillary Agreement between Mitakoodi People and Matrix Metals Limited in respect of EPM15858 and EPM15897, signed and dated 28 June 2004
- Exploration Agreement between Kalkadoon People #4 and #5 and Queensland Mining Corporation Limited in respect of EPM16078 and EPM16628, dated 20 October 2009 (signed by QMC only)
- Exploration Agreement between Kalkadoon People #4 and #5 and Flamingo Copper Mines P/L in respect of EPMs 17246-17251 and 17322-17324, dated 20 October 2009 (signed by Flamingo only)
- North Australian Pastoral Company P/L and Flamingo Copper Mines P/L in respect of EPM18106 (Lot59 Plan TG40) for 3 RC holes; undated but ~June 2015
- Daniels, Kennedy, Mt Norma Mining Company P/L, North Queensland Mines P/L and Spinifex Mines P/L in respect of MLs 2506, 2550, 2551, 2547, 2741, 2742, 2750, 2752, 2763, 90149 and MLAs 90172-90176 (Lot 4640 Plan PH1434, Lot 4143 PH821, Lot 4893 Plan PH2202, Lot 4641 Plan PH1473) signed and dated 25 May 2014
- Cloncurry Shire Council and Spinifex Mines P/L in respect of ML2709 and council roads, signed and dated 4 June 2013
- Cloncurry Shire Council and Spinifex Mines P/L in respect of ML2752 and council roads, signed and dated 4 June 2013

A summary of the agreements is shown in Table 3. We have not carried out title searches to determine landholder names and the tenement holders have not provided this data. Geos Mining has received confirmation that all compensation payments have been made as required by the individual agreements (C. DuPont by email 09/02/2017).

Tenement	Landholders	Lot Plan	Tenure	Access and Compensation Agreement
EPM15706	Chumvale Station	521CP905413	Lands Lease	No access agreement sighted
EPM16078	Jessievale Station	3487SP247223; part 3GR11	Lands Lease	No access agreement sighted
EPM18106	Coolullah; Quail Creek	59TG40; 1LS14	Lands Lease	Not dated - drilling of 3 RC holes; 2 completed in June 2015
EPM25669	Cubbaroo; Granada/ Three Rivers;	3GR27 & 2GR27; 85PH1944 or 85SP271038	Lands Lease	No access agreement sighted
EPM14163	Soldiers Cap	4640/SP276146; Kuridala Road	Lands Lease	No access agreement sighted
EPM14475	Waltonvale; Elder Creek; Martindale	4CP884304; 4143PH821; 4105PH2186	Lands Lease	No access agreement sighted
EPM15858	Elder Creek Holding	4893SP259551; 4143SP276147 or PH821	Lands Lease	No access agreement sighted
EPM18286	Elder Creek Holding	4143/SP276147	Lands Lease	No access agreement sighted
MC4348	Timberu Holding	220/SP177588	Lands Lease	No access agreement sighted
MC4349	Timberu Holding	220/SP177588	Lands Lease	No access agreement sighted
MC4350	Timberu Holding	220/SP177588	Lands Lease	No access agreement sighted
ML2518	Timberu Holding	220/SP177588	Lands Lease	No access agreement sighted
ML2535	Coolullah	59/TG40	Lands Lease	No access agreement sighted
ML7498	Timberu Holding	220/SP177588	Lands Lease	No access agreement sighted
ML90103	Three Rivers	570/OL118	Lands Lease	No access agreement sighted
ML90104	Quail Creek Holding	1/LS14	Lands Lease	No access agreement sighted
ML2709	Cloncurry Shire Council	Roads	Reserves	Signed but not dated – road use only
ML2709	Waltonvale	4CP884304; roads	Lands Lease	No access agreement sighted
ML2718	Waltonvale	4CP884304; roads	Lands Lease	No access agreement sighted
ML2713	Waltonvale	4CP884304; roads	Lands Lease	No access agreement sighted
ML2719	Waltonvale	4CP884304; roads	Lands Lease	No access agreement sighted

Tenement	Landholders	Lot Plan	Tenure	Access and Compensation Agreement
ML2752	Cloncurry Shire Council	Roads	Reserves	Signed but not dated – road use only
ML2741	Soldiers Cap  Daniels, Kennedy	4640/ SP276146		25/05/2014 – term until expiry. Only covers low impact soil sampling/ lagging and drilling (met and resource)
ML2742		Lots below identified on agreement:		
ML2752		4640PH1434,		
ML2750		4143PH821, 4893PH2202,		
ML2763		4641PH1473		

Table 3: Tenement Landholder Agreements

## 4.8 CONTINUITY OF TENURE

The tenement region has been actively explored and mined for more than a century and unsurprisingly, historic mining tenements cover some of the tenements that are the subject of this report. We have not investigated the tenure timeline for each tenement in detail but we do note that:

- ML90103 – historic MCs and MLs underlie the tenement
- MLs 2518, 90104 - historic MLs underlie the tenements
- MLs 2752, 7498 – historic MCs underlie the tenements
- MCs 4348-4350 - historic MLs underlie the tenements

All other mining tenements (MLs 2535, 2709, 2713, 2718, 2719, 2741, 2742, 2750 and 2763) have no recorded pre-existing tenure.

Continuity of tenure is an important factor in determining rehabilitation liability, i.e. continuous tenure gives grounds for the current holder to be exempt from historic surface disturbance. Conversely, non-continuous tenure indicates that liability for previous surface disturbance lies with the current holder.

For the purposes of this report and in the absence of a site visit or other detailed aerial photography, we have examined Google Earth images to determine likely surface disturbance on the following tenements:

- MLs 2709, 2718 (Figure 4)
- ML2713 (Figure 5)
- ML2719 (Figure 6)
- MLs 2741, 2752 (Figure 7)
- MLs 2741, 2742, 2750, 2763 (Figure 8)

All other mining tenements appear to have had only minor surface disturbance.

We have not estimated rehabilitation requirements or costed any rehabilitation program for these disturbed areas but note the value of the securities held in respect of each tenement.

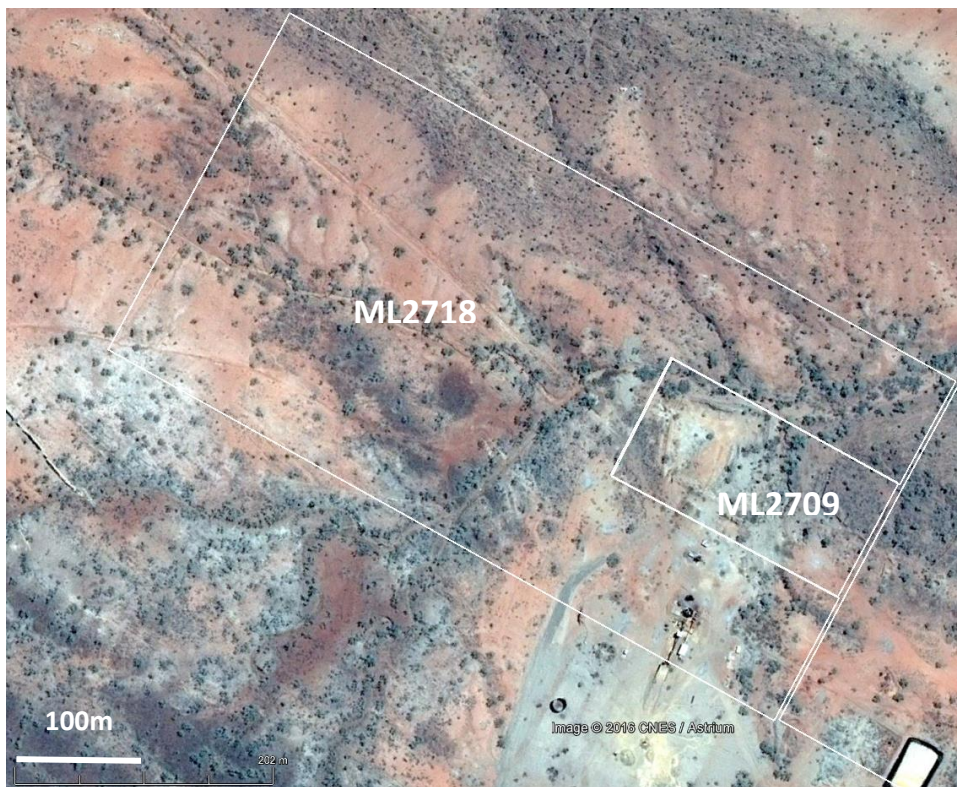


Figure 4: Surface disturbance on ML2709 and ML2718



Figure 5: Surface disturbance on ML2713



Figure 6: Surface disturbance on ML2719



Figure 7: Surface disturbance ML2741 and ML2752

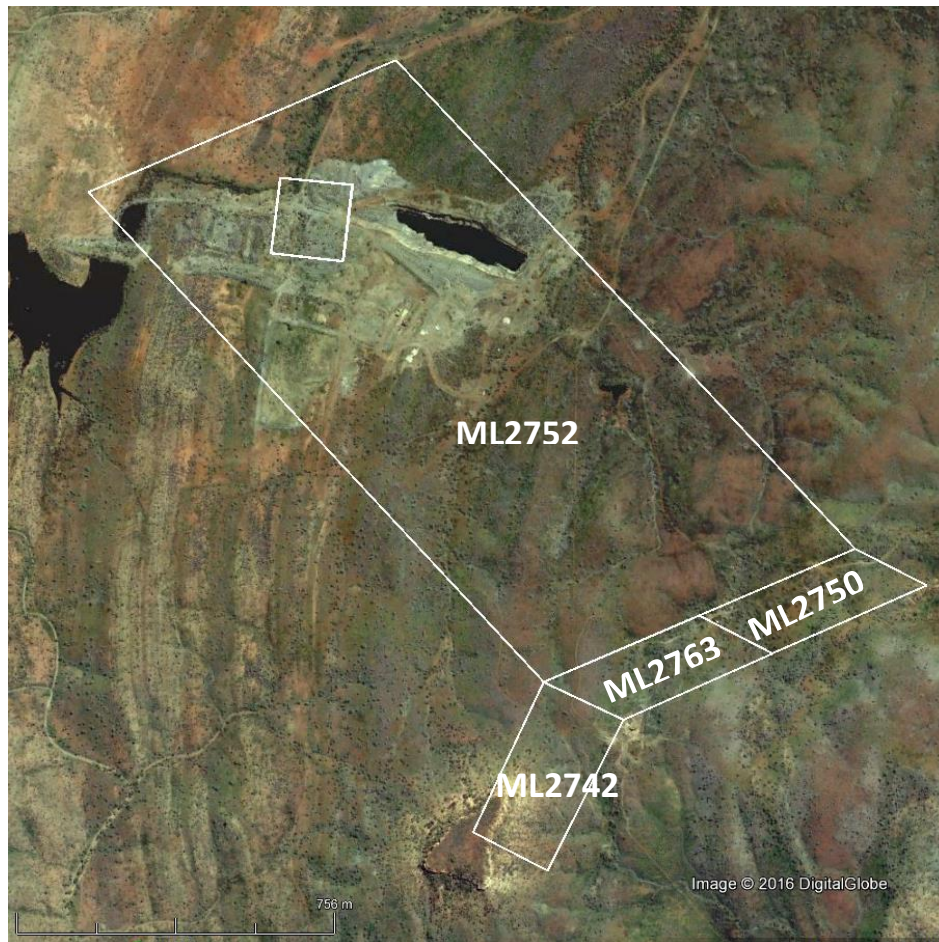


Figure 8: Surface disturbance MLs 2741, 2742, 2750, 2763

## 4.9 ENVIRONMENTAL CONSIDERATIONS

### ENVIRONMENTAL AUTHORITIES - CONDITIONS AND OBLIGATIONS

Environmental Authorities (EAs) for the Ausmex tenements of interest are listed in Table 4. The EAs are issued by the Qld Department of Environment and Heritage Protection under Chapter 5 of the Environmental Protection (EP) Act, 1994, for Environmentally Relevant Activities.

Environmental Authorities approved before 21/05/2014 refer to standard eligibility criteria and conditions that are defined separately under the Environmental Protection Act 1994 for EPMs, MCs, and MLs.

Environmental Authorities approved after 21/05/2014 refer to separate codes of environmental compliance for these same activities, which are available on the Qld DEHP web site.

Tenement	Environmental Authority	Authority Type	Commenced	Anniversary Date	Security Held	Comments
EPM14163	EPSX00487413				\$2,500	EA documents have not been sighted
EPM14475	EPSX00538713				\$2,500	EA documents have not been sighted
EPM15706	EPSX00278013				\$2,500	EA documents have not been sighted
EPM15858	EPSX00554813				\$2,500	EA documents have not been sighted
EPM16078	EPSX00289113				\$2,500	EA documents have not been sighted
EPM18106	EPSX00488013				\$2,500	EA documents have not been sighted
EPM18286	EPSX00476813				\$2,500	EA documents have not been sighted
EPM25669	EPSX02251614	Mining - EPM	05/06/2014		\$2,500	EA documents have not been sighted
MC4348	MC 4348	Standard EA – Mining Claim	01/06/2004		\$200	
MC4349	MC 4349	Standard EA – Mining Claim	05/09/2011		\$200	
MC4350	MC 4350	Standard EA – Mining Claim	05/09/2011		\$200	
ML2518	EPSL00683513	Mining activity – level 2	01/12/2011	08 August	\$2,500	
ML2535	EPVL00808113	Mining activity – level 2?	22/05/2014	12 November	\$57,766 <sup>4</sup>	
ML2709	EPVL00673513	Mining activity – level 2	28/09/2012	30 October	\$13,395	Previously MIN203579612 - Includes conditions for acid leach (in vat) treatment of copper ore and rehabilitation requirement for acid waste
ML2713						
ML2718						
ML2719						
ML2741	EPVL00673613	Mining activity	25/01/2002		\$17,000	
ML2742						
ML2750						
ML2752						
ML2763						
ML7498	EPSL00672413	Mining activity – level 2	13/12/2011	08 August	nil	
ML90103	EPVL00386913	Mining - ML	20/08/2014	06 June	\$2,500	

<sup>4</sup> Joint security held with other non-Ausmex tenements

Tenement	Environmental Authority	Authority Type	Commenced	Anniversary Date	Security Held	Comments
ML90104	EPVL00386913	Mining - ML	20/08/2014	06 June		

Table 4: Environmental Authorities

## ENVIRONMENTALLY SENSITIVE AREAS

We have undertaken a search of Environmentally Sensitive Areas (ESAs) for Mining Activities (Qld Department of Environment and Heritage Protection website) for each tenement of interest. ESAs mapped in the area (Figure 9 and Table 5) include small areas of Category B, Endangered Regional Ecosystems (Biodiversity Status), which occur along many of the ephemeral drainage lines in the area. These impact five of the eight EPMs.

The Category B Endangered Regional Ecosystem areas include small remnant vegetation areas classified under the Vegetation Management Act (1999) as Endangered. A regional ecosystem is classified as 'endangered' if:

- remnant vegetation is less than 10% of its pre-clearing extent across the bioregion; or
- 10–30% of its pre-clearing extent remains and the remnant vegetation is less than 10,000ha.

General conditions applicable to 'Endangered Regional Ecosystems' ESAs include:

- Activities involving machinery permitted within 500m of Cat B ESAs but:
  - No clearing of mature tress
  - Drill sites <500m<sup>2</sup> and sumps <10m<sup>2</sup>
  - Rehabilitation, including re-vegetation to be completed within 6 months
- No new tracks, costeaning or camp sites permitted with 500m of an Endangered Regional Ecosystem

Geos Mining has not determined whether all these conditions have been adhered to.

There are no Category A (eg National or Conservation Parks) or Category C (Nature Refuges, State Forests) ESAs within the tenements of interest. Detailed maps of each tenement area are included in Appendix 1.

Tenement	Project Name	Area (km <sup>2</sup> or ha)	Category B ESA	
			Type	Affected Area of Tenement with 500m buffer (~%)
EPM14163	White Range #2	16.0	Endangered Regional Ecosystem	10
EPM14475	White Range #4	35.2	Endangered Regional Ecosystem	10
EPM15706	Morris Creek	3.2	Endangered Regional Ecosystem	30
EPM15858	Sunny Mount	16.0	Endangered Regional Ecosystem	25
EPM16078	Jessievale	12.9	Nil	
EPM18106	Flamingo West	12.9	Nil	
EPM18286	Elder Creek	19.2	Endangered Regional Ecosystem	25
EPM25669	Jacky's Creek	32.2	Nil	
MC4348	Mt Debbie 3	1.00	Nil	
MC4349	Mt Debbie 2	1.00	Nil	
MC4350	Mt Debbie 1	1.00	Nil	
ML2518	Winston Churchill	2.02	Nil	
ML2535	Sally	4.05	Nil	
ML2709	Gilded Rose	2.03	Nil	
ML2713	Gilded Rose Extd East	18.21	Nil	
ML2718	Gilded Rose Extd West	14.17	Nil	
ML2719	Gilt Edge Extd East 1	32.00	Nil	
ML2741	Mt Freda	3.80	Nil	
ML2742	Evening Star	8.09	Nil	
ML2750	Evening Star North Extd	5.14	Nil	
ML2752	Mt Freda Extd	116.48	Nil	
ML2763	Evening Star North	8.00	Nil	
ML7498	Little Beauty	2.00	Nil	
ML90103	New Snowball	18.00	Nil	
ML90104	Mossy's Dream	24.00	Nil	

Table 5: Environmentally Sensitive Areas

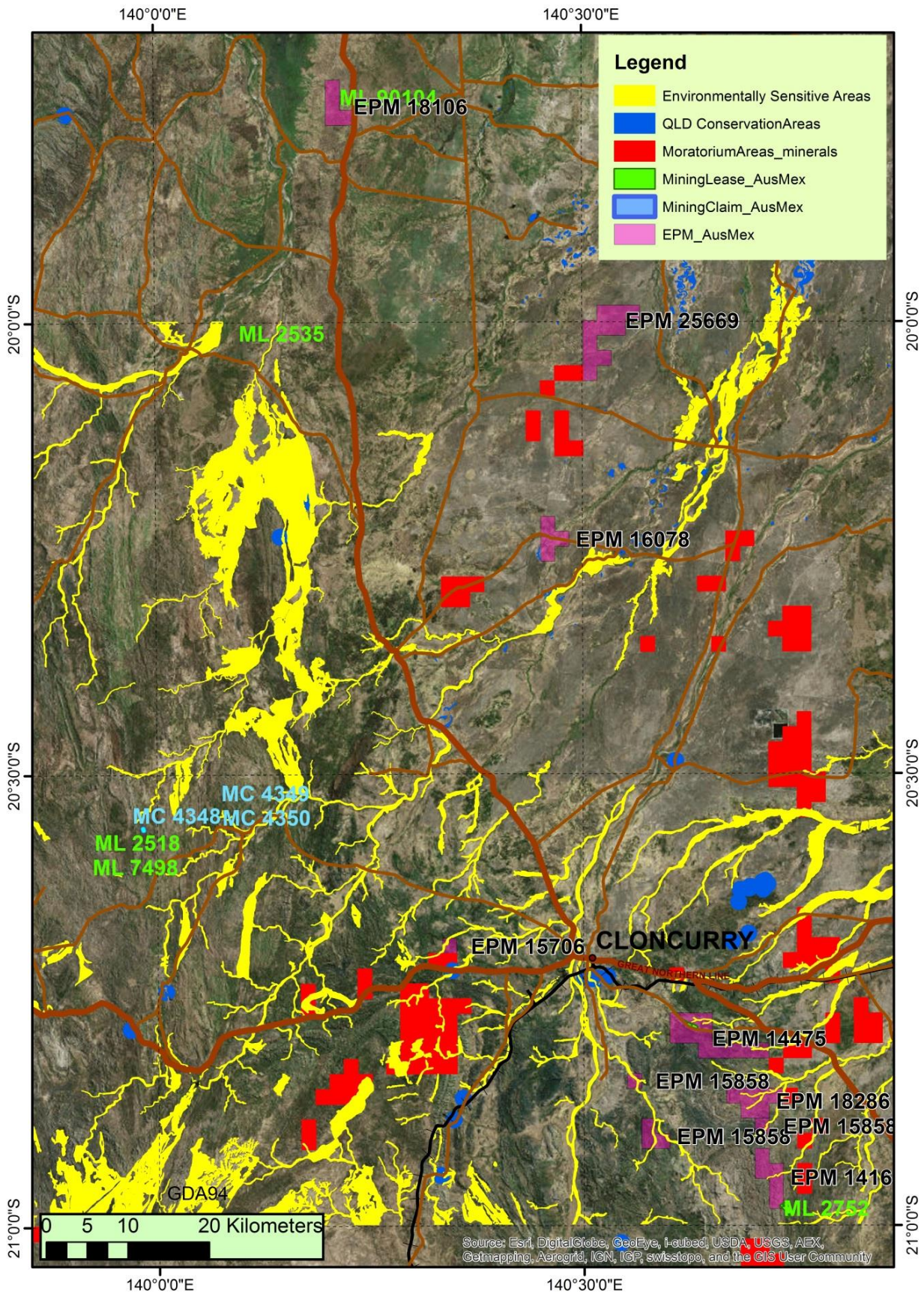


Figure 9: Environmentally Sensitive Areas

## ENVIRONMENTAL CONSTRAINTS

We note that there are Forest Management Areas identified over parts of EPMs 15706, 16078 and 18106. These are related to cadastral data and are expected to require communication with the Department of Agriculture and Fisheries prior to commencing any surface disturbing activities.

### 4.10 INFRASTRUCTURE CONSTRAINTS

Geos Mining has already commented in Section 4.2 in relation to infrastructure within certain Mining Leases. We have received advice that there are no restrictions, encumbrances or exclusions resulting from the presence of this infrastructure (C. DuPont by email 09/02/2017).

### 4.11 CULTURAL HERITAGE

#### ABORIGINAL HERITAGE

A search of the Department of Aboriginal and Torres Strait Islander Partnerships (DATSIP) database has indicated a number of aboriginal sites of heritage interest within the EPMs (Table 6 and Figure 10, Figure 11, Figure 12).

We note that specific details of the sites may be requested through DATSIP but it is recommended that the local aboriginal representatives be consulted prior to commencing exploration, in particular within EPM 15706.

Tenement	Project Name	Heritage Sites	
		Number	Type
<b>EPM14163</b>	White Range #2	2	Paintings, engravings
<b>EPM14475</b>	White Range #4	1	Artefact scatter
<b>EPM15706</b>	Morris Creek	10	Artefact scatters, quarries, wells, ovens
<b>EPM15858</b>	Sunny Mount	nil	
<b>EPM16078</b>	Jessievale	nil	
<b>EPM18106</b>	Flamingo West	nil	
<b>EPM18286</b>	Elder Creek	nil	
<b>EPM25669</b>	Jacky's Creek	nil	
<b>MC4348</b>	Mt Debbie 3		Not recorded
<b>MC4349</b>	Mt Debbie 2		Not recorded
<b>MC4350</b>	Mt Debbie 1		Not recorded
<b>ML2518</b>	Winston Churchill	nil	
<b>ML2535</b>	Sally	nil	
<b>ML2709</b>	Gilded Rose	nil	
<b>ML2713</b>	Gilded Rose Extd East	nil	
<b>ML2718</b>	Gilded Rose Extd West	nil	
<b>ML2719</b>	Gilt Edge Extd East 1	nil	
<b>ML2741</b>	Mt Freda	nil	
<b>ML2742</b>	Evening Star	nil	
<b>ML2750</b>	Evening Star North Extd	nil	
<b>ML2752</b>	Mt Freda Extd	nil	
<b>ML2763</b>	Evening Star North	1	Scarred/ carved tree
<b>ML7498</b>	Little Beauty	nil	
<b>ML90103</b>	New Snowball	nil	
<b>ML90104</b>	Mossy's Dream	nil	

Table 6: Recorded Indigenous Heritage Sites

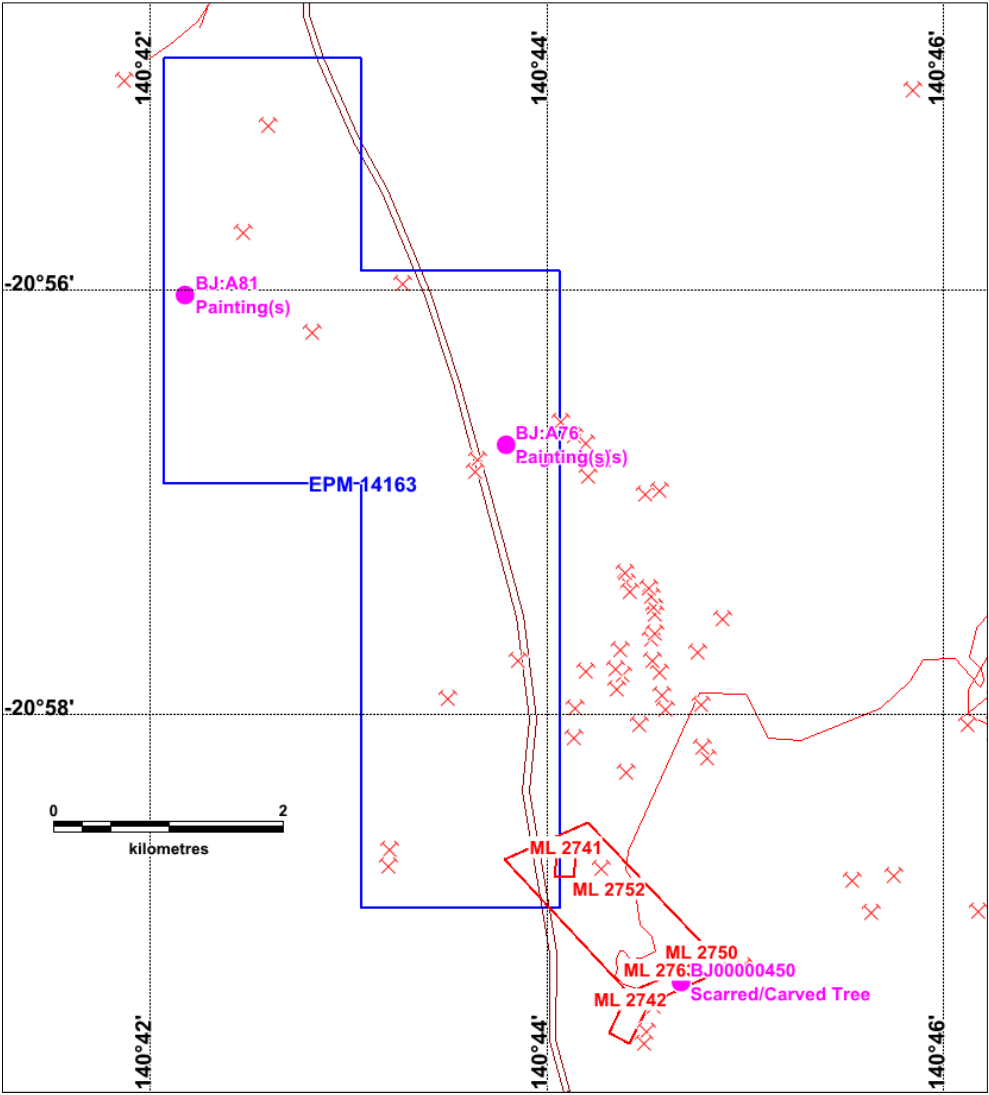


Figure 10: Aboriginal Heritage Sites in EPM14163 and ML2763

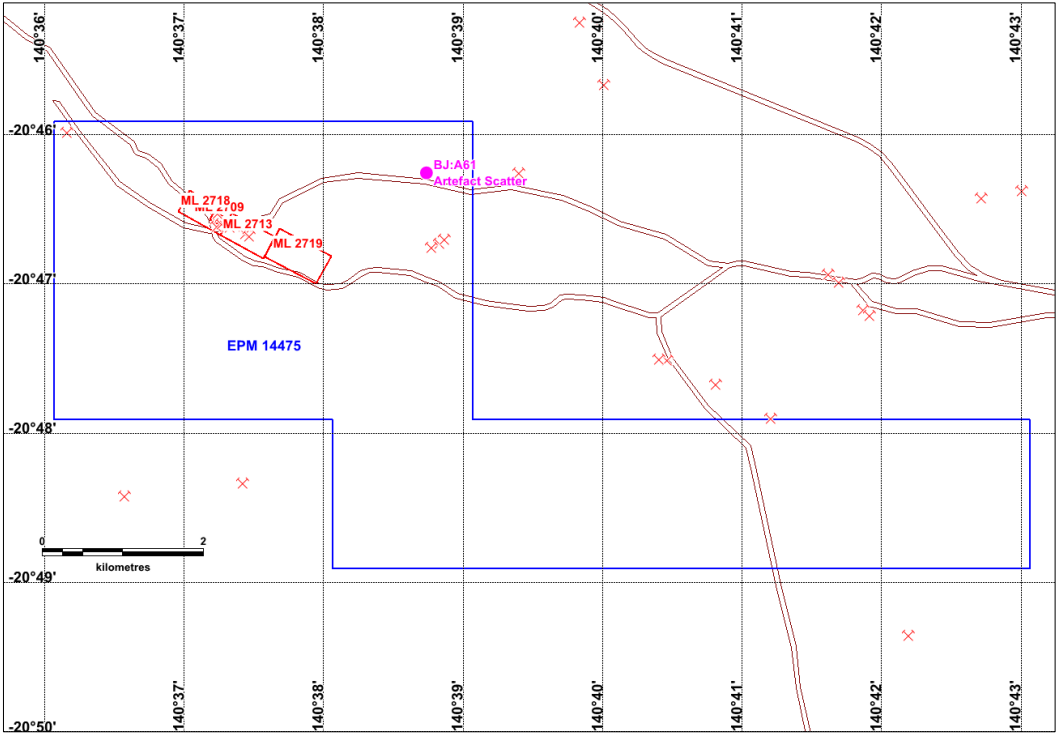


Figure 11: Aboriginal Heritage Sites in EPM14475

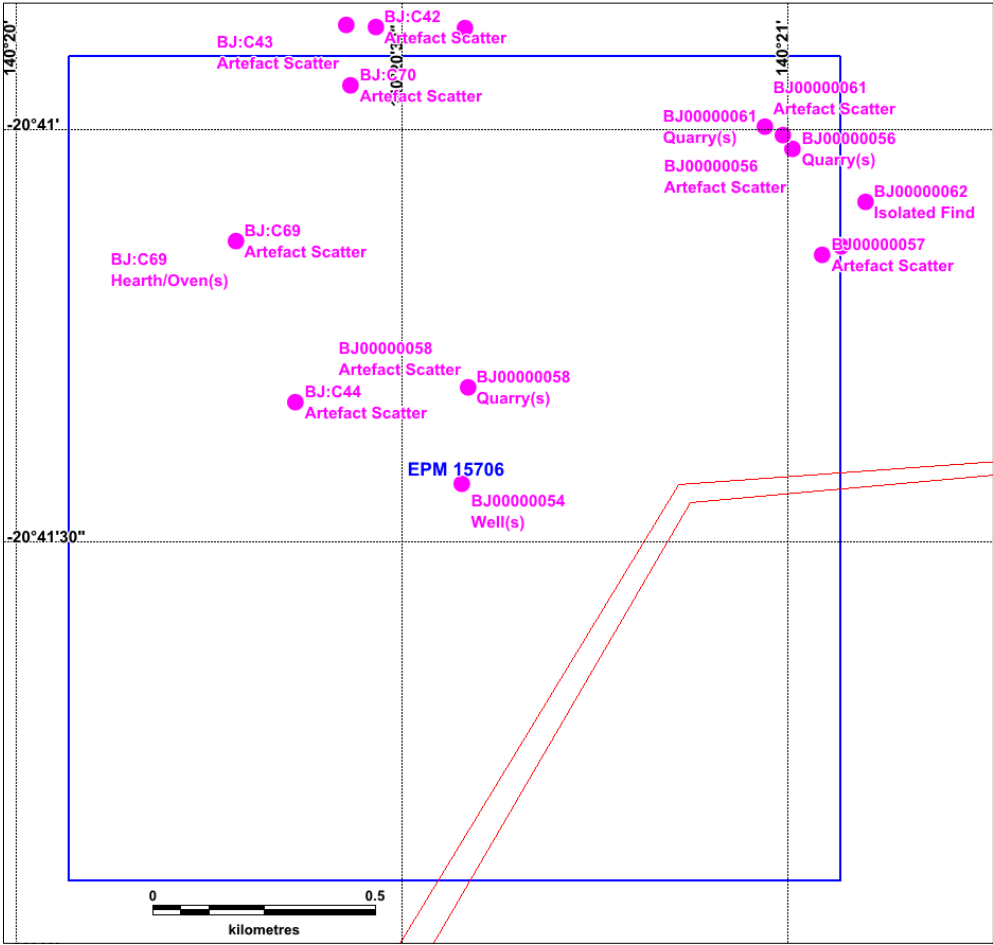


Figure 12: Aboriginal Heritage Sites in EPM15706

## EUROPEAN HERITAGE

There are no recorded European registered heritage sites within any of the tenements of interest.

#### 4.12 NATIVE TITLE

Recognised Native Title parties in the area include the Mitakoodi and Mayi People #5 (QC2015/009) and the Kalkadoon People #4 (QCD2011/007), as shown in Figure 13. A number of Cultural Heritage Management Plans have been negotiated in the area but these do not overlap into the tenements of interest. Management Plan CLH000616, negotiated between CuDeco Limited and the Kalkadoon people, is adjacent to EPM15706.

The Native Title status of all tenements is summarised in Table 7.

All of the EPMs have been granted subject to processing by the Expedited Native Title Procedures. The expedited process applies only to exploration authorities and mineral development licences in which significant ground disturbance has not been programmed. In such cases, either:

- a standard set of Native Title Protection Conditions (NTPCs) are attached to the licence (these include standard costs for administration, work plan review and cultural inspections and monitoring); or
- A Native Title claim is made and the parties negotiate and reach agreement (Ancillary Agreement), after which a Section 31 Deed and the Ancillary Agreement are executed by both parties as a formal alternative to the NTPCs.

Ancillary Agreements have been negotiated for six of the eight mineral exploration tenements that Ausmex have an interest in, as summarised in Table 7. The exceptions are:

- EPM25669, where we are advised that the Native Title party (Kalkadoon People #4) did not choose to enter into negotiation of an Ancillary Agreement (C. Dupont, pers. comm); and
- EPM18286 where there was no Native Title claimant (C. Dupont, pers. comm).

Geos Mining has not received confirmation that all payment and other conditions of these agreements have been met and cannot comment on their status.

We note that all of the northern group of exploration and mining tenements of interest occur within three ILUA areas between the Kalkadoon People and State of Queensland, Xstrata and MIM. These cover a very large area to the north and north-west of Cloncurry, and are separate agreements. EPM18106 also overlaps into an ILUA area between the Kalkadoon People and William Croydon Pty Ltd Private Indigenous Land Use. These are unlikely to directly impact on the Ausmex tenements of interest.

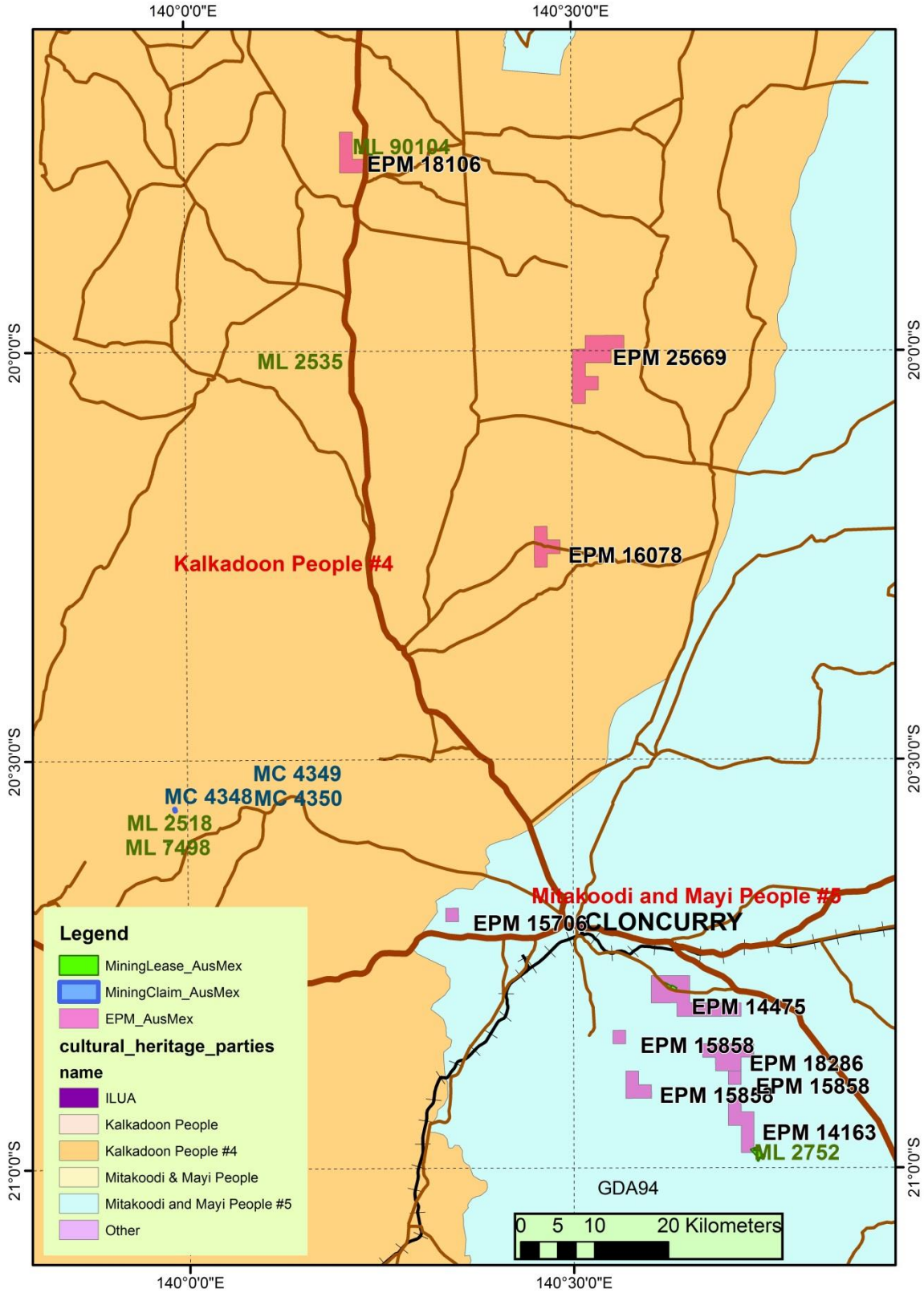


Figure 13: Registered and Determined Native Title Parties

Tenement	Native Title Process	Ancillary Agreement & S31 Deed	NT Claim	Claimant
<b>EPM14163</b>	Expedited Procedures	Yes, dated 28/06/2004	QC2015/009	Mitakoodi and Mayi People #5
<b>EPM14475</b>	Expedited Procedures	Yes, dated 28/06/2004	QC2015/009	Mitakoodi and Mayi People #5
<b>EPM15706</b>	Expedited Procedures	Yes, draft only	QC2015/009	Mitakoodi and Mayi People #5
<b>EPM15858</b>	Expedited Procedures	Yes, draft only	QC2015/009	Mitakoodi and Mayi People #5
<b>EPM16078</b>	Expedited Procedures	Yes, dated 20/10/2009	QCD2011/007	Kalkadoon People #4
<b>EPM18106</b>	Expedited Procedures	Yes, variation dated 04/09/2011	QCD2011/007	Kalkadoon People #4
<b>EPM18286</b>	Expedited Procedures	No NT Party; standard NTPCs	QC2015/009	Mitakoodi and Mayi People #5
<b>EPM25669</b>	Expedited Procedures	No, standard NTPCs	QCD2011/007	Kalkadoon People #4
<b>MC4348</b>	Pre-existing right based act	N/A	QCD2011/007	Kalkadoon People #4
<b>MC4349</b>	Pre-existing right based act	N/A	QCD2011/007	Kalkadoon People #4
<b>MC4350</b>	Pre-existing right based act	N/A	QCD2011/007	Kalkadoon People #4
<b>ML2518</b>	Pre-existing right based act	N/A	QCD2011/007	Kalkadoon People #4
<b>ML2535</b>	Pre 1996 Grant	N/A	QCD2011/007	Kalkadoon People #4
<b>ML2709</b>	Pre 1996 Grant	N/A	QC2015/009	Mitakoodi and Mayi People #5
<b>ML2713</b>	Pre 1996 Grant	N/A	QC2015/009	Mitakoodi and Mayi People #5
<b>ML2718</b>	Pre 1996 Grant	N/A	QC2015/009	Mitakoodi and Mayi People #5
<b>ML2719</b>	Pre 1996 Grant	N/A	QC2015/009	Mitakoodi and Mayi People #5
<b>ML2741</b>	Pre 1996 Grant	N/A	QC2015/009	Mitakoodi and Mayi People #5
<b>ML2742</b>	Pre 1996 Grant	N/A	QC2015/009	Mitakoodi and Mayi People #5
<b>ML2750</b>	Pre 1996 Grant	N/A	QC2015/009	Mitakoodi and Mayi People #5
<b>ML2752</b>	Pre 1996 Grant	N/A	QC2015/009	Mitakoodi and Mayi People #5
<b>ML2763</b>	Pre 1996 Grant	N/A	QC2015/009	Mitakoodi and Mayi People #5
<b>ML7498</b>	Pre 1996 Grant	N/A	QCD2011/007	Kalkadoon People #4
<b>ML90103</b>	Pre 1996 Grant	N/A	QCD2011/007	Kalkadoon People #4
<b>ML90104</b>	Pre 1996 Grant	N/A	QCD2011/007	Kalkadoon People #4

Table 7: Native Title Agreements

## MINING CLAIM AND MINING LEASE NATIVE TITLE STATUS

All of the Mining Claims and Mining Leases in which Ausmex are acquiring an interest were granted before 23 December 1996, at a time when Native Title rights over the tenements were not recognised. Their current Native Title status is therefore “Pre 1996 Grant” or “pre-existing Right Based Act”, meaning there is no recognised Native Title claim over these tenements, even though they occur within Native Title areas established after 23 December 1996. This will continue to be the case through concurrent licence renewals, provided there is no increase in the renewal period or expansion of the licence area (Native Title Act 1993-amendment - SECT 24IC). A normal Duty of Care applies, however, for Native Title values in the area.

We note ML 2518, which was originally granted 22/11/1973 for a period of 17 years, has since been renewed twice for 10 years each to its current expiry date of 30/11/2010. A renewal application has been lodged for a 20 year period, which is effectively two 10 year periods to 30/11/2020 due to the long delays in processing the application. If, however, the renewal period is recognised as being longer than the original 17 year period, it is our opinion that this could be considered a “future act” and therefore Native Title may not be extinguished.

### 4.13 FUTURE OBLIGATIONS

There are a number of ongoing financial obligations associated with the tenements of interest and these are summarised in Table 8.

In addition, there are a number of regulatory commitments, such as:

- Periodic EPM area reductions
- Annual technical reporting for EPMs
- Ongoing rehabilitation requirements, especially for the MLs where previous mining activity has been completed
- Negotiation of landholder access compensation agreements
- Negotiation of cultural heritage agreements with Traditional Owners

Tenement	Committed Expenditure	Annual Rental (rounded)	Security Replacement	Land Access Compensation	Native Title Compensation
EPM14163	\$162,000 Years 13-15	\$750	\$2,500		\$1000 per program + cultural heritage costs
EPM14475	\$not stated	\$1660	\$2,500		
EPM15706	\$110,000 Years 9-10	\$150	\$2,500		\$1100pa indexed + \$1575 per program + cultural heritage costs
EPM15858	\$110,000 Years 9-10	\$750	\$2,500		\$1300 pa indexed + cultural heritage costs
EPM16078	\$15,000 Years 6-8	\$600	\$2,500		\$1500pa indexed + \$1000 per program + cultural heritage costs
EPM18106	\$75,000 Years 4-5	\$600	\$2,500	Specific to program	\$1500pa indexed + \$1000 per program + cultural heritage costs
EPM18286	\$65,000 Years 4-5	\$900	\$2,500		
EPM25669	\$123,000 Years 1-3	\$1500	\$2,500		
MC4348	nil	nil	\$200		
MC4349	nil	nil	\$200		
MC4350	nil	nil	\$200		
ML2518	nil	\$120	\$2,500		
ML2535	nil	\$230	\$57,766 <sup>5</sup>		
ML2709	nil	\$120	\$13,395	Road maintenance pa, not specified	
ML2713	nil	\$1060			
ML2718	nil	\$830			
ML2719	nil	\$1860			
ML2741	nil	\$220	\$17,000	\$10,000pa indexed + mining compensation Road maintenance pa, not specified	
ML2742	nil	\$460			
ML2750	nil	\$290			
ML2752	nil	\$6800			
ML2763	nil	\$460			
ML7498	nil	\$120	nil		
ML90103	nil	\$1050	\$2,500		
ML90104	nil	\$1400			

Table 8: Financial Commitments

<sup>5</sup> Joint security held with other non-Ausmex tenements

## 5. Conclusions

Subject to further information requested being made available by the current holders as shown in Section 2.2, Geos Mining considers that all of the mineral tenements under consideration by Ausmex are in good standing and we have found no evidence to indicate that any are in jeopardy of loss of tenure. We have concluded this statement on the basis of the information supplied to us by the tenement holders and from that available publicly.

## 6. Bibliography

Commonwealth Government of Australia, 2001. *Corporations Act 2001*, s.l.: s.n.

Queensland Mining Corporation Limited, 2016. *Annual Report for the Year Ended 30 June 2016*, s.l.: s.n.

The National Stock Exchange of Australia, 2016. *NSX Listing and Business Rules*, s.l.: s.n.

The Valmin Committee, 2016. *Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets*, s.l.: s.n.

## 7. Terms and Definitions

Beneficial interest – a right to receive benefits on a mineral tenement held by another party

Cultural heritage – a legacy of physical artefacts and customs, practices and other expressions passed on from generation to generation

Environmental Authority – required in Queensland to undertake exploration or mining activities and assessed on the basis of environmental risk

Environmentally Sensitive Area (ESA) – an area containing landscapes or fauna/flora that would be threatened by unrestricted development

Exploration Permit for Minerals (EPM) – area of land granted for the purpose of mineral exploration for specified minerals and subject to access, reporting and expenditure requirements: mining is not permitted

Mining Claim (MC) – small area (1 ha) of land granted for the purpose of prospecting or small scale mining

Mining Lease (ML) - area of land granted for the purpose of mining for specified minerals and subject to access, compensation, reporting, environmental and expenditure requirements

Native Title - form of land title that recognises the unique ties some Aboriginal groups have to land by way of a traditional connection to their land and waters.

Registered interest – applied to the holder of as mineral tenement as registered with the Queensland Department of Natural Resources and Mines

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## 8. Appendix – Tenement Maps

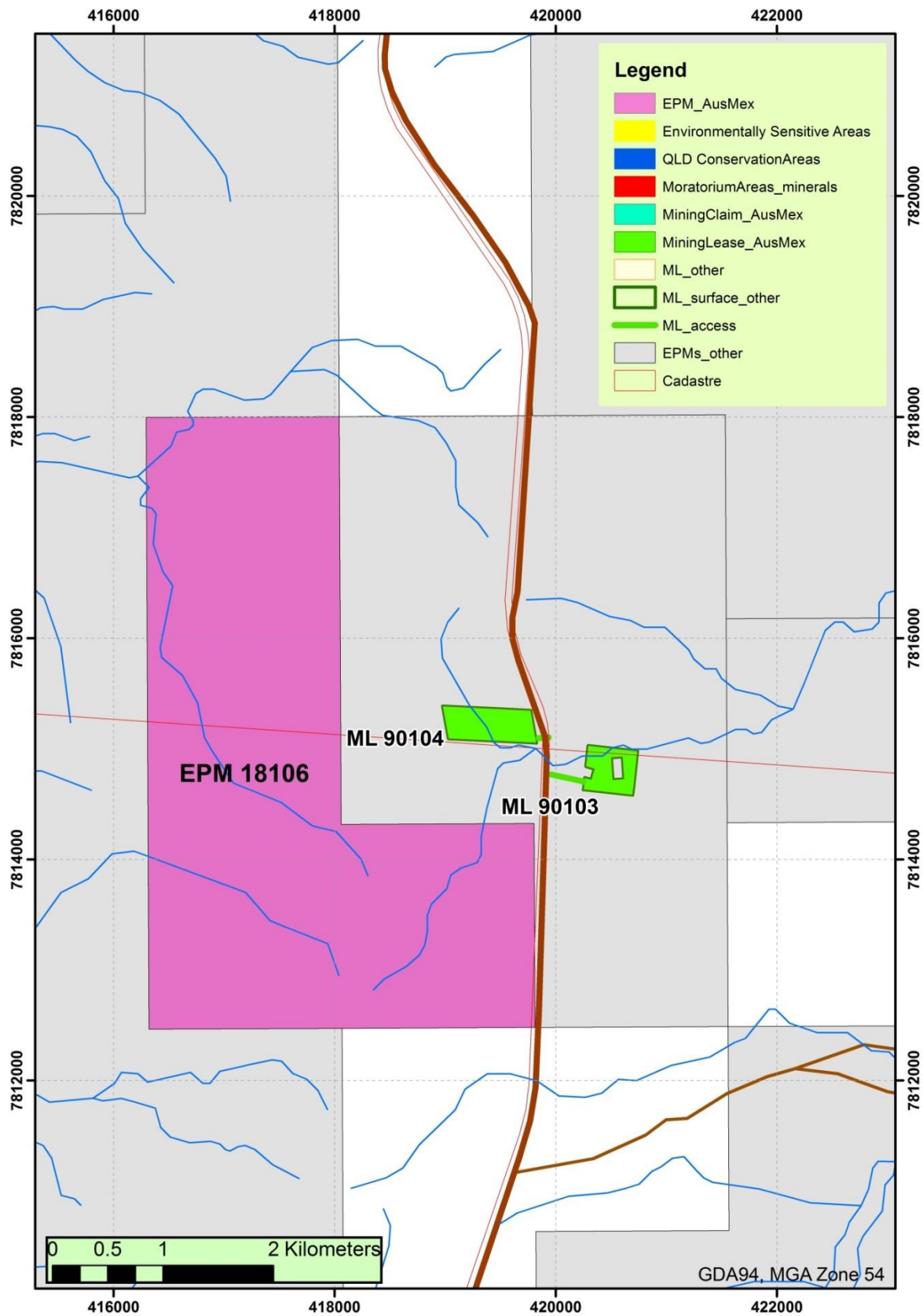


Figure 14: Tenement Map EPM18106 and MLs 90104, 90103

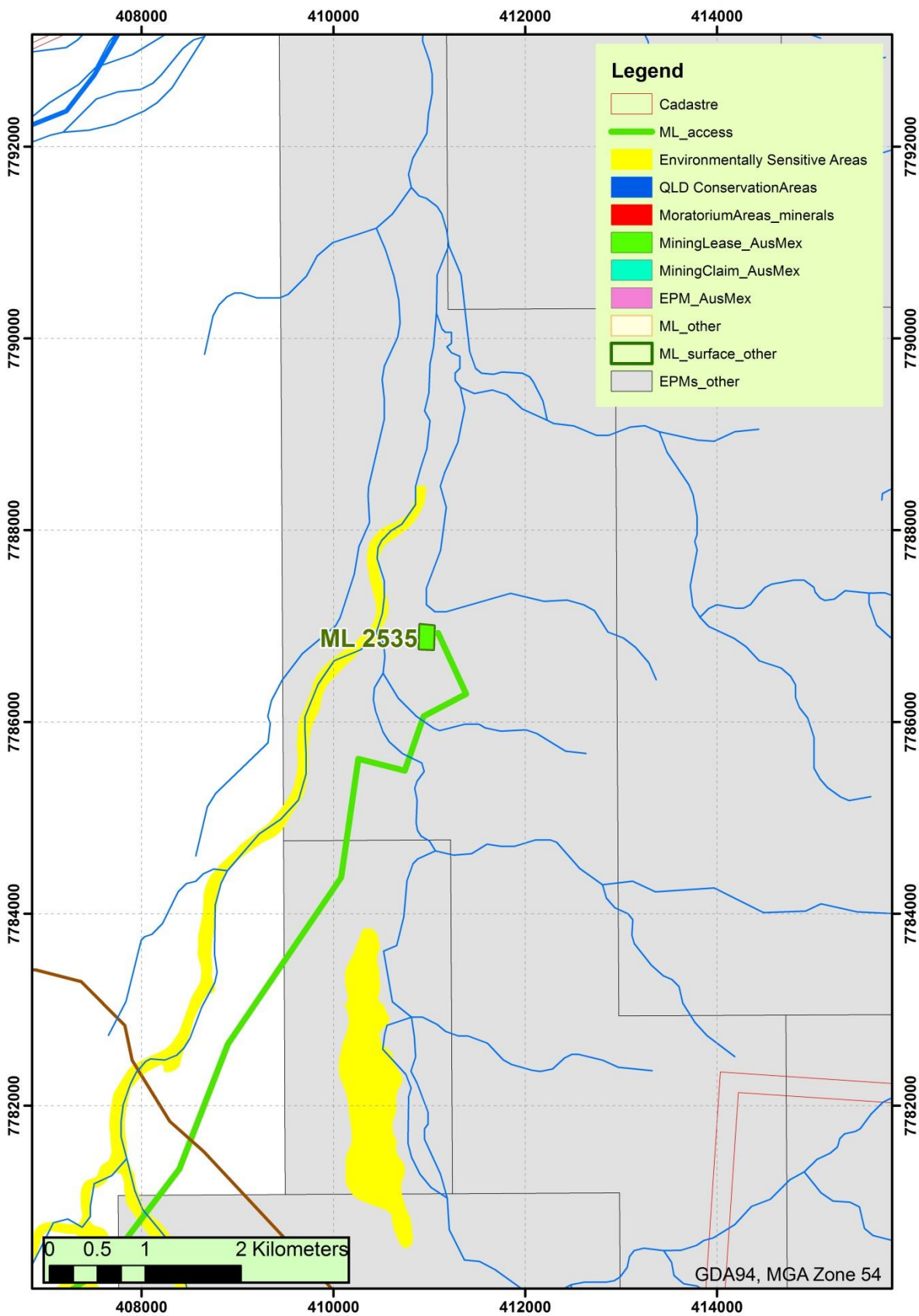


Figure 15: Tenement Map ML2535

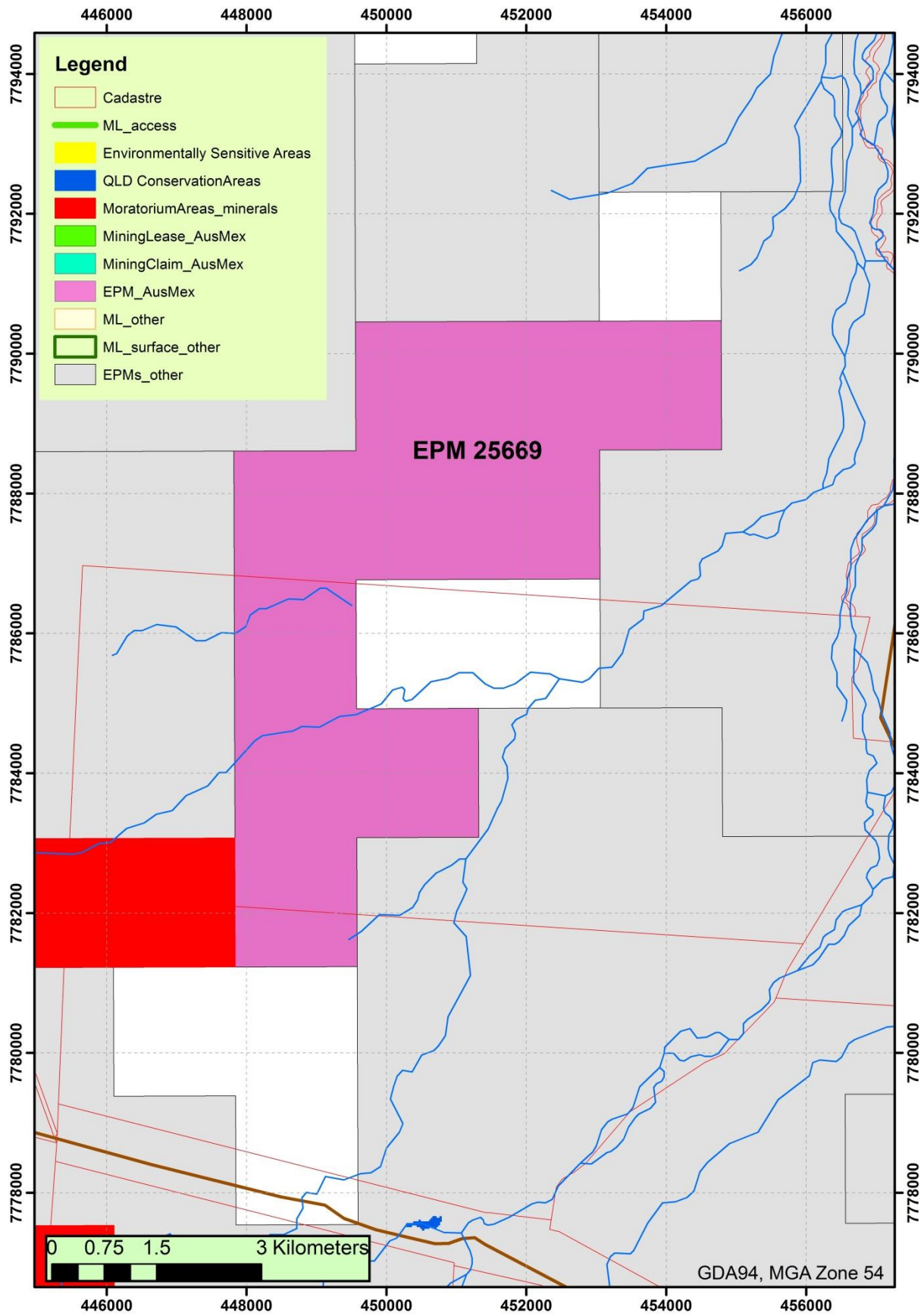


Figure 16: Tenement Map EPM25669

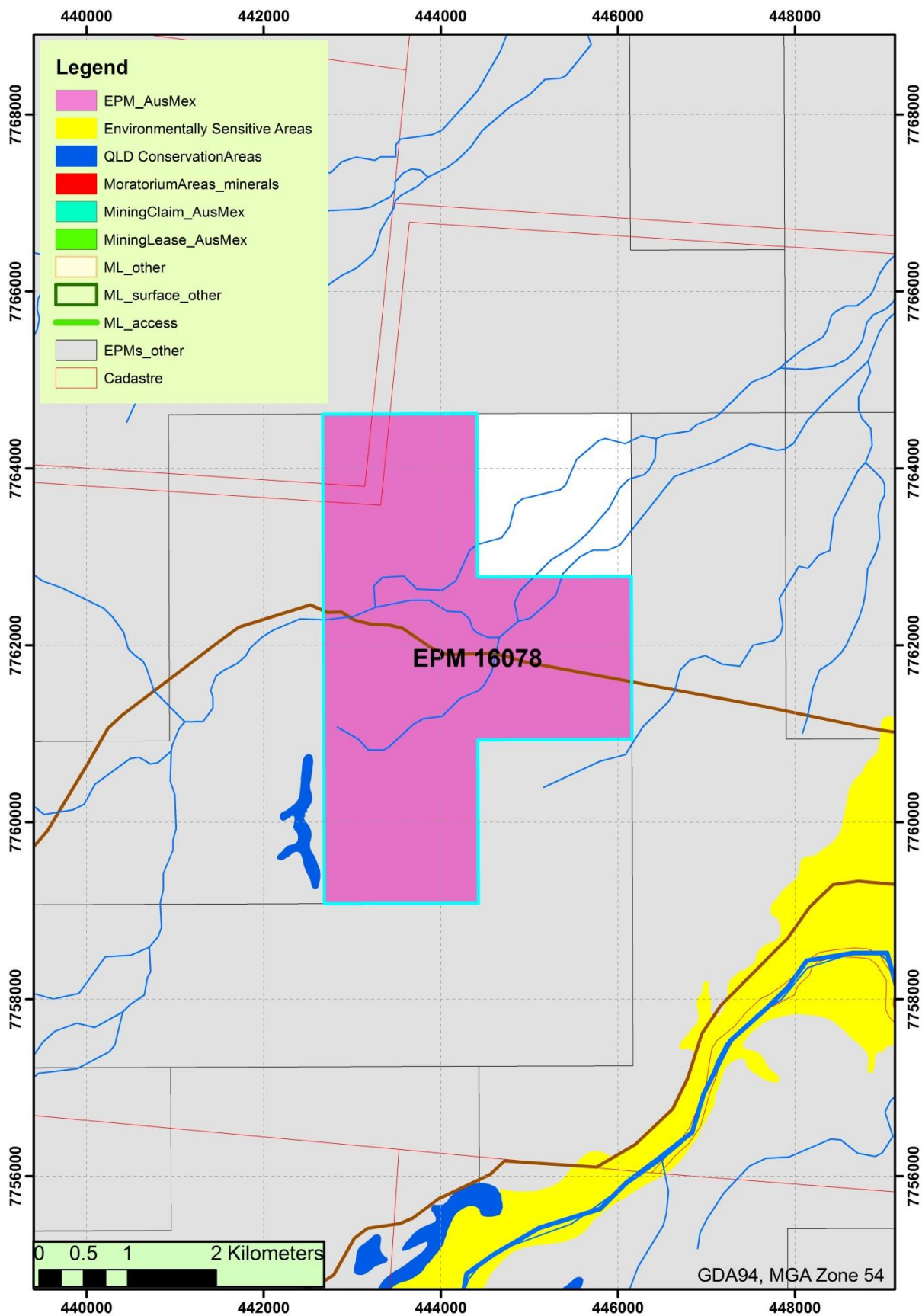


Figure 17: Tenement Map EPM16078

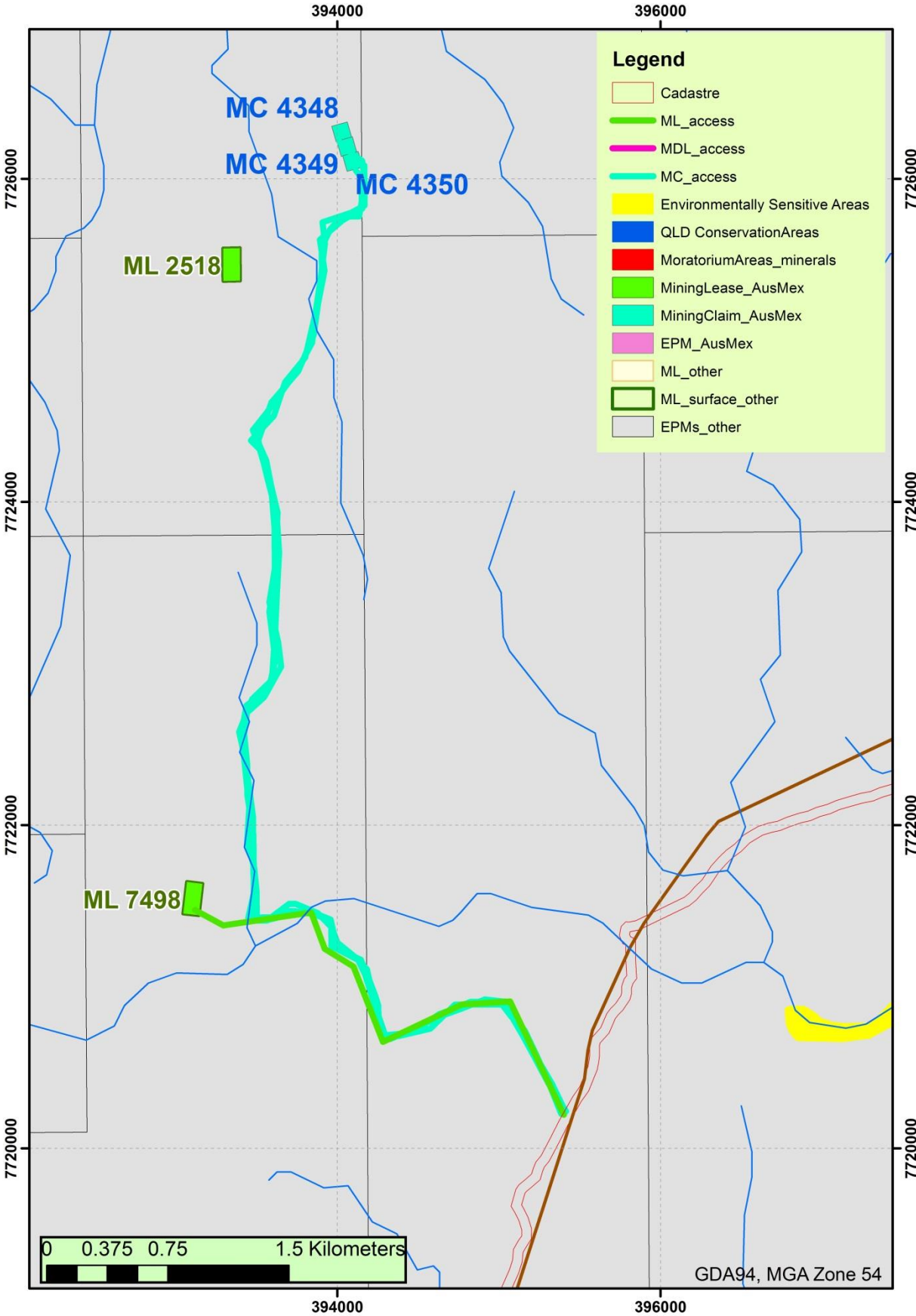


Figure 18: Tenement Map – Mining Claims and MLs 2518, 7498

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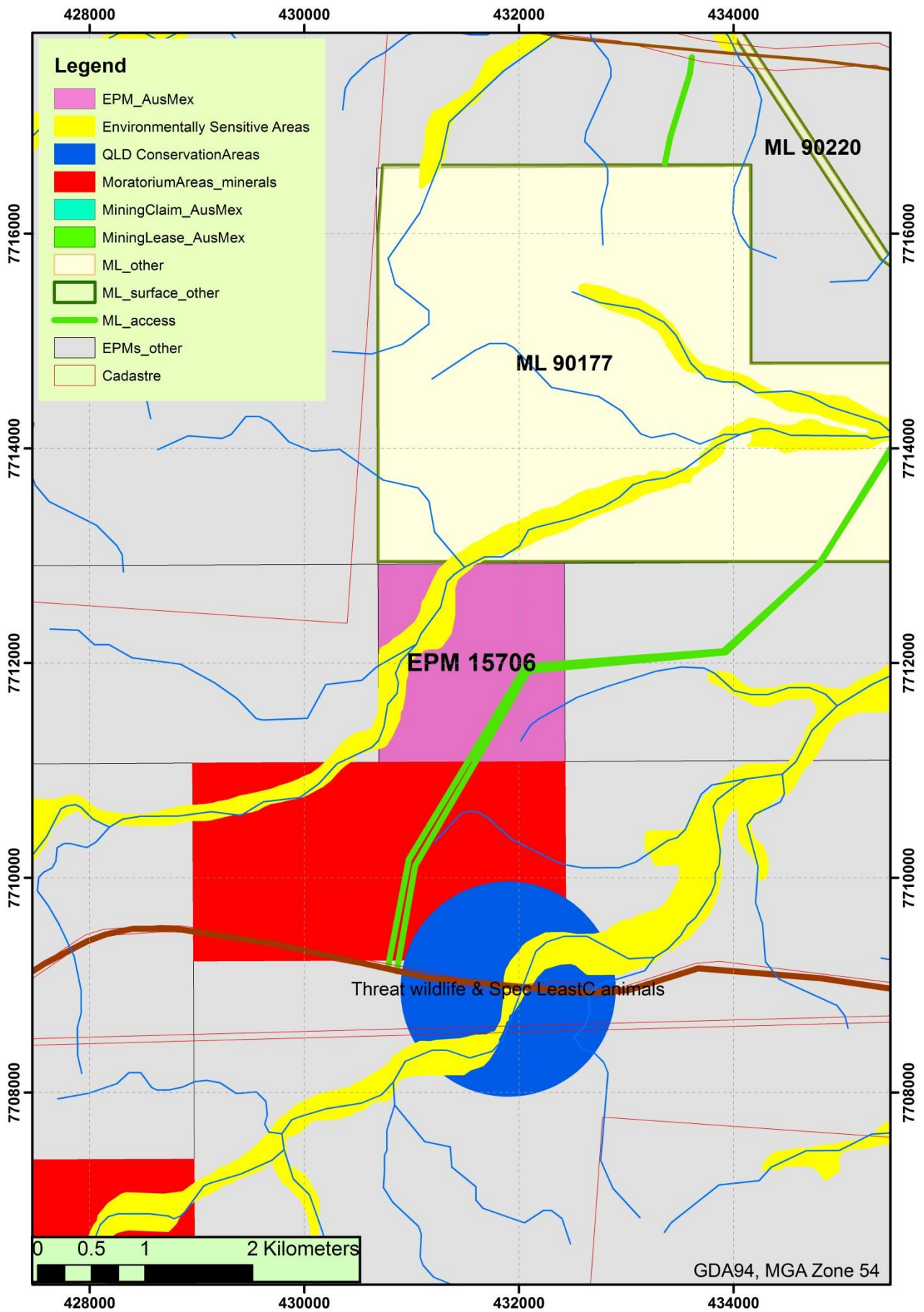


Figure 19: Tenement Map EPM15706

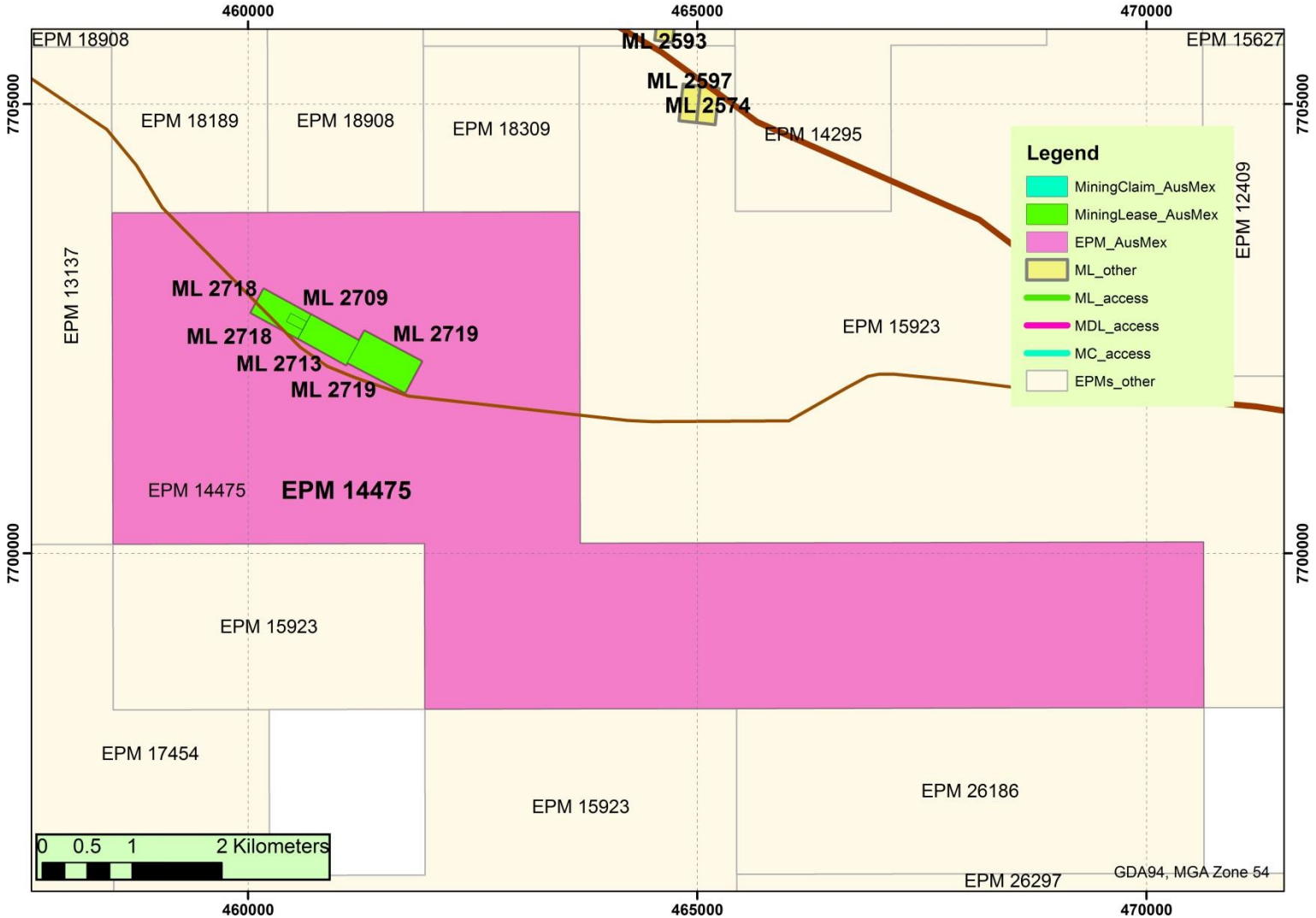


Figure 20: Tenement Map EPM14475 and associated MLs

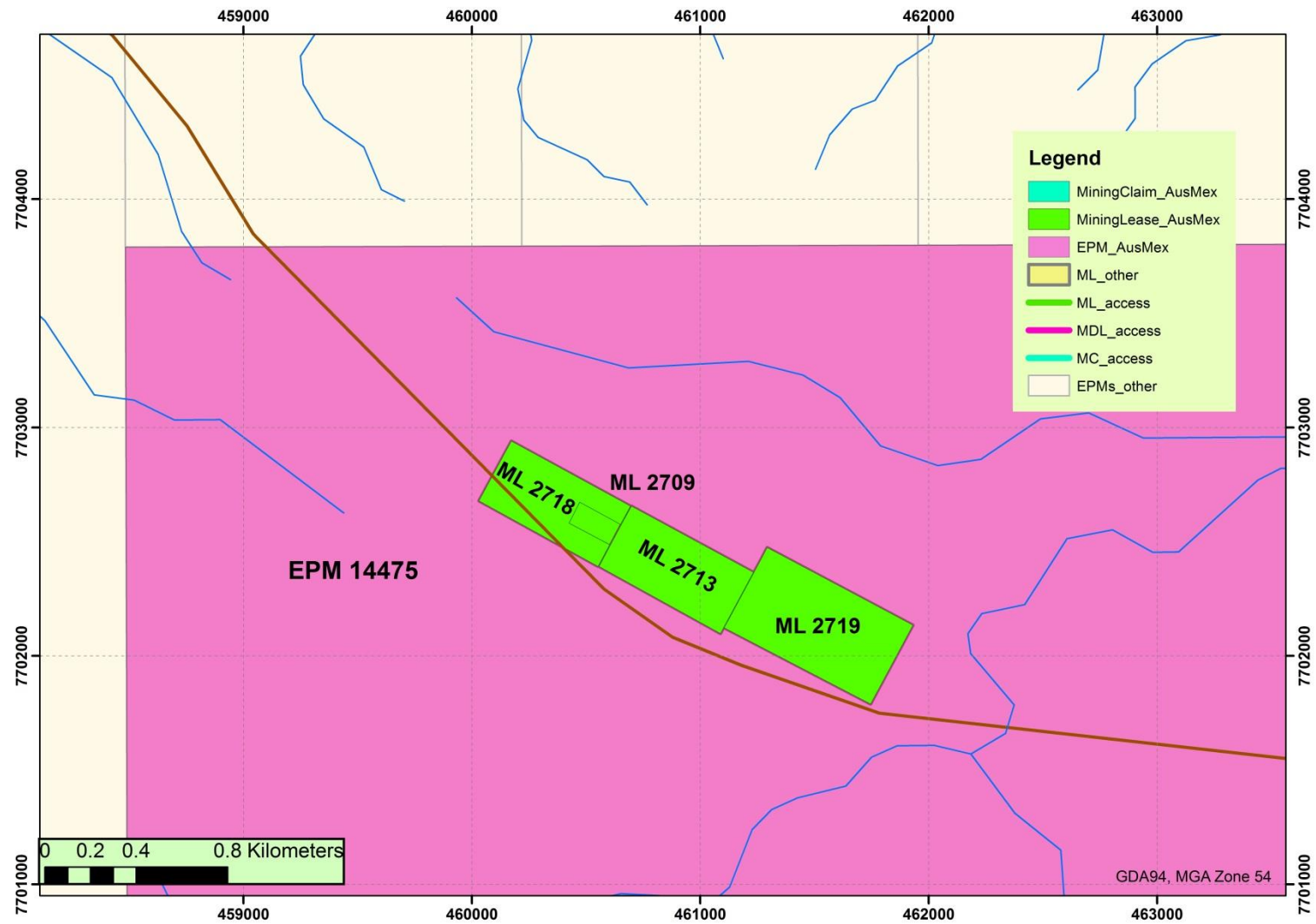


Figure 21: Tenement Map MLs 2719, 2718, 2713, 2709

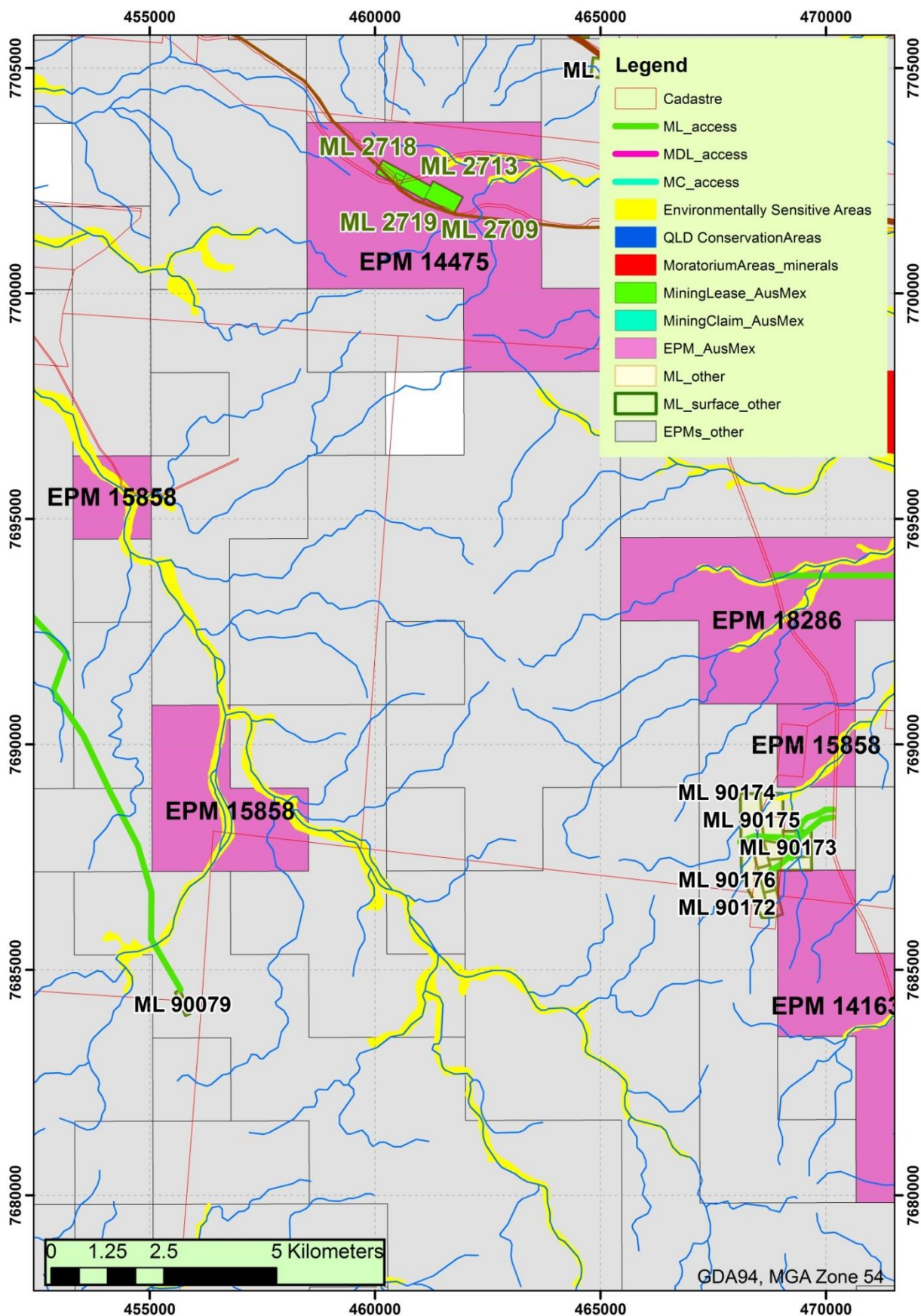


Figure 22: Tenement Map EPM15858

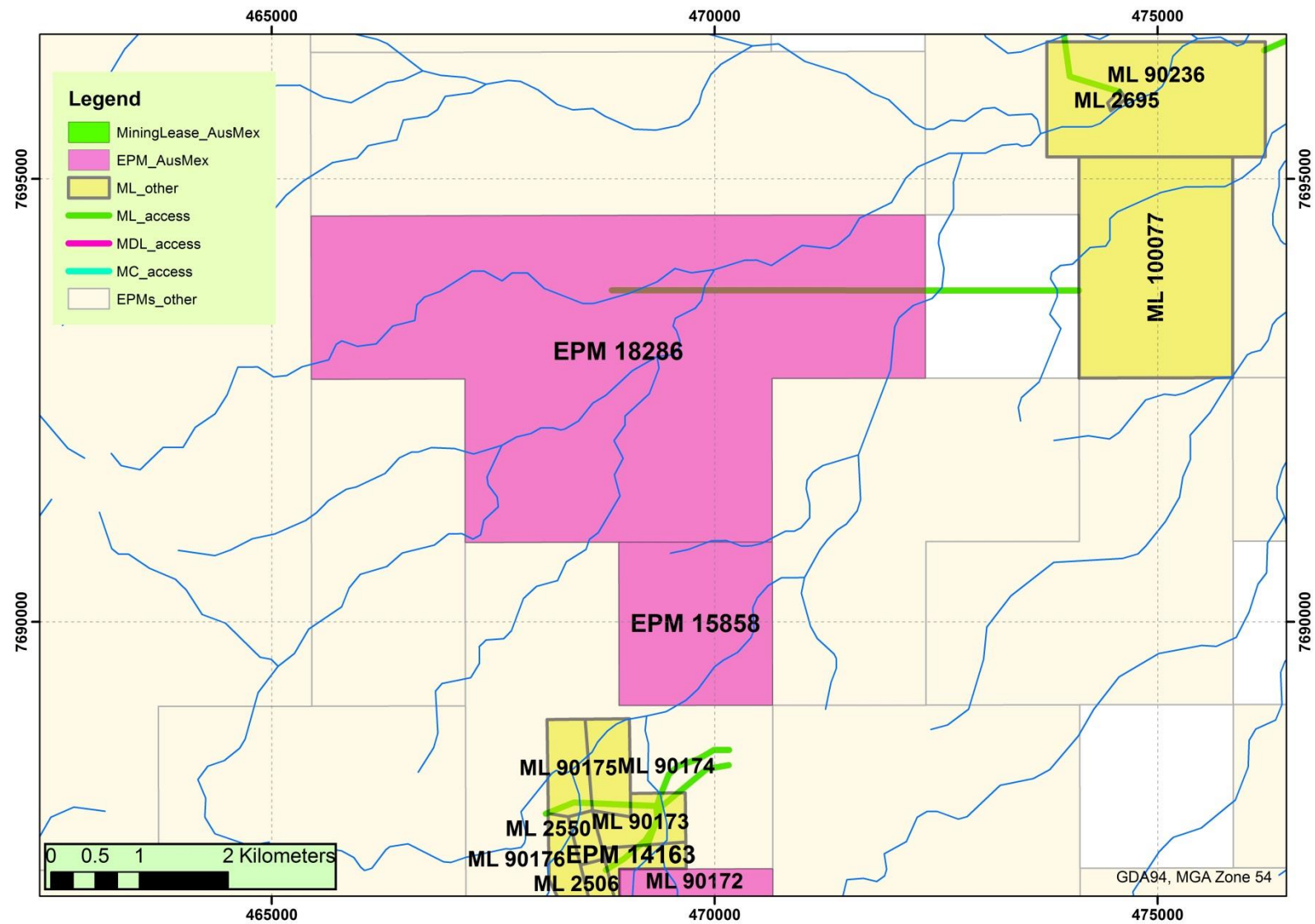


Figure 23: Tenement Map EPMs 18286 and 15858

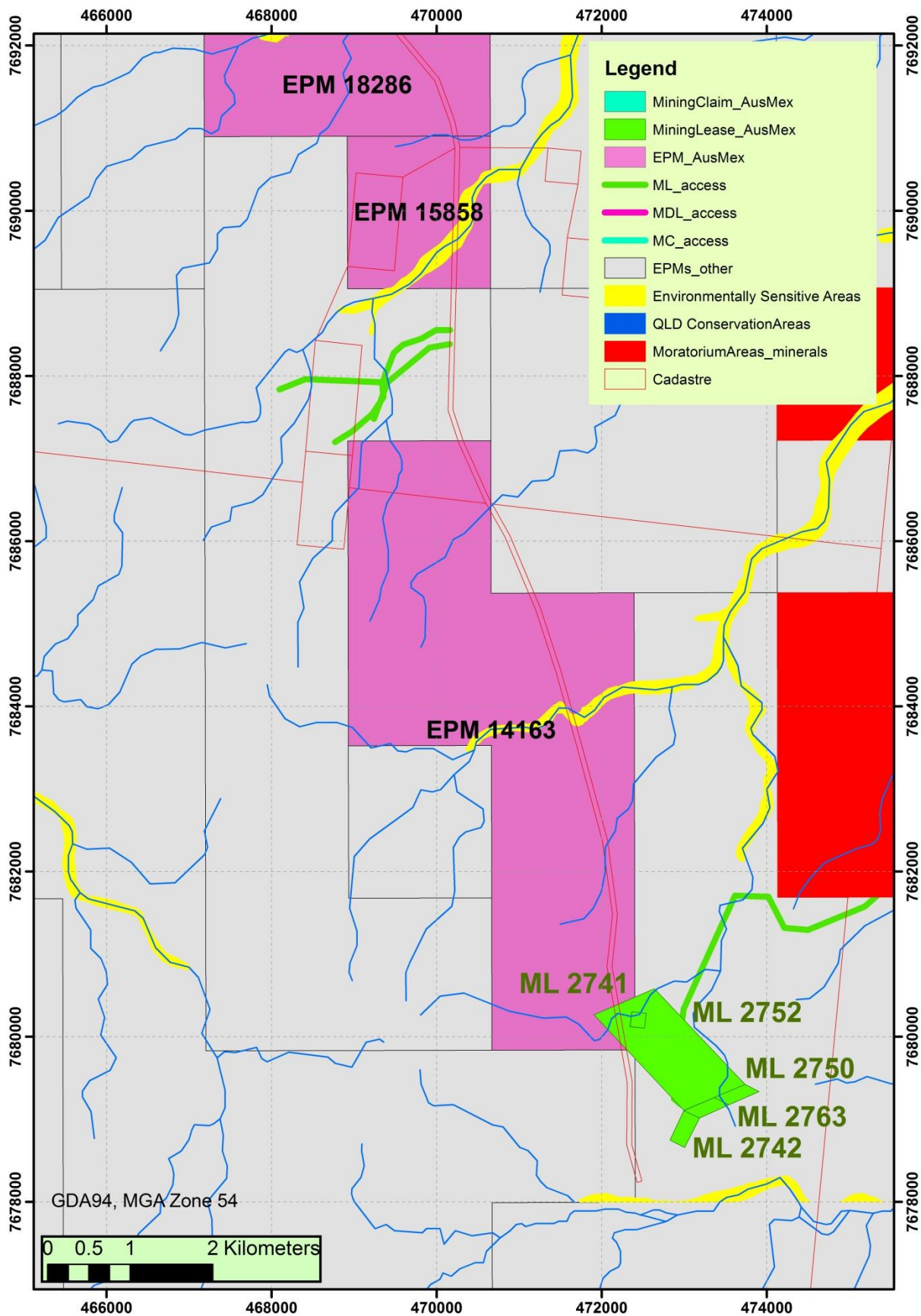


Figure 24: Tenement Map EPM14163

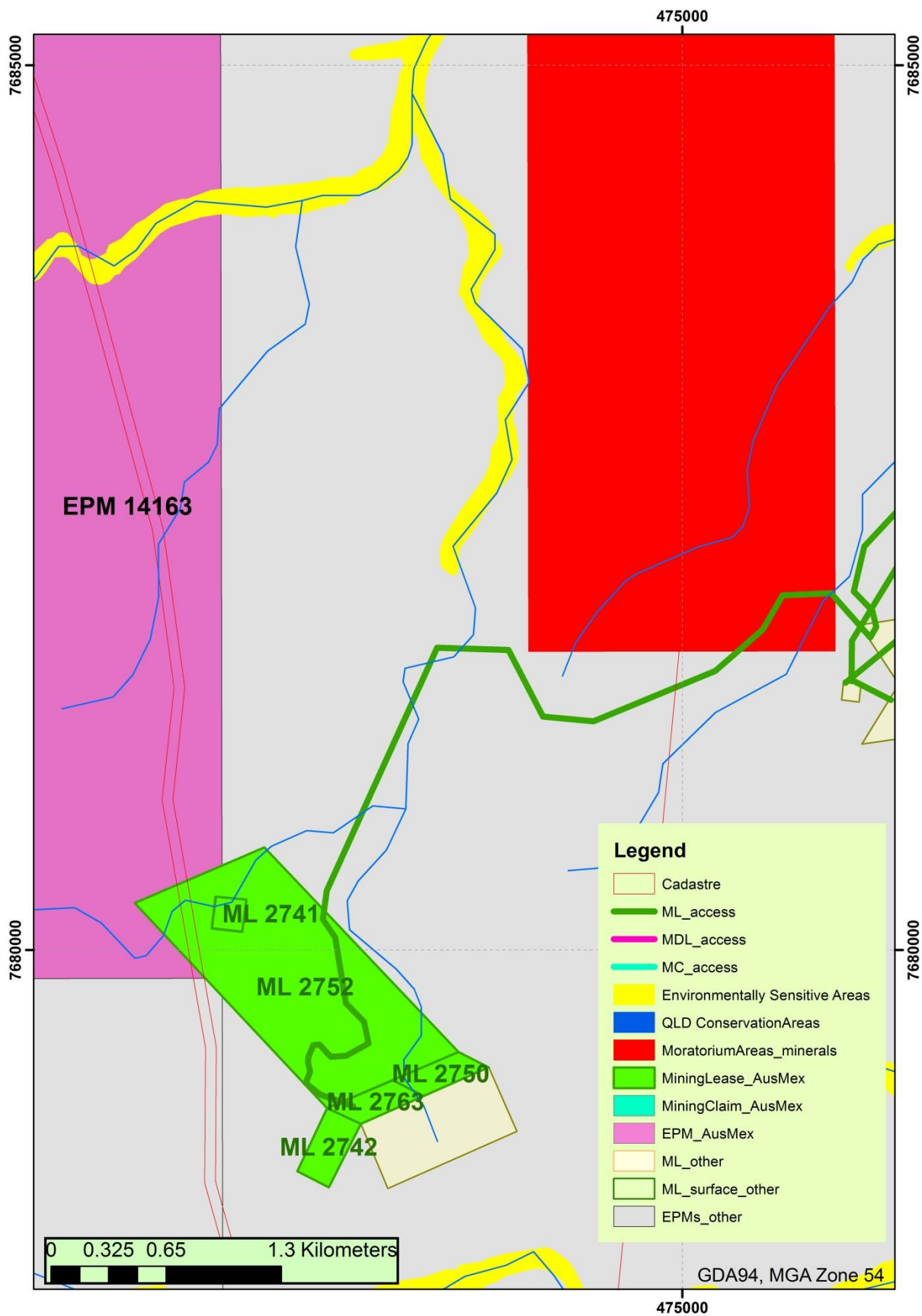


Figure 25: Tenement Map MLs 2752, 2741, 2763, 2742, 2750

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12.3. Independent Technical Report – EL 5881 (South Australia)

2017



# INDEPENDENT TECHNICAL REPORT: EL 5881

Report prepared for: Eumeralla Resources Limited  
PO Box 5457  
PERTH WA 6831

Authors: Sean Aldrich, MSc MAusIMM  
Jason Froud MSc, MAusIMM MAIG

A handwritten signature in blue ink, appearing to read 'Sean Aldrich'.

A handwritten signature in black ink, appearing to read 'Jason Froud'.

Effective Date: 8<sup>th</sup> February 2017

*This report was prepared by RSC Consulting Ltd with all skill, care and due diligence, within the terms of the contract with the Client. The report is confidential to the Client and RSC Consulting Ltd accepts no responsibility of whatever nature to third parties to which this report may be made known.*

[www.rscmme.com](http://www.rscmme.com)



## Executive Summary

RSC Consulting Ltd (RSC) has been engaged by Eumeralla Resources Limited (Eumeralla) to undertake an Independent Technical Report for the Exploration Licence (EL) 5881, located near Burra, South Australia. This Report is to be included in an Information Memorandum, to be issued by Eumeralla in connection with its proposed acquisition of Ausmex Mining Pty Limited (Ausmex). The objectives of this Report are to provide an overview of the geological setting, the project's mineral assets and associated mineralisation, to outline the recent and historic exploration work undertaken over the project area and to comment on the exploration potential of the project and proposed future work.

The project area is located 140 km north-northeast of Adelaide, South Australia. The historic mining town, Burra is the closest town to the tenement and is within 6 to 17 km of the licence blocks. The project consists of three separate blocks: Mount Bryan (northern block); Red Banks (central block), and World's End (southern block). In total the licence covers 970 km<sup>2</sup>.

RSC reviewed the status of the licence via the South Australia Resources Information Geoserver. The licence application had been submitted on 10 June 2016 by Ausmex Mining Pty Limited. The Department of State Development (DSD) granted EL 5881 as of 4 November, 2016, for a period of two years.

The licence area consists primarily of private rural properties and several conservation areas. There are no designated areas within the licence area where exploration or production is prohibited. The Minister for Sustainability, Environment and Conservation has given permission for the licence to be granted.

The project is located within the southern portion of the Adelaide Geosyncline. The geology of the project is dominantly Adelaidean aged (920 to 570 Ma) Burra and Umberatana Groups overlain by younger Tertiary and Quaternary sediments. These units have strong north-south geological continuity and are closely associated with regional folding and faulting. Copper and gold mineralisation are closely associated with the rocks of the Burra and Umberatana Groups. Although the project area contains little historical mining, the licence is situated 7 km along trend from the historic Monster Copper Mine at Burra and also covers the southern extension of the Mongolata Goldfield. RSC considers the licence to be prospective for finding copper mineralisation similar to the nearby Burra-style base metal deposits. The key target areas to be investigated are within the trend of Burra Group rocks that extend through the western part of the Mount Bryan Block and the central portion of the World's End Block.

Gold mineralisation in the area is typically high-grade narrow vein type mineralisation. RSC considers the licence to be prospective for finding this style of mineralisation. Sandstones hosted within the Umberatana Group, and to

a lesser degree the Burra Group, appear to host the more prospective gold targets. The sandstones units are likely to offer a preferable site for gold deposition compared to the more ductile siltstone units.

Exploration should also focus on key pathways for fluid flow and heat sources. An aeromagnetic survey shows large structural features that may play a significant role in the transportation of fluids from a deeper source; the strongest feature was previously identified and this feature warrants further investigation to test the potential for porphyry-style mineralisation. The spatial association of iron-oxide gold copper and porphyry deposits with sediment hosted mineralisation in Australia and worldwide, lends some support for this theory.

Eumeralla has a forecasted budget of AUD 250,000 to 500,000 for the project's exploration programme. This programme will involve data compilation, geochemical surveys, and aeromagnetic surveying. RSC regards the amount of money available for the exploration appropriate for early stage exploration.



## Index

1	Introduction.....	6
1.1	Scope of Instructions .....	6
1.2	Qualifications, Experience, Responsibility and Reliance on Other Experts .....	6
1.3	Independence Declaration.....	7
1.4	Information Sources .....	8
1.5	Disclaimer.....	8
2	Property General Summary.....	10
2.1	Project Description and Location .....	10
2.2	Tenure and Ownership .....	12
2.2.1	Status .....	12
2.2.2	Categories of Minerals .....	12
2.2.3	Overlapping Mineral Titles and Applications .....	13
2.2.4	Rent.....	13
2.3	Work Programme and Budget .....	13
2.4	Administration Management Zones .....	14
2.5	Exclusions .....	16
2.6	Exploration Licence Conditions .....	17
2.7	Land Access and Compensation.....	18
2.8	Native Title.....	20
2.9	Heritage .....	20
2.10	Infrastructure .....	20
2.11	Physiography.....	22
3	Previous Work.....	24
3.1	Tenure and Operating History .....	24
3.2	Exploration History .....	26
3.2.1	Mount Bryan Block .....	26
3.2.2	Red Bank Block.....	32

3.2.3	World's End Block .....	35
4	Geological Setting and Mineralisation .....	38
4.1	Regional Geological Setting .....	38
4.2	Prospect Geology and Mineralisation .....	40
4.2.1	Mount Bryan Block .....	40
4.2.2	Red Banks.....	42
4.2.3	World's End Block .....	42
4.3	Mineral Deposit Model .....	45
4.3.1	Copper deposits .....	45
4.3.2	Gold deposits .....	45
5	Adjacent Properties .....	47
6	Mineral Processing and Metallurgical Testing .....	47
7	Resources and Reserves .....	47
8	Exploration Potential .....	49
9	Conclusions.....	52
	Shortened Forms .....	53
	References.....	54
	Table 1:.....	57
10.1	Section 1 Sampling Techniques and Data.....	57
10.2	Section 2 Reporting of Exploration Results .....	60
	Appendix I: Historical licences over EL 5881 .....	63

## List of Tables

Table 1: Project tenement schedule.....	12
Table 2: Eumeralla budget forecast (AUD) .....	14
Table 3: Summary of restricted areas for mineral exploration (EL 5881).....	16
Table 4: Previous drilling programmes within the project.....	27

## List of Figures

Figure 1: South Australian project area.....	10
Figure 2: Tenement location map (Google Earth background) .....	11
Figure 3: Regional infrastructure and conservation parks.....	21
Figure 4: Elevation representation for the Mount Bryan, Red Bank and World's End tenements .....	23
Figure 5: Project area, geology and mineral occurrences.....	25
Figure 6: Location of historic drilling within the projects areas (source: SARIG website).....	28
Figure 7: Regional aeromagnetic interpretation (from Elliott et al. 2003) .....	29
Figure 8: Mount Bryan Cu ppm from pXRF analysis (Manly, 2012).....	30
Figure 9: Mount Bryan As ppm from pXRF analysis (Manly, 2012) .....	31
Figure 10: Red Bank Cu ppm from pXRF analysis (Hodge, 2016).....	33
Figure 11: Red Bank As ppm from pXRF analysis (Hodge, 2016).....	34
Figure 12: World's End Cu ppm from pXRF analysis (Phoenix Copper, 2012).....	36
Figure 13: World's End As ppm from pXRF analysis (Phoenix Copper, 2012) .....	37
Figure 14: Regional geology, Adelaide Geosyncline (from: Newton et al., 2003) .....	39
Figure 15: Mount Bryan and Red Bank geology 1:2M .....	41
Figure 16: World's End Block geology 1:2M .....	43
Figure 17: Structural Model for Copper Mineralisation at Princess Royal .....	44
Figure 18: Types of gold deposits occurring in orogenic belts according to.....	46
Figure 19: Adjacent licences .....	48
Figure 20: Exploration targets over TMI_RTP.....	51

# 1 Introduction

## 1.1 Scope of Instructions

RSC Consulting Ltd (RSC) has been instructed by Eumeralla Resources Limited (Eumeralla) to undertake an Independent Technical Report for the Exploration Licence (EL) 5881, located near Burra, South Australia. This Report is to be included in an Information Memorandum, to be issued by Eumeralla in connection with its proposed acquisition of Ausmex Mining Pty Limited (Ausmex). Eumeralla is an Australian-based exploration and development company holding tenements in Mongolia and Myanmar. RSC understands Eumeralla does not have any interest in other mineral projects in Australia.

As this Report is to be included in a public report, it has been prepared in accordance with the requirements of the Code for the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (the VALMIN Code, 2015 Edition) and The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2012 Edition).

The objectives of this Report are to provide an overview of the geological setting of the project's mineral assets and associated mineralisation, outline the recent and historic exploration work undertaken over the project area, and comment on the exploration potential of the project and proposed future work.

Consent has been sought from Eumeralla and Ausmex representatives to include technical information and opinions expressed by them. No other entities referred to in this Report have consented to the inclusion of any information or opinions and have only been referred to in the context of reporting any relevant activities.

## 1.2 Qualifications, Experience, Responsibility and Reliance on Other Experts

RSC is an international geological consultancy, exploration management and contracting firm with offices in Australia and New Zealand, as well as supporting offices in Africa and Asia. This Report was prepared by Sean Aldrich of RSC and Jason Froud of Optiro Pty Ltd (Optiro), with a review of environmental aspects provided by Rick Aldam. Mr Sean Aldrich and Mr Jason Froud meet the competency criteria as set out under Section 11 of the JORC Code, 2012 and Section 3.1 of the VALMIN Code, 2015. Mr Aldrich (MAusIMM) is the Competent Person responsible for this report. Mr Aldrich is a consultant to RSC and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activities being undertaken to qualify as a competent person as described by the JORC Code, 2012. Mr Aldrich consents to the inclusion in this Report of the matters based on his information in the form and context in which it appears.

Mr Jason Froud, Principal Geologist, has over 20 years' experience in mining geology, exploration, resource definition, mining feasibility studies, reconciliation and consulting. He has held corporate roles in gold, iron ore, base metal and uranium deposits principally in Australasia and Africa. Jason has previously acted as a Competent Person and Independent Expert across a range of commodities with expertise in mineral exploration, grade control, financial analysis, reconciliation, quality assurance and quality control.

Mr Sean Aldrich, Principal Geologist, has more than 20 years of mining and exploration experience in New Zealand, Papua New Guinea, the Middle East, Central Asia and Africa. He has previous experience with iron sand mining operations and heavy mineral sand exploration in New Zealand. He was also involved with the exploration and commissioning of OceanaGold's Fraser Underground Mine and open pit mine production of the world-class Macraes deposit. Since 2008 he has held senior positions including General Manager at Mawarid Mining in Oman, during which time several copper VMS projects were successfully discovered and mined, significantly increasing Mawarid's Life of Mine and thus expanding the company into an international explorer.

Mr Rick Aldam, Principal Environmental Consultant, is a hydrogeologist and environmental scientist with over 30 years' experience in scientific assessments, supporting a range of resource projects. This includes the review and assessment of water and environmental information for mining projects in South Australia, such as the formulation and management of baseline studies and contamination legacy assessments; land use studies; the design and documentation of environmental monitoring systems; catchment management, salinity, and land degradation studies; wastewater reuse and disposal projects; compliance auditing; expert witness and litigation support commissions; the installation of water supply and environmental monitoring wells; soils, groundwater and wastewater sampling; the development of hydraulic containment measures; and acid rock drainage. Rick has also been extensively involved with water resource and environmental management, planning and consultation processes.

### **1.3 Independence Declaration**

The relationship of RSC with Eumeralla and Ausmex is based on a purely professional association. This Report has been prepared independently and in accordance with the VALMIN and JORC Codes. This report has been prepared in return for fees based on agreed commercial rates, and the payment of these fees is in no way contingent on the results of this report. The authors do not hold any interest in Eumeralla or Ausmex, their associated parties, or in any of the mineral properties which are the subject of this Report.

## 1.4 Information Sources

In developing its technical assumptions for the Report, RSC has relied upon information provided by Eumeralla and Ausmex and their consultants, as well as information obtained from other public sources including:

- South Australian Resources Information Geoserver (SARIG0;
- The Department of Environment Water and Natural Resources (DEWNR);
- Department of State Development (DSD);
- Australian Soil Resource Information System (ASRIS) website;
- South Australian Murray Darling Basin Natural Resources Management Board (SAMDNRM);
- Northern and Yorke Natural Resources Management Board;
- Regional Council of Goyder; and
- Data SA.

RSC has independently reviewed all relevant technical and corporate information made available by the management of Eumeralla and Ausmex, which was accepted in good faith as being true, accurate and complete, having made due enquiry of Eumeralla and Ausmex. RSC has additionally sourced publically available information relative to the project's mineral assets.

A site inspection was not conducted as the project is regarded as early-stage, with little drilling and containing no Mineral Resources. A site inspection was considered unlikely to reveal information or data that is Material to this Report.

## 1.5 Disclaimer

This document contains certain statements that involve a number of risks and uncertainties. There can be no assurance that such statements will prove to be accurate; actual results and future events could differ materially from those anticipated in such statements.

The information, conclusions, opinions, and estimates contained herein are based on:

- information available to RSC at the time of preparation of this Report;
- assumptions, conditions, and qualifications set forth in this Report; and
- data, reports, and other information supplied by Eumeralla and Ausmex, and other third-party sources.

The opinions, conclusions and recommendations presented in this Report are conditional upon the accuracy and completeness of the existing information.

No warranty or guarantee, be it express or implied, is made by RSC with respect to the completeness or accuracy of the legal, mining, metallurgical, processing, geological, geotechnical and environmental aspects of this document. RSC does not undertake or accept any responsibility or liability in any way whatsoever to any person or entity in respect of these parts of this report, or any errors in or omissions from it, whether arising from negligence or any other basis in law whatsoever.

RSC reserves the right, but will not be obligated, to revise this Report and conclusions if additional information becomes known to RSC subsequent to the date of this Report. Any changes made as a result of these reviews did not include alterations to the conclusions made. Therefore, the statement and opinions expressed in this document are given in good faith and in the belief that such statements and opinions are not false and misleading at the date of this Report.

RSC assumes no responsibility for the actions of the company or others with respect to distribution of this Report.

## 2 Property General Summary

### 2.1 Project Description and Location

The centre of the project area (EL 5881) is located 140 km north-northeast of Adelaide, South Australia (Figure 1). The historic mining town, Burra is the closest town to the tenement and is within 6 to 17 km of the licence blocks. The project consists of three separate blocks: Mount Bryan (northern block); Red Banks (central block), and World's End (southern block). In total the licence covers 970 km<sup>2</sup> (Figure 2).

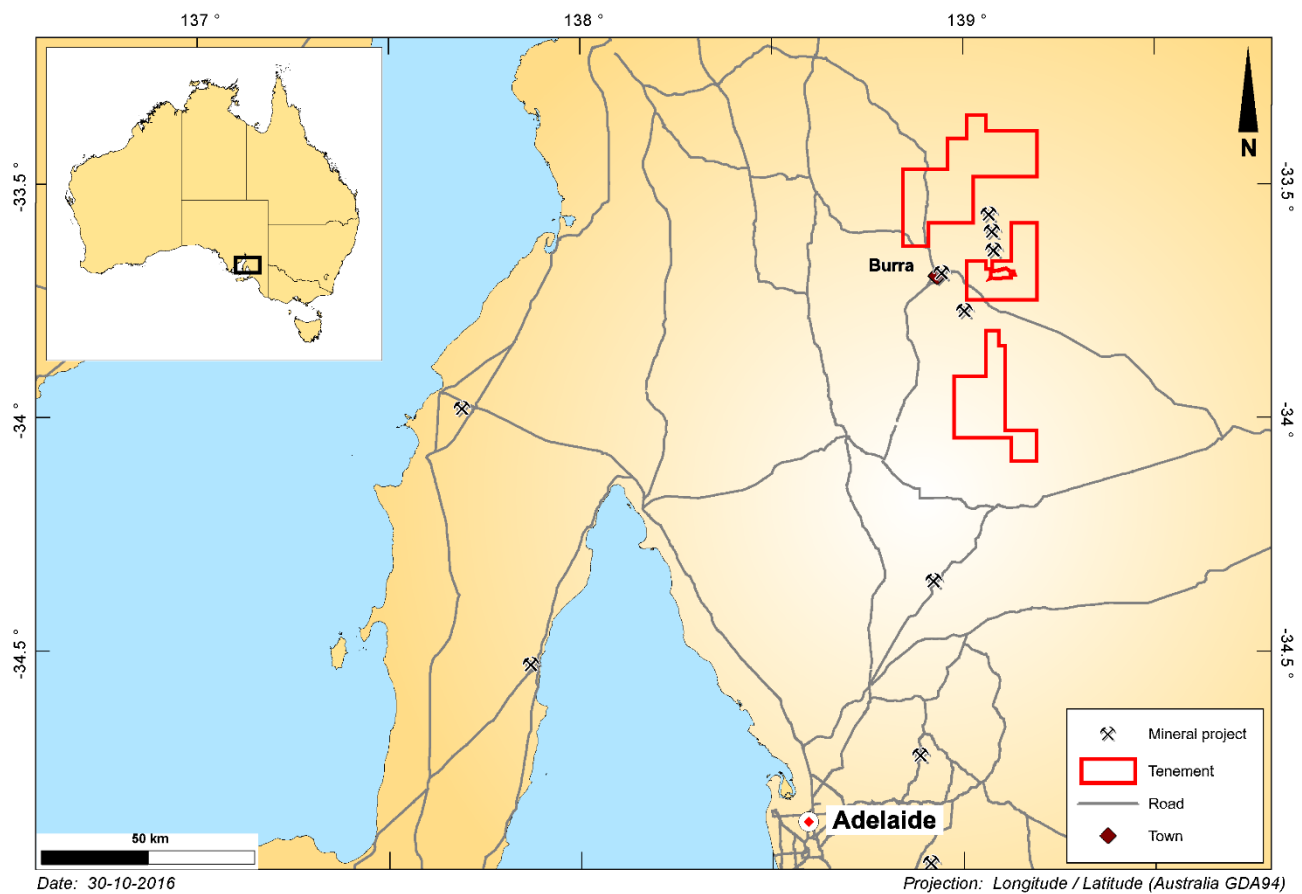


Figure 1: South Australian project area

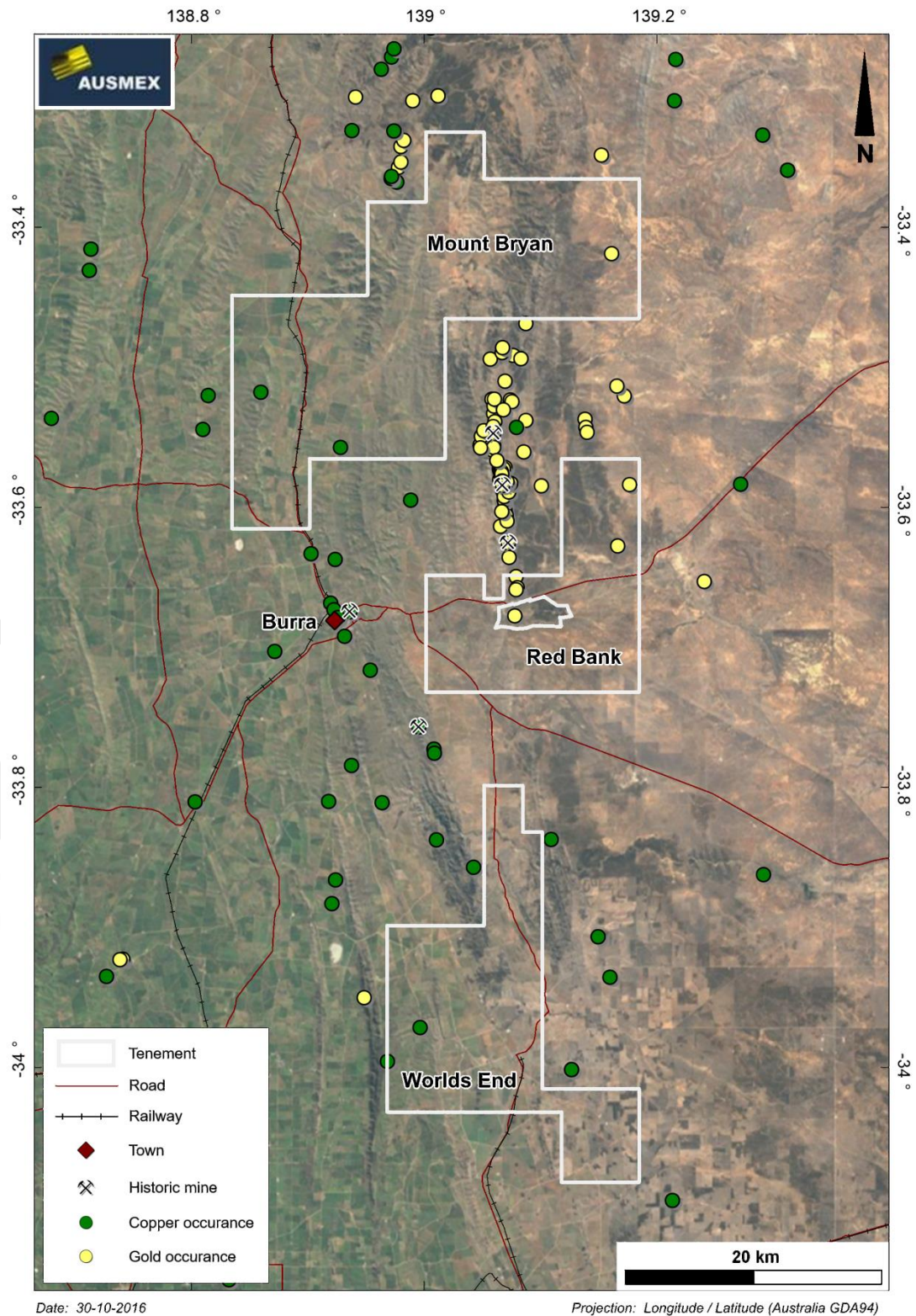


Figure 2: Tenement location map (Google Earth background)

## 2.2 Tenure and Ownership

RSC reviewed the status of the licence via the South Australia Resources Information Geoserver (<https://sarig.pir.sa.gov.au/Map>). SARIG is an online database and geographic information server (GIS) that provides current tenement information and an EL application (ELA)/renewal lodgement service along with an extensive range of geoscientific data.

### 2.2.1 Status

An ELA had been submitted on 10 June 2016 by Ausmex. The DSD granted EL 5881 as of 4 November, 2016 in a letter dated 9<sup>th</sup> November 2016, for a period of two years. (Table 1) to Ausmex Mining Pty Limited (CAN 612 797 396) ("the Licensee") of Suite 207 Delhi Corporate, 32 Delhi Road, North Ryde, New South Wales. A letter dated 16<sup>th</sup> December 2016 from the DSD, confirms that the documents were signed by the Deputy Mining Register on the 12<sup>th</sup> December 2016. An original copy has been retained by the Mining Registrar.

The licence will be valid for two years and can be renewed for up to five years.

RSC has prepared this Report upon the understanding that the EL held by Ausmex is currently in good legal standing.

Under Schedule B in EL 5881 (Approval, Notification of Proposed EL Terms and Conditions), the licensee must expend an amount of no less than AUD 250,000 per annum on exploration in the area comprised in the licence during the term of this licence (unless the Minister directs otherwise).

Table 1: Project tenement schedule

Tenement	Status	Area (km <sup>2</sup> )	Granted	Expires	Minimum expenditure	Equity
EL 5881	Granted	970	4 Nov 2016	3 Nov 2018	\$250,000	Ausmex (100%)

### 2.2.2 Categories of Minerals

The EL conditions allow for exploration for all minerals except extractive minerals or precious stones within the area defined, excluding that part of area:

- comprising in a precious stones field; or
- subject to a mining tenement; or
- comprise in a private mine

### 2.2.3 Overlapping Mineral Titles and Applications

ML 6056 is entirely covered by Area C (Worlds End Block). The ML is an open cut magnesite mine currently under care and maintenance. The ML is 17.8 ha and is currently owned by WI & RJ Neldner Contractors. The commodity category for the ML is industrial minerals. The ML Expires in 26<sup>th</sup> September 2018.

### 2.2.4 Rent

Rent is payable on the EL at a rate per square kilometre. That rate is subject to changes from time to time. The current rate is AUD 11.90 per square kilometre plus an administration fee of AUD 157. Currently there no amounts outstanding. Based on the size of the licence the next annual payment of AUD 11,700 is due at the end of the first year.

## 2.3 Work Programme and Budget

Eumeralla provided RSC with a forecasted budget based on the Eumeralla raising between AUD 4 and 6 million dollars. This budget ensures the minimum annual monetary expenditure requirement for the licence is fulfilled. RSC notes that there is no regulatory requirement for the amount to be spent equally between the blocks. This gives the company some flexibility with the exploration funding should one block be more prospective than the others.

Discussion with Eumeralla's management indicates that during the first two years, Eumeralla will undertake a data review, targeted geochemical survey and aeromagnetic survey of prospective areas. This will allow the development of mineral deposit concepts and drill targets. At the end of the two-year period Eumeralla can consider the option to extend the period of the licence and continue with a new exploration programme and budget. Eumeralla has budgeted AUD 250,000 to 500,000 for exploration on EL 5881 (Table 2).

Table 2: Eumeralla budget forecast (AUD)

Sources of funds	subscription amount \$4,000,000	subscription amount \$6,000,000
Cash on hand of the company and Ausmex	1,000,000	1,000,000
Funds raised under the public offer	4,000,000	6,000,000
<b>Total funds available</b>	<b>5,000,000</b>	<b>7,000,000</b>
Use of funds		
<b>Exploration of EL 5881</b>	<b>250,000</b>	<b>500,000</b>
Exploration of Cloncurry tenements and Cloncurry North tenements	1,650,000	2,900,000
Exploration of Mongolian project	100,000	100,000
QMN payment for further 20% interest in joint venture	1,000,000	1,000,000
Exercise of Cloncurry North option	500,000	500,000
Expenses associated with the acquisition <sup>1</sup>	600,000	720,000
Administration expenses	800,000	900,000,
Working capital	100,000	380,000
<b>Total use of funds</b>	<b>5,000,000</b>	<b>7,000,000</b>

## 2.4 Administration Management Zones

There are no designated administrative areas that prohibit mineral exploration or production within the licence area. The licence area does include several conservation areas and is covered by a Native Title claim (Table 3). The licence area may also include private conservation areas within the Red Banks Block operated by World's End Conservation Pty Ltd.

The MSEC approved EL 5881 on 7 September 2016 (EL 5881 Approval, Minister for Sustainability, Environment and Conservation (MSEC). Conditions include that The Notice of Entry (Form 21) should be sent to the MSEC. The licensee should liaise closely with the District Manager or delegate to ensure that the particular concerns and regulations for the parks within the licence are met. The application must be supported by a PEPR. Prior to commencing on-ground exploration operations, a PEPR shall be submitted to the Department of State Development for:

- activities within 100 metres of Caroon Creek Conservation Park, Mokota Conservation Park, Mimbara Conservation Park or Red Banks Conservation Park;

- activities on Vegetation Heritage Agreement Areas, and
- activities on a salt lake or within 100 metres of the lakeshore.

The management plans for the conservation parks should be consulted for further information on areas of high conservation value. Currently only the Mokota Conservation Park has a management plan (Mokota Conservation Park Management Plan, 2003). Under the Plan, exploration and mining is permitted, however, activities are to follow guidelines issued by the Minister for Minerals and Energy and are subject to conditions specified in the joint proclamation, which include having regard for the operational plan of management of the park.

Attachment 4 of the MSEC approval for EL 5881 notes that there is a proclamation regarding the Caroon Creek Conservation-Park. The Caroon Creek Conservation-Park may be proclaimed as a reserve under the National Parks and Wildlife Act 1972 during the period of the exploration licence. Any new activity within the park after the date of proclamation will require the approval of the MSEC. Activities are not permitted on parks where new proclamations, pursuant to the National Parks and Wildlife Act 1972, exclude new and existing rights of entry.

The PEPR should identify the sensitive species, communities and environmental systems present within the licence area and justify how the proposed work programme minimises the impact on those features. These include the nationally-listed endangered Mt Bryan Greenhood, Spiller's Wattle and Pygmy Bluetongue lizard, and the nationally-listed vulnerable Trailing Hop-bush, Silver Daisy-bush and Flinder's Worm-lizard.

The exploration licence is within the South Australian Murray Darling Basin Management region and is subject to the Board's Regional NRM Plan. When implementing its work programme, the licensee will need to consider its potential water take and determine whether it needs to apply for a water licence and allocation.

RSC notes that surface water within the areas surrounding the tenements is limited to ephemeral flows in watercourses and water retained seasonally in farm dams (Aldam, 2016). The only permanent watercourse is Burra Creek, which originates north of the township of Burra and flows southerly and then to the east through Burra Gorge and across the World's End tenement to the plains of the Murray Basin.

Groundwater within and near the tenements is likely to occur in fractured basement rock aquifers, shallow alluvial aquifers and in the east of the Mount Bryan and Red Banks blocks, within sediments of the Murray Basin. The DEWNR WaterConnect database was searched for water wells within the vicinity of the tenements (Aldam, 2016).

The EL area overlays a Vegetation Heritage Agreement. Vegetation Heritage Agreements are established between the landholder and the MSEC. A standard Heritage Agreement generally prohibits native vegetation removal; deterioration in the quality, flow or quantity of water; removal or disturbance of rocks or soil, and recreational use of trail bikes and other vehicles.

Progressive rehabilitation of any disturbance associated with works is required and should be completed within three months of the cessation of activities.

Table 3: Summary of restricted areas for mineral exploration (EL 5881)

Land Restriction	Comment
No mineral exploration or production access (parks and reserves)	None within EL 5881
No exploration or production access (wilderness protection areas)	None within EL 5881
Areas reserved from the Mining Act 1971, and Opal Act 1995.	None within EL 5881
Special declared areas, no exploration or production	None within EL 5881
Restricted mineral exploration or production access (parks and reserves)	Caroona Creek (Mount Bryan); Mokota (Mount Bryan); Mimbara (World's End)
Conservation Reserves	None within EL 5881
Native vegetation heritage zone	Mount Bryan (north); World's End
Pastoral Lease	None within EL 5881
Aboriginal land	None within EL 5881
Schedule of Native Title claim	SC2011/002 Ngadjuri Nation
Registered and notified indigenous land use agreements	None within EL 5881
Registered Native Title determination application	SC2011/002 Ngadjuri Nation
Determinations of Native Title	None within EL 5881

## 2.5 Exclusions

In general, high value conservation areas can exclude mineral exploration and production. The licence entirely surrounds and does not include the Red Banks Conservation Park which excludes mineral exploration and production. Conditions are in place if exploration is undertaken within 100 m of the Red Banks Conservation Park boundary.

Certain land such as cultivated fields (cropped or on a rotational cycle), forest reserves, or land within 400 m of a house or 150 m of a building or water supply may be considered as exempt from mineral exploration. Exempt land is fully defined in section 9(1) of the Act. Waiver of exemption can be agreed between the explorer and land owner.

## 2.6 Exploration Licence Conditions

The licence held by Ausmex is for an EL issued for exploration in South Australia. It authorises the licensee, subject to the Mining Act (1971), Regulations and conditions of the licence, to explore for all minerals except opal and other than extractive minerals. The Act provides for:

- the issue of mineral tenements landholder;
- tenement holder rights with regard to access to land;
- regulation of mining operations;
- collection of royalties;
- imposition of penalties;
- appointment of inspectors and authorised persons, and
- definitions.

Key prescribed conditions set out under the Act include:

- the licensee must, as soon as reasonably practicable, report to the Director the discovery on the land of minerals potentially capable of economic production;
- the licensee must give written notice of the following matters to the Director:
  - a proposal to carry out an airborne survey of the land (including details of the type of survey, the area to be surveyed, flight line spacing and flight height);
  - a proposal to investigate the use of groundwater on the land for the purpose of water supplies, de-watering, in-situ leaching, waste disposal or other purpose; and
- the licensee must within 60 days after making a request to the Minister for a reduction in the area of the land in respect of which the licence operates, submit to the Minister a technical report of the exploratory operations carried out in the area sought to be excluded from the licence.

Standard conditions set out under Schedule C for the licence include;

- no rights to carry out operations on native title land;
- activities are restricted to Low Impact Exploration as defined by Ministerial Determination 001;
- prior to conducting any work a PEPR will need to be submitted and approved;

- licensee must comply with laws of South Australia;
- licensee must prevent contamination of groundwater;
- fourteen-day notice is required prior to commencing drilling;
- licensee must provide six-monthly summary and annual technical reports;
- at the end of the term the licence area shall be reduced by 25%, unless the Minister otherwise determines;
- Notice to Entry (Form 21) is required prior to conducting work on the Caroon Creek, Mokota and Mimbara conservation parks and approval must be obtained from the Minister of Sustainability, Environment and Conservation, and Minister for Mineral resources and Energy; and
- other restricted areas include 100m within the Red Banks Conservation Park and Native Vegetation Agreement areas.

## 2.7 Land Access and Compensation

Guidelines for conducting mineral exploration in South Australia have been prepared by the DSD, through the Minerals Resources Division, South Australia (Department of State Development, 2015). In general, best-practice exploration is built on a respectful working relationship between explorers and landowners. The licence holder must consult with the landowner and issue them with a form called a Notice of Entry (Form 21) and then wait 21 days before entering the land, or negotiate an agreement with landowners that includes the conditions of entry.

For parks or reserves managed by DEWNR under the National Parks and Wildlife Act or Crown Land Management Act 2009, the Notice of Entry on land form should be addressed to the Minister for Sustainability, Environment and Conservation (MSEC) as the landowner.

If a licence holder intends to use equipment, such as earthmoving and drilling equipment the licence holder should negotiate an agreement and issue the landholder with a Notice of use of declared equipment (Form 22).

If a holder of an EL wishes to explore on native title land and those activities affect native title, an agreement or a determination that authorises exploration must first be obtained. The only circumstance under which exploration is permitted on native title land without having to obtain an agreement or determination is if the proposed activities do not affect native title.

Mineral exploration or mining activities may entail the drilling of a water supply well or require pump testing to determine aquifer flow rates or the conversion of an existing drill hole for this purpose. Under the Natural Resources Management Act 2004 (NRM Act) such work requires a permit and must be carried out by an

appropriately licensed well driller. In addition to permits under the NRM Act, native vegetation approvals may need to be obtained if native vegetation clearance is required.

Access to parks or reserves (National Parks and Wildlife Act or Crown Land Management Act) for exploration activity requires a park access form and 10-days notice.

As part of the approval to conduct exploration, the EL holder is responsible for ensuring any impact from exploration is rehabilitated. On private land the Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE) may require the explorer to pay a bond depending on the location of the exploration and the type of exploration activities. Where there is a bond and the explorer is unable to fulfil the rehabilitation requirements DMITRE will use the bond to assist with rehabilitation. Explorers are required to rehabilitate the impact of exploration activity within six months of completion of their approved Program for Environment Protection and Rehabilitation (PEPR). Compensation payments will also be required if the exploration of the land will cause the landowner economic loss, hardship or inconvenience. The amount of compensation payable depends on individual landowners and the scope of the exploration programme.

Prior to conducting exploration activities, the Mining Act requires that: 'The holder of a mining tenement must not carry out mining operations unless a program that complies with the requirements of this part is in force for those operations'. The regulatory approach is a performance-based, risk assessment process applying to all proposed exploration and mining operations. The aim is to identify the key environmental risks that may result from any proposed exploration and mining operations, and to develop agreed and acceptable environmental outcomes that the tenement holder must be committed to deliver. Explorers in South Australia are now required to submit a PEPR.

It is Eumeralla's intention to start mineral exploration on this project with an initial 'low impact' exploration phase, in which extensive areas are explored to identify unique small 'target' areas. Activities can include geophysical surveys, mapping, soil sampling etc. For activities deemed "low impact" the South Australian Government has allowed the use of a generic PEPR. Licence holders only need to download and conduct activities in accordance with the generic PEPR. Exploration activities that are not within the scope of the generic PEPR and/or are located within certain sensitive environments (e.g. conservation parks) may require separate approval.

RSC notes that neither Eumeralla or Ausmex have any land access agreements in place or have submitted a PEPR. At the time of the report no exploration had been undertaken on EL 5881. RSC also notes that there are no environmental constraints beyond the normal conditions (i.e. conditions relating to entering and exploring in conservation parks) that can prohibit standard exploration activities.

## 2.8 Native Title

The licence also occurs within a large regional Native Title Claim by the Ngadjuri Nation Aboriginal Corporation. Native Title Claims only apply to Government and leasehold land (e.g. pastoral lease). No pastoral leasehold occurs within the licence.

## 2.9 Heritage

The EL 5881 MSEC approval, notes the Register of Aboriginal Sites and Objects, administered by the Department of State Development, Aboriginal Affairs and Reconciliation, has entries for an Aboriginal site within the tenement. All Aboriginal sites and objects are protected under the Aboriginal Heritage Act 1988, whether they are listed in the central archive or not. It is recommended that exploration companies liaise with Aboriginal groups and individuals to avoid damage to sites.

## 2.10 Infrastructure

The EL is well serviced by local infrastructure. Access to the project area is via the A32 Highway from Adelaide to Burra. Within the licence, access is via local roads and private farm tracks. RSC considers the roading infrastructure in and surrounding the licence suitable to support exploration and possible future mining operations. Rail infrastructure also occurs in the area and could offer a road-rail option for any future mining operation.

Key infrastructure within the licence area and surrounds is shown in Figure 3 and includes:

- Barrier Highway, which passes through the Mount Bryan block;
- World's End highway passing through the World's End tenement;
- Goyder highway, linking Morgan to Burra and passing through the Red Bank block;
- Adelaide – Burra railway (off tenement);
- Burra – Hallett railway through the Mount Bryan block;
- Robertstown – Eudunda railway terminating at Robertstown in the south of the World's End block;
- Burra lateral gas pipeline (from the Moomba – Adelaide pipeline) to the west of the Burra township;
- Morgan – Whyalla water supply pipeline which passes through the World's End tenement and continues to the west of Burra; and
- high voltage power lines occurring throughout the Burra area and passing through the World's End and Mount Bryan blocks.

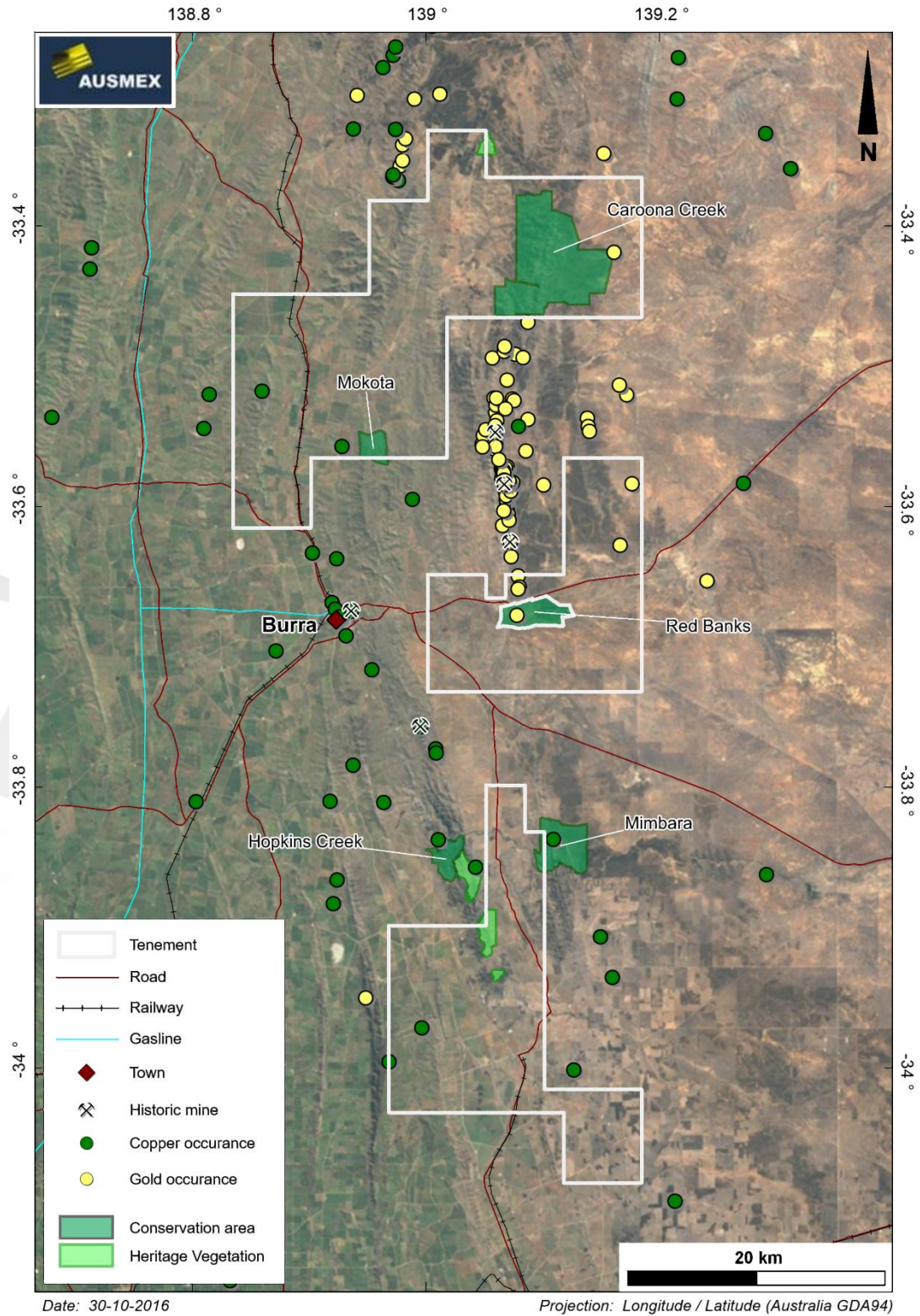


Figure 3: Regional infrastructure and conservation parks

## 2.11 Physiography

Topography is shown in Figure 4, which shows that the main topographic elements of the Burra area are long narrow north–south trending ridges, separated by open plains plus gently sloping land in the east. The most rugged land within the EL occurs on the Mount Bryan block, with Mount Bryan having an elevation of 933 m and Razorback (to its south) being 863 m high. The land falls away to the east, with New Caroona homestead being at an elevation of 250 m.

The Red Bank block is much flatter, sloping gently to the east and ranging from about 200 m to over 400 m elevation.

The World's End block is less hilly than Mount Bryan but generally steeper than Red Bank block, with elevations ranging from about 250 m to over 500 m.



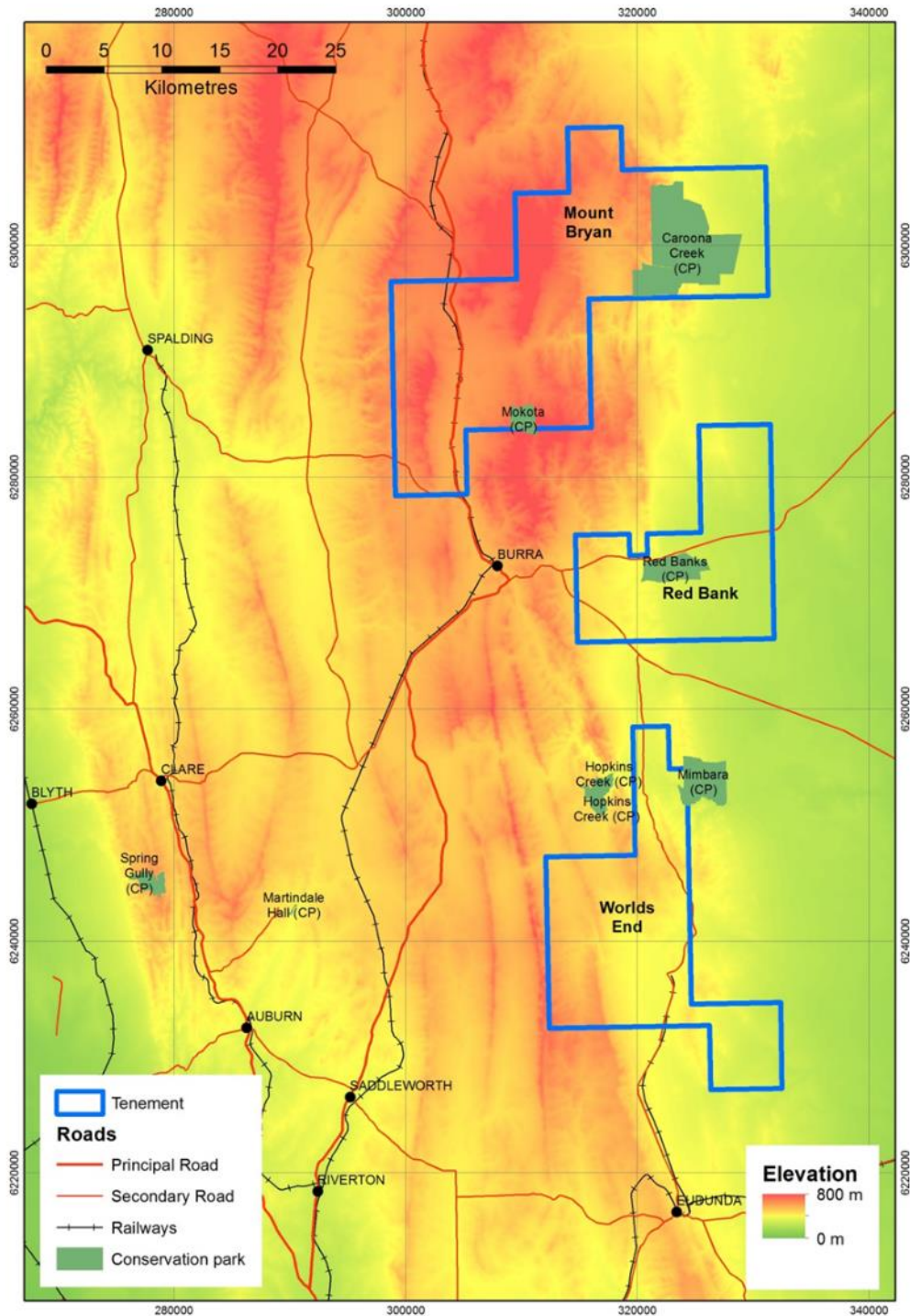


Figure 4: Elevation representation for the Mount Bryan, Red Bank and World's End tenements

### 3 Previous Work

#### 3.1 Tenure and Operating History

The exploration licence has been subjected to only minor historical mining and exploration. Historical mining consists of small pits and shafts testing surface copper and gold occurrences (SARIG web site; Figure 5). The Mount Bryan Block occurs 7 km north of the Burra Copper Mine. Copper was first discovered in the Burra district in 1843 at the site of the Princess Royal Mine. This was followed by the discovery of another copper lode at Burra by a local shepherd. The South Australian Mining Association obtained the title to the land and underground mining operations commenced in September 1845. Up until the mine closed in 1877, a total of 235,000 tonnes had been produced at a grade estimated to be 22% copper (Phoenix Copper Pty Limited, 2010a). Within the Mount Bryan Block, there are copper occurrences at Mount Bryan East and Hallett Hill that have been prospected but not mined (Manly, 2012a).

The southern extension of the Mongolata Goldfield occurs within the Red Bank Block and include the Baldina Station, Mongolata South and Mongolata-Red Banks prospects. At these locations shallow shafts and pits were dug during the 1930s. Three tons of ore were mined at Mongolata South, yielding over one ounce of gold.

The World's End Block includes the Tothill Range and Brady Creek copper prospects. At Brady Creek, several prospecting shafts were sunk through to bedrock onto a horizon of copper carbonate mineralisation (azurite and malachite) in an alluvial clay host. Attempts to locate the source of the copper mineralisation were unsuccessful. The World's End Block occurs along trend between the Australia Plains-Delsie prospects and the Princess Royal copper-gold deposit (7 km northeast of the World's End Block). Princess Royal was discovered early in 1845 and mining continued until 1851 when water was struck. Recorded production for this period is 588 tons of hand-picked ore grading 25 - 30% Cu.

The project areas have been held under various licences since 1974, with the bulk of the operators targeting gold, copper and base metals (Appendix I). Other minerals targeted included uranium, diamonds and phosphate.

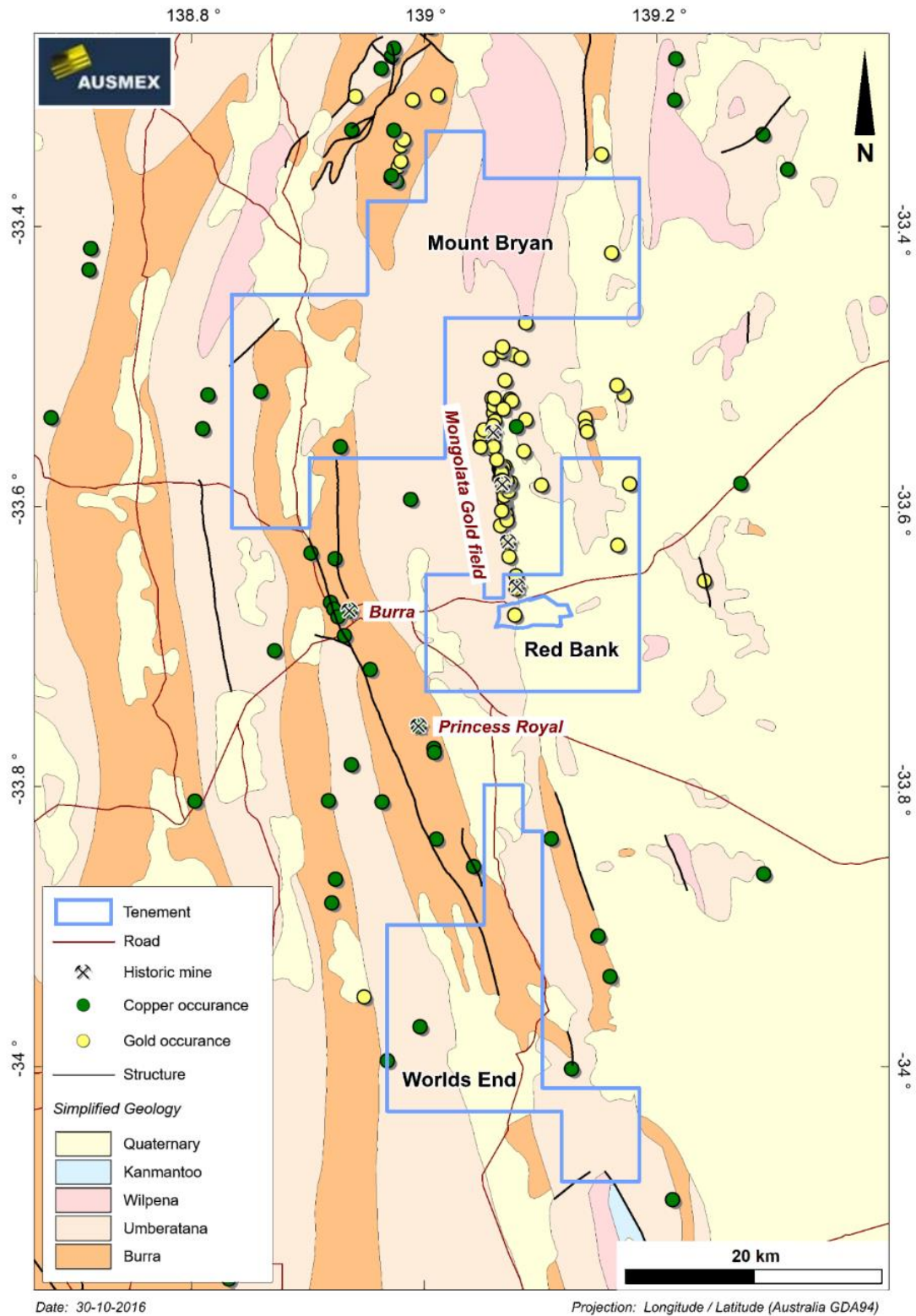


Figure 5: Project area, geology and mineral occurrences

## 3.2 Exploration History

### 3.2.1 Mount Bryan Block

Dampier Mining Company Ltd (Dampier) undertook regional exploration on EP00479, which included part of the Mount Bryan Block and areas north primarily for diamonds, but also investigated coal and base metal potential (Dampier, 1980, 1981). Work undertaken included airborne magnetic and radiometric surveys, and ground magnetics and drilling (Table 4, Figure 6). Magnetic anomalies A78/79 and 80 were noted within the east of the Mount Bryan Block. These were drill tested by rotary methods to 30 m. Only three of these holes are noted on SARIG mapping. RSC did find the logs for these drill holes but they feature on hand drawn figures within Reports 3475 and 3591 (Dampier, 1980, 1981).

Australian Selection Pty Ltd drilled 18 percussion drill holes between 16 and 164 m depth targeting the Kingston Fault extending north from the Burra Mine and extending under Quaternary sediments (outside and south of the Mount Bryan block). Most holes did not reach the target depth and were abandoned within the alluvial sediments (Mason et al., 1982).

Between 1997 and 2003 Elliot Geophysics and Redfire Resources undertook exploration in the area. Elliott Geophysics re-interpreted the aeromagnetic data in the area to gain a better understanding of the structure in the area. Their interpretation highlighted a possible buried porphyry diorite intrusive extending north of Burra (Figure 7).

Work by Phoenix Copper on the Hallett Hill Project (EL4479) identified a 4 km long copper anomaly 2.5 km west of the Mount Bryan township (Bennett, 2015). The anomaly was highlighted with a portable XRF survey (Figure 8, Figure 9). The source of anomaly was not explained or further explored due to being ranked as a low priority target. RSC notes that the anomaly is aligned with the trend of mineralisation northward from the Burra deposit. Additionally, the anomaly may also be partially obscured by Quaternary sediments to the east.

Phoenix Copper explored for porphyry copper-gold style mineralisation in the east of Mount Bryan township (EL 4032) (Manly, 2012a). Work undertaken included rock chip sampling (1), soil sampling (141) and soil analysis with a handheld XRF (1,886). Phoenix also reprocessed historic magnetic, gravity and radiometric data. The XRF sampling was undertaken on an approximate 2,000 x 20 m grid and 3,446 samples are located within the Mount Bryan Block. The survey highlighted the following targets:

- coincidental low level Cu, Zn, As anomaly overlying Mintaro Shale in the mid-south west of EL4032.
- coincidental low level Cu, Pb, Zn, As anomaly overlying Tapley Hill Formation Siltstones in the mid-south east of EL4032.

RSC notes that the SARIG web sites does not show the XRF data collected from EL4032.

The northern portion of the block was last held by Flinders Mines Ltd between 2007 and 2008. No exploration work was undertaken within the Mount Bryan Block (Ware, 2008).

Table 4: Previous drilling programmes within the project

Company	Year	Lease	Drill holes	Total m	Method	Target	Block
South Australia. Department of Mines and Energy	1958	--	3	46.6	Diamond coring	Asbestos	World's End
Dampier Mining Company Ltd	1978	EL00373	1	80	Rotary	Coal	Red Banks
Dampier Mining Company Ltd	1980	EL00479	13	390 (estimated)	Rotary	Base metals; coal; diamond	Mount Bryan
CRA Exploration Pty Ltd	1981	EL00745	2	170	Rotary	Alluvial gold; coal	Red Banks
CRA Exploration Pty Ltd	1983	EL01097	21	352	RAB	Alluvial gold; base metals	Red Banks
<b>Total</b>			<b>40</b>	<b>1,038.6</b>			

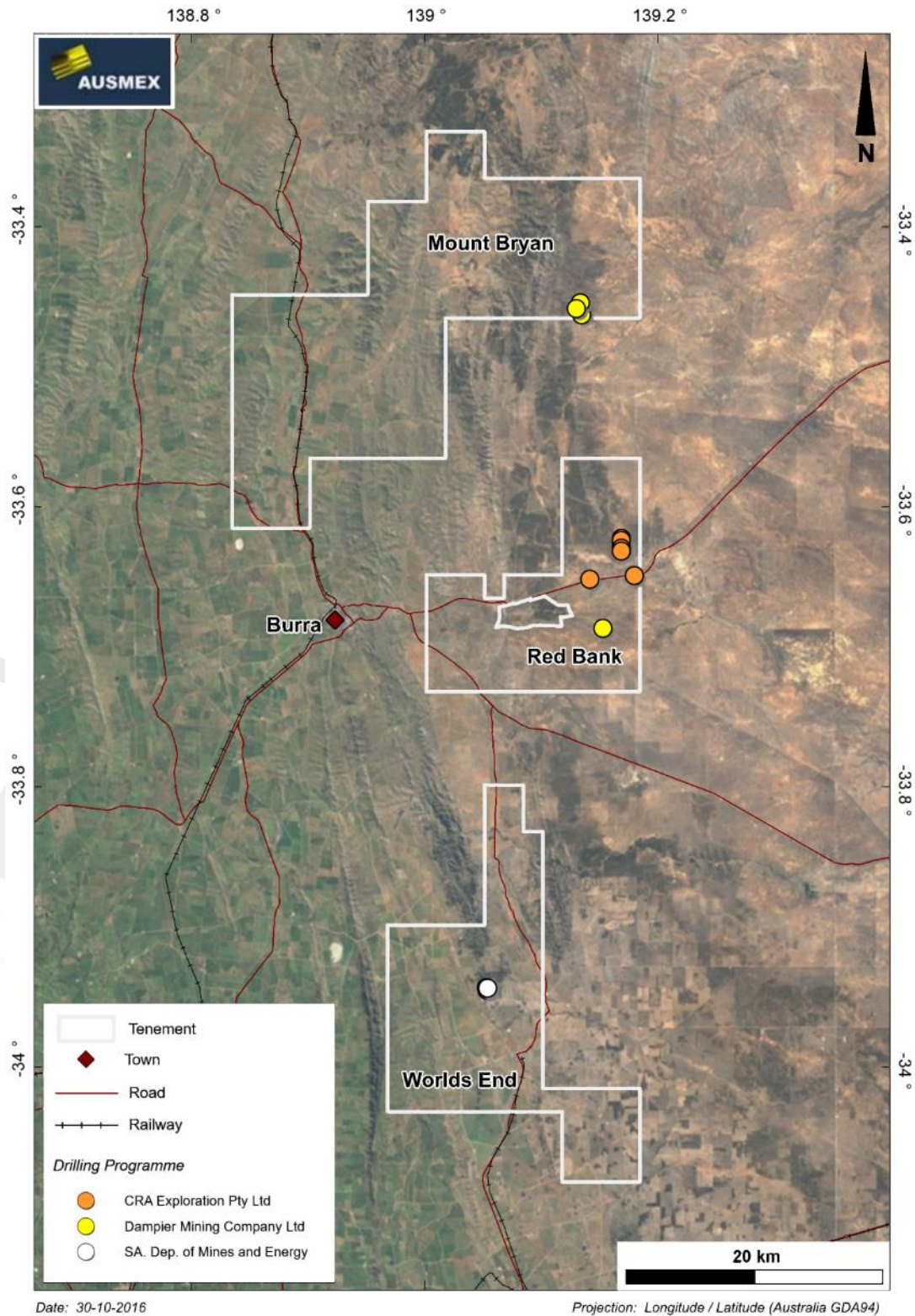


Figure 6: Location of historic drilling within the projects areas (source: SARIG website)

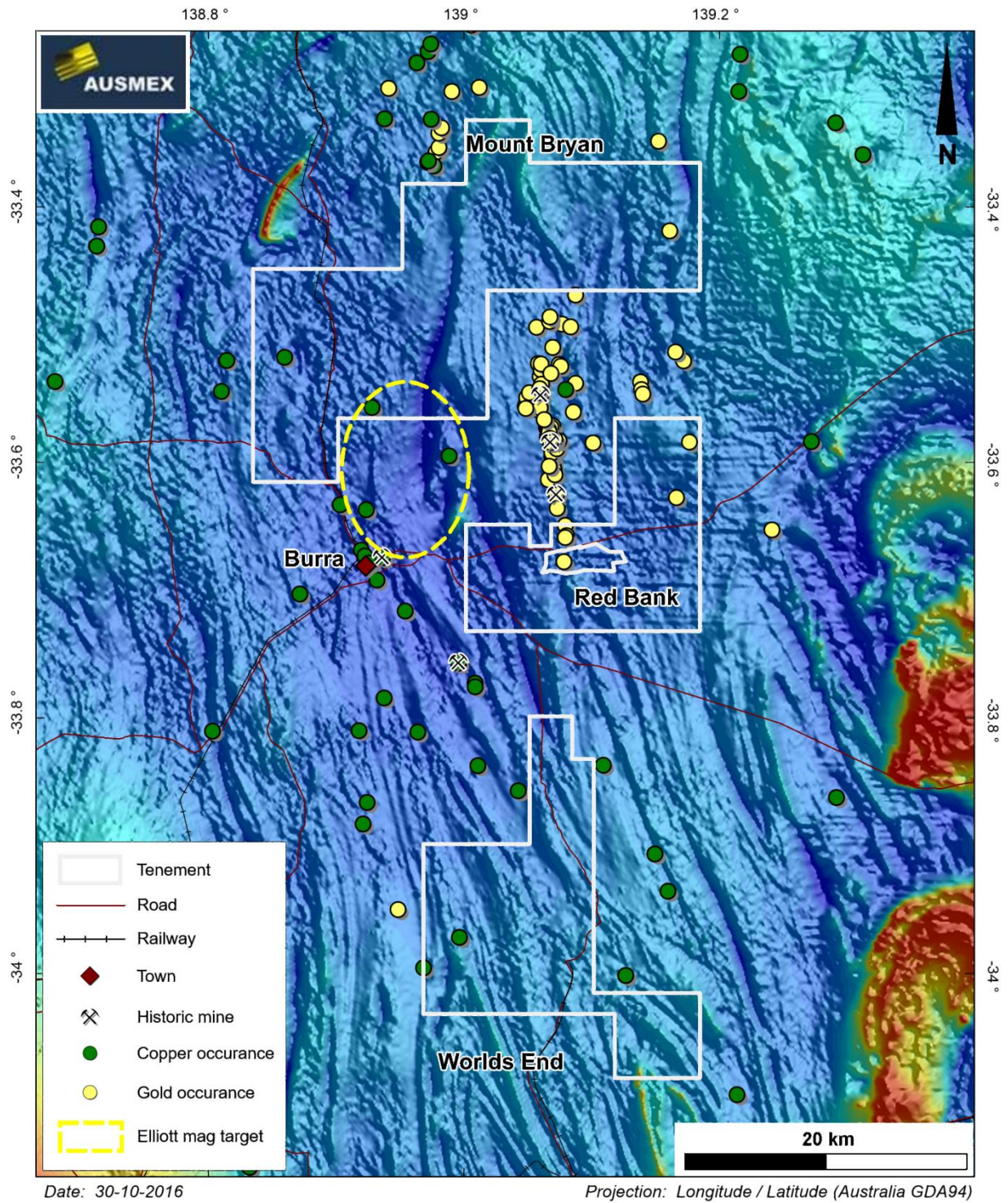


Figure 7: Regional aeromagnetic interpretation (from Elliott et al. 2003)

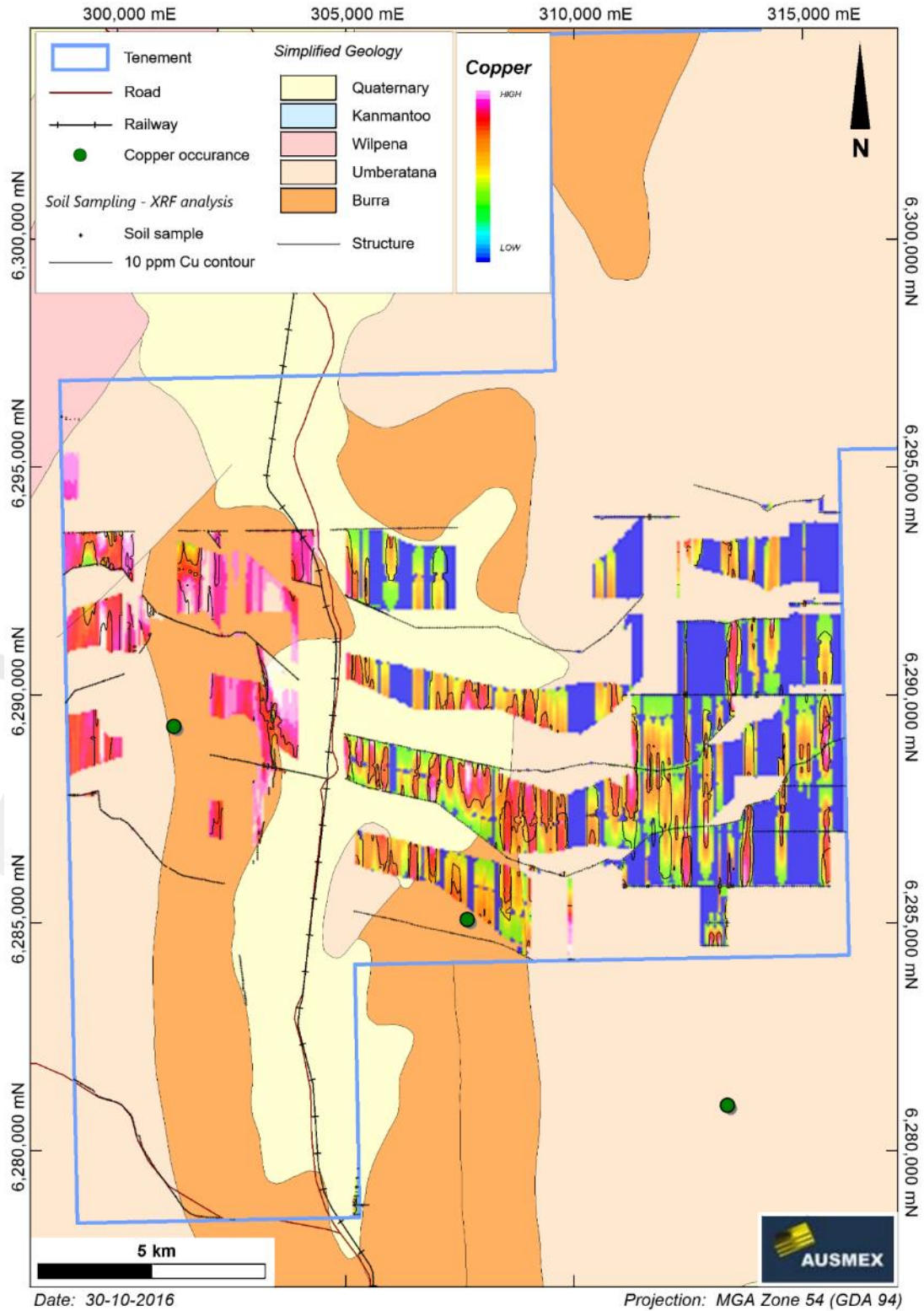


Figure 8: Mount Bryan Cu ppm from pXRF analysis (Manly, 2012)

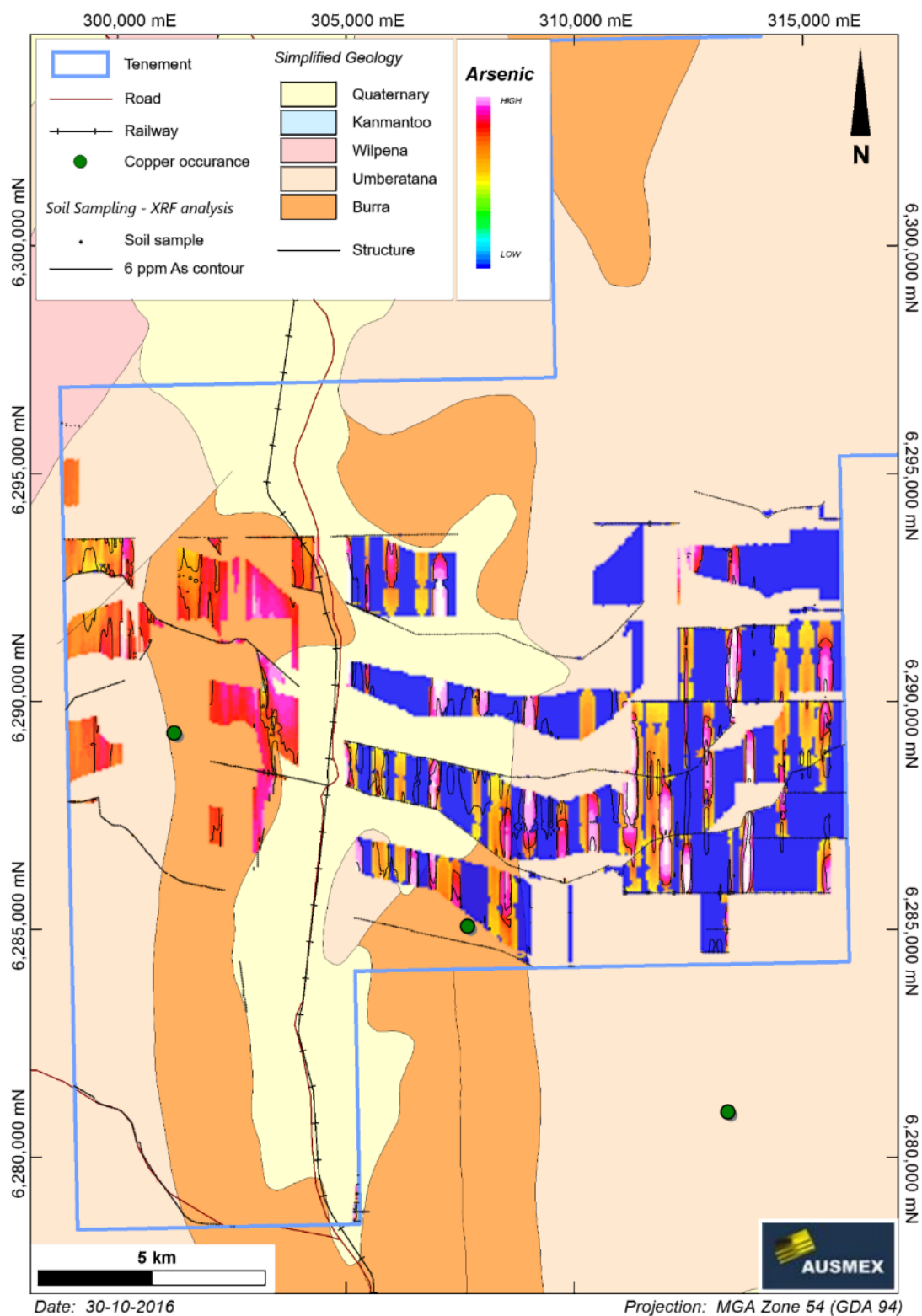


Figure 9: Mount Bryan As ppm from pXRF analysis (Manly, 2012)

### 3.2.2 Red Bank Block

CRA Exploration Pty Ltd (CRA) undertook exploration over part of the Red Banks Block between 1980 and 1981 (CRA Exploration Pty Ltd, 1981, 1983). CRA were targeting Coal, uranium and alluvial gold (deep lead). Work included low level aeromagnetic, radiometric and gravity surveys. Two drill holes were completed within Red Bank Block. Slightly elevated zinc was also noted in the lower tertiary sequence in hole 81MBR26. Results for a follow-up drill hole (81MBR44) were not discussed in the reports. A north-south line of RAB drill holes targeted a buried paleo-channel near the Thistlebed Alluvial prospect in the northeast part of the Red Bank Block. This programme included 21 drill holes for a total of 352 m. The results from this programme were negative for alluvial gold (CRA Exploration Pty Ltd, 1983).

Previously, the Red Bank Block was held by PNX Metals (previously Phoenix Copper). PNX undertook a regional portable XRF survey within the block. In total 11,441 analyses were undertaken within EL5601 (Hodge, 2016) with 7,381 located with the current Red Bank Block (Figure 10, Figure 11). RSC notes the SARIG web sites does not show the XRF data collected from EL5601.

The XRF results highlighted evidence for the southward extension of the Black Hill and Mongolata mineralised trends. However, much of the block is covered by Quaternary sediments which obscure the surface exposure of these trends further into the block.

PNX has also undertaken significant exploration immediately north of the Red Banks Block focusing on the north-south gold mineralisation trends at Mongolata and Black Hill (Phoenix Copper, 2010a). Geochemical surveys during 2008 and 2009 highlighted a strong 12 km long coincident arsenic-copper-gold geochemical soil and rock chip anomaly trending along strike of the Cox Sandstone and Mongolata gold workings, and another 2 km trend at Black Hill.

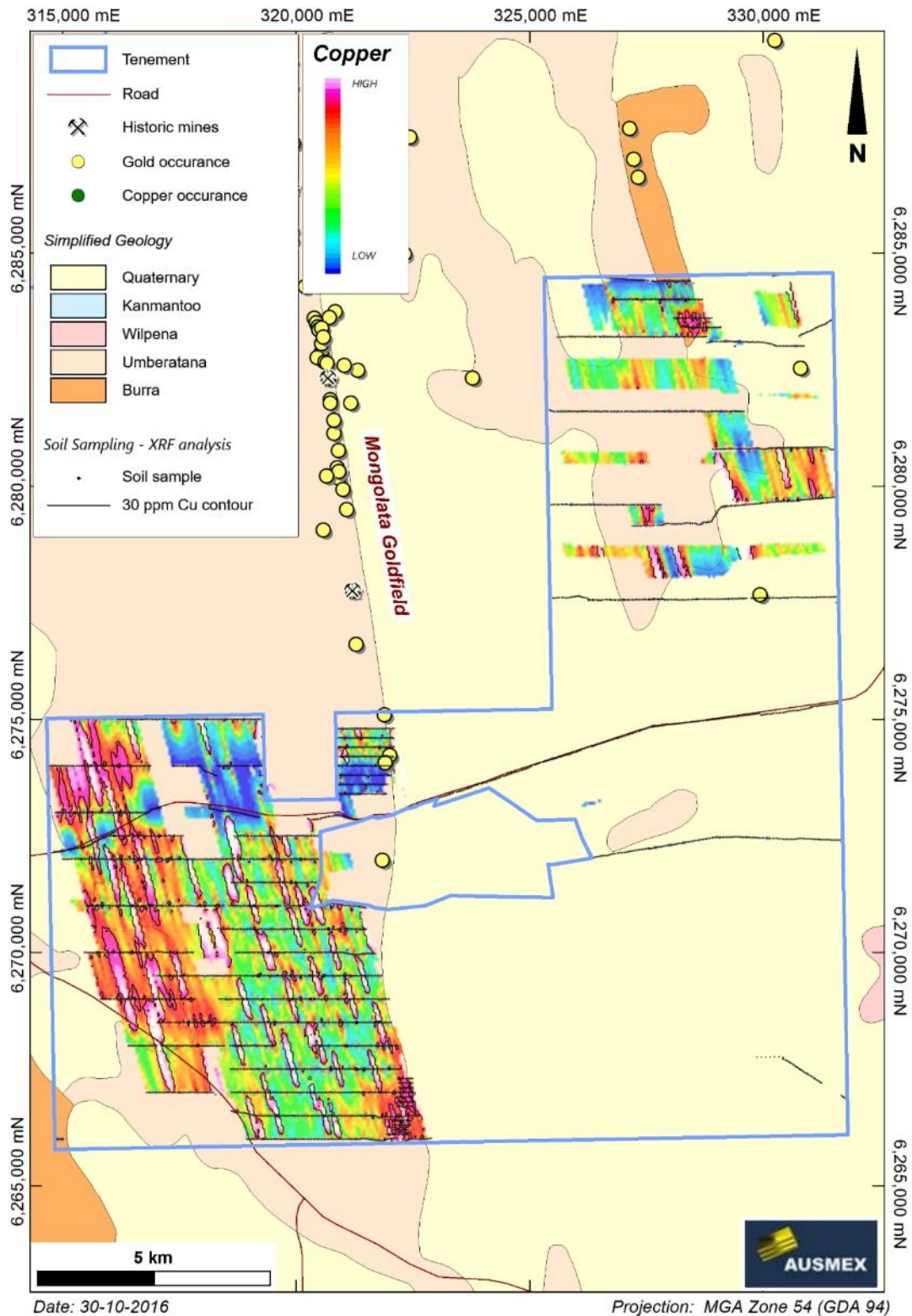


Figure 10: Red Bank Cu ppm from pXRF analysis (Hodge, 2016)

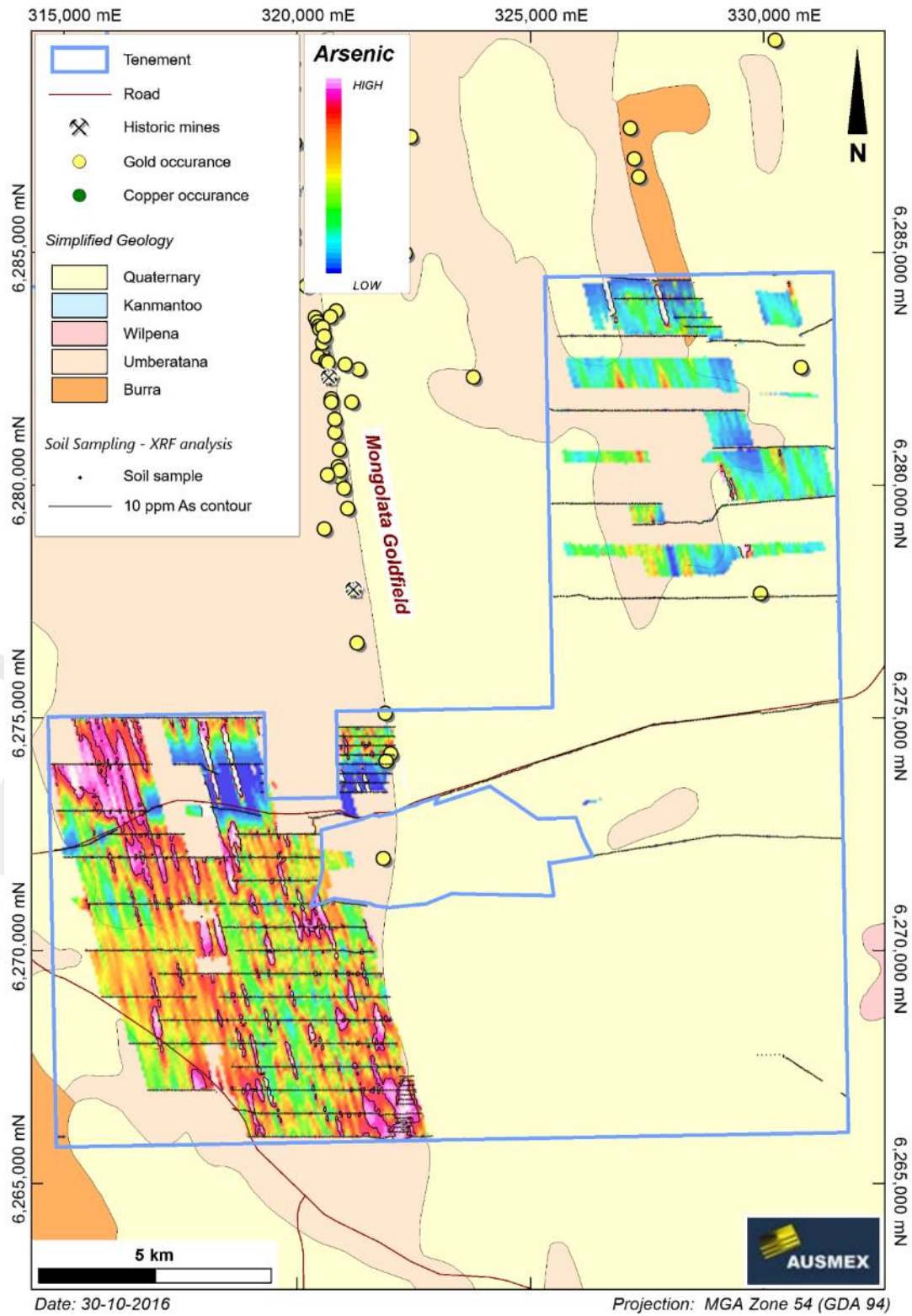


Figure 11: Red Bank As ppm from pXRF analysis (Hodge, 2016)

At Black Hill, the quartz veins occur on the faulted contact of brittle host Watervale Sandstone and more ductile Saddleworth Formation siltstones. Shallow scrapings and old workings persist to the north of 6287775N on the Watervale Sandstone horizon and although not definitely associated with the mineralisation, a north-northwest trending feature can be detected in the Total Count Radiometrics immediately west of the contact. This feature continues north for another 1,500 m where it is terminated by a significant northwest trending structure. The zone continues south to about 6284530N before diffusing and becoming difficult to identify.

### 3.2.3 World's End Block

The north and central portions of the World's End Block was previously held by PM Prospecting Pty Ltd between 2006 and 2008 (Clifford and Ford, 2008). PM Prospecting focused on the uranium potential at the Fairview Prospect, outside the World's End Block.

In the west of the block, Copper Range (Brewer, 2010) undertook a review of previous exploration in the region and developed a new conceptual model for sandstone hosted copper mineralisation within the Adelaide Fold Belt. Copper Range identified the Tarnma Anticline area as a prospective location for sandstone-hosted copper mineralisation below a dolomite seal.

Between 2010 and 2012, Phoenix Copper undertook a geophysical review and reprocessing producing a solid geology model, and regional portable XRF survey. Phoenix undertook 2,420 analyses within EL3972 (Phoenix Copper, 2012) and 1525 analyses within EL4503 (Manly, 2012b). In total 1,804 occur within the World's End Block (Figure 12, Figure 13).

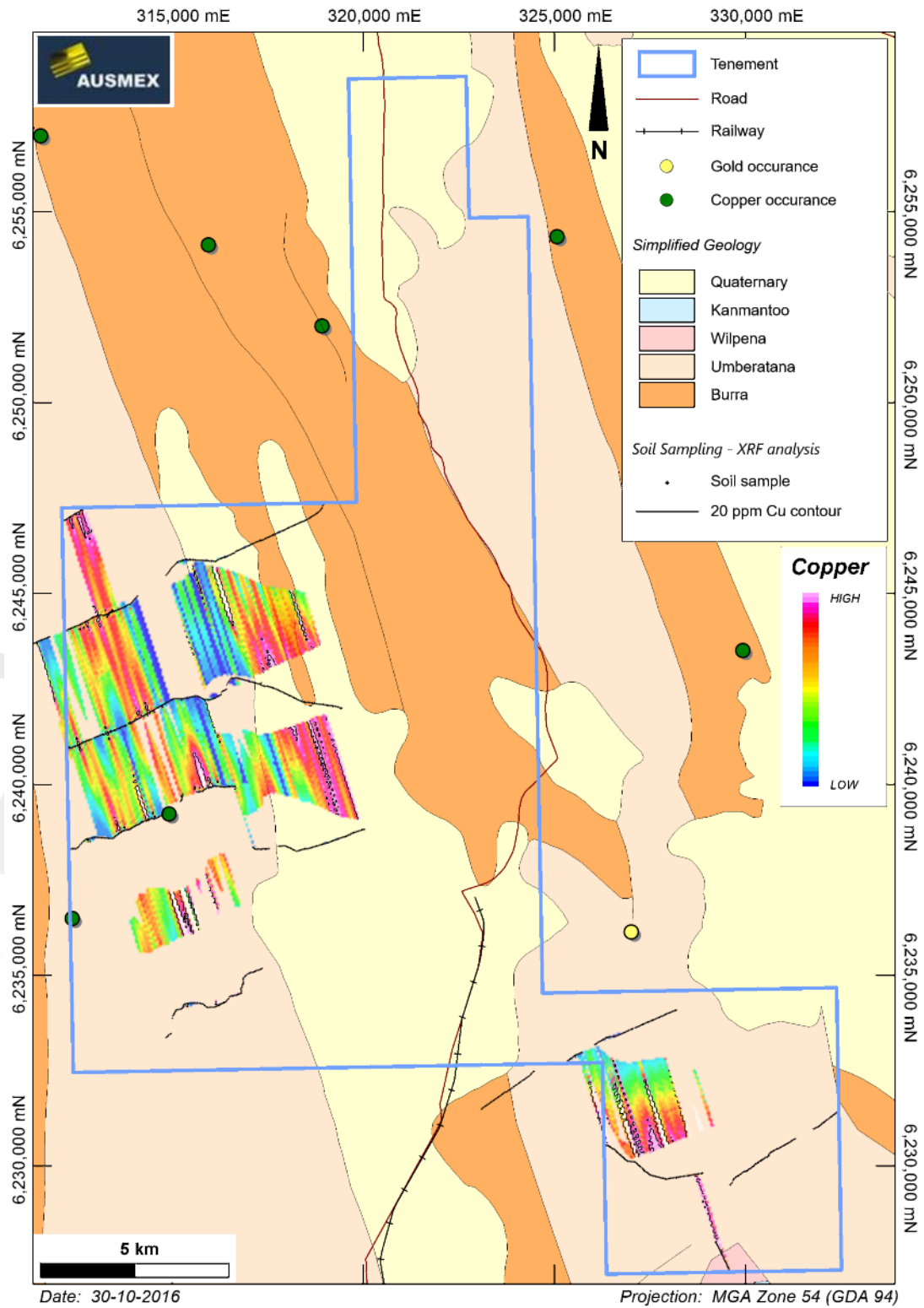


Figure 12: World's End Cu ppm from pXRF analysis (Phoenix Copper, 2012)

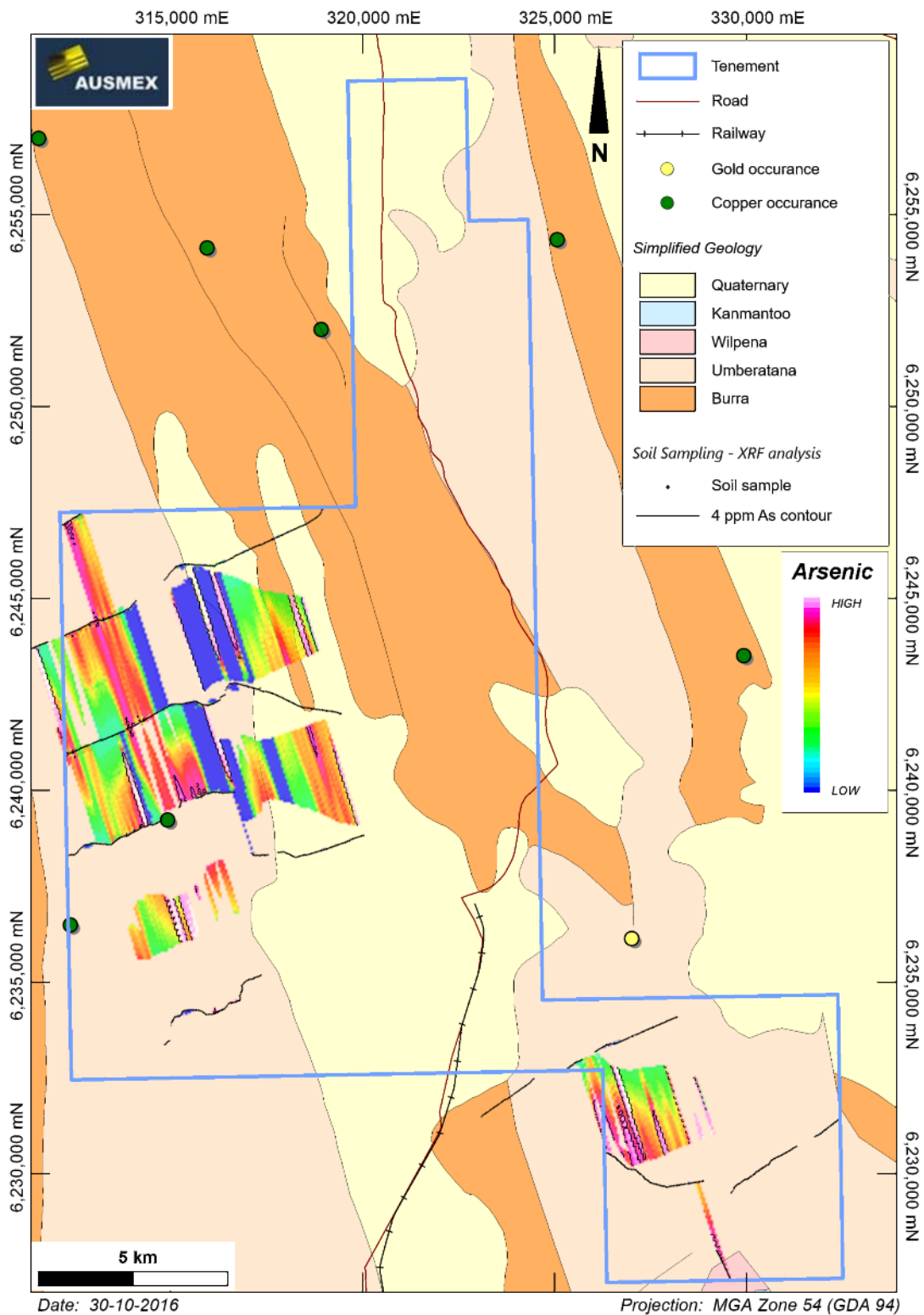


Figure 13: World's End As ppm from pXRF analysis (Phoenix Copper, 2012)

## 4 Geological Setting and Mineralisation

### 4.1 Regional Geological Setting

The project is located within the southern portion of the Adelaide Geosyncline (Figure 14). The Adelaide Geosyncline is a Neoproterozoic to Middle Cambrian complex of rift and sag basins. The geosyncline flanks the eastern margin of Gawler Craton and contains mostly marine sediments (Preiss, 1993). The thickest development and most complex sedimentary record is exposed in the Flinders and Mount Lofty Ranges. The geosyncline hosts numerous metallic mineral deposits, both stratabound and structurally controlled, and the bulk of South Australia's industrial and extractive minerals exploited to date (Newton et al., 2003).

During the Neoproterozoic, deposition in the Adelaide Geosyncline commenced with the sediments of the Callana, Burra, Umberatana, and Wilpena groups, largely in rift basins and including some mafic volcanic rocks and evaporitic sediments in the lower part. The Callana Group consists of clastics, carbonates and mafic lavas. Sediment hosted copper deposits occur within the volcanic units.

The Burra Group comprises of feldspathic sandstones, siltstones, dolomites and sedimentary magnesite. The Burra Group is host to some significant mineral deposits, including copper, gold, silver-lead, micaceous haematite, talc, clay, dolomite, and quartzite (Preiss, 1993; Newton et al., 2003). The Skillogee Dolomite hosts the major copper mineralisation at Burra (Figure 5). At Burra, the host rock is in faulted contact with an unmineralised diapiric breccia, with porphyry dykes and subaerial volcanics contained within the deposit (Newton et al., 2003).

The Umberatana Group was defined by Thomson et al. (1964) to encompass the glacial deposits of the Adelaide Geosyncline. The group comprises glacial sequences at the base and top, plus interglacial siltstone, sandstone and carbonate units (Newton et al., 2003). The Umberatana Group hosts iron ore occurrences, stratabound gold in quartz veins, and copper deposits. The Marinoan-aged Cox Sandstone hosts vein gold at the Waukaringa and Mongolata Goldfields (Figure 5) and at Woodside in the Adelaide Hills, while the Marinoan-aged Enorama Shale hosts further vein-gold mineralisation at the Mannahill Goldfield (Newton et al., 2003).

The Wilpena Group is the youngest subdivision of the Adelaidean succession and records two major transgressive-regressive cycles (Preiss, 1993). The Wilpena Group, consisting of siltstone, sandstone and minor carbonate and comprises most of the Flinders Ranges. Minor zinc mineralisation at Puttapa Gap and Patawarta is recorded within the Marinoan-aged Bunyeroo Formation. Numerous vein-type barite occurrences are hosted by Adelaidean sediments. The largest deposits at Oraparinna and Dunbar, are hosted by Wilpena Group sediments, in close association with the Oraparinna Diapir (Newton et al., 2003).

Cambrian sediments occur to the north and south of the project area. Mississippi Valley-type, karst-fill lead-zinc-silver deposits occur in the northern Flinders Ranges carbonate rocks of the Wilkawillina Limestone and equivalents and in the Early Cambrian Hawker Group (Newton et al., 2003). The Kanmantoo trough includes fine to coarse grained and massive to laminated greywacke, grading up to laminated siltstone in cycles; laminated and cross-bedded sandstone; siltstone and shale; and pyritic and carbonaceous metasiltstone. Newton et al. (2003) notes that mineralisation in the Kanmantoo Trough is widespread, and the contained sequence of rocks has high potential for base and precious metal discovery.

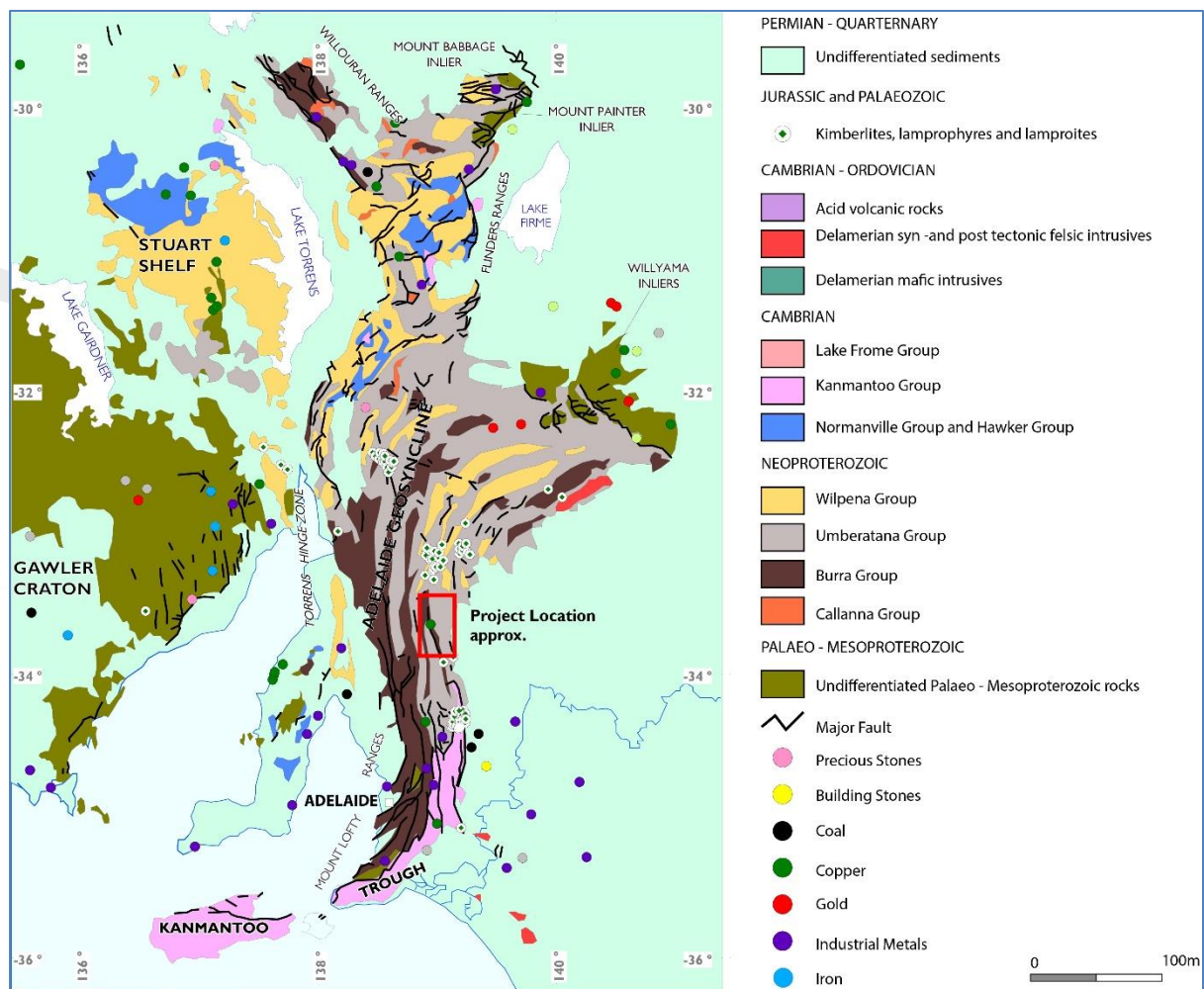


Figure 14: Regional geology, Adelaide Geosyncline (from: Newton et al., 2003)

Sedimentation in the geosyncline was terminated by the onset of northwest-directed compressive deformation in the south, with further deformation associated with the subsequent Delamerian Orogeny at ~500 Ma (Rutland et al., 1981). The Delamerian Orogeny is the prime mineralising event within the Adelaide Geosyncline. Many

mineral deposits within the Adelaide Geosyncline also show strong structural control. The Delamerian Orogeny and subsequent extensive granite intrusion have played a major role both in controlling mineral emplacement and providing a probable metal source (Newton et al., 2003).

Much of the geosyncline is covered by variable thickness of Quaternary sediments consisting of gravelly sandy clays and calcrete.

## 4.2 Prospect Geology and Mineralisation

Within the project areas the dominant formations belong to the Adelaidean aged (920 to 570 Ma) Burra and Umberatana Groups. Younger Tertiary and Quaternary sediments infill much of the valley topography. Strong continuity is seen within regional folding and faulting. The orientation of the fold axis does shift through the project areas with a north-northwest trend in the south and a north-northeast trend in the north.

### 4.2.1 Mount Bryan Block

The prospect geology of the Mount Bryan area was described by Bennett (2015). Major rock types in the area are massive dolomite, siltstone, stromatolitic and cryptalgal laminated dolomite, with minor sandstone and limestone; most rocks show evidence of diagenetic pyrite. Metamorphism associated with the Ordovician Delamerian Orogeny caused minor recrystallisation of fine-grained dolomitic and clastic sediments. An area of Wilpena Group quartzite, siltstones and shales occurs in the northwest of the block (Figure 15).

Mineralisation in the nearby Monster Mine at Burra, 7 km south of the block, is hosted within the Skilloalee Dolomite. Structurally, the Monster Mine deposit is situated on the east limb of an anticline plunging gently to the north. The Burra lodes are bounded by two steep east-dipping fault zones. A group of volcanic porphyry dykes located within the current pit environment are interpreted as a possible source of the copper (Phoenix Copper Pty Limited, 2010).

Interpretation work by Elliott et al (2003) on the aeromagnetic data highlighted a circular feature at Burra and a strong north trending anomaly extending from Burra. Elliott et al. (2003) suggest that high level epithermal mineralisation may still be present in the area in mineralised jogs. IP anomalies seen in the Burra area maybe the result of this style of mineralisation (Elliott et al., 2003). Elliott et al. (2003) also recommended drill testing the deeper anomaly for porphyry copper style mineralisation. This target also coincides with a major north to north-northeast structural trend 3.5 km east of Mount Bryan township (Figure 7).

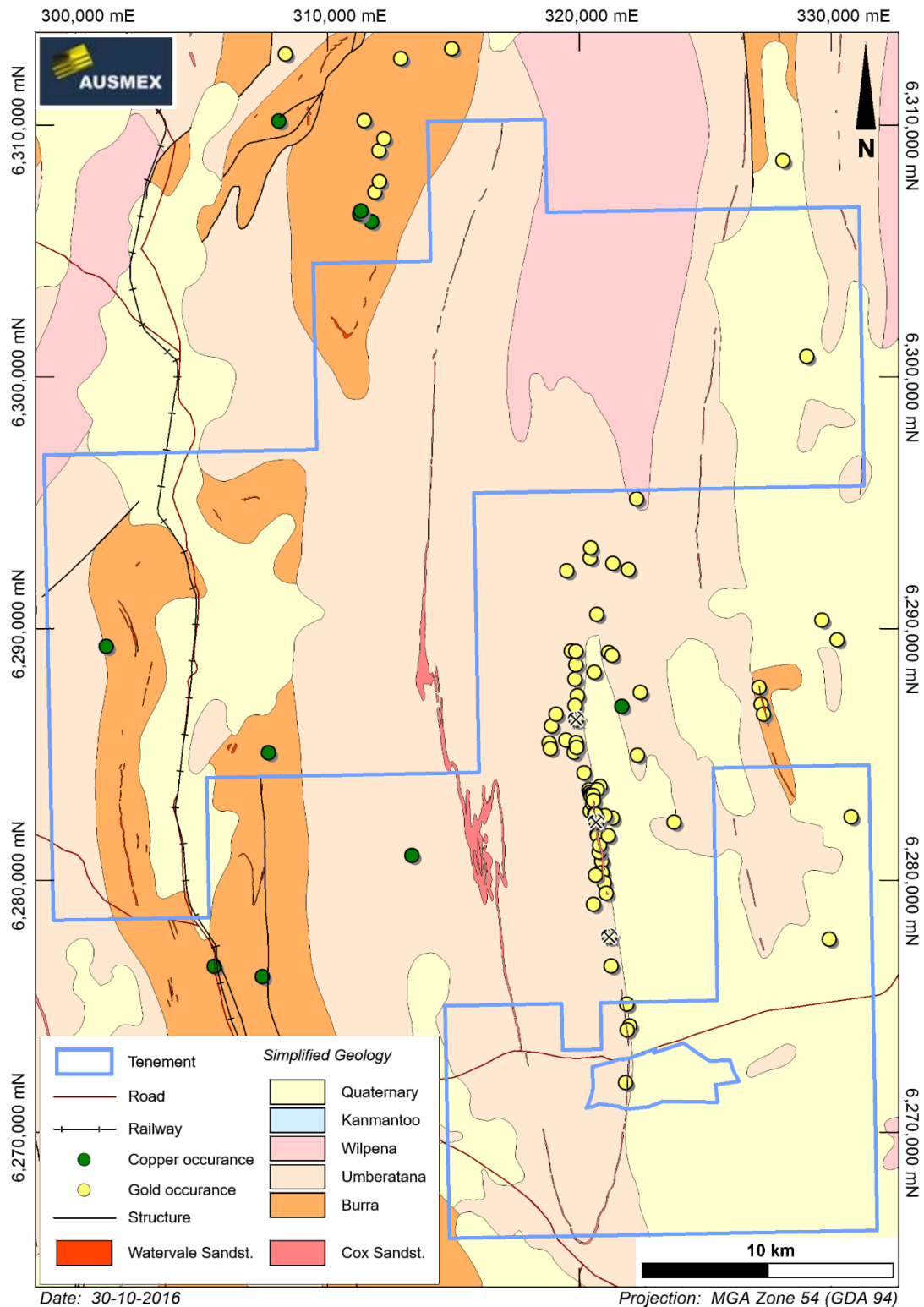


Figure 15: Mount Bryan and Red Bank geology 1:2M

No significant gold mineralisation occurs within the Mount Bryan Block, however, gold mineralisation further south at Mongolata and Black Hill within sandstone units highlight the exploration potential within the Burra and

Umberatana Groups (Figure 15). At Mongolata, the host formation for gold mineralisation is a feldspathic, sandy siltstone named the Cox Sandstone (Phoenix Copper Pty Limited, 2010). Gold mineralisation is hosted within a network of cross-cutting quartz-veins, with large flat-lying veins recording the highest gold production. Exceptional high-grade coarse-grained gold occurs at the intersection of these lodes with steeply-dipping veins. Mineralisation within veins and breccias outward into the hanging or footwalls of the Cox Sandstone is also reported. The interface between the Cox Sandstone and the underlying laminated metasiltstone is characterised by the bedding parallel "Limonite Lode". At Black Hill, mineralisation is seen to occur on the 60° west dipping, sheared, quartz veined, iron and manganese rich, footwall contact of the Watervale Sandstone unit with underlying siltstones of the Saddleworth Formation to the east.

#### 4.2.2 Red Banks

The geology of the Red Banks area is dominated by Burra and Umberatana Groups in the north and west (Figure 15). Much of the block in the central and eastern parts are covered by younger Tertiary and Quaternary sediments. Within the Burra and Umberatana Groups, sandstone units that host the Mongolata and Black Hill gold mineralisation continue into the Red Bank Block. The Mongolata and Black Hill mineralisation is described in section 4.2.1.

Strong north-northwest trending faulting is evident on regional aeromagnetics. These structures appear to have a close association with gold mineralisation seen at Mongolata. Surface mapping of the Cox Sandstone suggests that the regional folding results in the Cox Sandstone unit occurring on the opposite limb subparallel to another north-northwest trending fault zone. Another zone of Cox Sandstone is also evident 5 km east of the Mongolata Goldfield, where it is mapped along a north-northwest trend for 5.5 km.

#### 4.2.3 World's End Block

The local geology with the World's End Block consists of northward striking Burra Group sediments that outcrop in a north-trending anticline, overlain by the Umberatana Group (Figure 16). The Umberatana Group extends eastwards to the town of Eudunda where it is overlain by Quaternary sediments and in the west forms a broad valley between Burra Group sediments (Phoenix Copper Pty Limited, 2010b).

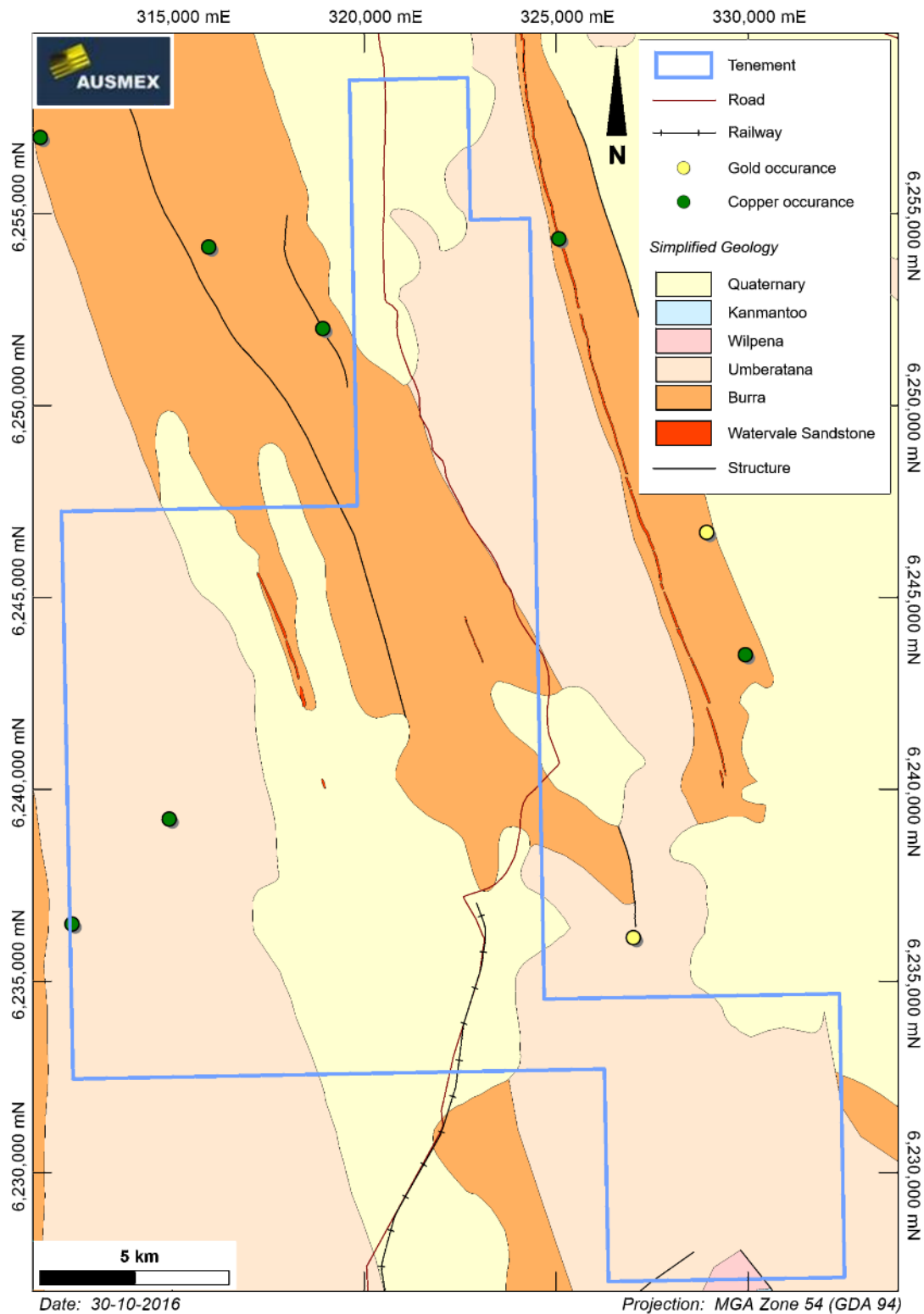


Figure 16: World's End Block geology 1:2M

The Princess Royal Mine occurs 10 km north-northwest of the block. The Princess Royal Mine occurs within a similar geological and structural setting as the Monster Mine at Burra. This same trend extends through the block towards the Coronation Hill prospect. The mineralisation at Princess Royal occurs in the Upper Proterozoic Skillogalee Dolomite, the same formation which is host to the Burra deposit, but at a slightly higher stratigraphic level (Phoenix Copper Pty Limited, 2010a). Mineralisation generally consists of malachite and lesser azurite, chrysocolla and cuprite associated with vein quartz, limonite and local manganiferous staining in brecciated zones. These may be crosscutting but the more persistent are sub-parallel to bedding (in strike at least). Widths vary from 0.5 m to 5 m with strike lengths of up to several hundreds of metres (Figure 17).

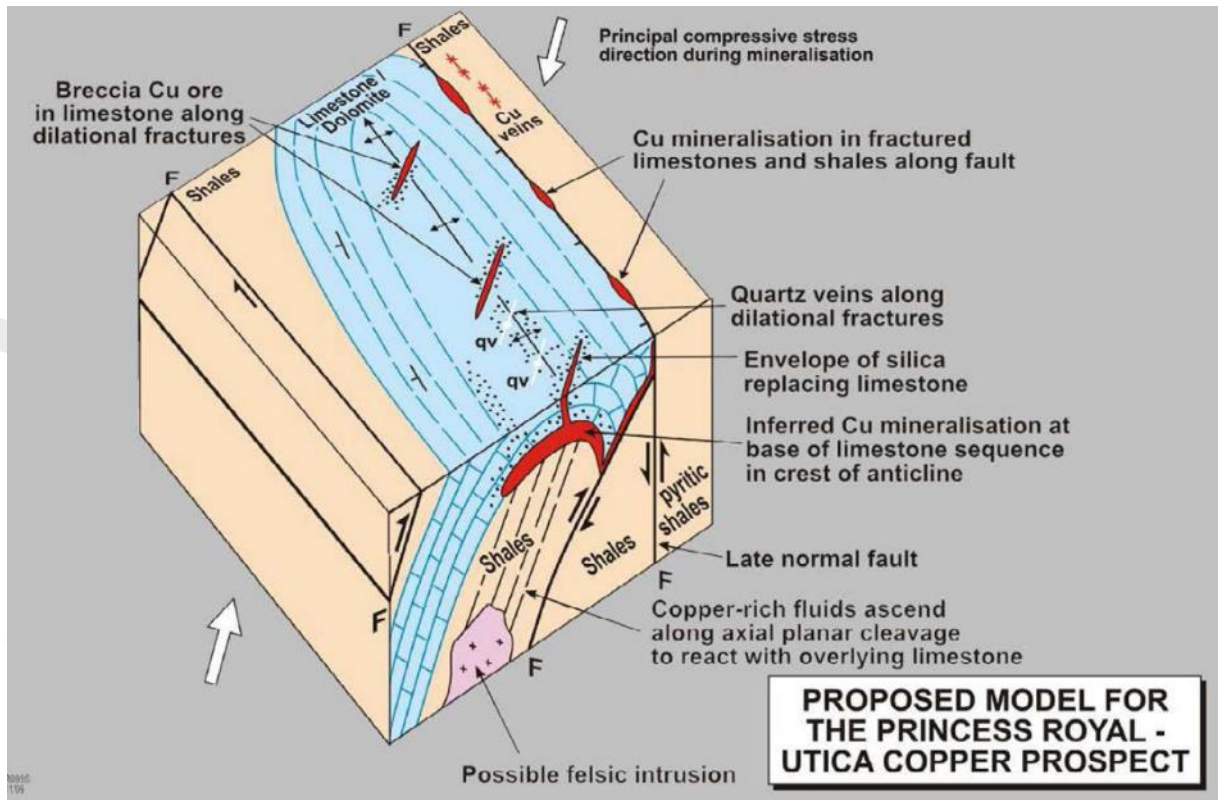


Figure 17: Structural Model for Copper Mineralisation at Princess Royal (from: Phoenix Copper Pty Limited, 2010a)

In the southwest part of the block the geology is dominated by folded sediments from the Umberatana Group. A number of unnamed sandstone units have been mapped in the area. These may have similar rheological characteristics as the Cox Sandstone which may make them a viable exploration target. Several well defined north-northwest trending structures also occur in this area. The Watervale Sandstone within the Burra Group has been mapped for up to 5.9 km in the central part of the block. Much of the sandstone's strike appears to be obscured by younger sediments.

Immediately west of the project is the Tamma Anticline, which is a conceptual copper target based upon the model of copper rich fluids percolating up faults through the sedimentary pile, dissolving copper into the fluid and then precipitating it out in a receptive layer of the stratigraphy capped by an impervious layer. The Princess Royal is an example of a breached anticline where the current surface is below the historic impervious cap (Phoenix Copper Pty Limited, 2010b). This concept may also apply to the trend of Burra Group rocks extending through the block.

### 4.3 Mineral Deposit Model

#### 4.3.1 Copper deposits

South Australian copper mineralisation within Neoproterozoic and Early Cambrian sequences is diverse in terms of its stratigraphic position, host rock, geometry, style, and degree of metamorphism. Deposits are invariably small in terms of world standards, commonly associated with low tonnage, high grade secondary ores (Selley, 2000).

In general, the generic model for copper mineralisation within the Adelaide Geosyncline are sediment-hosted stratabound copper deposits. Typically, these deposits consist of fine-grained copper- and copper-iron-sulphide minerals that occur as stratabound to stratiform disseminations in siliciclastic or dolomitic sedimentary rocks (Taylor et al. 2010). The concentration of sulphide minerals conforms closely, but not exactly, with the stratification of the host rocks. Spatially associated deposit types include evaporites, iron oxide-copper-gold (IOCG) deposits, sediment-hosted structurally controlled vein and replacement copper deposits, and Kipushi carbonate-hosted deposits (Cox and Burnstein, 1986).

A large number of the deposits occur within relatively reduced shale-dominated facies. Less common are carbonate hosted deposits occurring within the Skillogee Dolomite such as at Burra. Few deposits are strictly stratiform, as mineralisation transgresses layering in detail or is at least partially contained within veinlets. The majority of deposits are discordant to bedding, however they are related to veins or disseminations within diapiric breccias, along fault zones or within high strain ductile deformation zones (Selley, 2000).

#### 4.3.2 Gold deposits

Gold mineralisation within the Adelaide Fold Belt is dominantly sediment-hosted, structurally controlled mineralisation in host-rocks that have undergone greenschist to amphibolite facies metamorphism during the Delamerian Orogeny. The majority of mineralisation is hosted by a restricted section of the Neoproterozoic Adelaidean strata being the lower Umberatana Group (Griessmann, 2011). These type of gold deposits broadly

fall under the orogenic depositional model as proposed by Groves et al., (1998). Gold mineralisation in orogenic belts can be classified according to a wide variety of criteria, for example host-lithologies, structural setting, depth and temperature of formation or age (Groves et al., 1998).

Various types of mineralisation occurring in orogenic belts are displayed in Figure 18. Deposits related to extensional structural settings form in the pre-orogenic phase, e.g. volcanic hosted massive sulphide deposits, or form in the post-orogenic state, e.g. porphyry and epithermal deposits. In compressional and transpressional phases of orogeny, the group of orogenic deposits form (Griessmann, 2011). Griessmann (2011) notes that gold mineralisation in the Adelaide Fold Belt share commonalities with both orogenic and Telfer-style deposits, and all styles of mineralisation are associated with base metals.

Some of the largest gold deposits/districts belong to this group with 23 known deposits containing more than 100 tonnes of gold. Major orogenic gold deposits are known from Archean to Phanerozoic orogens with ages of deposits clustering around times of intense continental rearrangement (Griessmann, 2011).

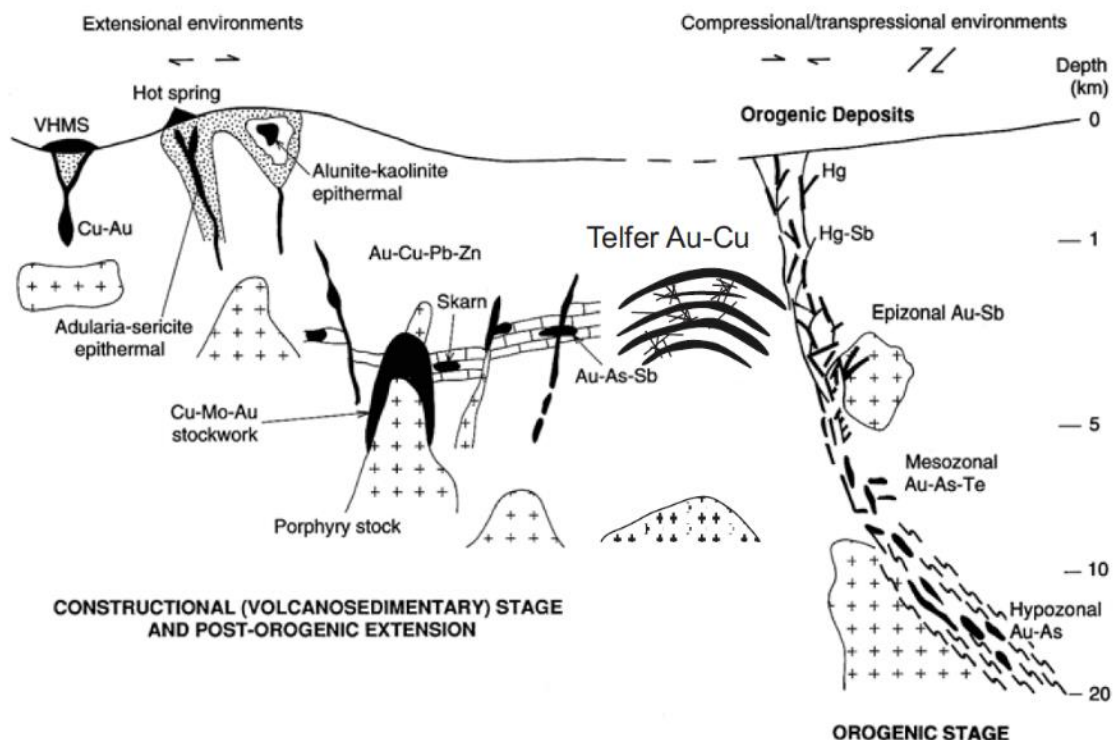


Figure 18: Types of gold deposits occurring in orogenic belts according to structural setting and formation depth (from: Groves et al., 1998)

## 5 Adjacent Properties

North of the Mount Bryan Block there are two exploration licences: EL5250 is held by Zurich Resources Pty Ltd and EL5433 is held by SA Exploration Pty Ltd (Figure 19). Zurich Resources and SA Exploration are unlisted exploration companies.

PNX Metals Ltd maintains a significant holding in the area including Burra (EL5382), Mongolata (EL5411), Mount Cone-Black Hill (EL4790), West Burra (EL4807), Burra Hill-Princess Royal (EL4809), and Apoinga Area (EL5169). PNX is an ASX listed company that is actively exploring for gold and copper around Burra, on York Peninsula, and the Pine Creek region of the Northern Territory. Exploration at Burra has focussed on drill testing IP anomalies along strike of the Monster Mine.

SeeSaw Resources Pty Ltd, a privately held company hold ground south of World's End Block in the Eudunda area (EL5747) and at the Australia Plains area (EL5744).

There is open ground both to the west and east of the project.

## 6 Mineral Processing and Metallurgical Testing

No metallurgical test work has been undertaken.

## 7 Resources and Reserves

There are no Mineral Resources or Reserves reported for the Project area.

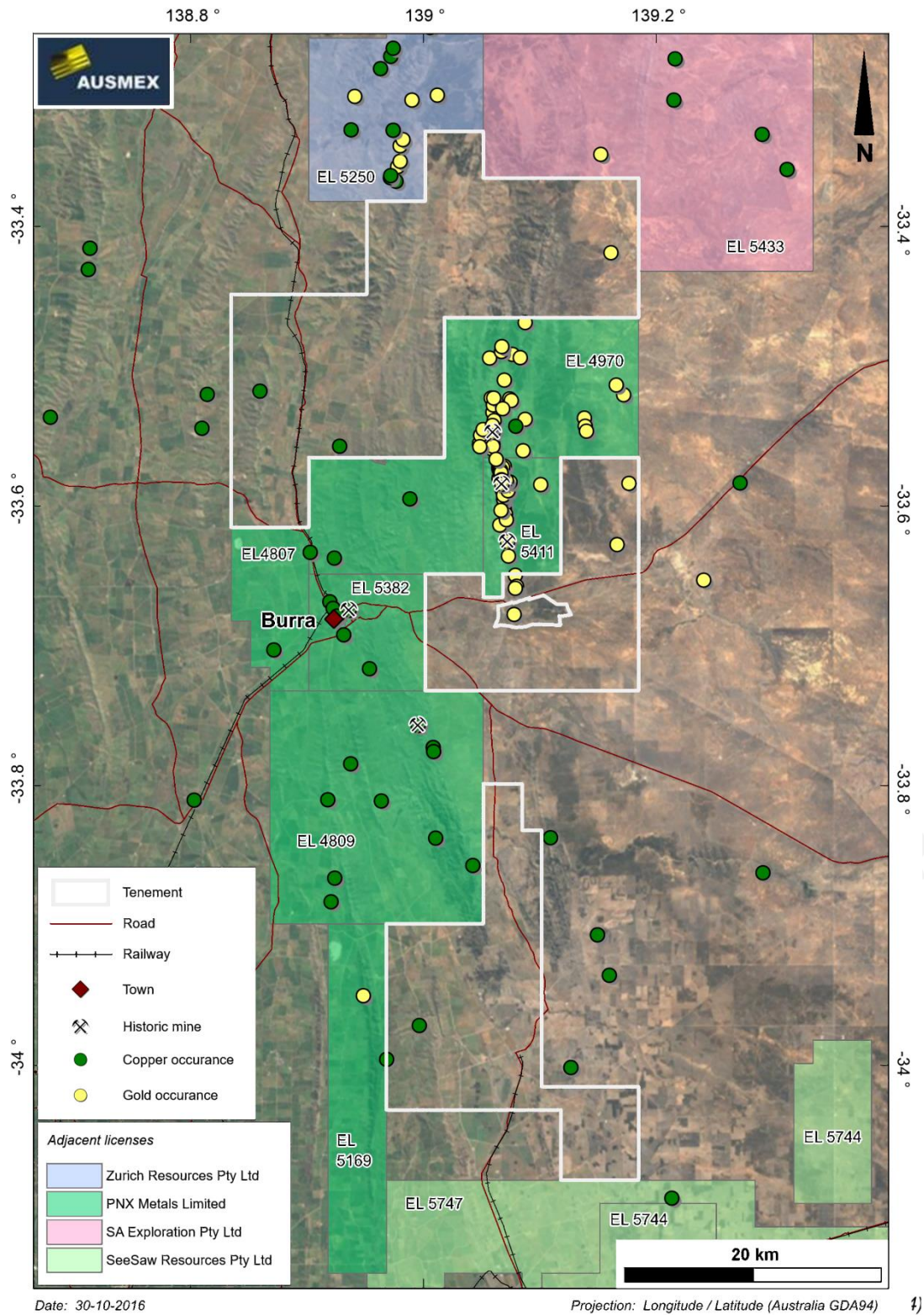


Figure 19: Adjacent licences

## 8 Exploration Potential

The project areas occur within a region that is prospective for sediment and vein hosted base metal and precious metal deposits (Figure 20). The project occurs along a trend of several well-known copper and gold deposits and historical mines. These copper deposits are typically small but high grade. The historic Monster Mine at Burra produced 2.7 Mt @ 3.3% Cu, and the Kapunda Mine, 35 km south of the project. Companies exploring for this style of mineralisation generally look to find a cluster of deposits that can feed a centrally located processing plant.

RSC considers the licence to be prospective for finding copper mineralisation similar to the nearby Burra-style base metal deposits. The key target areas to be investigated are within the trend of Burra Group rocks that extend through the western part of the Mount Bryan Block and the central portion of the World's End Block. Previous exploration by PNX Metal has shown anomalous copper within these units. The Burra Group also remains untested where it is covered by the younger Quaternary sediments.

Immediately west of the project is the Tarnma Anticline. This is a conceptual copper target based upon the model of copper rich fluids percolating up faults through the sedimentary pile, dissolving copper into the fluid and then precipitating it out in a receptive layer of the stratigraphy capped by an impervious layer. The Princess Royal is an example of a breached anticline where the current surface is below the historic impervious cap (Phoenix Copper Pty Limited, 2010b). This concept may also apply to the trend of Burra Group rocks extending through the block. Further investigation is required to test if the "Tarnma Anticline" concept is applicable in the project area. If further exploration can identify hydrothermally altered dolomite and evidence for buried diapirs then the potential for finding Burra-style deposits will increase.

Gold mineralisation in the area is typically high-grade narrow vein type mineralisation. Historic mining at the Mongolata Goldfield yielded 11 koz but no Mineral Resources have been identified by recent work by PNX. Further south at Terramin Australia Ltd's Bird-in-Hand project, an Indicated and Inferred Mineral Resource of 557,000 tonnes at 13.0 g/t gold for 233,000 ounces has been estimated (JORC, 2012; Terramin Australia Limited ASX Announcement, 2 December 2013). RSC regards the licence to be prospective for finding similar high grade gold deposits.

The occurrence of the Watervale Sandstone within the Burra Group sediments may offer a favourable location for mineralisation due to the rheology differences with the surrounding siltstones. The high grade gold seen at Black Hill appears to extend some way into the Red Bank Block. Further work is required assess the prospectivity of these sandstone units elsewhere in the project.

Sandstones hosted within the Umberatana Group appear to host the more prospective gold targets. As in the Burra Group, the sandstones units are likely to offer a preferable site for gold deposition compared to the more ductile siltstone units.

Exploration should also focus on key pathways for fluid flow and heat sources. Aeromagnetic survey shows large structural features that may play a significant role for the transportation of fluids from a deeper source. The strongest feature was previously identified by Elliott et al. (2003) and this feature warrants further investigation to test the potential for porphyry-style mineralisation. The spatial association of iron-oxide gold copper and porphyry deposits with the sediment hosted mineralisation in Australia and worldwide, lends some support for this theory.



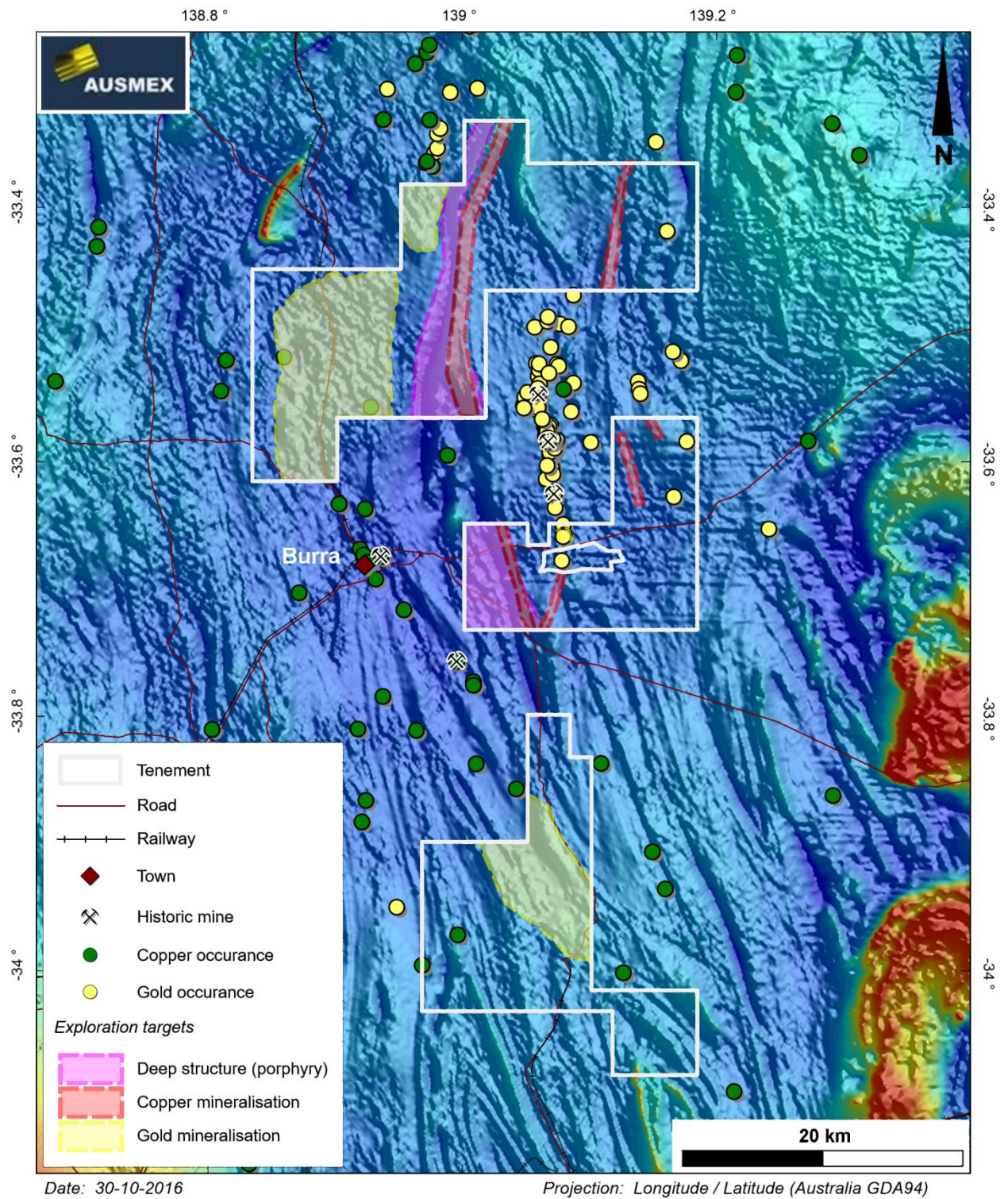


Figure 20: Exploration targets over TMI\_RTP

## 9 Conclusions

RSC has undertaken a technical review of EL 5881 for Eumeralla. RSC understands that this Report is to be included in an Information Memorandum to be issued by Eumeralla in connection with its proposed purchase of Ausmex. Eumeralla intends to use part of the funds raised to undertake mineral exploration for base and precious metals within EL 5881.

RSC notes that the area has no significant land access issues with much of the land held as privately owned farm land. Some conservation parks occur within the licence, but these do not prohibit mineral exploration or production. Any low impact exploration activities only require 21 days' notice to the landowner and a generic PEPR prior to entering the land. The key to successful access for exploration is communicating early with landowners and maintaining communication throughout the exploration process.

The project is located within the southern portion of the Adelaide Geosyncline and covers mostly tightly folded Burra and Umberatana Group rocks. These units host the nearby historic Monster Copper Mine at Burra and the Mongolata Goldfield. The extension of these mineralised trends, plus similar geological-structural features within the project, results in the licence being prospective for similar styles of mineralisation. Historically, the licence has received limited surface exploration and remains relatively untested for copper and gold mineralisation. Also much of the prospective geology is buried by younger Quaternary sediments.

Based on the limited exploration and favourable geology, RSC regards the licence area as being prospective for the discovery of copper or gold deposits. Further reconnaissance-level exploration is required to develop exploration targets for drill testing. Eumeralla has a budget of AUD 250,000 to 500,000 for the project's exploration programme. This programme would likely involve data compilation, field validation, geochemical surveys, and collection of aeromagnetic data. RSC regards the amount of money available for exploration appropriate for early stage exploration programmes.

## Shortened Forms

As	Arsenic
ASX	Australian Securities Exchange
Au	Gold
AusIMM	Australasian Institute of Mining and Metallurgy
AUD or \$	Australian dollar
Cu	Copper
DEWNR	Department of Environment, Water and Natural Resources
DSD	Department of State Development
EL	Exploration licence
EPA	Environment Protection Authority South Australia
EPBC	Act Environment Protection and Biodiversity Conservation Act 1999
g/t	Grams per tonne
ILUA	Indigenous land use agreement
IP	Induced polarisation geophysical survey
JORC	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
km	Kilometres
koz	Thousand ounces
m	Metres
Ma	Million years
MC	Mineral claim
Mt	Million tonnes
MSEC	Minister for Sustainability, Environment and Conservation
NRM	Act Natural Resources Management Act 2004
ppm	Parts per million
RL	Retention lease
PEPR	Program for environment protection and rehabilitation
SARIG	South Australian Resources Information Geoserver
The Act	The Mining Act, 1971
VALMIN	Australian Code for public Reporting of Technical Assessments and Valuations of Mineral Assets
XRF	X-ray fluorescence (hand portable unit)

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Table 1:

## 10.1 Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
<b>Sampling techniques</b>	<ul style="list-style-type: none"> <li>Nature and quality of sampling (e.g., cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</li> <li>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>Aspects of the determination of mineralisation that are Material to the Public Report.</li> <li>In cases where 'industry standard' work has been done this would be relatively simple (e.g., 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g., submarine nodules) may warrant disclosure of detailed information.</li> </ul>	<p><b>Previous Operators</b></p> <ul style="list-style-type: none"> <li>pXRF soil sampling undertaken by PNX Metals were collected using a Niton XL3T and InnovX Delta DP4000</li> <li>XRF analysis was undertaken directly on soil surface. Sample site was "scuffed" with boot to expose the soil.</li> <li>Presentation by Manley (2011) shows PNX has undertaken appropriate studies to ensure the quality and representivity of the XRF results.</li> </ul> <p><b>Ausmex</b></p> <ul style="list-style-type: none"> <li>CRA drill samples were collected using the rotary drilling method and samples were collected as 1 m chip composites. The sub-sampling method is unknown. Analysis was completed using a 30 g charge for AAS. No measures were taken to ensure sample representivity and the appropriate calibration.</li> </ul>
<b>Drilling techniques</b>	<ul style="list-style-type: none"> <li>Drill type (e.g., core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g., core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</li> </ul>	<p><b>Previous Operators</b></p> <ul style="list-style-type: none"> <li>Historical drilling was mud rotary and RAB, size unknown</li> </ul> <p><b>Ausmex</b></p> <ul style="list-style-type: none"> <li>No exploration work undertaken by Ausmex</li> </ul>
<b>Drill sample recovery</b>	<ul style="list-style-type: none"> <li>Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>Measures taken to maximise sample recovery and ensure representative nature of the samples.</li> <li>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse</li> </ul>	<p><b>Previous Operators</b></p> <ul style="list-style-type: none"> <li>Drill recovery details were not recorded for historical drill holes.</li> <li>No details are available to determine the relationship between recovery and grade.</li> </ul> <p><b>Ausmex</b></p> <ul style="list-style-type: none"> <li>No exploration work undertaken by Ausmex</li> </ul>

Criteria	JORC Code explanation	Commentary
<b>Logging</b>	<p>material.</p> <ul style="list-style-type: none"> <li>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</li> <li>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</li> <li>The total length and percentage of the relevant intersections logged.</li> </ul>	<p><b>Previous Operators</b></p> <ul style="list-style-type: none"> <li>CRA Exploration Pty Ltd drill hole chips were geologically and graphically logged onto paper logging sheets. The full drill hole was logged. Drill hole details recorded into standardised headers. Used standard grain size description, colours etc. The logging has not been used to support, and is unlikely to be used in the future to support a Mineral Resource estimation</li> <li>Logging format is qualitative with descriptive comments.</li> <li>Sample intervals and assay results are recorded on the logs.</li> </ul> <p><b>Ausmex</b></p> <ul style="list-style-type: none"> <li>No exploration work undertaken by Ausmex</li> </ul>
<b>Sub-sampling techniques and sample preparation</b>	<ul style="list-style-type: none"> <li>If core, whether cut or sawn and whether quarter, half or all core taken.</li> <li>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</li> <li>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</li> <li>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</li> <li>Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul>	<p><b>Previous Operators</b></p> <ul style="list-style-type: none"> <li>Sampling method and quality control methods were not detailed for historical drilling programmes.</li> </ul> <p><b>Ausmex</b></p> <ul style="list-style-type: none"> <li>No exploration work undertaken by Ausmex</li> </ul>
<b>Quality of assay data and laboratory tests</b>	<ul style="list-style-type: none"> <li>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</li> <li>Nature of quality control procedures adopted (e.g., standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision</li> </ul>	<p><b>Previous Operators</b></p> <ul style="list-style-type: none"> <li>pXRF soil sampling undertaken by PNX Metals were collected using a Niton XL3T and InnovX Delta DP4000. These geochemical analysers are well suited for regional soil geochemical programmes, helping vector the explorer towards higher grade and/or coincidental element anomalies.</li> <li>PNX calibrated their XRF results with laboratory XRF and utilised standards and blanks (1:50).</li> <li>PNX utilised 30-40 sec analysis per filter for geological work and 15-30 sec analysis per filter for geochemical work.</li> <li>Presentation by Manley (2011) shows PNX has undertaken appropriate studies to ensure the</li> </ul>

Criteria	JORC Code explanation	Commentary
	have been established.	<p>quality of the XRF results.</p> <ul style="list-style-type: none"> <li>Use of the pXRF is appropriate for regional soil geochemistry and is a useful for vectoring towards near surface base metal and gold exploration targets on early stage projects.</li> <li>CRA drilling sample were analysed using AAS (30g) for gold; AAS for copper lead zinc. Analyses was undertaken at Amdel, Frewville, South Australia. No standard, blanks or duplicates were noted. Result accuracy and precision is unknown. The laboratory analysis is appropriate for the style of mineralisation being investigated.</li> </ul> <p><b>Ausmex</b></p> <ul style="list-style-type: none"> <li>No exploration work undertaken by Ausmex</li> </ul> <p><b>Previous Operators</b></p> <ul style="list-style-type: none"> <li>pXRF results have not been independently verified.</li> <li>Verification of results and data handling were not detailed for historical drilling programmes.</li> </ul> <p><b>Ausmex</b></p> <ul style="list-style-type: none"> <li>No exploration work undertaken by Ausmex</li> </ul> <p><b>Previous Operators</b></p> <ul style="list-style-type: none"> <li>pXRF sample points were collected using a Garmin GPS and Trimble Nomad. Accuracy is 3-5m. Grid system: Map Grid Australia.</li> <li>Drill hole collar location based on local grids and are not GPS surveyed.</li> <li>Collar accuracy is unknown.</li> </ul> <p><b>Ausmex</b></p> <ul style="list-style-type: none"> <li>No exploration work undertaken by Ausmex</li> </ul>
<b>Verification of sampling and assaying</b>	<ul style="list-style-type: none"> <li>The verification of significant intersections by either independent or alternative company personnel.</li> <li>The use of twinned holes.</li> <li>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</li> <li>Discuss any adjustment to assay data.</li> </ul>	
<b>Location of data points</b>	<ul style="list-style-type: none"> <li>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</li> <li>Specification of the grid system used.</li> <li>Quality and adequacy of topographic control.</li> </ul>	
<b>Data spacing and distribution</b>	<ul style="list-style-type: none"> <li>Data spacing for reporting of Exploration Results.</li> <li>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</li> <li>Whether sample compositing has been applied.</li> </ul>	<p><b>Previous Operators</b></p> <ul style="list-style-type: none"> <li>pXRF: Variable sample spacing between 20 and 270 m and line spacing between 500 m to 3 km. the line spacing is likely to be too wide to adequately understand the continuity of the style of mineralisation in the project. The pXRF data has not been used for estimating Mineral Resources.</li> <li>Drill hole data has not been used for estimating Mineral Resources</li> </ul> <p><b>Ausmex</b></p> <ul style="list-style-type: none"> <li>No exploration work undertaken by Ausmex</li> </ul>

Criteria	JORC Code explanation	Commentary
<b>Orientation of data in relation to geological structure</b>	<ul style="list-style-type: none"> <li>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</li> <li>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</li> </ul>	<p><b>Previous Operators</b></p> <ul style="list-style-type: none"> <li>pXRF reconnaissance lines are orientated west to east, which is optimal for detecting north-south trending mineralisation. Variable sample spacing between 20 and 270 m and line spacing between 500 m to 3 km, which is appropriate for reconnaissance exploration</li> <li>Previous drilling is vertical targeting coal, alluvial gold and not orientated appropriately for steeply dipping gold vein type targets.</li> </ul> <p><b>Ausmex</b></p> <ul style="list-style-type: none"> <li>No exploration work undertaken by Ausmex</li> </ul>
<b>Sample security</b>	<ul style="list-style-type: none"> <li>The measures taken to ensure sample security.</li> </ul>	<p><b>Previous Operators</b></p> <ul style="list-style-type: none"> <li>pXRF: no sample collected. Data stored digitally with XRF unit and downloaded into company database.</li> <li>Drilling sample security is unknown.</li> </ul> <p><b>Ausmex</b></p> <ul style="list-style-type: none"> <li>No exploration work undertaken by Ausmex</li> </ul>
<b>Audits or reviews</b>	<ul style="list-style-type: none"> <li>The results of any audits or reviews of sampling techniques and data.</li> </ul>	<p><b>Previous Operators</b></p> <ul style="list-style-type: none"> <li>No audits have been found.</li> </ul> <p><b>Ausmex</b></p> <ul style="list-style-type: none"> <li>No exploration work undertaken by Ausmex</li> </ul>

## 10.2 Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<b>Mineral tenement and land tenure status</b>	<ul style="list-style-type: none"> <li>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</li> <li>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</li> </ul>	<ul style="list-style-type: none"> <li>EL 5881 is located 140 km north-northeast of Adelaide, South Australia. The EL is 100% owned by Ausmex Pty. Limited.</li> <li>The licence is to undertake exploration for all minerals (except opal). The focus minerals are gold, industrial minerals, copper and phosphate. Once granted the licence will valid for two years and can be renewed up to five years.</li> <li>The EL contains the following conservation areas: Caroon Creek (Mount Bryan); Mokota (Mount Bryan); Mibara (World's End)</li> <li>The EL is covered by the Registered Native Title determination application SC2011/002 Ngadjuri Nation</li> </ul>

Criteria	JORC Code explanation	Commentary
<b>Exploration done by other parties</b>	<ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>	<ul style="list-style-type: none"> <li>Part of the EL was previously held PNX Metal who undertook regional pXRF surveys.</li> <li>The area has been partly held by numerous exploration companies since the 1970's. Only Dampier Mining Company Ltd, CRA Exploration Pty Ltd undertook drilling programmes between 1978 and 1983.</li> </ul>
<b>Geology</b>	<ul style="list-style-type: none"> <li>Deposit type, geological setting and style of mineralisation.</li> </ul>	<ul style="list-style-type: none"> <li>In general, the generic model for copper mineralisation within the Adelaide Geosyncline is sediment-hosted stratabound copper deposits. Typically, these deposits consist of fine-grained copper- and copper-iron-sulphide minerals that occur as stratabound to stratiform disseminations in siliciclastic or dolomitic sedimentary rocks</li> <li>Gold mineralisation in the Adelaide Fold Belt are dominantly sediment-hosted, structurally controlled mineralisation in host-rocks that underwent greenschist- to amphibolite facies metamorphism during the Delamerian Orogeny. The majority of mineralisation's are hosted by a restricted section of the Neoproterozoic Adelaidean strata, the lower Umberatana Group. These type of gold deposits broadly fall under the orogenic depositional model as proposed by Groves et al., (1998).</li> </ul>
<b>Drill hole Information</b>	<ul style="list-style-type: none"> <li>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> <li>hole length.</li> </ul> </li> <li>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</li> </ul>	<ul style="list-style-type: none"> <li>Drilling data available from the public reports is incomplete. Dampier Mining Company Ltd 13 rotary drill holes in the Mount Bryan Block (1981) have no collar or analytical data. Drill holes are noted on a hand drawn map.</li> <li>Drilling South Australia. Department of Mines and Energy (1958) targeted asbestos, and Dampier Mining Company Ltd (1978) targeted coal.</li> <li>CRA Exploration Pty Ltd drilled two rotary drill holes targeting coal and alluvial gold. CRA also assayed for Cu, Pb and Zn.</li> <li>CRA drilled 21 RAB drill holes targeted alluvial gold in a buried paleo-channel near the Thistlebed Alluvial prospect in the northeast part of the Red Bank Block. The results from this programme were negative for gold (CRA Exploration Pty Ltd, 1983).</li> </ul>
<b>Data aggregation methods</b>	<ul style="list-style-type: none"> <li>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</li> <li>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the</li> </ul>	<ul style="list-style-type: none"> <li>No significant intersections were seen in the historical drilling, so no data aggregation was undertaken.</li> </ul>

Criteria	JORC Code explanation	Commentary
<b>Relationship between mineralisation widths and intercept lengths</b>	<p>procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</p> <ul style="list-style-type: none"> <li>The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> <li>These relationships are particularly important in the reporting of Exploration Results.</li> <li>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> <li>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</li> </ul>	<ul style="list-style-type: none"> <li>No significant intersections were seen in the historical drilling.</li> </ul>
<b>Diagrams</b>	<ul style="list-style-type: none"> <li>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</li> </ul>	<ul style="list-style-type: none"> <li>Drill hole location plan is shown in Figure 8.</li> </ul>
<b>Balanced reporting</b>	<ul style="list-style-type: none"> <li>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</li> </ul>	<ul style="list-style-type: none"> <li>No drilling results are reported</li> </ul>
<b>Other substantive exploration data</b>	<ul style="list-style-type: none"> <li>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</li> </ul>	<ul style="list-style-type: none"> <li>pXRF work by PNX shows numerous coincidental low level Cu, As anomalies within the licence.</li> <li>Interpretation work by Elliott et al (2003) on the aeromagnetic data highlight a circular feature at Burra and a strong north trending anomaly extend from Burra into the licence.</li> </ul>
<b>Further work</b>	<ul style="list-style-type: none"> <li>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> <li>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</li> </ul>	<ul style="list-style-type: none"> <li>Eumeralla has a budget of AUD 250,000 to 500,000 for the licence. Eumeralla has not detailed the work programme.</li> </ul>

## Appendix I: Historical licences over EL 5881

Tenement Label	Tenement Status	Licences	Location	Tenement Start Date	Tenement Expiry Date	Coverage Area <sup>1</sup>
EL 158	Expired	CSR Ltd (100%)	TEROWIE	21/10/1974	20/10/1976	B1
EL 223	Expired	Utah Development Co Ltd (100%)	FLAT HILL	28/11/1975	27/11/1976	B3
EL 270	Expired	CSR Ltd (100%)	TEROWIE	17/11/1976	28/06/1978	B1
EL 372	Expired	Dampier Mining Company Ltd (100%)	MORGAN	28/11/1977	26/10/1978	B3
EL 373	Expired	Dampier Mining Company Ltd (100%)	KOOMOOLOO	28/11/1977	26/10/1978	B2
EL 381	Expired	Rio Tinto Exploration Pty Limited (100%)	EUDUNDA	26/01/1978	25/01/1979	B3
EL 425	Expired	Adelaide and Wallaroo Fertilizers Ltd (100%)	BURRA	24/10/1978	23/10/1980	B1, B2, B3
EL 479	Expired	Dampier Mining Company Ltd (100%)	CHINAMAN HAT HILL	17/05/1979	16/05/1981	B1
EL 611	Expired	Rio Tinto Exploration Pty Limited (100%)	MONGOLATA	21/03/1980	6/08/1981	B1, B2
EL 516	Expired	Dampier Mining Company Ltd (100%)	SPALDING	21/08/1979	20/08/1981	B1
EL 804	Expired	Adelaide and Wallaroo Fertilizers Ltd (100%)	BURRA	12/02/1981	11/02/1982	B1, B2, B3
EL 840	Expired	Gem Exploration and Minerals Ltd (100%)	CLARE	13/04/1981	2/04/1982	B3
EL 745	Expired	Rio Tinto Exploration Pty Limited (100%)	ARMONA HOMESTEAD	6/10/1980	5/10/1982	B2
EL 927	Expired	Aberfoyle Exploration Pty Ltd (100%)	KETCHOWLA	16/11/1981	15/11/1983	B1
EL 1097	Expired	Rio Tinto Exploration Pty Limited (100%)	ARMONDA HOMESTEAD	20/12/1982	16/12/1983	B2
EL 1259	Expired	CSR Ltd (100%)	PANDAPPA	16/11/1984	18/06/1985	B1
EL 1278	Expired	Swan Resources NI (100%)	BURRA	5/03/1985	4/02/1986	B1, B2
EL 1343	Expired	Newmont Australia Ltd (100%)	MONGOLATA	29/07/1986	8/03/1989	B1, B2
EL 1344	Expired	Newmont Australia Ltd (100%)	UOLOO	29/07/1986	8/03/1989	B1

EL 1548	Expired	Bp Australia Gold Pty Ltd (100%)	ROBERTSTO WN	30/11/1988	30/10/1989	B3
EL 1549	Expired	Bp Australia Gold Pty Ltd (100%)	BURRA	30/11/1988	30/10/1989	B1
EL 1978	Expired	Selga, Mark	ULOOLOO AREA	1/08/1994	31/01/1995	B1
EL 2083	Expired	Selga, Mark	ULOOLOO	8/05/1995	7/11/1996	B1
EL 2386	Surrendered	Giralia Resources Pty Ltd (100%)	ROBERTSTO WN AREA	10/07/1997	9/01/1999	B2, B3
EL 2190	Expired	Howard, John Philip	CAROONA AREA	14/06/1996	13/06/1999	B1, B2
EL 2209	Surrendered	Rio Tinto Exploration Pty Limited (100%)	PEEP HILL AREA	11/10/1996	10/10/1999	B3
EL 2331	Expired	Havilah Resources Limited (100%)	WONNA CREEK AREA	26/05/1997	25/05/2001	B1
EL 2217	Expired	Consolidated Broken Hill Ltd (100%)	MT BRYAN AREA	25/10/1996	24/10/2001	B1, B2, B3
EL 2916	Surrendered	Consolidated Broken Hill Ltd (100%)	Burra - 7km east of Burra	11/04/2002	10/04/2003	B1, B2
EL 3069	Expired	AngloGold Ashanti Australia Limited (100%)	Kia Ora area - Approx. 60km NE of Burra	20/03/2003	19/03/2004	B1
EL 2995	Expired	Brooks, Colin Charles	Hallett area - Approx. 50 km N of Burra	9/08/2002	8/08/2007	B1
EL 3559	Expired	PM Prospecting Pty Ltd (100%)	World's End area - Approx. 130km NE of Adelaide	5/06/2006	4/06/2008	B3
EL 3727	Expired	Flinders Mines Limited (100%)	Ketchowla area - approx. 45km NE of Burra	15/03/2007	8/10/2008	B1
EL 3164	Expired	PNX Metals Limited (100%)	Mongolata area - Approx. 15km NE of Burra	13/02/2004	12/02/2009	B2
EL 3789	Expired	Monash Coal Pty Ltd (100%)	Red banks area - approx. 20km east of	28/05/2007	27/05/2009	B2

Burra						
EL 3244	Expired	Flinders Mines Limited (100%)	Washpool area - Approx. 140 Km SE of Port Augusta	10/09/2004	9/09/2009	B1
EL 3966	Surrendered	Monash Coal Pty Ltd (100%)	Leighton area - approx. 20km NW of Burra	29/10/2007	28/10/2009	B1
EL 3984	Expired	Cullen Exploration Pty Ltd (100%)	Tallaringa area - approx. 120km west of Coober Pedy	19/11/2007	18/11/2009	B3
EL 3938	Expired	Wonna Resources Pty Ltd (100%)	Hallett area - approx. 50km N of Burra	5/10/2007	4/10/2012	B1
EL 3972	Expired	PNX Metals Limited (100%)	Apoinga area - approx. 110 km NNE of Adelaide	5/11/2007	4/11/2012	B3
EL 4032	Surrendered	Wellington Exploration Pty Ltd (100%)	Mount Bryan area - Approx. 160km NNE of Adelaide	21/01/2008	20/01/2013	B1
EL 4503	Surrendered	PNX Metals Limited (100%)	Australia Plains area - approx. 100km NE of Adelaide	31/05/2010	30/05/2014	B3
EL 4266	Expired	SA Exploration Pty Ltd (100%)	Ketchowla Area - approx. 40 km NE of Burra	15/06/2009	14/06/2014	B1
EL 4419	Expired	PNX Metals Limited (100%)	Red Banks area - approx. 20km East of Burra	21/01/2010	20/01/2015	B2
EL 4476	Expired	PNX Metals Limited (100%)	Mount Bryan area - approx. 10km NNW of	27/04/2010	26/04/2015	B1

			Burra				
EL 5601	Surrendered	PNX Metals Limited (100%)	Red	Banks	21/01/2015	20/01/2017	B2
			area - approx. 20km east of Burra				

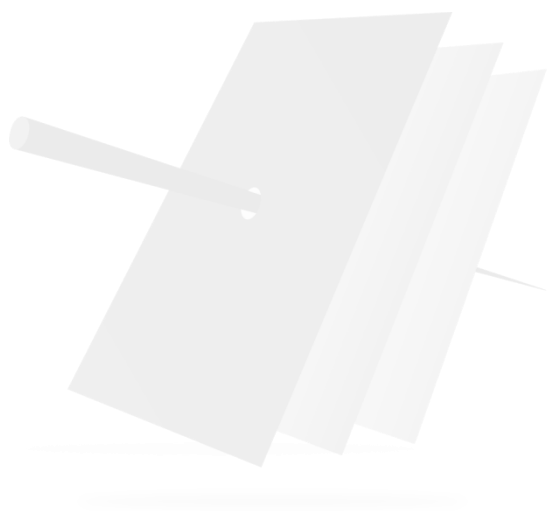
<sup>1</sup> B1 = Mount Bryan; B2 = Red Banks; B3 = World's End

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EXPLORATION

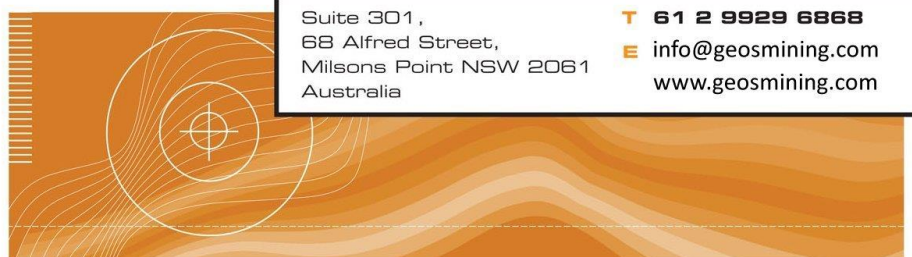
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12.4. Tenement report - EL 5881 (South Australia)



EXPLORATION MANAGEMENT | MINING DATA MANAGEMENT | MINING TENEMENT MANAGEMENT  
INDEPENDENT TECHNICAL REPORTS & VALUATIONS | RESOURCES ESTIMATION | DUE DILIGENCE

# Independent Tenement Report

## Mineral Tenement, Burra Region

### Ausmex Mining Limited

Job No. 2715-03

Report Date: 15 February 2017

This report has been commissioned by Ausmex Mining Limited for the purpose of inclusion in a Prospectus to be issued by Eumeralla Resources Limited in connection with a capital raising to be lodged with the Australian Securities and Investments Commission (ASIC).

Prepared for:

**Matt Morgan**

Managing Director

Ausmex Mining Limited

Prepared by:

**Jeff Randell**

BSc (Hons), MAIG, RPGeo

Senior Consultant

Reviewed by:

**Murray Hutton**

BA (Hons, Geology) MAIG

Principal Consultant

## Executive Summary

Ausmex Mining Limited (Ausmex) is the sole holder of a gold-copper exploration project in South Australia. On 5 December 2016, Eumeralla Resources Limited (Eumeralla) announced to the ASX that “it has entered into a binding heads of agreement in relation to the acquisition of all of the securities in unlisted Australian public company Ausmex Mining Limited.”

This report is concerned only with the Ausmex tenement Exploration Licence (EL) 5881 in South Australia and provides an independent assessment of mineral tenure status and compliance.

The date of this Independent Tenement Report is 15 February 2017.

We have not carried out a site inspection to verify any comments or conclusions.

The centre of the project area is located 140 km north-northeast of Adelaide, South Australia surrounding the historic mining town of Burra.

EL5881 was granted on 4 November 2016 for a period of two years. The EL conditions allow for exploration for all minerals except extractive minerals or precious stones.

We note that the Red Banks Conservation Park (RBCP) is specifically excluded from EL5881. The RBCP is a National Park gazetted for the protection of fossil megafauna and threatened ecological communities. The licence document lists four restrictions on exploration, two of which relate to access approvals required prior to exploration commencing within the Caroon Creek, Mokota and Mimbara Conservation Parks. We also note that several Native Vegetation Heritage Agreements are in place within land covered by EL5881.

The licence covers a number of towns, townships and other infrastructure for which exploration will be exempt or restricted. Geos Mining has not carried out land title searches to verify each of these exempted/restricted areas but recommends this be carried out prior to commencing detailed exploration.

There are ten reported or registered aboriginal heritage sites within EL5881.

Geos Mining considers that the Ausmex Exploration Licence 5881 is in good standing.

Signature:

Name:

Jeff Randell

Position:

Senior Consultant

Qualifications:

BSc (Hons), MAIG, RPGeo

Date:

15 February 2017

# Contents

<b>EXECUTIVE SUMMARY .....</b>	<b>1</b>
<b>1. INTRODUCTION.....</b>	<b>4</b>
1.1 COMMISSIONING ENTITY .....	4
1.2 INDEMNITIES .....	4
1.3 BACKGROUND .....	4
1.4 STANDARDS AND CODES.....	5
1.5 STATEMENT OF COMPETENCE.....	5
1.6 STATEMENT OF INDEPENDENCE.....	6
1.7 RELIANCE ON OTHER SPECIALISTS.....	7
1.8 REASONABLENESS STATEMENT .....	7
1.9 REMUNERATION .....	7
1.10 LIMITATIONS AND CONSENT.....	7
<b>2. SOURCES OF INFORMATION .....</b>	<b>8</b>
2.1 DATA PROVIDED BY COMMISSIONING CLIENT .....	8
2.2 SITE INSPECTION .....	8
<b>3. CORPORATE STRUCTURE .....</b>	<b>8</b>
<b>4. TENEMENT COMMENTARY .....</b>	<b>8</b>
4.1 TENEMENT LOCATION AND ACCESS .....	8
4.2 TENEMENT DETAILS AND CONDITIONS .....	9
4.3 TENEMENT EXCLUSIONS .....	12
4.4 OVERLAPPING AND ADJOINING TITLES AND APPLICATIONS .....	12
4.5 ENCUMBRANCES/ RESTRICTIONS.....	14
4.6 EXEMPT AREAS.....	18
4.7 LANDHOLDERS, ACCESS AND COMPENSATION.....	19
4.8 ENVIRONMENTAL CONSIDERATIONS.....	19
CONSERVATION PARKS.....	19
NATIVE VEGETATION HERITAGE AGREEMENT .....	20
FLORA/ FAUNA .....	20
WATER.....	20
4.9 CULTURAL HERITAGE .....	20
ABORIGINAL HERITAGE .....	20
EUROPEAN HERITAGE .....	21
4.10 NATIVE TITLE .....	21
4.11 FUTURE OBLIGATIONS.....	22
<b>5. CONCLUSIONS.....</b>	<b>23</b>
<b>6. BIBLIOGRAPHY.....</b>	<b>23</b>
<b>7. TERMS AND DEFINITIONS .....</b>	<b>23</b>

# Tables

TABLE 1: BURRA PROJECT EL5881 TENEMENT DETAILS..... 11

# Figures

FIGURE 1: TENEMENT REGIONAL LOCATION (SOURCE: (FROUD, 2016)) ..... 9

FIGURE 2: LOCATION OF RED BANKS CONSERVATION PARK (MGA94, Z54) ..... 12

FIGURE 3: MINERAL TENEMENTS SURROUNDING EL5881 ..... 13

FIGURE 4: LOCATION OF ML6056 (WHITE OUTLINE) WITHIN EL5881 ..... 14

FIGURE 5: EL5881 (BLUE) WITH CONSERVATION PARKS (YELLOW) AND NVHA'S (GREEN) ON GOOGLE IMAGE..... 16

FIGURE 6: EL5881 ENVIRONMENTAL CONSTRAINTS (MGA94 Z54) ..... 17

FIGURE 7: LOCATION OF SOME INFRASTRUCTURE IN REGION OF EL5881 ..... 18

FIGURE 8: REPORTED OR REGISTERED ABORIGINAL HERITAGE SITES WITHIN EL 5881 ..... 21

FIGURE 9: NATIVE TITLE CLAIM OVER EL5881..... 22

# 1. Introduction

## 1.1 COMMISSIONING ENTITY

This Independent Tenement Report was commissioned by Ausmex Mining Limited (Ausmex).

## 1.2 INDEMNITIES

In commissioning this work, Ausmex Mining Limited signed a written undertaking to:

- provide all material information in its possession to Geos Mining;
- ensure that necessary access will be assured for Geos Mining staff to the company's personnel and records;
- inform Geos Mining if any information is to be regarded as confidential and not to be included in the final report;
- respect the independence of Geos Mining Staff.

In accordance with Clause 11.4 of the VALMIN Code 2015, Ausmex Mining Limited also undertook to indemnify Geos Mining for any liability:

- resulting from their reliance on information provided by Ausmex Mining Limited that is materially inaccurate or incomplete; and
- relating to any consequential extension of workload through queries, questions or public hearings arising from the Public Report.

## 1.3 BACKGROUND

Ausmex holds an option on a beneficial interest in gold-copper and phosphate exploration projects in Queensland. Ausmex also has 100% ownership of EL5881 in South Australia. On 5 December 2016, Eumeralla Resources Limited (Eumeralla) announced to the ASX that "it has entered into a binding heads of agreement in relation to the acquisition of all of the securities in unlisted Australian public company Ausmex Mining Limited."

This report is concerned only with the Ausmex tenement Exploration Licence (EL) 5881 located in South Australia.

The sole purpose of this report is to provide an independent assessment of tenement details, any post grant approvals or impediments, past expenditure and future expenditure commitments, ownership and details of any co-venturers, as well as details of liabilities, encumbrances and Native Title considerations.

This report is intended for inclusion in a prospectus to be issued in connection with the proposed listing of the merged Eumeralla Resources Limited and Ausmex Mining Limited (to be re-named Ausmex Mining Group Limited) on to the Australian Stock Exchange.

The date of this Independent Tenement Report is 15 February 2017.

## 1.4 STANDARDS AND CODES

This Independent Tenement Report has been prepared in accordance with:

- The VALMIN Code 2015, prepared by the VALMIN Committee, a joint committee of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists, with the participation of the Minerals Council of Australia and other key stakeholder representatives (The Valmin Committee, 2016)
- ASX Listing Rules
- Australian Corporations Law (Commonwealth Government of Australia, 2001)

## 1.5 STATEMENT OF COMPETENCE

This report has been prepared by Geos Mining and has been compiled and edited by Senior Consultant Jeff Randell. Principal Consultant Murray Hutton has reviewed the document.

**Jeff Randell** SENIOR CONSULTANT: CORPORATE AND MINERALS

Jeff Randell has 17 years' experience in exploration and mining tenement management across Australia and is an experienced exploration and mining geologist having worked in Australia and overseas for more than 35 years.

### Key Skills

- VALMIN Code 2015 Specialist
- JORC 2012 Competent Person (gold, bauxite, nickel and base metals)
- Widely experienced professional geologist in exploration, mining and tenement management
- Qualified Senior Site Executive (SSE) for exploration programs within Queensland
- Detailed knowledge of work health and safety legislation and implementation

### Qualifications

**1970 – 73** Flinders University of South Australia, BSc. (Hons)

## Professional Memberships

Member of the Australian Institute of Geoscientists  
Registered Professional Geoscientist

## Summary of Experience

2008 - current      **Geos Mining:** Project Manager/ Senior Consultant

- Extensive experience in gold, and base metals and bauxite exploration in Australia
- Management of the tenement and agreement business for a number of clients
- Technical assessments, project management, OHS systems and corporate aspects

1999 - 2008      **Triako/ CBH Resources**      Senior Exploration Geologist

- Maintained the company's mineral tenement and joint venture database
- Established OHS&E documentation and procedures
- Supervised technical and admin staff to ensure statutory and corporate reporting compliance.
- Monitored geological project results and provided technical advice.

Previous      **Various**

- Four years as a mine geologist on the Kambalda nickel field
- Seventeen years of base metal and gold exploration with Shell/ Billiton in a broad range of geological environments and commodities throughout Australia
- Four years as assistant to the General Manager of Plutonic Operations advising on various corporate and administrative aspects of the business.

### 1.6 STATEMENT OF INDEPENDENCE

Geos Mining is independent of all parties involved with the project activities described in this report. Geos Mining has received a professional fee based on standard rates, plus reimbursement of out of pocket expenses for the preparation of this report. The payment of these fees is not contingent upon the success or otherwise of any associated fundraising or transactions. There are no pecuniary or other interests that could be reasonably regarded as being capable of affecting the independence of Geos Mining or the authors of this report.

Geos Mining is not aware of any appointments over the past two years by any stakeholders or other relevant parties involved in the tenements being reviewed that may be perceived as affecting the independence of Geos Mining. Geos Mining, the authors and members of the authors' families, have no interest in, or entitlement to, any of the project areas the subject of this report.

## 1.7 RELIANCE ON OTHER SPECIALISTS

Optiro Pty Ltd have been commissioned by Stantons International Audit & Consulting Pty Ltd (Stantons), on behalf of Ausmex Mining Pty Ltd (Ausmex<sup>1</sup>) to complete an independent valuation of the Burra Project EL5881. Geos Mining has sighted/ reviewed information in this report (Froud, 2016) that relates to the tenement status.

RSC Consulting Pty Ltd has been commissioned by Stantons, on behalf of Ausmex to complete an Independent Technical Report of the Burra Project EL5881. Geos Mining has sighted/ reviewed information in this report (Aldrich & Froud, 2017) that relates to the tenement status.

## 1.8 REASONABLENESS STATEMENT

In undertaking this Independent Tenement Report, Geos Mining has assessed relevant material in an impartial, rational, realistic and logical manner. We believe that the approach and methods used are in line with industry standards and meet the Reasonable Grounds Requirement of the VALMIN Code 2015.

## 1.9 REMUNERATION

Geos Mining is to be remunerated on an hourly fee basis for undertaking this Independent Tenement Report, with no bonus payment to be made based on the content of the report or the success of any resulting transaction.

The expected fee will be approximately \$3,000 Australian Dollars.

## 1.10 LIMITATIONS AND CONSENT

With respect to this report and its use by Ausmex Mining Limited and its advisers, Ausmex Mining Limited agrees to indemnify and hold harmless Geos Mining, its shareholders, directors, officers and associates against any and all losses, claims, damages, liabilities or actions to which they or any of them may become subject under any securities act, statute or common law, except in respect to fraudulent conduct, negligence or wilful misconduct, and will reimburse them on a current basis for any legal or other expenses incurred by them in connection with the investigation of any claims or defence of any actions, except where they or any of them are found liable for, or guilty of fraudulent conduct, negligence or wilful misconduct.

This report is provided to Ausmex Mining Limited solely for the purpose of assisting Ausmex Mining Limited and Eumeralla Resources Limited directors and other interested parties in assessing the listed tenements. This

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<sup>1</sup> Ausmex has changed its name from Ausmex Mining Pty Ltd to Ausmex Mining Limited

report does not constitute a full audit, but rather seeks to provide an independent overview of the listed tenements.

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

## 2. Sources of Information

### 2.1 DATA PROVIDED BY COMMISSIONING CLIENT

Ausmex has provided the following data to Geos Mining:

- Licence Document for EL5881
- Optiro Pty Ltd independent valuation of the Burra Project EL5881 (Froud, 2016)
- RSC Consulting Pty Ltd Independent Technical Report of the Burra Project EL5881 (Aldrich & Froud, 2017)

### 2.2 SITE INSPECTION

A site inspection has not been undertaken and is considered unnecessary for the determination of the validity, ownership and encumbrances associated with the listed tenement. We note, however, that the environmental liability cannot be accurately assessed without a site visit being carried out.

## 3. Corporate Structure

Ausmex Mining Limited (A.C.N. 612 797 396) is an Australian public company registered by the Australian Securities & Investments Commission (ASIC) on 3 June 2016.

## 4. Tenement Commentary

### 4.1 TENEMENT LOCATION AND ACCESS

The centre of the project area (EL5881) is located 140 km north-northeast of Adelaide, South Australia (Figure 1). The historic mining town, Burra is the closest town to the tenement and is within 6km to 17km of the

licence blocks. The project consists of three separate blocks: Mount Bryan (northern block); Red Banks (central block) and World's End (southern block). In total the licence covers 970 km<sup>2</sup>.

The tenement covers a significant amount of pasture used for grain crops, sheep and cattle farming; there are a large number of cadastral lots contained within the licence area.

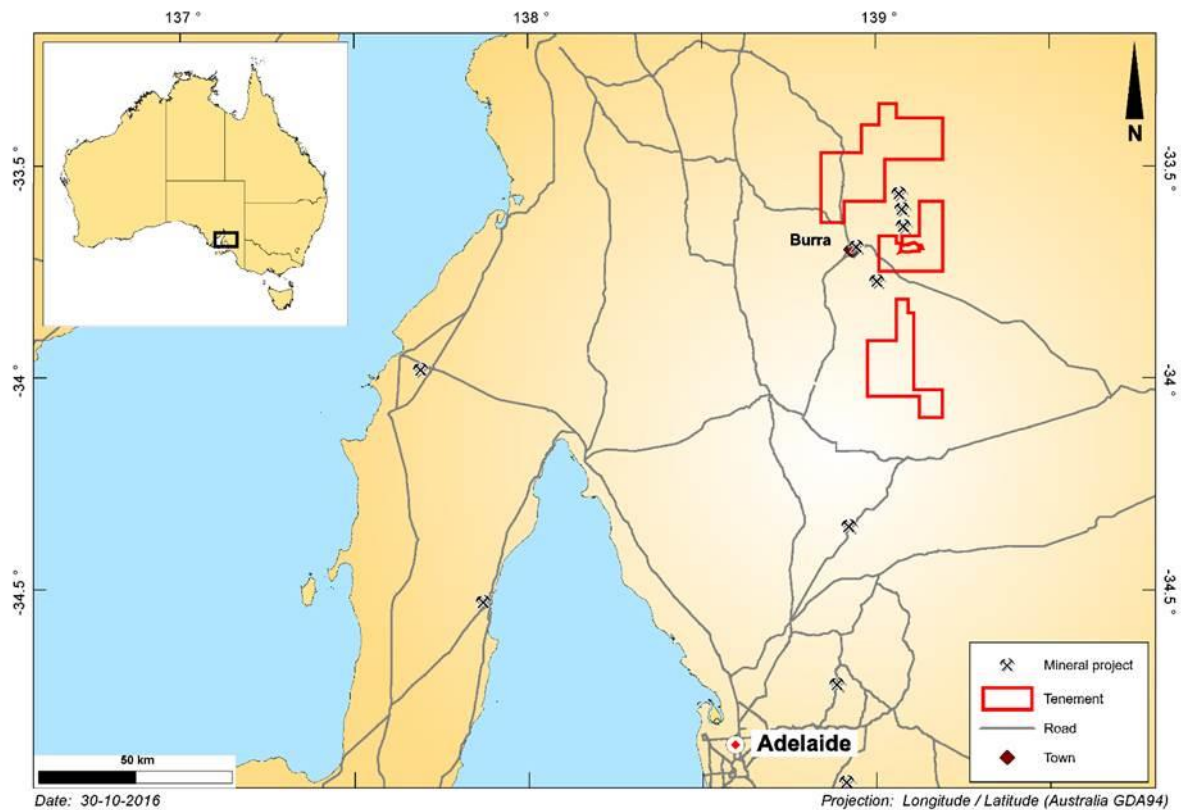


Figure 1: Tenement Regional Location (source: (Froud, 2016))

## 4.2 TENEMENT DETAILS AND CONDITIONS

EL5881 was granted to Ausmex by the South Australian Department of State Development (DSD) on 4 November 2016 for a period of two years (

Table 1). The EL conditions allow for exploration for all minerals except extractive minerals or precious stones. The licence is valid for two years and can be renewed for up to a total licence term of five years.

Prescribed conditions of the licence include:

- Compensation for loss or damage as a result of exploration
- Requirement to report a mineral discovery where minerals are “potentially capable of economic production”
- Notification of a proposal to carry out an airborne survey or to investigate the use of groundwater
- Technical reporting within 60 days of making application to reduce the area of the tenement

There are 18 'Standard Conditions' current for this licence and we note the following requirements:

- On-ground exploration not consistent with the definition of 'Low Impact' must be approved following application of a Program for Environmental Protection and Rehabilitation (PEPR)
- Six monthly summary and annual technical reports are required to be lodged within 30 days and 60 days, respectively, of the anniversary date of the licence (4 November)

The licence also includes six 'Additional Conditions' of which the following four are summarised:

- At least 25% of the tenement area must be relinquished by the end of the current term (4 November 2018) if the expenditure commitment (\$250,000) is not met
- Special permissions are required prior to entering Carroona Creek, Mokota or Mimbara Conservation Parks or intensive vehicle use or drilling equipment within 100m of Red Banks Conservation Park (see Section 4.5)
- A PEPR is required prior to exploration activity within a Native Vegetation Heritage Agreement Area (see Section 4.5)

Tenement	Project Name	Registered and Beneficial Holder	Grant Date	Expiry Date	Area (sq km)	Status	Future Requirements	Current Expenditure Condition	Current Term Expenditure to Date	Reports Due
EL5881	Burra	Ausmex Mining Pty Ltd	04/11/2016	04/11/2018	970	Granted	<ul style="list-style-type: none"> <li>• PEPR if not low impact exploration</li> <li>• 25% area reduction if expenditure commitment not met</li> </ul>	\$250,000	Not known	Six Monthly 04/05/2017 Annual 04/11/2017

Table 1: Burra Project EL5881 Tenement Details

### 4.3 TENEMENT EXCLUSIONS

We note that the Red Banks Conservation Park (RBCP) is specifically excluded from EL5881 (Figure 2). The RBCP is a National Park gazetted for the protection of fossil megafauna and threatened ecological communities including scented mat-rush tussock grassland and mallee box woodland, as well as the rohrlack's bluebush.

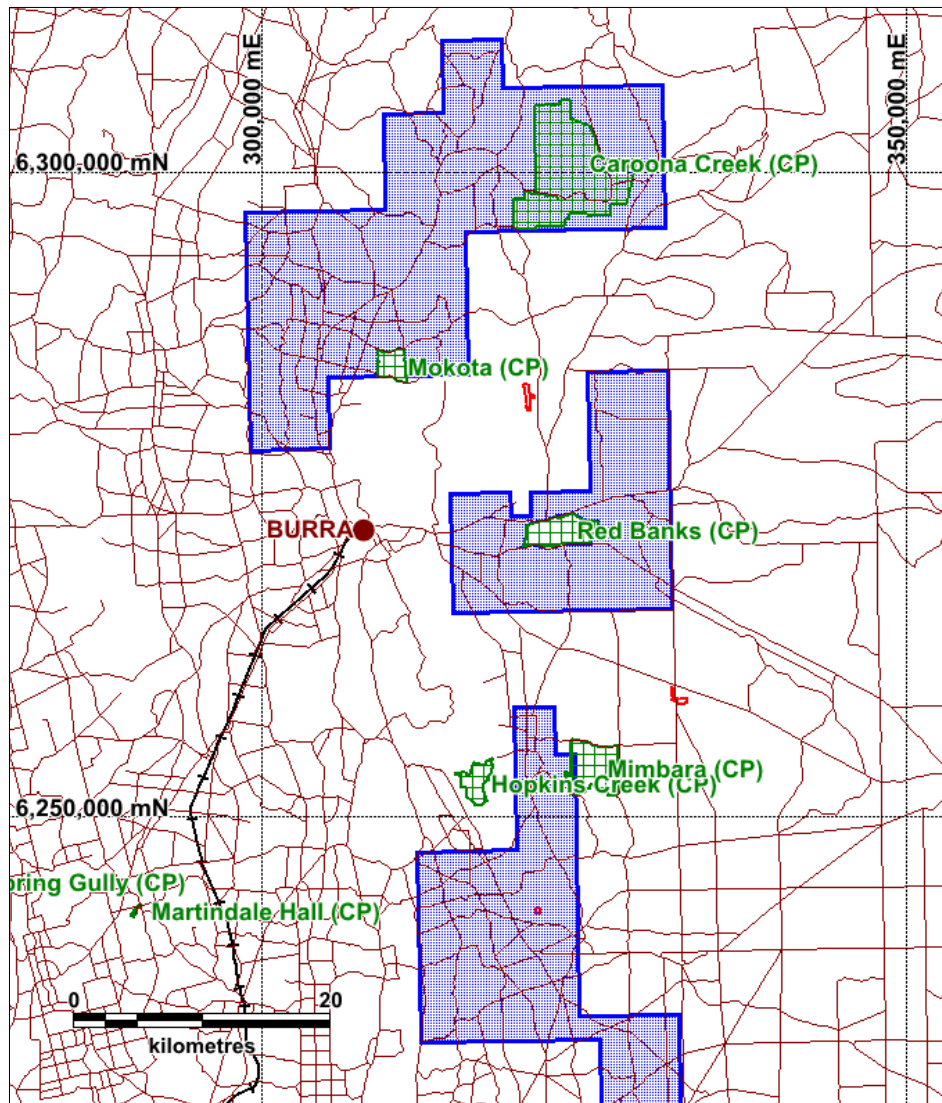


Figure 2: Location of Red Banks Conservation Park (MGA94, Z54)

### 4.4 OVERLAPPING AND ADJOINING TITLES AND APPLICATIONS

There are no petroleum exploration or production tenements/pipelines, geothermal tenements, or private mines that overlap EL5881. The tenement is surrounded to the north and south by several exploration licences held by PNX Metals Limited, an ASX listed mineral explorer (Figure 3).

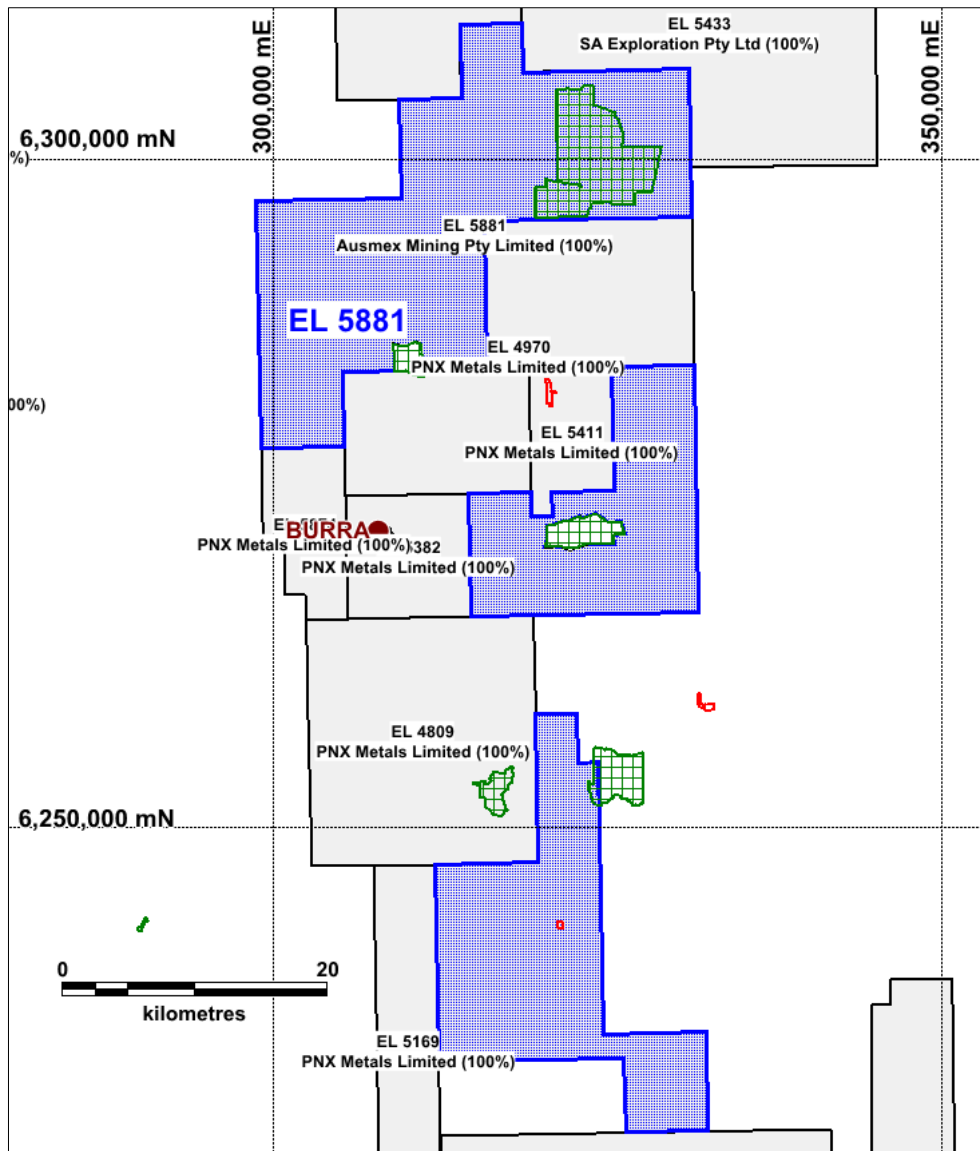


Figure 3: Mineral tenements surrounding EL5881

A small (17.8 ha) mining lease (ML6056) is current within the southern tenement block (Figure 4). The lease is approved for magnesite, is currently listed as on care and maintenance and expires on 26/09/2018. The licence holder is Neldner Contractors.

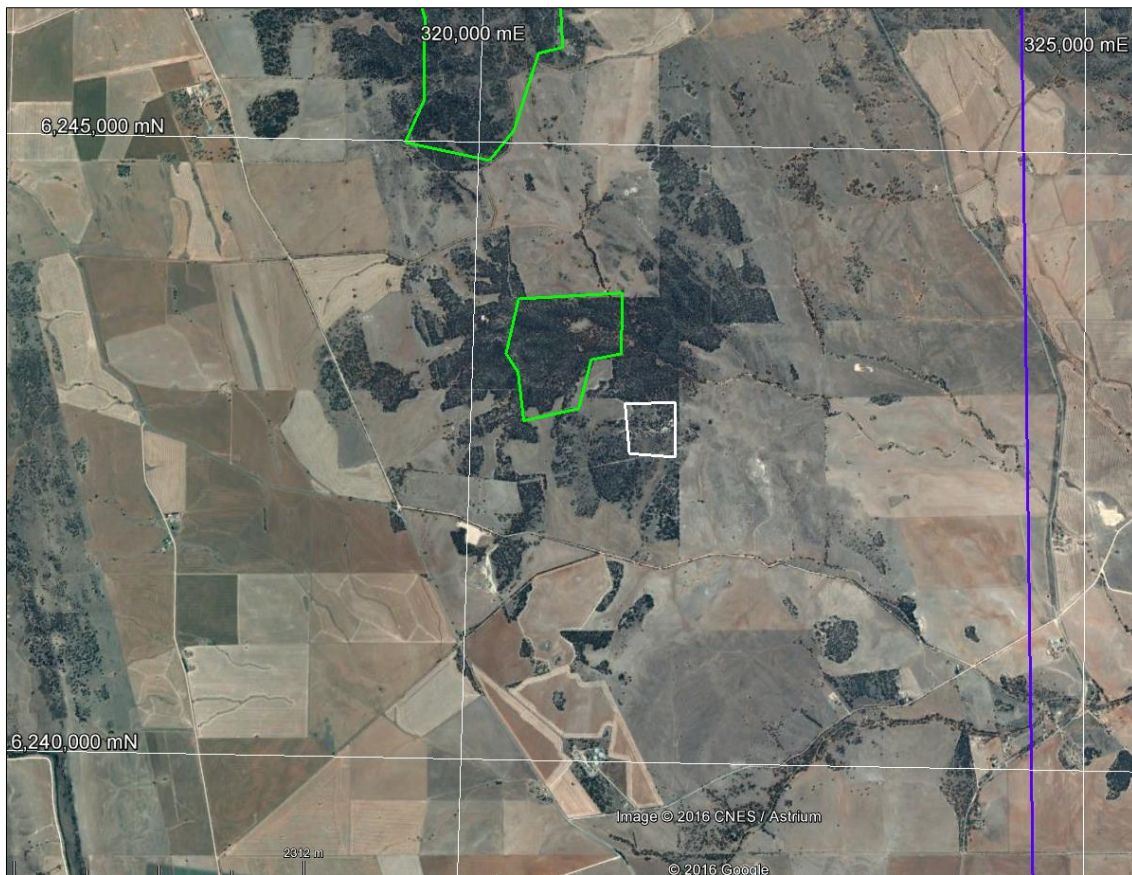


Figure 4: Location of ML6056 (white outline) within EL5881

#### 4.5 ENCUMBRANCES/ RESTRICTIONS

The licence document lists four restrictions on exploration within EL5881, two of which relate to the Carroona Creek, Mokota and Mimbara Conservation Parks (see Figure 2):

- Ministerial approval is required prior to carrying out on-ground exploration by way of an application supported by a PEPR
- Close liaison with the District Ranger is required to ensure that the particular concerns and regulations for the parks are met.

In addition to exploration within RBCP not being permitted, it is also a requirement that a PEPR must be approved prior to commencement of exploration within 100m of the RBCP where intensive vehicle use, declared<sup>2</sup> or drilling equipment is used.

<sup>2</sup> 'declared equipment' refers to machinery used for costeaning (i.e. excavator), dozing, clearing (e.g. front end loader) or drilling rig

The licence document specifically mentions Native Vegetation Heritage Agreement<sup>3</sup> (NVHA) areas (Figure 6): a PEPR must be approved prior to commencement of exploration within a NVHA where intensive vehicle use, declared or drilling equipment is used.

We note that there are several other environmental restrictions relating to access, also shown on Figure 5 and Figure 6:

- Nature Links Corridor – proposed fauna corridors allowing access to native fauna between Conservation parks
- Weeds of National Significance – these are noted as there may be vehicle wash down requirements enforced
- Significant Environmental Benefit Areas – these are small land parcels set aside for trial flora species growth areas
- Recreation trails – these link the Conservation Parks and may impact any proposed exploration
- Burra Creek Catchment – exploration within this area may be subject to certain restrictions imposed by the catchment authority

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<sup>3</sup> A NVHA is a conservation area on private land, established by agreement between a landholder and the Minister for Sustainability, Environment and Conservation. Agreements are ongoing or perpetual and are binding on future landholders.

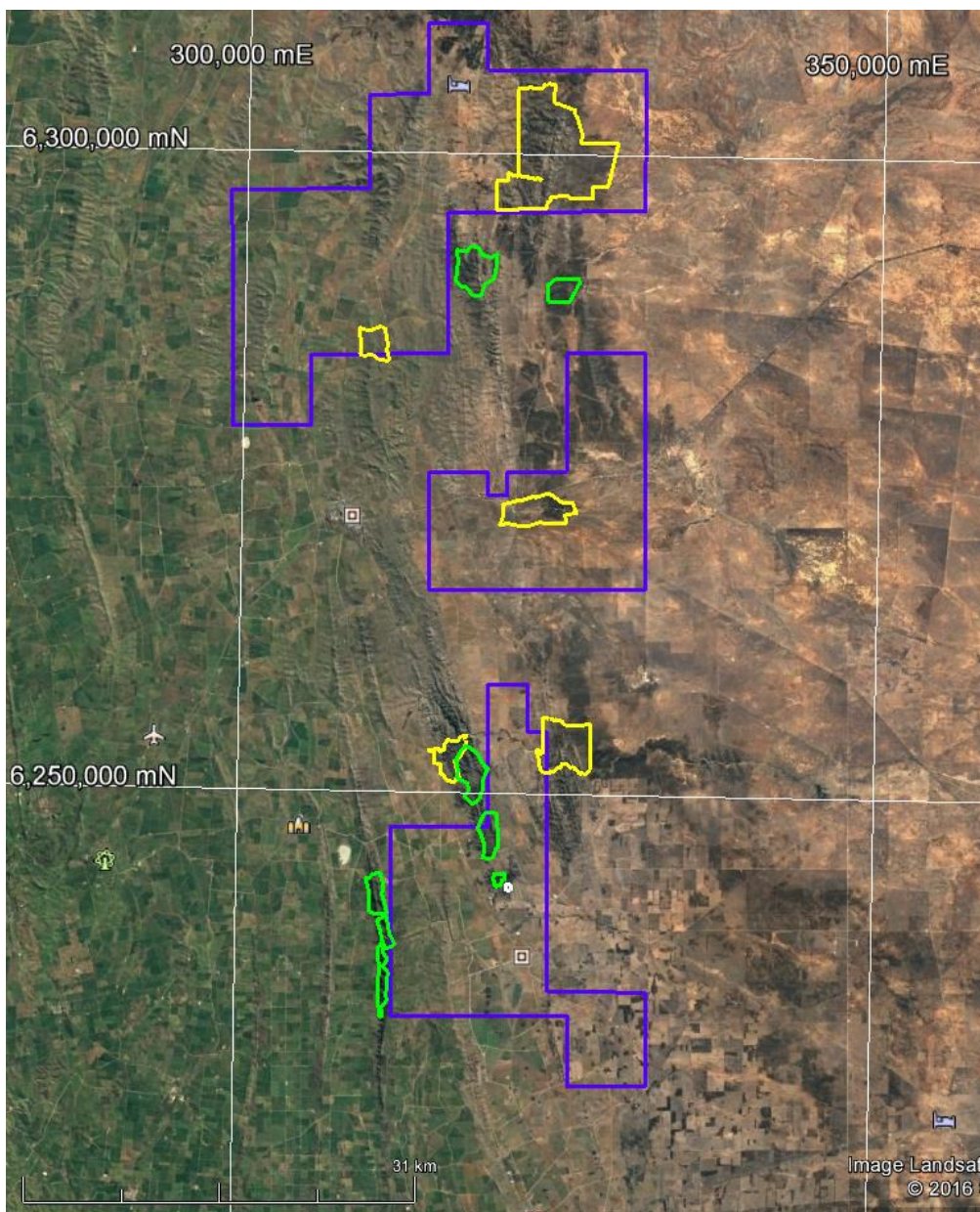


Figure 5: EL5881 (blue) with Conservation Parks (yellow) and NVHA's (green) on Google Image

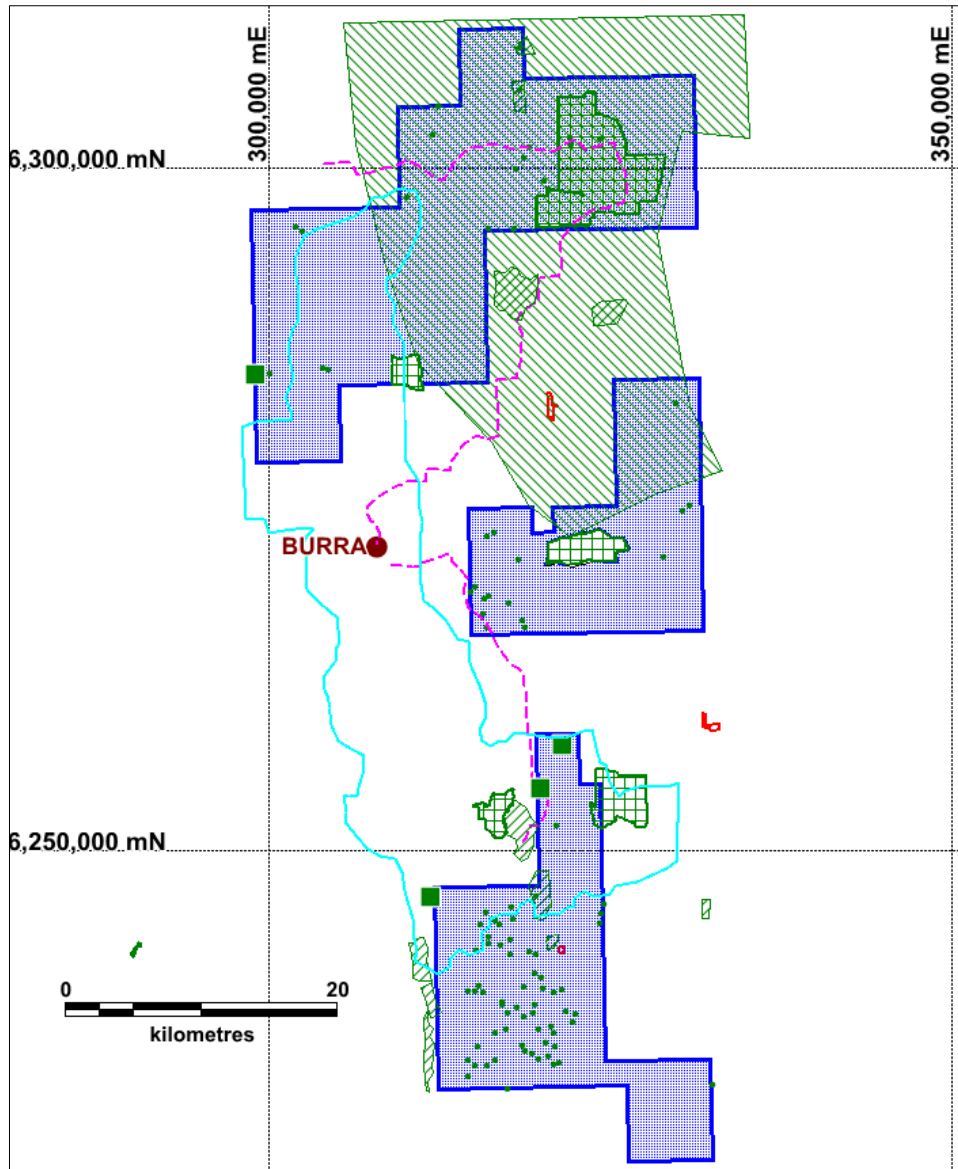


Figure 6: EL5881 environmental constraints (MGA94 Z54)

Legend to Figure 6: Nature Links Corridor (backward green hatch), NVHA (forward green hatch), Conservation Parks (green cross hatch), Weeds of National Significance (green dots), Significant Environmental Benefit Areas (green squares), Recreation trails (purple dash), Burra Creek Catchment (light blue outline).

We also note the following infrastructure that could impact on exploration within the tenement:

- Morgan – Whyalla water supply pipeline which passes through the World's End tenement and continues to the west of Burra (Figure 7)
- Barrier Highway, which passes through the Mount Bryan block
- World's End highway passing through the World's End tenement
- Goyder highway, linking Morgan to Burra and passing through the Red Bank block
- Adelaide – Burra railway (off tenement)

- Burra – Hallett railway through the Mount Bryan block
- Robertstown – Eudunda railway terminating at Robertstown in the south of the World's End block
- Burra lateral gas pipeline (from the Moomba – Adelaide pipeline) to the west of the Burra township
- High voltage transmission lines - high voltage power lines occurring throughout the Burra area and passing through the World's End and Mount Bryan blocks
- Wind farms including the large Hallett Hill facility, located to the west of EL5881.

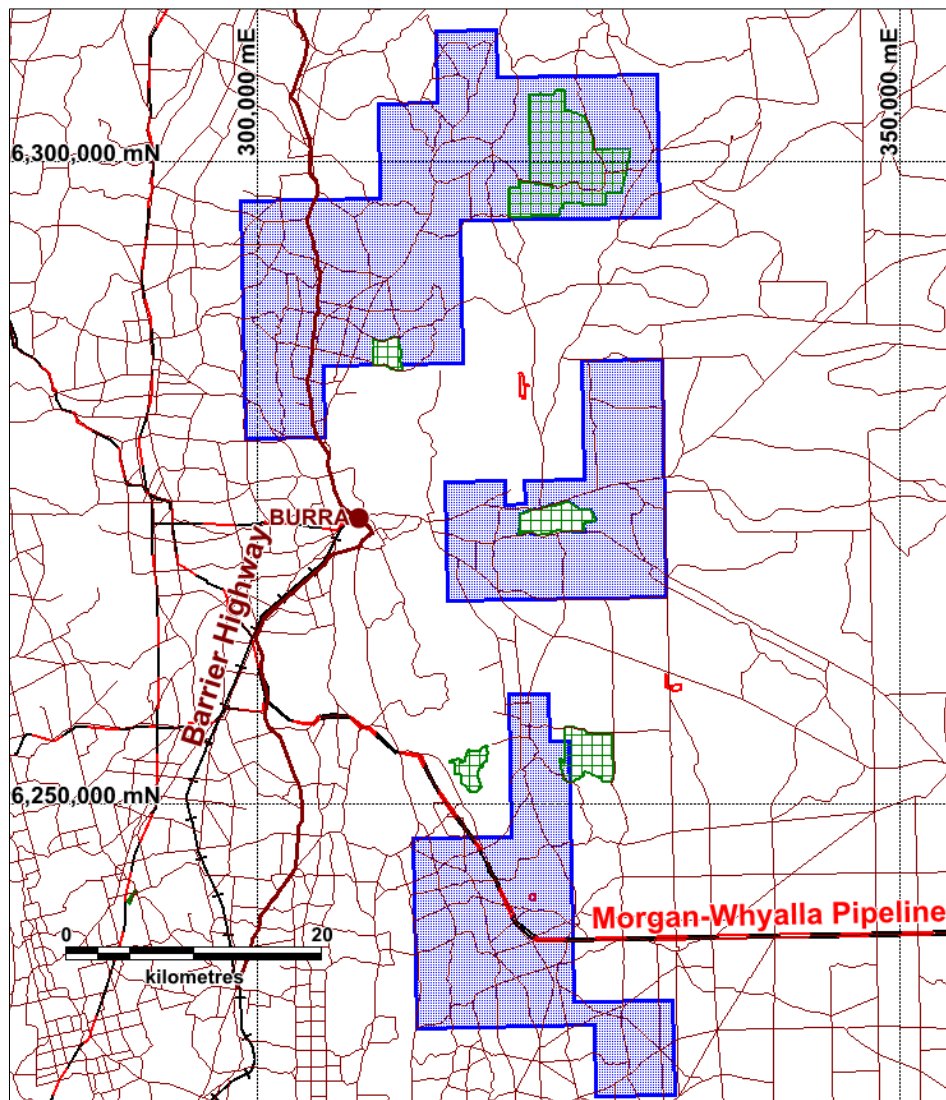


Figure 7: Location of some Infrastructure in region of EL5881

#### 4.6 EXEMPT AREAS

The South Australian Mining Act (1971) lists a number of areas exempted from exploration; of relevance to EL5881 are the following exempted areas:

- Cultivated fields, plantations, gardens, vineyards

- Airfields, railways, public buildings such as hospitals, churches, schools
- Forestry reserves
- Land parcels of area <2000m<sup>2</sup>
- Land within 400m of a building
- Land reserved for Public Works for the purpose of water

We note that there are a number of towns, townships and other infrastructure within EL5881 for which exploration will be exempt as a result of this legislation. Geos Mining has not carried out land title searches to verify each of these exempted areas but recommends this be carried out prior to commencing detailed exploration.

#### 4.7 LANDHOLDERS, ACCESS AND COMPENSATION

Geos Mining has not carried out title searches to determine land ownership and none have been provided to Geos Mining. The licence has only recently been granted and no access/ compensation agreements have been entered into.

#### 4.8 ENVIRONMENTAL CONSIDERATIONS

The reader is referred to Figure 6 for the location of environmental areas discussed below.

##### CONSERVATION PARKS

Conservation parks are legislated within the National Parks and Wildlife Act (1972). The management plans for the conservation parks should be consulted for further information on areas of high conservation value.

The **Mokota Conservation Park**, of area 445 ha, is reportedly one of the largest remaining examples of an open grassy vegetation environment. The park contains more than 150 indigenous plant species including 32 of particular conservation significance to the state. The park provides habitat for 28 animal species (National Parks South Australia, 2016). The Mokota Conservation Park Management Plan (Department for Environment and Heritage, 2003) states that “The park is subject to a joint proclamation relating to prospecting, mineral exploration or mining.” Therefore, exploration and mining is permitted subject to requirements stated in Section 4.2.

The **Caroona Creek Conservation Park** of area 4,536 ha, does not have a formal management plan. However, (Froud, 2016) notes that advice from the Minister for Sustainability, Environment and Conservation (MSEC) indicates that Caroona Creek Conservation-Park may be proclaimed as a reserve

under the National Parks and Wildlife Act 1972 during the period of the exploration licence. This inference is not included in the licence document.

#### NATIVE VEGETATION HERITAGE AGREEMENT

As previously stated in Section 4.5, NVHAs are in place within land covered by EL5881. A standard agreement generally prohibits native vegetation removal; deterioration in the quality, flow or quantity of water; removal or disturbance of rocks or soil, and recreational use of trail bikes and other vehicles.

Progressive rehabilitation of any disturbance associated with works is required and should be completed within three months of the cessation of activities.

#### FLORA/ FAUNA

(Froud, 2016) reports that there are threatened/ endangered species within the Burra region, including the nationally-listed endangered Mt Bryan Greenhood, Spiller's Wattle and Pygmy Bluetongue lizard and the nationally-listed vulnerable Trailing Hop-bush, Silver Daisy-bush and Flinder's Worm-lizard.

#### WATER

The area covered by EL5881 is located within the South Australian Murray Darling Basin Management region. Surface water within the areas surrounding the tenements is limited to ephemeral flows in watercourses although Burra Creek is a permanent watercourse.

There is a large amount of water bore data available for the region and in particular are bores drilled within EL5881.

## 4.9 CULTURAL HERITAGE

#### ABORIGINAL HERITAGE

(Froud, 2016) commented that the MSEC approval notes the Register of Aboriginal Sites and Objects, administered by the Department of State Development, Aboriginal Affairs and Reconciliation, has entries for an Aboriginal heritage site within the tenement. All Aboriginal sites and objects are protected under the Aboriginal Heritage Act 1988, whether they are listed in the central archive or not.

There are ten reported or registered sites within EL 5881 as shown in Figure 8.

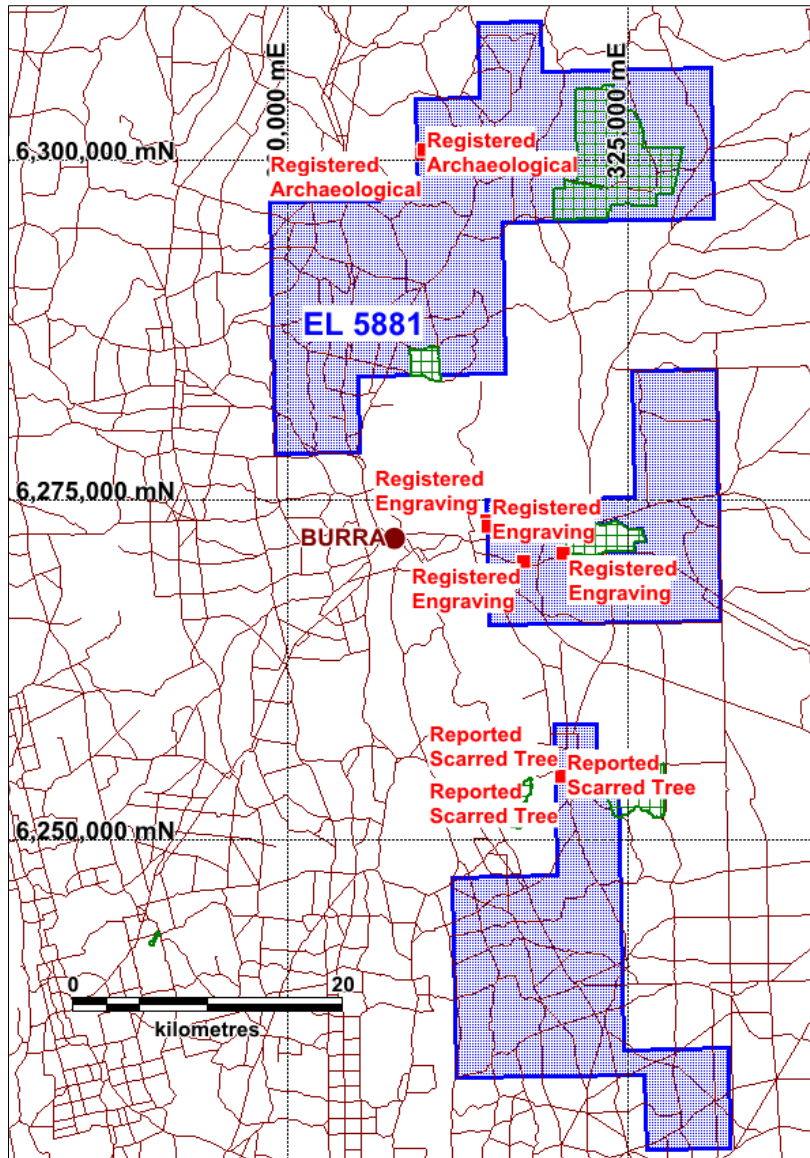


Figure 8: Reported or Registered Aboriginal Heritage Sites within EL 5881

#### EUROPEAN HERITAGE

There are no recorded European registered heritage sites within EL5881, although it is noted that the Burra township itself is a State heritage area.

#### 4.10 NATIVE TITLE

The exploration licence is located within a large regional Native Title Claim (SC2011/002) by the Ngadjuri Nation Aboriginal Corporation (Figure 9). This claim has been accepted for registration. Native Title Claims only apply to Crown and leasehold land (e.g. pastoral lease). No pastoral leasehold occurs within the licence but Geos Mining has not confirmed the status of the many lots that are located within EL5881.

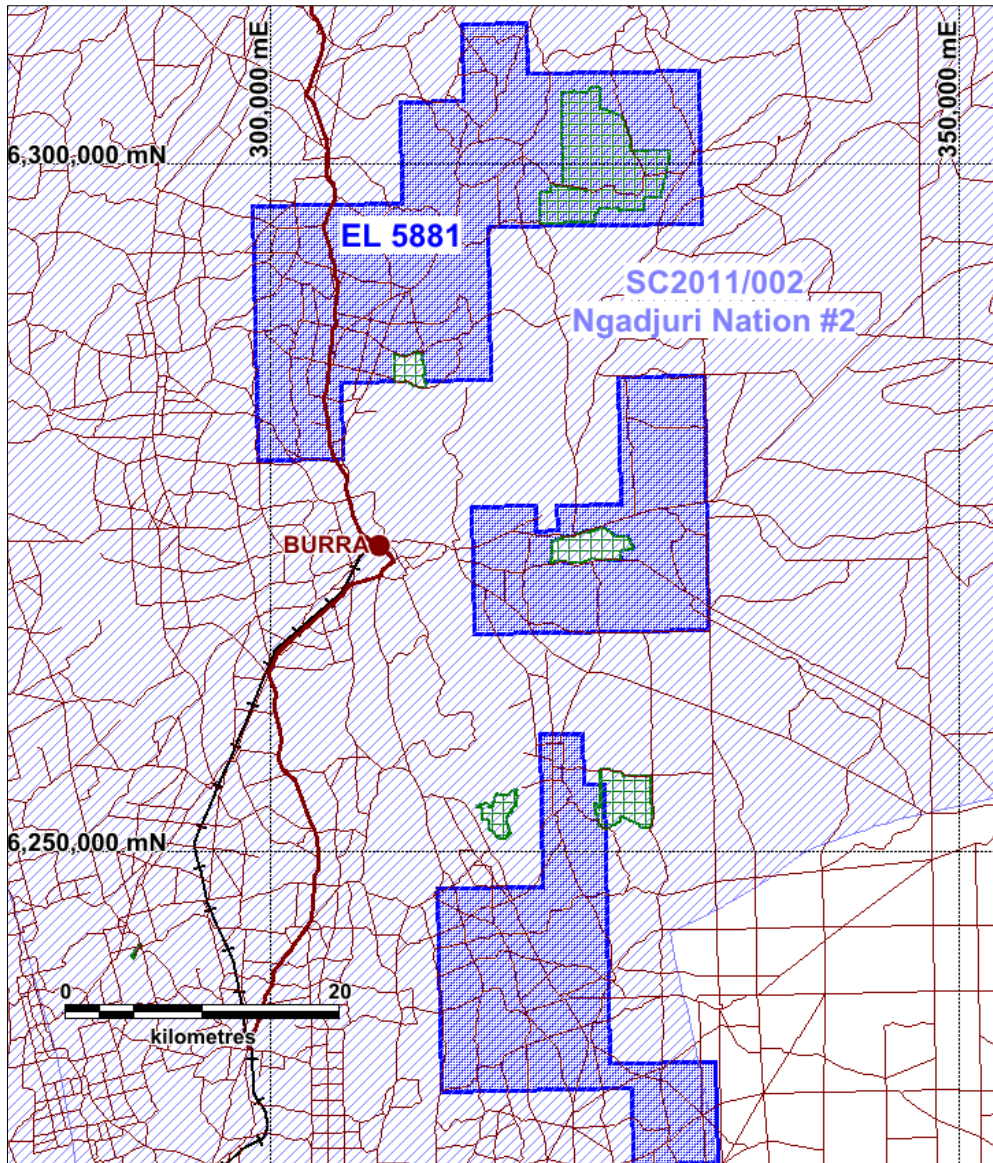


Figure 9: Native Title Claim over EL5881

#### 4.11 FUTURE OBLIGATIONS

There are a number of ongoing financial and regulatory obligations associated with EL5881:

- Periodic area reduction
- Work program and expenditure commitments
- Six monthly and annual technical reporting
- Ongoing rehabilitation requirements,
- Negotiation of landholder access compensation agreements
- Negotiation of cultural heritage agreements with Traditional Owners

## 5. Conclusions

Geos Mining considers that the Ausmex Exploration Licence 5881 is in good standing. We note that the tenement covers a large number of cadastral lots and includes areas of environmental restrictions that will need to be considered prior to carrying out exploration.

## 6. Bibliography

Aldrich, S. & Froud, J., 2017. *Independent Technical Report: EL 5881*, s.l.: RSC Mining and Mineral Exploration.

Commonwealth Government of Australia, 2001. *Corporations Act 2001*, s.l.: s.n.

Department for Environment and Heritage, 2003. *Mokota Conservation Park Management Plan*, s.l.: s.n.

Froud, J., 2016. *Valuation of the Burra Project for Ausmex Mining Pty Ltd*, s.l.: Optiro Pty Ltd.

National Parks South Australia, 2016. *Mokota Conservation Park*. [Online]

Available at:

[http://www.environment.sa.gov.au/parks/Find\\_a\\_Park/Browse\\_by\\_region/Clare\\_Valley/mokota-conservation-park](http://www.environment.sa.gov.au/parks/Find_a_Park/Browse_by_region/Clare_Valley/mokota-conservation-park)

The Valmin Committee, 2016. *Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets*, s.l.: s.n.

## 7. Terms and Definitions

Beneficial interest – a right to receive benefits on a mineral tenement held by another party

Cultural heritage – a legacy of physical artefacts and customs, practices and other expressions passed on from generation to generation

Exploration Licence (EL) – area of land granted for the purpose of mineral exploration for specified minerals and subject to access, reporting and expenditure requirements: mining is not permitted

Mining Lease (ML) - area of land granted for the purpose of mining for specified minerals and subject to access, compensation, reporting, environmental and expenditure requirements

Native Title - form of land title that recognises the unique ties some Aboriginal groups have to land by way of a traditional connection to their land and waters.

Registered interest – applied to the holder of a mineral tenement as registered with the South Australia Department of State Development.

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# 13. RISK FACTORS

## 13.1. Introduction

- 13.1.1. The *shares* offered under this *prospectus* are considered highly speculative. An investment in the *company* is not risk free and the *directors* strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this *prospectus* and to consult their professional advisors before deciding whether to apply for *shares* pursuant to this *prospectus*.
- 13.1.2. There are specific risks which relate directly to the *company's* business. In addition, there are other general risks, many of which are largely beyond the control of the *company* and the *directors*. The risks identified in this *Section*, or other risk factors, may have a material impact on the financial performance of the *company* and the market price of the *shares*.
- 13.1.3. The following is not intended to be an exhaustive list of the risk factors to which the *company* is exposed.

## 13.2. Risks specific to the acquisition

### 13.2.1. Completion risk

Pursuant to the *acquisition agreement*, the key terms of which are summarised in *Section 14.4*, the *company* has agreed to acquire 100% of the issued share capital of *Ausmex*, completion of which is subject to the fulfilment of certain conditions. There is a risk that the conditions for completion of the *acquisition* can't be fulfilled and, in turn, that completion of the *acquisition* does not occur.

If the *acquisition* is not completed, the *company* will incur costs relating to advisors and other costs without any material benefit being achieved.

### 13.2.2. Re-quotation of shares on ASX

As part of the *company's* change in nature and scale of activities, *ASX* will require the *company* to re-comply with Chapters 1 and 2 of the *listing rules*. This *prospectus* is issued to assist the *company* to re-comply with these requirements. The *company's securities* have been suspended from trading on *ASX* since the announcement of the proposed acquisition. It is anticipated that the *company's securities* will remain suspended until completion of the acquisition, the *public offer*, re-compliance by the *company* with Chapters 1 and 2 of the *listing rules* and compliance with any further conditions *ASX* imposes on such reinstatement. There is a risk that the *company* will not be able to satisfy one or more of those requirements and that its *securities* will consequently remain suspended from *quotation*.

In the event that the *offer conditions* are not satisfied or the *company* does not receive conditional approval for re-quotation on ASX, the *company* will not proceed with the *public offer* and will repay all *application monies* received.

13.2.3. Potential dilution

Upon implementation of the *offers*, assuming the *public offer* is fully subscribed and no *options* are exercised between the date of this *prospectus* and the *closing date*, the number of *shares* will increase from 99,165,607 currently on issue to 404,015,607. This means that each *share* will represent a lower proportion of the ownership of the *company*.

It is not possible to predict what the value of the *company* or a *share* will be following the completion of the *offer* being implemented and the *directors* do not make any representation as to such matters.

The last closing price of *shares* on ASX prior to the *prospectus* being lodged of \$0.085 is not a reliable indicator as to the potential trading price of *shares* after completion of the *offers*.

13.2.4. Liquidity risk

On *completion*, the *company* proposes to issue *shares* to the *Ausmex vendors* (i.e. *consideration shares*) and to *CPS* under the *CPS offer*. The *company* understands that *ASX* will treat these securities as restricted securities in accordance with Chapter 9 of the *listing rules*.

The *company* has made submissions to *ASX* for “cash formula relief” in respect of *consideration shares* to be issued to some of the *Ausmex vendors* (based on the amount of capital contributed by those *Ausmex vendors* when subscribing for *Ausmex shares*). In the absence of this relief, all *consideration shares* will be escrowed for a period of either 12 or 24 months (depending on the relevant *Ausmex vendor’s* relationship with the *company*).

However, if cash formula relief is granted, the number of *consideration shares* that will be subject to *ASX*-imposed escrow will be reduced in proportion to the deemed amount paid by *Ausmex vendors* for the *consideration shares* to be issued to them, based on the amount paid for their *Ausmex shares* when compared with the value of the *consideration shares* (based on the issue price under the *public offer*).

Based on the post-*acquisition* capital structure (assuming no further *shares* are issued or *options* exercised), the *consideration shares* will equate to approximately 51.2% of the issued *share* capital on an undiluted basis (assuming the *public offer* is fully subscribed). This could be considered an increased liquidity risk as a significant proportion of issued capital may not be able to be traded freely for a period of time.

### 13.3. Risks specific to Ausmex

#### 13.3.1. Limited operating history

*Ausmex* is a start-up business, does not have an operating history and there is no assurance that future operations will result in revenues or profits. If sufficient revenues to operate profitably cannot be generated, operations may be suspended or cease.

*Ausmex* will be subject to all of the business risks and uncertainties associated with any new business enterprise. There can be no assurance that demand for *Ausmex*'s products will be as anticipated, or that the business will become profitable. Consequently, there can be no forecast or confirmation as to the *company*'s future performance following completion of the *acquisition*.

#### 13.3.2. Exploration risks

The *Ausmex projects* are at various stages of exploration and development. There can be no assurance that exploration of these mineral tenements, or any other mineral tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

#### 13.3.3. Environmental risks

The operations and proposed activities of the *company* are subject to state and federal environmental laws and regulations. As with most exploration projects and mining operations, the *company's* activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The *company* will attempt to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

#### 13.3.4. Tenement grant and maintenance risks

The *company's* mining exploration activities are dependent upon the grant, or as the case may be, the maintenance of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. The maintaining of tenements, obtaining renewals, or getting tenements granted, often depends on the *company* being successful in obtaining the required statutory approvals for its proposed activities and that the licences, concessions, leases, permits or consents it holds will be renewed as and when required. There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection therewith.

#### 13.3.5. Commodity and exchange rate fluctuation risk

To the extent the *company* may become involved in mineral production the revenue derived through the sale of commodities may expose 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.

#### 13.3.6. Requirement for additional capital

The funds to be raised under the *public offer* are considered sufficient to meet the immediate objectives of the *company*. Additional funding may be required in the event costs exceed the *company's* estimates and to effectively implement its business and operational plans in the future to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the *company* may incur. If such events occur, additional funding will be required.

Following the *public offer*, the *company* may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangements, or other means. Failure to obtain sufficient financing for the *company's* activities and future projects may result in delay and indefinite postponement of these activities and potential development programmes. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing may not be favourable to the *company* and might involve substantial dilution to *shareholders*.

#### 13.3.7. Retention of key personnel

There is a risk that, where there is a turnover of development staff who have knowledge of the mineral tenements and the business, knowledge will be lost in the event that those staff resign or retire. This involves the risk that those staff will have information in respect of *Ausmex's* activities which has a commercial value to *Ausmex* as well as an opportunity cost for replacement of those staff and subsequent training.

### 13.4. General risks

#### 13.4.1. 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:

- (a) general economic outlook;
- (b) introduction of tax reform or other new legislation;
- (c) interest rates and inflation rates;
- (d) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of, capital; and
- (f) 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 technology stocks in particular. Neither the *company* nor the *directors* warrant the future performance of the *company* or any return on an investment in the *company*.

#### 13.4.2. Economic and government risk

The future viability of the *company* is also dependent on a number of other factors affecting performance of all industries and not just the technology industry including, but not limited to, the following:

- (a) general economic conditions in jurisdictions in which the *company* operates;
- (b) changes in government policies, taxation and other laws in jurisdictions in which the *company* operates;
- (c) the strength of the equity markets in Australia and throughout the world, and in particular investor sentiment towards the technology sector;
- (d) movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the *company* operates; and
- (e) natural disasters, social upheaval or war in jurisdictions in which the Company operates.

### 13.5. Speculative investment

13.5.1. The above list of risk factors ought not to be taken as exhaustive of the risks faced by the *company* or by investors in the *company*. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the *company* and the value of the *shares* offered under this *prospectus*.

13.5.2. Therefore, the *shares* to be issued pursuant to this *prospectus* carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those *shares*. Potential investors should consider that the investment in the *company* is highly speculative and should consult their professional advisors before deciding whether to apply for *shares* pursuant to this *prospectus*.

# 14. MATERIAL CONTRACTS

## 14.1. Introduction

Set out below are summaries of various contracts entered into by the *company* and *Ausmex* which are or may be material to the *offers* or the operation of the business of the *company* or otherwise are or may be relevant to a potential investor in the *company*.

## 14.2. Broker mandate

- 14.2.1. On 2 November 2016, the *company* entered into a corporate advisory mandate with CPS Capital Group Pty Ltd (**CPS**) whereby *CPS* agreed, inter alia, to introduce, review and assess potential investment opportunities for the *company* to consider as potential acquisitions (**broker mandate**).
- 14.2.2. In accordance with the *broker mandate*, *CPS* introduced *Ausmex* to the *company*.
- 14.2.3. The *broker mandate* provides that, on completion of a successful acquisition that has been introduced to the *company* by *CPS*, the *company* shall pay, in cash or shares, an asset introduction fee of 5% of the value of the asset introduced (**introduction fee**).
- 14.2.4. *CPS* and the *company* have agreed that, subject to *completion* occurring, the *company*'s obligation to pay the *introduction fee* will be satisfied by the issue of 10,350,000 *shares* to *CPS* (being an amount equal to 5% of the 207,000,000 *consideration shares* to be issued to the *Ausmex vendors* in consideration for the *company*'s purchase of 100% of the issued capital of *Ausmex*). The issue of *shares* to *CPS* as the *introduction fee* is the subject of a resolution to be considered by *shareholders* at the *general meeting*.

## 14.3. Lead manager agreement

- 14.3.1. On 15 December 2016, the *company* entered into a capital raising and corporate advisory mandate with *CPS* under which *CPS* was appointed lead manager to the *public offer* (**lead manager agreement**).
- 14.3.2. The material terms of the *lead manager agreement* are as follows:
- (a) *CPS* has been engaged to provide corporate advisory and capital raising services on an exclusive basis, including acting as lead manager to the *public offer*.
  - (b) *CPS* has agreed to place, on a best endeavours basis, 50,000,000 *shares* at an issue price of \$0.08, to raise up to \$4,000,000.
  - (c) The *company* must pay *CPS* a capital raising fee equal to 6% on all funds raised under the *public offer*.

- (d) The *lead manager agreement* otherwise contains terms and conditions considered standard for agreements of this nature.

## 14.4. Acquisition agreement

14.4.1. On 5 December 2016, the *company* entered into the *heads of agreement* with *Ausmex* whereby the *company* agreed to acquire 100% of the capital of *Ausmex*.

14.4.2. Pursuant to the *heads of agreement*, on 24 December 2016 the *company* entered into an agreement with the *Ausmex vendors* to effect the acquisition of 100% of the issued capital of *Ausmex* (***acquisition agreement***). The key terms of the *acquisition agreement* are as follows:

- (a) conditions precedent: *completion* is conditional on:
- (i) the *company* undertaking the *public offer* and receiving valid non-revocable applications for at least the minimum amount of capital required by *ASX* to meet the re-compliance requirements of Chapters 1 and 2 of the *listing rules* (and which such minimum shall not include any amounts that shall be provided by *Ausmex* following the effective date of the merger) at an issue price to be agreed between the *company* and *Ausmex*;
  - (ii) the *company* receiving conditional approval from *ASX* to reinstate its securities and those conditions being satisfied to the reasonable satisfaction of the *company* and *Ausmex*;
  - (iii) the parties obtaining all necessary regulatory approvals (including *ASX* approvals and waivers and *ASIC* relief) to complete the *acquisition*, the expiration of any necessary statutory waiting periods and the filing of all notices and proposals required under applicable law;
  - (iv) the *company* obtaining all requisite *shareholder* approvals pursuant to the *listing rules* (including but not limited to *listing rule* 11.1), the *Corporations Act* and the *constitution* to give effect to:
    - (1) the transactions contemplated by the *acquisition agreement*; and
    - (2) the change of the *company's* name from “Eumeralla Resources Limited” to “Ausmex Mining Group Limited”;
- (b) consideration: the consideration payable to each *Ausmex vendor* varies according to the number of *Ausmex shares* they hold, but the combined total consideration is 207,000,000 *consideration shares*;
- (c) further issues of securities: subject to *completion* occurring, the *company* has agreed to issue:
- (i) 10,350,000 *shares* to *CPS* as consideration for services provided under the *broker mandate*;

- (ii) 50,000,000 *options* to *Armada* in consideration of services provided in respect of the *acquisition* and the *public offer*; and
- (d) warranties and indemnities: the *acquisition agreement* contains standard warranties and indemnities customary for transactions of this nature, along with usual threshold and limitation of liability provisions.

## 14.5. Material contracts of Ausmex

### 14.5.1. *Cloncurry option agreement*

On 15 August 2016 Ausmex entered into an agreement with *QMC* granting *Ausmex* options to acquire interests in mineral tenements held by *QMC* in the Cloncurry region of Queensland (***Cloncurry option agreement***). The key terms of the *Cloncurry option agreement* are as follows:

- (a) options to purchase: *Ausmex* has been granted the rights to acquire:
  - (i) 60% (with the option to increase to up to 100% through the payment of a further \$2 million in two tranches of \$1 million each) of mainly production assets including the Gilded Rose and Mt Freda gold projects by way of a 60-40 incorporated joint venture with *QMN* (***QMN Cloncurry option***); and
  - (ii) certain exploration projects held by *QMN* or its related bodies corporate including the Morris Creek, Flamingo and Jessievale projects (upon option exercise, to be 100% owned) (***QMN North Cloncurry option***),  
  
(together, the ***Cloncurry options***);
- (b) exercise price: the exercise price is:
  - (i) 12,500,000 *shares* (being \$1,000,000 worth of *shares* at the *issue price*) in respect of the ***QMN Cloncurry option***; and
  - (ii) \$500,000 in respect of the ***QMN North Cloncurry option***; and
- (c) expiry: the *Cloncurry options* expire on 15 May 2017.

### 14.5.2. *Strategic alliance agreement*

*Ausmex* and *C4 Shares* entered into a deed dated 23 November 2016 to form a strategic alliance for the purpose of *Ausmex* identifying gold exploration and development opportunities in Australia and *C4 Shares* advising and assisting *Ausmex* in relation thereto (***strategic alliance agreement***) with the following key terms:

- (a) The *strategic alliance agreement* requires *C4 Shares* to:

- (i) provide data to *Ausmex* on its existing areas and vacant (unpegged) areas in Australia prospective for gold or other minerals;
  - (ii) provide strategic advice, access to its corporate network, analysis and data to support exploration and mining of all projects;
  - (iii) consider potential for the execution of joint ventures between parties identified by *C4 Shares* and *Ausmex* for gold and/or mineral exploration/development; and
  - (iv) on *Ausmex* achieving listing on *ASX*, provide a report on exploration or mineral development strategies and any vacant (unpegged) areas in Australia prospective for specified minerals which may become available for exploration licence applications (or areas which may be available for joint venture).
- (b) The *strategic alliance agreement* granted *C4 Shares* the option to pay \$250,001 to subscribe for 13,740,000 shares in *Ausmex* and 250,000 convertible notes (***C4 Shares option***) at any time during the currency of the *strategic alliance agreement*.

(Note: the *C4 Shares option* was exercised on 23 November 2016 when *C4 Shares* paid \$250,001 to subscribe for 13,740,000 *Ausmex shares* and 250,000 convertible notes. Between that date and the date of this *prospectus*, the convertible notes have been converted to *Ausmex shares* and *Ausmex's* share capital has been restructured such that *C4 Shares* now holds 100,000,000 *Ausmex shares*.)

#### 14.5.3. *Bestvale consultancy agreement*

By letter agreement dated 28 November 2016 between *Ausmex* and *Bestvale* it was agreed that:

- (a) *Bestvale* will provide the services of Mr Chis Hagan to advise *Ausmex* in relation to corporate structuring, the *prospectus*, due diligence processes, and project and administrative work (the ***services***);
- (b) subject to *Ausmex* achieving *ASX* listing, *Bestvale* will be paid a fee of \$100,000 plus GST in respect of the *services* provided and to be provided to *Ausmex* in the financial year ending 30 June 2017; and
- (c) *Ausmex* will indemnify and holds harmless *Bestvale*, Mr Hagan and any other staff or associated entity (if any) of *Bestvale* in respect of the *services*.

#### 14.5.4. *Director consultancy agreements*

- (a) *Ausmex* has entered into the *director consultancy agreements*, effective from 1 January 2017, with each of Messrs Morgan, Firek and Kidd (each a *proposed director*) and their associated entities for the provision of management and technical services to *Ausmex* and its related bodies corporate (which, from *completion*, will include the *company*).

- (b) In return for the provision of services under the *director consulting agreements*:
- (i) Mineral X Pty Ltd, an entity associated with Matthew Morgan, will receive:
    - (1) fees of \$200,000 per annum plus GST for provision of the services of Mr Morgan as managing director of the *company* and *Ausmex*; and
    - (2) comparable market rates for the provision of technical services to *Ausmex*;
  - (ii) Florims Pty Ltd, an entity associated with Andrew Firek, will receive:
    - (1) fees of \$48,000 per annum plus GST for provision of the services of Dr Firek as a non-executive director of the *company* and *Ausmex*; and
    - (2) comparable market rates for the provision of technical services to *Ausmex*; and
  - (iii) Brash Corporation Pty Ltd, an entity associated with Geoff Kidd, will receive:
    - (1) fees of \$48,000 per annum plus GST for provision of the services of Mr Kidd as a non-executive director of the *company* and *Ausmex*; and
    - (2) comparable market rates for the provision of technical services to *Ausmex*.
- (c) The *director consultancy agreements* may be terminated by a party giving six months' notice.
- (d) The *consultancy services agreements* otherwise have terms and conditions generally consistent with agreements of their type.

## 14.6. Agreements with directors, related parties and key management personnel

A summary of the agreements with *directors*, *related parties* of the *company* and key management personnel is set out in *Section 8.5*.

# 15. ADDITIONAL INFORMATION

## 15.1. Rights attaching to shares

15.1.1. The following is a summary of the more significant rights and liabilities attaching to *shares* being offered pursuant to this *prospectus*. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of *shareholders*. To obtain such a statement, persons should seek independent legal advice. Full details of the rights and liabilities attaching to *shares* are set out in the *constitution*, a copy of which is available for inspection at the *company's* registered office during normal business hours.

### 15.1.2. General meetings

- (a) Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the company.
- (b) Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the constitution.

### 15.1.3. Voting rights

- (a) Subject to the *constitution* and to any rights and restrictions attaching to any class of shares, at meetings of *shareholders* or other classes of *shareholder*, each *shareholder* entitled to attend and vote may attend and vote in person or by proxy or by attorney and, where the *shareholder* is a body corporate, by representative.
- (b) On a show of hands every *shareholder* present having the right to vote at the meeting has one vote. On a poll, every *shareholder* present has one vote for each fully paid *share* and, in the case of partly paid *shares* or *share* held by the *shareholder*, a fraction of a vote equivalent to the proportion which the amount paid (but not credited) is of the total amounts paid and payable (excluding amounts credited) on the *share* or *shares* held.

### 15.1.4. Dividend rights

Subject to the *Corporations Act* and to any special rights or restrictions attached to any *shares*, *directors* may from time to time authorise the *company* to pay interim and final dividends which appear to the *directors* to be justified by the profits of the *company*.

### 15.1.5. Winding-up

If the *company* is wound up, the liquidator may, with the authority of a special resolution, divide among the *shareholders* in kind the whole or any part of the property of the *company*, and may for that purpose set such value as he considers fair upon any

property to be so divided, and may determine how the division is to be carried out as between the *shareholders* or different classes of *shareholders*.

15.1.6. Transfer of shares

Generally, *shares* are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the *Corporations Act* and the *listing rules*.

15.1.7. Future increase in capital

The issue of any *shares* is under the control of the *directors*. Subject to restrictions on the issue or grant of securities contained in the *listing rules*, the *constitution* and the *Corporations Act* (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the *directors* may issue *shares* as they shall, in their absolute discretion, determine.

15.1.8. Variation of rights

- (a) Under section 246B of the *Corporations Act*, the *company* may, with the sanction of a special resolution passed at a meeting of *shareholders*, vary or abrogate the rights attaching to *shares*.
- (b) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the *company* is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

## 15.2. Substantial shareholders

- 15.2.1. As at the date of this *prospectus*, the following *shareholders* are “substantial shareholders” (being *shareholders* who hold a *relevant interest* in the voting power of *shares* of 5% or more of the *shares* on issue):

Holder name	Existing shares	% relevant interest
Jason Peterson	15,691,166	15.82%
Michael John Hynes	6,000,001	6.05%

- 15.2.2. On completion of the *offers* (and assuming the *public offer* is fully subscribed and no new investors under the *public offer* become substantial holders) the substantial *shareholders* will be as set out below:

Holder name	Shares held immediately following completion	% relevant interest on completion <sup>1</sup>
C4 Shares Pty Ltd atf the C4 Shares Trust	100,000,000	24.75%
Jason Peterson <sup>2</sup>	26,041,166	6.45%
Bestvale Resource Consultants Pty Ltd atf Bestvale Super Fund	24,242,315	6.00%
Mathew Morgan <sup>3</sup>	23,254,316	5.76%

1. Assumes the *public offer* is fully subscribed.
2. Held in his capacity as a trustee of the J & L Peterson Super Fund and as a director of CPS, Professional Payment Services Pty Ltd, Celtic Capital Pty Ltd and Celtic Capital Pte Ltd
3. Held in his capacity as a trustee of the Morgan Family Super Fund and as a director of Mineral X Pty Ltd

- 15.2.3. The *company* will announce to *ASX* details of its top 20 *shareholders* (following completion of the *offers*) prior to reinstatement of *shares* to *quotation*.

## 15.3. Terms of advisor options

- 15.3.1. Under the terms of the *acquisition*, and subject to shareholder approval being obtained at the *general meeting*, the *company* will grant up to 50,000,000 *advisor options* to *Armada*.

- 15.3.2. The terms and conditions attaching to the *advisor options* are set out below:

- (a) **Entitlement:** Each *advisor option* will entitle the holder to subscribe for one *share*. All *shares* issued upon the exercise of the *advisor options* will rank equally in all respects with the *company's* existing *shares*.
- (b) **Exercise price:** Each *advisor option* shall entitle the holder to acquire one *share* upon payment of the sum of:
  - (i) \$0.12 per *tranche 1* *advisor option*; and
  - (ii) \$0.14 per *tranche 2* *advisor option*,(**exercise price**) to the *company*.
- (c) **Exercise of options:** The *advisor options* will expire at 5.00pm WST on the date which is 3 years after their issue (**expiry date**). The *advisor options* may be exercised, in whole or in part, at any time prior to the *expiry date*, by completing and delivering a duly completed form of notice of exercise to the registered office of the *company* together with the payment of the *exercise price* in

immediately available funds for the number of *shares* in respect of which the *advisor options* are exercised. An *advisor option* not exercised on or before the *expiry date* will lapse. *Shares* issued pursuant to the exercise of *advisor options* will be issued, and a holding statement or share certificate provided to the holders of *advisor options* in respect of those *shares*, on the above terms and conditions not more than 15 *business days* after the receipt of a duly completed form of notice of exercise and the *exercise price* in immediately available funds in Australian dollars in respect of the *advisor options* exercised.

- (d) Quotation: Application will not be made to *ASX* for *quotation* of the *advisor options*. Provided the *company* is listed on *ASX* at the time, application will be made for *quotation* of the *shares* issued upon exercise of *advisor options* not later than 15 *business days* after the date of issue. If required, the *company* will give *ASX* a notice that complies with section 708A(5)(e) of the *Corporations Act*, or, if such a notice delivered is for any reason not effective to ensure that an offer for sale of the *shares* does not require disclosure to investors, the *company* must, no later than 20 *business days* after becoming aware of such notice being ineffective, lodge with *ASIC* a prospectus prepared in accordance with the *Corporations Act* and do all such things necessary to satisfy section 708A(11) of the *Corporations Act* to ensure that an offer for sale of the *shares* does not require disclosure to investors.
- (e) Transfer: The *advisor options* are transferable subject to any restriction or escrow arrangements imposed by *ASX* or under applicable Australian securities laws.
- (f) Participation and entitlements: There are no participating rights or entitlements inherent in the *advisor options* and holders will not be entitled to participate in new issues of securities offered to *shareholders* during the currency of the *advisor options*. However, the *company* must give notice to the holders of *advisor options* of any new issue before the record date for determining entitlements to the issue in accordance with the *listing rules* so as to give holders the opportunity to exercise their *advisor options* before the date for determining entitlements to participate in any issue.
- (g) Reorganisation of share capital: In the event of a reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the *company*, all rights of holders of *advisor options* shall be changed to the extent necessary to comply with the *Corporations Act* and the *listing rules* applying to a reorganisation of capital at the time of the reorganisation.
- (h) Bonus issue: If, from time to time, before the expiry of the *advisor options* the *company* makes a pro-rata issue of *shares* to *shareholders* for no consideration, the number of *shares* over which an *advisor option* is exercisable will be increased by the number of *shares* which the holder would have received if the *advisor option* had been exercised before the date for calculating entitlements to the pro-rata issue.

## 15.4. Terms of officer options

15.4.1. Subject to shareholder approval being obtained at the *general meeting*, the *company* will grant up to 3,500,000 *officer options* to the *current directors* and the *company secretary*.

15.4.2. The terms and conditions attaching to the *officer options* are set out below:

- (i) **Entitlement:** Each *officer option* will entitle the holder to subscribe for one *share*. All *shares* issued upon the exercise of the *officer options* will rank equally in all respects with the *company's* existing *shares*.
- (j) **Exercise price:** Each *officer option* shall entitle the holder to acquire one *share* upon payment of the sum of \$0.045 per *officer option* (**exercise price**) to the *company*.
- (k) **Exercise of options:** The *officer options* will expire at 5.00pm WST on the date which is 3 years after their issue (**expiry date**). The *officer options* may be exercised, in whole or in part, at any time prior to the *expiry date*, by completing and delivering a duly completed form of notice of exercise to the registered office of the *company* together with the payment of the *exercise price* in immediately available funds for the number of *shares* in respect of which the *officer options* are exercised. An *officer option* not exercised on or before the *expiry date* will lapse. *Shares* issued pursuant to the exercise of *officer options* will be issued, and a holding statement or share certificate provided to the holders of *officer options* in respect of those *shares*, on the above terms and conditions not more than 15 *business days* after the receipt of a duly completed form of notice of exercise and the *exercise price* in immediately available funds in Australian dollars in respect of the *officer options* exercised.
- (l) **Quotation:** Application will not be made to *ASX* for *quotation* of the *officer options*. Provided the *company* is listed on *ASX* at the time, application will be made for *quotation* of the *shares* issued upon exercise of *officer options* not later than 15 *business days* after the date of issue. If required, the *company* will give *ASX* a notice that complies with section 708A(5)(e) of the *Corporations Act*, or, if such a notice delivered is for any reason not effective to ensure that an offer for sale of the *shares* does not require disclosure to investors, the *company* must, no later than 20 *business days* after becoming aware of such notice being ineffective, lodge with *ASIC* a prospectus prepared in accordance with the *Corporations Act* and do all such things necessary to satisfy section 708A(11) of the *Corporations Act* to ensure that an offer for sale of the *shares* does not require disclosure to investors.
- (m) **Transfer:** The *officer options* are transferable subject to any restriction or escrow arrangements imposed by *ASX* or under applicable Australian securities laws.
- (n) **Participation and entitlements:** There are no participating rights or entitlements inherent in the *officer options* and holders will not be entitled to participate in new issues of securities offered to *shareholders* during the currency of the *officer*

*options*. However, the *company* must give notice to the holders of *officer options* of any new issue before the record date for determining entitlements to the issue in accordance with the *listing rules* so as to give holders the opportunity to exercise their *officer options* before the date for determining entitlements to participate in any issue.

- (o) Reorganisation of share capital: In the event of a reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the *company*, all rights of holders of *officer options* shall be changed to the extent necessary to comply with the *Corporations Act* and the *listing rules* applying to a reorganisation of capital at the time of the reorganisation.
- (p) Bonus issue: If, from time to time, before the expiry of the *officer options* the *company* makes a pro-rata issue of *shares* to *shareholders* for no consideration, the number of *shares* over which an *officer option* is exercisable will be increased by the number of *shares* which the holder would have received if the *officer option* had been exercised before the date for calculating entitlements to the pro-rata issue.

## 15.5. Terms of director options

15.5.1. Subject to shareholder approval being obtained at the *general meeting*, the *company* will grant up to 10,000,000 *director options* to the *proposed directors*.

15.5.2. The terms and conditions attaching to the *director options* are set out below:

- (a) Entitlement: Each *director option* will entitle the holder to subscribe for one *share*. All *shares* issued upon the exercise of the *director options* will rank equally in all respects with the *company's* existing *shares*.
- (b) Exercise price: Each *director option* shall entitle the holder to acquire one *share* upon payment of the sum of \$0.12 per *director option* (***exercise price***) to the *company*.
- (c) Exercise of options: The *director options* will expire at 5.00pm WST on the date which is 3 years after their issue (***expiry date***). The *director options* may be exercised, in whole or in part, at any time prior to the *expiry date*, by completing and delivering a duly completed form of notice of exercise to the registered office of the *company* together with the payment of the *exercise price* in immediately available funds for the number of *shares* in respect of which the *director options* are exercised. A *director option* not exercised on or before the *expiry date* will lapse. *Shares* issued pursuant to the exercise of *director options* will be issued, and a holding statement or share certificate provided to the holders of *director options* in respect of those *shares*, on the above terms and conditions not more than 15 *business days* after the receipt of a duly completed form of notice of exercise and the *exercise price* in immediately available funds in Australian dollars in respect of the *director options* exercised.

- (d) Quotation: Application will not be made to *ASX* for *quotation* of the *director options*. Provided the *company* is listed on *ASX* at the time, application will be made for *quotation* of the *shares* issued upon exercise of *director options* not later than 15 *business days* after the date of issue. If required, the *company* will give *ASX* a notice that complies with section 708A(5)(e) of the *Corporations Act*, or, if such a notice delivered is for any reason not effective to ensure that an offer for sale of the *shares* does not require disclosure to investors, the *company* must, no later than 20 *business days* after becoming aware of such notice being ineffective, lodge with *ASIC* a prospectus prepared in accordance with the *Corporations Act* and do all such things necessary to satisfy section 708A(11) of the *Corporations Act* to ensure that an offer for sale of the *shares* does not require disclosure to investors.
- (e) Transfer: The *director options* are transferable subject to any restriction or escrow arrangements imposed by *ASX* or under applicable Australian securities laws.
- (f) Participation and entitlements: There are no participating rights or entitlements inherent in the *director options* and holders will not be entitled to participate in new issues of securities offered to *shareholders* during the currency of the *director options*. However, the *company* must give notice to the holders of *director options* of any new issue before the record date for determining entitlements to the issue in accordance with the *listing rules* so as to give holders the opportunity to exercise their *director options* before the date for determining entitlements to participate in any issue.
- (g) Reorganisation of share capital: In the event of a reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the *company*, all rights of holders of *director options* shall be changed to the extent necessary to comply with the *Corporations Act* and the *listing rules* applying to a reorganisation of capital at the time of the reorganisation.
- (h) Bonus issue: If, from time to time, before the expiry of the *director options* the *company* makes a pro-rata issue of *shares* to *shareholders* for no consideration, the number of *shares* over which a *director option* is exercisable will be increased by the number of *shares* which the holder would have received if the *director option* had been exercised before the date for calculating entitlements to the pro-rata issue.

## 15.6. Terms of employee incentive scheme

15.6.1. Subject to *shareholder* approval being granted at the *general meeting*, the *proposed directors* intend to implement an employee incentive scheme in the form the Ausmex Long Term Incentive Plan (*LTI plan*). The objectives of *LTI plan* are to:

- (a) establish a method by which eligible participants can participate in the future growth and profitability of the *company*;

- (b) provide an incentive and reward for participants for their contributions to the *company*;
- (c) attract and retain a high standard of managerial and technical personnel for the benefit of the *company*; and
- (d) align the interests of participants more closely with the interests of *shareholders* by providing an opportunity for eligible participants to hold an equity interest in the *company*.

15.6.2. The terms and conditions of the *LTI plan* are as follows:

- (a) Eligibility: The *board* may, in its absolute discretion, invite an *eligible participant* to participate in the *LTI plan*.
- (b) Terms of plan options:
- (i) Each *plan option* will be granted to an *eligible participant* under the *plan* for no more than nominal consideration.
  - (ii) Each *plan option* will entitle its holder to subscribe for and be issued one *share* (on vesting and exercise of that *plan option*).
  - (iii) *Plan options* will not be listed for *quotation*; however, the *company* will apply for *quotation* of *shares* issued upon the exercise of any vested *plan options*.
  - (iv) The grant date and expiry date of *plan options* shall be as determined by the *board* when an offer to participate in the *plan* is made.
  - (v) A *participant* is not entitled to participate in or receive any dividend or other shareholder benefits until his or her *plan options* have vested and been exercised and *shares* have been allocated to the *participant* as a result of the exercise of those *plan options*.
  - (vi) There are no participating rights or entitlements inherent in *plan options* and *participants* will not be entitled to participate in new issues of *securities* offered to *shareholders* during the currency of the *plan options*.
  - (vii) Following the issue of *shares* issued on exercise of vested *plan options*, *participants* will be entitled to exercise all rights of a *shareholder* attaching to the *shares*, subject to any disposal restrictions advised to the *participant* at the time of the grant of the *plan options*.
  - (viii) If there is a reconstruction of the issued capital of the *company* prior to the expiry of any *plan options*, the number of *plan options* to which each *participant* is entitled or the exercise price of his or her *plan options* or any other terms will be reconstructed in a manner determined by the *board* which complies with the provisions of the *listing rules*.

(c) Terms of plan rights:

- (i) Each *plan right* will be granted to *eligible participants* under the *plan* for no more than nominal consideration.
- (ii) Each *plan right* will entitle its holder to subscribe for and be issued one *share* (on vesting of that *plan right*).
- (iii) *Plan rights* will not be listed for *quotation*; however, the *company* will apply for *quotation* of *shares* issued on vesting of *plan rights*.
- (iv) The grant date and expiry date of the *plan right* shall be as determined by the *board* when an offer to participate in the *plan* is made.
- (v) A *participant* is not entitled to participate in or receive any dividend or other *shareholder* benefits until his or her *plan rights* have vested and *shares* have been allocated to the *participant* as a result of the vesting of those *plan rights*.
- (vi) There are no participating rights or entitlements inherent in the *plan rights* and *participants* will not be entitled to participate in new issues of *securities* offered to *shareholders* during the currency of the *plan rights*.
- (vii) Following the issue of *shares* issued on vesting of *plan rights*, *participants* will be entitled to exercise all rights of a *shareholder* attaching to the *shares*, subject to any disposal restrictions advised to the *participant* at the time of the grant of the *plan rights*.
- (viii) If there is a reconstruction of the issued capital of the *company* prior to the expiry of any *plan rights*, the number of *plan rights* to which each *participant* is entitled will be reconstructed in a manner determined by the *board* which complies with the provisions of the *listing rules*.

(d) Performance conditions:

- (i) When granting *plan options*, the *board* may make vesting of *plan options* conditional on the satisfaction of a performance condition or conditions within a specified period. The *board* may at any time waive or change a performance condition or performance period in accordance with the *plan* rules if the *board* (acting reasonably) considers it appropriate to do so.
- (ii) When granting *plan rights*, the *board* will make vesting of *plan rights* conditional on the satisfaction of a performance condition or conditions within a specified period. The *board* may at any time waive or change a performance condition or performance period in accordance with the *plan* rules if the *board* (acting reasonably) considers it appropriate to do so.

- (e) Vesting: Where a grant of *plan options* or *plan rights* provides for performance conditions:
- (i) the *plan options* or *plan rights* will vest on satisfaction of the performance conditions or on such other date as determined by the *board* in its discretion;
  - (ii) subject to the *plan* rules, the *board* may declare that all or a specified number of any unvested *plan options* or *plan rights* granted to a *participant* which have not lapsed immediately vest if, in the opinion of the *board*, a change of control in relation to the *company* has occurred, or is likely to occur, having regard to the *participant's* pro-rata performance in relation to the applicable performance conditions up to that date;
  - (iii) subject to the *plan* rules, the *board* may, in its absolute discretion, declare the vesting of a *plan option* or *plan right* where the *company* is wound up or passes a resolution to dispose of its main undertaking; and
  - (iv) if there is any internal reconstruction or acquisition of the *company* which does not involve a significant change in the identity of the ultimate *shareholders* of the *company*, the *board* may declare in its sole discretion whether and to what extent *plan options* or *plan rights*, which have not vested by the date the reconstruction takes place, will vest.
- (f) Disposal restrictions: The *board* may, in its sole and absolute discretion, determine whether there will be any restrictions on the disposal of, the granting (or purporting to grant) of any security interest in or over, or otherwise on dealing with (or purporting to dispose or deal with), *shares* issued or transferred to any *participant* under the *plan*.
- (g) Overriding restriction: No issue or allocation of *plan options*, *plan rights* or *shares* will be made to the extent that it would contravene the *constitution*, *listing rules*, the *Corporations Act* or any other applicable law. At all times *participants* must comply with any share trading policy of the *company*.
- (h) Lapse: Unvested *plan options* and *plan rights* will automatically lapse and be forfeited if:
- (i) the *participant* to whom the *plan options* or *plan rights* were first granted:
    - (1) voluntarily resigns from employment with the *company* otherwise than to take up employment with a related body corporate of the *company*; or
    - (2) is dismissed from employment or is removed from his or her position with the *company* for any one or more of the following reasons:

- (A) material breach of the terms of any contract of employment, engagement or office entered into by the *company* and the *participant*;
  - (B) gross negligence;
  - (C) other conduct justifying termination of employment, engagement or office without notice either under the *participant's* contract of employment, engagement or office, or at common law;
  - (D) the *participant* ceases his or her employment, engagement or office for any reason and commences employment, engagement or office, or otherwise acts, in breach of any post-termination restrictions contained in his or her contract of employment, engagement or office entered into by the *company* and the *participant*; or
  - (E) the *participant* becomes ineligible to hold his or her office pursuant to the *Corporations Act*;
- (ii) performance conditions, if any, are not satisfied in full, in which case a proportion of *plan options* or *plan rights* may be forfeited, such proportion to be at the absolute discretion of the *board*; or
  - (iii) performance conditions, if any, are not satisfied below a minimum threshold, in which case all *plan options* or *plan rights* will be forfeited.

## 15.7. Interests of experts and advisors

15.7.1. Other than as set out below or elsewhere in this *prospectus*, no promoter of the *company* or person named in this *prospectus* as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this *prospectus* has, or had within the 2 years preceding lodgement of this *prospectus* with ASIC, any interest in:

- (a) the formation or promotion of the *company*;
- (b) any property acquired or proposed to be acquired by the *company* in connection with its formation or promotion or in connection with the *offers*,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with the formation or promotion of the *company* or the *offers*.

15.7.2. RSM Corporate Australia Pty Ltd will be paid \$8,000 (plus GST) for preparing the *investigating accountant's* report contained in this *prospectus*. RSM Corporate Australia Pty Ltd has not otherwise provided any professional services during the 2 years prior to the lodgement of this *prospectus* with ASIC.

- 15.7.3. RSC Consulting Limited has been paid \$35,500 (plus GST) for preparing its independent technical report for the *independent technical report* contained in this *prospectus*. RSC Consulting Limited has not otherwise been paid fees by the *company* during the 2 years prior to the lodgement of this *prospectus* with ASIC.
- 15.7.4. Australian Geoscientists Pty Ltd will be paid approximately \$20,000 (plus GST) for preparing its independent geological report for the *independent technical report* contained in this *prospectus*. Australian Geoscientists has not otherwise been paid fees by the *company* during the 2 years prior to the lodgement of this *prospectus* with ASIC.
- 15.7.5. GM Minerals Consultants Pty Ltd be paid approximately \$26,000 (plus GST) for preparing the *independent tenement reports* contained in this *prospectus*. GM Minerals Consultants Pty Ltd has not otherwise been paid fees by the *company* during the 2 years prior to the lodgement of this *prospectus* with ASIC.
- 15.7.6. CPS will be paid a lead manager fee of approximately \$360,000 in respect of the *public offer* (assuming the *public offer* is fully subscribed). CPS has also acted as the *company's* corporate advisor since November 2016 and is entitled to a success fee of 10,350,000 *shares* pursuant to the terms of the *broker mandate*, subject to *completion* occurring. It has not otherwise been paid fees by the *company* during the 2 years prior to the lodgement of this *prospectus* with ASIC.
- 15.7.7. Armada has acted as Ausmex's corporate advisor and is entitled to receive *options* under the *Armada offer*, subject to *completion* occurring. It has not otherwise been paid fees by the *company* or Ausmex during the 2 years prior to the lodgement of this *prospectus* with ASIC.
- 15.7.8. Blackwall Legal LLP has acted as the *company's* solicitors in relation to the *acquisition* and the *offers*. The *company* estimates it will pay Blackwall Legal LLP approximately \$140,000 (excluding GST and disbursements) for these services. Blackwall Legal LLP has been paid \$1800 for other professional services provided to the *company* during the 2 years prior to the lodgement of this *prospectus* with ASIC.
- 15.7.9. Bestvale has acted as a consultant to Ausmex in relation to the *acquisition* and the *offers*. Ausmex will pay Bestvale \$100,000 (excluding GST and disbursements) for these services in accordance with terms of the *Bestvale consultancy agreement*. Bestvale has not otherwise provided any professional services to Ausmex during the 2 years prior to the lodgement of this *prospectus* with ASIC.

## 15.8. Consents

- 15.8.1. Chapter 6D of the Corporations act imposes a liability regime on the *company* (as the offeror of the securities), the *directors*, the persons named in the prospectus with their consent as incoming directors, any underwriters, persons named in the *prospectus* with their consent having made a statement in the *prospectus* and persons involved in a contravention in relation to the *prospectus*. Although the *company* bears primary responsibility for the *prospectus*, the other parties involved in the preparation of the *prospectus* can also be responsible for certain statements in it.

- 15.8.2. Other than as set out below, each of the parties referred to in this *Section*:
- (a) has not authorised or caused the issue of this *prospectus*;
  - (b) does not make, or purport to make, any statement in this *prospectus* other than those referred to in *Section 15.3*;
  - (c) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this *prospectus* other than a reference to its name and a statement included in this *prospectus* in *Section 15.3* with the consent of that party; and
  - (d) was not involved in the preparation of this *prospectus* or any part of it except where expressly attributed to that person.
- 15.8.3. *Ausmex* has given its written consent to the inclusion of the statements attributed to it in this *prospectus* in the form and context in which those statements are included. *Ausmex* has not withdrawn its consent prior to lodgement of this *prospectus* with ASIC.
- 15.8.4. HLB Mann Judd has given its written consent to being named as the *company's* auditor in this *prospectus* and the inclusion of the audited financial information of the *company* in the *investigating accountant's* report at *Section 11* in the form and context in which it appears. HLB Mann Judd has not withdrawn its consent prior to the lodgement of this *prospectus* with ASIC.
- 15.8.5. William Buck Audit (WA) Pty Ltd has given its written consent to being named as *Ausmex's* auditor in this *prospectus* and the inclusion of the audited financial information of *Ausmex* in the *investigating accountant's* report at *Section 11* in the form and context in which it appears. William Buck Audit (WA) Pty Ltd has not withdrawn its consent prior to the lodgement of this *prospectus* with ASIC.
- 15.8.6. RSM Corporate Australia Pty Ltd has given its written consent to being named as the *investigating accountant* in this *prospectus* and to the inclusion of the Investigating Accountant's Report in *Section 11* in the form and context in which the information and report are included. RSM Corporate Australia Pty Ltd has not withdrawn its consent prior to the lodgement of this *prospectus* with ASIC.
- 15.8.7. RSC Consulting Limited and Australian Geoscientists Pty Ltd have given their written consents to being named as the *independent geologists* in this *prospectus* and to the inclusion of the *independent technical report* in the form and context in which the information and report are included. RSC Consulting Limited and Australian Geoscientists Pty Ltd have not withdrawn their consent prior to the lodgement of this *prospectus* with ASIC.
- 15.8.8. GM Minerals Consultants Pty Ltd has given its written consent to the inclusion of the *independent tenement reports* in *Section 12* in the form and context in which the information and report are included. GM Minerals Consultants Pty Ltd has not withdrawn its consent prior to the lodgement of this *prospectus* with ASIC.

- 15.8.9. *CPS* has given its written consent to being named as the lead manager in this *prospectus*. *CPS* has not withdrawn its consent prior to the lodgement of this *prospectus* with *ASIC*.
- 15.8.10. *Armada* has given its written consent to being named as *Ausmex's* corporate advisor in this *prospectus*. *Armada* has not withdrawn its consent prior to the lodgement of this *prospectus* with *ASIC*.
- 15.8.11. Automic Registry Services has given its written consent to being named as the *company's* share registry in this *prospectus*. Automic Registry Services has not withdrawn its consent prior to the lodgement of this *prospectus* with *ASIC*.
- 15.8.12. Blackwall Legal LLP has given its written consent to being named as the solicitors to the *company* in this *prospectus*. Blackwall Legal LLP has not withdrawn its consent prior to the lodgement of this *prospectus* with *ASIC*.
- 15.8.13. *Bestvale* has given its written consent to being named as consultant to *Ausmex* in this *prospectus*. *Bestvale* has not withdrawn its consent prior to the lodgement of this *prospectus* with *ASIC*.

## 15.9. Litigation

As at the date of this *prospectus*, neither the *company* or *Ausmex* is involved in any legal proceedings and the *directors* are not aware of any legal proceedings pending or threatened against the *company* or *Ausmex*.

## 15.10. Expenses of the offers

In the event that the *public offer* is fully subscribed, the total expenses of the *offers* (inclusive of the costs associated with the other elements of *acquisition*) are estimated to be approximately \$720,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

	minimum subscription \$	maximum subscription \$
<i>ASIC fees</i>	2,350	2,350
<i>ASX fees</i>	90,821	92,321
<i>lead manager's fee</i>	240,000	360,000
<i>legal, accounting and consultants' fees</i>	250,000	250,000
<i>printing &amp; distribution</i>	6,000	6,000
<i>miscellaneous</i>	10,829	9,329
<i>total</i>	600,000	720,000

## 16. DIRECTORS' AUTHORISATION

This *prospectus* is issued by the *company* and its issue has been authorised by a resolution of the *directors*. In accordance with section 720 of the *Corporations Act*, each *director* and proposed *director* has consented to the lodgement of this *prospectus* with ASIC.



**David Wheeler**  
**Non-Executive Chairman**

for and on behalf of  
**Eumeralla Resources Limited**

# 17. GLOSSARY

In this *prospectus*, unless the context otherwise requires, the following terms have the following meanings:

<b><i>acquisition</i></b>	the acquisition of <i>Ausmex</i> by the <i>company</i> in accordance with the <i>acquisition agreement</i> .
<b><i>acquisition agreement</i></b>	has the meaning given to that term in <i>Section 14.4.2</i> .
<b><i>advisor options</i></b>	<i>options</i> to be issued to <i>Armada</i> on the terms and conditions set out in <i>Section 15.3</i> and comprised of: (a) 20 million <i>tranche 1 advisor options</i> ; and (b) 30 million <i>tranche 2 advisor options</i> .
<b><i>AFSL</i></b>	Australian financial services licence.
<b><i>applicant</i></b>	a person who applies for <i>shares</i> pursuant to an <i>offer</i> .
<b><i>application</i></b>	a valid application to subscribe for <i>shares</i> under this <i>prospectus</i> .
<b><i>application monies</i></b>	money submitted by <i>applicants</i> in respect of <i>applications</i> .
<b><i>Armada</i></b>	Armada Capital & Equities Pty Ltd ACN 121 843 025.
<b><i>Armada offer</i></b>	has the meaning given to that term in <i>Section 6.4.1(d)</i> .
<b><i>ASIC</i></b>	the Australian Securities and Investments Commission.
<b><i>ASX</i></b>	ASX Limited ACN 008 624 691, or where the context requires, the Australian Securities Exchange which it runs.
<b><i>Ausmex</i></b>	Ausmex Mining Limited ACN 612 797 396, an unlisted public company incorporated and existing in Australia.
<b><i>Ausmex projects</i></b>	for the time being, and subject to the <i>Cloncurry options</i> being exercised, the projects described in <i>Sections 9.4</i> and <i>9.5</i>
<b><i>Ausmex shares</i></b>	fully paid ordinary shares in the capital of <i>Ausmex</i> .
<b><i>Ausmex vendors</i></b>	all of the holders of <i>Ausmex shares</i> .
<b><i>Bestvale</i></b>	Bestvale Resource Consultants Pty Limited ACN 066 208 213.

<b><i>Bestvale consultancy agreement</i></b>	the agreement between <i>Ausmex</i> and <i>Bestvale</i> dated 28 November 2016, a summary of which is set out in <i>Section 14.5.3</i> .
<b><i>board</i></b>	the board of <i>directors</i> .
<b><i>broker mandate</i></b>	has the meaning given to that term in <i>Section 14.2</i> .
<b><i>business day</i></b>	a day (other than a Saturday or a Sunday) on which banks in Perth, Western Australia are open for business.
<b><i>C4 Shares</i></b>	C4 Shares Pty Ltd ACN 128 751 020 atf the C4 Shares Trust, an <i>Ausmex</i> vendor.
<b><i>CHESS</i></b>	<i>ASX</i> 's Clearing House Electronic Subregistry System.
<b><i>Cloncurry joint venture</i></b>	the incorporated joint venture to be formed on exercise of the <i>QMN Cloncurry option</i> and <i>Ausmex</i> 's acquisition of an initial 60% interest in <i>Spinifex</i> .
<b><i>Cloncurry option agreement</i></b>	has the meaning given to that term in <i>Section 14.5.1</i> .
<b><i>Cloncurry options</i></b>	has the meaning given to that term in <i>Section 14.5.1</i> .
<b><i>Cloncurry tenements</i></b>	the mining tenements the subject of the <i>Cloncurry options</i> .
<b><i>closing date</i></b>	7 April 2017 (unless extended).
<b><i>company</i></b>	Eumeralla Resources Limited ACN 148 860 299, a public company incorporated and existing in Australia and listed on <i>ASX</i> (ASX: EUM) (to be re-named Ausmex Mining Group Limited).
<b><i>company secretary</i></b>	the secretary of the <i>company</i> , Mr Tim Slate.
<b><i>completion</i></b>	completion of the sale and purchase of 100% of the issued capital of <i>Ausmex</i> .
<b><i>completion date</i></b>	the date on which <i>completion</i> occurs.
<b><i>consideration shares</i></b>	the 207,000,000 <i>shares</i> to be issued to the <i>Ausmex</i> vendors in accordance with the <i>acquisition agreement</i> .
<b><i>constitution</i></b>	the constitution of the <i>company</i> from time to time.
<b><i>Corporations Act</i></b>	the <i>Corporations Act 2001</i> (Cth).

<b>CPS</b>	CPS Capital Group Pty Ltd ACN 088 055 636 AFSL 294848.
<b>CPS offer</b>	has the meaning given to that term in <i>Section 6.4.1(c)</i> .
<b>current directors</b>	the <i>directors</i> as at the date of this <i>prospectus</i> , as set out in <i>Section 1</i> .
<b>director</b>	a director of the <i>company</i> .
<b>director consultancy agreements</b>	the agreements dated on or around 23 February 2017 between <i>Ausmex</i> and: <ul style="list-style-type: none"> <li>(a) Mr Matthew Morgan and Mineral X Pty Ltd;</li> <li>(b) Dr Andrew Firek and Brash Corporation Pty Ltd; and</li> <li>(c) Mr Geoff Kidd and Florims Pty Ltd,</li> </ul> for the purpose of the provision of management and technical services to <i>Ausmex</i> .
<b>director offer</b>	has the meaning given to that term in <i>Section 6.4.1(f)</i> .
<b>director options</b>	<i>options</i> to be issued to the <i>proposed directors</i> on the terms and conditions set out in <i>Section 15.5</i> .
<b>dollar, \$, A\$ or AUD</b>	the lawful currency for the time being of the Commonwealth of Australia.
<b>EL 5881 (SA)</b>	The mining tenement EL 5881, held by <i>Ausmex</i> and located near Burra, South Australia.
<b>eligible participant</b>	for the purposes of the <i>LTI plan</i> , a <i>director</i> , employee or consultant of the <i>company</i> or related body corporate of the <i>company</i> .
<b>general meeting</b>	the general meeting of <i>shareholders</i> to be held on 22 March 2017.
<b>glossary</b>	this glossary of terms.
<b>heads of agreement</b>	has the meaning given to that term in <i>Section 9.1.2</i> .
<b>independent technical report</b>	the collection of reports provided at <i>Sections 12.1 to 12.4</i> comprised of: <ul style="list-style-type: none"> <li>(a) the independent geological report prepared by Australian Geoscientists Pty Ltd in respect of the <i>Cloncurry tenements</i>;</li> <li>(b) the independent technical report prepared by RSC Consulting Limited in respect of <i>EL 5881 (SA)</i>; and</li> <li>(c) the <i>independent tenement reports</i>.</li> </ul>

<b><i>independent tenement reports</i></b>	the tenement reports provided at <i>Sections 12.2 and 12.4</i> in respect of the <i>Cloncurry tenements</i> and <i>EL 5881 (SA)</i> .
<b><i>investigating accountant</i></b>	RSM Corporate Australia Pty Ltd, the author of the Investigating Accountant's Report at <i>Section 11</i> .
<b><i>IOCG</i></b>	iron oxide-copper-gold
<b><i>issuer sponsored</i></b>	<i>securities</i> issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in <i>CHESS</i> .
<b><i>lead manager agreement</i></b>	the agreement between the <i>company</i> and <i>CPS</i> dated 15 December 2016, a summary of which is set out in <i>Section 14.3</i> .
<b><i>listing rules</i></b>	the official listing rules of <i>ASX</i> from time to time.
<b><i>LTI plan or plan</i></b>	has the meaning given to that term in <i>Section 15.6.1</i> .
<b><i>minimum subscription</i></b>	has the meaning given to that term in <i>Section 3.4(b)</i> .
<b><i>notice of meeting</i></b>	the notice convening the <i>general meeting</i> at which the <i>company</i> will seek <i>shareholder</i> approval for the <i>acquisition</i> and related matters.
<b><i>offer conditions</i></b>	has the meaning given to that term in <i>Section 3.4</i> .
<b><i>offer period</i></b>	the period between the date of this <i>prospectus</i> and the <i>closing date</i> .
<b><i>offers</i></b>	together, the <i>public offer</i> , the <i>vendor offer</i> , the <i>QMN offer</i> , the <i>CPS offer</i> , the <i>Armada offer</i> , the <i>officer offer</i> and the <i>director offer</i> .
<b><i>officer offer</i></b>	has the meaning given to that term in <i>Section 6.4.1(e)</i> .
<b><i>officer options</i></b>	<i>options</i> to be issued to the <i>current directors</i> and <i>company secretary</i> on the terms and conditions set out in <i>Section 15.4</i> .
<b><i>option</i></b>	an option to acquire a <i>share</i> .
<b><i>participant</i></b>	an <i>eligible participant</i> to whom <i>plan options</i> or <i>plan rights</i> have been issued.
<b><i>performance right</i></b>	a right to be issued a <i>share</i> , subject to any conditions imposed under the <i>LTI plan</i> .
<b><i>plan option</i></b>	an <i>option</i> issued under the <i>LTI plan</i> .
<b><i>plan right</i></b>	a <i>performance right</i> issued under the <i>LTI plan</i> .

<i>proposed directors</i>	the <i>directors</i> to take office at and with effect from <i>completion</i> , as set out in <i>Section 1</i> .
<i>prospectus</i>	this prospectus dated 16 March 2017.
<i>public offer</i>	the offer to the public under this <i>prospectus</i> , as set out in <i>Section 6.1</i> .
<i>public offer application form</i>	the application form attached to or accompanying this <i>prospectus</i> .
<b>QMN</b>	Queensland Mining Corporation Limited ACN 109 962 469, a public company incorporated and existing in Australia and listed on <i>ASX</i> (ASX: QMN).
<i>QMN Cloncurry North option</i>	has the meaning given to that term in <i>Section 14.5.1(a)(ii)</i> .
<i>QMN Cloncurry option</i>	has the meaning given to that term in <i>Section 14.5.1(a)(i)</i> .
<i>QMN offer</i>	has the meaning given to that term in <i>Section 6.4.1(b)</i> .
<i>quotation</i>	has the meaning given to that term in the <i>listing rules</i> .
<i>related party</i>	has the meaning given to that term in sections 9 and 228 of the <i>Corporations Act</i> .
<i>relevant interest</i>	has the meaning given by sections 608 and 609 of the <i>Corporations Act</i> .
<i>Section</i>	a section of this <i>prospectus</i> .
<i>securities</i>	has the meaning given to that term in section 92 of the <i>Corporations Act</i> .
<i>settlement operating rules</i>	the settlement rules of the securities clearing house which operates <i>CHESS</i> .
<i>shares or ordinary shares</i>	fully paid ordinary shares in the capital of the <i>company</i> .
<i>shareholders</i>	the holders of <i>shares</i> from time to time.
<i>Spinifex</i>	Spinifex Mines Pty Ltd ACN 074 166 519.
<i>tranche 1 advisor options</i>	an <i>option</i> exercisable at \$0.12, on or before the date that is three years after the <i>completion date</i> .

<i>tranche 2 advisor options</i>	an <i>option</i> exercisable at \$0.14, on or before the date that is three years after the <i>completion date</i> .
<i>transaction resolutions</i>	the resolutions to be considered at the <i>general meeting</i> in respect of which <i>completion</i> is conditional on <i>shareholder</i> approval.
<i>vendor offer</i>	has the meaning given to that term in <i>Section 6.4.1(a)</i> .
<i>vendor offer application form</i>	has the meaning given to that term in <i>Section 6.11.2(b)</i> .
<i>WST</i>	Western Standard Time, being the time in Perth, Western Australia.

## ANNEXURE A - CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement discloses the extent to which the *company* will follow the *recommendations* set by the ASX Corporate Governance Council. The *recommendations* are not mandatory, however the *recommendations* that will not be followed have been identified and reasons provided for not following them along with what (if any) alternative governance practices the *company* intends to adopt in lieu of the *recommendation*.

Due to the size and nature of the incoming *board* and the magnitude of the *company's* operations upon completion of the *acquisition*, the *board* does not consider that the *company* will gain any benefit from individual *board* committees and that its resources would be better utilised in other areas, as the incoming *board* is of the strong view that at this stage the experience and skill set of the incoming *board* is sufficient to perform these roles. Under the *company's* Board Charter, the duties that would ordinarily be assigned to individual committees will be carried out by the full *board* under the written terms of reference for those committees.

Recommendation	Complies?	Comments
<b>Principle 1: Lay solid foundations for management and oversight</b>		
1.1 A listed entity should disclose: <ul style="list-style-type: none"> <li>(a) the respective roles and responsibilities of its board and management; and</li> <li>(b) those matters expressly reserved to the board and those delegated to management.</li> </ul>	Yes	The Board Charter is disclosed on the <i>company's</i> website.
1.2 A listed entity should: <ul style="list-style-type: none"> <li>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</li> <li>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</li> </ul>	Yes	The <i>company's</i> Corporate Governance Statement (CGS) provides that the <i>board</i> may engage the services of an executive recruitment firm to assist identify suitable candidates to be shortlisted for consideration for appointment to the <i>board</i> and to carry out appropriate reference checks before the <i>board</i> makes an offer to a preferred candidate.

Recommendation	Complies?	Comments
1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	The CGS provides that the terms of appointment of <i>directors</i> and senior executives are set out in writing at the time of appointment.
1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	The Board Charter provides that the company secretary is accountable directly to the <i>board</i> , through the chairman, on all matters to do with the proper functioning of the <i>board</i> .
1.5 A listed entity should: <ul style="list-style-type: none"> <li>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</li> <li>(b) disclose that policy or a summary of it; and</li> <li>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: <ul style="list-style-type: none"> <li>(i) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</li> <li>(ii) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</li> </ul> </li> </ul>	Partially	The <i>company</i> has a diversity policy and discloses it on the <i>company's</i> website. However, the CGS states that the <i>company</i> is at such a stage in its development that the application of measurable objectives in respect of gender diversity is not appropriate or practical.
1.6 A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> </ul>	Yes	The CGS discloses the process for evaluation of the <i>board</i> and the <i>directors</i> .

Recommendation	Complies?	Comments
(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.		
<p>1.7 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	No	The CGS discloses that the <i>board</i> does not conduct performance reviews of senior executives given there are currently no such roles in the organisation.
<b>Principle 2: Structure the board to add value</b>		
<p>2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	Yes	<p>The <i>board</i> considers that the <i>company</i> is not currently of a size, nor its affairs of such complexity, to justify the formation of separate board committees.</p> <p>The Nomination Committee Charter, which is disclosed on the <i>company's</i> website, sets out the processes the <i>board</i> employs to address <i>board</i> succession issues and to ensure that the <i>board</i> has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>

Recommendation	Complies?	Comments
2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	No	The CGS discloses that the <i>board</i> does not consider it appropriate at this time to formally establish a matrix on the mix and skills and diversity for <i>board</i> membership.
2.3 A listed entity should disclose: <ul style="list-style-type: none"> <li>(a) the names of the directors considered by the board to be independent directors;</li> <li>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</li> <li>(c) the length of service of each director.</li> </ul>	Yes	The CGS addresses the independence, interests and length of service of each <i>director</i> .
2.4 A majority of the board of a listed entity should be independent directors	Yes	With the exception of Mr Morgan, all <i>proposed directors</i> are considered to be independent.
2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Yes	The proposed chairman will be a non-executive <i>director</i> .
2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes	The CGS sets out the processes employed to ensure that the <i>company</i> complies with this <i>recommendation</i> .
<b>Principle 3: Act ethically and responsibly</b>		
3.1 A listed entity should: <ul style="list-style-type: none"> <li>(a) have a code of conduct for its directors, senior executives and employees; and</li> </ul>	Yes	The company discloses its code of conduct on its website.

Recommendation	Complies?	Comments
(b) disclose that code or a summary of it.		
<b>Principle 4: Safeguard integrity in corporate reporting</b>		
<p>4.1 The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the relevant qualifications and experience of the members of the committee; and</p> <p>(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	Yes	<p>The <i>board</i> considers that the <i>company</i> is not currently of a size, nor its affairs of such complexity, to justify the formation of separate board committees.</p> <p>The Audit Committee Charter, which is disclosed on the <i>company's</i> website, sets out the processes the <i>board</i> employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>
<p>4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	Yes	<p>The <i>CGS</i> discloses that the officers of the company assuming the roles of CEO and CFO have provided the <i>board</i> with written assurances that the declaration provided in accordance with section 295A of the <i>Corporations Act</i> is founded on a sound system of risk management and internal compliance and control and that the system is operating effectively in all material respects in relation to financial reporting risks.</p>

Recommendation	Complies?	Comments
4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	The <i>CGS</i> discloses that the external auditor attends the <i>company's</i> AGM and is available to answer questions from security holders relevant to the audit.
<b>Principle 5: Make timely and balanced disclosure</b>		
5.1 A listed entity should: <ul style="list-style-type: none"> <li>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</li> <li>(b) disclose that policy or a summary of it.</li> </ul>	Yes	The <i>company</i> discloses its continuous disclosure policy on its website.
<b>Principle 6: Respect the rights of security holders</b>		
6.1 A listed entity should provide information about itself and its governance to investors via its website.	Yes	The <i>company</i> maintains information in relation to its constitution, governance documents, <i>directors</i> , <i>board</i> and committee charters, annual reports and <i>ASX</i> announcements on its website.
6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	The <i>company</i> has developed and discloses on the its website a shareholder communication policy.
6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	No	The <i>company's</i> shareholder communications strategy does not include processes designed to facilitate and encourage participation at meetings of security holders – this policy will be reviewed during 2017.
6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	All security holders are given the option to receive communications from, and send communications to, the <i>company</i> and its share registry electronically.

Recommendation	Complies?	Comments
<b>Principle 7: Recognise and manage risk</b>		
<p>7.1 The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and discloses:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	Yes	<p>The <i>board</i> considers that the <i>company</i> is not currently of a size, nor its affairs of such complexity, to justify the formation of separate board committees.</p> <p>The Risk Management and Internal Compliance and Control policy, which is disclosed on the <i>company's</i> website, sets out the processes the <i>board</i> employs for overseeing the <i>company's</i> risk management framework.</p>
<p>7.2 The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	Yes	<p>The <i>CGS</i> sets out the process whereby the <i>board</i> reviews the <i>company's</i> risk management framework at least annually to ensure that it continues to effectively manage risk.</p>
<p>7.3 A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p>	Yes	<p>The <i>board</i> considers that the <i>company</i> is not currently of a size, nor its affairs of such complexity, to justify the creation of an internal audit function.</p> <p>The Risk Management and Internal Compliance and Control policy, which is disclosed on the</p>

Recommendation	Complies?	Comments
(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.		<i>company's</i> website, sets out the processes the <i>board</i> employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.
7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Partially	The <i>CGS</i> discloses the <i>board's</i> approach to managing these risks but does not disclose whether the <i>board</i> considers that the <i>company</i> has any material exposure to environmental or social sustainability risks.

Recommendation	Complies?	Comments
<b>Principle 8: Remunerate fairly and responsibly</b>		
<p>8.1 The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director; and discloses:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	Yes	<p>The <i>board</i> considers that the <i>company</i> is not currently of a size, nor its affairs of such complexity, to justify the formation of separate board committees.</p> <p>The Remuneration Committee Charter, which is disclosed on the <i>company's</i> website, sets out the processes the <i>board</i> employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>
<p>8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	Yes	<p>The Remuneration Committee Charter and the annual Remuneration Report disclose the <i>company's</i> policies and practices regarding the remuneration of non-executive <i>directors</i> and the remuneration of executive <i>directors</i> and other senior executives.</p>

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Recommendation	Complies?	Comments
8.3 A listed entity which has an equity-based remuneration scheme should:  (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and  (b) disclose that policy or a summary of it.	No	The <i>company's</i> Trading Policy does not include a hedging prohibition.