REPLACEMENT

PROSPECTUS

This prospectus, dated 23 March 2012, is a replacement document for the prospectus dated 9 March 2012

Issued by Emu Nickel NL

ABN 50 127 291 927
ASX Code: EMU

for the offer of Shares at 30 cents each to raise $60,000,000, being the minimum subscription.*

Lead Manager of the Offer

PATERSONS
THE AUSTRALIAN STOCKBROKER

Patersons Securities Limited
AFSL 239052

* Shareholders of Straits Resources Limited may subscribe for $15,000,000 worth of Shares under this Offer. ANCOA reserves the right to accept over subscriptions to the extent of $10,000,000 to accommodate this priority taking the maximum amount that can be raised under this prospectus to $70,000,000.

IMPORTANT NOTICES

ANCOA

This prospectus, dated 23 March, is a replacement document for the prospectus dated 9 March 2012 issued by Emu Nickel NL (ACN 127 291 927) which proposes to change its name to ANCOA NL the logo of which is depicted above. You should carefully note that in this prospectus, references to **ANCOA** are to Emu Nickel NL (ACN 127 291 927) unless the context clearly otherwise indicates or requires such as it does in the Investigating Accountant's Report.

This prospectus provides important information to assist prospective investors in deciding whether or not to invest pursuant to the Offer.

By subscribing for Shares under this prospectus you represent you have read and understood this prospectus in its entirety (and that where you did not understand it, you consulted your professional adviser(s)).

An investment in the shares offered under this prospectus should be regarded as speculative.

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This repetitive note is here for the sake of absolute clarity and avoidance of all doubt.

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You should carefully note that in this prospectus, references to **ANCOA** are to Emu Nickel NL (ACN 127 291 927) unless the context clearly otherwise indicates or requires such as it does in the Investigating Accountant's Report.

Currently Bullantco carries the name ANCOA NL but it is a separate entity (ACN 145 460 304). Bullantco is the purchaser of the Hillgrove project

1. CORPORATE DIRECTORY

Directors & Management
Peter Thomas Non-Executive Chairman
George Sakalidis Non-Executive Director
Roger Thomson (to retire)
Greg Steemson Managing Director (proposed)
Peter Secker Non-Executive Director (proposed)
Greg McRostie Non-Executive Director (proposed)
Peter Hosking General Manager Operations elect
Rudolf Tieleman Company Secretary

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Lead Manager
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PERTH WA 6000
Telephone: +61 (0) 8 9263 1111
Facsimile: +61 (0) 8 9325 6454

Independent Technical Consultants
Coffey Mining Pty Ltd
1162 Hay Street
WEST PERTH WA 6005

Solicitors
Liscia Legal
PO Box 2227 Yokine South LPO
Yokine WA 6060

Antimony Market Consultants
Roskill Consulting Group Limited
54 Russell Road
Wimbledon
LONDON SW19 1QL
UK

Investigating Accountant
Somes Cooke
1304 Hay Street
West Perth WA 6005

Tenement Consultants
Hetherington Exploration & Mining
Title Services Pty Ltd
1st Floor, 503 Willoughby Road
WILLOUGHBY NSW 2068

Share Registrar
Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153
Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233
Email: **registrar@securitytransfer.com.au**

2. OFFER IS CONDITIONAL – TRADING OF SHARES

On or about 4 April 2012 the shareholders of Emu Nickel NL (ACN 127 291 927) will be asked in general meeting to resolve to change its name to ANCOA NL with the earliest possible effect. At the same meeting shareholders will be asked to approve 8 other resolutions (**Resolutions**). Unless each of the (8) Resolutions is passed or if any of the agreements facilitating the acquisition of the Hillgrove Antimony-Gold Mine by ANCOA is terminated prior to Completion of the Offer, then this prospectus will be abandoned, all applications received under this prospectus will be rejected and all application monies received by ANCOA hereunder will be returned (but without interest).

Shares will be suspended on the Resolutions being passed and will be requoted at the discretion of ASX after ANCOA has re-complied with Chapters 1 and 2 of the ASX Listing Rules.

3. INDICATIVE TIMETABLE

Offer opening date	24 March 2012
Resolutions passed	4 April 2012
Straits Shareholder Closing Date	10 April 2012
ANCOA Shareholder Closing Date	10 April 2012
Closing date of the Offer	16 April 2012
Dispatch of holding statements	23 April 2012
Shares to commence trading on ASX	23 April 2012

The above dates are indicative only. Notwithstanding any provision of this prospectus and to the fullest extent permitted by law, the Board may, from time to time and without giving any notice, abridge or further abridge, extend or further extend any period or vary or further vary any date or time period referred to in this prospectus to such earlier or later date or for such period as the Board thinks fit whether or not the date to be varied has passed or the period to be extended has expired.

4. IMPORTANT INFORMATION

4.1 Definitions & interpretation

Definitions (usually with the first letter capitalised) appear both throughout the body of this prospectus (refer bolded terms) as well as in section 14 and (those relevant to mineral exploration and mining are contained in) the Glossary located in the *Independent Technical Report* in section 18.

4.2 Speculative investment – read the whole prospectus & take advice

An investment in the Shares is speculative; ANCOA's business is inherently risky.

No financial forecasts are included in this prospectus because there are significant variables (especially currency exchange rates, commodity prices and global equity market volatility) that may impact ANCOA's financial results and thus any forecast would have the inherent potential to mislead.

Projections appearing in this prospectus are based on stated assumptions which the directors (each a "**Director**") of ANCOA consider reasonable but which may prove to be inaccurate.

4.3 Distribution of complete and unaltered copy of this prospectus

If you provide a copy of this prospectus to another person you should only do so if you ensure that it is in complete and unaltered form failing which you may be guilty of a criminal offence.

4.4 Jurisdiction of Offer

The offer made by this prospectus is open to persons accessing or receiving it in Australia. If you are an Overseas Applicant or if this prospectus has been provided, dispatched to, or accessed electronically outside Australia, please refer to section 13.8.

4.5 Exposure Period

Any applications for Shares received under the prospectus dated 9 March 2012 (which this prospectus replaces) will be returned together with all supporting funds. Applications can only be made under this prospectus after midnight 23 March 2012.

4.6 ASIC and ASX take no responsibility

A copy of this prospectus has been lodged with ASIC. Neither ASIC nor ASX takes any responsibility for the contents of this prospectus.

4.7 Continuous Disclosure

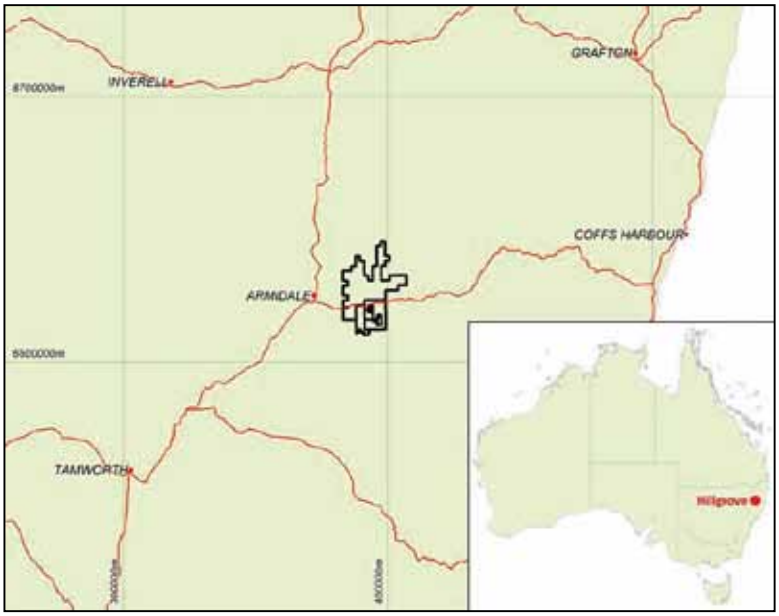
A supplementary prospectus will be issued if ANCOA becomes aware of any of the following between the date of this prospectus and the Re-quotation Date:

a) a material statement in this prospectus is misleading or deceptive;
b) there is a material omission from this prospectus;
c) there has been a significant change affecting a matter included in this prospectus;
d) a significant new circumstance has arisen and it would have been required to be included in this prospectus.

4.8 Competent Person

The information in the *Snapshot* (section 5) and the *Independent Technical Report* (section 18) that relates to Mineral Resources and Ore Reserves is based on information compiled by Mr Byron Dumpleton (as to resources) who is a Member of the Australian Institute of Geoscientists and Mr Peter Storey (as to reserves) who is a Member of The Australasian Institute of Mining and Metallurgy. Messrs Dumpleton and Storey are full-time employees of Straits Resources Limited ("**Straits Resources**") and each consents to the inclusion (in the *Independent Technical Report* (section 18) and elsewhere) in this prospectus of the matters based on information provided by them respectively in the form and context in which it appears.

Each has sufficient experience relevant to the style of mineralisation and to the type of deposit under consideration and to the activity undertaken by them respectively (to compile said Mineral Resources and Ore Reserves information) to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.



Hillgrove Project location

Hillgrove Project looking south-west across the mine site

5. SNAPSHOT

CAVEAT

This snapshot must be read down in favour of the remainder of this prospectus and therefore cannot be solely relied upon in making an investment decision as it is not possible to provide in this snapshot all the information (including conditions and qualifications) to the extent that is reasonable for you or your advisors to expect to find the same in this prospectus to enable you to make an informed assessment of (i) the Offer; (ii) the rights and liabilities attached to the Shares the subject of the Offer; and (iii) the assets and liabilities, financial position and performance, profits and losses and prospects of ANCOA.

PURPOSE OF THE OFFER

The purpose of the offer under this prospectus is to raise funds to immediately acquire and, within 15 months of Completion of the Offer closing, to bring the historic Hillgrove Antimony-Gold Mine ("the **Mine**") situated in north-east New South Wales, Australia, back into production at a time of historically high antimony prices using a fresh approach to mining, processing and marketing.

If the minimum subscription amount (and not more) is raised, it is intended that the funds will, in rounded terms, be applied approximately as to: (i) $12M to the minimum cash component of the purchase price and associated cash costs of acquiring the Hillgrove Project; (ii) $32M for plant refurbishment/modification and new mining equipment; (iii) $9M to cover the anticipated cost of operation to start up; (iv) $3M to the costs of the Offer; (v) $4M to an environmental bond; and (vi) the balance ($3M) together with pre Offer cash reserves, to other items including exploration (see section 2.10 of the Tenement Report at section 17 for details of tenement expenditure requirements and section 7.5 Use of Funds). It is intended that any amount raised in excess of the minimum subscription amount will be applied to working capital.

THE HILLGROVE PROJECT ACQUISITION CONSIDERATION & CONNOTES

ANCOA will purchase the entire issued capital of Bullantco NL (**Bullantco** – presently called ANCOA NL ACN 145 460 304 but which will change its name to Bullantco NL) which in turn will purchase the entire issued capital of Hillgrove Mines Pty Ltd (**HMPL** - the holder of the Hillgrove Project) for $40M of which $10M will be paid in cash with the balance, $30M, to be satisfied by the issue of 70,588,235 Connotes.

The Connotes constitute quasi debt/equity instruments. The principal terms of the Connotes are: (i) 5 years; (ii) interest free for 12 months and thereafter the coupon rate is 12.5% pa payable quarterly in arrears; (iii) convertible (at the rate of $0.425) at the election of the holder into Shares on a 1:1 basis (that ratio is subject to adjustment in accordance with the ASX listing rules as if the Connotes were options); (iv) no right of redemption save on maturity or in the case of certain "events of default"; (v) any not converted or redeemed at the end of the 5 years to be redeemed; and (vi) secured by share pledge over the capital of HMPL. Further information is set out in section 11.2.

THE MINE

The Mine, with aggregate historic production of 49,000 tonnes of antimony and 720,000 oz of gold, has globally significant antimony resources and reserves. It hosts defined resources of ~100,000t of antimony and ~860,000oz of gold. The antimony Mineral Resource base at the Mine is one of the largest identified outside of China which is ready to be brought into production within 15 months; and there is very significant exploration upside. Some 200 outcropping antimony occurrences are known within the 425km^2 covered by the Hillgrove Project tenements (which collectively cover nearly all of the Hillgrove Mineral Field).

The Hillgrove Antimony-Gold Mine is located approximately 23km east of Armidale, a major regional centre with a population over 22,000, with facilities such as schools, hospitals and other services normally associated with a city of this size. It sits in the Hillgrove Mineral Field which was one of the major goldfields in New South Wales.

Gold mining commenced in Bakers Creek Gorge in 1877. Modern operations commenced in 1969 with the re-opening of several old workings and the construction of antimony concentrate production facilities. Production from nine separate deposits provided mill feed over the ensuing 30 years.

The current mining area at the Mine is located in Bakers Creek Gorge which is a significant topographic feature, the bottom of which is ~500m below the level of the surrounding tableland. The Mine's associated plant and infrastructure is on the tableland above the gorge and is adjacent to the Hillgrove village (population ~90).

The Hillgrove Project was acquired by Straits in April 2004. Straits embarked on an intensive exploration and resource drilling program (in the immediate vicinity of the then existing resources) and metallurgical investigations. Mining operations commenced in early 2008. Commissioning of the plant to produce antimony metal onsite commenced in the September quarter of 2008. High quality metal was produced but significantly below design capacity due to various processing issues associated with the process being used.

The Mine was placed on care and maintenance in August 2009 due to these issues when the antimony metal price (CIF USA) was ~US$6,000 per tonne compared to ~US$14,000 to US$18,000 during 2011.

The Mine is ready to go back into production with 50kt of ore on the ROM pad, haul and access roads, declines and ore drives in place to allow extraction of ore to start at a time of ANCOA's choosing.

Recent drilling within the exploration licences has intersected mineralisation at 2 new locations which are remote from the existing reserves/resources. This drilling comprised the first modern exploration applied to the tenements in decades and highlights the obvious potential for the HMPL tenements to host further very significant additional deposits.

RESOURCES AND RESERVES

The Hillgrove Ore Reserves are currently reported as 2.195Mt at 2.1% Sb and 3.8g/t Au. Of these; 0.386Mt @ 2.4% Sb and 3.6g/t Au are classified as Proved Reserves and 1.809Mt @ 2.1%Sb, 3.8g/t Au are classified as Probable Reserves.

The Hillgrove Mineral Resources (which includes the Ore Reserves) are currently reported as 6.349Mt at 1.6% Sb, 4.3g/t Au and 0.02% W. Of these; 1.02Mt @ 1.9% Sb and 5.1g/t Au are classified as Measured Resources, 3.54Mt @ 1.5% Sb, 4.0g/t Au and 0.01% W are classified as Indicated and 1.79Mt @ 1.6% Sb, 4.3g/t Au and 0.05% W are classified as Inferred.

Coffey Mining state that the Reserves estimated by Straits' work will be contained within any new estimate using revised cut-off grades based on current costs and commodity prices. Coffey Mining considers that the Reserves as declared by Straits should be achievable.

As at February 2012, antimony and gold prices (~$13,000/t and ~$1,700 respectively) were significantly higher than the prices ($5,000/t or $5,500/t and $1,000/oz respectively) used by the former owner to estimate resources and reserves. The application of increased metal prices to the cut-off grades applied to derive the reported estimates of Mineral Resources and Ore Reserves will increase Mineral Resources and the Ore Reserves providing the option to increase Mine life and/or profitability. Prior to re-commencement of mining, the resources and reserves will be re-estimated to optimise operations.

THE PLAN

ANCOA plans to bring the Hillgrove Project into production in 2013 and will be one of but a very small number of listed companies worldwide producing significant quantities of antimony when predicted antimony prices will retrace recent historic highs.

The underground mining method proposed by ANCOA was trialled by Straits prior to it suspending operations.

Straits produced antimony metal. ANCOA proposes to produce two concentrates using a processing route which was demonstrated to be viable, without having been optimised, using state of the art technology.

To produce the two concentrate streams, the existing processing plant requires modification at an estimated cost of $28M. On Completion of the Offer, ANCOA will finalise test and design work for the plant and then tender construction work. Long lead items will be ordered as soon as the requirement has been established.

The antimony concentrate will be amenable to several processes to upgrade the product before shipping. Any decision regarding downstream processing will depend on terms offered by counterparties and the analysis of cost/benefit to ANCOA. Whilst there is no immediate plan to pursue the downstream processing opportunities, these opportunities will be subject to continuing analysis.

The project also has a variety of ore sources which could allow ANCOA to vary the output of product from more antimony to more gold (and, of course, vice versa).

A pressure oxidation plant (POX plant), suitable for treating the gold rich arsenopyrite concentrate, is on site. Initially, insufficient arsenopyrite concentrate will be produced to run this plant continuously. Should production levels or scheduling allow the operation of the POX plant, ANCOA may produce gold doré on site with the attendant benefits. A decision regarding this processing route will be made once the operation has been commissioned and is running smoothly.

ANCOA's plan is to produce 4,000-5,000tpa of antimony in concentrate and 20,000-25,000ozpa gold in concentrate at an estimated cost of $132pt of mill feed (comprised of mining and processing costs of $108/t, site administration and overheads of $16/t and budgeted corporate overheads equivalent to $8/t – all based on targeted annualised mill throughput of 250,000tpa).

Based on ANCOA's plan, summarised above and more fully detailed herein, and assuming that: (i) the gold price is $1,400 per ounce; (ii) the antimony price is between $13,000 to $15,000 per tonne; (iii) metal recoveries of 80% gold and 85% antimony; (iv) at an exchange rate at par; (v) the recommissioning and ramp up goes as planned, - the project is projected to deliver annual revenues of between $70M and $80M, starting within the 12 month period between 20 and 32 months from the Completion of the Offer. Annual expenditures of ~$33M commencing from the same date will also be incurred excluding any allowance for exploration. Based on these parameters, given current reported Ore Reserves and the planned throughput, ANCOA expects to operate the Mine for at least a decade without regard to ANCOA's expectation that its planned exploration will significantly extend that mine life.

It is noted that Coffey use $146.46 per tonne of ore operating costs – ANCOA is satisfied with its estimate of $132. There are many other differences between the assumptions used by Coffey and ANCOA so it is necessary to appreciate these differences when comparing observations made by Coffey on the one hand and ANCOA on the other.

ANCOA has engaged with several industry participants and agreed commercial in-confidence non-binding terms for the smelting and sale of product from the Mine. These terms are subject to the acquisition of the Mine by ANCOA and formal documentation being agreed and executed.

Provided distributable funds at law are available, ANCOA's policy will be to pay dividends in accordance with its dividend policy as stated in section 13.5. ANCOA does not intend this statement to be a projection or forecast as to the quantum of or whether dividends will be paid.

WHY ANTIMONY?

Antimony tops the British Geological Survey's current list of elements the supply constraints on which threaten maintenance of the world's economy and lifestyle.

Antimony is a minor but strategically important metal used for consumer, industrial and military applications.

The dynamics of the antimony market have changed dramatically over the last 5 years. Of global mine production (estimated at 157,000 tonnes in 2010), China produces around 77%. Chinese mine production has been constrained due to a number of factors including, significantly, Chinese Government policies and rapidly diminishing Chinese reserves. This has resulted in significant increases in the antimony price.

Roskill Consulting Group foresees the above supply trend continuing and consumption having a CAGR of 5%, thus maintaining upward pressure on antimony prices.

Around 52% of antimony consumption is used in flame retardant formulations for textiles, plastics and rubber (4.0% CAGR growth rate since 2000). It is an ingredient in alloys to increase hardness, strength and anticorrosion (~38% of consumption, 4.1% CAGR growth rate since 2000); such uses include lead-batteries, solders and ammunition. The third main use is as a catalyst for production of polyethylene terephthalate plastics such as that used in beverage, food and other liquid containers (~10% of consumption, 6.6% CAGR growth rate since 2000).

A potential use for antimony under development is a new generation of much smaller memory devices which use an alloy of germanium, antimony and tellurium that are reputedly up to 30 times faster than the technology they replace (possibly flash drive memory, mobile phones and USB sticks). If this technology takes off, which is not expected to occur until 2016 at the earliest, each device will only use tiny quantities of antimony.

Despite substitution being possible in at least some applications and there being talk of substitution being driven by the significant rise in price of antimony, ANCOA is unaware of antimony being substituted to an extent that is likely to dampen demand to a material degree.

ANCOA'S BOARD
(FULL DETAILS AT SECTION 8)

At the date of this prospectus the Directors are Messrs Sakalidis, Thomas and Thomson (the latter will resign upon the Resolutions being passed).

Unless otherwise clearly indicated, particulars herein pertaining to the composition of the Board will be accurate at the date of Completion of the Offer. On Completion of the Offer, the Board will be comprised of Messrs Steemson, Thomas, and, subject to the final requirements of ANCOA on (and opportunities presented to ANCOA prior to) Completion of the Offer, Sakalidis, Secker and McRostie.

ANCOA's Managing Director will be **Greg Steemson,** a geologist/geophysicist with nearly 40 years hands on mining, development and exploration experience over a wide range of geographies and commodities. For over 30 years the (continuing) Chairman, **Peter Thomas** provided legal and commercial advice to explorers and miners. **Peter Secker** is a mining engineer of 30 plus years' experience. He has built and operated mines in Australia, Fiji, South Africa and China. **Greg McRostie** is a mechanical engineer with greater than 20 years' experience in the design and construction of mineral processing facilities for a broad range of commodities. **George Sakalidis** is an exploration geophysicist with over 30 years' industry experience.

All the Directors have experience serving on the boards of listed companies and bring relevant experience to ANCOA pursuing its Objectives. Messrs Thomas and Steemson were respectively the founding chairman and managing director of Sandfire Resources NL (ASX code: SFR – market capitalization ~$1.26Bn (at 9 February 2012)) and Mr Steemson was also a founding director of Allied Gold Limited (ASX code ALD - market capitalization ~$0.4Bn (at 9 February 2012)). Messrs Sakalidis and Thomas were founding (and remain) directors of ASX listed companies ANCOA, Image Resources NL, Magnetic Resources NL, and Meteoric Resources NL. Mr Sakalidis was also a founding (and remains a) director of ASX listed Potash West NL; he is also non-executive chairman of unlisted Imperium Resources Limited.

Board member's interests and benefits
(full details at section 9)

See section 9 for full details of each Board member's security interests in ANCOA and the benefits that will accrue to him as a consequence of being a Director.

OFFER & CAPITAL STRUCTURE

The Offer is fully detailed in Section 6.

(Contingent Entitlement Shares)
The Contingent Entitlement Share issue and in whom they vest in due course, is more fully described in Sections 11.4 and 12.4 – Terms of Contingent Entitlement Shares.

It is **very important** to recognise that each person to whom Shares are issued under this prospectus will thereby be an Eligible Shareholder and, thus, eligible to qualify to participate in the pool of Contingent Entitlement Shares. In addition, each person holding 7,000 or more Shares (prior to the issue of Shares under the Offer) as at a date yet to be nominated shall be an Eligible Shareholder.

Each Eligible Shareholder shall be entitled to qualify to acquire (free of charge) a vested interest in the Contingent Entitlement Shares.

To qualify, an Eligible Shareholder must be the registered holder of Shares on the date being the later of the first anniversary of the Re-quotation Date or, if ASX imposes Restrictions in respect of any securities as a condition to Re-quotation, the date those Restrictions cease to apply plus 21 days. ASX is not expected to impose any Restrictions.

The Contingent Entitlement Shares will be issued for nominal consideration (to be paid and non-recoverable by the settlor of the trust of which the Contingent Entitlement Trustee shall act as trustee although an amount of $0.45 in respect of each of those shares will be "due" when called). There will be no obligation to pay the call but failure to do so will result in the Contingent Entitlement Shares being forfeited. No call will be made within 4 years of the Re-quotation Date.

Each Contingent Entitlement Share will participate in dividends as if it was a fully paid share but will only have voting rights in proportion to the amount paid up thereon (initially, nil).

(Capital structure)
The following table shows the capital of ANCOA as it will be on Completion of the Offer excluding the effect of the Connotes * and the Contingent Entitlement Shares ** (covering the scenarios of the minimum subscription and the maximum subscription being raised pursuant to the Offer):

	Minimum subscription	%	Maximum Subscription	%
Shares on issue at the date of passing of the Resolutions	55,000,000	21.6	55,000,000	19.1
Shares to be issued pursuant to the Offer	200,000,000	78.4	233,333,333	80.9
Total Shares	**255,000,000**	**100**	**288,333,333**	**100**

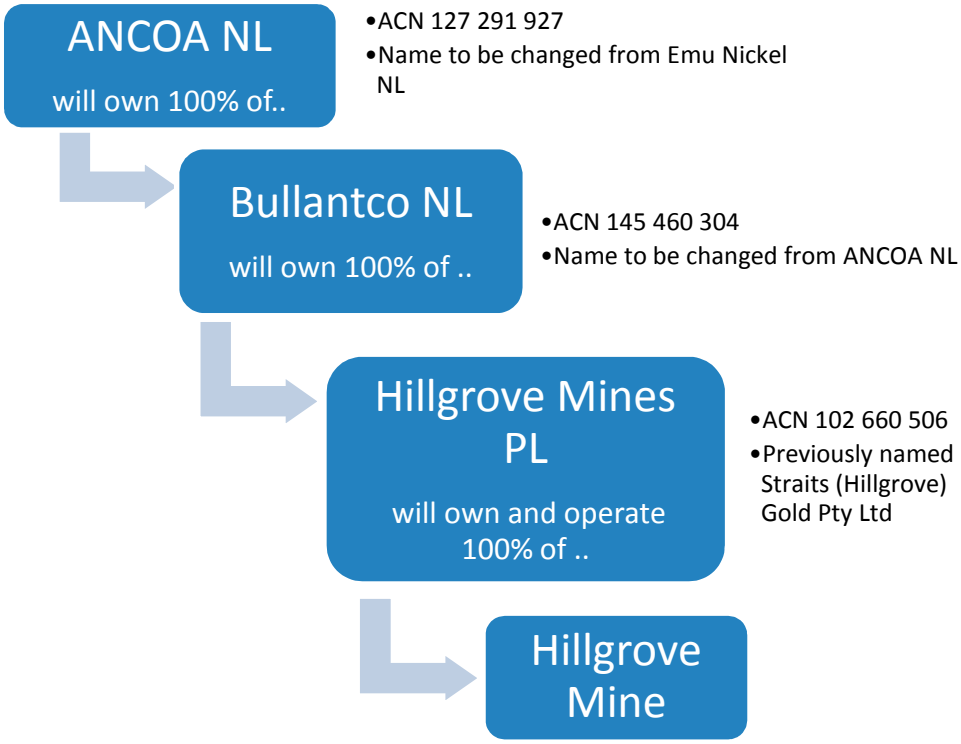
* At Completion of the Offer there will be on issue 70,588,235 Connotes. The Connotes are not reflected in the above table as they are treated for this purpose as debt but if they are all converted then the issued capital of ANCOA will be diluted by 70,588,235 Shares.

** At Completion of the Offer there will be on issue 75,000,000 Contingent Entitlement Shares which are not reflected in the above table because it is assumed that all holders of Shares upon Completion of the Offer will be Eligible Shareholders and, thus, the contingent entitlements to the Contingent Entitlement Shares will (as between current shareholders and new subscribers) be in the same proportions as shown in the above table.

On Completion of the Offer, ANCOA will have the following options over un-issued fully paid ordinary shares:

Options exercisable at $1.0878 on or before 27.2.2013	4,596,438
Options exercisable at $0.5874 on or before 22.12.2014	841,148
Options exercisable at $0.4266 on or before 21.12.2015	82,736
Total Options	**5,520,322**

CORPORATE/OWNERSHIP STRUCTURE



DEBT INFORMATION

On Completion of the Offer, ANCOA'S indebtedness will be limited to vehicle leases (less than $400,000) and the Connotes (albeit the Connotes will represent quasi debt/equity) with a face value of $30M.

PRINCIPAL RISKS

The Hillgrove mine area is an historic mineral field; mining commenced in 1877.

Until the early 1920s (when mining activities temporarily ceased), in accordance with the then prevailing practice, waste rock and tailings from the mines were disposed of into the river. Since operations resumed in the late 1960s, modern disposal practices were adopted.

The site has legacy issues arising from the pre 1960 practices as well as from recent operations; these specific risks are detailed immediately below.

This section outlines only some of the principal risks involved in investing in and peculiar to ANCOA. Additional, more generic risks, are outlined in section 10. You should read the rest of this prospectus to understand and put these risks into context.

Principal Risk No. 1 – Tailings storage facilities ("TSF")

TSF 1 – This is an historical tailings dam and needs to be closed, for which ANCOA has a plan as outlined in section 10.2.3.

TSF 2 – Was used by the vendor and currently contains water that needs to be filtered before it can be used in the plant. This water needs to be carefully managed to prevent the production of hydrogen sulphide (H_2S - rotten egg gas). Once the water has been filtered, ANCOA's changed end product plan virtually eliminates this risk.

Principal Risk No. 2 – Emergency storage dams ("ES")

ES 1, 2 and 3 contain run-off water from the minesite and therefore contain elevated but not harmful levels of base metals. Management of the water in these dams is required to mitigate against this water being discharged into the river system.

A filtration plant has been purchased which is suitable to clean up water to enable it to be discharged off site from the emergency storage dams. The plant will also serve to remediate the water in TFS 2 for re-use in the flotation plant. This plant is expected to be operational by Q2 2012.

Principal Risk No. 3 – Waste rock dumps ("WRD")

There are two WRDs in the gorge. One is the shared responsibility of ANCOA and the State (as part of it is a designated derelict minesite). HMPL is responsible for the other which needs to be managed for which ANCOA has a plan.

Principal Risk No. 4 – Haul Road

Ore has to be hauled from the gorge to the processing plant along one of two haul roads. The shortest haul road is subject to infrequent closure due to rain events as a consequence of which ore has to be carted along the longer, second haul road.

Principal Risk No. 5 – Marketing & pricing product

ANCOA plans to make concentrate on site. The success of ANCOA is contingent, in part, on securing offtake (or other) agreements with counterparties on reasonable terms for product which cannot be traded on a metals exchange. ANCOA's results will be sensitive to shifts in exchange rates and commodity pricing. ANCOA anticipates that the net price it receives for its concentrates will, broadly speaking, be determined by reference to prevailing metal prices after allowing for deductions for freight and concentrate treatment charges.

Principal Risk No. 6 – unsubstantiated media and political allegations

Apart from the man-made legacy issues detailed above, the broader Hillgrove area, being a richly endowed mineral field, carries naturally elevated levels of metal which contribute to the metal load in the river system passing the Hillgrove Mine. Mines represent an obvious target to which any pollution events may be sheeted home; the Hillgrove Mine has been stated by various media outlets to be responsible for metal loads and turbidity in the passing river system when all the credible evidence suggests that the current site is not the cause.

6. DETAILS OF THE OFFER

6.1 Amount to be raised

Pursuant to this prospectus, ANCOA invites (the "**Offer**") applications for a minimum of 200,000,000 and, to accommodate the priority entitlement to Straits Shareholders, up to a maximum of 233,333,333 Shares at an issue price ("**Issue Price**") of $0.30 per Share to raise between $60M (minimum subscription amount) and $70M (maximum subscription amount). The proposed use of funds is set out in section 7.5.

6.2 Applications

If you wish to participate in the Offer, you must complete the application form accompanying this prospectus in accordance with the instructions set out therein. ANCOA will, in its absolute discretion, accept and/or reject any application in whole or in part.

Application monies will be held in trust in a separate bank account on behalf of applicants until the Shares offered under this prospectus are issued. If your application is rejected in whole or in part, the amount tendered in respect of Shares that are not issued pursuant to your application will be repaid to you, without interest.

6.3 Straits Shareholder Priority

Persons ("**Straits Shareholders**") who, at 5:00pm (WST) on the date of this prospectus, appear in the register of members of Straits Resources as a current shareholder with an address in Australia shall be offered, on a priority basis, 50,000,000 Shares ($15m).

In order to participate in the priority offer, a Straits Shareholder must make a "**Valid Straits Shareholder Application"**.

To be a Valid Straits Shareholder Application, the application must be: (i) made by a Straits Shareholder on or before the latest date for the making of such applications (see section 3, for the indicative timetable); (ii) be duly completed in accordance with its terms and in compliance with any instructions given in any separate communication directed at the matter given by or on behalf of ANCOA failing which ANCOA may not recognise priority; (iii) for at least 7,000 Shares; and (iv) made on the relevant application form included in or accompanying this prospectus.

Notwithstanding the above and ANCOA's contractual obligations to Straits under the Hillgrove Sale Agreement (described in section 11.1):

a) ANCOA may, as between itself and Straits Shareholders (but without derogating from ANCOA's contractual obligation under the Hillgrove Sale Agreement), in its absolute discretion, accept and/or reject any application in whole or in part;

b) if ANCOA receives Valid Straits Shareholder Applications for in excess of 50,000,000 Shares in aggregate, ANCOA reserves the right, in its sole absolute unfettered discretion and regardless of the terms of the Hillgrove Sale Agreement, to determine the basis upon which it will, should it so decide, scale back such applications albeit the intent is to allocate on a first come first serve basis.

Nothing in section 11.1 (Material Agreements – Hillgrove Sale Agreement) is to be construed to confer any rights whatsoever upon any Straits Shareholder save to the extent such rights arise by force of law consequent upon Shares being issued to a Straits Shareholder pursuant to the Offer.

6.4 ANCOA Shareholder Priority

Persons ("**ANCOA Shareholders**") who appear in ANCOA's register of members as a current shareholder with an address in Australia as at the date of this prospectus shall be offered, on a priority basis, 3,333,333 Shares ($1M).

In order to participate in the priority offer, an ANCOA Shareholder must make a "**Valid ANCOA Shareholder Application"**.

To be a Valid ANCOA Shareholder Application, the application must be: (i) made by a person who was an ANCOA Shareholder on or before the latest date for the making of such applications (see section 3, for the indicative timetable); (ii) be duly completed in accordance with its terms and in compliance with any

instructions given in any separate communication directed at the matter given by or on behalf of ANCOA failing which ANCOA may not recognise priority; (iii) for at least 7,000 Shares; and (iv) made on the relevant application form included in or accompanying this prospectus.

Notwithstanding the above:

a) ANCOA may, as between itself and an ANCOA Shareholder, in its absolute discretion, accept and/or reject any application in whole or in part;

b) if ANCOA receives Valid ANCOA Shareholder Applications for in excess of 3,333,333 Shares in aggregate, ANCOA reserves the right, in its sole absolute unfettered discretion, to determine the basis upon which it will, should it so decide, scale back such applications albeit the intent is to allocate on a first come first serve basis.

6.5 Re-Quotation of Shares on the Australian Securities Exchange

Trading of Shares (in ANCOA) on the financial market operated by the ASX will be suspended from the date on which ANCOA's shareholders approve the Resolutions until ANCOA has completed the acquisition of HMPL via Bullantco and ASX is otherwise satisfied that ANCOA should be readmitted to quotation on the ASX. ASX will require ANCOA to re-comply with Chapters 1 and 2 of the ASXLR as one of the conditions to Re-quotation.

If the Shares offered under this prospectus are not (re)admitted to quotation on ASX within 3 months after the date of this prospectus, or such longer periods as varied by ASIC or otherwise permitted by the law, ANCOA will deal with your application in accordance with the Corporations Act (which includes returning your application monies or giving you one month to withdraw your application and be repaid). The fact that ASX may admit the Shares to quotation is not to be taken in any way as an indication of the merits of ANCOA or the Shares.

6.6 Key Dates

An indicative timetable of key dates applicable to the Offer is set out in section 3.

Subject to the Corporations Act, ANCOA will not be obliged to return your application monies or give you the opportunity to withdraw your application merely because of an extension, variation or other amendment to the periods or dates set out in the indicative timetable. If you submit an application to participate in the Offer, you will be deemed to have accepted that such an extension, variation or other amendment does not constitute a new circumstance that would require ANCOA to return your application monies or give you the opportunity to withdraw your application.

6.7 Issue of Shares

The banking of application monies in a trust account does not constitute either processing or acceptance of your application. If your application is accepted, in whole or in part, ANCOA will issue Shares (to the extent accepted) pursuant to your application and dispatch either an issuer sponsored holding statement or a CHESS statement (together with any excess application monies) to you as soon as practicable after the closing date and before (but you may not receive the same prior to) the Re-quotation Date. Accordingly it is your responsibility to ascertain your allocation (if any).

No Shares will be issued pursuant to this prospectus until:

a) the minimum subscription under the Offer has been received; and

b) ASX has given ANCOA conditional approval to re-admit ANCOA's securities to the Official List.

6.8 Lead Manager

Patersons Securities Limited is mandated to act as Lead Manager to the Offer. Total fees payable under the mandate equal 5% (plus GST) of the gross amount raised pursuant to the Offer plus a $100,000 (plus GST) corporate advisory fee. These fees will become due on the Re-quotation Date. Patersons will be responsible for the payments of commissions to other brokers and licensed intermediaries. A reduced goods and services tax credit regime applies to GST remitted in respect of fees for financial services (such that 25% of the GST may not be refunded to ANCOA to the extent such fees are attributable to Australian applications).

7. CORPORATE OVERVIEW

7.1 Background to ANCOA

ANCOA was incorporated as Emu Nickel Pty Ltd 29 August 2007 (status changed to no liability before listing on the ASX On 27 February 2008) to undertake exploration for base metal mineralisation, primarily nickel, in the Yilgarn Craton of Western Australia.

In February 2008, ANCOA listed on the ASX. Since then it has pursued the objectives espoused in its initial public offering prospectus relying upon its capital reserves without generating a profit.

In addition to its rights to purchase the entire issued capital of Bullantco on the terms detailed in section 11 (summary of material agreements), ANCOA has the assets detailed in ANCOA's 2011 Annual Report (the cash at bank position as there disclosed (~$5.4M) has since varied and at the date of this prospectus was ~$4.3M).

ANCOA intends to minimise expenditure and management time expended on the assets detailed in the Annual Report and to maximise the value of those assets to ANCOA via disposal or joint venture. No binding decision as to the fate of these assets will be made until after Completion of the Offer.

7.2 Background to Bullantco

Bullantco was incorporated on 28 July 2010 as Court Resources WA Pty Ltd (ACN 145 460 304). On 31 August 2011, Court Resources WA Pty Ltd changed its name to ANCOA Pty Ltd, it became a public company limited by shares on 13 October 2011 (and, consequently, changed its name to ANCOA Ltd), it became a no liability company on 17 November 2011 and has since changed or will change its name to Bullantco NL.

Bullantco has relied upon its capital reserves to survive without generating a profit.

Bullantco investigated numerous advanced mineral resource project opportunities before, in early 2011, initiating negotiations for and undertaking due diligence work with respect of the acquisition of the Hillgrove Project via the acquisition of HMPL.

In April 2011, a term sheet for the acquisition was concluded and ongoing negotiations for a formal binding agreement resulted in Bullantco entering into an agreement with Straits Resources, Straits Gold Pty Ltd (ACN 072 498 081) ("**Straits Gold**") and HMPL for Bullantco to acquire 100% of HMPL.

In December 2011, Bullantco introduced the Hillgrove Project to ANCOA culminating in the conclusion of the agreement summarised at section 11.1

The Hillgrove Project is explained in sections 5 (*Snapshot*) and 16 (*Investigating Accountant's Report*). To the extent material to determining whether to apply for Shares, the terms of the Hillgrove Sale Agreement are summarised in section 11.1.

7.3 No trading history

Neither ANCOA nor Bullantco has any trading history in the operation of a mine or other trade or commerce. No assurance is given that either will achieve commercial viability through the exploration and/or mining of or at the Hillgrove Project. Until ANCOA is able to generate free cash flow from the Hillgrove Project, both are likely to incur capital and operating losses.

7.4 Objectives

ANCOA's objectives ("**Objectives**") are to:

a) complete the acquisition of HMPL via the acquisition of Bullantco;

b) refurbish the existing plant at the Hillgrove Antimony-Gold Mine and purchase new mining equipment subject to and in accordance with the proposal for expenditure on those items set out in the table in section 7.5 with a view to recommencing mining and processing activities at the Mine.

On Completion of the Offer, ANCOA will have enough working capital to carry out the Objectives, nevertheless, an investment in ANCOA is speculative and investors should read the risk factors outlined in sections 5 (Snapshot) and 10 (Risks). ANCOA has not raised any capital since it was listed in February

2008 (and in order to comply with an ASXLR it is stated that ANCOA will not need to raise any capital within 3 months after the date of this prospectus).

In addition (but not as one of the Objectives) ANCOA will maintain a watching brief for and, if seen fit by the Board, pursue other opportunities. ANCOA reserves the right to raise additional equity capital at anytime.

7.5 Use of Funds

The following table sets out how ANCOA intends, at the date of this prospectus, to apply its pre-Offer cash reserves and the funds raised from the Offer.

Source and Use of Funds	Notes	(Minimum Subscription)		(Full Subscription)
Pre-offer cash		4,300,000		4,300,000
Total raised in the Offer		60,000,000		70,000,000
Total funds available		64,300,000		74,300,000
Hillgrove Project				
- Acquisition cash & costs	1	12,520,000		12,520,000
- Environmental bonds	2	3,940,000		3,940,000
- Refurbishment	3	28,000,000		28,000,000
- New mining equipment	4	4,000,000		4,000,000
- Contribution to start up mining/processing	5	2,500,000		2,500,000
- First year exploration expenditure	6	3,000,000		4,000,000
Corporate and site service expenses		4,000,000		4,000,000
Brokerage & Lead Manager's fees	7	3,100,000		3,600,000
Expenses of the Offer ex brokerage		500,000		500,000
Unallocated working capital	8	2,740,000		11,240,000
Total funds applied		**64,300,000**		**74,300,000**

Notes:

1. Pursuant to the terms of the SSA, ANCOA must pay Straits a minimum of $10,000,000 in cash but has the right to pay the full purchase consideration in cash. Other costs associated with the acquisition have been allowed at $2,520,000. Refer to section 11.1 for further details of the consideration payable under the Hillgrove Sale Agreement.
2. See the *Independent Technical Report* (section 18) and the schedule to the *Tenement Report* (section 17) for details.
3. See the *Independent Technical Report* (section 18) for details.
4. See the *Independent Technical Report* (section 18) for details.
5. Allowance for anticipated costs to recommence mining and processing operations. Several tens of thousands of tonnes of ore sits on the ROM pad and a significant quantity of material (greater than 100,000 tonnes) is developed and ready for blasting underground. This expenditure allowance is based on ANCOA's estimate of the cost of commissioning and initial ramp up of the operation only and, in any event, not beyond one year from Re-quotation. See the *Independent Technical Report* (section 18) and the risks in sections 10.2.5 (*Marketing product*) and 10.3.1 (*Shortage of Funding*).
6. See the *Independent Technical Report* (section 18) for the proposed first year exploration budget (which includes resource drilling and regional exploration). It is not contemplated that exploration will be financed out of funds raised pursuant to the Offer other than for the first year after Completion of the Offer. There is no guarantee that funding will be available for exploration thereafter.
7. Refer to Lead Manager fees and terms set out in section 6.8 exclusive of GST a portion of which (25% of the GST) is non-recoverable and is to be paid out of working capital.
8. Unallocated working capital will be applied in any manner the Board thinks fit (including, possibly, servicing interest obligations on the Connotes) but may be conserved to allow for evaluation of and securing of new exploration opportunities or any other matter as the Board thinks fit.

The table above represents statements at the date of this prospectus as to the intended use of the funds by ANCOA based on estimates. The Board reserves the right to reallocate funds as it thinks fit, in the context of estimates proving to be inaccurate, changing events and priorities. Matters that may affect the way funds are applied include (without limitation):

a) interest earned;
b) the conversion or redemption of any Connotes;
c) exploration, development, mining, and processing success or failure;
d) cash inflows and outflows from operations;
e) budget savings or cost overruns;
f) reallocation of expenditure amongst existing or new projects or general working capital; and
g) other opportunities, it being the intent of ANCOA to look to expand its activities beyond the Hillgrove Project (once it is in steady state) as it sees fit.

7.6 ANCOA's capital structure & substantial shareholders

For details of ANCOA's capital structure upon Completion of the Offer see section 5.

At 8 March 2012, the register of holders of ANCOA's shares revealed the following shareholdings of 5% or more and that the shareholdings of the Ancoa's current and proposed directors and the Company Secretary are:

Name of substantial shareholder	% holding
George Sakalidis (current substantial shareholder notice served on ANCOA)	7.66
Denis Ribton (current substantial shareholder notice served on ANCOA)	6.54
JP Morgan Limited (no current substantial shareholder notice served on by ANCOA)	5.00
Greg Steemson	0.17
Peter Thomas	0.94
Roger Thomson	1.45
Peter Secker	0.00
Greg McRostie	0.00
Rudolf Tieleman	0.33

On Completion of the Offer, the shareholdings of the Shareholders in the above table (and those of the current and proposed Directors and company secretary) are, assuming $60M is raised under the Offer, anticipated to be as indicated in the following table:

Name of shareholder	% holding
George Sakalidis	0.83
Denis Ribton	0.71
JP Morgan Limited	0.54
Greg Steemson	2.59
Peter Thomas	2.17
Roger Thomson	0.16
Peter Secker	0.11
Greg McRostie	0.78
Rudolf Tieleman	0.23

As far as ANCOA is aware, on Completion of the Offer there will be no substantial shareholdings.

Subject to the Corporations Act, ANCOA will not be obliged to return your application monies or give you the opportunity to withdraw your application merely because, upon Completion of the Offer, there are one or more substantial Shareholders. If you submit an application to participate in the Offer, you will be deemed to have accepted that the presence or absence of any substantial shareholdings does not constitute a circumstance requiring ANCOA to return your application monies or give you the opportunity to withdraw your application.

7.7 Restricted Securities

A restriction agreement is an agreement in the form appearing in Appendix 9A of the ASXLR the object of which is to restrict (**Restrictions**) the transfer of ownership of or other dealings in the securities to which it relates. Based on discussions with ASX, the Board does not anticipate that ASX will require ANCOA to enter any restriction agreements whatsoever. Nevertheless, whether or not any restriction agreement(s) is

required (as are the terms of and any other conditions to re-quotation) is a matter within ASX's discretion. As soon as ASX formally advises its position regarding the imposition of any restrictions, ANCOA will announce the same via the ASX.

Subject to the Corporations Act, ANCOA will not be obliged to return your application monies or give you the opportunity to withdraw your application merely because the final status of restricted securities is different to that which is anticipated as set out in the table above. If you submit an application to participate in the Offer, you will be deemed to have accepted that such difference does not constitute a new circumstance that would require ANCOA to return your application monies or give you the opportunity to withdraw your application.

8. DIRECTORS, KEY PERSONNEL AND EMPLOYEES

8.1 Board & Management

Refer section 5 under the subheading "ANCOA's Board" for the proposed composition of the Board on completion of the Offer.

8.1.1. Peter Thomas LLB, B.Juris - Non-Executive Chairman

Mr Thomas was a practising solicitor from 1980 until June 2011 specialising in the provision of corporate and commercial advice to explorers and miners. Since the mid-1980s, he has served on the boards of various listed companies. He was the founding chairman of Sandfire Resources NL and remains the non-executive founding chairman of ASX-listed Image Resources NL, Magnetic Resources NL, Meteoric Resources NL, Emu Nickel NL and Middle Island Resources Limited.

Mr Thomas does not expect that his directorships with other companies or other business activities will interfere with his ability to act as non-executive chairman of ANCOA.

8.1.2. Greg Steemson B.Sc (Geology), MSc (Geophysics), FAusIMM, FAIG - Managing Director

Mr Steemson is a graduate of the University of Queensland and the University of Utah and is a qualified geologist and geophysicist. He has 40 years of experience over a wide range of geographies and commodities including gold, base metals, iron ore, diamonds, coal, mineral sands, phosphate, uranium and rare earth elements. He has operated in many different jurisdictions throughout the world and at most levels of the mineral industry from green-fields exploration to resource and project development through to mining. Mr Steemson was a founding director of Sandfire Resources Limited and Allied Gold Limited. He was a director of Allied Gold Limited, Carbine Resources Limited, Mineral Commodities Limited and Nord Pacific Limited.

Mr Steemson does not expect that his directorships with other companies or other business activities will interfere with his ability to act as managing director of ANCOA.

8.1.3. Peter Secker BSc (Hons) - Non-Executive Director

Mr Secker is a mining engineer with over 30 years of experience in the resources industry and has built and operated mines in Australia, South Africa, Fiji and China. Mr Secker is currently CEO and a director of TSX-listed Canada Lithium Corp and technical director of TSX-listed Rebgold Corporation. His career has included a number of operational and executive positions including CEO of Michelago Limited, vice-president operations for Sino Gold, operations manager for Youanmi Gold Mine in Australia, mine manager of Emperor Mines Ltd in Fiji and mine captain at the Blyvooruitzitch Gold Mine in South Africa.

Mr Secker does not expect that his directorships with other companies or other business activities will interfere with his ability to act as non-executive director of ANCOA.

8.1.4. Greg McRostie BEng (Mechanical) - Non-Executive Director

Mr McRostie has over 20 years' experience in the design and construction of mineral processing facilities and associated infrastructure across a broad range of commodities. Mr McRostie previously held positions, including design engineering roles, with Lycopodium, Minproc and GHD and was a senior project manager at JR Engineering. Mr McRostie has been managing director of Abesque Engineering Limited (a wholly owned subsidiary of ASX-listed Forge Group Limited) since 2005 and is currently an executive director of Forge Group Limited.

Mr McRostie does not expect that his directorships with other companies or other business activities will interfere with his ability to act as non-executive director of ANCOA.

8.1.5. George Sakalidis BSc (Hons) MAusIMM – Non-Executive Director

Mr Sakalidis is an exploration geophysicist with over 30 years' industry experience, during which time his career has included extensive gold, diamond, base metals and mineral sands exploration. He was a founding (and remains a) director of Emu Nickel NL, Image Resources NL, Magnetic Resources NL, Meteoric Resources NL and Potash West NL, all five of which are ASX listed. He is also non-executive chairman of unlisted Imperium Resources Limited.

Mr Sakalidis does not expect that his directorships with other companies or other business activities will interfere with his ability to act as non-executive director of ANCOA.

8.1.6. Roger Thomson - retiring executive Director

Mr Thomson will retire when the Resolutions are passed.

Mr Thomson is a geologist with more than 40 years' experience in mineral exploration, mining geology and management in Australia, Africa, South America and South East Asia. He has held the positions of General Manager Exploration with Delta Gold Ltd and Sons of Gwalia Ltd and has been responsible for, or closely associated with, making economic discoveries of gold and tantalum in Australia. Mr Thomson successfully managed the exploration program that led to the discovery of the multi-million ounce Sunrise gold deposit near Laverton in Western Australia. He is an Associate of the Royal School of Mines, a Member of the Australasian Institute of Mining and Metallurgy and a Member the Australian Institute of Geoscientists. Mr Thomson is also a Director of the following ASX-listed companies, namely, Image Resources NL, Meteoric Resources NL and Magnetic Resources NL.

8.1.7. Company Secretary – Rudolf Tieleman

Mr Tieleman, an accountant/business consultant of over 30 years standing, has 25 years experience in public practice as a chartered accountant. He has extensive knowledge in matters relating to the operation and administration of listed mining companies in Australia and has been instrumental in assisting with the floating and serving as company secretary of several ASX listed companies.

Mr Tieleman does not expect that his other business activities will interfere with his ability to act as company secretary to ANCOA.

8.1.8. Peter Hosking BEng (Minerals) – Resident Manager of Hillgrove Mines (General Manager of the Hillgrove Project elect)

Mr Hosking was appointed resident manager at the Hillgrove Project in July 2010. From Completion of the Offer, Mr Hosking will be the general manager of the Hillgrove Project. Previously (since May 2009) he was the processing manager and responsible for all aspects of the processing plant operations. Before that he was a production superintendent with BHP's Ravensthorpe Nickel operations. He has also held various senior operational positions with Oceana Gold Pty Ltd and Bulong Operations Pty Ltd. He holds a Bachelor of Engineering from the WA School of Mines.

8.1.9. Management and Consultants

ANCOA is aware of the need to have sufficient management to supervise the exploration and the development of the projects in which ANCOA has, or will in the future have, an interest. The Board will continually monitor the management roles in ANCOA. As ANCOA's projects require an increased level of involvement, the Board will look to appoint additional management and/or consultants when and where appropriate to ensure proper management of ANCOA's projects.

8.2 Employees

At the time of Completion of the Offer: (i) ANCOA expects HMPL to have 6 staff; (ii) disregarding directors of ANCOA (which the ATO deems to be employees), ANCOA's only employee will be, possibly, a chief financial officer; and (iii) disregarding Bullantco's directors (which the ATO deems to be employees), Bullantco will have nil employees.

9. RELATED PARTY INTERESTS AND AGREEMENTS

9.1 Directors Interests and Remuneration

Refer to the Remuneration Report in the Annual Report for particulars of remuneration paid to the directors of ANCOA during the 2 financial years ended 30 June 2011. For details of the remuneration paid to them for the period 1 July 2011 to the date of this prospectus see the table following:

Period 1 July 2011 to 21 March 2012			
Key Management Person	Short-term benefits Fees & contractual payments ($)	Post-employment benefits Statutory superannuation ($)	Total ($)
Peter Thomas Non-Executive Chairman	33,333	3,000	36,333
George Sakalidis Executive Managing Director	68,208	3,000	71,208
Roger Thomson Executive Director	72,753	3,000	75,753
Rudolf Tieleman Company Secretary	69,821	-	69,821
Total	**244,115**	**9,000**	**253,115**

In addition to the foregoing, each of Messrs Steemson and Thomas has been paid by ANCOA $180,000 under contracts for services to assist ANCOA implement the acquisition of the Hillgrove Project.

Each Director's proposed annual remuneration as from the Re-quotation Date and anticipated relevant interest in the securities of ANCOA following Completion of the Offer will be:

Director	Remuneration[1,2,3] $	Shares	Options
Greg Steemson	420,000	6,604,900	
Peter Thomas	100,000	5,534,640	183,858 (2014)
Greg McRostie	30,000	1,996,198	
Peter Secker	30,000	285,171	
George Sakalidis	30,000	2,106,273	919,288 (2013) 252,804 (2014)

Notes:

1. The aggregate maximum directors' fees payable to non-executive Directors is set by the Constitution (until otherwise resolved by Shareholders) at $300,000 per annum.
2. Presently the Board serves as the audit, risk and nomination committees.
3. It is contemplated that from the Completion of the Offer, the Board will establish an audit and risk committee in addition to the existing remuneration committee. A NED serving on either of the audit and risk or remuneration committees will be remunerated at the rate of $5,000 per annum per committee (unless serving as the chairman of such a committee in which event the remuneration will be between $8,000 and $10,000).

Securities held by Directors and their related parties are not anticipated to be Restricted.

To the date of this prospectus, Bullantco has paid no remuneration or other benefit to any Director save Mr Steemson who has been paid $160,800 for services and rent, as set out in section 9.3. This does not include reimbursement of business expenses incurred by a director on behalf of Bullantco.

9.2 Consultancy Agreement with Steemson Geoscience Pty Ltd

ANCOA will be party to a consultancy agreement with Steemson Geoscience Pty Ltd (a company controlled by Mr Steemson) for a minimum term of 2 years commencing on Completion of the Offer. The consultancy agreement may be terminated without cause on 12 months' notice provided that such notice may not take effect before the expiration of 2 years from Completion of the Offer. Steemson Geoscience will be paid $420,000 per annum in fees (and may receive performance bonuses over and above the fee, as determined by the Board) for providing the services of Mr Steemson as managing director of ANCOA.

If ANCOA terminates the Services Agreement for a reason that is not attributable to Mr Steemson's or Steemson Geoscience's negligence or breach of the agreement, then ANCOA must pay Steemson Geoscience for the remainder of what would have been the term of the agreement had it been terminated by notice rather than with immediate effect.

The execution of a formal agreement compliant with all the legislation and the ASXLR will be effected as soon as possible after Completion of the Offer.

ANCOA considers that the agreement with Steemson Geoscience Pty Ltd is on armslength terms and reasonable.

9.3 Rental & Services Agreement with parties associated with Greg Steemson

Bullantco is party to an agreement with the GH Steemson Family Superannuation Fund whereby office space is provided to Bullantco on a six monthly basis (commencing 1 July 2011) at a rate of $1,800 per month (inclusive of GST), payable six monthly in advance.

ANCOA considers that the agreement with the GH Steemson Family Superannuation Fund is on armslength terms and reasonable.

On Completion of the Offer ANCOA will decide if to terminate this agreement.

9.4 Indemnity, Insurance and Access Deeds

ANCOA has entered or will enter) into an Indemnity, Insurance and Access Deed with each Director. Pursuant to the Deed, to the maximum extent permitted by law (including, to the fullest extent possible, retrospectively):

a) the Director is indemnified by ANCOA against any liability incurred as an officer of ANCOA;

b) ANCOA must maintain an insurance policy insuring the Director against liability as a Director of ANCOA until the later of:

   i) seven years after the Director ceases to be an officer of ANCOA; and

   ii) the date a final judgment or order has been made in relation to any hearing, conference, dispute, enquiry or investigation (which was on foot at the date being seven years after the Director ceases to be an officer of ANCOA) in which the Director is involved as a party, witness or otherwise because the Director is or was an officer of ANCOA ("**Relevant Proceedings**").

The Director has the right to inspect and/or copy a company document in connection with Relevant Proceedings during the said period.

10. RISKS

10.1 Introduction

Both sections 5 and this section 10 identify certain key risks specific to ANCOA. In addition, risks are alluded to variously throughout this prospectus. Whilst all materially specific risks known to ANCOA are identified in this prospectus, it is not possible nor is it intended that the itemisation of risks in this prospectus be exhaustive.

An investment in the Shares is speculative due to the nature of ANCOA's business; exploration and mining is inherently risky. The Board recommends that you consider the risks described and information contained elsewhere in this prospectus and consult with your professional advisors before deciding whether or not to apply for Shares.

You should not invest in ANCOA if you do not have the financial ability and willingness to accept the risks and possible lack of liquidity associated with an investment in a company of the type described in this prospectus. Some risks are highly unpredictable and the extent to which they can be managed may be limited or non-existent. An investment in Shares is only suitable for investors who fully understand and are willing to assume the risks involved in investing in ANCOA including accepting the potential risk of complete capital loss.

No guarantee is given as to the future performance of ANCOA and no assurance is given that ANCOA will realise its Objectives.

10.2 Principal Risks

Any mining operation inherently involves an element of risk, sometimes significant, and, accordingly, an investment in ANCOA is highly speculative.

Industry risks and risks of a general nature are canvassed in sections 10.4 and 10.5 (respectively). Some risks (also detailed in section 5) which the Directors consider to be key to ANCOA's prospects and peculiar to ANCOA are:

10.2.1. Tailings Storage Facilities (TSF) 1 & 2

The process of remediating and closing TSF1 needs to be completed. ANCOA has a comprehensive closure plan which can be adopted.

The current status of the water in TSF2 is such that the water therein needs to be filtered before it can be used in the plant. It currently contains high levels of sulphur species which, under the right conditions, promote bacterial growth and the production of H_2S (rotten egg gas) which, although currently undetectable by the olfactory senses, has in the past given rise to complaints from a couple of residents in the Hillgrove Village.

Prior to recommissioning the operation, the water in TSF2 will be filtered in accordance with test work shown to be effective at pilot scale to remove the sulphur species such that the water is ready for use in the plant.

10.2.2. Emergency Storage Dams (ES) 1, 2 and 3

The catchment for ES 1, 2 and 3 is not limited to but includes minesite areas. Rain events (1% Annual Exceedance Probability: a 1 in 100 year-type event) during 2011 resulted in ES 1, 2 and 3 being filled to capacity and there followed, in relative volumetric terms, a minor discharge into Bakers Creek.

The volume of water that overtopped relative to the volume of water passing down the creek was miniscule.

Although that discharged water, before being diluted by mingling with the passing water in Bakers Creek, had elevated (but not dangerous) levels of antimony, downstream analyses of water from the creek following the overtopping of the dam showed that antimony levels in the creek water were not increased as a result of the overtopping.

Some observers, commentators and media have demonstrated a propensity to assume (without any empirical support) a nexus between the speculation in the media regarding elevated arsenic levels and turbidity in the river system at Bellbrook and the overtopping. No analytical data has been presented to ANCOA (despite requests being made for the same) demonstrating or supporting the hypothesis that there is such a nexus. HMPL undertook analytical test work to determine exactly what the overtopping may have contributed to the river system. Those tests demonstrated that the metal input from the overtopping could not possibly explain any detectible increase in the metal load in the river system at Bellbrook. Nevertheless, there is potential for unjustified political and regulatory attention associated with environmental risks which are further explained in section 10.4.7.

Remediation measures have been commissioned to reduce volumes in the dams using conventional evaporator technology and the installation of a filtration plant that will admit the possibility of discharging (near potable) water into the passing Bakers Creek.

10.2.3. Metz Waste Rock Dump (WRD)

The Bakers Creek Gorge contains 2 WRDs which are a potential source of metal that could leach into Bakers Creek.

Responsibility for the WRD on the northern side of the gorge is shared with the NSW government as part of it is a declared derelict minesite and, as such, in part, is subject to the jurisdictional protection of that Government.

The WRD on the southern side of the gorge is located in the Metz Mining Centre and ANCOA is responsible for the management thereof.

Both dumps contain approximately the same levels of metal. The volume of the Metz WRD, for which ANCOA is responsible, is adequate for the quantity of material that is required to close TSF1. It is ANCOA's intention that the closure of TSF1 will commence during the commissioning of the Hillgrove Project using the Metz WRD material.

10.2.4. Haul Road

The areas which ANCOA intends to mine first are located within the Bakers Creek Gorge. The haul road from these mining areas to the plant is subject to rock falls (normally triggered by rain) which can close the road for short periods. While there is an alternate route for hauling ore, it is longer, and will result in increased cost and may result in a reduction in the rate of ore supply.

10.2.5. Marketing product

ANCOA plans to make concentrate on site. Its success is contingent on securing offtake or other agreements for the disposal of that concentrate (which cannot be traded on a metals exchange) with counterparties on reasonable terms. In principle non-binding agreement has been reached between Bullantco and several separate parties for the processing and offtake of the mine product. However, no assurance can be given that any such agreements will be consummated. If ANCOA cannot sell its concentrate products on suitable offtake or free on board terms or otherwise, or if there is a significant delay in being able to do so on suitable terms, then the Hillgrove Project may not be viable or it may be subject to significantly higher working capital requirements before it becomes cash flow positive (if ever).

Demand for antimony is likely to remain dependent on the level of demand for antimony trioxide from the flame retardants sector and antimony metal from the battery sector, which together accounted for ~80% of the antimony consumption in 2010. A fall in the demand for antimony for any reason can be expected to have an adverse financial impact on ANCOA. Roskill has identified certain downside risks to the price of antimony which are set out in the *Independent Market Report – Antimony* at section 15.

ANCOA's results will be sensitive to shifts in exchange rates and commodity pricing. ANCOA anticipates that the net price it receives for its concentrates will, broadly speaking, be determined by reference to prevailing metal prices after allowing for deductions for freight and concentrate treatment charges.

10.3 Other ANCOA Specific Risks

10.3.1. Shortage of Funding

The funds raised by the Offer will be used to pursue ANCOA's Objectives. ANCOA may require additional debt or equity funding (over and above the proceeds of the Offer) to: (A) meet costs which are: (i) not provided for in the use of funds table in section 7.5; or (ii) are unexpected; or (iii) the result of budget overrun; (B) cover the cashflow deficiency that may arise should a problem arise under an agreement for the sale of concentrate; (C) to meet debt service and redemption obligations in terms of the Connotes.

If ANCOA does not generate sufficient free cash flow from operations to cover these or any other matters, additional capital raisings will be required. ANCOA's ability to raise further capital, either equity or debt, within an acceptable time, of sufficient quantum and on terms acceptable to ANCOA will depend on innumerable factors, including:

a) prospectivity of projects (existing and/or future);
b) the results of exploration, subsequent feasibility studies, development, mining and processing;
c) stock market, financial market and industry conditions; and
d) the price of relevant commodities and exchange rates.

Any additional financing through share issues will (or instruments convertible into shares may) dilute shareholdings acquired under this prospectus. Debt financing may not be available to support the scope and extent of proposed developments. If available, it may impose restrictions on operating activities or anticipated expansion of ANCOA's operations.

No assurance is or could be given that future funding will be available to ANCOA on favourable terms, or at all. If adequate funds are not available on acceptable terms, ANCOA's ability to develop its projects and seize further opportunities may be stymied.

10.3.2. Renewal of Mining Operation Plan (MOP)

In December 2011 the current MOP would have expired but for the NSW Department of Primary Industries' agreement to allow care and maintenance operations to continue under that MOP. A revised MOP will be submitted for approval in accordance with standard industry practice before the restart of mining and processing. Whilst the Directors cannot pre-empt the action the regulator takes with respect to submittal, they expect approval to be forthcoming on a basis that does not delay or otherwise impede the implementation of ANCOA's plans.

10.3.3. Resource Estimations

The Mineral Resources and Mineral Reserves at the Hillgrove Project are planned to be revisited by ANCOA before any project recommencement and may change as a result of using revised cut-off grades based on prevailing costs and commodity prices.

10.3.4. No feasibility study

ANCOA does not have a feasibility study (preliminary, definitive, bankable or otherwise). The site has a relevant production history dating back to the 1960s, defined resources and reserves and existing plant, equipment and infrastructure. ANCOA has a planned program of works to commence after Completion of the Offer which, in the Board's opinion, is suitable to justify ANCOA pursuing the Objectives albeit this work is not expected to produce a study to a standard acceptable to a bank for the purpose of it providing finance as the risk assessment parameters of a bank can be expected to be different from those of an operator. Further information with respect to the status of the Hillgrove Project's ore reserves, mine scheduling, prior work undertaken by Straits and budgeted mining and processing costs is set out in sections 7 and 8 of the *Independent Technical Report* contained in section 16.

10.4 Industry Specific Risks

10.4.1. Commodity and Currency Price Volatility

Commodity prices are subject to influencing factors beyond the control of ANCOA and can be subject to significant fluctuations. Just some of these influencing factors include:

a) global demand, inventories, and supply capability;
b) the level of production costs in major commodity producing regions; or

c) expectations regarding inflation, interest rates, exchange rates, supply capacity and production potential.

Any significant and/or sustained fluctuation in exchange rates or commodity prices could have a materially adverse affect on ANCOA's operations and its financial position.

10.4.2. Native Title & Aboriginal Heritage - Aboriginal Sites of Significance

ANCOA's activities at the Hillgrove Project are subject to the Native Title Act and its interpretation.

The Native Title Act legally recognises that indigenous Australians may have certain rights and interests over areas where those rights have not been lawfully extinguished. State and Commonwealth native title legislation regulates the recognition, application and protection of native title. Native title may affect the status, renewal and conversion of existing tenements (especially exploration tenements) and the granting of new tenements. Indigenous land use agreements, including terms of compensation, heritage survey and protection agreements or other agreement types may need to be negotiated with affected parties.

The Native Title Act prescribes procedures applicable to the grant of tenements which may apply even in the case of, for instance, a granted exploration licence being "converted" to, say, a mining lease. Compensation may become payable in respect of any impact which the grant of any tenements or other activities have on native title. A tenement holder may be liable for the payment of compensation for the affect of mining and exploration activities on any native title rights and interests that exist in the area covered by a tenement. Compensation may be payable in forms other than money, including the transfer of property and the provision of goods and services.

As far as ANCOA is aware no compensation will be payable by ANCOA to native title holders in relation to any of the Tenements save as provided by the NTA. It is, however, impossible to foresee all the potential ramifications of the application of the Native Title Act to the operation of ANCOA.

There may be sites and objects of significance to indigenous Australians located on the land relating to ANCOA's tenements. State and Commonwealth Aboriginal heritage legislation aims to preserve and protect these sites and objects from use in a manner inconsistent with Aboriginal tradition. Any such sites may need to be avoided or their presence may result in delays being suffered by the operator. It is possible that areas containing mineralisation or an economic resource may also contain such sites, in which case they may remain undeveloped.

Native title, Aboriginal heritage or other indigenous matters are matters of substantial risk (giving rise to the threat that certain tenements may not be granted, access to certain tenements may be denied or delayed in addition to potentially significant cost exposure in respect of things such as negotiations, surveys, incentive payments and compensation to name but a few) as the legislative frame works provide torturous and frequently uncertain routes to the endeavour by stakeholders (including explorers/miners, indigenous peoples, NSW and the commonwealth) to attain certainty.

It is not possible to quantify the financial or other impact native title and Aboriginal heritage will have upon ANCOA as, amongst other things, the processes involved with:

a) identifying all and only the indigenous peoples with a relevant interest;
b) registering an indigenous land use agreement;
c) obtaining access to land without infringing the provisions of the Aboriginal heritage legislation;

are open ended, can involve substantial delay and cost and there can be no certainty as to the outcome with it being possible for projects to be entirely frustrated.

This could be the case, for instance, even in circumstances where:

a) a native title party consents to the grant of an exploration licence and assists the exploration endeavour thereon (and the discovery of an otherwise economic deposit);
b) ANCOA, in order to exploit that discovery, applies for a mining lease (or other required approval, consent, authority etc.) but such grant, approval, consent or authority is not forthcoming by reason of an objection by the same or another native title party.

10.4.3. Freehold Access

The interests of holders of freehold land encroached by the Tenements are governed by the laws of NSW. As a general proposition, a tenement holder must obtain the consent of the owner of freehold before conducting operations. There can be no assurance that ANCOA will secure rights to access those portions of the Tenements encroaching freehold land but, importantly, the grant of freehold extinguished native title so wherever the Tenements encroach freehold, ANCOA is in the position of not having to abide by the Native Title Act albeit aboriginal heritage matters will still be of concern. For more details see section 17 (Tenement Report).

10.4.4. Compliance Risk

ANCOA operates in a highly regulated industry and will be exposed to significant compliance delays and costs, which may increase if regulations change.

10.4.5. Reliance on Personnel

ANCOA, management team is detailed in section 8. The Board is aware of the need to have sufficient management to supervise properly all exploration and development. The Board will monitor management roles in ANCOA.

The Hillgrove Project will require additions to the management team. The Board will look to appoint additional management and/or consultants when and where appropriate to ensure proper management of its affairs. However, there is a risk that ANCOA may not be able to secure personnel with the relevant experience at the appropriate times or within anticipated cost parameters which may impact on ANCOA's ability to complete all of its preferred exploration programmes in its preferred timetable.

The responsibility of overseeing the day-to-day operations and the strategic management of ANCOA depends substantially on its Board. There can be no assurance given that there will be no detrimental impact on ANCOA if one or more of the Directors cease their directorship.

10.4.6. Development and Mining

Possible development of mining operations at the Hillgrove Project and any additional projects ANCOA acquires, will be subject to numerous risks. ANCOA's operations may be delayed or prevented as a result of weather conditions, mechanical difficulties, or shortage of technical expertise or equipment. There may be difficulties with obtaining government and/or third party approvals, operational difficulties encountered with extraction and production activities, unexpected shortages or increases in the price of consumables, plant and equipment, cost overruns or lack of access to required levels of funding to name but a few potential difficulties.

Operations may be curtailed or disrupted by a number of risks beyond its control such as environmental hazards, industrial accidents and disputes, technical failures, unusual or unexpected geological conditions, adverse weather conditions, fires, explosions and other accidents.

ANCOA's operations may be adversely affected by higher than anticipated ore treatment costs, worse than anticipated metallurgy, fluctuations in metal prices or lack of availability of smelter capacity.

No assurance can be given that ANCOA will achieve commercial viability through development of any of its projects.

10.4.7. Environmental Risks

Like any other mining operation in Australia, ANCOA's operations will be subject to statutory environmental regulations. An environmental bond of $3.9M has been calculated as part of the current Mining Operations Plan ("**MOP**"). Save to the extent of the bond, no allowance has been made in the budget for rehabilitation on the basis (which may prove to be wrong) that the amount the subject of the bond exceeds the provision in the accounts of HMPL for projected rehabilitation requirements. Whilst ANCOA has no reason to believe the provision is inadequate it has not formed a concluded view on the matter.

The observed propensity of some observers, commentators and media to make egregious unsubstantiated allegations based on plausible supposition can colour public opinion and enliven unjustified political and

regulatory attention to the activities of miners which can cause damage to miners for which there is no remedy (see also section 10.4.11 in relation to Increasing Australian Sovereign Risk).

10.4.8. Tenure and Access

The Tenements are located in New South Wales, and are subject to legislative requirements with respect to the processes for application, grant, conversion and renewal. Tenements are also subject to the payment of annual rent and the meeting of minimum annual expenditure commitments. There is no guarantee that any applications, conversions or renewals for ANCOA tenements will be granted. Any inability of ANCOA to meet rent and expenditure requirements may adversely affect the standing of its tenements. Further, the imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of ANCOA. Refer to section 17 for a detailed report into the Tenements.

10.4.9. Carbon Tax

The Australian Federal Government has passed a bill to impose a carbon tax. The implementation of a carbon tax and its terms will inevitably have an adverse impact on ANCOA's operations through increased electricity prices and energy costs if not more.

10.4.10. Mineral Resource Rent Tax and State Royalties

The rent-based tax on resources, to be known as the Mineral Resource Rent Tax ("**MRRT**") which was passed into law in March 2012 will apply from 1 July 2012.

The MRRT is to apply to the mining of iron ore and coal in Australia.

Although the MRRT is not currently disclosed by Government as being intended ultimately to extend to the mining of antimony or gold in Australia, an earlier version of the proposed tax did include such minerals and the Greens Party is advocating the extension of the tax to gold. The MRRT appears to the Directors to be the thin end of the wedge. In light of the risk set out in section 10.4.11 (Increasing Australian Sovereign Risk), ANCOA believes that, unless the MRRT is rescinded, the eventual extension of federal taxes to gold and antimony, at some time point, is inevitable.

Moreover, the introduction of a new tax at federal level, in addition to existing state royalties, also increases the risk of disputes between federal and state governments about how to share the government revenues from mining (as, previously, mineral ownership and direct, government revenues therefrom, were solely within the jurisdiction of state governments). There is a risk that mining and exploration companies could be adversely affected by such disputes.

There is a risk that either of the Federal or New South Wales Governments may seek to introduce further, or increase existing, mineral production taxes and royalties (for example, although the Hillgrove Project is not affected, the NSW government announced, in September 2011, a proposed increase to coal royalties). Such matters may have a material adverse effect on the Hillgrove Project or ANCOA.

10.4.11. Increasing Australian Sovereign Risk

ANCOA believes that recent taxation and policy changes (formal or otherwise) announced or implemented by State, and particularly, the federal levels of Australian governments since 2010 (including the matters set out in sections 10.4.9 and 10.4.10) represent an increasing trend and/or influence of Australian governments, political parties and/or individual politicians seeking to:

a) mitigate the government's weak fiscal capability, economically destructive policies and/or incompetent implementation activities by increasing mining royalties or imposing new taxes (including mining taxes); and/or

b) react to contemporary domestic issues with unjust or ill-conceived responses (often prematurely, without the government observing due and proper process); and/or

c) pursue environmental, socialist and/or nationalist-inspired ideological or political objectives.

In particular, ANCOA believes that the increasing influence of the Greens political party represents a heightened sovereign risk. If the Greens' influence is maintained or increases, ANCOA believes that will, to a significant degree, contribute to a major adverse shift in local and foreign perceptions regarding Australia's sovereign risk profile.

Possible sovereign risks include, without limitation, changes in the terms of mining legislation, changes to royalty arrangements, changes to taxation rates and concessions, and changes in the ability to enforce legal rights. Any of these factors may adversely affect the financial performance of ANCOA and the market price of its securities. No assurance can be given regarding future stability in Australia or NSW.

10.4.12. Exploration Risk

Exploration is inherently associated with risk. Notwithstanding the experience, knowledge and careful evaluation ANCOA brings to exploration, development and mining there is no assurance that additional recoverable mineral resources will be identified at the Hillgrove Project. Even if identified, other factors such as technical difficulties, geological conditions, adverse changes in government policy or legislation or lack of access to sufficient funding may mean that the resource is not economically recoverable or may otherwise preclude ANCOA from exploiting the resource.

10.5 General, Economic and Political Conditions

The value of ANCOA's securities is likely to fluctuate depending on various factors including, but not limited to: (a) inflation, (b) interest rates, (c) domestic and international economic growth, (d) changes to taxation legislation, interpretation and policies, (e) legislative change, (f) political stability, (g) disasters, (h) industrial disputes, (i) social unrest, (j) war on a local or global scale, (k) mining industry conditions, (l) stock market conditions in Australia and elsewhere, (m) changes in investor sentiment towards particular market sectors, (n) acts of God, (o) acts of terrorism, (p) potential actual or anticipated variations in ANCOA's operating results, (q) adverse publicity, (r) adverse attitudes and opinions of members or representatives of the community, government or parliament, and (s) concerns in global markets (or responses thereto) regarding the state of sovereign debt in various jurisdictions and unions.

11. MATERIAL AGREEMENTS

ANCOA has entered or will enter into various agreements (collectively "**Material Agreements**") which the Directors regard as being material and required to be disclosed or as being of sufficient interest to potential investors to justify disclosure in this prospectus. Particulars of those Material Agreements that have not, in the opinion of the Board, been adequately disclosed elsewhere herein (see section 9), appear later in this section.

By subscribing for securities offered by this prospectus, you acknowledge that you:

a) have been afforded the opportunity to review the Material Agreements (they may be inspected at the registered office of ANCOA during normal business hours on reasonable prior request of the company secretary) and to take independent advice with respect thereto; and

b) approve ANCOA being a party to each of the Material Agreements.

The summaries/commentaries below and at section 9 are not exhaustive as to the terms and effect of the Material Agreements but rather reflect what the Board (in its view) regards as being material in terms of assessing the Offer or the operations of ANCOA or otherwise as are or may be relevant to an investor who is contemplating the Offer.

To understand the full effect of the Material Agreements it is necessary to read them in full.

11.1 Hillgrove Sale Agreement

Pursuant to an agreement styled "Share Sale Agreement – Hillgrove" ("**SSA**" or "**Hillgrove Sale Agreement**"), dated 8 February 2012, between ANCOA, Straits Resources, Straits Gold (as **Seller**), HMPL and Bullantco (as the Buyer), the Seller agreed to sell and Bullantco agreed to purchase the entire issued capital ("**Sale Shares**") of HMPL (the manager/owner/operator of the Hillgrove Project) on the terms and bases detailed in this section 11.1.

Under the SSA, Straits Resources guarantees the performance and observance by the Seller of all the obligations and liabilities of the Seller under the SSA.

HMPL owns and, at completion ("**Completion**") of the sale and purchase under the SSA, will own the following assets ("**Hillgrove Assets**") which, collectively, comprise the Hillgrove Project, namely: (a) the Tenements; (b) mining information; (c) business records; (d) plant and equipment; (e) business intellectual property; (f) 31 freehold and 15 leasehold properties located in the County of Sandon, NSW; (g) all ore, minerals and metals situated on the Tenements or in transit owned by HMPL at Completion; (h) software licences and maintenance contracts; and (i) other assets of HMPL as inspected by ANCOA on 6 December 2011.

The SSA is conditional on Completion being effected by 31 March 2012 PROVIDED THAT if Completion is not effected by that date ANCOA may elect to extend that date by one month upon giving Straits notice in that regard and paying the sum of $200,000. Completion is to occur on a date nominated by ANCOA and is intended to be no later than the date on which ANCOA is Re-quoted.

Bullantco will acquire HMPL as the holder (owner) of the Assets. ANCOA and Bullantco accept that HMPL will (in essence) hold the Assets at the time of Completion in the state and condition in which they were when ANCOA and Bullantco inspected them on 6 December 2011. Each of ANCOA and Bullantco agree that it is satisfied as to the value of the Sale Shares and the economic and other aspects of the project and accepts all risks associated with recommencing production.

Bullantco paid the Seller a deposit of $50,000 ("**Deposit**") on signing the SSA and, on Completion, will pay the Seller the "**Purchase Price**" of $40M. The payment is to be effected in cash as to a minimum of $10M and as to the balance of $30M in cash, Shares (at the Issue Price) or Connotes (or a combination of any thereof) as Bullantco elects. If Connotes are issued in part satisfaction of the Purchase Price then ANCOA's obligations in respect thereof must be secured by the Share Pledge; the terms of the instruments to evidence the terms of the Connotes and the Share Pledge are summarised below.

The SSA requires ANCOA to offer to allocate Shares under the Offer to applicants ("**Straits Shareholders**") who, at the date of this prospectus, are registered as Straits' shareholders with an address in Australia (and any other jurisdiction approved by ANCOA) limited however to a maximum of $15M worth (50,000,000) of Shares.

Until Completion, the Seller must ensure that HMPL manages and conducts the Hillgrove Project materially in accordance with a care and maintenance budget agreed for that purpose. ANCOA and Straits will enter a transitional services agreement pursuant to which certain administrative functions of HMPL will be undertaken by Straits for a 3 month (extendable to 6 month) handover period following Completion.

Under the SSA, the Seller provides ANCOA/Bullantco with standard warranties including in relation to the Sale Shares, the Tenements, the Assets and the financial position of HMPL. The rights of recourse of Bullantco under these warranties is substantially limited as the warranties are subject to a number of limitations and qualifications and a detailed procedure must be followed in order for Bullantco to make any claims against the Seller for breach of the warranties. The limitations and qualifications on the Seller's liability under the SSA include:

a) the Seller having no liability for a breach of warranty:
   - unless the aggregate amount of the warranty claims exceeds $50,000;
   - unless notice of the warranty claim is given in good faith in accordance with the SSA within 12 months after the date of this prospectus;
   - if such notice is given, then unless either the Seller admits the warranty claim, the warranty claim is settled between the Seller and Bullantco or Bullantco institutes and serves legal proceedings on the Seller in respect of the warranty claim within 24 months after the date of this prospectus;
   - if the warranty claim is as a result of or in respect of any legislation not in force at the date of execution of the SSA;
   - if the warranty claim is increased as a result of action taken or not taken by the Seller after consultation with and with the prior written approval of ANCOA/Bullantco; or
   - to the extent that the fact, matter or circumstance giving rise to the warranty claim was known to ANCOA/Bullantco before Completion; and
b) ANCOA/Bullantco having no right to make a claim:
   - where the claim is based on a fact, matter or circumstance which was disclosed or recorded in the disclosure material provided by the Seller to ANCOA/Bullantco prior to execution of the SSA or was capable of being discovered by searching certain public records specified in the SSA;
   - to the extent that a claim is based on a forecast, estimate, projection or opinion as to the future given by the Seller or any person acting or purporting to act on its behalf;
   - to the extent that a claim is in respect of the water spillage, water treatment or H_2S odour issues which have given rise to neighbouring landholder complaints; or
   - for any exemplary or punitive loss or any indirect or consequential loss.

The maximum aggregate liability of the Seller and Straits Resources to ANCOA/Bullantco for any breach of the SSA, under the warranties or an indemnity in the SSA, at law, in equity or otherwise is limited to, and will in no event exceed, the amount of cash paid to discharge the Purchase Price.

If, between the date of the SSA and Completion a fact, matter or circumstance arises which gives or is likely to give rise to a claim for breach of warranty under the SSA, ANCOA/Bullantco can elect to either proceed to Completion or to terminate the SSA. If ANCOA/Bullantco elects to proceed to Completion then it will not be entitled to make a claim that arises from that fact, matter or circumstance.

Under the SSA:
a) ANCOA/Bullantco indemnifies the Seller and each of its related bodies corporate and their respective agents and advisers from and against any liability under or in connection with this prospectus;

b) ANCOA/Bullantco is to procure the release of each person who has given a bond (being tenement bonds aggregating ~$4M) and indemnify the Seller and other such persons from any liability arising out of the bonds or guarantees provided by the Seller or such persons which relates to events occurring after Completion;

c) the Seller indemnifies ANCOA/Bullantco and HMPL against any claim in relation to tax in respect of HMPL to the extent it arises from income, profits or gains earned, received or arising on or before Completion or is attributable to any event occurring on or before Completion; and

d) the Seller indemnifies ANCOA/Bullantco and HMPL against any claim against HMPL in respect of any GST which ANCOA/Bullantco or HMPL is liable to pay as a result of any supply under the SSA or as a result of HMPL having been a member of a GST group or joint venture at any time prior to Completion.

If Shares are issued in part satisfaction of the Purchase Price and if the Seller, at any time, wishes to sell, transfer or assign any such shares (other than to a related entity), it must use its best endeavours to consult with ANCOA, including allowing ANCOA to introduce potential buyers of such Shares, and must give ANCOA the right to find a buyer within 10 business days to match any price indication received by the Seller for such Shares. If any Shares are dealt to a related party such related party must assume the obligation to be bound by the Seller's obligations as they would have existed but for the dealing to the related party

If Connotes are issued in part satisfaction of the Purchase Price, then ANCOA has a call option exercisable at any time and from time to time during the period ending 12 months from the date of issue of the Connotes, to nominate a party(s) (to an aggregate number of parties not to exceed 5) to purchase any Connotes held by the nominee of Straits Gold, Straits Mineral Investments Pty Ltd, at their face value PROVIDED THAT prior to Completion (of the sale and purchase under the SSA) the Seller may elect to exclude up to $10M (face value) of Connotes from the call option.

The SSA may be terminated on various bases.

If the SSA is validly terminated prior to Completion then all offers under this prospectus will be abandoned and all application monies received by ANCOA hereunder will be returned (but without interest).

11.2 Connote instrument

The principal terms upon which the Connotes (if any) will be issued are summarised at section 5 (subheading *The Project Acquisition Consideration & Connotes*) and the full terms will be recorded in an instrument (to be headed "Terms and Conditions of Convertible Notes issued by ANCOA NL") in the form of the instrument which is deemed to be incorporated by reference into this prospectus in accordance with section 712 of the Corporations Act. A copy of that instrument can be obtained from ANCOA's website (www.ancoa.com.au), its registered office at no cost, or from ASIC.

11.3 Share Pledge

The obligations of ANCOA in respect of the Connotes (if any) will be secured by a mortgage over the issued capital of HMPL on the terms to be recorded in an instrument (to be headed "Memorandum of Pledge") which is deemed to be incorporated by reference into this prospectus in accordance with section 712 of the Corporations Act. A copy of that instrument can be obtained from ANCOA's website (www.ancoa.com.au), its registered office at no cost, or from ASIC.

The Pledge permits ANCOA to subordinate the security rights of the Connote holder in favour of any financier(s) to the extent that the amount secured in favour of the financier(s) is less than half the fair market value of the HMPL shares or does not exceed $20M.

The Pledge will be "assigned" pro rata to follow/run with any parcels of Connotes assigned.

11.4 Contingent Entitlement Share Trust Deed

The Contingent Entitlement Shares will be issued to a **Trustee** (a corporation to be nominated for the purpose by ANCOA). ANCOA will cause the Trustee to execute a declaration of trust (**Trust Deed**) under which it declares it will hold the Contingent Entitlement Shares on the trusts there established, the effect of which is detailed below.

Each shareholder with at least 7,000 Shares as at a date or dates to be nominated by the Board (being around the date of either or between the dates of this prospectus and the date of Completion of the Offer) will be an Eligible Shareholder as will each person issued shares under the Offer (collectively **Eligible Shareholders)**.

An Eligible Shareholder will qualify to participate (for no consideration) in the pool of Contingent Entitlement Shares.

Under the Trust deed, the Trustee will hold the Contingent Entitlement Shares until the date (**Qualifying Date**) being the later of the first anniversary of the Re-quotation Date or, if ASX imposes Restrictions in respect of any securities as a condition to Re-quotation, the date those Restrictions cease to apply plus 21 days. ASX is not expected to impose any Restrictions.

An Eligible Shareholder will only qualify to participate (and thereby become a **Qualifying Shareholder**) by holding Shares on the first Business Day (as defined in the ASX Listing Rules) following the Qualifying Date.

Under the Trust Deed the Trustee must distribute the Contingent Entitlement Shares to Qualifying Shareholders on a pro rata basis in accordance with the following formula:

A divided by B times C = X

Where:
A is the number of Shares held by a Qualifying Shareholder as at the Qualifying Date;

B is the total number of Shares held by all of the Qualifying Shareholders as at the Qualifying Date;

C is the total number of Contingent Entitlement Shares; and

X is the number of Contingent Entitlement Shares to which the Qualifying Shareholder is entitled on the Qualifying Date.

By way of illustration only, assuming (i) $60M is raised under the Offer; (ii) no options are exercised; (iii) ANCOA does not issue any securities other than to acquire Bullantco; (iv) every shareholder is an Eligible Shareholder and becomes a Qualifying Shareholder, then the participation ratio will be 1 Contingent Entitlement Share for every 3.4 Shares held at the Qualifying Date.

If less than all Eligible Shareholders become Qualifying Shareholders but the other assumptions above remain, the ratio will change. For example, if at the Qualifying Date only 100M shares are held by Qualifying Shareholders, then the ratio will be 1 Contingent Entitlement Share for every 1.33 Shares held by the Qualifying Shareholder.

For the avoidance of doubt, whilst an Eligible Shareholder need not hold the same shares at the Qualifying Date as at the date the shareholder becomes an Eligible Shareholder, ANCOA's share register must reflect that the Eligible Shareholder is also a Qualifying Shareholder – even the smallest change in the registration details of an Eligible Shareholder will jeopardise recognition of an entity as a Qualifying Shareholder – no disputes will be entered and the Board will accept its Registrar's advice in the matter based on the face of the record represented by ANCOA's registry.

11.5 Native Title Agreement and Subsequent Assignment

Hillgrove Gold NL (ACN 004 297 116) ("**HGNL**") and its subsidiaries, New England Antimony Mines NL (ACN 005 482 940) and Centfield Mining Pty Ltd (010 592 284), for their respective assigns (collectively the "**NTA Area Holder**") entered an agreement ("**NTA"**) dated September 1998 with Ray Kelly acting for and on behalf of the Dunghutti People, Steve Widders acting for and on behalf of the Anaiwain People and Larry Kelly acting for and on behalf of the Gumbayngirr People (**"Aboriginal Peoples"**), and the NSW Aboriginal Land Council.

On 14 March 1997, some of the Aboriginal People lodged an application ("**Application**") for the determination of Native Title (being Native Title Claim Number NC97/5 and Federal Court number NSD6058/98) under the Native Title Act 1993 (Cth) ("**the Act**") over an area of land ("**NTA Area**") in respect of which HGNL or its subsidiaries sought the grant of Mining Lease applications 141, 195 and 216 ("**Mining Leases**" which expression includes renewals and titles applied for/granted in substitution), and Exploration Licence 5260 ("**Exploration Licence**" which expression includes renewals and titles applied for/granted in substitution).

The Mining Leases and the Exploration Licence (collectively referred to as the "**NTA tenements**") are among the Tenements.

The purpose of the NTA, from the perspective of the NTA Area Holder, was to (and it did thereby) secure the consent of the registered native title claimants (within the meaning and for the purposes of the Act) to: (i) the expedited grant of the NTA Tenements; and (ii) certain future acts (within the meaning of the Act) including securing all titles, permits and consents required to facilitate exploration for, and the development, construction, operation, decommissioning and rehabilitation of any mine to recover minerals from the NTA Area.

The Application was not accepted for registration (under the Act) as it failed the registration test when that test was applied on 21 April 1999 and thus the Application lapsed. No admission is made in the NTA that any of the Aboriginal Peoples have any native title rights in respect of the land the subject of the NTA Tenements.

The Aboriginal People agreed to: (i) assist NTA Area Holder to obtain titles and approvals associated with the NTA tenements and enjoy its rights as the holder thereof including to mine the NTA Area; (ii) refrain from any act or bringing any claim against NTA Area Holder that may hinder NTA Area Holder's rights as the holder of the NTA tenements – indeed the Aboriginal Peoples went further and recorded their agreement to use best endeavours to obtain all permissions, approvals etc required to enable the NTA Area Holder to explore for minerals, construct, develop and operate mines of deposits within the NTA Area and undertake rehabilitation thereof; (iii) not bring any claim, action, suit, or other proceeding for the purpose of claiming ownership of any minerals in the NTA Area and, if any such right be found to exist in any event, not to seek any monies (whether in the nature of royalty, compensation, privilege or otherwise) in respect of minerals recovered from the NTA Area; (iv) accept (including purportedly on behalf of any and all native title holders) the terms of the NTA in full satisfaction of (and released NTA Area Holder from) any and all compensation payable in respect of native title (or otherwise) for the granting or doing of things contemplated by the NTA; (v) indemnify the NTA Area Holder (limited however to the extent of monies otherwise payable by the NTA Area Holder under the NTA) from and against the matters referred to in (iv).

Under threat of injunction (but not damages) in the event of breach, the NTA requires the NTA Area Holder to (i) comply with an Aboriginal Heritage Protection Protocol (in the form attached to the NTA); (ii) certain environmental standards; and (iii) allow the Aboriginal Peoples access to the NTA Area for traditional purposes.

NTA Area Holder must pay $50,000 ("**Trust Money"**) into a trust fund at the end of each year during which it undertakes any activities ("**Mining Operations"**) associated with or related to the process of winning ore from the NTA Area but excluding downstream activities (or, if the NTA Area Holder suspends Mining Operations part way through a year, then it shall pay the Trust Money on a pro rata basis up to the date it notifies the other parties to the NTA of the suspension of Mining Operations).

The benefits provided by HGNL under the NTA are in full and final satisfaction of any and all compensation that may be payable to the Aboriginal Peoples with respect to future acts (or otherwise) the NTA Tenements.

By a deed dated 31 October 2002 HGNL (subject to a DOCA)(receivers and managers appointed) (ACN 004 297 116), New England Antimony Mines NL (subject to a DOCA)(receivers and managers appointed) (ACN 005 482 940) and Centfield Mining Pty Limited (ACN 010 592 284) assigned the interests of the

NTA Area Holder under the NTA to HMPL (then called Antimony Resources Australia Pty Ltd) and HMPL assumed the obligations and liabilities of the NTA Area Holder under the NTA.

By a Deed of Variation dated 25 July 2007 ("**Variation Deed**") the NTA was varied: (i) by replacing the New South Wales Aboriginal Land Council as a party with New South Wales Native Title Services Ltd and John Kelly on behalf of the Dunghutti People for Ray Kelly; and (ii) to provide that the payment of $45,000 (recovered by the Administrators of HGNL and held in trust by lawyers acting on behalf of the Aboriginal Peoples) by HGNL in the manner provided by the Variation Deed fully satisfied, to the date of the Variation Deed, all obligations and liabilities on the part of HGNL (and its successors) to make payments to the Aboriginal Peoples pursuant to the NTA; (iii) to record that mining leases 1440, 1441, and 1442 were the Mining Leases.

By letter dated 23 September 2009, the Native Title Services Corporation ("**NTSC**"), acting on behalf of the Native Title Claimants, advised Straits that it understood that following a period of suspension, mining operations were resumed by Straits in the NTA Area and accordingly had been instructed to seek advice in relation to the payment of "...monies due under the Agreement.". In the same letter, the NTSC advised it understood that the processing of antimony "...has again been suspended for a further period as outlined by Straits' letter to the ASX dated 18 August 2009."

In October 2009 Straits notified the NTSC, acting on behalf of the Native Title Claimants, that it had not mined ore for processing from the NTA Area.

No further claims were made by NTSC to Straits.

The NTA requires the payment of Trust Money to the Native Title Claimants representative only when mining activities are being conducted on the Tenements. When mining activities are suspended, the obligation to pay the Trust Money is also suspended.

There is no current obligation under the NTA to pay the Trust Money to the Native Title Claimants until such time as mining operations recommence on the Tenements.

From what appears to be legacy drafting in the NTA, some aspects of it may require judicial interpretation wherein extrinsic evidence may be required by a court to determine the meaning and effect of the NTA. In the result, aspects of this summary could be challenged but nothing in this summary is to be construed to be an admission against interest by or to be used against ANCOA in the event of dispute between it (as NTA Area Holder) and the other parties to the NTA.

11.6 Agreements with related parties

Refer to section 9 for a summary of the Material Agreements with related parties of ANCOA.

11.7 Master Agreement

By an agreement (Master Agreement) between ANCOA, Bullantco, Steemson, Thomas, Sakalidis and Thomson, ANCOA agreed to make and Bullantco agreed to recommend its shareholders accept a scrip for scrip offer for all the shares in Bullantco on the terms governed by the Master Agreement (reflected in the Scrip for Scrip Offers the terms of which are detailed below).

It is a condition of the Offer that the acquisition of Bullantco must be completed in terms of the Scrip for Scrip Offers.

Other relevant material terms of the Master Agreement are:

- ANCOA is to bear all costs of implementing the Transaction;
- ANCOA enters the Transaction on a where-is-as-is basis in reliance upon its own inspection, enquiries, investigation and searches.

11.8 Scrip for scrip offers

Pursuant to the Master Agreement, ANCOA has offered to acquire, on a scrip for scrip basis, the entire issued capital of Bullantco subject to various conditions being satisfied or waived.

Under the scrip for scrip offers, before any Shares are issued under this prospectus, ANCOA will issue 27,500,000 Shares in exchange for the entire issued capital of Bullantco.

There are various conditions precedent and subsequent which, for presently relevant purposes, include each Bullantco shareholder accepting the scrip-for-scrip offer, all approvals required by the Corporations Act and the ASX Listing Rules being obtained by each of ANCOA and Bullantco separately (including the Resolutions being passed).

The issue of all the Shares for the purchase of Bullantco is conditional upon ANCOA raising the minimum subscription under this prospectus as the agreement provides for ANCOA to fund: (i) Bullantco's obligations under the SSA; (ii) the planned refurbishment of the existing plant at Hillgrove; and (iii) the purchase of new mining equipment in accordance with the plan submitted by Bullantco and adopted by ANCOA with a view to recommencing mining and processing activities.

The completion of the purchase of all Bullantco's shares (by ANCOA) is to occur before Bullantco acquires HMPL (but the agreement requires that Bullantco will then be in a position to, and will immediately, complete the acquisition).

Each of the contracts coming into being upon acceptance of a scrip for scrip offer may be terminated without penalty if the All Ordinaries Index falls below 3600.

Only Messrs Thomas and Steemson give warranties other than in relation to the shares in Bullantco being sold by them – and even then ANCOA's claims for a breach of those warranties is very limited given ANCOA entered the agreement on a where-is-as-is basis in reliance upon its own inspection, enquiries, investigation and searches.

11.9 Lead Manager Agreement

Refer to section 6.8 for a summary of this agreement.

11.10 Serviced Office Agreement

Image Resources NL provides ANCOA with serviced offices (on a non-exclusive basis) and one half of the time of one secretary engaged for not less than 30 hours per week) for a fixed fee of $7,500 per month plus GST. The agreement is terminable at will by either party on one month's notice.

On Completion of the Offer ANCOA will decide if to terminate this agreement.

12. CONSTITUTION AND TERMS OF SECURITIES

12.1 Constitution

ANCOA's Constitution is deemed to be incorporated by reference into this prospectus in accordance with section 712 of the Corporations Act. A copy of the Constitution can be obtained from ANCOA's website (www.ancoa.com.au) or its registered office at no cost, or from ASIC.

A constitution has the effect of a contract between ANCOA and each member, between ANCOA and each director and company secretary, and between a member and each other member under which each of those persons agrees to observe and perform the provisions of the constitution as far as those provisions apply to that person. A company's constitution can only be altered by a special resolution (being a resolution passed by at least 75% of the votes cast by members entitled to vote on the resolution).

The Constitution deals with such matters as the rights conferred and obligations imposed by shares, transfer of shares, alterations of share capital, share buy-backs, disposal of small shareholdings (being parcels of shareholdings with a market value less than that an amount prescribed under the Listing Rules - $500 as at the date of this prospectus), variation of class rights, meetings of shareholders, polls, appointment and removal of directors, remuneration of directors and the Listing Rules. Some of these matters are summarised in section 12.2.

A no liability company has the following distinguishing characteristics:

a) a holder of shares in a no liability company has (as the name suggests) no liability to pay up any amount unpaid on the shares, either while ANCOA is a going concern or in its winding up;

b) a shareholder can elect to pay a call. If a shareholder does not pay a call as and when due, the shares the subject of the call will be forfeited;

c) only a company whose constitution states that its sole objects are mining purposes can be a no liability type of company.

"Mining purposes" are defined to include the following: (1) prospecting for ores, metals or minerals; (2) obtaining, by any mode or method, ores, metals or minerals; (3) the sale or other disposal of ores, metals, minerals or other products of mining; and (4) the carrying on of any business or activity necessary for, or incidental to, any of the foregoing purposes. Quarrying operations for the sole purpose of obtaining stone for building, road making or similar purposes are specifically excluded from the definition.

Where shares are issued as partly paid, Directors may, subject to the terms of issue, make calls upon holders of those shares to pay the whole of or a portion of the balance of the issue price. If a shareholder fails to pay a call (including a call for an instalment on account of the amount unpaid), then, subject to the Corporations Act, ASX Listing Rules, the Constitution, and the terms on which the shares were issued, the shares the subject of the call will be forfeited but the shareholder cannot be made to pay the call.

12.2 Rights Attaching to Shares

All Shares to be issued pursuant to this prospectus will be issued as fully paid ordinary shares in the capital of ANCOA and will rank equally with existing fully paid ordinary Shares currently on issue. The rights attaching to Shares are set out in ANCOA's Constitution and, in certain circumstances, are regulated by the Corporations Act, the Listing Rules and general law.

The following is a broad (non-exhaustive) summary of some of the more significant rights, restrictions and liabilities attaching to Shares in ANCOA:

12.2.1. General Meeting

Each member is entitled to receive notice of, and to attend and vote at, general meetings of ANCOA and to receive documents required to be sent to members under ANCOA's Constitution, the Corporations Act or the Listing Rules.

12.2.2. Voting

Subject to any special rights or restrictions for the time being attached to any class or classes of shares, at a general meeting every shareholder present in person or by proxy, representative or attorney has: a) on a show of hands, one vote; and b) on a poll, one vote for each fully paid share held and in respect of a partly

paid share, a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price.

12.2.3. Issues of Further Shares

The Directors may, on behalf of ANCOA, issue, grant options over or otherwise dispose of unissued Shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by ANCOA's Constitution, the Corporations Act or the Listing Rules and any rights for the time being attached to any special classes of shares.

12.2.4. Variation of Rights

Where shares of different classes are issued, the rights attaching to the shares of a class can thereafter only be varied by a special resolution passed at a general meeting of holders of the shares of that class, or with the written consent of holders of at least three quarters of the issued shares of that class.

12.2.5. Transfer of Shares

Subject to ANCOA's Constitution, the Corporations Act, the ASTC Settlement Rules and the Listing Rules, ordinary Shares are freely transferable.

12.2.6. Dividends

Subject to the rights of shares issued with any special or preferential rights, any profits of ANCOA, which ANCOA from time to time distributes by way of dividend, will be divisible amongst the shareholders in proportion to the shares and, subject to the rights of persons entitled to shares with special rights as to dividend, all dividends are apportioned and paid proportionately to the amounts paid or credited as paid on the shares.

12.2.7. Winding Up

Subject to the rights of holders of shares with special rights, on the winding up of ANCOA, assets which may be legally distributed amongst shareholders will be distributed in proportion to the shares held by them, irrespective of the amount paid up or credited as paid up on a share.

12.3 Connote terms

See section 11.2 Connote instrument details of the terms of the Connotes.

12.4 Terms of Contingent Entitlement Shares

The Contingent Entitlement Shares (which are contributing (or partly paid shares) and in this Section are referred to as "**Contributing Shares**") will rank equally with all Shares (being ordinary fully paid shares) on issue subject to the following:

Amounts paid & unpaid:	Each Contributing Share: a) is issued in consideration of the sum of $0.0000001; and b) has an unpaid amount of a further $0.45.
No liability:	Holders have no obligation to meet a call made by ANCOA; however, non-payment of a properly made call will result in the forfeiture of the relevant Contributing Shares.
Earliest Call:	ANCOA shall not make a Call unless the day on which the call is made falls after the 4th anniversary of the [Re-quotation Date].
Capital re-organisation:	If there is a re-organisation of the issued capital of ANCOA (including, but not limited to, a consolidation, subdivision, cancellation, reduction or return of capital): a) the number of Contributing Shares must be reorganised in the same proportion as all other classes of shares on issue; and b) the re-organisation must not involve a cancellation or reduction of the total amount payable and unpaid by holders of Contributing Shares.

Rights:	Irrespective of whether ANCOA has made a call ("**Call"**) for the payment of all or any of the unpaid amount, each Contributing Share: a) carries the right to participate in new issues (except bonus issues) of securities made to holders of ordinary fully paid shares ("**Shares"**) on the same basis as holders of Shares; b) carries the right to participate in bonus issues of securities in the proportion which the amount paid (not credited) bears to the total of the amounts paid and payable and each holder ("**Holder"**) of a Contributing Share will be notified by ANCOA of any proposed bonus issue of securities at least 14 days prior to the record date for any such issue; c) entitles the Holder to (i) exercise voting rights on a pro-rata basis in the proportion which the amount (or, if applicable, aggregate of amounts) paid bears to the total of the amounts paid and payable; and (ii) fully participate in dividends as if the contributing shares were fully paid; d) is freely transferable; e) upon being paid up in full shall rank equally in all respects with all Shares then on issue and ANCOA shall promptly apply for them to be listed on the ASX (and each or any other exchange on which shares of ANCOA are traded).
Payment before a Call:	A Holder may pay up the whole of the amount remaining unpaid at any time PROVIDED THAT they may only do so in parcels: a) of not less than 50,000; or b) of less than 50,000 if the parcel has been held by the holder since its issue, it represents the holder's entire holding of Contributing Shares and the holder has not previously paid up any Contributing Shares; otherwise no amount unpaid may be paid in advance of a Call without the leave of the Board (which leave may be granted with or without reason and either with or without conditions) - the Board shall have no obligation to consider any application for leave. ANCOA shall not be obliged to process payments without a Call more than once every three months.
	Subject to the foregoing, if a Holder tenders all or part of the amount remaining unpaid on a) Contributing Share other than in satisfaction of a Call: a) the rights attaching to the Contributing Share will not change (including the amounts paid and unpaid); and b) the amount tendered will, at the election of ANCOA, either be returned or retained as a non interest bearing loan repayable only upon and to the extent of a Call being made then the repayment shall be made by ANCOA to itself in satisfaction of the Call to that extent.
Listing of Contributing Shares:	ANCOA may apply to list the Contributing Shares at its election and shall do so upon request in that regard being made by a Holder(s) of 5% or more of the outstanding Contributing Shares PROVIDED THAT the conditions to listing the same (save for the application that they be listed) have been met.

Compliance with Listing Rules:	For so long as ANCOA is admitted to the official list of ASX, the following paramount provisions will apply: a) notwithstanding anything contained in these terms of issue, if the ASX listing rules (in the form and context in which they exist as at the Re-quotation Date) ("**Existing Rules**") prohibit an act from being done, the act shall not be done; b) nothing contained in these terms of issue prevent an act being done that the Existing Rules require to be done; c) if the Existing Rules require an act to be done or not be done, authority is given for that act to be done or not done as the case may be; d) if the Existing Rules require these terms of issue to contain a provision and it does not contain such a provision, these terms of issue are deemed to contain such a provision; e) if the Existing Rules require these terms of issue not to contain a provision and it contains such a provision, these terms of issue are deemed not to contain that provision; and f) if any provision of these terms of issue is inconsistent with the Existing Rules, these terms of issue are deemed not to contain that provision to the extent of the inconsistency.
Interpretation:	The Contributing Shares are subject to the terms of the Constitution but if there is any inconsistency between the Constitution and these terms of issue, then to the maximum extent permitted by law, these terms of issue will prevail.

12.5 Employee Share Option Scheme

ANCOA proposes to adopt a new employee share options scheme at its next annual general meeting.

13. ADDITIONAL INFORMATION

13.1 ASX releases by ANCOA incorporated by reference

The releases to the ASX made by ANCOA and listed in the table below are hereby incorporated by reference into this prospectus in accordance with section 712 of the Corporations Act. A copy of those ASX releases can be obtained from ANCOA's website (www.ancoa.com.au) or its registered office at no cost, or from ASIC.

31/01/2012	Quarterly Activities Report
31/01/2012	Quarterly Cashflow Report
30/09/2011	Annual Report to shareholders

If there be any inconsistency between a statement appearing in any of the above releases and any statement appearing in this prospectus then this prospectus shall prevail to the extent of that inconsistency.

13.2 Tax Status and Financial Year

ANCOA is liable to tax in Australia as a public company. The financial year of ANCOA ends on 30 June.

13.3 Corporate Governance

ANCOA has a corporate governance policy. It will adopt amendments thereto as from the Re-quotation Date. A copy of the existing and the amended corporate governance policies can be obtained from ANCOA's website (www.ancoa.com.au).

The corporate governance policy is a framework of rules, relationships, systems and processes within and by which authority is, as a matter of policy, to be exercised and controlled within ANCOA. It deals with such matters as Board charters, audit, remuneration and nomination policies and committees, code of conduct, and policies and rules relating to securities trading, risk management, shareholder communications, occupational health and safety, corporate environmental and social responsibility, whistleblowers and diversity.

ANCOA has considered the Corporate Governance Principles and Recommendations (2nd Edition with 2010 amendments) ("**Recommendations**") as published by ASX Corporate Governance Council ("**ASXGC Council**"). That council's ongoing mission is to ensure that the principles-based framework it developed for corporate governance continues to be a practical guide for listed companies, their investors and the wider Australian community. The Recommendations document, as at 24 October 2011, appeared on the ASX website: http://www.asx.com.au.

As at the date of this prospectus, the corporate governance practices of ANCOA are compliant with the Recommendations except to the extent indicated in the **"If not, why not?"** report set forth in its 2011 Annual Report.

The corporate governance practices which ANCOA will adopt as from the Re-quotation Date are compliant with the Recommendations except to the extent indicated in the **"If not, why not?"** report below.

ANCOA has resolved that for so long as it is admitted to the official lists of the ASX it shall, as far as is desirable in its circumstances, endeavour to abide by the Recommendations.

Due to the exigencies and vagaries of commercial life and changing circumstances, there will, no doubt, be occasions when ANCOA departs from the policies and charters which it has adopted. These policies have been adopted on the basis that, in the circumstances of ANCOA, they reflect what is considered to be a reasonable aspiration. It is not expected that these guidelines will be slavishly adhered to. Their object is to focus attention upon the issues they address and provoke thought about and awareness of those issues and the pitfalls that one could otherwise fall into inadvertently.

The Board considers that the important thing is to develop a culture conducive only to good and appropriate conduct and practices; it believes that honesty and integrity must be the overriding and guiding principle in

all things - substance must prevail over form and lip service. Adhering to the policies is to be a condition of each new contract of employment or service.

13.3.1. If not, why not?

Upon Completion of the Offer, the corporate governance practices of ANCOA will be compliant with the Recommendations, except to the extent set out below after the relevant recommendation under the subheading "if not, why not":

General Note: regarding the **"If not, why not"** statement relating to the "Guide to Reporting" on each principle referenced in the table below (ie, "Companies should provide the information indicated in the Guide to reporting on Principle [#]"):- ANCOA expects to disclose most, if not all of the required information, but it does not expect that the relevant guide will be slavishly adhered to (this will depend on prevailing circumstances). For example, where the relevant guide requires certain information to appear in certain sections of ANCOA's annual report or website, ANCOA does not expect to comply to the extent that information appears elsewhere in ANCOA's annual report or website (as to do so would duplicate that information for no benefit that the Board can perceive).

	Recommendation/Comment/Exception
1.	**Lay solid foundations for management and oversight**
	Companies should establish and disclose the respective roles and responsibilities of Board and management.
1.1.	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.
1.2.	Companies should disclose the process for evaluating the performance of senior executives.
1.3.	Companies should provide the information indicated in the Guide to Reporting on Principle 1.
2.	**Structure the board to add value**
	Companies should have a board of an effective composition, size and commitment to discharge its responsibilities and duties.
2.1.	A majority of the board should be independent directors.
	"If not, why not":
	The Company believes that it complies but discloses the following information to allow you to critique this belief. There are five Directors on the Board, one of whom (Mr Steemson) is an executive and therefore not independent. Each of Messrs Sakalidis, McRostie and Secker consider themselves to be independent directors as they are not part of the management team and they regard themselves as being free of any relationship (other than that of shareholder of the company) that could materially interfere with the independent exercise of his judgement. However Messrs Sakalidis, McRostie and Secker acknowledge that it might well be perceived that their shareholding in the Company and their remuneration as Directors compromise or materially interfere with their independent exercise of judgement and ability to act in an entirely disinterested manner in all things. As to the chair, Mr Thomas, refer the "If not, why not" response to Recommendation 2.2. Given all the circumstances attendant upon the Company (including its objectives, the nature and extent of its actual and proposed operations, its capital base and other resources, the costs associated with a board comprised of more than the current number and the need for a board comprised of persons with a blend and diversity of traits, skills, gender, experience, expertise, entrepreneurialism, innovation, tenacity, vision and dedication in order to enliven the prospects of creating value for shareholders) it is thought by the Board that to appoint further directors (whose perceived independence is beyond doubt) or to procure the departure of one of the existing directors is unnecessary. The Nominations Committee will regularly review the composition of the Board.
2.2.	The chair should be an independent director.
	"If not, why not":
	See the "If not, why not" response to Recommendation 2.1. The chair, whilst considered to be independent, will work quite closely with the management team. He regards himself as being free of any relationship that could materially interfere with the independent exercise of his judgement.

	However he acknowledges that it might well be perceived that his role in the formation and early development and promotion of the Company and its subsidiary, his shareholding in the Company and his remuneration as a Director compromises or materially interferes with his independent exercise of judgement and ability to act in an entirely disinterested manner in all things.
2.3.	The roles of the chair and chief executive officer (or equivalent) should not be exercised by the same individual.
2.4.	The board should establish a nomination committee.
2.5.	Companies should disclose the process for evaluating the performance of the board, its committees and individual Directors.
2.6.	Companies should provide the information indicated in the Guide to Reporting on Principle 2.
3.	**Promote ethical and responsible decision- making**
	Companies should actively promote ethical and responsible decision-making.
3.1.	Companies should establish a code of conduct and disclose the code or a summary of the code as to the: 3.1.1. practices necessary to maintain confidence in the Company's integrity; 3.1.2. practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; 3.1.3. responsibility and accountability of individuals for reporting and investigating reports of unethical practices.
3.2.	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.
	"If not, why not":
	Whilst the Company has a diversity policy, that policy does not include requirements for the Board to establish measurable objectives for achieving gender diversity. The Board does not think it useful to include measurable objectives in relation to gender but, rather, thinks capability and capacity are far more significant.
3.3.	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.
	"**If not, why not":**
	See the response to 3.2 above.
3.4.	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.
3.5.	Companies should provide the information indicated in the Guide to Reporting on Principle 3.
4.	**Safeguard integrity in financial reporting**
	Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.
4.1.	The board should establish an audit committee.
4.2.	The audit committee should be structured so that it: 4.2.1. consists only of non-executive directors; 4.2.2. consists of a majority of independent directors; 4.2.3. is chaired by an independent chair, who is not chair of the board; 4.2.4. has at least three members.
4.3.	The Audit Committee should have a formal charter.
4.4.	Companies should provide the information indicated in the Guide to Reporting on Principle 4.
5.	**Make timely and balanced disclosure**
	Companies should promote timely and balanced disclosure of all material matters concerning the Company.
5.1.	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.
5.2.	Companies should provide the information indicated in the Guide to reporting on Principle 5.
6.	**Respect the rights of shareholders**
	Companies should respect the rights of shareholders and facilitate the effective exercise of those

	rights.
6.1.	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.
6.2.	Companies should provide the information indicated in the Guide to Reporting on Principle 6.
7.	**Recognise and manage risk**
	Companies should establish a sound system of risk oversight and management and internal control.
7.1.	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.
7.2.	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.
7.3.	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.
7.4.	Companies should provide the information indicated in the Guide to Reporting on Principle 7.
8.	**Remunerate fairly and responsibly**
	Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.
8.1.	The board should establish a remuneration committee.
8.2.	Companies should be structured so that it: 8.2.1. consists of a majority of independent directors; 8.2.2. is chaired by an independent director; 8.2.3. has at least three members. The Company's remuneration committee will comprise its (3) non-executive Directors (together with such other person(s) as the Board sees fit to appoint).
8.3.	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.
8.4.	Companies should provide the information indicated in the Guide to Reporting on Principle 8.

13.4 Litigation

The Directors are not aware of any legal proceedings which are on foot or threatened by or against ANCOA.

13.5 Dividend Policy

ANCOA's current policy regarding dividends is to pay none within two years of Completion of the Offer. Thereafter ANCOA intends to distribute to shareholders all funds surplus to the ANCOA's investment and operating requirements (as determined by the Board) with a target dividend payout ratio in respect of each financial year of 60% of free cash flows, subject always to:

a) availability of distributable profits (if any);

b) solvency requirements;

c) banking or other funding covenants by which the Company is bound from time to time; and

d) acquisitive and organic growth opportunities.

13.6 Interests, Fees and Benefits

Other than as set out below or as is disclosed elsewhere in this prospectus, no: (a) director of ANCOA; or (b) person named in this prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation and distribution of this prospectus; or (c) promoter of ANCOA; or (d) stockbroker or underwriter to the offer of securities under this prospectus; has or had within 2 years before lodgement of this prospectus with ASIC any interest in: (i) the formation or promotion of ANCOA; or (ii) any property acquired or proposed to be acquired by ANCOA in connection with its formation or promotion or in connection with the offer of securities under this prospectus; or (iii) the offer of securities under this prospectus; and no amounts have been paid or agreed to be paid and no amounts have been given

or agreed to be given to any of those persons as an inducement to become or to qualify as a director of ANCOA or for services rendered in connection with the formation or promotion of ANCOA or the offer of securities under this prospectus.

a) Particulars of the fees, interests and benefits of each of the Directors are set out in section 9.

b) Earle McIntosh has been paid fees in the amount $101,276 (inc GST) over the 2 years preceding the date of this prospectus in connection with the promotion of ANCOA;

c) Roskill Consulting Group Ltd has not been paid any fees by ANCOA (as distinct from Bullantco) for acting as antimony market consultants to Bullantco or the provision of the Independent Market Report – Antimony in section 15 – before entering the Master Agreement, Bullantco paid Roskill, in aggregate, the amount of $39,004 its services.

d) Coffey Mining has been (or will be) paid fees of up to approximately $44,575 (plus GST) for acting as independent technical consultants to ANCOA and preparing the *Independent Technical Report* in section 18 (of which approximately $21,800 (plus GST) of such fees are directly related to the Offer) – in addition, before entering the Master Agreement, Bullantco paid Coffey Mining, in aggregate, the amount of $96,469 for independent geological advisory services pertaining to the assessment of the Hillgrove Mine.

e) Somes Cooke has been (or will be) paid fees of up to approximately $10,000 (plus GST) for acting as investigating accountant in relation to the Offer and preparing the *Investigating Accountant's Report* in section 16 .

f) Hetheringtons has been (or will be) paid fees of up to approximately $6,000 (plus GST) for acting as tenement manager to ANCOA, undertaking certain due diligence enquiries in relation to the Tenements and for preparing the *Tenement Report* in section 17 (of which approximately 20% of the fees are directly related to the Offer) - in addition, before entering the Master Agreement, Bullantco paid Hetheringtons, in aggregate, the amount of $17,561 for independent tenure advisory services pertaining to the assessment of the Hillgrove Mine.

g) Liscia Legal has been (or will be) paid fees of up to approximately $20,000 (plus GST) for acting as solicitors to ANCOA in relation to the Offer, which has included undertaking certain due diligence enquiries in relation to legal matters, providing legal advice to ANCOA in relation to the Offer, and taking ultimate responsibility for the summaries of agreements in this prospectus.

h) Patersons will be paid the fees and benefits described in section 6.8 - for budgetary purposes, an estimate of expenses reimbursable to Patersons has been made at $10,000.

i) Otranto Capital Pty Ltd has been (or will be) paid a fee of $250,000 for acting as corporate advisor and assisting with the Offer in the UK and Europe.

13.7 Consents

The following parties have given and have not, prior to the lodgement of this prospectus with ASIC, withdrawn their written consent to be named in this prospectus and, where appropriate, to the inclusion of their respective reports or summary in this prospectus in the form and context in which they appear and to all references in this prospectus to their report, and extracts from their report, in the form and context in which they appear, namely:

a) Roskill Consulting Group Ltd – to being named as the antimony market consultant and to the inclusion of its report in section 14;

b) Coffey Mining Pty Ltd – to being named as the independent technical consultants and to the inclusion of its report in section 18;

c) Somes Cooke – to being named as investigating accountant, and to the inclusion of its report in section 16;

d) Hetheringtons – to being named as the tenement consultant and to the inclusion of its report in section 17;

e) Liscia Legal – to being named as solicitors to ANCOA and to the inclusion of the various summaries of agreements appearing in this prospectus which were prepared and or settled by them;

f) Patersons – to being named as Lead Manager to the Offer;

g) Peter Story and Byron Dumpleton - to being named as Competent Persons (refer to section 4.7); and

h) Security Transfer Registrars Pty Limited – to being named as the Share Registry.

Other than as disclosed above or elsewhere in this prospectus, none of the abovementioned persons have been involved in the preparation, or authorised or caused the issue, of this prospectus and, to the maximum extent permitted by law, each of the persons referred to above:

a) expressly disclaims and takes no responsibility for any part of (or any matter included in or omitted from) this prospectus;

b) makes no representation or warranty (either expressly or impliedly) with respect to the completeness or accuracy of information contained in this prospectus;

c) disclaims liability to any person in respect of any statement included in or omitted from this prospectus.

13.8 Overseas Applicants

Where this prospectus is received or accessed by any person outside Australia, it is provided for information purposes only. This prospectus does not constitute an offer or invitation:

a) in any jurisdiction where, or to any person to whom, it would be unlawful to issue this prospectus; or

b) to any person to whom, it would not be lawful to make such an offer or invitation.

No action has been taken to register or qualify the Shares, or the Offer, or otherwise to permit the public offering of the Shares, in any jurisdiction outside Australia.

The distribution of this prospectus within jurisdictions outside Australia may be restricted by law and persons into whose possession this prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. It is the responsibility of any Overseas Applicant to ensure compliance with all laws of any country relevant to his or her application and to obtain all necessary approvals so that they may legally subscribe for (and be issued) securities pursuant to the Offer.

In particular, the Shares have not been registered under the US Securities Act of 1933, as amended (US Securities Act), and may not be offered or sold in the United States except in transactions exempt from the registration requirements of the US Securities Act and applicable US state securities laws. Accordingly, the Shares will be offered and sold only (i) in the United States to a limited number of "qualified institutional buyers", as defined in Rule 144A under the US Securities Act (QIBs), in transactions exempt from the registration requirements of the US Securities Act and applicable US state securities laws and (ii) outside the United States in "offshore transactions" in compliance with Regulation S under the US Securities Act and applicable local law. This prospectus may not be distributed in the United States unless it is attached to an international Offering Circular and may only be distributed in the United States to QIBs.

In making an application you represent and warrant for ANCOA's benefit that there has been no breach of any law by reason of that application being made, that all necessary approvals and consents to the making of that application have been obtained and that ANCOA may legally issue securities to the applicant pursuant to this prospectus. Overseas Applicants should consult with their professional advisors as to whether any formalities need to be observed (either by themselves or ANCOA) to enable them to subscribe for the securities being offered pursuant to this prospectus.

13.9 Privacy Act

By completing an application form accompanying this prospectus, you will be providing personal information to ANCOA (and its share registrar). The Privacy Act 1988 (Cth) governs the use of your personal information and sets out principles governing the ways in which organisations should treat that information. The personal information to be collected on an application form accompanying this prospectus will be used to evaluate applications for Shares and, if your application is successful, to administer your security holdings, provide services to you and otherwise effect appropriate administration for security holders. If ANCOA is obliged to do so by law, personal information will also be passed on to other parties.

In making an application, you agree that ANCOA may use the information provided on your application form for the purposes here disclosed and may disclose it for those purposes to Patersons, ANCOA's share registrar, related bodies corporate, agents, contractors, employees, servants, and third party service providers, including without limitation, mailing houses, professional advisers, ASX, other shareholders and regulatory authorities.

The Corporations Act requires ANCOA to include information about security holders (including name, address and details of securities held) in its public register. The information contained in ANCOA's public register must remain there even if that person ceases to be a security holder. Information contained in ANCOA's public register is also used to facilitate distribution payments and corporate communications (including financial results, annual reports and other information that ANCOA may elect to utilise to communicate with its security holders) and compliance by ANCOA for legal and regulatory requirements. For instance, in certain circumstances details of security holder's names and holdings must be disclosed by ANCOA in its annual reports.

An applicant has a right to gain access to the information that ANCOA holds about that person subject to certain exemptions under the law. A fee may be charged for access. Access requests must be made in writing to ANCOA's registered office.

13.10 Prospectus Expiry Date

No Shares (or other securities) will be issued on the basis of this prospectus after its expiry date, being 13 months after the date of this prospectus.

14. DEFINITIONS

In this prospectus, unless the context otherwise requires:

"A$"** and **"$" means Australian dollars, unless otherwise stated.

"ANCOA" means **Emu Nickel NL** (ACN 127 291 927), which will change its name to ANCOA NL prior to shares being issued under this prospectus.

"**Annual Report**" the 2011 Annual Report published by ANCOA which is hereby deemed to be incorporated by reference into this prospectus in accordance with section 712 of the Corporations Act. A copy of that Annual Report can be obtained from ANCOA's website (www.ancoa.com.au) or its registered office at no cost, or from ASIC

"ASIC" means Australian Securities and Investments Commission.

"ASX" means ASX Limited (ACN 008 624 691).

"ASXLR" means the listing rules of the ASX.

"Board" means the Board of Directors of ANCOA as constituted from time to time.

"Bullantco" means the company which Emu Nickel NL proposes to acquire and which company, at the date of this prospectus, is called ANCOA NL (ACN 145 460 304) but it has resolved to change its name to Bullantco NL (and to change its status to a proprietary limited company) with effect from or very shortly after that acquisition (thus facilitating Emu Nickel NL changing its name to ANCOA NL (ACN 127 291 927)).

"CAGR" means compound annual growth rate.

"Coffey Mining" means Coffey Mining Pty Ltd ACN 065 481 209.

"Completion of the Offer" means the issue of Shares offered pursuant to this prospectus.

"Connotes" means the convertible notes (if any) to be issued in part consideration for the purchase of the entire capital of HMPL – the terms of the Connotes are detailed in section 11.2.

"Constitution" means the constitution of ANCOA.

"Contingent Entitlement Shares" means the 75,000,000 contributing Shares (the terms of which are set out at sections 11.4 and 12.4) to be held in trust by the Contingent Entitlement Trustee.

"Contingent Entitlement Trustee" means the company (to be identified and appointed by ANCOA as the Trustee under the Contingent Entitlement Share Trust Deed) which shall hold the Contingent Entitlement Shares for distribution to Qualified Shareholders on the terms of the Contingent Entitlement Share Trust Deed.

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

"Directors" means the directors of ANCOA.

"Eligible Shareholder" bears the meaning given in section 11.4.

"ES" means emergency storage dam.

"Hetheringtons" means Hetherington Exploration & Mining Title Services Pty Limited ACN 003 122 996.

"HIN" means holder identification number.

"HMPL" means Hillgrove Mines Pty Ltd (previously named Straits (Hillgrove) Gold Pty Ltd) ACN 102 660 506, owner of the Hillgrove Project.

"Hillgrove Assets" bears the same meaning as is ascribed to that expression in section 11.1 (Hillgrove Sale Agreement).

"Hillgrove Project" means the Hillgrove Antimony-Gold Mine (made up of the Hillgrove Assets).

"Hillgrove Sale Agreement" or "**SSA**" means the share sale agreement between ANCOA, Bullantco, Straits Resources, Straits Gold and HMPL described in section 11.1 - Hillgrove Sale Agreement.

"Issue Price" means the price at which Shares are offered for subscription hereunder.

"Listed" or "**Listing**" means the event of the Shares offered by this prospectus being quoted on the financial market operated by ASX.

"Listing Rules" means listing rules of the ASX.

"**Master Agreement"** means the agreement described under that heading in Section 11.7.

"Mine" means the Hillgrove Antimony-Gold Mine described in this prospectus.

"MOP" means a mine operation plan.

"NED" means a non-executive Director of ANCOA.

"NSW" means New South Wales, a state of Australia.

"**NTA**" means the native title agreement detailed in section 11.5.

"**Objectives**" bears the meaning ascribed in and by section 7.4.

"Offer" means the invitation to apply for Shares pursuant to this prospectus as described in section 6.1.

"Official List" means the Official List of the ASX.

"Overseas Applicant" means a person making an application for securities pursuant to the Offer from outside Australia.

"Patersons" means Patersons Securities Limited ACN 008 896 311.

"**Purchase Price**" has the meaning ascribed in and by section 11.1.

"**Re-quotation"** means Shares are readmitted to quotation on the financial market operated by the ASX following the suspension of such trading on the day the Resolutions are passed (suspension is expected to take effect on 4 April 2012).

"**Re-quotation Date**" means the date ANCOA securities first trade on the ASX following Completion of the Offer;

"Resolutions" means the resolutions proposed in the notice of meeting issued by ANCOA to convene a general meeting of its shareholders to be held on or about 4 April 2012.

"Restriction" means the restrictions that will apply to the dealing in or with securities if a restriction agreement in the form of Appendix 9A of the ASXLR is required to be entered in relation to those securities by ASX as a condition to Re-quotation.

"Roskill" means Roskill Consulting Group Ltd (domiciled in the United Kingdom).

"Share Registrar" means Security Transfer Registrars Pty Ltd.

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

"Share Pledge" means the pledge (described in section 11.3) to be given to secure the Connotes.

"Shareholder" means a holder of shares in the capital of ANCOA.

"SSA" or **"Hillgrove Sale Agreement"** means the share sale agreement between ANCOA, Bullantco, Straits Resources, Straits Gold and HMPL described in section 11.1 - Hillgrove Sale Agreement.

"Straits" means Straits Resources Limited (ACN 147 131 977) and/or one or more of its subsidiaries (other than HMPL).

"Straits (Hillgrove) Gold Pty Ltd" is the former name of HMPL.

"Straits Shareholder" has the meaning ascribed in and by section 6.3.

"Tenements" means the tenements listed in section 2.1 of the Tenement Manager's Report (section 17).

"TSF" means tailings storage facility.

"**WRD**" means Waste Rock Dump.

"**WST**" means Western Standard Time, Perth Western Australia.

ANCOA Consulting Group Ltd

Roskill Approachable. Independent. Expert

ANCOA Pty Ltd
Study of the antimony market

29th September 2011

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Statement of capability

Roskill Consulting Group Ltd (including its related entities)("Roskill") is an international leader in international metals and minerals research. Based in London, United Kingdom, it provides a wide range of consulting services to metals and minerals businesses, including market assessments, feasibility studies, acquisition studies, company and product profiles and industry analysis.

This Report has been prepared by Ms Judith Chegwidden, who is a director of Roskill, with more than 30 year's experience of analysing minerals and metals markets. Her consultancy assignments have included market and industry analysis / assessments for a range of specialty metals and minerals.

Independence statement

We understand this report will be included in a prospectus to be issued by ANCOA Pty Ltd ("ANCOA") (to change company type to a no liability company).

Roskill does not have at the date of this report, and has not had within the previous two years, any shareholding in or other pecuniary interests or relationship with ANCOA that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation the matters contained in this report.

Roskill has no involvement with, or interest in the outcome of the proposed prospectus offering and ASX listing of ANCOA (the "Transaction"), other than the preparation of this report and similar reports.

Roskill will receive a fee based on commercial rates and reimbursement of outlays for the preparation of this report. This fee is not contingent on the outcome of the Transaction. Roskill will receive no other benefit for the preparation of this report.

Consent to the inclusion of this report in the prospectus in the form and context in which it appears has been given. At the date of this report consent has not been withdrawn.

Date of Information

The originating version of this report (dated 4 July 2011 as updated on 29th September 2011) was prepared for inclusion in a prospectus that was to be issued by ANCOA Ltd ACN 145 460 304 – to be renamed Bullantco NL ACN 145 460 304 – **Bullantco ACN 145 460 304)**.

We understand that Emu Nickel NL – ACN 127 291 927 - to be renamed ANCOA NL ACN 127 291 927 – **ANCOA ACN 127 291 927**) is to acquire all the issued capital in Bullantco ACN 145 460 304, and we have been asked to reconsider our 29th September 2011 updated report so that it can be included in the prospectus (**Prospectus**) to be issued by ANCOA ACN 127 291 927.

We have reviewed our 29th September 2011 report to check the information so that this may be regarded as being relevant as at 23rd February 2012 and we consent to its inclusion in the Prospectus.

1. Introduction

Native antimony metal is rare. Antimony (Sb) generally occurs along with lead, copper and silver, and complex polymetallic ores are known that also contain molybdenum, tungsten, zinc, indium and bismuth. There are over 100 antimony minerals, although the sulphide mineral stibnite (Sb_2S_3) is by far the main one.

Around 80% of antimony mine production is converted to antimony trioxide (some used as feed for metal and other product output), which is used principally in flame retardant formulations for textiles, plastics and rubber, and in catalysts for production of polyethylene terephthalate (PET).

The principal use of antimony metal is as an ingredient in alloys where it imparts hardness, strength, anticorrosion and other properties. Antimonial lead is used chiefly for automotive and stand-by batteries. Other uses are in solders, ammunition, corrosion resistant pipes and cable sheathing.

2. Consumption

Consumption of antimony rose by 3.1%py between 2000 and 2010 to reach 199,500t Sb. Consumption growth in the mid-2000s was higher, increasing by almost 6%py, but fell by 5.2% year-on-year in 2009 due to the global economic downturn reducing demand for antimony-containing products.

Flame retardants are the largest market for antimony, accounting for 52% of consumption in 2010. Antimony is used as a synergist with halogenated (bromine- and chlorine- based) flame retardants, which are in turn used in various polymers. Antimony consumption in flame retardants has risen by 4%py since 2000, slightly higher than overall growth in antimony consumption, to total 103,500t Sb in 2010 (Table 1).

Table 1: World: Estimated consumption of antimony by end-use, 2000-2010 (t Sb)

	2000	2010	CAGR (%)	Main market driver
Non-metallurgical:				
Flame retardants	70,000	103,500	4.0	Polymer demand
Plastic catalyst	6,000	11,400	6.6	PET demand
Heat stabilizer	1,400	2,600	6.4	PVC demand
Glass	16,000	1,700	-20.1	CRT (-ve) and solar glass (+ve)
Ceramics	1,700	2,500	3.9	Construction
Other	1,500	1,840	2.1	General economic growth
Sub-total	*96,600*	*123,540*	*2.5*	
Metallurgical:				
Lead-acid batteries	40,000	53,000	2.9	Automotive production, replacement
Lead alloys	11,000	23,000	7.7	Construction
Sub-total	*51,000*	*76,000*	*4.1*	
Total	**147,600**	**199,540**	**3.1**	

Source: Roskill estimates

In the polymer industry, antimony is also used as a catalyst in the production of high molecular weight polyurethane terephthalate (PET), a polymer widely utilised for food

and drink storage (resin PET), and textiles (textile PET). In PVC, antimony acts as a heat stabiliser, preventing the release of chlorine on exposure to heat and UV light. These applications together consumed 14,000t Sb of antimony in 2010, a CAGR of 6.5% from the 7,400t Sb consumed in 2000.

Growth in the use of antimony in flame retardants, and as a catalyst and heat stabiliser, in polymers has come from increasing polymer demand in transport, construction and electronics applications, particularly in emerging economies, over the last decade. Asia now accounts for two-thirds of antimony consumption in flame retardants, PET catalysts and PVC heat stabilisers. Although losing market share to Asia, flame retardants remain the largest market for antimony in North America and Europe.

Other, minor, non-metallurgical applications for antimony include its use as a decolouriser in glass, an opacifier in ceramics and as a pigment in ceramics. The use of antimony in glass has declined because of the replacement of bulky cathode ray tube televisions and computer monitors with flat panel displays, which require only a very thin, and consequently lightweight, glass substrate. Glass, ceramic and other non-metallurgical end-uses for antimony now account for 3% of total antimony consumption, down 13% in 2000.

The other major use of antimony, accounting for 38% of total consumption in 2010, is as an alloy with lead in lead-acid batteries and fabricated lead products. Lead is too soft to be used alone in many applications and antimony metal is added to improve its strength, fatigue resistance and corrosion protection. Lead-acid batteries account for 70% of antimony metal consumption in metallurgical applications, and rolled and extruded lead most of the remainder.

Growth in consumption of antimony in lead alloys has been driven by emerging economy demand for lead-acid batteries in automotive applications and fabricated lead products for construction. North America and Europe remain large markets for antimony in lead alloys, reflecting the need for replacement lead-acid batteries for their sizeable vehicle stock, and together accounted for 40% of antimony consumption in metallurgical applications in 2010. However, Asia now accounts for almost 50% of consumption, largely because of rapid expansion of the Chinese domestic lead-acid battery industry, but also because of rising fabricated lead consumption in construction.

In addition, Asia, particularly China, has a very small pool of secondary antimony (recovered from spent lead-acid batteries and scrap lead) available for re-use in new lead-acid batteries and fabricated lead products and therefore requires more primary antimony than is the case in North America and Europe, where supply of secondary antimony is greater. Secondary antimony accounted for 56% of antimony consumption in lead alloys in 2010 and 20% of total antimony consumption.

Antimony trioxide is the main form of antimony consumed by the market, reflecting its use in flame retardants, the main market for antimony. Antimony trioxide accounted for around 60% of total antimony consumption in 2010 and almost 75% of primary antimony consumption (i.e. excluding secondary antimony). Antimony metal and antimonial lead (containing secondary antimony) each accounted for 18% of consumption. Sodium antimonate, used mainly in glass and ceramics, and other specialist antimony products accounted for the remaining 4%.

3. Production

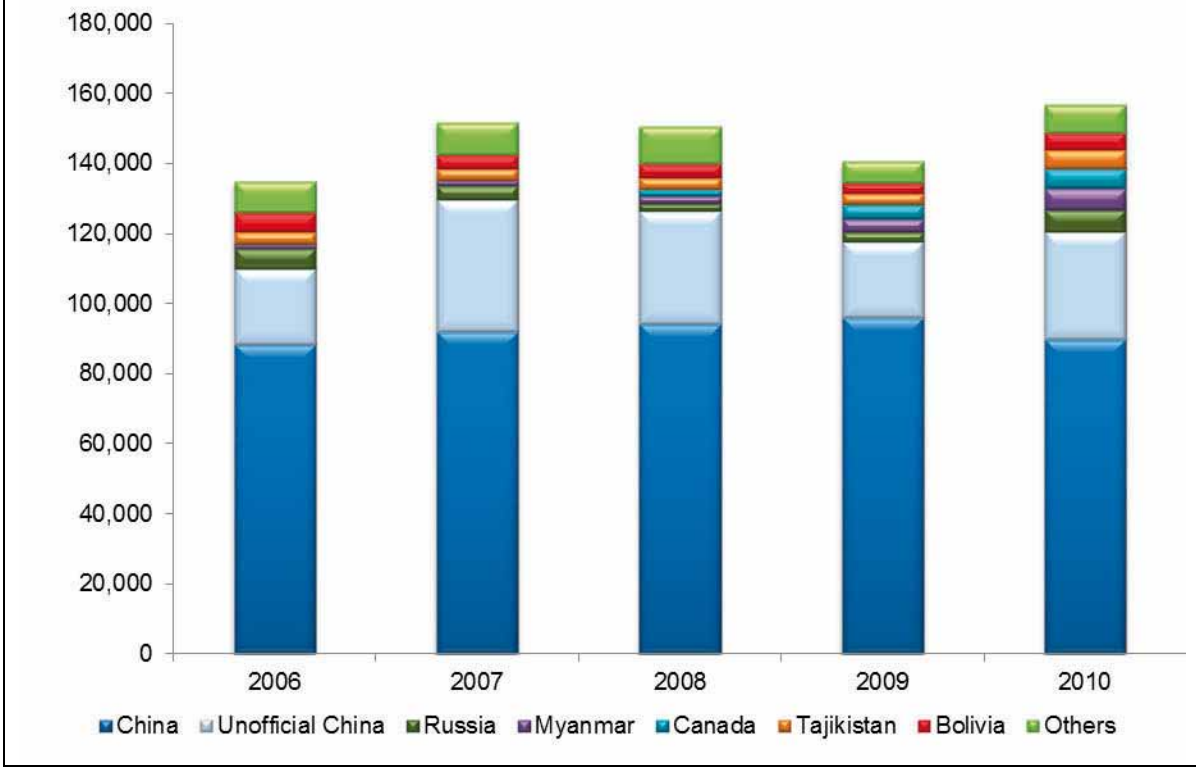
In calculating supply of antimony, three elements have to be taken into account; official primary production, unofficial primary production and secondary production.

Official recorded primary production of antimony grew by 2.8%py between 2006 and 2010. When unofficial production is also taken into account, Roskill estimates that annual average growth rate for output of primary antimony was rather higher at 3.8%py (Figure 1 and Table 2). China accounted for 71% of official production in 2010 down from around 80% in earlier years. The fall reflects a drop in official production in China and increases in a number of other countries. China is the source of all unofficial production, and once this is taken into account, the country accounted for an estimated 77% of total primary production.

Roskill has inferred the level of unofficial production from trade data and has incorporated the results into the overall supply estimate. Unofficial production is an important contributor to the overall global supply of antimony, accounting for 16% of total antimony supply in 2010.

When unofficial primary supply is added to reported primary supply, the total primary supply figure for 2010 was approximately 157,000t. Some material was likely supplied to the market from stockpiles but the volume is not known. Stockpiles (mainly in China and Russia) were significant contributors to supply in the 2000s but, given the reduction in output in Russia in 2008 and 2009 and the restriction on supply in China in 2010, are likely to be running down.

Figure 1: World: Primary production of antimony, 2006-2010 (t Sb)



Source: Table 2: World: Estimated supply of antimony, 2006 to 2010 (t Sb)

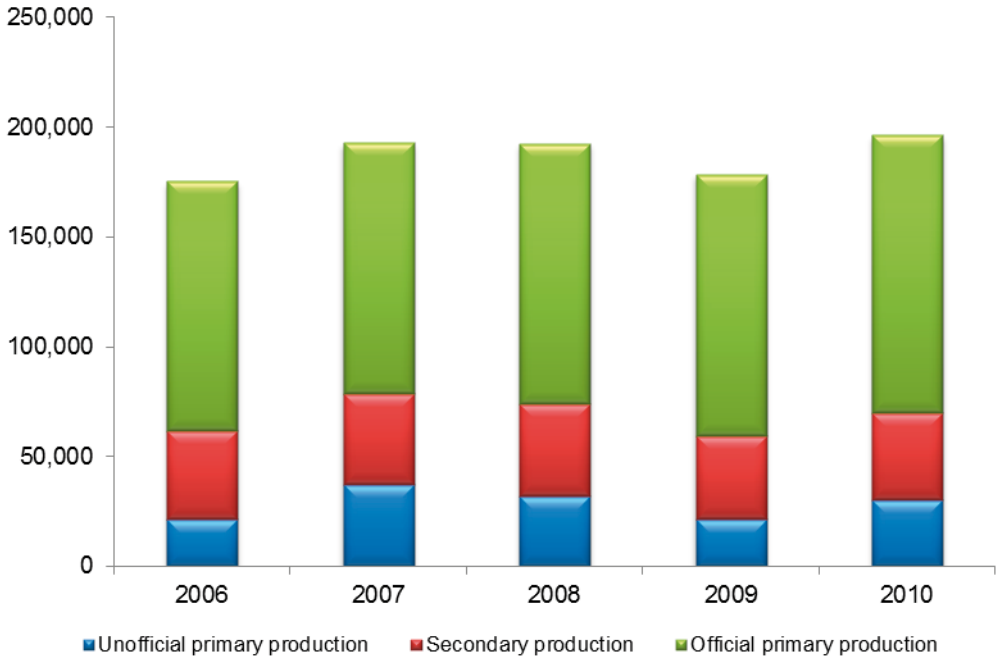
Table 2: World: Estimated supply of antimony, 2006 to 2010 (t Sb)

	2006	2007	2008	2009	2010
Primary production:					
Asia:					
China	88,317	92,144	94,358	96,000	90,000
Myanmar[1]	1,112	1,451	2,122	3,656	5,897
Tajikistan	3,480	3,480	3,390	3,081	5,370
Turkey[2]	1,100	1,200	2,400	1,200	2,000
Kazakhstan[1]	780	1,226	757	933	840
Thailand	544	271	422	555	600
Laos[1]	108	403	375	545	493
Kyrgyzstan[3]	-	480	480	480	480
Pakistan	100	100	100	100	100
Sub-total Asia	*95,541*	*100,754*	*104,404*	*106,549*	*105,780*
Europe:					
Russia	6,000	4,000	2,200	2,900	6,500
Sub-total Europe	*6,000*	*4,000*	*2,200*	*2,900*	*6,500*
Africa:					
South Africa	4,443	3,436	3,674	2,090	2,257
Sub-total Africa	*4,443*	*3,436*	*3,674*	*2,090*	*2,257*
South America:					
Bolivia	5,460	3,881	3,905	2,990	4,980
Peru	824	829	584	263	120
Guatemala	-	365	-	-	-
Sub-total South America	*6,284*	*5,075*	*4,489*	*3,253*	*5,100*
Oceania:					
Australia[4]	225	540	1,417	23	1,106
Sub-total Oceania	*225*	*540*	*1,417*	*23*	*1,106*
North America:					
Canada[1]	100	-	1,941	4,250	5,669
Mexico	778	414	380	-	70
USA	50	-	-	-	-
Sub-total North America	***928***	***414***	***2,321***	***4,250***	***5,739***
Sub-total primary production	***113,421***	***114,219***	***118,505***	***119,065***	***126,482***
Unreported Chinese production:					
Smuggled through Vietnam	3,036	4,962	4,764	1,841	2,876
Misreported China exports	18,501	32,609	27,293	19,778	27,586
Sub-total Unreported China	***21,547***	***37,571***	***32,057***	***21,619***	***30,462***
Secondary production	**40,500**	**41,000**	**42,000**	**38,000**	**39,540**
Total supply	**175,468**	**192,790**	**192,562**	**178,684**	**196,484**

Sources: Compiled by Roskill from various publicly available information and Roskill estimates
Notes: 1-Inferred from reported imports.
2-2010 figure is a Roskill estimate
3-Estimate. Actual figure could be zero.
4-Data for 2009 and 2010 is only for reported production by one company.

In addition to primary supply from reported and unofficial sources, secondary antimony, contained in antimonial lead recovered from recycled lead-acid batteries and lead waste, is estimated to have totalled 39,540t Sb. Total antimony supply in 2010 was therefore close to 196,500t Sb, a 10% increase on 2009. Secondary supply fell back sharply in 2009 and has not recovered to the 42,000t produced in 2008. Increases in supply of antimony in antimonial lead from the growing number of batteries in use has been offset to some extent by decreases in the percentage of antimony used in the battery alloy.

Figure 2: World: Trends in the production of primary and secondary antimony, 2006-2010 (t Sb)



Source: Table 2: World: Estimated supply of antimony, 2006 to 2010 (t Sb)

Table 3 summarises the main producers of antimony and provides an estimate of Chinese capacity at major producers. The largest individual producers in the rest of the world are Beaver Brook in Canada, GeoPro Mining in Russia, Consolidated Murchison in South Africa and Anzob (now owned by Comsup) in Tajikistan.

Table 3: World: Mine capacity by main producing companies, mid-2011

Country:	Company:	Capacity (tpy Sb)	Notes:
Australia	Mandalay Resources	2,750	Expected to be at full capacity in 2011 and 2012.
Bolivia	Various	5,460	Mainly small producers. Figure shown is peak production level (2006).
Canada	Beaver Brook	6,000	Reopened in the late 2000s. Now appears to be at close to capacity.
China	Hsikwangshan Twinkling Star	55,000	Estimate.
	Hunan Chenzhou Mining[1]	20,000	Estimate.
	China Tin Group	20,000	Estimate (Sb + Pb capacity of 40,000t)
	Shenyang Huacheng Antimony	15,000	Estimate.
Kazakhstan	Kazzinc	1,000	Estimate. 40% Sb concentrate produced as a by-product of lead refining.
Kyrgyzstan	Kadamdzhai	500	Estimate.
Laos	SRS	500	Estimate. Exported as ore containing 40% Sb.
Mexico	US Antimony	70	Reported 2010 production, including bought-in material.
Myanmar	Various	6,000	Inferred from 2010 trade. True capacity unknown.
Russia	GeoPro Mining	6,500	Roskill estimate for 2010.
South Africa	Consolidated Murchison	6,000	Based on peak production. Current production is much lower, owing to Chemtura Chapter 11 (bankruptcy protection).
Tajikistan	Anzob	5,500	Estimate.
Thailand	Unknown	600	Based on peak production.
Turkey	Cengiz & Özdemir Antimuan Madenleri	2,400	Based on peak production.
Total listed		**143,280**	

Source: Compiled by Roskill from various publicly available information and Roskill estimates

Reported production of antimony in **China** fell in 2010 and is unlikely to increase in the coming years, despite the fact that the country is facing a serious shortage of antimony. No significant antimony deposits have been developed for about ten years and the remaining economic reserves are being rapidly depleted. Reserves in the area of Lengshuijiang City in Hunan once the main antimony producing region in China, are reported to face exhaustion within five years. In the past Hsikwangshan Twinkling Star has accounted for a significant proportion of total Chinese production.

To preserve dwindling reserves, the Chinese government has introduced a number of measures including exploration and mining licences, the granting of which has been suspended until at least 2012, production quotas and export controls. It is also attempting to halt illegal mining and is taking steps to rationalise the industry, with the closure of the very large number of producers and consolidation of the larger ones. At

[1] Now part of Shenyang Huacheng Non-Ferrous Group

one time, there were more than 400 antimony producers in China. In May 2011, a well-known Chinese information network reported that just six companies now account for more than 90% of China's reported production of antimony (and thus for about two thirds of legitimate global supply in 2010):

- Hsikwangshan Twinkling Star (Hunan)
- Shenyang Huacheng[2] (Hunan)
- China Tin (Guangxi)
- Guangxi Huati Chemicals (Guangxi)
- Guangxi Rixing (Guangxi)
- Yunan MuLi Antimony Industry (Yunnan)

The consolidation process is continuing in both Hunan and Guanxi; Minmetals now has a significant stake in operations in both these provinces.

Other countries in Asia made up only 15% of the region's total reported production in 2010 but output is growing and doubled between 2006 and 2010. There is increasing supply from **Myanmar**, and production in **Tajikistan** also rose sharply in 2010. Although still small-scale, **Laos** has emerged as an exporter of antimony ores since the late 2000s.

Production in **Russia** also appears to have recovered, while that in **South Africa** has fallen. In the latter case, the bankruptcy of Chemtura in 2008 resulted in the closure of its processing facility in Mexico, which had been supplied with crude antimony trioxide produced in South Africa by another part of the group. If prices for antimony remain high, Roskill considers it likely that funds will be found to increase output to former levels.

In South America, production in **Peru** may have now ceased following the closure of Doe Run's operation in 2009. Production in **Guatemala** also appears to have stopped. The remaining production in the region is from **Bolivia**, which is one of the larger non-Chinese producing countries. Most production in Bolivia is from small mining operations, which are flexible and can readily adjust their output according to market conditions. There will probably be an increase in mine output following the 2011 announcement that the idled Vinto smelter is to restart.

With the reopening of the Beaver Brook mine in 2008, **Canada** has quickly become a major exporter of antimony. Production in **Mexico** will start to increase during 2011, when US Antimony commissions its new mine and processing facility.

Australia appeared set to become a major producer of antimony from the Hillgrove project. It produced briefly, in 2008 and 2009, but was then idled. Another operation in Australia, Mandalay Resources has now ramped up and is expected to be producing at design capacity in 2011 and 2012.

[2] Includes most of the antimony mining and smelting operations in Hunan that are not in Lengshuijiang City

4. Trade

Trade in antimony concentrates has increased over the last decade, as China has sourced increasing quantities of concentrate from non-domestic sources. The main exporters of concentrate in 2010 were Myanmar, Russia, Canada and Australia; the overwhelming majority of shipments from these countries went to China.

Recorded exports of antimony metal are not a true reflection of the volume of trade in this commodity as most of the exports from China are not included in the official export data. The main trade flows, once unofficial shipments are taken into account are from China to Belgium, France, South Korea, Japan and the USA.

Until 2005, South Africa was the main exporter of antimony oxide, but China now accounts for around 55% of export shipments. Other leading exporters of antimony oxide are the companies converting antimony metal to oxide in Belgium and France.

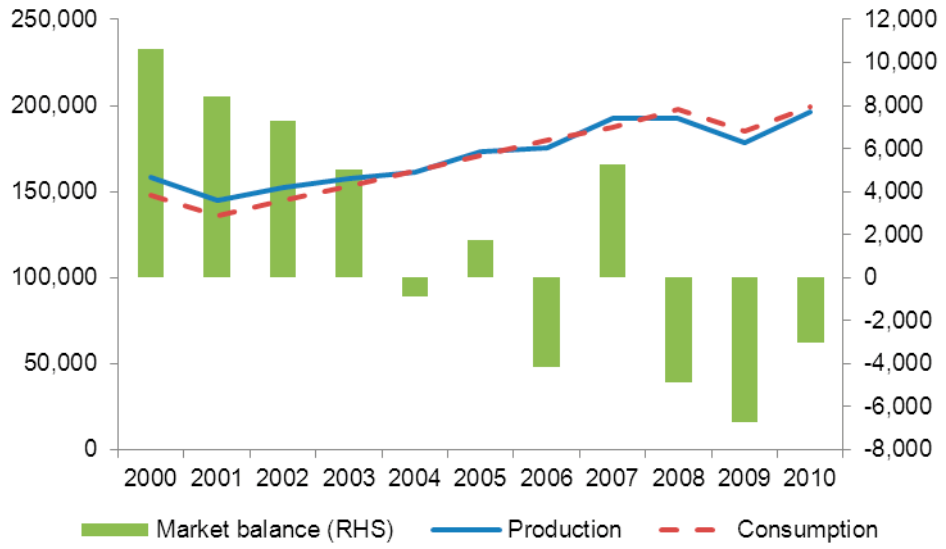
5. Supply/demand balance and outlook

Although the largest end-use, consumption of flame retardants has not been the fastest growing end-use. For the period 2000-2007, consumption of primary antimony grew at an annual average rate of 9% in plastic catalysts, with 8% per year growth in antimony consumption in heat stabilisers and alloys.

While consumption of antimony has grown strongly, production has been variable and volatile. For the period 2000-2010, primary antimony production has grown at 2.2%py. The differences in these growth rates highlight the problems with antimony supply over the last few years. A crackdown on illegal Chinese mines and smelters, and a lack of new suppliers have been the main contributors to volatile production.

The antimony market moved from a position of oversupply in the early-2000s to become more tightly balanced in the mid-2000s (Figure 3). The cessation of output from some mines in China in 2006 caused a supply deficit, but this was short-lived. From 2008, a more pronounced shortage in supply is evident, but as consumers outside China liquidated stocks during the global economic downturn in late 2008/early 2009 the knock-on effect of undersupply did not become apparent in the market until 2010 when demand started to increase.

Figure 3: World: Antimony production and consumption, 2000-2010 (t Sb)



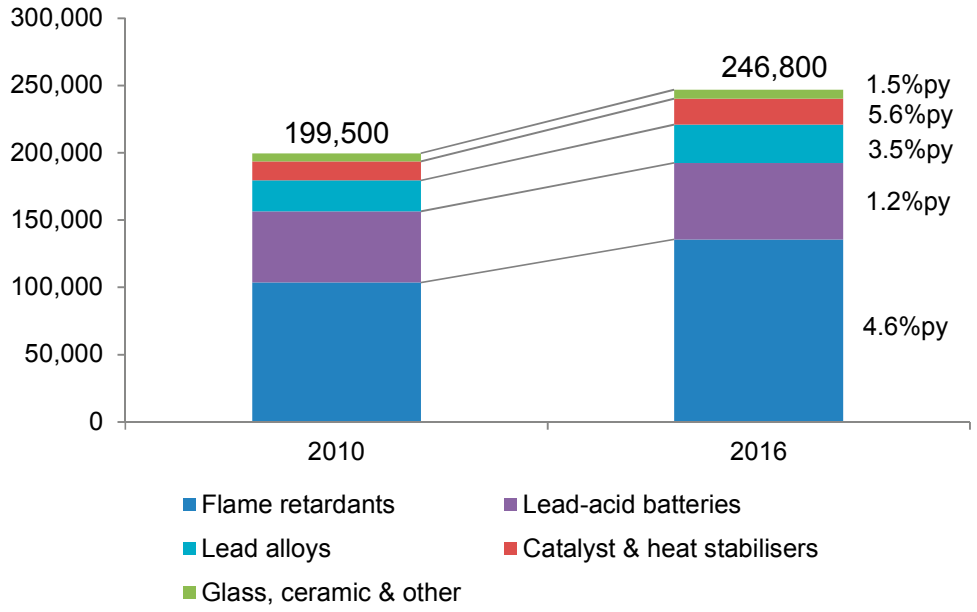
Source: Roskill data

5.1 Outlook for demand

Future demand for antimony will remain highly dependent on the level of demand for antimony trioxide from the flame retardants sector and antimony metal from the lead-acid battery sector, which together accounted for 80% of antimony consumption worldwide in 2010. Overall, total demand for antimony is forecast to grow at around 5%py throughout the forecast period, compared to world GDP growth of around 3.5%py.

Non-metallurgical markets for antimony are forecast to increase by 4.6%py through 2016, with higher growth for flame retardants and plastic catalysts tempered by lower growth for heat stabilizers, ceramics and other applications, and a continued decline in sodium antimonate use in glass. Metallurgical markets are forecast to increase by 1.9%py. Fabricated lead products are expected to show higher rates of growth for antimony than lead-acid batteries.

Figure 4: World: Forecast consumption of antimony by end-use, 2010-2016 (t Sb)



Source: Roskill data

Perceived environmental and health issues with regard to brominated and chlorinated fire retardants, often using antimony trioxide synergists, have prompted a switch in Europe and North America to non-halogenated flame retardants, such as phosphorus compounds, or mineral-based flame retardants. However, emerging economy use of brominated compounds remains strong and growth in polymer demand in East and South Asia, Eastern Europe, CIS and South America, together with increasing consumption of plastics in transport and consumer products, are expected to result in continuing demand growth for antimony trioxide synergists through 2016.

Trends in the plastics sector are also key to future demand for antimony as a catalyst in PET and as a heat stabilizer in PVC. Future growth in production of PET in mature economies are expected to be low, while PVC output is expected to continue to decline in Europe and North America. Nevertheless, overall growth is expected to be positive due to increased PET and PVC production in China and other emerging economies. Concerns about contamination by antimony compounds in food containers and other PET packaging have been the subject of much debate, but research indicates a very low risk to human health, or environmental damage. Alternatives to antimony have been developed, including titanium-based catalysts, but antimony still predominates. However, should prices for antimony trioxide remain high, there could be some substitution of antimony on a price basis rather than on a performance or environmental basis.

The slide in consumption of antimony in metallurgical markets witnessed during the 1990s and early 2000s was reversed in the mid-2000s due to rising automotive battery production and construction uses of lead alloys in emerging economies. The construction boom in Europe and North America during the mid-2000s also boosted fabricated lead use in construction.

Antimony content of automotive batteries is falling worldwide and could be completely eliminated in developed economies within the next decade. In emerging economies, it

may take slightly longer for antimony content to reduce but ultimately battery technology in these regions is expected to follow the global trend. Motive and industrial batteries are facing increased competition from other rechargeable battery types, not least lithium-ion, but it may take a few years for the cost advantage of lead-acid batteries to be diminished to an extent whereby lithium-ion, which is currently much more expensive, becomes attractive.

Despite an on-going reduction in lead-acid battery antimony content, primary antimony metal demand is expected to grow through 2016 because of a shortage of secondary antimonial lead scrap in emerging economies. Demand for lead-antimony alloys in the solder, shot and ammunition markets is expected to continue to be adversely affected by voluntary and legislative restrictions on the use of lead.

One potential area of growth in the future is the use of antimony in glass panels for photovoltaic solar cells. Elsewhere, output of CRT screens is diminishing in favour of FPDs while ceramics uses for antimony is expected to be relatively steady and could be negatively affected by continued high prices.

5.2 Outlook for supply

Production in China is unlikely to increase in the next few years and could even fall in the face of government determination to limit environmental damage from smaller, more polluting operations. In some other Asian countries there is evidence of increasing production but assessing future trends is difficult because of lack of information. No Asian country (excluding China) produces more than a few thousand tonnes a year and there may be only limited opportunity to expand output.

Production in South Africa is unlikely to increase by much unless Chemtura emerges from Chapter 11 (bankruptcy protection), while production in Bolivia will likely fluctuate in line with demand and will probably increase with the restart of the Vinto smelter.

Australian production could increase by as much as 5,500tpy if the Hillgrove operation emerges from care and maintenance and if the new investors in Anchor Resources, China Shandong Jinshunda Group, bring the Bielsdown deposit on stream

The new US Antimony Corp operation in Mexico should be fully operational by 2013, but will only add 1,600tpy to global supply when fully ramped up.

Much of the production in Myanmar and Laos is understood to be from artisanal or small scale producers, which could limit future growth.

Production from Russia could be augmented by 2,800tpy if RusAnt succeed in developing the Iliskoye deposit.

In total, new projects could add up to 11,200tpy Sb to world mine capacity within the next four to five years. Beyond that, developments in Slovakia, Turkey and Italy could contribute to global supply.

Table 4: World: Summary of potential antimony mine projects, mid-2011

Country	Company	Capacity (tpy Sb)	Notes:
Australia	Straits Resources	5,000	Some production in 2008/09. Currently idle. Subject to sale agreement
	Anchor Resources	1,450	Prefeasibility study due to start end-2011. China Shandong Jinshunda Group acquire significant stake in June 2011
	Northwest Resources	…	Exploration underway, mostly for gold. Antimony resource appears to be quite small.
Bolivia	Raptor Ventures	350	Potential initial production. Project still under investigation.
Canada	Various	…	Only very early stage projects.
China	Unknown	…	Probably none. Licensing for new mines has been suspended.
Italy	Adroit Resources	…	Large deposit of at least 35,000t contained Sb. Mining permit has been applied for but no indication given on timelines or possible production.
Mexico	US Antimony	1,600	After ramp-up, which starts mid-2011.
Russia	RusAnt	2,800	UK- based RusAnt is planning to develop the Iliskoye deposit in Chita.
Slovakia	Global Minerals	…	Large deposit being explored. No indication of timelines or possible production.
Turkey	Tri-Star	…	Early stage.
Total listed		**11,200**	

Source: Compiled by Roskill from various publicly available information and Roskill estimates

Roskill thus anticipates only incremental increases in conventional production through 2013, to about 132,000t, and little or no growth beyond that. The fairly strong possibility of declining production in China could cancel-out expansion elsewhere.

The extent to which non-conventional supply contributes to future supply will depend on whether the Chinese government is able to curtail illegal production and smuggling. This is almost impossible to predict.

If non-conventional supply remains unofficial at current levels, total supply is expected rise to about 162,000tpy Sb. A 50% reduction in non-conventional supply would see total supply fall from an estimated 198,000t in 2010 to about 180,000tpy.

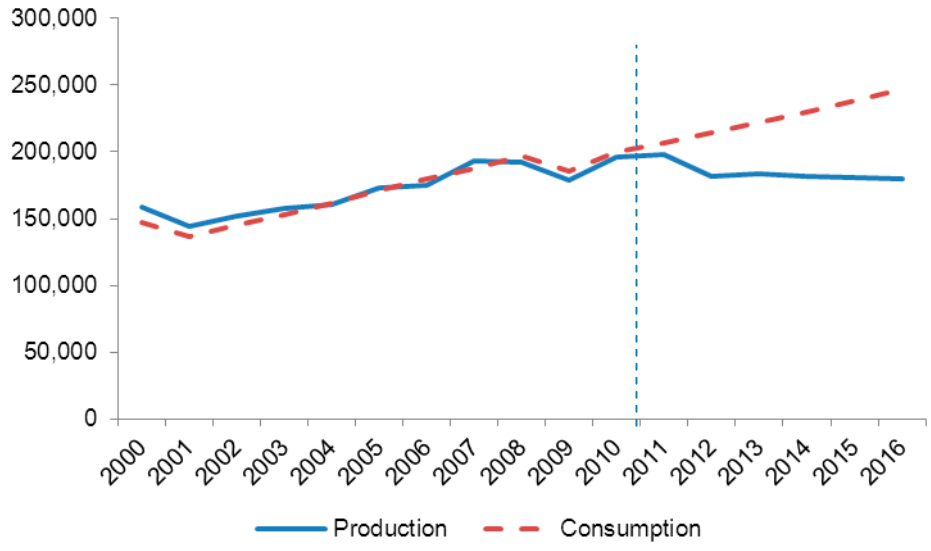
The British Geological Survey published a Risk List in the second half 2011 which gives an indication of the relative risk in 2011 to the supply of the chemical elements or element groups which are need to maintain the economy and lifestyle currently pertaining in the UK. Antimony was ranked first in this Risk List.

The list focuses on risks to supply and does not include any assessment of factors that influence demand, such as criticality of an element to a particular technology or how easy it is to substitute that element with another. The position of an element on this list was determined by a number of factors which might impact on supply, including the abundance of elements in the Earth's crust, the location of current production and reserves, and the political stability of those locations.

5.3 Summary supply/demand outlook

Roskill's summary supply and demand forecasts are set out in the chart below:

Figure 5: World: Antimony demand and supply[1] forecast, 2000-2016 (t Sb)



Source: Roskill
Note: 1) Supply data refers to Chinese smuggling being reduced scenario which is current government policy.

6. Prices

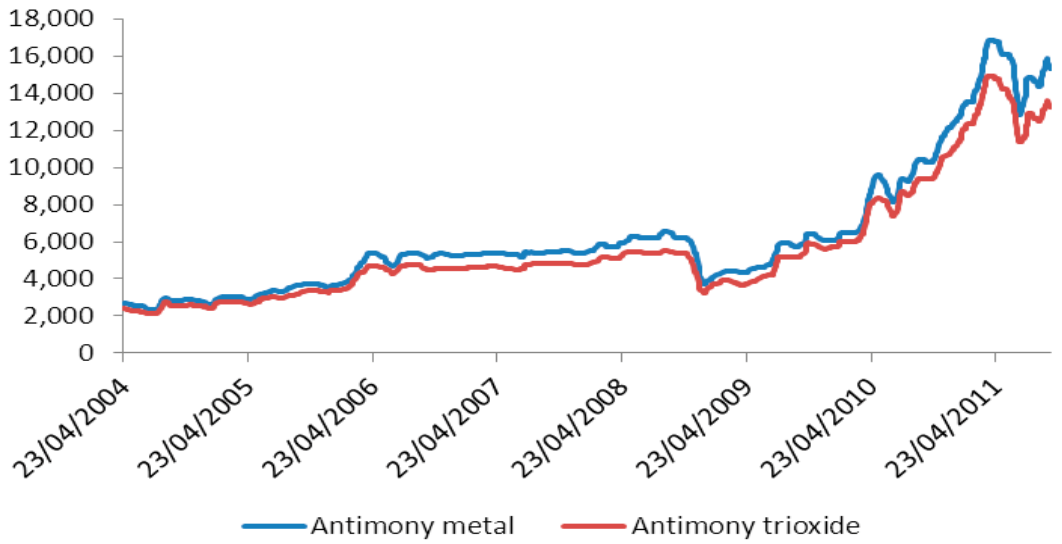
Antimony is not traded on international metal exchanges and prices are agreed between producer or trader and consumer, depending on the quality and form of the product sold.

China accounts for around 77% of the supply of antimony and changes in Chinese government policy have been the most important factor affecting antimony prices since the early 1990s.

The first five months of 2011 saw antimony trioxide prices rise to an average of US$15,000/t in Europe (Metal Bulletin Free Market Price), two-thirds higher than the annual average price in 2010. Antimony prices increased steadily from early 2010, as mine closures in China restricted global supplies. At the end of 2009, European antimony trioxide prices had dipped to US$6,050/t. As mine closures in 2010 came in to force however, and Chinese supply was restricted, prices doubled to US$12,159/t at the end of the year. In 2011, a similar trend has taken place, with prices rising by US$4,000/t between the end of 2010 and April 2011. However, by the end of August 2011, European prices had fallen again, to an average of US$14,900/t.

In April, the re-opening of the nine antimony operations in Hunan, combined with some destocking, caused Chinese domestic prices to fall to US$14,000/t (Figure 6). However, by the end of August 2011, Chinese antimony metals prices were trading at US$15,350/t.

Figure 6: China: Trends in the domestic, fob, price for antimony metal and antimony trioxide, 2004-2011 (US$/t)



Source: Asian Metal

Based on the outlook for both demand and supply of antimony in the coming years, Roskill expects antimony prices to increase. Since the beginning of 2011, prices for antimony trioxide have traded between US$12,700/t-US$16,850/t, and in September 2011 were trading at around US$15,340/t due to a squeeze on supply, and given the lack of new supply due to enter the market, and with the continuing crackdown on illegal mining by the Chinese government, it is likely that prices will continue to increase.

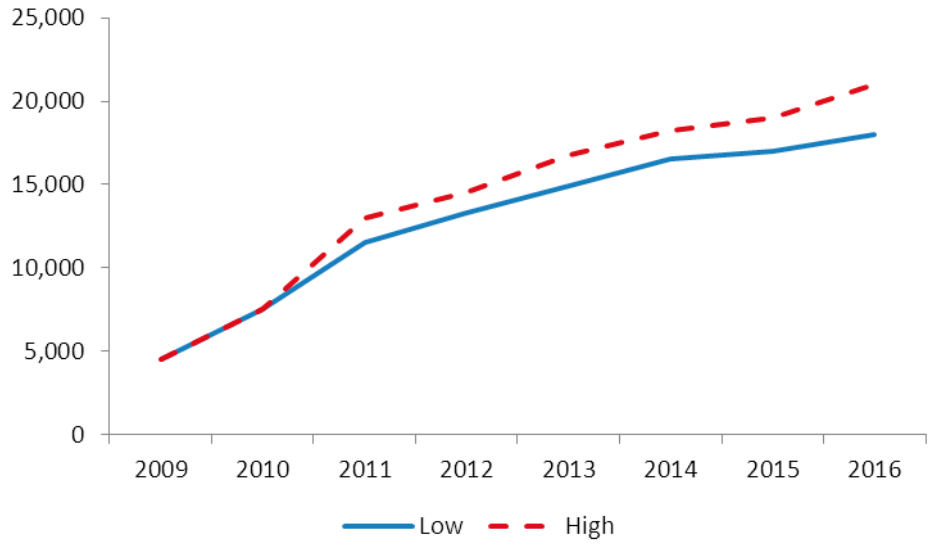
Chinese export prices of antimony trioxide have fallen in Q2 2011, and stocks of antimony trioxide still remain high. For 2011, prices are likely to remain high, averaging around US$11-13,000/t (Table 5 and Figure 7). Going forward, Roskill anticipates that the lack of new supply should see a scramble for antimony, particularly trioxide, with prices in 2012 rising to as high as US$14,500/t. Going further forward, prices for antimony trioxide could quite easily reach US$20,000/t as the market deficit continues and widens.

Table 5: China: Forecast antimony trioxide export prices (US$/t Sb)

	Low	High
2010	7,509	7,509
2011	11,500	13,000
2012	13,250	14,500
2013	14,900	16,750
2014	16,500	18,200
2015	17,000	19,000
2016	18,000	21,000

Source: Roskill forecasts

Figure 7: China: Forecast antimony trioxide export price (US$/t Sb)



Source: Table 5

Although prices are expected to increase, there are many factors which could lead to both a larger and much smaller price increase than forecast. Some of the more obvious, specific factors are listed below:

Potential upside risks to price forecast:

- The Chinese government cracks down on illegal mining. Currently there is illegally mined or traded material finding its way to international markets, particularly into Europe. However, if the Chinese government take more steps to limit the illegal supplies (ie, to reduce illegal supply by more than 50%), antimony on the international markets could quickly become limited, causing prices to rise sharply.

- Chinese domestic antimony demand grows much quicker than supply. At present, antimony demand is forecast to grow much quicker than supply. If Chinese domestic demand increases at a faster rate, then more domestic production would be diverted to the domestic market, leading to an antimony shortage on international markets, which in turns would drive Chinese export prices much higher.

- A decrease in Chinese mining /or export quotas could limit total supply. If the Chinese government was to further control the supply of antimony, by way of cutting mining and/or export quotas, this could generally be expected to restrict antimony available for export to the rest of the world. A restriction in both mining and export levels would likely see a rise in not only export prices for antimony, but also rising Chinese domestic prices.

Potential downside risks to price forecast:

- Illegal mining in China continues, and increases or is only marginally reduced. Although mentioned as a potential upside risk to prices, it is entirely possible that illegal mining by Chinese producers continues. A rise in illegal mining (or a reduction by less than 50%) would provide a regular supply to the international markets, keeping prices at a more moderate level than those forecast. However, at present, Roskill considers it unlikely that illegal Chinese antimony mining will rise sharply.

- As prices for antimony rise, it is possible that antimony consumers are forced to look at alternatives to using antimony. In Europe, antimony containing flame retardants have been in some cases substituted for phosphorus based systems. There is already pressure on the use of antimony as a synergist from brominated flame retardants, and which are being replaced by inorganic flame retardants. Continuing high prices for antimony could speed up the shift to inorganic alternatives.

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Business Consultants
Financial Advisors

7 March 2012

The Directors
Emu Nickel NL
Level 2, 16 Ord Street
WEST PERTH WA 6005

Dear Sirs

Investigating Accountant's Report

1. Introduction

The Directors of Emu Nickel NL ("**Emu**" or the **"Company"**) have requested Somes Cooke Chartered Accountants ("**Somes Cooke**") to prepare an Investigating Accountant's Report ("**Report**") for inclusion in a prospectus to be dated on or around 7 March 2012, relating to:

- Emu's purchase of 100% of the issued capital of Ancoa NL ("**Ancoa**") by the issue of 27,500,000 post consolidated shares in Emu;
- The Capital raising of an intended minimum of $60 million, but in any event not more than $70 million, ("**Capital Raising**") by the issue of Emu shares; and
- The Purchase by Ancoa of all the issued capital of Hillgrove Mines Pty Ltd ("**HMPL**") from Straits Gold Pty Ltd, a wholly owned subsidiary of ASX listed Straits Resources Ltd ("**Straits**"), for a deemed consideration of $40 million, comprising $10 million in cash and the intended issue of convertible notes with a face value of $30 million.

Further details of the above and associated transactions are listed in Note 2 of Appendix 1, of this Report.

All amounts stated in this report are in Australian Dollars unless otherwise indicated. All the terms used in this Report have the same meaning as the terms used and defined in the Prospectus unless otherwise defined in this Report.

2. Basis of Preparation

This Report has been prepared to provide investors with information on the historical assets and liabilities of Emu as at 31 December 2011 and the pro-forma assets and liabilities of Emu, assuming that transactions and assumptions detailed in Note 2 of Appendix 1 had occurred at 31 December 2011.

This Report does not address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment. We have not been requested to consider the prospects for Emu, the securities on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly, have not done so, nor do we purport to do so. We accordingly, take no responsibility for those matters or any other matter or omission in the Prospectus, other than the responsibility for this Report. The risk factors are set out elsewhere in the prospectus.

3. Background

Emu was incorporated under the laws of Western Australia on 29 August 2007, to undertake exploration for base metal mineralisation, primarily Nickel in Western Australia.

In February 2008, Emu was admitted to the ASX, and continued its nickel exploration activities until the Hillgrove proposition was recently tabled. As at 31 December 2011, its main asset was cash at bank and on deposit of approximately $5 million.

Ancoa was incorporated in Australia in July 2011 as a non-listed public company. Ancoa has a conditional agreement with Straits to acquire all of the issued capital of HMPL, which owns the Hillgrove Antimony and Gold Mine ("**Hillgrove Mine**") that is in care and maintenance and associated mining assets.

Ancoa, in conjunction with Emu, has renegotiated with Straits for the HMPL acquisition to be $10 million in cash and a further $30 million payable by way of cash, shares or convertible notes, or a combination of all three (although the combination has yet to be determined, the $30 million is currently anticipated to be settled by way of convertible notes only). The acquisition is subject to completion of the Capital Raising and Emu's acquisition of Ancoa, as outlined above in Section 1.

4. Financial Information

The Historical Financial Information comprises the reviewed Statement of Financial Position as at 31 December 2011 and the Statement of Comprehensive Income of Emu for the six months ended on that date together with accompanying notes.

The Pro-Forma Financial Information comprises the reviewed Statement of Financial Position as at 31 December 2011 together with accompanying notes assuming completion of the Pro-Forma assumptions and events detailed in Note 2 of Appendix 1 had they taken place at 31 December 2011.

5. Scope of Review

You have requested Somes Cooke to review the Financial Information set out in Appendix 1 in order to report whether anything has come to our attention which would cause us to believe the Financial Information does not present fairly the financial position of Emu at 31 December 2011 and the financial performance of Emu for the six months ended 31 December 2011 is in accordance with recognition and measurement requirements, principles of Australian Accounting Standards and other mandatory professional reporting requirements in Australia and the accounting policies adopted by Emu. The scope of the review does not include a report on whether all disclosure requirements of the Australian Accounting Standards and other mandatory professional reporting requirements in Australia have been included.

Our review has been conducted in accordance with ASRE 2405 "Review of Historical Financial Information Other Than a Financial Report". Our review was limited to enquiries of Emu Key Management Personnel, review of Director's minutes, review of material documents, analytical

procedures, limited verification procedures and comparisons for consistency with Australian Accounting Standards.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit report. For the purposes of this Report, we have not performed an audit and accordingly do not express an audit opinion on the Financial Information.

6. Responsibility for the Financial Information

The directors of Emu are responsible for the preparation and presentation of the historical and Pro-Forma Financial Information, including the determination of the Pro-Forma transactions. We have however examined the financial statements and other relevant information and made such enquiries, as we considered necessary for the purposes of this Report. The scope of our examination was substantially less than an audit examination conducted in accordance with Australian Auditing Standards and accordingly, we do not express such an opinion based on the financial information presented in Appendix 1.

Our examination included:

- Discussions with directors of Emu;
- Review of contractual arrangements;
- A review of publicly available information; and
- A review of workpapers, accounting records and other documents.

7. Opinion

In our opinion, the Historical Financial Information and Pro-Forma Financial Information as set out in Appendix 1 presents fairly, the financial position of Emu as at 31 December 2011 and the financial performance for the six months ended on this date in accordance with the accounting methodologies required by Australian Accounting Standards on the basis of assumptions and transactions set out in Appendix 1. No opinion is expressed on the historical results, as shown in Appendix 1, except to state that nothing has come to our attention which would require any further modification to the financial information in order for it to present fairly, the results of the period identified.

8. Subsequent Events

To the best of our knowledge and belief, there have been no material items, transactions, or events subsequent to 31 December 2011, that have come to our attention during the course of our review which would cause the information included in this report, other than the transaction outlined in Appendix 1.

9. Declaration

Somes Cooke are responsible for this Report. The Financial Information presented in Appendix 1 has been prepared by Emu and is the responsibility of the Directors of Emu. This report is strictly limited to the matters contained herein and is not to be read as extending by implication or otherwise to any other matter.

Somes Cooke do not have any interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to this matter.

Except for fees relating to this Report, which are based on normal commercial terms, Somes Cooke does not have any interest in Emu nor in the outcome of the Offer. Somes Cooke are also the auditors of Emu and Ancoa.

Somes Cooke have not made, and will not make, any recommendation through the issue of this Report to potential investors of Emu as to the merit of the investment.

Consent for the inclusion of this Report in the Prospectus in the form and context in which it appears has been given. At the date of this Report, this consent has not been withdrawn.

Yours faithfully

Kevin Somes
Partner
Somes Cooke Chartered Accountants
1304 Hay Street
West Perth WA 6005

Date: 7 March 2012

Appendix 1

1. Financial Information

Statement of Financial Position

	Note	Reviewed as at 31 Dec 2011 $	Pro-Forma Adjustments $	Pro-Forma as at 31 Dec 2011 $
Current Assets				
Cash and cash equivalents	4	5,105,141	44,475,000	49,580,141
Trade and other receivables		72,461	347,000	419,461
Inventories		-	1,754,000	1,754,000
Assets held for sale		-	226,000	226,000
Other assets		24,763	-	24,763
Total Current Assets		5,202,365	46,802,000	52,004,365
Non Current Assets				
Other financial assets		44,900	-	44,900
Property, plant and equipment	5	24,612	12,079,000	12,103,612
Mineral interests	6	-	49,407,800	49,407,800
Total Non Current Assets		69,512	61,486,800	61,556,312
Total Assets		5,271,877	108,288,800	113,560,677
Current Liabilities				
Trade and other payables		67,693	141,000	208,693
Borrowings		-	165,000	165,000
Provisions		-	165,000	165,000
Total Current Liabilities		67,693	471,000	538,693
Non Current Liabilities				
Borrowings	7	-	30,211,000	30,211,000
Provisions	8	-	3,480,000	3,480,000
Deferred Tax Liability	9	-	11,401,800	11,401,800
Total Non Current Liabilities		-	45,092,800	45,092,800
Total Liabilities		67,693	45,563,800	45,631,493
Net Assets		5,204,184	62,725,000	67,929,184

Equity

Contributed equity	10	8,815,929	65,125,000	73,940,929
Reserves		120,650	-	120,650
Accumulated losses		(3,732,395)	(2,400,000)	(6,132,395)
Total Equity		5,204,184	62,725,000	67,929,184

The above statement should be read in accordance with the accompanying notes

Statement of Comprehensive Income

	Reviewed for the six months ended 31 Dec 2011 $
Revenue:	
Interest income	147,603
Other income	9,065
Expenses:	
Exploration and tenement expenses written off	(245,650)
Other expenses	(298,260)
Loss before tax	(387,242)
Other comprehensive income	-
Total comprehensive income	(387,242)

The above statement should be read in accordance with the accompanying notes

2. Pro-Forma Assumptions

The Pro-Forma Financial Information incorporates the following assumptions and includes the following transactions and events as if they have occurred at 31 December 2011:

a) Consolidation of Emu's capital, in which every 2.1756 shares and 2.1756 options on issue will be consolidated into 1 share and 1 option, effectively reducing the total number of shares from 59,828,940 to 27,500,000 and the total number of options from 12,010,000 to 5,520,322 (the impact on the exercise price of options is listed at Note 10);

b) Payment of a security fee of $800,000 to Ancoa, to be refunded on completion of the below transactions;

c) Purchase of 100% of the shares in Ancoa by the issue of 27,500,000 post consolidated shares in Emu. The Pro-Forma Financial Information assumes that the fair value of an Emu share for this transaction is 30 cents, being the proposed Capital Raising price;

d) Capital raising of an intended minimum of $60 million, but in any event not more than $70 million, by the issue of Emu shares at 30 cents per post consolidation share. The Pro-Forma Financial Information assumes Capital Raising of $60 million. The estimated Capital Raising costs to be borne by Emu are $3.125 million;

e) Purchase by Ancoa of all the issued capital of HMPL from Straits Gold Pty Ltd, a wholly owned subsidiary of ASX listed Straits for a deemed consideration of $40 million, comprising $10 million in cash, with the balance being settled by cash, shares, convertible notes, or a combination of any thereof. The Pro-Forma Financial Information assumes the balance of $30 million is settled through the issue of convertible notes as this is Emu's current intent, with 70,588,235 notes being issued (note terms outlined at Note 7). In addition, estimated indirect acquisition costs of $2.4 million are to be borne by Emu;

f) Issue of 75 million contributing shares paid to Nil, but 45 cents in respect of each of these shares due to be paid when called by Emu; no obligation to pay a call when made but failure to do so will result in the contributing shares being forfeited (further terms and conditions associated with these contributing shares are listed elsewhere in the prospectus); and

g) Refund from Ancoa of the security fee of $800,000 outlined above at 2b.

The fair value of HMPL net assets notionally acquired at 31 December 2011 are represented by the following purchase consideration and fair value of net assets acquired:

Notional consideration at 31 December 2011

	$
Cash payment	10,000,000
Face value of convertible notes issued	30,000,000
	40,000,000

Total fair value of assets notionally acquired at 31 December 2011

	$
Trade and other receivables	347,000
Inventories	1,754,000
Assets classified as held for re-sale	226,000
Property, plant and equipment	12,079,000
Mineral assets	38,682,800
Trade and other payables	(141,000)
Borrowings – Current	(165,000)
Provisions – Current	(165,000)

Borrowings – Non current	(211,000)
Provisions – Non current	(3,480,000)
Deferred Tax Liability	(8,926,800)
	40,000,000

The book value of Ancoa's net assets are assumed to be Nil at 31 December 2011, and thus the excess of the fair value of purchase consideration for Ancoa over Ancoa's book value of net assets is attributed to the deemed fair value of mineral assets acquired.

3. Summary of Significant Accounting Policies

The significant accounting policies adopted in the preparation of the Financial Information are summarised below.

Basis of Reporting

The Financial Information has been prepared in accordance with the *Corporations Act 2001* and recognition and measurement requirements (but not all disclosure requirements) of Australian Accounting Standards and Australian Accounting Interpretations adopted by the Australian Accounting Standards Board.

The Financial Information covers Emu Nickel NL ("Emu" or "the Company"), a public company, incorporated and domiciled in Australia and its subsidiaries ("the Group"). The Financial Information is presented in Australian dollars, the functional and presentation currency of the Group.

The Financial Information has been prepared on an accrual basis and is based on historical costs. Cost is based on the fair value of the consideration given in exchange for assets.

The Financial Information has been prepared on a going concern basis. In the directors opinion the Company and the Group are able to continue as a going concern and therefore realise their assets and extinguish their liabilities in the normal course of business at the amounts stated in the Financial Information.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the Financial Information of the Group complies with International Financial Reporting Standards (IFRS).

Significant accounting policies

Accounting policies are selected and applied in a manner which ensures that the resulting Financial Information satisfies the concepts of relevance and reliability, and that the substance of underlying transactions and other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the Financial Information:

Accounting Policies

(a) Principals of Consolidation

The Financial Information incorporates the assets, liabilities and results of entities controlled by the Company at the end of the 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 form the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities in the consolidated group have been eliminated in full on consolidation. In preparing the Financial Information, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

(b) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and are accounted for by applying the acquisition method. Business combinations are accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

All transaction costs incurred in relation to business combinations are expensed to the statement of comprehensive income.

(c) Income tax

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses, if any in fact are brought to account.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Information. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(d) Mineral Assets

Where the Group acquires mineral assets through a business combination, the fair value of identifiable mineral assets acquired is recognised in the Statement of Financial Position.

All other exploration and evaluation expenditure is expensed to Statement of Comprehensive Income as incurred. The effect of this write-off is to increase the loss incurred from continuing operations as disclosed in the Statement of Comprehensive Income and to decrease the carrying values in the Statement of Financial Position.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(f) Impairment of Assets

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

(g) Property, Plant, and Equipment

Each class of property, plant, and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

The carrying amounts of property, plant, and equipment are reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

(h) Financial Instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit and loss, in which case transaction costs are expensed to profit and loss immediately.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

the amount at which the financial asset or financial liability is measured at initial recognition;

less principal repayments;

plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and

less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit and loss.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

(i) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(j) Contributed Equity

Ordinary share capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(k) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained both externally and from within the Group.

Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation and the directors understanding thereof. At the current stage of the Group's development and its current environmental impact, the directors believe such treatment is reasonable and appropriate.

Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Convertible notes

The convertible notes issued as part of the Company's funding arrangements are compound financial instruments, as described in AASB 132 *Presentation of Financial Instruments*. Accordingly, an equity and liability proportion has been estimated by comparing the fair value of the instrument to the net present value of the liability. The net present value of the liability has been estimated using discount rates that the directors consider are appropriate to the Company.

4. Cash and cash equivalents

	$
Balance of cash and cash equivalents at 31 December 2011	5,105,141
Add Pro-Forma adjustments:	
- Payment of security fee	800,000
- Cash raised from the issue of 200 million ordinary shares at 30 cents per share to raise an intended $60 million, less estimated Capital Raising costs of $3.125 million	56,875,000
- $10 million cash payment as part consideration for the acquisition of HMPL	(10,000,000)
- Estimated indirect HMPL acquisition costs	(2,400,000)
- Refund of security fee	(800,000)
Pro-Forma balance of cash and cash equivalents at 31 December 2011	49,580,141

5. Property, plant and equipment

	$
Balance of property, plant, and equipment at 31 December 2011	24,612
Add Pro-Forma adjustments:	
- Fair value of property, plant and equipment acquired on acquisition of HMPL	12,079,000
Pro-Forma balance of property, plant and equipment at 31 December 2011	12,103,612

6. Mineral interests

	$
Balance of mineral interests at 31 December 2011	-
Add Pro-Forma adjustments:	
- Fair value of mineral interests acquired on acquisition of 100% of Ancoa	10,725,000
- Fair value of mineral interests acquired on acquisition of HMPL	38,682,800
Pro-Forma balance of mineral interests at 31 December 2011	49,407,800

7. Borrowings

	$
Balance of borrowings at 31 December 2011	-
Add Pro-Forma adjustments:	
- Issue of convertible notes as part consideration for acquisition of HMPL	30,000,000
- Other borrowings acquired on acquisition of HMPL	211,000
Pro-Forma balance of borrowings at 31 December 2011	30,211,000

The terms of the convertible notes are: (i) 5 years; (ii) interest free for the 12 months and thereafter the coupon rate of 12.5% pa payable quarterly in arrears; (iii) convertible (at the rate of 42.5 cents) at the election of the holder into shares on a 1:1 basis; (iv) no right of redemption save on maturity or in the case of certain events of default; and (v) any notes not converted or redeemed at the end of the 5 years to be redeemed.

8. Provisions

	$
Balance of provisions at 31 December 2011	-
Add Pro-Forma adjustments:	
- Fair value of provision for environmental rehabilitation acquired on acquisition of HMPL	3,480,000
Pro-Forma balance of provisions at 31 December 2011	3,480,000

9. Deferred tax liability

	$
Balance of deferred tax liabilities at 31 December 2011	-
Add Pro-Forma adjustments:	
- Deferred tax liability recognised on business combination of Ancoa	2,475,000
- Deferred tax liability recognised on business combination of HMPL	8,926,800
Pro-Forma balance of deferred tax liabilities at 31 December 2011	11,401,800

10. Contributed Equity

Ordinary Shares	**Number**	**$**
Balance of contributed equity at 31 December 2011	59,828,940	8,815,929
Add Pro-Forma adjustments:		
- Consolidation of Emu's capital, in which every 2.1756 shares and 2.1756 options on issue will be consolidated into 1 share and 1 option	(32,328,940)	-
- Issue of shares to Ancoa shareholders by the issue of 27,500,000 post consolidated shares	27,500,000	8,250,000
- Issue of shares pursuant to public offer, net of estimated Capital Raising costs of $3.125 million	200,000,000	56,875,000
Pro-Forma balance of contributed equity at 31 December 2011	255,000,000	73,940,929

Conversion of convertible notes on issue (listed in Note 7) would result in further increases to contributed equity in addition to those outlined above.

Contributing shares	**Number**	**$**
Contributing shares at 31 December 2011	-	-
Add Pro-Forma adjustments:		
- Issue of 75 million contributing shares	75,000,000	-
Pro-Forma balance of contributing shares at 31 December 2011	75,000,000	-

Terms and conditions associated with these contributing shares are outlined elsewhere in the .

Options

The impact on the option exercise prices of consolidating every 2.1756 options on issue into 1 option is as follows:

Option expiry date	Pre consolidated – number of options	Post consolidated – number of options	Pre consolidated exercise price ($)	Post consolidated exercise price ($)
27.2.2013	10,000,000	4,596,438	0.50	1.09
22.12.2014	1,830,000	841,148	0.27	0.59
21.12.2015	180,000	82,736	0.20	0.43

11. Contingencies

The Company, in common with most companies with tenement interests, is subject to the potential impact of native title claims .

The Company is not in a position to assess the likely effect of any native title claim impacting the Company.

The existence of native title represents, as a general proposition, a serious threat to explorers and miners, not only in terms of delaying the grant of tenements and the progression of exploration development and mining operations, but also in terms of costs arising consequent upon dealing with aboriginal interest groups, claims for native title and the like.

12. Post balance date events

No matters or circumstances have arisen since 31 December 2011 which significantly effect the state of affairs of the Company, other than the transactions outlined above.

13. Related Parties

The key management personnel of Emu in office during the 6 months to 31 December 2011 were Peter Thomas (director), George Sakalidis (director), Roger Thomson (director), and Rudolf Tieleman (company secretary). As at the date of this report the key management personnel have relevant interests in Emu's pre-consolidated shares and options, and accrued remuneration for services to Emu during the 6 months to December 2011, as set out in the table below:

	Pre-con shares	Pre-con options	Directors' Fees and Statutory Superannuation ($)	Consulting Fees ($)
Peter Thomas	406,246	Nil	27,250	Nil
George Sakalidis	4,563,497	2,550,000	27,250	24,490
Roger Thomson	865,693	2,450,000	27,250	28,485
Rudolf Tieleman	200,000	800,000	Nil	28,652
	6,035,436	5,800,000	81,750	81,627

As at the date of this report Peter Thomas, a director of both Emu and Ancoa, and parties related to Peter Thomas had 9,250,000 shares in Ancoa. As a result, the acquisition of Ancoa by Emu will result in 5,275,666 post consolidated shares being issued to Mr Thomas and related parties.

Subject to shareholder approval, Greg Steemson, a director and shareholder of Ancoa, will become a director of Emu following Emu's purchase of Ancoa and HMPL. Greg Steemson and parties related to Greg Steemson had 11,500,000 shares in Ancoa at the date of this report. As a result, the acquisition of Ancoa by Emu will result in 6,558,936 post consolidated shares being issued to Mr Steemson and related parties.

It is anticipated that Peter Secker, a director and shareholder of Ancoa, will become a director of Emu following Emu's purchase of Ancoa and HMPL. Peter Secker had 620,418 shares in Ancoa at the date of this report. As a result, the acquisition of Ancoa by Emu will result in 285,171 post consolidated shares being issued to Mr Secker.

It is anticipated that Greg McRostie, a director and shareholder of Ancoa, will become a director of Emu following Emu's purchase of Ancoa and HMPL. Greg McRostie had 4,342,928 shares in Ancoa at the date of this report. As a result, the acquisition of Ancoa by Emu will result in 1,996,198 post consolidated shares being issued to Mr McRostie.

At the date of this report, Rudolf Tieleman, the company secretary of Emu, had 1,087,800 shares in Ancoa. As a result, the acquisition of Ancoa by Emu will result in 500,000 post consolidated shares being issued to Mr Tieleman.

hetherington
Exploration & Mining Title Services
www.hemts.com.au

EMU NICKEL NL
INDEPENDENT EXPLORATION AND MINING TENEMENTS REPORT

1. INTRODUCTION

1.1 Scope of Instructions

The following report has been prepared independently and in compliance with the VALMIN Code.

Hetherington Exploration & Mining Title Services Pty Ltd ("HEMTS") has been instructed by Emu Nickel NL (ACN 127 291 927) ("the Company") to conduct searches of and outline the rights conferred by exploration and mining tenements in New South Wales ("the Tenements") held by Hillgrove Mines Pty Ltd ("Hillgrove Mines"). Basic details of the Tenements are set out in the attached Schedule ("the Schedule").

HEMTS has been instructed by the Company that it is proposing to merge with Ancoa NL (ACN 145 460 304) and the merged company will operate as Ancoa NL (ACN 127 291 927).

1.2 Qualifications

Russell Hetherington has approximately 33 years experience in exploration and mining tenement management across Australia. Russell Hetherington is a member of the Australian Mining and Petroleum Law Association and a member of the Business Law Section of the Law Council of Australia.

1.3 Independence

HEMTS is independent from the Company within the meaning of the VALMIN Code. HEMTS's costs of preparing this report have been calculated at its normal charge out rate.

2. COMMENTARY ON THE TENEMENTS

2.1 General

Unless otherwise stated, the following information has been obtained from the New South Wales Department of Trade and Investment, Regional Infrastructure and Services ("the Department"), the National Native Title Tribunal ("NNTT"), the Office of Environment and Heritage ("OEH") and the New South Wales State Heritage Register.

Much of the information obtained from the Department relating to the Tenements, has been obtained from the Department's Tenement Administration System ("TAS"). This report is subject to the proviso that TAS may contain errors and is not always reliable. Where possible, the information obtained from TAS has been verified against other available information, such as exploration licence and mining lease instruments, electronic maps, etc.

The Tenements are comprised of:

Exploration Licences

Granted pursuant to the Mining Act 1973 (NSW):

- Exploration Licence No 3326 (1973) ("EL 3326")

Granted pursuant to the Mining Act 1992 (NSW):

- Exploration Licence No 5973 (1992) ("EL 5973")
- Exploration Licence No 5997 (1992) ("EL 5997")
- Exploration Licence No 6419 (1992) ("EL 6419")

Collectively referred to as "the Exploration Licences", the Exploration Licences apply to Group 1 minerals, which are metallic minerals such as gold, silver, copper, iron minerals, etc. The grant of the Exploration Licences authorises exploration by all methods (although some methods require additional approval by the Environmental Sustainability Unit of the Department, or other Government instrumentalities).

The Exploration Licences are subject to the provisions of the Mining Act 1992 (NSW) ("Mining Act") and the Mining Regulation 2010 ("the Mining Regulation").

The current term of EL 6419 expired on 16 May 2011, but EL 6419 continues in force pending the determination of the application for renewal (Section 117(1), Mining Act). An application for renewal has been lodged over all 97 units the licence was previously subject to, for a further term of two years. Details of special circumstances to support the renewal of EL 6419 without reduction have been lodged with the Department as required by Section 114(6) of the Mining Act.

The following Tenements which consist of Mining Leases, Mineral Leases, Gold Leases, Private Lands Leases and Mining Purposes Leases are collectively referred to as "the Mining Leases".

Mining Leases

Granted pursuant to the Mining Act 1973 (NSW):

- Mining Lease No 205 (1973) ("ML 205")
- Mining Lease No 219 (1973) ("ML 219")
- Mining Lease No 231 (1973) ("ML 231")
- Mining Lease No 391 (1973) ("ML 391")
- Mining Lease No 392 (1973) ("ML 392")
- Mining Lease No 592 (1973) ("ML 592")
- Mining Lease No 600 (1973) ("ML 600")
- Mining Lease No 649 (1973) ("ML 649")
- Mining Lease No 655 (1973) ("ML 655")
- Mining Lease No 714 (1973) ("ML 714")
- Mining Lease No 749 (1973) ("ML 749")
- Mining Lease No 772 (1973) ("ML 772")
- Mining Lease No 810 (1973) ("ML 810")
- Mining Lease No 945 (1973) ("ML 945")
- Mining Lease No 961 (1973) ("ML 961")
- Mining Lease No 972 (1973) ("ML 972")
- Mining Lease No 1020 (1973) ("ML 1020")
- Mining Lease No 1026 (1973) ("ML 1026")
- Mining Lease No 1100 (1973) ("ML 1100")
- Mining Lease No 1101 (1973) ("ML 1101")

The term of ML 772 expired on 4 September 2000, but ML 772 continues in force pending the determination of the application for renewal (Section 117(1), Mining Act). An application for renewal has been lodged over all 1.617 hectares the lease was previously subject to, for a further term of 21 years. Renewal was previously shown on the TAS Register as approved, however as there appears to be some confusion as to whether or not development consent applied to the area of ML 772, the TAS Register has subsequently been amended to show the application for renewal as "pending".

In any case, ML 772 continues in force until the issue above is resolved with the Department or an appropriate developmental consent is granted in respect to ML 772.

Granted pursuant to the Mining Act 1992 (NSW):

- Mining Lease No 1332 (1992) ("ML 1332")
- Mining Lease No 1440 (1992) ("ML 1440")
- Mining Lease No 1441 (1992) ("ML 1441")
- Mining Lease No 1442 (1992) ("ML 1442")
- Mining Lease No 1598 (1992) ("ML 1598")
- Mining Lease No 1599 (1992) ("ML 1599")
- Mining Lease No 1600 (1992) ("ML 1600")
- Mining Lease No 1601 (1992) ("ML 1601")
- Mining Lease No 1602 (1992) ("ML 1602")
- Mining Lease No 1603 (1992) ("ML 1603")
- Mining Lease No 1604 (1992) ("ML 1604")

Mineral Leases

Granted pursuant to the Mining Act 1906 (NSW):

- Mineral Lease No 5643 (1906) ("ML 5643")
- Mineral Lease No 6282 (1906) ("ML 6282")

Gold Leases

Granted pursuant to the Mining Act 1906 (NSW):

- Gold Lease No 3959 (1906) ("GL 3959")
- Gold Lease No 3980 (1906) ("GL 3980")
- Gold Lease No 5845 (1906) ("GL 5845")

Private Lands Leases

Granted pursuant to the Mining Act 1906 (NSW):

- Private Lands Lease No 3827 (1906) ("PLL 3827")

Granted pursuant to the Mining (Amendment) Act 1924 (NSW):

- Private Lands Lease No 350 (1924) ("PLL 350")
- Private Lands Lease No 416 (1924) ("PLL 416")
- Private Lands Lease No 661 (1924) ("PLL 661")
- Private Lands Lease No 804 (1924) ("PLL 804")
- Private Lands Lease No 1252 (1924) ("PLL 1252")

The current term of PLL 804 expired on 22 July 2011, but PLL 804 continues in force pending the determination of the application for renewal (Section 117(1), Mining Act). Renewal has been sought over the full area for a further period of 21 years in accordance with Section 114(3) of the Mining Act.

Mining Purposes Leases

Granted pursuant to the Mining Act 1906 (NSW):

- Mining Purposes Lease No 745 (1906) ("MPL 745")
- Mining Purposes Lease No 919 (1906) ("MPL 919")

- Mining Purposes Lease No 1427 (1906) ("MPL 1427")

Granted pursuant to the Mining Act 1973 (NSW):

- Mining Purposes Lease No 146 (1973) ("MPL 146")
- Mining Purposes Lease No 220 (1973) ("MPL 220")

The holder of a mining purposes lease is permitted to conduct operations defined by the specific method or purpose of the lease in accordance with its conditions.

MPL 146 has several purposes;

- construction, maintenance or use (in or in connection with mining operations) of any building, conveyor, mining plant or tramway;
- stockpiling or depositing of overburden, ore or tailings;
- storage of fuel, machinery, timber or equipment for use or in connection with mining operations; and
- generation and transmission of electricity for use or in connection with mining operations.

The purpose of MPL 220 is for the construction maintenance or use (in or in connection with mining operations) of any drill hole or shaft for;

- drainage of gas, or
- drainage or conveyance of water, or
- ventilation, or
- conveyance of electricity, or
- conveyance of materials, or
- communications, or
- emergency access to underground workings.

The purpose of MPL 745 is for the construction, maintenance, or use (in or in connection with mining operations) of any building or mining plant.

The purpose of MPL 919 is for the stockpiling or depositing of overburden, ore or tailings.

The purpose of MPL 1427 is for the construction, maintenance or use (in or in connection with mining operations) of any reservoir, dam, drain or water race.

Whilst the Mining Leases have been granted to mine and prospect pursuant to the terms of a number of New South Wales statutes, the Mining Leases are subject to the Mining Act and the Mining Regulation.

The registered holder of the Tenements is Hillgrove Mines.

2.2 Exclusions

The terms of the Exploration Licence instruments exclude land vested in the Commonwealth of Australia and any land subject to a National Park, regional park, historic site, nature reserve, karst conservation reserve or Aboriginal area which existed at the date of grant.

Time does not permit an investigation into whether there is any land vested in the Commonwealth of Australia, historic site, nature reserve, regional reserve, karst conservation reserve or Aboriginal area, although it is considered unlikely that there are large areas of such land within the Exploration Licences.

National Parks

Part of the area of EL 5997 borders Oxley Wild Rivers National Park, which was originally excluded from the licence area.

None of the other Tenements are affected by National Parks.

Mining Reserves

Less than 1 percent of the area of EL 6419 is subject to Mining Reserve No 3124 ("MR 3124"). The area of MR 3124 prohibits Exploration Licences, Assessment Leases, Mining Leases and Mineral Claims being granted over this area.

None of the other Tenements are affected by Mining Reserves.

2.3 Other Titles and Applications

The following Tenements are either wholly or partially located within the area of EL 3326 but are excluded from the EL 3326 licence area: GL 3959, GL 5845, ML 205, ML 219, ML 231, ML 392, ML 592, ML 600, ML 649, ML 714, ML 749, ML 772, ML 810, ML 961, ML 972, ML 1020, ML 1026, ML 1100, ML 1101, ML 1332, ML 1440, ML 1441, ML 1442, ML 1598, ML 1599, ML 1602, ML 1603, ML 1604, ML 5643, MPL 220, MPL 919, PLL 661, PLL 804 and PLL 3827.

The following Tenements are either wholly or partially located within the area of EL 5973 but are excluded from the EL 5973 licence area: GL 3959, GL 3980, GL5845, ML 219, ML 231, ML 391, ML 600, ML 649, ML 655, ML 714, ML 810, ML 945, ML 961, ML 972, ML 1020, ML 1332, ML 1441, ML 1442, ML 1598, ML 1599, ML 1600, ML 1601, ML 6282, MPL 146, MPL 745, MPL 919, MPL 1427, PLL 350, PLL 416, PLL 661, PLL 804, PLL 1252 and PLL 3827.

The land subject to EL 6419 partially co-exists with Exploration Licence No 7387 (1992) ("EL 7387") held by Geogen Victoria Pty Ltd for Group 8 minerals, being geothermal substances.

Exploration Licence Application No 4370 ("ELA 4370") was applied for by Far North Minerals Pty Ltd on 9 September 2011 for Group 2 minerals, being non metallic minerals. The area of ELA 4370 co-exists with EL 5973 (for Group 1 minerals).

Whilst exploration rights for different minerals may co-exist, should operational conflict arise between those titles, either party may apply to the Land and Environment Court for a determination of the matter (Section 170, Mining Act).

The land subject to Mining Lease No 755 (1973) ("ML 755") is located within the area of EL 6419 but is excluded from the licence area. The holder of ML 755 is Hillgrove Mining Pty Ltd which covers an area of 8.096 hectares and is not subject to any depth restrictions or surface exclusions. The grant of ML 755 enables the mining of gold and silver.

The current term of ML 755 expired on 24 July 2000 but ML 755 remains in force pending the determination of the application for renewal (Section 117(1), Mining Act). Renewal has been sought for the maximum 21 years over 8.096 hectares in accordance with Section 114(3) of the Mining Act.

2.4 Depth Restrictions and Surface Exclusions

Approximately 0.5% of ML 219 excludes the surface and the land below to a depth of 20 metres.

Approximately 99.1% of ML 600 excludes the surface and land below to a depth of 15 metres.

Approximately 78.4% of ML 655 excludes the surface and the land below to a depth of 15 metres.

Approximately 97% of ML 714 excludes the surface and the land below to a depth of 30 metres.

Approximately 20% of ML 945 excludes the surface and the land below to a depth of 100 metres. Approximately 14 % of ML 945 excludes the surface and the land below to a depth of 20 metres.

Approximately 94% of ML 961 excludes the surface and land below to a depth of 15 metres.

Approximately 97.1% of ML 972 excludes the surface and land below to a depth of 15 metres.

The area of ML 1020 excludes the surface and the land below to a depth of 15 metres.

The area of ML 1100 excludes the surface and the land below to a depth of 50 metres.

The area of ML 1598 includes the surface and the land below to a depth of 15.24 metres.

The area of ML 1599 includes the surface and the land below to a depth of 60.96 metres.

Approximately 71% of ML 1600 excludes the surface and the land below to a depth of 30 metres. Approximately 22% of ML 1600 excludes the surface and the land below to a depth of 15.24 metres.

The area of ML 1601 includes the surface and land below to a depth of 15 metres.

Approximately 9% of PLL 350 excludes the surface and the land below to a depth of 15 metres. The area of PLL 350 includes only the surface and the land below to a depth of 30 metres.

Approximately 98.2% of PLL 661 excludes the surface and the land below to a depth of about 15.24 metres.

Approximately 83% of PLL 804 excludes the surface and the land below to a depth of 15.24 metres.

Approximately 91% of PLL 1252 excludes the surface and the land below to a depth of 15.24 metres.

Approximately 12.2% of PLL 3827 excludes the surface and the land below to a depth 60.96 metres.

Approximately 12% of GL 3959 excludes the surface and the land below to a depth of 15.24 metres. Approximately 9.4% of GL 3959 excludes the surface and the land below to a depth of about 6.10 metres.

Approximately 4.5% of GL 3980 excludes the surface and the land below to a depth 15.24 metres.

The area of MPL 146 includes the surface and the land below to a depth of 20 metres.

The area of MPL 220 includes the land within 30.48 metres above and below the floor of the Cooney Tunnel. The land within 15.24 metres of each side of the centre line of the Cooney Tunnel is excluded.

The area of MPL 745 includes the surface and the land below to a depth of 6.09 metres.

The area of MPL 919 includes the surface and the land below to a depth of 9 metres.

The area of MPL 1427 includes the surface and the land below to a depth of 15.24 metres.

A number of the above tenements (GL 3959, ML 219, ML 600, ML 714, ML 961, ML 972, ML 1020, ML 1100, ML 1598, ML 1599, MPL 220, MPL 919, PLL 661, PLL 804 and PLL 3827) exist within the area of EL 3326 but are excluded from the licence area. Where the surface and land below has been excluded from a Mining Lease, this excluded area is subject to the area of EL 3326. Similarly, where a depth restriction exists on a Mining Lease, any land below the depth restriction is subject to the EL 3326 licence area.

A number of the above tenements (GL 3959, GL 3980, ML 219, ML 600, ML 655, ML 714, ML 945, ML 961, ML 972, ML 1020, ML 1598, ML 1599, ML 1600, ML 1601, MPL 146, MPL 745, MPL 919, MPL 1427, PLL 350, PLL 661, PLL 804, PLL 1252 and PLL 3827) exist within the area of EL 5973 but are

excluded from the licence area. Where the surface and land below has been excluded from a Mining Lease, this excluded area is subject to the area of EL 5973. Similarly, where a depth restriction exists on a Mining Lease, any land below the depth restriction is subject to the EL 5973 licence area.

The strata information above has been verified against information available from the Department. As noted earlier in this report at Section 2.1, information obtained from the Department's systems is subject to error which has had a bearing on the veracity of this strata information.

Upon further investigation it has become evident that the strata description in the lease instruments does not always compare to the strata identified in the survey diagrams. Information has been duplicated and irregularities exist in TAS and the renewal instruments. Further, certain survey diagrams have been inaccessible due to missing files within the Department.

Notwithstanding the irregularities described above, pursuant to the terms of the Mining Act, all of the Mining Leases have been granted subject to the survey with the depth restrictions or surface exclusions reflected in the surveys. In any case, strata not granted as Mining Leases to mine, remain subject to the surrounding Exploration Licences, which nonetheless gives the holder thereof the right to prospect in this strata.

HEMTS continues to verify this information to furnish to the Company.

2.5 Encumbrances

There are no encumbrances registered against any of the Tenements.

2.6 State Forests and State Conservation Areas

None of the Tenements are affected by State Forests or State Conservation Areas.

2.7 Exploration Licence Conditions

The Department has issued Exploration Licence Conditions ("2010 Conditions"), which have amended the Exploration Licence Conditions 2009 ("2009 Conditions"). The conditions attached to the instruments for the Exploration Licences relate to environmental management of exploration, drilling requirements, reporting requirements, expenditure commitments, clearing of vegetation, rehabilitation of disturbed land, lodgement of security deposits, and community liaison program requirements.

The 2010 Conditions now include Condition 22 which requires the lodgement of an Environmental Management Report ("EMR") as part of any application for renewal of an exploration licence, or within 30 days of the expiry or cancellation of an exploration licence. There is no reference to an EMR in the Mining Act, the Mining Regulation or the prescribed forms. Furthermore, Condition 22 requires that an EMR be prepared according to any relevant Departmental guidelines. As yet, no relevant guidelines have been released.

Condition 33 requires the exploration licence holder to make every reasonable attempt, and be able to demonstrate attempts, to enter into a co-operation agreement with the holder/s of any overlapping authorities (see Section 2.3).

Condition 34 requires the exploration licence holder, prior to the commencement of any prospecting operations, to establish a Community and Landholder Liaison Program that can effectively address enquiries from landholders and community members within the area of the exploration licence.

Condition 35 imposes a requirement of prior written Ministerial consent should there be a change in control of the tenement. Condition 35(b) sets out what constitutes a "change in effective control" being when a person is appointed with a minimum of 50 percent control over the directors of the board of the holder company, greater than 50 percent control over votes at a general meeting, or more than 50 percent of issued share capital.

In the case of foreign persons or corporations as set out in Condition 35(c), "foreign acquisition of substantial control" occurs when foreign persons gain a minimum of 15 percent control over the directors of the board of the holder company, greater than 15 percent control over votes at a general meeting or more than 15 percent of issued share capital.

The Exploration Licence instruments also contain conditions relating to Native Title (see Section 2.13).

The following specific conditions apply to the relevant Exploration Licences.

EL 3326

EL 3326 is subject to the 2010 Conditions and includes Condition 35 requiring Ministerial consent should there be a change in control of the tenement.

EL 5973 and EL 5997

Both EL 5973 and EL 5997 are subject to the 2010 Conditions, excluding Condition 35.

Condition 28 of EL 5973 and EL 5997 require the holder of the licence to have informed the relevant Local Aboriginal Land Council within 30 days from the grant of the licence.

EL 6419

EL 6419 is currently pending renewal. Upon renewal of the licence, it is anticipated that EL 6419 will become subject to the 2010 Conditions.

2.8 Mining Lease Conditions

Mining Lease Conditions address the requirements for a Mining Operations Plan ("MOP"), drilling conditions, working operations, indemnity, reporting and safety requirements, environmental management and rehabilitation with regard to vegetation, flora and fauna, soil erosion and watercourses, regulation of operations, including the use of mercury and cyanide, and Aboriginal places etc.

Hillgrove Mines has advised that an approved MOP is current for the Mining Leases, and together with the environmental conditions of any applicable Development Consent, and other approvals, the MOP forms the basis for ongoing mining operations and environmental management, including ongoing monitoring of works on the Mining Leases.

In addition to the foregoing, the following particular conditions apply to the relevant Mining Leases.
ML 391

Condition 11 of ML 391 stipulates blasting requirements with regard to ground vibration and blast overpressure. Condition 29 requires that the lease holder shall not, as far as may be practicable, interfere in any way with the public use and enjoyment of Water Reserve No 1393A.

ML 810 and ML 749

Condition 29 relates to the excavation of material from protected river land. Conditions 30, 31 and 32 relate to the prevention of sedimentation, erosion and pollution of any watercourse from debris, oil or other materials. Condition 33 requires that operations cannot be conducted within ten metres of the banks of Bakers Creek.

ML 1332

Condition 9 of ML 1332 prescribes that no more than two shafts/adits can be open or used at the one time without prior written consent by the Minister. Condition 11 also requires that no more than 0.5

hectares of the surface of the subject area can be open at one time without the prior written consent of the Minister. Condition 40 requires that operations and/or works shall be carried out so as not to cause pollution to the Macleay River Catchment Area.

M*L 600, ML 1440, ML 1441 and ML 1442*

Condition 66 prescribes that the holder must provide all information relating to the responsible utilisation of mineral resources when required by an Inspector. Condition 72 requires the holder to take precautions against the outbreak of fire.

ML 1440 and ML 1442

Condition 78 requires the holder to obtain the necessary licences from the Department of Planning & Infrastructure and/or the OEH for operations involving a pumping plant or construction of dams, levees or diversion channels. Condition 79 requires that any scrub, undergrowth and timber removed during operations be burned.

ML 1441

Condition 78 of ML 1441 requires that the Department of Planning & Infrastructure and/or the OEH be consulted should operations involve extraction within 40 metres of Four Mile Creek.

ML 1598, ML 1599, ML 1600, and GL 5845

Condition 29 requires that the lease holder must not mine in any part of the lease area within the notification area of the Hillgrove Tailings No 1 Dam, Hillgrove Tailings No 2 Dam and Hillgrove Elanora Dam without prior written consent from the Minister. Condition 30 prescribes that the holder of a consolidated mining lease can only suspend mining operations in the mining area in accordance with the consent of the Minister.

ML 1601, ML 1602, ML 1603 and ML 1604

Condition 30 prescribes that the holder of a consolidated mining lease can only suspend mining operations in the mining area in accordance with the consent of the Minister.

2.9 Aggregated Expenditure and Labour

Pursuant to Regulation 29 of the Mining Regulation, expenditure and labour conditions of mining leases can be aggregated. Expenditure and labour conditions for the Mining Leases have been aggregated. An annual aggregated expenditure in the sum of $500,000 or an aggregated labour requirement of a minimum of 111 people employed, applies across the Mining Leases.

2.10 Expenditure and Reporting Requirements

Compliance with the expenditure and reporting requirements of an exploration licence or mining lease is important because those matters are considered by the Department at the time of renewal.

In the case of an exploration licence, it can determine whether the exploration licence area is renewed in full, or whether a 50 percent reduction of the area is required.

Expenditure for the Exploration Licences

The last annual expenditure commitment attached to EL 3326 and EL 5997 for the most recent terms has been satisfied. The expenditure commitments attached to EL 5973 and EL 6419 have not been fully complied with for the most recent terms.

Aggregate Expenditure for the Mining Leases

For the reporting period from 23 August 2009 to 22 August 2010 the reported aggregate expenditure for the Mining Leases was $1,377,238, significantly exceeding the aggregate expenditure commitment of $500,000. During the most recent reporting period from 23 August 2010 to 22 August 2011, there was an aggregate expenditure shortfall of $371,114. Notwithstanding any shortfall, provided works are being conducted in accordance with MOP, (see Section 2.8), expenditure is not generally an issue for the Department.

Reporting

The Tenements have been approved for group reporting. The Department advised on 20 February 2012 that all reporting is up to date and that the next Combined Annual Report is due 22 September 2012.

2.11 Securities

Upon the grant of an exploration licence or mining lease, a condition may be imposed that requires the holder to provide and maintain a security deposit that secures funding for the fulfilment of Department requirements, and environmental and rehabilitation obligations in respect to the Tenements (Section 261B, Mining Act).

Pursuant to Section 261B(5) of the Mining Act, two or more mining leases held by the same holder may require a single security deposit. Currently, the Mining Leases are subject to joint security of $3,900,000 which is held by the Department.

A security deposit can be provided in the form of a bank guarantee, cash, bond or, if considered appropriate, an insurance policy (Section 261D, Mining Act). The joint security for the Mining Leases has been provided in the form of four bank guarantees totalling $3,900,000.

Currently, the Exploration Licences require individual security deposits of $10,000. The security deposit currently lodged in respect to EL 3326 is in cash. Security deposits for EL 5973, EL 5997 and EL 6419 are lodged in the form of a separate bank guarantee for each exploration licence.

The specific amounts comprising each security are provided in the Schedule.

2.12 Access and Compensation

Exploration Licences

It is necessary to enter into a written access agreement with any landholders prior to carrying out exploration on land which is owned or occupied (Section 140, Mining Act). Any landholder is entitled to compensation for all compensable loss caused to such land by exploration (Section 263, Mining Act). In the event that an agreement over the amount of compensation payable cannot be reached with any landholder, the matter can be referred to arbitration, and if not resolved, to the Land and Environment Court for determination (Section 155, Mining Act).

Pursuant to Section 31 of the Mining Act, it is necessary for the holder of an exploration licence to obtain the prior written consent of the owner of any dwelling house which is the principal place of residence, garden or improvement before carrying out exploration within 200 metres of the dwelling house, and within 50 metres of the relevant garden or on land subject to a significant improvement. “Significant improvement” has been defined by the Mining Act as any substantial building, dam, reservoir, contour bank, graded bank, levee, water disposal area, soil conservation work or other valuable work or structure.

Mining Leases

A landholder is entitled to compensation for any compensable loss suffered, or likely to be suffered as a result of the exercise of rights conferred by a mining lease (Section 265(1), Mining Act).

An agreement for compensation payable must be reached before the holder of a mining lease can exercise any rights on the surface of the mining lease. If a valid agreement is not entered into between a mining lease holder and a landholder, the holder of a mining lease or landholder may apply to the Land and Environment Court for assessment of compensation payable (Section 265(3), Mining Act).

Hillgrove Mines has advised that the Mining Leases comprise Crown Land and freehold land. Hillgrove Mines has also advised it holds two freehold lease lots covered by ML 1026 and are landholders of several lots within the area of the Mining Leases.

A mining lease may not be granted over the surface of any land within 200 metres of a dwelling house which is the principal place of residence, or within 50 metres of the relevant garden or land which has undergone significant improvement unless written consent has been obtained from the landholder (Section 62, Mining Act).

2.13 Native Title

Currently no registered Native Title Claims exist over any of the Tenements.

The issue of whether or not a Native Title Claim applies to the land subject to the Tenements is irrelevant to the requirement to comply with the Native Title processes prescribed by the Native Title Act 1993 (Commonwealth) ("NTA"), if the relevant land is land where Native Title exists or may exist ("Native Title land"). The threshold question when considering Native Title issues is therefore whether or not the relevant land is Native Title land or, in other words, whether or not Native Title has been extinguished. If Native Title has been extinguished, then it is not necessary to consider whether or not there is a Native Title Claim in respect to the relevant land before carrying out exploration.

If Native Title has not been extinguished, then it will (except in very specific circumstances) be necessary to comply with Native Title processes before carrying out exploration on the Exploration Licences. The presence of a registered Native Title Claim simply means that it will be necessary to reach an agreement with the Native Title Claimants before proceeding with the relevant exploration activity. This may not be the case where there is currently no registered Native Title Claim, although in that case it is still necessary to undergo the "Right to Negotiate" process prescribed by the NTA or other Native Title processes for any exploration on Native Title land that may exist within an Exploration Licence.

As a general statement, it can be said that Native Title has been extinguished in much of New South Wales. Nonetheless, it is likely that the Tenements may contain at least some Native Title land. The status of any Native Title in land cannot be determined with certainty until a thorough search of each parcel of land is carried out. Such searches are beyond the scope of this report.

The Exploration Licences have been granted with the "Minister's consent" condition included. This means that before carrying out exploration on Native Title land, the Minister's consent must be obtained. The Minister will not grant consent until the "Right to Negotiate" process prescribed by the NTA has been undergone.

Exploration Licences such as EL 3326 granted under the Mining Act 1973, are arguably not subject to the "Minister's consent" condition which is included in the current Exploration Licence conditions. Although this condition has been included in subsequent renewal instruments for EL 3326, because EL 3326 was granted prior to the commencement of the NTA, the grant of which would be considered a "past act" for the purposes of the NTA.

The majority of the Mining Leases were granted prior to the commencement of the NTA and the grant of same is considered a "past act" for the purposes of the NTA. The Mining Leases that have been granted after commencement of the NTA have complied with the requirements of the NTA. Renewals of the "past act" Mining Leases will not attract the requirements of the NTA, provided that any renewal application subsequently lodged in respect to the Mining Leases does not extend the current area, does not relate to a greater term than initially granted, or create rights that were not created by the initial grant (Section 26D(1), NTA).

2.14 Aboriginal Places and Objects

An Aboriginal object is any material evidence relating to Aboriginal habitation of an area. An Aboriginal place is declared as such by the Minister administering the National Parks and Wildlife Act 1974 (NSW) ("NPW Act"), and is a place deemed to have special significance to Aboriginal culture. An Aboriginal place may or may not contain Aboriginal objects.

Aboriginal places and objects are registered on the Aboriginal Heritage Information Management System ("AHIMS") administered by the OEH. A search of AHIMS on 14 February 2012 indicates that there are a total of thirty-seven Aboriginal heritage sites located within or in close proximity to the Tenements.

Pursuant to Section 86(2) and (4) of the NPW Act, it is a strict liability offence to harm an Aboriginal object, or harm or desecrate an Aboriginal place. It is also an offence to harm or desecrate an Aboriginal object that the person knows is an Aboriginal object pursuant to Section 86(1) of the NPW Act. It may be necessary to apply for an Aboriginal Heritage Impact Permit in accordance with Section 90 of the NPW Act if the activities contemplated in exercising rights under the Tenements are likely to cause damage to Aboriginal objects or places. The application process for an Aboriginal Heritage Impact Permit is prescribed by Section 90A of the NPW Act and Sections 80C and 80D of the National Park and Wildlife Regulation 2009 ("NPW Regulation"). The prohibitions contained in Section 86(1), (2) and (4) of the NPW Act apply whether or not the Aboriginal place or Aboriginal object has been registered on AHIMS.

A defence is available to a person charged with a strict liability offence pursuant to Section 86(2) of the NPW Act. The defendant must show that the defendant exercised due diligence to determine whether the act or omission constituting the alleged offence would harm an Aboriginal object, and reasonably determined that no Aboriginal object would be harmed (Section 87(2), NPW Act).

A defence is also available to a person charged with an offence pursuant to Section 86(2) of the NPW Act, if the offence is prescribed by the NPW Regulation as a low impact act or omission. If harm or desecration of an Aboriginal object or place is authorised by an Aboriginal Heritage Impact Permit, and the conditions of that Permit are not contravened, a defence to prosecution under Section 86(1), (2) or (4) of the NPW Act is also provided by Section 87(1) of the NPW Act.

It should be emphasised that the issue of Aboriginal places and objects is entirely separate to that of Native Title.

2.15 Heritage Sites

It appears from a search of the State Heritage Inventory Register that there are a number of items listed in respect to the local government areas in which the Tenements are located, specifically within or in close proximity to EL 6419.

Whilst the geographical location of some entries on the State Heritage Inventory Register is unclear, normal caution must be exercised when carrying out exploration. If the holder of a tenement encounters a potential heritage item in the course of exploration, it should be verified with the local Shire Council and/or the New South Wales Heritage Council.

2.16 Future Obligations

The holder of an exploration licence or mining lease has an ongoing obligation to comply with the terms and conditions of grant, including satisfaction of the expenditure or labour conditions (as aggregated), unless otherwise varied by the Department.

It will be necessary to rehabilitate any current and future disturbances within the Tenements pursuant to the conditions attached to the Tenements, as well as any conditions of any additional consent that might be issued in accordance with the requirements of law or those conditions.

The activities conducted under the authority of the Tenements are likely to result in the creation of environmental liabilities for the holder. The environmental liabilities will commence when exploration or mining causes on-site ground disturbance. When any disturbed area has been satisfactorily rehabilitated, the environmental liability in respect to that area will cease.

If exploration is conducted on Native Title land, additional costs in respect to making an application for the Minister's consent to conduct activities on Native Title land, the "Right to Negotiate", Native Title consultation, negotiation and compensation payments and cultural heritage site clearances should be anticipated.

The holder of the Tenements may apply to renew the Tenements for further terms. Renewal applications for the Mining Leases that seek renewal for longer than a one year period should be lodged with the Department no later than one year prior to the relevant expiry date of that mining lease (Section 113(2), Mining Act).

Renewals for the Exploration Licences can be lodged with the Department two months before and up until the relevant expiry date. The Mining Act requires the holder of an exploration licence to periodically reduce by half the area of that exploration licence. Pursuant to Section 114(6) of the Mining Act, the holder may make an application to the Department to vary these reduction requirements. The holder of an exploration licence will need to demonstrate that special circumstances exist, to justify renewal over an area that is greater than half the current area of that licence.

RUSSELL HETHERINGTON
21 February 2012

Addendum: Since the completion of the report, the Department has offered the renewal of EL 6419 for a further term of two years over 97 units with an annual expenditure of $127,000.

SCHEDULE

TENEMENT	ACT YEAR	TENEMENT TYPE	REGISTERED HOLDER	GRANT DATE	EXPIRY DATE	STATUS	AREA	SECURITY		INDIVIDUAL EXPENDITURE COMMITMENT (PA)	AGGREGATED EXPENDITURE COMMITMENT (PA)	MINERAL
								REQUIRED	HELD			
EL 3326	1973	Exploration Licence	Hillgrove Mines Pty Ltd	23-Aug-1989	22-Aug-2013	Current	8 Units	$10,000.00	$10,000 (cash)	$38,000	n/a	Group 1
EL 5973	1992	Exploration Licence	Hillgrove Mines Pty Ltd	19-Aug-2002	18-Aug-2012	Current	29 Units	$10,000.00	$10,000 (guarantee)	$59,000	n/a	Group 1
EL 5997	1992	Exploration Licence	Hillgrove Mines Pty Ltd	27-Sept-2002	26-Sept-2012	Current	13 Units	$10,000.00	$10,000 (guarantee)	$43,000	n/a	Group 1
EL 6419	1992	Exploration Licence	Hillgrove Mines Pty Ltd	17-May-2005	16-May-2011	Renewal Pending	97 Units	$10,000.00	$10,000 (guarantee)	$127,000	n/a	Group 1
GL 3959	1906	Gold Lease	Hillgrove Mines Pty Ltd	08-Feb-1933	11-Feb-2020	Current	5.01 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000	$500,000	40 Minerals
GL 3980	1906	Gold Lease	Hillgrove Mines Pty Ltd	29-Mar-1933	11-Feb-2020	Current	1.619 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000	$500,000	40 Minerals
GL 5845	1906	Gold Lease	Hillgrove Mines Pty Ltd	16-Feb-1968	11-Feb-2020	Current	4.047 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$17,500	$500,000	40 Minerals
ML 205	1973	Mining Lease	Hillgrove Mines Pty Ltd	21-May-1976	11-Feb-2020	Current	2.302 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	41 Minerals
ML 219	1973	Mining Lease	Hillgrove Mines Pty Ltd	16-June-1976	11-Feb-2020	Current	167.6 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	43 Minerals

TENEMENT	ACT YEAR	TENEMENT TYPE	REGISTERED HOLDER	GRANT DATE	EXPIRY DATE	STATUS	AREA	SECURITY		INDIVIDUAL EXPENDITURE COMMITMENT (PA)	AGGREGATED EXPENDITURE COMMITMENT (PA)	MINERAL
								REQUIRED	HELD			
ML 231	1973	Mining Lease	Hillgrove Mines Pty Ltd	21-July-1976	11-Feb-2020	Current	5.26 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	40 Minerals
ML 391	1973	Mining Lease	Hillgrove Mines Pty Ltd	16-Feb-1977	11-Feb-2020	Current	24.64 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	41 Minerals
ML 392	1973	Mining Lease	Hillgrove Mines Pty Ltd	16-Feb-1977	11-Feb-2020	Current	4046 sqm	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	41 Minerals
ML 592	1973	Mining Lease	Hillgrove Mines Pty Ltd	03-May-1978	11-Feb-2020	Current	3.53 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	41 Minerals
ML 600	1973	Mining Lease	Hillgrove Mines Pty Ltd	10-May-1978	11-Feb-2020	Current	200 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	41 Minerals
ML 649	1973	Mining Lease	Hillgrove Mines Pty Ltd	04-Oct-1978	11-Feb-2020	Current	19.05 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	41 Minerals
ML 655	1973	Mining Lease	Hillgrove Mines Pty Ltd	04-Oct-1978	11-Feb-2020	Current	7.4 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	41 Minerals
ML 714	1973	Mining Lease	Hillgrove Mines Pty Ltd	21-Mar-1979	11-Feb-2020	Current	56 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	41 Minerals

TENEMENT	ACT YEAR	TENEMENT TYPE	REGISTERED HOLDER	GRANT DATE	EXPIRY DATE	STATUS	AREA	SECURITY		INDIVIDUAL EXPENDITURE COMMITMENT (PA)	AGGREGATED EXPENDITURE COMMITMENT (PA)	MINERAL
								REQUIRED	HELD			
ML 749	1973	Mining Lease	Hillgrove Mines Pty Ltd	04-July-1979	11-Feb-2020	Current	32.05 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	41 Minerals
ML 772	1973	Mining Lease	Hillgrove Mines Pty Ltd	05-Sept-1979	04-Sept-2000	Renewal Pending	1.617 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$14,000.00	$500,000	41 Minerals
ML 810	1973	Mining Lease	Hillgrove Mines Pty Ltd	05-Mar-1980	11-Feb-2020	Current	30.06 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	41 Minerals
ML 945	1973	Mining Lease	Hillgrove Mines Pty Ltd	08-July-1981	11-Feb-2020	Current	18.53 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	41 Minerals
ML 961	1973	Mining Lease	Hillgrove Mines Pty Ltd	09-Dec-1981	11-Feb-2020	Current	67.12 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	41 Minerals
ML 972	1973	Mining Lease	Hillgrove Mines Pty Ltd	06-Jan-1982	11-Feb-2020	Current	153.5 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	41 Minerals
ML 1020	1973	Mining Lease	Hillgrove Mines Pty Ltd	03-Nov-1982	11-Feb-2020	Current	12.1 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	41 Minerals
ML 1026	1973	Mining Lease	Hillgrove Mines Pty Ltd	08-Dec-1982	11-Feb-2020	Current	97.94 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	41 Minerals

TENEMENT	ACT YEAR	TENEMENT TYPE	REGISTERED HOLDER	GRANT DATE	EXPIRY DATE	STATUS	AREA	SECURITY		INDIVIDUAL EXPENDITURE COMMITMENT (PA)	AGGREGATED EXPENDITURE COMMITMENT (PA)	MINERAL
								REQUIRED	HELD			
ML 1100	1973	Mining Lease	Hillgrove Mines Pty Ltd	09-Nov-1983	11-Feb-2020	Current	186 sqm	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	41 Minerals
ML 1101	1973	Mining Lease	Hillgrove Mines Pty Ltd	09-Nov-1983	11-Feb-2020	Current	118.04 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	41 Minerals
ML 1332	1992	Mining Lease	Hillgrove Mines Pty Ltd	07-Oct-1993	06-Oct-2014	Current	24.56 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$52,500.00	$500,000	41 Minerals
ML 1440	1992	Mining Lease	Hillgrove Mines Pty Ltd	12-Feb-1999	11-Feb-2020	Current	52.6 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$52,500.00	$500,000	41 Minerals
ML 1441	1992	Mining Lease	Hillgrove Mines Pty Ltd	12-Feb-1999	11-Feb-2020	Current	64.12 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$52,500.00	$500,000	41 Minerals
ML 1442	1992	Mining Lease	Hillgrove Mines Pty Ltd	12-Feb-1999	11-Feb-2020	Current	256 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$315,000.00	$500,000	41 Minerals
ML 1598	1992	Mining Lease	Hillgrove Mines Pty Ltd	04-Dec-2007	11-Feb-2020	Current	6700 sqm	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	39 Minerals
ML 1599	1992	Mining Lease	Hillgrove Mines Pty Ltd	04-Dec-2007	11-Feb-2020	Current	2225 sqm	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	39 Minerals

TENEMENT	ACT YEAR	TENEMENT TYPE	REGISTERED HOLDER	GRANT DATE	EXPIRY DATE	STATUS	AREA	SECURITY		INDIVIDUAL EXPENDITURE COMMITMENT (PA)	AGGREGATED EXPENDITURE COMMITMENT (PA)	MINERAL
								REQUIRED	HELD			
ML 1600	1992	Mining Lease	Hillgrove Mines Pty Ltd	04-Dec-2007	11-Feb-2020	Current	1.423 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	39 Minerals
ML 1601	1992	Mining Lease	Hillgrove Mines Pty Ltd	04-Dec-2007	11-Feb-2020	Current	5.641 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	39 Minerals
ML 1602	1992	Mining Lease	Hillgrove Mines Pty Ltd	04-Dec-2007	11-Feb-2020	Current	8612 sqm	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	40 Minerals
ML 1603	1992	Mining Lease	Hillgrove Mines Pty Ltd	04-Dec-2007	11-Feb-2020	Current	3262 sqm	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	40 Minerals
ML 1604	1992	Mining Lease	Hillgrove Mines Pty Ltd	04-Dec-2007	11-Feb-2020	Current	1.972 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	40 Minerals
ML 5643	1906	Mineral Lease	Hillgrove Mines Pty Ltd	14-Nov-1958	11-Feb-2020	Current	1.91 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	41 Minerals
ML 6282	1906	Mineral Lease	Hillgrove Mines Pty Ltd	12-Mar-1971	11-Feb-2020	Current	3.149 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$0.00	$500,000	43 Minerals
MPL 146	1973	Mining Purposes Lease	Hillgrove Mines Pty Ltd	09-Aug-1978	11-Feb-2020	Current	8098 sqm	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	Nil Minerals

TENEMENT	ACT YEAR	TENEMENT TYPE	REGISTERED HOLDER	GRANT DATE	EXPIRY DATE	STATUS	AREA	SECURITY		INDIVIDUAL EXPENDITURE COMMITMENT (PA)	AGGREGATED EXPENDITURE COMMITMENT (PA)	MINERAL
								REQUIRED	HELD			
MPL 220	1973	Mining Purposes Lease	Hillgrove Mines Pty Ltd	07-Dec-1983	11-Feb-2020	Current	2.661 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	Nil Minerals
MPL 745	1906	Mining Purposes Lease	Hillgrove Mines Pty Ltd	29-Mar-1933	11-Feb-2020	Current	5159 sqm	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	Nil Minerals
MPL 919	1906	Mining Purposes Lease	Hillgrove Mines Pty Ltd	31-Aug-1938	11-Feb-2020	Current	1.11 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	Nil Minerals
MPL 1427	1906	Mining Purposes Lease	Hillgrove Mines Pty Ltd	06-July-1973	11-Feb-2020	Current	2.19 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	Nil Minerals
PLL 350	1924	Private Lands Lease	Hillgrove Mines Pty Ltd	28-May-1932	11-Feb-2020	Current	1.07 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	40 Minerals
PLL 416	1924	Private Lands Lease	Hillgrove Mines Pty Ltd	20-Dec-1935	11-Feb-2020	Current	4022 sqm	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	40 Minerals
PLL 661	1924	Private Lands Lease	Hillgrove Mines Pty Ltd	27-July-1943	11-Feb-2020	Current	15.96 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	41 Minerals
PLL 804	1924	Private Lands Lease	Hillgrove Mines Pty Ltd	22-July-1949	22-July-2011	Renewal Pending	7714 sqm	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$60,000.00	$500,000	40 Minerals

TENEMENT	ACT YEAR	TENEMENT TYPE	REGISTERED HOLDER	GRANT DATE	EXPIRY DATE	STATUS	AREA	SECURITY		INDIVIDUAL EXPENDITURE COMMITMENT (PA)	AGGREGATED EXPENDITURE COMMITMENT (PA)	MINERAL
								REQUIRED	HELD			
PLL 1252	1924	Private Lands Lease	Hillgrove Mines Pty Ltd	23-Dec-1969	11-Feb-2020	Current	8.2099 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	41 Minerals
PLL 3827	1906	Private Lands Lease	Hillgrove Mines Pty Ltd	21-Aug-1973	11-Feb-2020	Current	1.95 Ha	$3,900,000 (joint)	Joint held: $500,000 (guarantee) $2,150,000 (guarantee) $420,000 (guarantee) $830,000 (guarantee)	$35,000.00	$500,000	42 Minerals

* The Mining Leases (excluding mineral purpose leases) include minerals listed as Group 1 in Schedule 1 of the Mining Regulation.

coffey mining
SPECIALISTS FROM BOARDROOM TO MINE FACE

21 February 2012

The Directors
Bullantco N.L.

An Independent Technical Valuation, which forms part of this Independent Technical Review, was commissioned by Stantons International Securities (SIS) to be part of an Independent Expert's Report relating to acquisition of all shares in Straits (Hillgrove) Gold Pty Ltd, a wholly owned subsidiary of Straits Resources Ltd (Straits).

This report was initially prepared for ANCOA Ltd (ACN 145 460 304) (which became ANCOA N.L. and which is to be renamed Bullantco N.L.) for use in an initial public offering prospectus.

At the request of Bullantco (ACN 145 460 304) and Emu Nickel N.L. (ACN 127 291 927) (to be renamed ANCOA N.L.), we have reviewed and, where appropriate, updated our report to enable it to be used in the prospectus for the offer of shares in ANCOA (ACN 127 291 927).

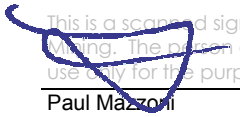
The Project tenements comprise 51 tenements covering about 425 square kilometres. Coffey has based its review of the Project on technical records, along with technical reports and data variously compiled by Straits and its consultants, previous Project operators and government agencies, along with discussions with Straits and Emu technical and corporate management, and other relevant published and unpublished data. Coffey is an exploration, mining and resource consulting firm, which has been providing services and advice to the international mineral industry and financial institutions for over 50 years. The primary author of this report is Mr Paul Mazzoni, who is a professional geologist with 35 years experience in the exploration, development and mining of base and precious metal properties and industrial mineral properties internationally. Mr Mazzoni is the Chief Geologist at Coffey Mining and is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM) and a Member of the Society of Economic Geologists (MSEG).

Additional Coffey Mining consultants Mr John Hearne (Regional Manager WA), Mr Christopher Witt (Senior Consultant - Metallurgy), Ms Kim Ferguson (Associate with Coffey Environments) and Mr Vadim Louchnikov (Associate Mining Geotechnical Engineer) were variously retained as "Specialists" to respectively assist in the mining review, the review of the metallurgy and processing and the geotechnical and environmental aspects of the Project. Each of the authors has the appropriate relevant qualifications, experience, competence and independence to be considered an "Expert" under the definitions provided in the VALMIN Code and as "Competent Persons" under the definition provided in the JORC Code.

A site visit was undertaken to the Project between the 9th and 12th of May 2011 by Mr Paul Mazzoni, Mr John Hearne and Mr Christopher Witt. A second site visit was undertaken by John Hearne on 8th October 2011. All reasonable enquiries have been made to confirm the authenticity and completeness of the technical data upon which this report is based. The Independent Technical Report has been prepared on information available up to and including 31st of December 2011. The conclusions expressed in this report are therefore only valid for this date. A final draft of this report was also provided to Emu, along with a written request to identify any material errors or omissions. Neither Coffey, nor the authors of this report have, or have had previously, any material interest in Emu or the mineral properties or companies in which Emu has, or is earning, an interest. Our relationship with Emu is solely one of professional association between client and independent consultant. This report is prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this report.

The Independent Technical Report (including the Valuation) has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports ("The VALMIN Code"), which is binding upon Members of the Australasian Institute of Mining and Metallurgy (AusIMM), the Australian Institute of Geoscientists (AIG), and the rules and guidelines issued by such bodies as the ASIC and Australian Securities Exchange (ASX), which pertain to Independent Expert Reports. The report is also consistent with the 'Australasian Code for Reporting of Mineral Resources and Ore Reserves' of December 2004 (the Code) as prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Mineral Council of Australia (JORC).

For and on behalf of Coffey Mining Pty Ltd



Paul Mazzoni
Chief Geologist

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EXECUTIVE SUMMARY

Introduction

Stantons International Securities ("SIS"), on behalf of Emu Nickel NL ("Emu"), has commissioned Coffey Mining Pty Ltd (Coffey) to prepare an Independent Technical Valuation, which forms part of this Independent Technical Review (ITR), for the Hillgrove Antimony-Gold Project (the "Project"), located near Armidale in New South Wales. The Project tenements comprise 51 tenements covering about 425 square kilometres.

This report was initially prepared for ANCOA Ltd (ACN 145 460 304) (which became ANCOA NL and which is to be renamed Bullantco NL) for use in an initial public offering prospectus.

At the request of Bullantco N.L. (ACN 145 460 304) and Emu Nickel NL (ACN 127 291 927) (to be renamed ANCOA N.L.), we have reviewed and, where appropriate, updated our report to enable it to be used in the prospectus for the offer of shares in ANCOA (ACN 127 291 927).

The ITR will be part of an Independent's Expert's Report (IER) by SIS on behalf of Emu to acquire all of the shares in Ancoa, a company that has the rights to acquire all of the shares in Hillgrove Mines Pty Ltd ("Hillgrove"), a wholly owned subsidiary of Straits Resources Limited ("Straits").

Emu proposes to have the operation recommissioned toward the end of 2012 or early 2013, mining 250,000tpa and producing 4,000tpa to 5,000tpa of antimony and 20,000ozpa to 25,000ozpa of gold in concentrates.

The agreement between Emu and Straits and the various agreements covering the assets, and the specific exploration, mining and minerals processing legislation applicable to the Project tenements have not been independently verified by Coffey.

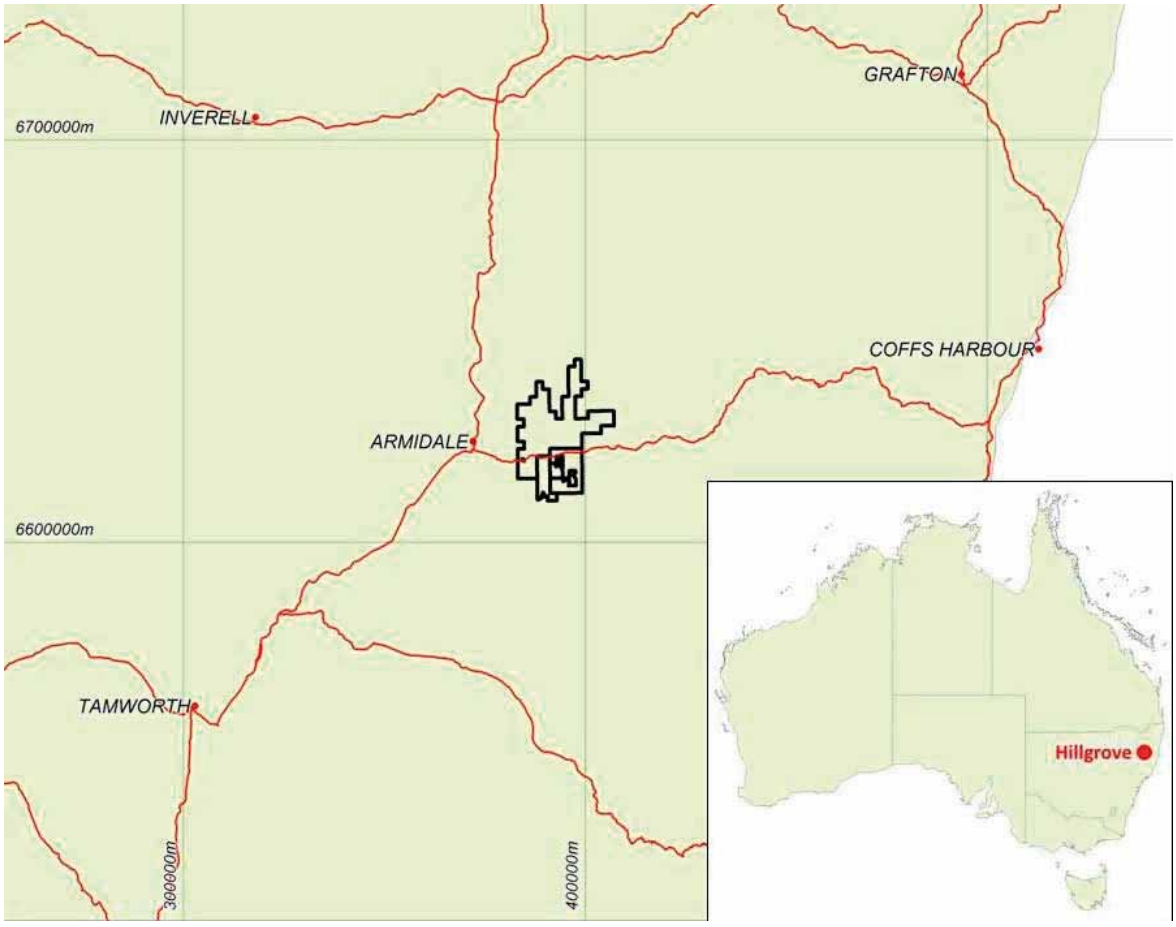
The information in this report that relates to Mineral Resources and Ore Reserves is based on information compiled by Mr Byron Dumpleton who is a Member of the Australian Institute of Geoscientists and Mr Peter Storey who is a Member of The Australasian Institute of Mining and Metallurgy and who are full-time employees of Straits Resources Limited. Messrs Dumpleton and Storey have provided consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

The Independent Technical Report has been prepared on information available up to and including 31 of December 2011. A site visit was undertaken to the Project area between the 9th and 12th of May 2011 and again on the 8th of October 2011.

Project Setting

The Project is located at Hillgrove, an historic antimony and gold mining town located in the northern New England Tableland in New South Wales. The Project comprises a number of underground antimony-gold mines, a processing plant and associated infrastructure, currently under care and maintenance, and surrounding exploration tenements. The Project tenements cover an area of approximately 425km² and consist of 51 granted tenements lying about 23km east of the City of Armidale, a major regional centre midway between Sydney and Brisbane (Figure 1). Most of the Project area is characterised by flat to gently undulating plateau of between 900m and 1,100m elevation above sea level and experiences a warm to temperate climate with no climatic extremes, allowing year round field activities. The Project is strategically located within existing regional infrastructure including the major north-south state inland highway, the main north-south inland rail service, sealed access roads, regional airport, hospitals, and close proximity to other regional centres and rural workforces.

Figure 1
Hillgrove Project Location



Geology and Mineralisation

The Hillgrove Antimony-Gold (Sb-Au) Mineral Field lies within the New England Orogen ("NEO"), which incorporates rocks formed between the Devonian and Triassic periods. The NEO is endowed with abundant and varied deposit styles reflecting a protracted history of igneous intrusion, volcanism and tectonic activity. Multiple deformation, metamorphism, and igneous emplacement events occurred in the late Carboniferous to early Permian. These intrusive rocks include two main groups belonging to the Hillgrove Adamellite and Bakers Creek Diorite suites which are spatially associated with the Hillgrove mineralisation.

Late Carboniferous metasedimentary rocks in the Project intruded by the two igneous suites are assigned to the Girrakool Beds and comprise a sequence of mudstone, siltstone, slate and lithic to feldspathic arenites. The Girrakool Beds and the two igneous intrusive suites are cut by an abundant group of younger dykes which range in composition from aplite through diorite to lamprophyre. The lamprophyre dykes are often spatially closely associated with the mineralised structures which cut both the metasedimentary rocks and the intrusive suites. The Hillgrove Mineral Field occupies a roughly NNW-SSE elongated elliptical area covering 9km by 6km. The long axis is oriented in the main vein direction and about 200 individual deposits are recognised in the field. The major deposits are grouped together by common mine access infrastructure into a number of "mining centres". The most important of these in terms of historical production and current Resources are the Metz Mining Centre, comprising the Syndicate, Black, Sunlight and Cox's Lodes, and the Eleanora area, comprising the Eleanora and Garibaldi Lodes. Two other centres which also feature in the Project development plans are at Clarks Gully to the north of Metz and Brackins Spur to the south of Eleanora.

Antimony (stibnite)-gold mineralisation occurs with or without tungsten (scheelite) in veins which range from simple single veins through zones of parallel stringer veins to quartz-wallrock breccias. All major veins are intruded along shear zones with sinistral movement. Splits in the veins enclose mineralised zones up to 8 metres in width, where tension gash-type stringer veins cut across the enclosed rocks. The veins are the product of a multi-phase mineralisation in the following sequence:

- Quartz → Quartz-Scheelite → Quartz-Arsenopyrite-Pyrite-Gold → Quartz-Stibnite-Gold → Quartz-Stibnite-Calcite → Barren Quartz-Chlorite.

Ore grade mineralisation in veins occurs as steeply plunging ore shoots which formed in dilational zones along the vein structures. The ore shoots generally occupy from 30% to 60% of the strike length of a vein. The ore shoots usually display good continuity down plunge, although grades and widths can vary quite widely within individual ore shoots and several shoots are known to be composed of a linear string of ore grade pods.

Exploration and Development History

The Hillgrove Mineral Field was one of the major goldfields in New South Wales. Gold mining commenced in Bakers Creek Gorge in 1877 and at its peak in 1898, the population of Hillgrove was approximately 4,000. The major gold production phase was the last decade of the 1800's. Modern operations commenced in 1969 with the re-opening of several old workings and construction of antimony concentrate production facilities. Production from nine separate deposits provided mill feed to the concentrator over the ensuing 30 years, with the principal operator being New England Antimony

Mines NL (NEAM). The last recorded production of gold and antimony concentrate by NEAM in 2001 sourced mill feed from the Metz and Brackins Spur underground mines.

The Project was acquired by Straits from Antimony Resources Australia in April 2004. Straits embarked on an extensive exploration and resource drilling program and metallurgical investigations culminating with an extensive mine establishment phase during 2007-2008, based on the Metz orebodies. Mining operations commenced in early 2008. Commissioning of a new plant to produce antimony metal onsite commenced in the September quarter of 2008. High-quality metal production occurred but was significantly below design capacity due to various processing issues associated with metal production.

In August 2009, Straits announced a temporary suspension of processing activities to investigate a number of these technical issues. In 2010, Straits announced that it intended to explore opportunities for the divestment of the Project and the operation effectively remains on care and maintenance.

Mineral Resources

The Hillgrove Mineral Resources are currently (9th May 2011) reported as 6,349,000t at 1.6% Sb, 4.3g/t Au and 0.02% W. Of these; 1.02Mt @ 1.9% Sb and 5.1g/t Au are classified as Measured Resources, 3.54Mt @ 1.5% Sb, 4.0g/t Au and 0.01% W are classified as Indicated, and 1.79Mt @ 1.6% Sb, 4.3g/t Au and 0.05% W are classified as Inferred. There are 20 individual deposits with declared Mineral Resources but many of these smaller estimates were completed by NEAM prior to Straits acquisition of the Project. More recent estimation by Straits and its consultants has focused on the larger deposits with higher Sb grades and those with existing mine infrastructure which would allow a rapid return to mine production. The current focus is on the Metz, Brackins Spur and Clarks Gully Mineral Resources (Table 1). Coffey has reviewed the available Resource documentation and in some cases the digital block models. In the case of Metz and Brackin Spur deposits (approximately 48% of the total Resource), Coffey are satisfied that the current Straits Resource estimates provide an appropriate estimate of global Resources upon which to base further project studies. Coffey considers that Clarks Gully and Eleanora (approximately 51%) Resources require additional work to confirm the global estimates. The additional Clarks Gully work has been scheduled for 2012-2013.

Table 1
Hillgrove Mineral Resources - May 2011
Competent Person: Mr B. Dumpleton

Mining Centre	Total Mineral Resource (3g/t AuEq Cutoff)			
	tonnes (kt)	Au (ppm)	Sb (%)	W (%)
Metz	2,029	3.4	2.1	0.01
Brackins Spur	993	5.4	1.5	0.09
Eleanora	2,442	5.0	0.9	0
Swamp Creek	76	6.4	3.5	0.00
Bakers Creek	44	7.8	1.9	0.00
Clarks Gully (+others)	765	2.3	2.2	0.00
Total	**6,349**	**4.3**	**1.6**	**0.02**

* Mr Dumpleton is a full time employee of Straits Resources

Exploration Potential

Significant potential exists to add to the Hillgrove Mineral Resources through extensional exploration drilling around the existing deposits. At the Metz centre, Black Lode is open at depth (down plunge on existing ore shoots) and the lode is open to the west with potential for additional ore shoots to be discovered towards the projected intersection with the Hillgrove Fault. Cox's Lode central main ore shoot is open down-plunge and the lode structure is open to the south with potential to host additional ore shoots. The Sunlight-Sunlight West lode structure, while Au-dominant, is similarly prospective below the current workings and along strike. Numerous smaller splay structures, such as Oscar's Lode, are present and with closer spaced drilling and underground sampling can be expected to add smaller tonnages of high grade Sb-Au mineralisation to the Resources.

At Clarks Gully, potential exists for a southern extension of the lode to the south of a sinistral fault offset. A number of other sub-parallel structures have only been partially tested with reconnaissance drilling. Very little exploration drilling exists on the potential structure between the Eleanora-Garibaldi line of lode and the Brackins Spur Resources. This "gap" has largely been a function of difficult drill access and should be considered prospective for moderate tonnage steeply-plunging shoots.

Elsewhere, the Project contains a significant exploration package of some 425km² prospective for metasedimentary-hosted, structurally-controlled Sb-Au deposits. Exploration with modern methods appears to be at an early stage with incomplete surface geochemical coverage and numerous untested exploration targets defined. Some of these targets include historical workings which have never been tested at depth with drilling.

Mining

The Hillgrove Ore Reserves are reported as 2,195,000t at 2.1% Sb and 3.8g/t (Table 2). Of these; 0.386Mt @ 2.4% Sb and 3.6g/t Au are classified as Proved Reserves and 1.809Mt @ 2.1%Sb, 3.8g/t Au are classified as Probable Reserves. The information in this report relates to the Project Ore Reserves as declared as at 28 January 2010. A full table of the Straits Ore Reserves for the Project is given in Appendix C.

Table 2
Hillgrove Mineral Reserves - January 2010
Competent Person: Mr P Storey*

Mining Area	Cutoff		Proved	Probable	Total
Syndicate	5.0g/t AuEq	Tonnes (kt)	202	214	416
		Au (g/t)	2.5	2.3	2.4
		Sb (%)	3.2	2.7	2.9
Surface Stockpiles	Variable	Tonnes (kt)	54		54
		Au (g/t)	2.0		2.0
		Sb (%)	2.2		2.2
Other Mine Areas	Variable	Tonnes (kt)	130	1,595	1,725
		Au (g/t)	6.1	4.0	4.2
		Sb (%)	1.1	2.0	1.9
Total		**Tonnes (kt)**	**386**	**1,809**	**2,195**
		Au (g/t)	**3.6**	**3.8**	**3.8**
		Sb (%)	**2.4**	**2.1**	**2.1**

* Mr Storey is a full time employee of Straits Resources

There are 15 individual deposits with declared Ore Reserves. Many of these smaller Reserve estimates were completed by New England Antimony Mines NL (NEAM) prior to Straits acquisition of the Project. More recent work by Straits and its consultants has focused on the larger deposits and those deposits with existing mine infrastructure.

The Syndicate, Black Lode Gully and Brackins Spur deposits are the immediate focus of the return to production plans for the Project.

Coffey has reviewed the available documentation and the digital stope models associated with the Syndicate, Black Lode Gully and Brackins Spur deposits, and considers the stope design method to be appropriate.

The proposed mining design layout and modified Avoca mining method is considered applicable for the style of mineralisation at Hillgrove. A mining operational cost of $75.40/t appears reasonable for the type and scale of the mining operations.

Straits have detailed schedules for first four years of operations that outline the development and extraction of the Black Lode and Syndicate orebodies. This schedule appears to be logical and there do not appear to be any fatal flaws in the schedule sequencing.

All mine access, ore level development and all ventilation, electrical and communications services required for operations are currently in place for Project recommencement. The Reserves and mining schedule are planned to be revisited by Bullantco before any Project recommencement. Significant work is planned to develop the mine plans and schedules for the Brackins Spur and other deposits and integrate these into the existing Metz area operational schedule. Bullantco also plans to investigate the development of the Clarks Gully deposit, initially as an open cut, to augment the ore supply for 2013.

As no updated Reserve statement has been released since the Project closure, estimates do not reflect the completion of the current Resource statement and the mining planning work undertaken since then. Coffey considers that the Reserves as declared by Straits should be achievable and will be contained within any new estimate using the current Resources, revised cutoff grades based on current costs and commodity prices.

Processing

It is proposed that the current Hillgrove processing plant will be modified and upgraded to process 250,000tpa of underground ore to generate separate high-grade stibnite-gold and gold-rich arsenopyrite concentrates for direct sale.

An extensive flotation testwork program was undertaken by Hatch at Ammtec Laboratories to determine the flowsheet requirements and final concentrate characteristics of the proposed plant. The study results indicate that a high-grade stibnite concentrate containing 62% antimony and ~1oz/t Au with recoveries of 92.2% and 47% respectively.

Also, a high-quality Au-arsenopyrite concentrate containing ~2oz/t Au at a recovery of 32.4% can be produced with very low deleterious content. Total gold recovery for combined products is 79.4%. The

two concentrates appear to be high quality and can be marketed directly to the respective metal refining operations.

The existing processing facility is to be modified including the addition of a secondary crusher and the conversion of the existing SAG mill into a single stage ball mill capable of processing 32tph, 250,000tpa. A new flotation circuit will be combined with the existing cells to process the separate stibnite and arsenopyrite-gold concentrates.

In Coffey's opinion, the process plant modifications and production assumptions required to process 250,000tpa are valid and reasonable,

Community and Environment

The Project Mining Operations Plan 2006 – 2011 (MOP) was approved and the site is currently in compliance with all its environmental obligations. A revised MOP is required to be submitted to support the relevant planned activities at the site. There are no issues with resubmitting a modified MOP as all the licence agreements are approved and valid. All MOPs have a finite life (maximum seven years) and require resubmission for acceptance during the operating mine life.

There appear to be no major community or Aboriginal Heritage issues and the archaeological potential of the area is considered to be low. There are no issues associated with dust from the operations and waste areas and odour from the tailings dam appear to be dealt with successfully. The majority of the small local community is said to be supportive of the operation.

The majority of the Project area is located in the Bakers Creek catchment, which is part of the larger Macleay River catchment. The Macleay River in turn flows through the Oxley Wild Rivers National Park, which is a World Heritage area. Standard conditions apply to all leases, including on a number of the mining leases, to 'prevent pollution to the Macleay River catchment area'. The Project EPL requires the monitoring of a number of historical adits for discharge water quality and quantity that may contribute antimony and arsenic to the Bakers Creek system.

There is no evidence of acid rock drainage (ARD) at the site, with the waste rock characterisation work for Metz and Bakers Creek mining areas indicating all samples being classified as non-acid forming. There is, however, evidence of metalliferous drainage from the disturbance areas but these are within licensed discharge conditions. The Hillgrove site is located within a sensitive environment and Bullantco plans to implement a comprehensive EMS in accordance with the conditions in the MOP.

Valuation Summary

The Hillgrove Project is valued in a range between **A$33.7M** and **A$131.8M** and within this range, the **Preferred Value** is **A$81M**.

The primary valuation of the Hillgrove Project utilised a DCF model constructed by Coffey from inputs provided by Straits / Bullantco. Coffey has reviewed the Straits cost model and found the Project Reserve, mine schedule and operating and capital cost assumptions to be reasonable. The valuation included the purchase price for the Project within the capital budget as well as the various refurbishments. It is therefore clear from the valuation results that the Project has considerable value.

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No separate value is ascribed to the exploration potential as this is regarded as being adequately accounted for in the DCF valuation range.

The Preferred Value of the Hillgrove Project is A$81M as calculated by the probabilistic analysis and Monte Carlo simulation. A value range is ascribed on the basis of the first and third quartile value from the probabilistic analysis. These are regarded as more realistic potential outcomes rather the maximum and minimum. There is a slight risk (approximately 13%) that the Project will have negative value; however, this would require a plummeting antimony price and a failure to realise the value of the gold held in the arsenopyrite concentrate.

A comparable transaction review was undertaken. This failed to produce sufficient comparable transactions to be statistically meaningful. Notwithstanding this, the few relevant transactions reviewed support the quantum of value ascribed from the DCF valuation.

Conclusions and Key Recommendations

Global antimony production is dominated by China and with recent increasing market eagerness to secure alternate sources of supply; the Project represents a good opportunity to resume production from antimony resources located in a logistically and politically favourable region of the world. Hillgrove has the ability to produce a high-grade antimony concentrate from existing defined Resources. With mining and processing infrastructure and permitting all largely in place, an opportunity exists to resume production of antimony concentrates in the short term.

Coffey has reviewed the available Resource documentation and, in some cases, the digital block models. In the case of Metz and Brackin Spur deposits (approximately 48% of the total Resource), Coffey are satisfied that the current Straits Resource estimates provide an appropriate estimate of global Resources upon which to base further project studies. Coffey considers that Clarks Gully and Eleanora (approximately 51%) Resources require additional work to confirm the global estimates.

Coffey supports the additional drilling and underground channel sampling which are planned at Metz and additional diamond drilling planned at Clarks Gully to establish the full extent of the Mineral Resource and to allow definition of additional Measured and Indicated Resources to underpin the first five years of antimony concentrate production. A number of ore shoots are currently open down plunge and lodes open along strike. These provide immediate exploration opportunities which, with additional drilling, could add additional resources.

Significant exploration potential exists away from the known mining centres for the discovery of additional antimony resources blind to the surface. Orientation electrical geophysics, regolith mapping and structural studies should be completed to provide a context for detailed surface exploration and drill target definition.

The Reserves estimated by Straits work will be contained within any new estimate using revised cutoff grades based on current costs and commodity prices. Coffey considers that the Reserves as declared by Straits should be achievable. The Reserves and mining schedules are planned to be revisited by Bullantco before any Project recommencement. Significant work is planned to develop the mine plans

and schedules for the Brackins Spur and other deposits and integrate these into the existing Metz area operational schedule. Bullantco also plans to investigate the development of the Clarks Gully deposit, initially as an open cut, to augment the ore supply for 2013.

Based on the metallurgical testwork results, it is proposed to reconfigure the existing Hillgrove plant to produce high grade stibnite and gold-rich arsenopyrite concentrates for direct sale. In Coffey's opinion, the process plant modifications and production assumptions required to process 250,000tpa are valid and reasonable.

The current processing design criteria are based primarily on testwork conducted on the Syndicate ore types, including Syndicate, Eleanora, Black Lode and Brackins Spur. The current resource base includes a number of satellite ore bodies that may potentially be processed through the redesigned plant. Geological and mineralogical information indicates that there are large variations in the antimony to arsenic ratio between the various ore sources and further metallurgical testwork, including comminution and flotation recovery, is required for ore types which make up a significant contribution to any life-of-mine plan.

The site is currently in compliance with its environmental obligations. A revised MOP will be required to be submitted and approved to enable restart of mining and processing in future. There are no issues with resubmitting a modified MOP as all the licence agreements are approved and valid.

The topography and location of the site, the historic mining areas and the location of the mining operations, processing plant and associated water and tailings storage facilities require that the site is managed appropriately. This is particularly relevant at Hillgrove given the tourism and environmental values associated with the National Park and World Heritage Area located further downstream.

A valuation of the Hillgrove Project was completed by Coffey Mining Project utilising a DCF model constructed from inputs provided by Straits / Bullantco. The valuation included the purchase price for the Project within the capital budget as well as the various refurbishments and is based with what could be reasonably mined, based on the Reserves as currently declared by Straits. No separate value is ascribed to the additional Resources and exploration potential as these are regarded as being adequately accounted for in the DCF valuation range.

The Hillgrove Project is valued in a range between **A$33.7M** and **A$131.8M** and within this range, the **Preferred Value** is **A$81M**.

The Preferred Value of the Hillgrove Project is A$81M as calculated by the probabilistic analysis and Monte Carlo simulation.

The main risks to the value are regarded as the inability to realise an appropriate return for the Gold contained in the arsenopyrite concentrate and sustaining the mandate to operate in an area of environmental and tourism significance.

1 INTRODUCTION

1.1 Terms of Reference

Stantons International Securities ("SIS"), on behalf of Emu Nickel NL ("Emu"), has commissioned Coffey Mining Pty Ltd (Coffey) to prepare an Independent Technical Valuation (ITV) for the Hillgrove Antimony - Gold Project (the "Project") located near Armidale in New South Wales.

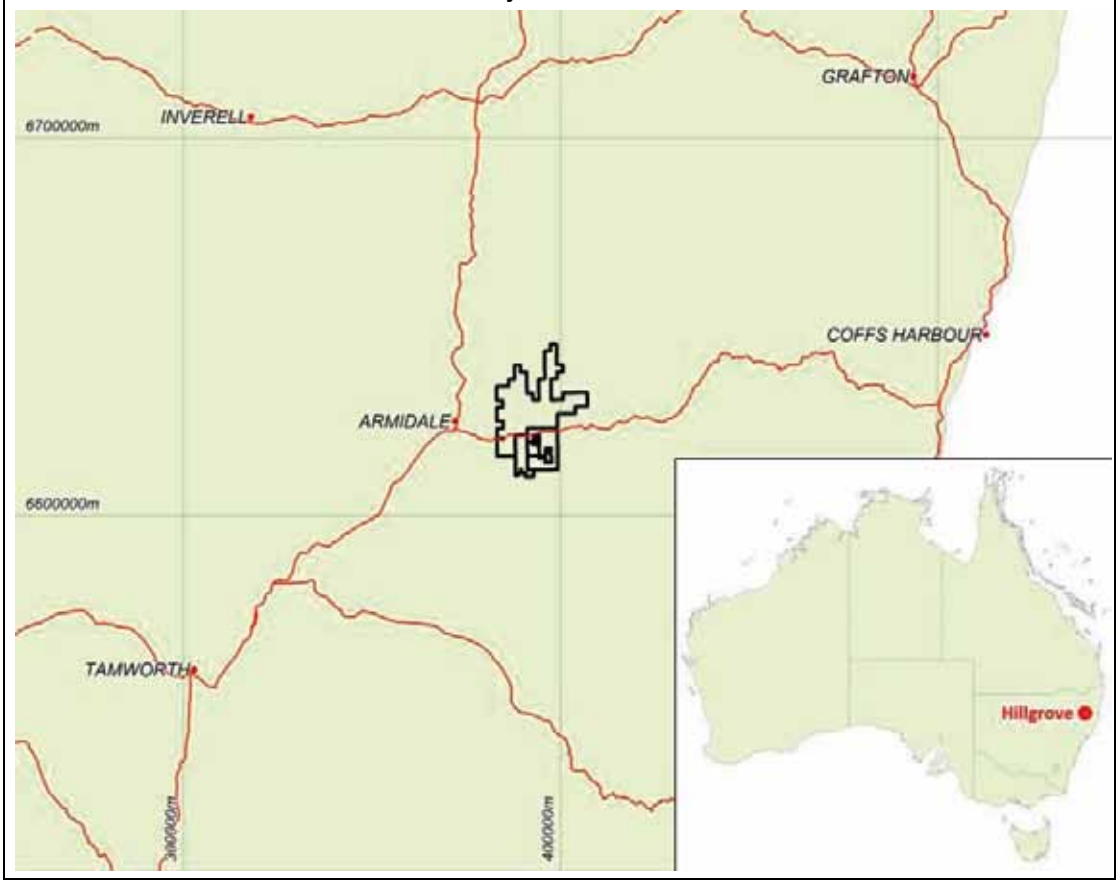
This report was initially prepared for ANCOA Ltd (ACN 145 460 304) (which became ANCOA N.L. and which is to be renamed Bullantco N.L.) for use in an initial public offering prospectus.

At the request of Bullantco (ACN 145 460 304) and Emu Nickel NL (ACN 127 291 927) (to be renamed ANCOA N.L.), we have reviewed and, where appropriate, updated our report to enable it to be used in the prospectus for the offer of shares in ANCOA (ACN 127 291 927).

The Project tenements comprise 51 tenements covering about 425 square kilometres.

The ITR will be part of an Independent's Expert's Report (IER) by SIS on behalf of Emu to acquire all of the shares in Ancoa, a company that has the rights to acquire all of the shares in Hillgrove Mines Pty Ltd ("Hillgrove"), a wholly owned subsidiary of Straits Resources Limited ("Straits").

Figure 1.1_1
Project Location



The agreement between Bullantco, Emu and Straits and the various agreements covering the assets, and the specific exploration, mining and minerals processing legislation applicable to the Project tenements have not been independently verified by Coffey. The present status of tenements, agreements and legislation described in this report is based on information provided by Emu and Straits and the report has been prepared on the assumption that exploration and potential development of the Project will prove to be lawfully allowable. Coffey is not qualified to comment of the nature of the transaction or scheme of arrangements between Emu and other parties.

The Independent Technical Valuation has been prepared on information available up to and including 31 December 2011. The conclusions expressed in this report are therefore only valid for this date and may change with time in response to variations in economic, market, legal or political factors, in addition to on-going developments with respect to the exploration and development activities. All monetary figures included in this report are expressed in Australian dollars (A$) unless otherwise stated.

1.2 Qualifications, Experience and Independence

Coffey is an exploration, mining and resource consulting firm, which has been providing services and advice to the international mineral industry and financial institutions for over 50 years. The primary author of this report is Mr Paul Mazzoni, who is a professional geologist with 35 years experience in the exploration, development and mining of base and precious metal properties and industrial mineral properties internationally. Mr Mazzoni is the Chief Geologist at Coffey and is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM) and a Member of the Society of Economic Geologists (MSEG).

Additional Coffey Mining consultants Mr John Hearne (Regional Manager WA), Mr Christopher Witt (Senior Consultant - Metallurgy), Ms Kim Ferguson (Associate with Coffey Environments) and Mr Vadim Louchnikov (Associate Mining Geotechnical Engineer) were variously retained as "Specialists" to respectively assist in the mining review, the review of the metallurgy and processing and the geotechnical and environmental aspects of the Project. Each of the authors has the appropriate relevant qualifications, experience, competence and independence to be considered an "Expert" under the definitions provided in the VALMIN Code and as "Competent Persons" under the definition provided in the JORC Code.

Neither Coffey, nor the authors of this report have, or have had previously, any material interest in Emu or the mineral properties in which Emu has an interest. Our relationship with Emu is solely one of professional association between client and independent consultant. This report is prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this report. Coffey is not in a position to make direct comment on any interest the directors and promoters of Emu may have in the company or its assets, nor is Coffey qualified to comment on or confirm this aspect.

1.3 Principal Sources of Information

The principal sources of information used to compile this report comprise technical records, along with technical reports and data variously compiled by Bullantco and its consultants, Straits, previous Project operators and government agencies, along with discussions with Straits technical and corporate management. A listing of the principal sources of information is included in Section 14 of this report. In addition, a site visit was undertaken to the Project area between the 9th and 12th of May 2011 by Mr Paul Mazzoni, Mr John Hearne and Mr Christopher Witt and again by Mr Hearne on the 8th of October 2011.

Coffey Mining undertook detailed interviews with the Straits Senior Resource Geologist regarding the Resources raw data and reviewed the Resource and Reserve digital models and estimation methodology.

All reasonable enquiries have been made to confirm the authenticity and completeness of the technical data upon which this report is based. A final draft of this report was also provided to Emu, along with a written request to identify any material errors or omissions.

1.4 Reliance on Other Experts

The information in this report that relates to Mineral Resources and Ore Reserves is based on information compiled by Mr Byron Dumpleton who is a Member of the Australian Institute of Geoscientists and Mr Peter Storey who is a Member of The Australasian Institute of Mining and Metallurgy and who are full-time employees of Straits Resources Limited.

Messrs Dumpleton and Storey have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Messrs Dumpleton and Storey have reviewed this report and consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

2 PROJECT BACKGROUND

2.1 Location and Access

The Project is located at Hillgrove, a historic antimony and gold mining town which dates from 1884 and at its peak, had a population of 5,000. Hillgrove is approximately 23km east of Armidale in New South Wales (Figure 1.1_1). Armidale is a major regional centre with a population over 22,000 and schools, hospitals and other services normally associated with a city of this size.

2.2 Physiography and Climate

The Project is located in the northern New England Tableland with most of the Project area characterised by flat to gently undulating plateau of between 900m and 1,000m elevation above sea level. Local relief in the vicinity of the deposits is up to 500m, with the main deposits located on the margins of and within the 450m deep Bakers Creek Gorge where the local drainage has incised the plateau (Figure 2.2_1). Project RLs are derived from topographic height by adding 1,000m (e.g. Project 1750mRL is equal to 750m above sea level).

Figure 2.2_1
Hillgrove Mining Centres and Project Topography

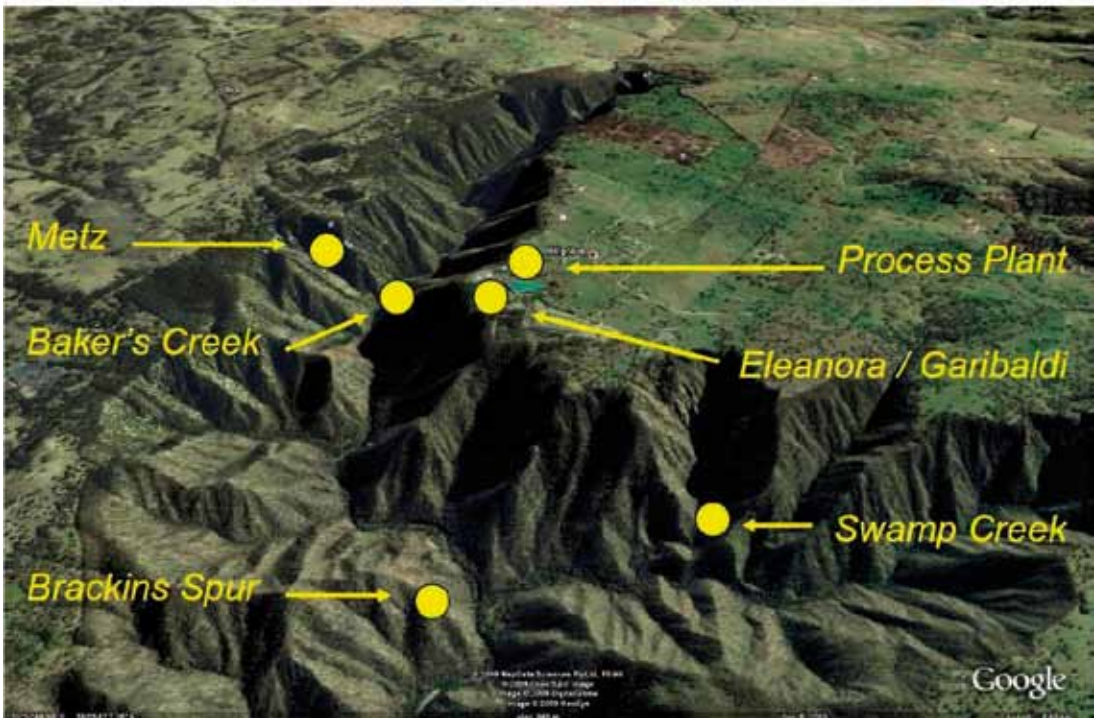


Image looking NW.

The Project area experiences a warm to temperate climate. Temperature ranges in July vary from a mean daily maximum of 12°C to a minimum of 0°C and in January a maximum of 27°C to a minimum of 14°C. Frosts occur from April to October with occasional snow falls in winter. Average annual rainfall is approximately 780 millimetres, with December and January the wettest months and April and May the driest. Average annual evaporation is approximately 1,230 millimetres with an average daily evaporation of 3.4 millimetres.

2.3 Local Resources and Infrastructure

The Project is very well located with respect to existing infrastructure with existing installed power, water and other services infrastructure and strategically located within existing regional infrastructure including the major north-south state inland highway, the main north-south inland rail service, sealed access roads, regional airport, hospitals, and close proximity to other regional centres and rural workforces. The major supply centre for the Project area is the city of Armadale, approximately 23km to the west by highway. Armadale is a city with an estimated population of 22,000 and is the administrative centre for the Northern Tablelands region. It is the home of the University of New England and has all major services including an all-weather regional airport, rail and road links to the cities and ports of Brisbane and Sydney.

2.4 Exploitation History

Historical mining in the Hillgrove Mineral Field was focused on gold production and commenced in Bakers Creek Gorge in 1877 and continued until 1921. Modern operations commenced in 1969 with production from nine separate deposits providing mill feed to a gold and antimony concentrator over the ensuing 30 years. The principal operator was New England Antimony Mines NL (NEAM) which continued production of gold and antimony concentrates from the Metz and Brackins Spur underground mines until 2001.

The Project was acquired by Straits in April 2004 who embarked on an extensive exploration and resource drilling program and metallurgical investigations. A feasibility study was completed during 2006-2007 based on the production of antimony metal and gold bullion. Construction commenced in April 2007 and, during 2007-2008, an extensive mine establishment phase was completed, with mining operations commencing on the Metz orebodies in early 2008.

Commissioning of the plant commenced in the September quarter of 2008. Metal production was significantly below design levels and after a 12 month period, the site water balance had reached a point where the recycled water quality affected recoveries in the flotation circuit, and metal production declined. In August 2009, Straits announced a temporary suspension of processing activities to investigate these technical issues and in 2010, announced that it intended to explore opportunities for divestment.

The operation effectively remains on care and maintenance.

2.5 Project Tenements

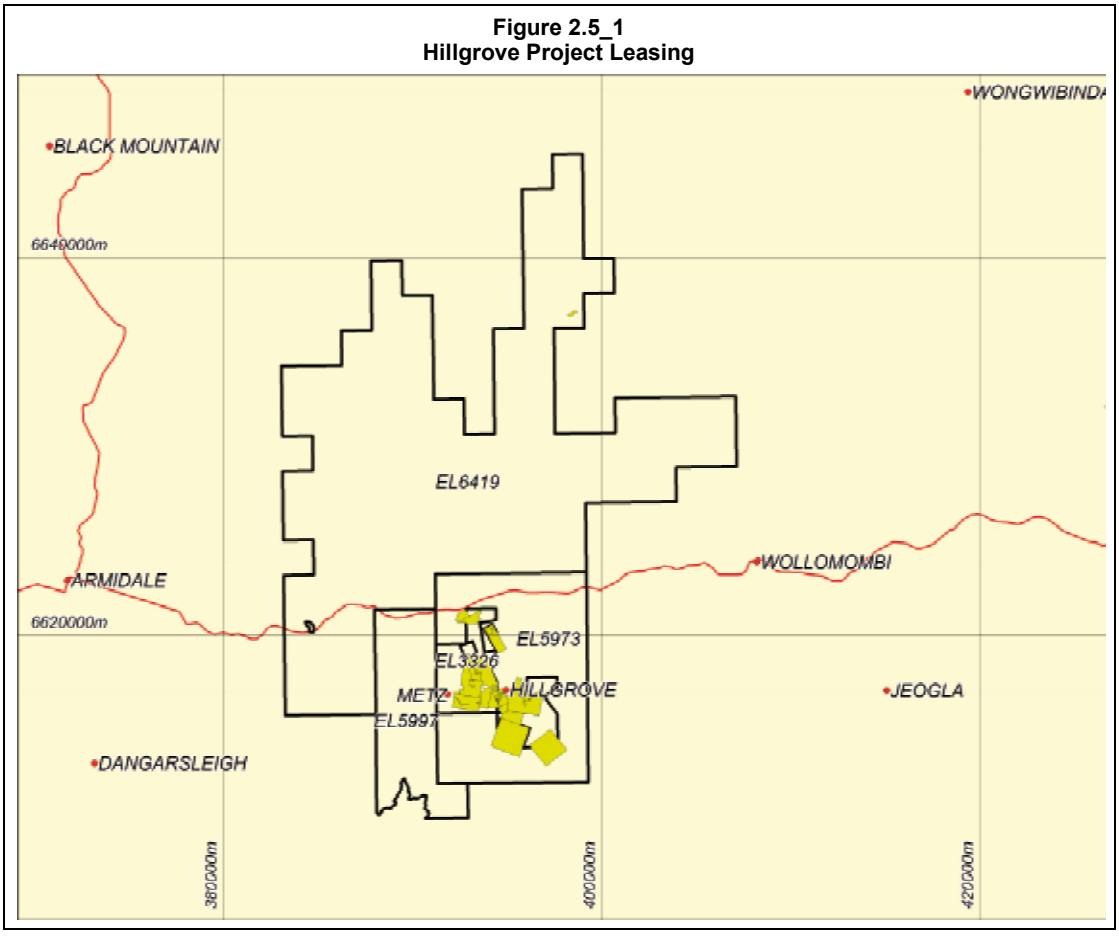
The Project tenements cover an area of approximately 425km² comprising 51 granted tenements made up of:

- 31 Mining Leases;
- 2 Mineral Leases;
- 3 Gold Leases;
- 6 Private Lands Leases;
- 5 Mining Purpose Leases; and
- 4 Exploration Licences.

The four Exploration Licenses underlie all the other tenements, and all Mining Leases within the exploration licences are held by Hillgrove Mines Pty Ltd.

The tenement schedule is listed in Appendix A and the tenement coverage is illustrated in Figure 2.5_1. Coffey has not independently validated mineral tenure or the status of surface access agreements.

Figure 2.5_1
Hillgrove Project Leasing



3 GEOLOGY AND MINERALISATION

3.1 Regional Setting

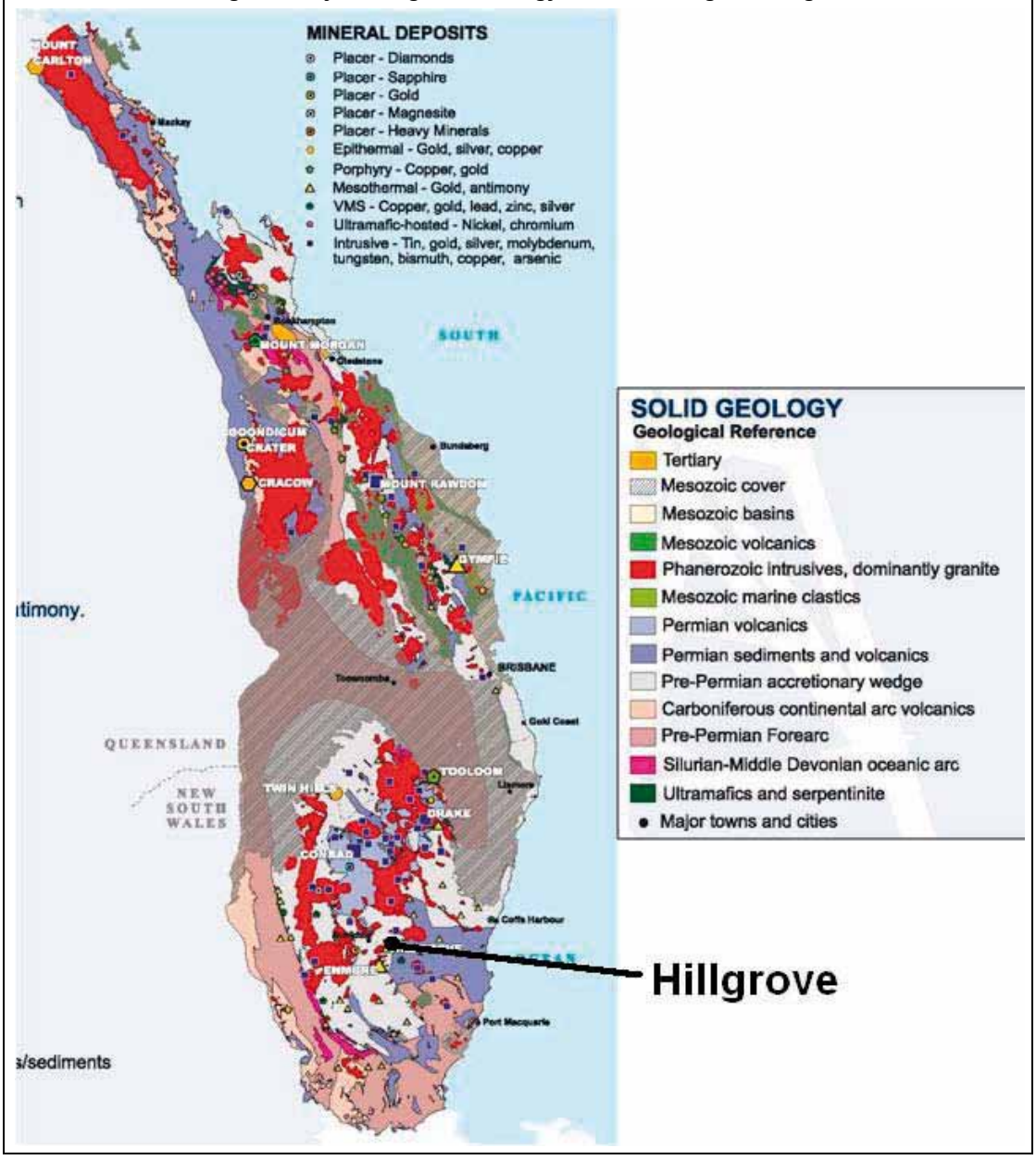
The Hillgrove Sb-Au Mineral Field lies within the New England Orogen ("NEO"), which incorporates rocks formed between the Devonian and Triassic periods. The NEO records at least three periods of continental, convergent margin, arc volcanism and a major period of sedimentary basin formation during the Permian and earliest Triassic. This latter period corresponds with the formation of the Bowen Basin in Queensland and the Sydney Basin in New South Wales. The NEO is one of four known orogens which make up the eastern side of Australia. It is bound to the west by the older Lachlan Orogen and to the east by the South Pacific Ocean and extends from south of Port Macquarie in northern NSW to north of Mackay in Queensland. The NNW-trending Clarence-Moreton Basin separates a southern segment of the NEO, predominantly in NSW, from a longer northern segment in Queensland.

During the Devonian and Carboniferous, the orogen developed as a classical orogenic belt, with subduction complex rocks in the east and a fore-arc basin and Andean arc (now missing) in the west. The Peel Fault, which exposes Cambrian ultramafic rocks, separates the subduction complex rocks from the fore-arc basin. Multiple deformation, metamorphism, and igneous emplacement events occurred east of the Peel Fault system in the late Carboniferous to early Permian. These intrusive rocks include the Hillgrove Adamellite and Bakers Creek Diorite which are spatially associated with the Hillgrove mineralisation. In the early Permian, convergence along this plate margin changed into extension coupled with strike-slip faulting. This led to formation of small rift basins and a major back-arc rift basin containing basal mafic and felsic volcanic rocks. Renewed plate convergence in the Late Permian to Triassic led to volcanism, formation of epithermal gold and base metal deposits and emplacement of I- and A-type granites that represent the roots of a new continental margin arc which intruded the older accretionary complex rocks.

The NEO is endowed with abundant and varied deposit styles reflecting a protracted history of igneous intrusion, volcanism and tectonic activity. The range of mineral deposit styles includes:

- Polymetallic (Sn, W, Mo, Bi, Cu, Au, Sb) intrusive-related mineralisation, which is widely developed within and marginal to batholiths and stocks throughout the NEO.
- Volcanic-related porphyry and massive sulphide style mineralisation, including Mt Morgan, Mount Chalmers and Develin Creek in central Queensland.
- Orogenic quartz-vein gold mineralisation, which includes the 3.7 million ounce Gympie gold deposit in Queensland.
- Laterite nickel developed over the ultramafic rocks of the Marlborough Block.
- Oil shale deposited as highly organic sediments in Eocene sedimentary basins.
- Magnesite as detrital accumulations in recent sediments marginal to the Marlborough Block.

Figure 3.1_1
Hillgrove Project - Regional Geology of the New England Orogen

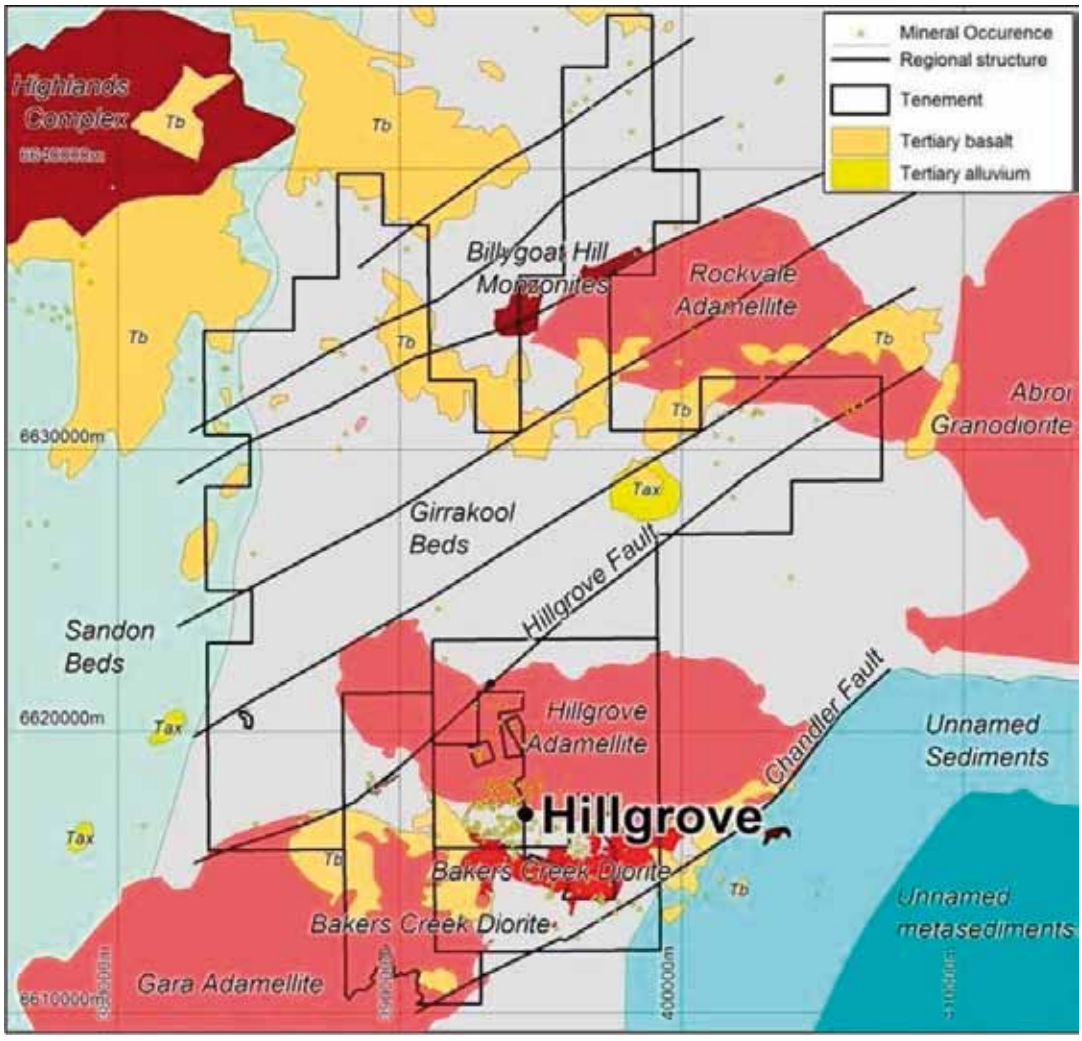


3.2 Project Geology

3.2.1 Stratigraphy

Palaeozoic metasedimentary rocks which outcrop in the Project area are assigned to the Girrakool Beds, a monotonous trench sequence of volcanogenic sedimentary units believed to have been derived from an active continental margin (Roser & Korsch, 1986; Kent, 1989). Locally, these comprise mudstone, siltstone, slate and lithic to feldspathic arenites, with minor chert. A Permian age was originally assigned to the Girrakool Beds but this was later revised to late Carboniferous (Gilligan et al.,1986). The Sandon Beds to the west of the Project area are thought to be contemporaneous equivalents containing significant basic volcanic rocks and chert (Figure 3.2.1_1). The Girrakool Beds in the Project area have been subjected to lower greenschist facies regional metamorphism, resulting in the occurrence of chlorite and white mica as matrix recrystallisation products. Abundant contact metamorphic biotite is developed close to the contacts of the Hillgrove and Gara Adamellites. A spotted hornfels is developed in pelitic rocks, with retrograde alteration of cordierite porphyroblasts forming very fine-grained aggregates of sericite and chlorite.

Figure 3.2.1_1
Hillgrove Project - Local Geology



Sedimentary structures are frequently well preserved in the Girrakool Beds and include fine laminations, scour and fill structures and cross bedding. Where bedding is observable, it is frequently NE striking and steeply dipping to sub-vertical.

Two of intrusive suites outcrop in the Project area. The Hillgrove Suite comprises mostly S-type granitoid including the Hillgrove Adamellite, Gara Adamellite and Rockvale Adamellite. The Bakers Creek Diorite is part of a younger petrologically distinct mafic calc-alkaline and tholeiitic suite that has been dated as early Permian. The Hillgrove Adamellite is a medium to coarse-grained rock consisting of bluish quartz, feldspar and biotite in varying proportions, with accessory amphibole, ilmenite and occasionally garnet and graphite. Contacts with the country rock are often sharp and steeply dipping however interfingering relationships at a variety of scales are not uncommon. The Bakers Creek Diorite is composed of granodiorite, quartz monzodiorite, tonalite and diorite (Saul, 1995).

Both suites often possess a pronounced foliation and discrete mylonitic zones. These are, attributed in part to syntectonic emplacement (protoclastic fabric) and also to overprinting by post-emplacement solid-state (cataclastic) deformation (Hensel; et al., 1985). Discrete mylonite zones are found in both bodies and the eastern contact of the Hillgrove Adamellite appears to be bounded by the Chandler Fault.

The Girrakool Beds and the two igneous intrusive suites are cut by an abundant group of younger dykes. These range in composition from aplite through diorite to lamprophyre (Gilligan et al., 1986). The lamprophyre dykes are mainly minette and vogesite of late Permian Age (247-255 Ma) and intruded at the same time as extensive I type magmatism in the New England Orogen (Ashley et al, 1994). They generally appear to overlap or closely post-date the Sb-As-Au-W mineralisation of the Hillgrove Mineral Field. The lamprophyre dykes usually trend NW, have sub-vertical dips and frequently occupy the same structures as the Sb-Au mineralisation. Dykes of bodies of porphyritic adamellite, microadamellite and leucogranite are also present in the district but as yet have not been assigned to any igneous suite.

Tertiary basalts and sediments locally conceal the underlying units. The Tertiary sediments are represented by conglomerates, gravels, sandstones and mudstones of fluvial to lacustrine origin. Basalt is often found capping hills suggesting inversion of the topography has occurred.

3.2.2 Structure

The Project area is cut by numerous major ENE-striking regional faults. Two of these, the Hillgrove and Chandler Faults, bound the northern and southern margins of the Hillgrove Mineral Field. They show a sinistral displacement of about 500m and predate the mineralisation. Mineralised structures have been observed to cut the faults without displacement. There appears to be another major structure running for 3.5km through the field, from Brackins Spur in the southeast through the Garibaldi and Eleanora mines. The field is also cut by a major gorge system up to 500m deep and whose orientation may be related to a N-S-trending mylonite which is locally mineralised.

Three primary vein orientations are recognised: N 20-30W, N 35-45W and N 50-55W. Individual veins may swing up to 20° from these orientations. The veins are individual structures which pinch out along strike. Intersections of differently oriented major veins do not appear to produce any improvement in the grade or width of the veins. Some veins cross cut the local bedding while others roughly parallel it.

3.3 Mineralisation and Alteration

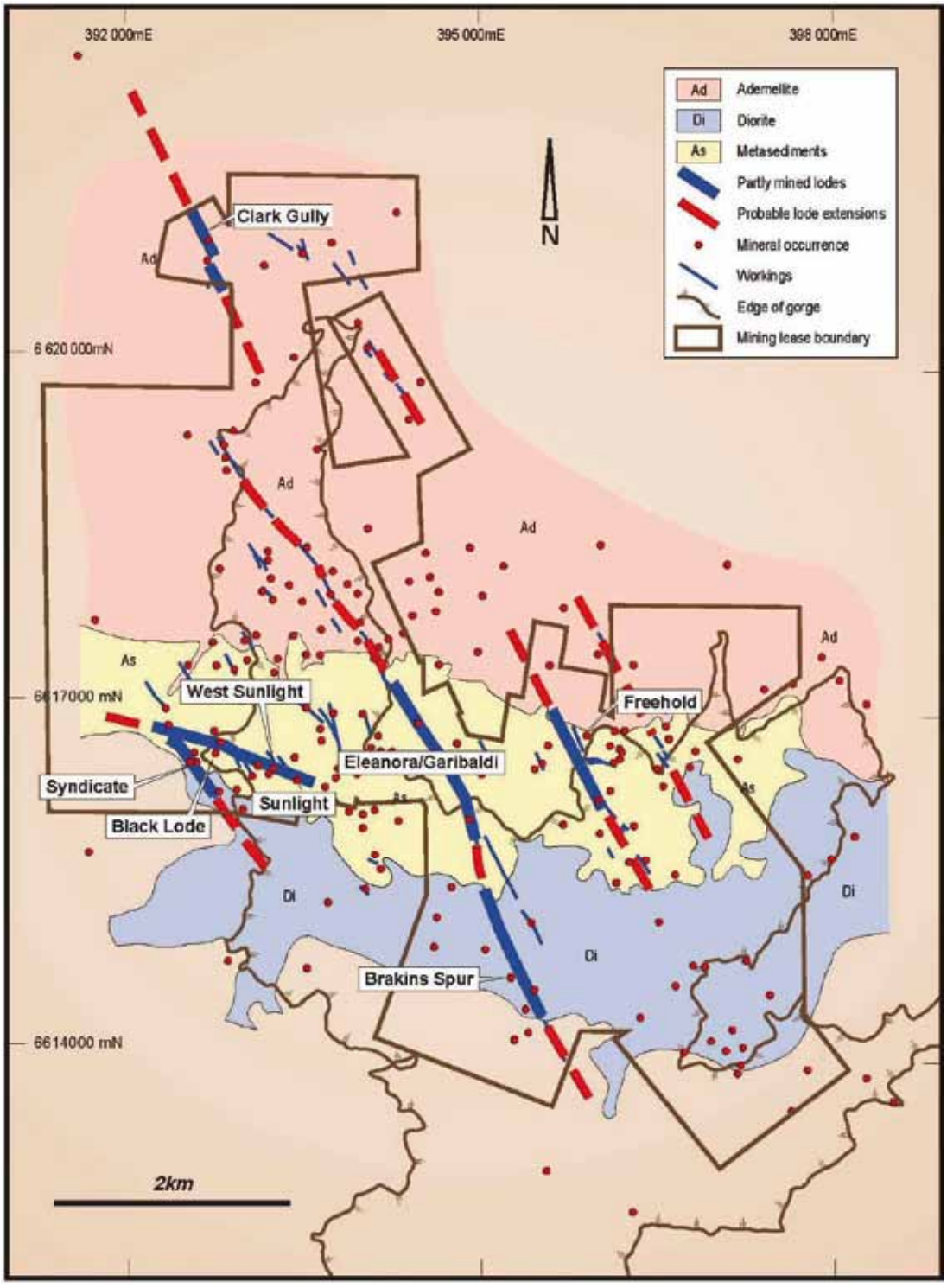
The Hillgrove Mineral Field occupies a roughly NNW-SSE elongated elliptical area covering 9km by 6km. The long axis is oriented in the main vein direction and about 200 individual deposits are recognised in the field. Individual deposits range in size from a few hundred tonnes to several million tonnes. The largest deposits (historical production plus current Resources) include the Eleanora / Garibaldi Mine (~3Mt), as well as the Syndicate, Black Lode, Brackins Spur and Baker s Creek deposits each with ~ 1Mt.

The major deposits are usually grouped together by common mine access infrastructure into a number of “mining centres”. The most important of these in terms of historical production and current Resources are the Metz Mining Centre, comprising the Syndicate, Black, Sunlight and Cox’s lodes, and the Eleanora, comprising the Eleanora and Garibaldi Lodes. Two other centres which feature in the Project development plans are at Clarks Gully, to the north of Metz, and Brackins Spur, to the south of Eleanora. The Bakers Creek centre is a Au-dominant system which at one time, was the largest gold producer in NSW (Figure 3.3_1).

The deposits are generally of vein type, up to 1.5km in strike length and 5m in width. The veins, although sinuous both vertically and horizontally, are normally sub-vertical, although dips in some lodes approach 60° to 70°. Dip directions are not consistent either side of vertical (Figure 3.3_2).

The veins range from simple single veins through zones of parallel stringer veins to quartz-wallrock breccias (Figure 3.3_3). All major veins are intruded along a shear of sinistral movement that may be from millimetre to metre plus width. Splits in the veins enclose mineralised zones up to 8m in width where tension gash-type stringer veins cut across the enclosed rocks. Spur veins enclose similar zones that die out as the veins diverge. Major splits, with only minimal mineralisation between the veins except at the start of the split, are also known. In the larger splits, the separation can be up to 20m between the veins.

Figure 3.3_1
Hillgrove Project Gold–Antimony Deposits



Source: Straits Resources

Figure 3.3_2
Hillgrove Schematic Cross Section

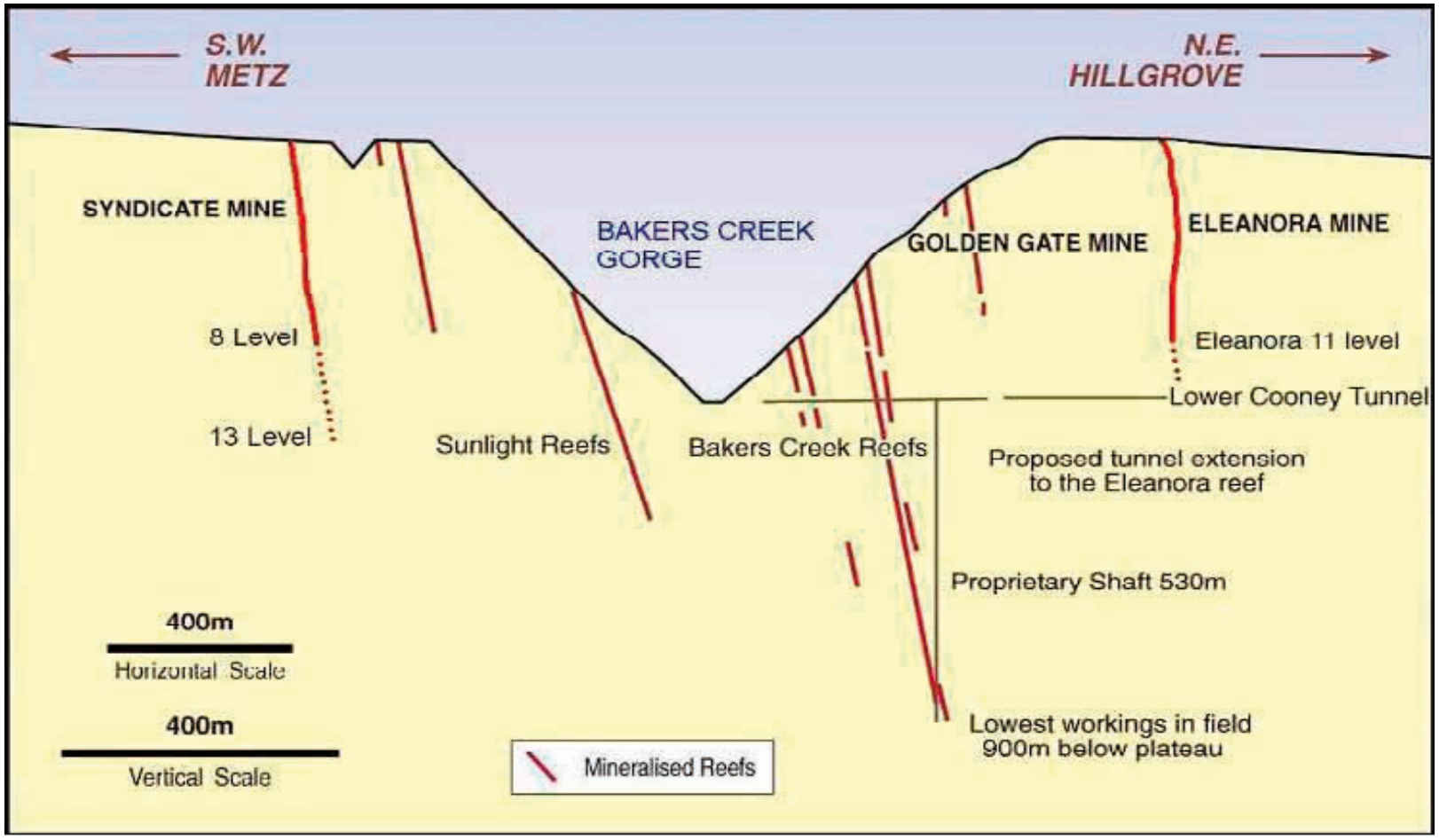


Figure 3.3_3
Quartz Breccia Ore

Eleanora Lode Mineralised Quartz–Wallrock Breccia

Sunlight Lode underground exposure of mineralised quartz–wallrock breccia with boudinaged quartz vein on lode margin

The veins are the product of a multi-phase mineralisation in the following sequence:

- Quartz → Quartz-Scheelite → Quartz-Arsenopyrite-Pyrite-Gold → Quartz-Stibnite-Gold → Quartz-Stibnite-Calcite → Barren Quartz-Chlorite.

The final barren phase is often found within the post-mineralisation NE-SW striking dextral faults. At Brackins Spur, a sericite carbonate alteration phase apparently predates the mineralisation.

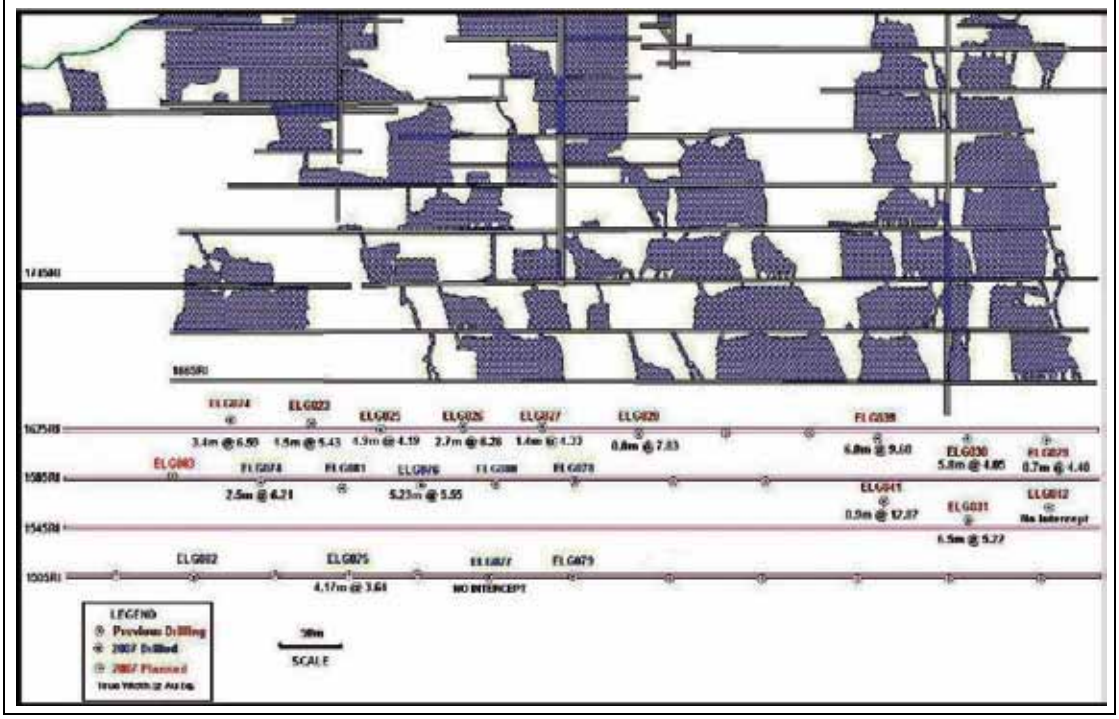
Stibnite has been seen to become less common with depth in some deposits (Syndicate, Eleanora) whilst increasing with depth in others (Brackins Spur). This change is often abrupt with a change from consistent stibnite mineralisation to erratically distributed patches of stibnite (Figure 3.3_4). Most veins have a consistent mineralogical character with the same set of phases occurring in comparatively uniform proportions throughout the vein. This can lead to veins which are dominantly scheelite phase or dominantly stibnite - calcite phase. There is no apparent mineralogical zoning related to rock type. Quartz rich wallrock breccias and veins may be formed by any of the ore-bearing phases with successive phases being present as either laminae or as the matrix to a breccia of the earlier phases.

Figure 3.3_4
Stibnite Mineralisation Syndicate Lode

The arsenopyrite phase forms a broad halo of fine parallel veins in a siliceous-sericitic alteration zone around most mineralised structures. This halo is responsible for the elevation of production grades by 0.1% to 0.2% As and 0.5g/t to 1g/t Au above that derived from the primary vein zone. The gold is present by atomic substitution in the arsenopyrite. Gold grades vary widely and are related to the As content of the arsenopyrite (Ashley et al 1997, 2000). The arsenopyrite phase is responsible for the majority of the gold grade within the stringer vein zones, either parallel to the main structure or enclosed within vein splits or spurs. The stringer veins may also contain significant free gold and rarely some additional stibnite.

Ore grade mineralisation in veins occurs as steeply-plunging ore shoots which formed in dilational zones along the vein structures with the intervening zones normally being below viable grade (Figure 3.3_5). The ore shoots generally occupy from 30% to 60% of the strike length of a vein.

Figure 3.3_5
Hillgrove Project – Eleanora/Garibaldi Long Section



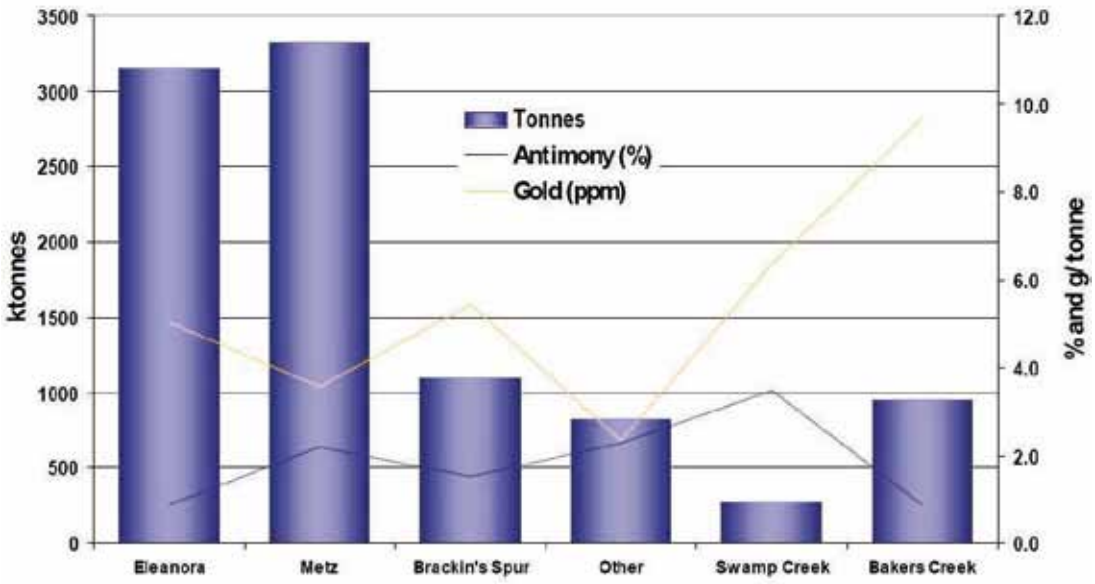
The ore shoots usually display good continuity down plunge, although grades and widths can vary quite widely within individual ore shoots and several shoots are known to be composed of a linear string of ore-grade pods. The ore shoots are dominantly vertical to steeply plunging with minor high-grade north and south plunging linking shoots known.

3.4 Mineral Endowment

The total metal endowment of the Hillgrove Project has been compiled by Straits. Production to date (from historical commencement of mining) has been 720,000oz Au, 49,000t Sb (in stibnite) and 400t of scheelite (W). The current in-situ Resources are listed as 867,000oz Au, 100,000t Sb and 1,254t of scheelite. This represents a total known endowment of 1.587Moz Au, 149kt Sb and 1,654t of scheelite.

The dominant contribution of the Metz and Eleanora mining centres to this endowment is illustrated in Figure 3.4_1, which shows the tonnage and grade for all historical production plus current Resources by mining centre.

Figure 3.4_1
Hillgrove Project Gold – Antimony Endowment Summary



Source: Straits Resources, May 2010 Information Memorandum

4 EXPLOITATION HISTORY

4.1 Pre-1969

The Hillgrove Mineral Field is one of the major goldfields in New South Wales, with over 200 known deposits in the area. Mining in the field has predominantly been by underground methods. Only two small open cuts were developed. Mining commenced in Bakers Creek Gorge in 1877 and at its peak in 1898, the population of Hillgrove was approximately 4,000. The major gold production phase was the last decade of the 1800s. Gold production slowly declined from 39,500oz in 1898 to 1,450oz in 1921. The Bakers Creek Mine was the largest producer with a peak production of 27,250oz in 1899 and total recorded production up to 1916 of 303,900oz from 175,980 tonnes of ore. Underground mining in the district ceased in 1921 with the closure of the Bakers Creek Mine.

4.2 1969 - 2003

Modern operations at Hillgrove commenced in 1969 with the re-opening of several old workings and construction of antimony concentrate production facilities. Production from nine separate deposits provided mill feed to the concentrator over the ensuing 30 years, with the principal operator being New England Antimony Mines NL (NEAM). The last recorded production of gold and antimony concentrate by NEAM in 2001 sourced mill feed from the Metz and Brackins Spur underground mines. Dewatering of the Eleanora mine was progressed to provide a third ore source. NEAM went into receivership in January 2002, following a period of depressed antimony price, and the assets were temporarily acquired by Mount Isa Mines Ltd (MIM) in June 2002. MIM focused initially on regional exploration while assessing options to restart production at Hillgrove.

4.3 2004 – 2010

The Project was acquired by Straits from Antimony Resources Australia in April 2004. Straits embarked on an extensive exploration and resource drilling program and metallurgical investigations, culminating in a feasibility study completed during 2006-2007 with Project construction commencing in April 2007.

During 2007-2008, an extensive mine establishment phase was completed, based on the Metz orebodies. This included portal development and refurbishment, decline stripping and development, establishment of electrical, communication and ventilation services, employment of the mining workforce, establishment of the mine services and the purchase of new and the refurbishment of second hand mining equipment.

Mining operations commenced in early 2008.

Commissioning of the plant commenced in the September quarter of 2008 and produced high-quality antimony metal. Metal production was significantly below design levels due to physical bottle-necks and technical complexity that had not been adequately catered for in the design phase. Further capital was invested in the processing plant to remove bottle-necks and address some of the technical issues.

After a 12 month period, the site water balance had reached a point where the recycled water quality affected recoveries in the flotation circuit, and metal production declined.

In August 2009, Straits announced a temporary suspension of processing activities to investigate these technical issues. During the suspension, underground development and exploration continued and a recommencement plan was formulated.

4.4 2010 – 2011

In 2010, Straits announced that it intended to explore opportunities for the divestment of the 100% owned Hillgrove Project in order to focus on globally significant Cu, or Cu-Au mines or projects of a size and scale to match Straits coal investments.

The operation effectively remains on care and maintenance.

5 MINERAL RESOURCES

5.1 Introduction

The Hillgrove Mineral Resources are currently (9th May 2011) reported as 6,349,000t at 1.6% Sb, 4.3g/t Au and 0.02%W. Of these; 1.02Mt @ 1.9% Sb and 5.1g/t Au are classified as Measured Resources and 3.54Mt @ 1.5%Sb, 4.0g/t Au and 0.01% W are classified as Indicated Resources. The information in this report that relates to Mineral Resources is based on information compiled by Byron Dumpleton who is a member of the Australian Institute of Geoscientists and a full-time employee of Straits. Mr Dumpleton is the Competent Person, as defined in the Australasian Code for Reporting of Mineral Resources and Ore Reserves, who assumes responsibility for declaration of the Mineral Resources. Mr Dumpleton consents to the inclusion of the Hillgrove Mineral Resource information in this report in the form and context in which it appears. A full table of the current (May, 2011) Straits Mineral Resources for the Project is given in Appendix B.

There are 20 individual deposits with declared Mineral Resources. Many of these smaller Resource estimates were completed by NEAM prior to Straits acquisition of the Project. More recent estimation by Straits and its consultants has focused on the larger deposits and those deposits with existing mine infrastructure which would allow a rapid return to mine production. Coffey has reviewed the available documentation, and in some cases the digital models, associated with the latter Resources (Table 5.1_1) and these are further discussed in Section 5.2 and 5.3 of this report.

The Hillgrove tabled Resources are nominally quoted at a 3g/t Au equivalent cutoff grade with the equivalence formula based on a gold price of $AUD1,000/oz and an antimony price of $AUD5,500/t. In some cases, however, different price assumptions have been made and different equivalence formulae used which also take into account W values. In more recent resource estimates, such as that for Syndicate, the gold equivalent formula Au_{eq} = Au (g/t) +1.6*Sb (%) is based on Sb at $AUD 5,000/t and Au at AUD$1000/oz.

The individual deposits are traditionally grouped into mining centres based on location and mining infrastructure. The Metz centre comprises the Syndicate and Black Lode deposits together with Cox's Reef and Sunlight deposits, while the Eleanora centre comprises the Eleanora Upper (remnant ore), Eleanora Lower (<1660mRL) and Garibaldi deposits. The next largest resource groups are at Brackins Spur and Clarks Gully. The Mineral Resources, summarised according to Project centre, are shown in Table 5.1_2. The Clarks Gully deposit (661kt @ 2.37% Sb, 1.9g/t Au) dominates the Resources in the "Other" group shown in the table. The Metz, Clarks Gully and Brackins Spur centres are the immediate focus of return to production plans for the Project.

Table 4.1_1
Hillgrove Mineral Resources

Project		Status	Date of Estimate	Resource Reporting Cutoffs	Minimum Width ++ (m)	Ore Density t/m³	Mineral Resource		
							Total		
							Tonnes (kt)	Sb (%)	Au (ppm)
Metz Centre	Austins	Insitu Resources	Jan -2010	3g/t Au eq***	1	2.67	5	2.3	1.4
	Black Lode - Main Lode	Insitu Resources	Jan -2010	3g/t Au eq***	1	2.67	1,013	1.7	4.1
	Black Lode - North Splay	Insitu Resources	Jan -2010	3g/t Au eq***	1	2.67	23	3.4	5.9
	Black Lode - South Splay	Insitu Resources	Jan -2010	3g/t Au eq***	1	2.67	33	0.1	3.3
	Black Lode - West Splay	Insitu Resources	Jan -2010	3g/t Au eq***	1	2.67	126	3.2	3.2
	Prendergasts	Insitu Resources	Jan -2010	3g/t Au eq***	1	2.67	7	2.2	3.0
	Cox's Reef	Insitu Resources	Mar -2011	3g/t Au eq***	1.8	2.66	116	1.7	1.7
	Sunlight	Insitu Resources		3g/t Au eq			40	0.9	6.1
	Syndicate	Insitu Resources	Feb -2010	3g/t Au eq**	1	2.77	666	2.7	2.5
Brackins Spur Centre	Brackins Spur (rotated)	Insitu Resources	Sept -2009	3g/t Au eq***	1	2.7	993	1.5	5.4
Eleanora/Garibaldi Centre	Eleanora (Upper) >1660mRL	Remnant Resource	July 2005	0g/t Au eq	>3g/t Aueq	2.7	787	1.0	6.4
	Eleanora (Lower) <1660mRL	Insitu Resources	Jan -2009	3g/t Au eq	1.8		868	0.3	4.8
	Garibaldi	Insitu Resources	July 2005	0g/t Au eq	>3g/t Aueq	2.7	787	1.4	3.9
Swamp Creek Centre	Freehold	Insitu Resources		3g/t Au eq			74	3.5	6.3
	Smiths	Insitu Resources		3g/t Au eq			2	3.6	9.0
Bakers Creek Centre	Golden Gate	Insitu Resources		3g/t Au eq			44	1.9	7.8
Clarks Gully and Others	Clarks Gully	Insitu Resources	Feb- 2006	3g/t Au eq	1.3-2.0	2.7	661	2.4	1.9
	Cosmopolitan	Insitu Resources		3g/t Au eq			15	0.5	10.1
	Damifino	Insitu Resources		3g/t Au eq			6	3.7	6.8
	Lady Hopetoun	Insitu Resources		3g/t Au eq			29	1.0	8.0
	Stockpiles	Stockpiles		Variable			54	1.5	1.7
Total							**6,349**	**1.6**	**4.3**

* gold equivalence formula based on metal prices of Au $AUD1,000/oz, Sb $AUD 5,500/t

** Aueq = Au + 1.6* Sb (equivalence formula based on metal prices of Au $AUD1,000/oz, Sb $AUD5,000/t)

*** Au_{eq} = Au + 1.6* Sb + 5.33*W (equivalence formula based on metal prices of Au $AUD1,000/oz, Sb $AUD5,000/t, W $AUD20,000/t)

++ minimum horizontal width of model wireframes

Resources for which documentation was reviewed by Coffey

Table 5.1_2
Hillgrove Mining Centre Resources

Project	Mineral Resources			
	Tonnes (000)	Au (g/t)	Sb (%)	W (%)
Metz	2,029	3.4	2.1	0.01
Brackins Spur	993	5.4	1.5	0.09
Eleanora	2,442	5.0	0.9	0
Swamp Creek	76	6.4	3.5	0.00
Bakers Creek	44	7.8	1.9	0.00
Other (includes Clarks Gully)	765	2.3	2.2	0.00
Total	**6,349**	**4.3**	**1.6**	**0.02**

5.2 Resource Review

5.2.1 Syndicate

The Syndicate Lode is in the Metz Mining Centre approximately 2km to the west of the Hillgrove Plant (Figure 5.2.1_1). As with the other lodes at Metz, the Syndicate mineralisation is entirely hosted by shear structures cutting metasedimentary units of the Girrakool Beds which are preserved in an E-W trending corridor between the Hillgrove Adamellite to the north and the Bakers Creek Diorite to the south. An updated Mineral Resource estimate for the Syndicate deposit was completed by Straits (J. Harris) in February 2010.

Figure 5.2.1_1
Main Lodes of the Metz Mining Centre

Sampling

The resource model was based on data derived from 634 underground face channels, 61 diamond drillholes and 4 RAB holes. The RAB holes were 68mm in diameter while the diamond drillholes consisted of 33 BQTK diameter holes, 6 LTK48 diameter holes and 22 NQ2 diameter holes. Logging and sampling were to geological boundaries of variable width. On-site discussions with Straits staff indicated continuous channel sampling by pick was used for underground face sampling and sawn half core for diamond drill samples. All sample weights and core recovery were said to have been recorded and monitored.

Analytical

Historical (NEAM) underground face samples and grade control samples were assayed on site at the mine laboratory. On site discussions suggest pressed pellet XRF was used for Sb, As and W determinations. Gold was determined by aqua regia digestion with an Atomic Absorption Spectroscopy (AAS) finish or by fire assay. Apparently, the site laboratory had its own internal system of standards and duplicates and periodically sent sample pulps to external check laboratories, but these data are not available.

For the Straits period of data collection, all underground face samples and diamond drill samples were analysed at the ALS Laboratory in Brisbane. Multi-elements were done by ALS Method ME-ICP61s. This is a HNO_3-$HClO_4$-HF-HCl digestion and HCl leach followed by Inductively Coupled Plasma - Atomic Emission Spectroscopy (ICP - AES) determination.

The full multi-element assay suite for both grade control and diamond core was Ag, As, Au, Cu, Fe, Pb, S, Sb, W and Zn. ALS method Sb-XRF07 was used for Sb determination on high-grade and/or ore-grade mineralisation. This was a pressed pellet XRF determination with a lower detection limit of 0.01% Sb and an upper detection limit of 50% Sb. Gold assays were by conventional fire assay fusion on 30g samples, followed by HNO_3 digestion and AAS analysis. In the case of Eleanora and Bakers Creek, where visible gold was frequent, screen fire assays were used.

The QAQC regime for diamond drill core comprised round robin re-assay of pulps at a different laboratory every 12 months. Random samples across a range of grades were submitted. Data analysis from the Straits diamond drilling samples from Syndicate and other mineralised zones reported no issues with repeatability (Dell, 2009). No blanks, standards or duplicates were inserted into the sample stream. Internal QAQC reports were received with each sample batch from the ALS laboratory documenting performance of the laboratory internal standards.

Density Model

An average bulk density of 2.77g/cm³ was derived from 115 density measurements on mineralisation. An average waste bulk density of 2.65 for material outside the ore zones was derived from previous operating experience at Syndicate. Density measurements were by the water immersion (Archimedes) method.

Geological (Volume) Modelling

An interpretive wireframe of the mineralisation was constructed based on the 3g/t Au equivalent outline from face sampling and drilling data or on a minimum width of 1m. The gold equivalence formula was based on the following AUD$ metal prices: Au $1,000/oz and Sb $5,000/t ($Au_{eq}$ = Au + Sb*1.6; where Au_{eq} and Au are in g/t and Sb is in %).

Data Treatment

All samples were composited to 1m intervals with the exception of intervals <30cm which were removed. Samples between 30cm and 1m width were "diluted" to 1m. Data for 1,666 composites were used for the resource modelling.

Basic statistics for the composite data were used to establish top cuts for grade modelling and the following top cuts were applied: Sb 29% (only 2 samples affected), Au 35g/t (3 samples), As 1.2% (4 samples) and W 2.25% (6 samples).

Block Model Development

The block model was created by first flagging the blocks within the interpreted ore wireframe. Blocks were 4m (Y) x 1m (X) x 6m (Z) and minimum sub blocks were 1m x 0.25m x 1.5m.

The values were then estimated based on the kriging parameters for the following variables: Sb, Au, As and W. The blocks were then flagged as either in situ (mined=0), already mined (mined=1) or as an x-pillar (mined=2). An x-pillar is an area that due to mining constraints cannot be accessed for extraction. These blocks were removed from the resource tabulation.

Grade Estimation

Grade estimation was completed by Ordinary Kriging (OK) using the search parameters defined from the variography. Due to the relatively high nugget effects, the maximum search radius was set to 100m to allow more data points to be used in the grade estimations. This will, of course, result in a considerable smoothing and impact on the reliability of the local grade estimate. The block model for Syndicate is illustrated in Figure 5.2.1_2.

Resource Classification

Resource classification for the Syndicate Resource was based on: quality of the geological information, the mining history of the main structure, the distribution of drilling intercepts and distribution of face sampling sites. The Resource classification categories for Syndicate are shown in Table 5.2.1_1.

Figure 5.2.1_2
N-S Long Section of Syndicate Block Model

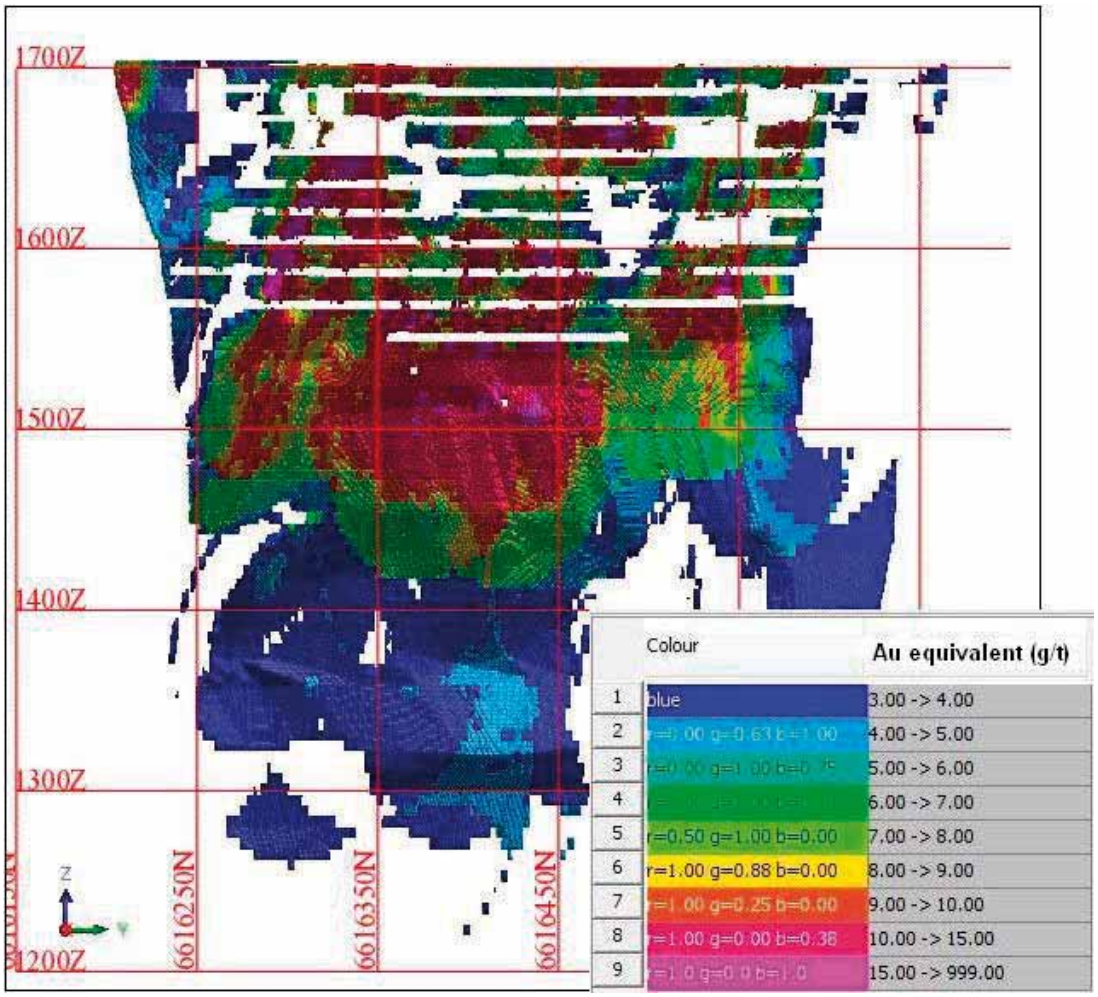


Table 5.2.1_1

Syndicate Resource Estimate
Au Equivalent* 3.0g/t

	Measured	Indicated	Inferred	Total
Tonnes (kt)	238	390	38	**666**
Au (g/t)	3	2.3	1.8	**2.5**
Sb (%)	3.7	2.2	1.7	**2.7**

*Au Equivalent based on AUD$: Au $1,000/oz, Sb$5,000/t, Aueq = (Au+Sb*1.6).

5.2.2 Black Lode

An updated Mineral Resource estimate for the Black Lode deposit was completed by Straitsin January 2010.

Sampling

The Resource model was based on data derived from 1,051 underground face channel samples, 48 diamond drillholes and 7 RC holes. The bulk of the face sampling data were from historical NEAM work with only 19 face samples taken by Straits. All drilling was completed by Straits. The RC holes were 5.25 inches in diameter, while the diamond drillholes consisted of 22 BQTK diameter holes, 15 LTK48 diameter holes and 11 NQ2 diameter holes. Logging and sampling were to geological boundaries of variable width. On-site discussions with Straits staff indicated continuous channel sampling by pick was used for underground face sampling and sawn half core for diamond drill samples. All sample weights and core recovery were said to have been recorded and monitored.

Analytical

The analytical procedures used for Black Lode are identical to those described for Syndicate.

Density Model

An average bulk density of 2.77g/cm³ was derived from 61 density measurements on diamond drill core through mineralisation. An average waste bulk density of 2.73g/cm³ for material outside the ore zones was derived from 64 density measurements on drill core. Density measurements were by the water immersion (Archimedes) method.

Geological (Volume) Modelling

An interpretive wireframe of the mineralisation was constructed based on the 3g/t Au equivalent outline from face sampling and drilling data or on a minimum width of 1m. The Au equivalence formula was based on AUD$: Au $1,000/oz, Sb$5,000/t, W $20,000/t ($Au_{eq}$ = (Au+Sb*1.6 + W* 5.33). The wireframe contains six lodes including Main Lode, North Splay, South Splay, West Splay, Austin's Lode and Prendergast Lode.

Data Treatment

All samples were composited to 1m intervals. Samples of less than 1m width were "diluted" to 1m. Data for 1,326 composites were used for the resource modelling.

Basic statistics for the composite data were used to establish top cuts for grade modelling and the following top cuts were applied: Sb 20%, Au 35g/t, As 1.8% and W 0.25%.

Block Model Development

The block model was created by first flagging the blocks within the interpreted ore wireframe. Blocks were 1m (Y) x 5m (X) x 10m (Z) and minimum sub blocks were 0.25m x 1.25m x 2.5m.

The values were then estimated based on the kriging parameters for the following variables: Sb, Au, As and W. The blocks were then flagged as either in situ, already mined or as an x-pillar. An x-pillar is an area that due to mining constraints cannot be accessed for extraction. These blocks were removed from the resource tabulation.

Grade Estimation

Grade estimation was completed by Ordinary Kriging (OK) using the search parameters defined from the variography. A first pass search radius of 100m (Au), 62m (Sb), 120m (W) and 100m (As) was used. Due to high nugget effects in tungsten and arsenic, and also to the lack of data points in the historic face samples in these elements, a larger second pass search radius of 150m (W) and 200m (As) was used to fill the blocks around the historic mining areas. For Domains 2, 3 and 4 (North Splay, Prendergast s and Austin's), the paucity of data required the average value for tungsten and arsenic in the Main Lode to be assigned.

Resource Classification

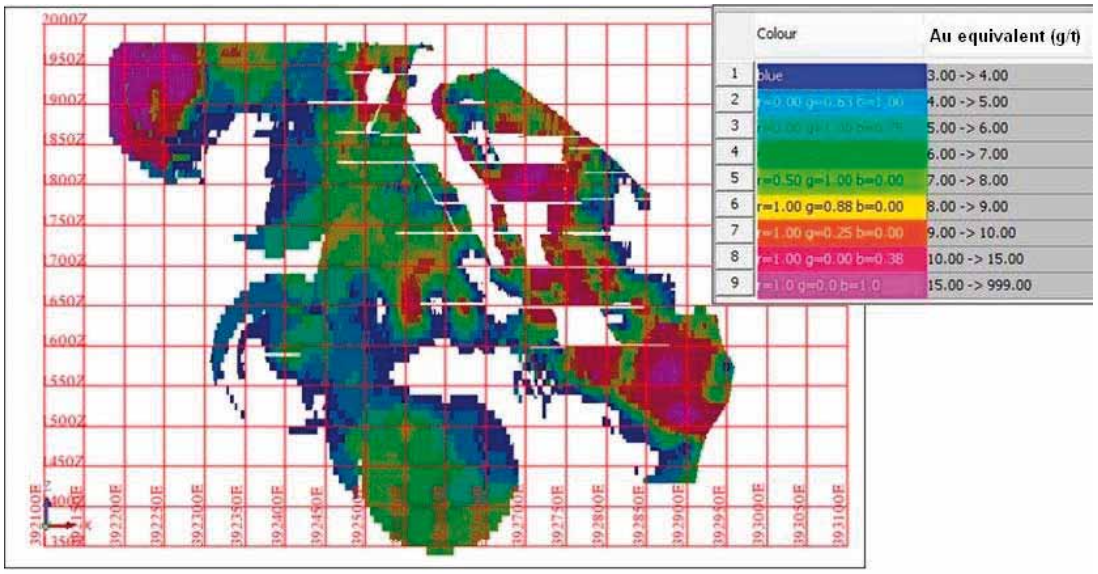
The Resource classification was based upon a number of conditions. These conditions included proximity to development, sample spacing and the Au kriging variance. Measured Resource category required sample spacing of less than 20m x 20m, development within 20m and Au Kriging variances less than 5$(g/t)^2$. Indicated Resources required sample spacing of less than 50m x 50m and Au kriging variances less than 10$(g/t)^2$. Inferred Resources required sample spacing of less than 80m x 80m and Au Kriging variances less than 15$(g/t)^2$. The Resource classification for Black lode is shown in Table 5.2.2_1 and for the minor other lodes in Appendix B.

Table 5.2.2_1
Black Lode Resource Classification at 3.0g/t Au Equivalent* Cutoff

	Measured	Indicated	Inferred	Total
Tonnes (kt)	105	487	421	**1,013**
Sb (%)	2.8	1.5	1.7	**1.7**
Au (g/t)	4.4	4.4	3.6	**4.1**
W (%)	0.01	0.02	0.02	**0.02**

Equivalence formula based on metal prices of Au $AUD 1000/oz, Sb $AUD 5,000/t, W (Aueq = Au + 1.6 Sb + 5.33*W); from Harris (2010).

Figure 5.2.2_1
E-W Long Section of Black Lode Block Model



5.2.3 Cox's Lode

An updated Mineral Resource estimate for the Cox's Lode deposit was completed by Straits (C. Dell) in March 2011.

Sampling

The resource model was based on data derived from 143 NEAM channel samples, 47 Straits channel samples and 93 Straits diamond drill core samples. The drill samples comprised five LTK48 (35mm diameter) core samples and eighty-eight BQTK (40.5mm) core samples.

NEAM channel sampling was restricted to the main shear or stibnite vein rather than the full exposure of the development face and samples were only assayed for Au and Sb. Straits created "dummy" channels samples in the database and assigned a zero grade for gold and antimony 10m each side of the NEAM sample in order to mitigate the influence of these high-grade samples on grade interpolation.

Analytical

Analytical methods and procedures for Cox's Lode were as described for Syndicate and Black Lode. There are no independent QAQC data other than the annual check laboratory re-assay of randomly selected pulps, as described for Black Lode and Syndicate.

Density Model

Twenty-two bulk density measurements from diamond core were available inside the ore wireframe. These ranged between 2.65 and 4.20t/m³ (mean 2.91t/m³). As the mean value was considered high in comparison to other similar deposits, a conservative approach was taken. Density values were assigned to sulphidic ore and sericite-altered metasedimentary waste according to the Hillgrove Material Types database (Simpson, 2009). Ore was assigned a density of 2.66t/m³ and waste was assigned a density of 2.7t/m³.

Geological (Volume) Modelling

An interpretive wireframe of the mineralisation was constructed based on a geological outline or on a minimum width of 1.8m. All void wireframes based on interpreted stope shapes and development from historical mining were combined and subtracted from the model once estimation was complete.

Data Treatment

All samples were composited to 1m intervals. Basic statistics for the raw data suggested no grade top cuts were required after compositing.

Block Model Development

The block model was created by first flagging the blocks within the interpreted ore wireframe. Blocks were 6m (Y) x 1m (X) x 6m (Z) and minimum sub blocks were 1.5m x 0.25m x 1.5m. The metal values were then estimated based on the kriging parameters for the following variables; Sb, Au, As and W. The model was then clipped to exclude mining voids and topographic void.

Grade Estimation

Grade estimation was completed by Ordinary Kriging (OK) using the search parameters defined from the Syndicate variography. This was necessitated by poor variograms generated from the limited data set at Cox's. A search radius of 100m (Au), 100m (Sb), 40m (W) and 100m (As) was used.

Resource Classification

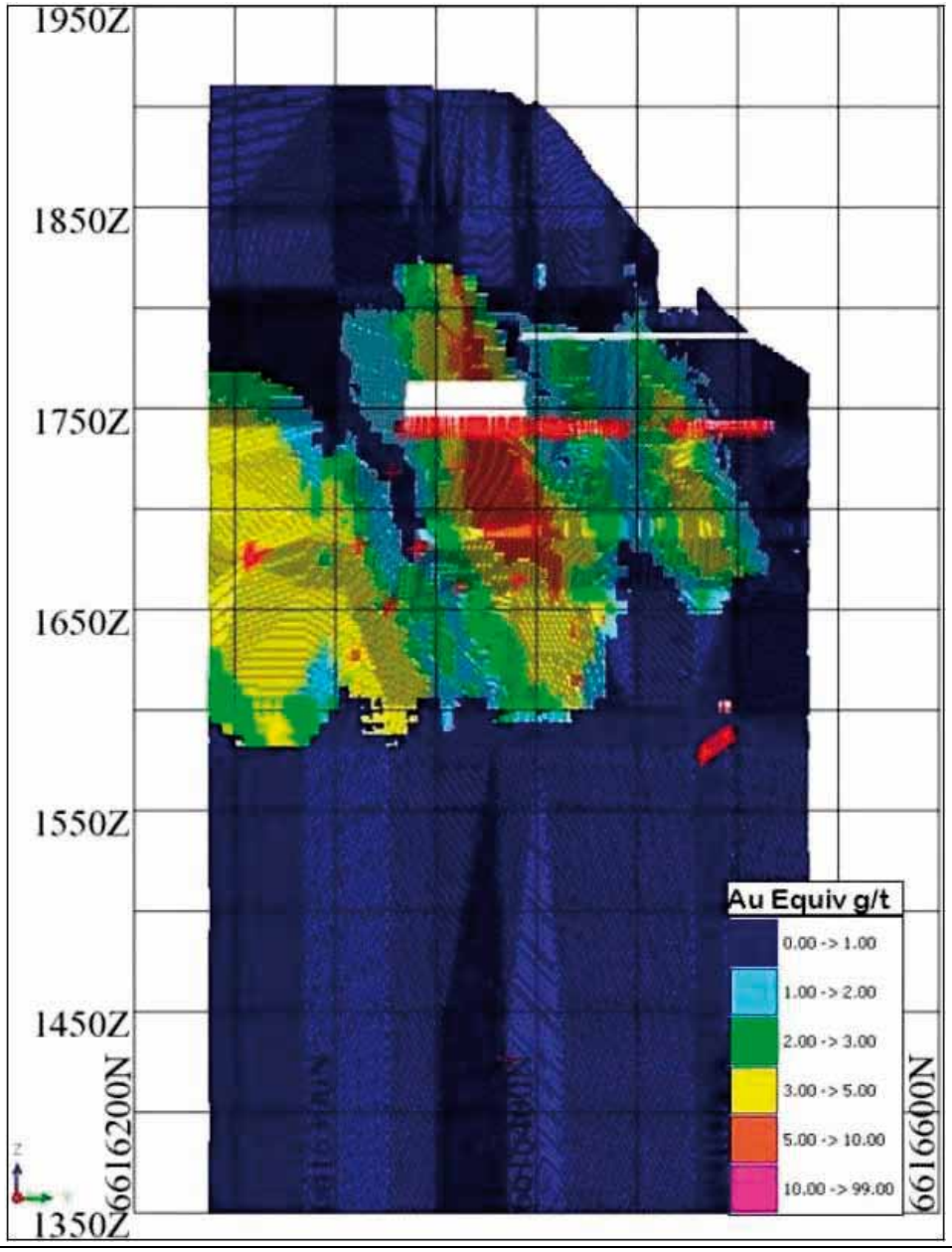
The Resource classification was based on proximity to development and sampling density. The Resource classification for Cox's Lode is shown in Table 5.2.3_1. The Measured classification was assigned to blocks within 20m of ore drive development with face sampling and/or diamond drilling. The Indicated classification was assigned to areas with diamond drilling where the spacing between holes either vertically or horizontally is less than or equal to 40m. The Inferred classification was assigned to an envelope 20 vertical metres beneath the Measured and Indicated blocks and along strike of these blocks where surface workings exist to suggest strike continuity to the ore.

Table 5.2.3_1
Cox's Lode Resource Classification at 3.0g/t Au Equivalent* Cutoff

	Measured	Indicated	Inferred	Total
Tonnes (kt)	11.6	46.5	58.2	**116.3**
Sb (%)	2.0	1.74	1.63	**1.71**
Au (g/t)	1.66	2.0	1.52	**1.73**
W (%)	0.01	0.01	0.00	**0.01**

Equivalence formula based on metal prices of Au $AUD 1,000/oz, Sb $AUD 5,000/t, W ($Au_{eq}$ = Au + 1.6 Sb); from Dell (2011).

Figure 5.2.3_1
Long Section of Cox's Lode Block Model



5.2.4 Clarks Gully

The Clarks Gully mineralisation is hosted by what appears to be a single NNW-trending structure cutting through the Hillgrove Adamellite. The deposit was discovered as a result of geochemical exploration by NEAM and a small open pit was mined by them on the upper (oxidised) portion of the resource. The current resource model dates from February 2006 when the Straits drilling under the old NEAM open pit was completed. There is no reporting associated with the estimate and the following discussion is based on a review of the Surpac digital model, attached database and Surpac audit trail. The review was completed at Straits Perth office on 24 May 2011.

Sampling and Analytical

The Resource model was based on 121 x 1m composite samples derived from 20 drillholes which intersected the deposit. The drillholes were a subset of a 43 hole drilling program completed by Straits to test for extensions of the mineralisation beneath, and along strike from, the pit. Clarks Gully and a number of other mineralised structures in the immediate area were tested with a larger program of shallow reconnaissance drilling but these holes are not included in the estimate. The resource drilling comprised 35 RC drillholes and 8 diamond drillholes. Samples comprised split core from the 8 diamond holes and spear-sampled, grab-sampled or riffle-split RC drill cuttings. There is apparently no recorded information about the water table and the quality of the RC samples is unknown. It is not known why grab sampling was sometimes used, but an investigation of the raw data suggests there are some very high-grade Sb results associated with these grab samples. On-site discussions with Straits geologists suggested a program of diamond twin holes was planned to validate some of the higher-grade RC drill intersections.

Analytical methods and procedures are unknown. Sb, Fe and As are quoted in % and all other results in the database are quoted in ppm. The analytical suite includes; Ag, As, Au, Bi, Cu, Fe, Mn, Mo, Pb, S, Sb, W and Zn. There are no independent QAQC data.

Geological (Volume) Modelling

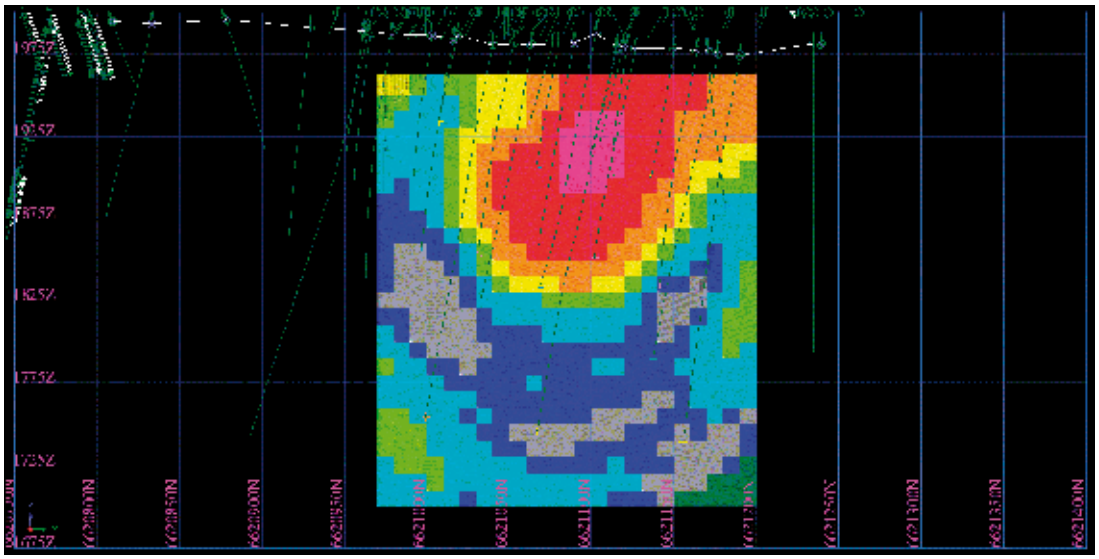
An interpretive wireframe of the mineralisation appears to have been constructed based on snapping to 0.5g/t Au grade cutoff on drill intercepts. The effective minimum horizontal width of the model was mostly between 2m and 6m with a few narrow peripheral areas of the model of around 1.3m horizontal width.

Block Model Development

The block model was created by first flagging the blocks within the interpreted ore wireframe. The wireframe was constrained within a rectangular block with a strike length of 230m and vertical depth of 262m. The metal values were then estimated based on Nearest Neighbour averaging using a 30m search radius. The apparent concentric grade zoning evident in Figure 5.2.4_1 may be partly a function of the grade interpolation method and a more appropriate method such as OK is recommended following the collection of additional data.

An average bulk density of 2.7t/m³ was used to report resource tonnes. This was based on the mineralisation style and bulk density data for other deposits at Hillgrove.

Figure 5.2.4_1
N-S Long Section of Clarks Gully Block Model Sb Grades



Grade legend: magenta = >5% Sb, red = 3-5% Sb, orange = 2-3% Sb, yellow = 1.5-2.0% Sb, green = 1-1.5%, aqua = 0.5-1.0%, blue = 0.3-0.5%, grey = < 0.3%

Extracted from Straits Surpac Model, 23 May 2011

Resource Classification

All the Resources were classified as Indicated Resources. The classification was based on interpreted geological continuity and sampling density. The Resource estimate for Clarks Gully extracted from the February 2006 Surpac model is shown in Table 5.2.4_1. The Sb grade estimate appears to be strongly influenced by several shallow RC drillhole intersections which result in the model being notably zoned with high-grade Sb mineralisation at shallower depths passing to more gold-dominant mineralisation at depth.

Table 5.2.4_1
Clarks Gully Resource Classification at 3.0g/t Au Equivalent* Cutoff

	Measured	Indicated	Inferred	Total
Tonnes		660,957		**660,957**
Sb (%)		2.37		**2.37**
Au (g/t)		1.9		**1.9**

Equivalence formula used was (Au_{eq} = Au + 1.71 Sb)

5.2.5 Brackins Spur

The Brackins Spur deposit is entirely hosted within the Bakers Creek Diorite to the south of the Metz project area. The mineralisation is hosted by two parallel NNW-trending lodes, the Main Lode and the smaller West Lode which lies adjacent to the northern end of Main Lode. An updated Mineral Resource estimate for the Brackins Spur deposit was completed by Straits (J. Harris) in September 2009.

Sampling and Analytical

The Resource model was based on data derived from a combination of NEAM underground face channel samples on the 1 Level (about the level of the valley floor) and sampling from 20 Straits diamond drillholes (Simpson, 2008). Sampling methods, sample numbers and the breakdown of sample types are not documented in the reporting provided. Analytical methods and procedures are not described but are likely to have been identical to those described for Syndicate and Black Lode. There are no independent QAQC data.

All samples were composited to 0.5m intervals. No grade top cuts were described.

Resource Model Volume and Density Estimation

An interpretive wireframe of the mineralisation was constructed based on a 3g/t gold equivalent outline. All material in the resource volume was assigned a density of 2.7t/m³.

Block Model Development and Grade Estimation

The block model was created by first flagging the blocks within the interpreted ore wireframe. Blocks were 4m (Y) x 1m (X) x 4m (Z) and minimum sub blocks were 1m x 0.25m x 1m. The Au, Sb and W values were then estimated based on the search parameters listed below. The model was then clipped to exclude mining voids and topographic void.

Grade estimation was completed by inverse distance squared (ID^2) grade interpolation using the following search radii: X 10m, Y 100m, Z 100m.

Resource Classification

The Resource classification was based on proximity to development and sampling density with the criteria being:

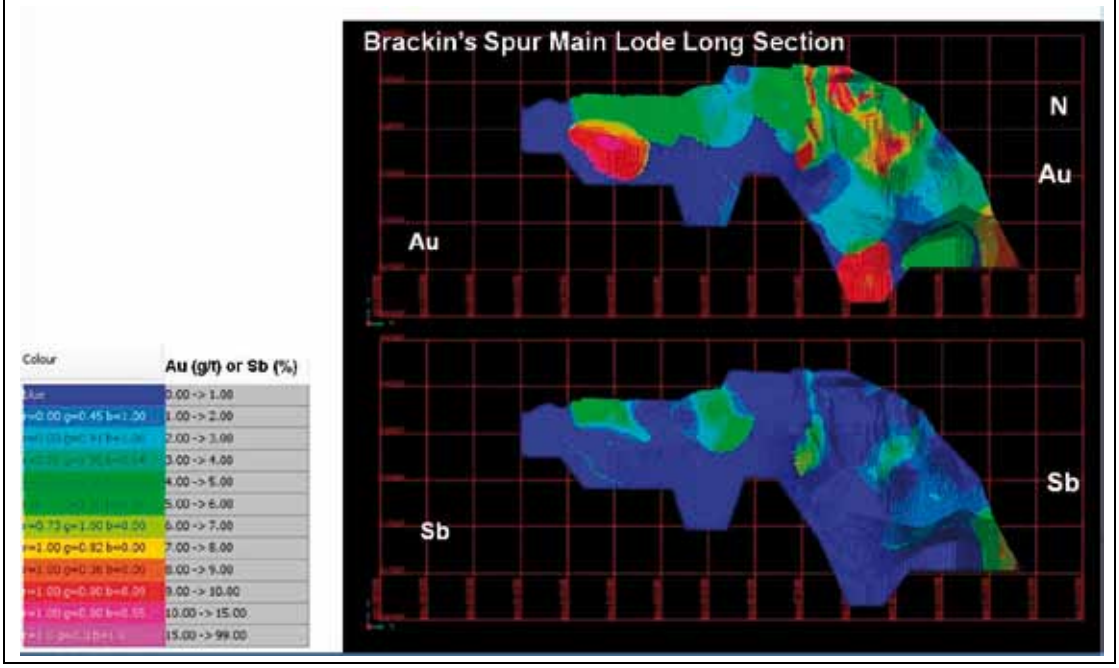
- Measured 16m above or below the 1 Level where channel sampling had occurred, except where the level has been stoped.
- Indicated a diamond drill spacing of ~50 to ~80m.
- Inferred a diamond drill spacing of more than 80m but where there was still moderate confidence in continuity of grade.

Table 5.2.5_1
Brackins Spur Resource Classification at 3.0g/t Au Equivalent* Cutoff

	Measured	Indicated	Inferred	Total
Tonnes (kt)	23	446	524	**993**
Sb (%)	0.4	1.3	1.8	**1.5**
Au (g/t)	6.7	5.6	5.2	**5.4**
W (%)	0.06	0.02	0.16	**0.09**

*Gold Equivalent = gold+(antimony*1.60+tungsten*5.33)

Figure 5.2.5_1
Long Section of Brackins Spur Main Lode Block Model

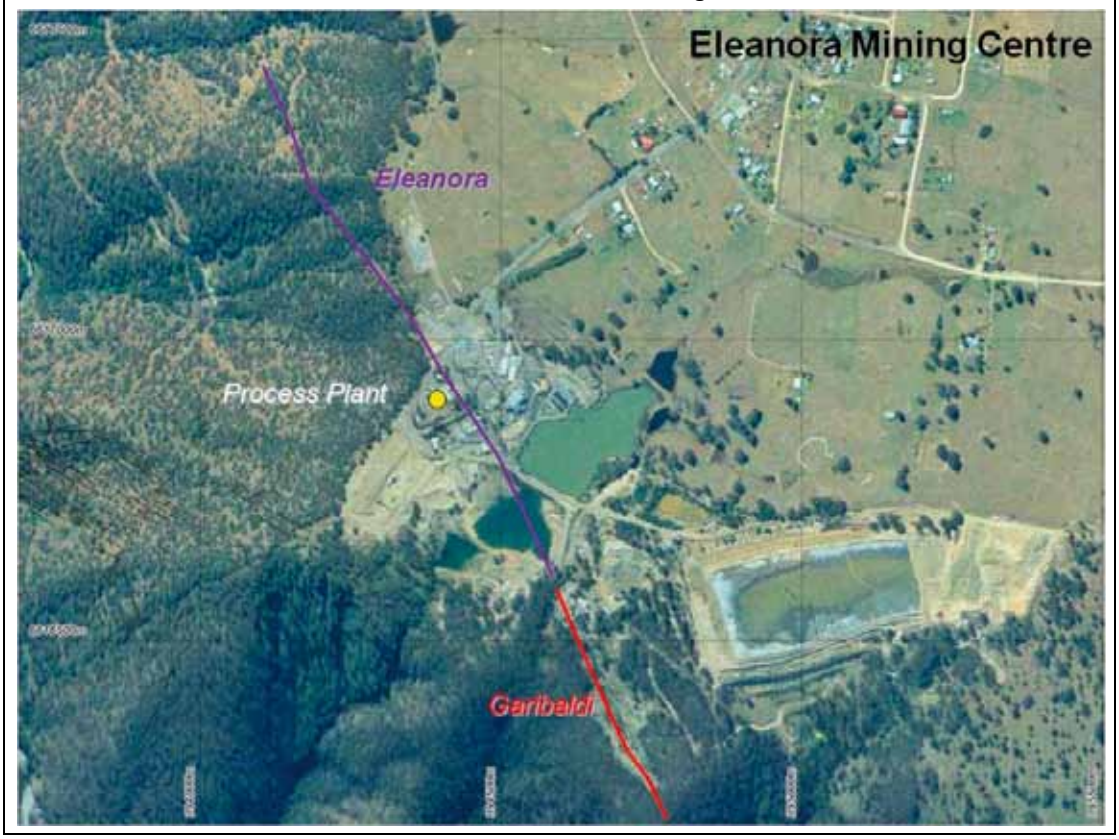


5.2.6 Eleanora

The Eleanora (Lower) Lode, together with the Eleanora Upper and Garibaldi Lode, comprise the principal lodes in the Eleanora Mining Centre. These lodes represent the longest mineralised structure in the Hillgrove field and underlie the Hillgrove Plant and tailings infrastructure (Figure 5.2.6_1). The Garibaldi Lode is effectively the southern strike extension of the lode structure. Together, they comprise a significant proportion of the total endowment of the Hillgrove mineral field (~38% of the current Mineral Resources). The Eleanora-Garibaldi mineralisation is hosted by a 1.2km-long, NNW-trending structure cutting Girrakool Beds metasedimentary units preserved in an E-W trending corridor between the Hillgrove Adamellite to the north and the Bakers Creek Diorite to the south. The lodes are characterised by relatively lower Sb values and higher gold values than Metz, Clarks Gully and Brackins Spur. Typically, a higher Au grade quartz breccia core is enveloped by a lower-grade disseminated arsenopyrite-gold halo. High-grade Sb mineralisation is typically erratic. As observed at several other lodes at Hillgrove, there is a tendency for better Sb grades to occur in the upper levels of the mineralisation.

The Eleanora Upper Lode was one of the main NEAM production areas and remaining resources occur largely as remnant mineralisation in pillars between extensively stoped lodes. The mineralisation is currently not being targeted for development. Similarly, the Garibaldi mineralisation below the level of historical development is not currently being targeted for development. An updated Mineral Resource estimate for the Eleanora Lower deposit was completed by Straits (B. Dumpleton) in January 2009 and is discussed below.

Figure 5.2.6_1
Main Lodes of the Eleanora Mining Centre



The lode primarily comprises structurally-controlled, auriferous quartz veins hosted in metasedimentary rocks. The veins range from simple single veins through zones of parallel stringer veins to quartz-wall rock breccias. All major veins are intruded along a shear of sinistral movement that may be from millimetre to metre plus width. Both free and refractory gold mineralisation is present associated with arsenopyrite alteration. Quartz-wallrock breccia locally hosts pods of stibnite. Arsenopyrite is strongly associated with gold and the arsenopyrite phase is responsible for the majority of the gold grade within the stringer vein zones. Mineralisation dips steeply (80°) towards the northeast. Historic stope profiles suggest a steep southerly plunge to the ore shoots.

Sampling

The database contained four data types: NEAM historic face channel samples taken from faces of development drives and the backs of each successive lift in stopes, NEAM historic surface diamond drillhole data. Straits underground airleg sludge holes drilled into the walls of drives on 9 and 11 Levels (1745, and 1665mRL respectively), Straits underground diamond drillholes including horizontal LTK48 holes drilled into the walls of 9 Level and a combination of HQ, NQ2 and BQTK drilled from cuddies on 9 and 11 Levels.

Analytical

Analytical methods and procedures for the Eleanora (Lower) Lode are as described for Syndicate and Black Lode. There are no independent QAQC data other than the annual check laboratory re-assay of randomly selected pulps, as described for Black Lode and Syndicate.

Density Model

A waste rock density of 2.65t/m³ for metasedimentary rocks and 2.68t/m³ for lamprophyre dykes was based on the average densities used for the Syndicate grade control models. A bulk density value of 2.72t/m³ for the mineralisation was based on 239 composited (to 1m) values from measurements on drill core cutting the mineralisation.

Geological (Volume) Modelling

Below areas of historical ore development, the wireframe was created by snapping to the geological boundaries of the interpreted Eleanora structure intersected by diamond drilling. In areas of past mine development, the wireframe of the orebody was created by snapping to survey pick-ups of development. A minimum horizontal width of 1.8m was used to construct the wireframe. The existing historical underground geological mapping was used to refine the ore outline.

The reporting (Dumpleton, 2009) suggests that the model was developed between 6617220mN and 6616470mN and from 1350-1750mRL. This would imply about 100m of vertical overlap with the Eleanora Upper model. Subsequent discussion with the author, however, confirmed that while the model extents were continued up to the 1750mRL, the Resources listed are confined to <1660mRL and no overlap exists between the reported Resources. The resource model does not incorporate the results from drilling below the 1350mRL, as this drilling had not been completed at the time of the estimate.

Data Treatment

There were 15,967 samples with Sb and Au assay values used in the resource estimate. Only 5,215 As assay values and 330 W values were available. All samples were composited to 1m intervals and samples of < 1m width were “diluted” to 1m. Basic statistics for the composite data were used to establish that grade top cuts were not required.

NEAM channel samples were always restricted to the strongest mineralised part of the vein with no samples of the enveloping wall rock taken. In order to overcome the high grade effect of NEAM face samples, "dummy" drillholes were created for each channel sample with the length extended horizontally by 10m to allow a waste grade (0.01% for Sb and 0.01g/t for Au) to be assigned to the extended portion during compositing. Coffey believe this approach is reasonable given the current data limitations. Historic NEAM channel sampling should be progressively replaced with more comprehensive channel sampling across the full width of available underground exposures.

Block Model Development

The block model was created for a single domain (Eleanora mineralised shear) by first flagging the blocks within the interpreted ore wireframe. Blocks were 5m (Y) x 1m (X) x 5m (Z) and minimum sub blocks were 1.25m x 1m x 1.25m. The values for Sb, Au, As and W were then estimated based on the kriging parameters. The blocks were then flagged as either in situ (mined=0) or already mined (mined=1).

Grade Estimation

Grade estimation was completed by Ordinary Kriging (OK) using the search parameters defined from the variography. The following first pass search radii were applied: Au 130m, Sb 120m, W 160m, As 120m. A second pass search radius was used for all variables to populate cells not informed in the first pass. The large search radii will result in a considerable smoothing and impact on the reliability of the local grade estimate, but will have no detrimental effect on the global resource estimate.

Resource Classification

The Resource classification for Eleanora Lower was based on the distribution of drilling and face sampling data as well as on the distance from development. Measured material represents all material within 20m of development and channel samples, Indicated material is all material within 40m of exploration drilling, and Inferred has been set as material extending an additional 80m from Indicated material or a single drill intercept. The Resource classification categories for Eleanora Lower are shown in Table 5.2.6_1.

Table 5.2.6_1

Eleanora Lower Resource Estimate
Reported at 3.0g/t Au Equivalent* Cutoff Grade

	Measured	Indicated	Inferred	Total
Tonnes (kt)	46.5	588.7	233.3	**868.5**
Au (g/t)	6.32	4.94	4.05	**4.78**
Sb (%)	0.98	0.28	0.11	**0.27**
W (%)	0.006	0.01	0.01	**0.01**

*Au equivalent based on AUD$: Au $1,000/oz, Sb $5,500/t, and W $20,000/t
Au eq = Au+ (Sbx1.71+Wx6.22)

From Dumpleton, 2009

5.2.7 Garibaldi - Eleanora Upper

The Eleanora Upper and Garibaldi mineralised zones consist of one or more steeply-dipping NNW-trending laterally and vertically extensive narrow (0.1m to 5m) shear-hosted quartz-stibnite vein systems. The Garibaldi Lode has been interpreted as two sub-parallel lodes which are the southern continuation of the Eleanora Lode system south of the Eleanora Fault. Garibaldi Lode 2 has distinctly higher Sb grades than Lode 1. There is currently a significant information gap in the area where the Eleanora and Garibaldi Lodes coalesce. Numerous small-scale splay structures propagate from the main mineralised shear zones. These were not included in the resource modelling due to paucity of close-spaced information.

Mineral Resource estimates for the Eleanora Upper and Garibaldi lodes date were completed in 2005 and, effectively, no more recent work has been completed on these. The domain outlines used to control volume and estimations were based on geological observations and, in areas dominated by resource definition drilling, a nominal grade cutoff of 3.0g/t Au_{eq} (1% Sb = 2.23g/t Au) to assist in defining the boundaries of the main mineralised zone. The resulting mineralised volumes represent the mineralised shear package rather than individual discreet high grade veins. A global bulk density of 2.7g/cm³ was applied to derive the tonnages.

In areas of historical mining, the volume models were based largely on the highest-grade portions of the shear zone, since very little historical sampling was carried out by NEAM into the footwall or hangingwall of the main mineralised zones.

A 2-D kriged metal accumulation model, heavily based on historical NEAM face sampling and drilling data, was used for the resource estimates. Previous experience by Straits suggests that where this methodology relied heavily on NEAM face sampling data, it was likely to considerably overstate the grade. It is suggested that these lodes should be re-estimated using the same methodology as for the Eleanora Lower deposit, with the inclusion of repeat sampling where possible and implementation of an appropriate QAQC regime.

5.3 Comments

Coffey believes that there are some issues associated with the NEAM historical face sampling data quality, lack of historical QAQC data, inconsistent estimation parameters and density modelling which may impact on the resource estimation process and Mineral Resource classification. Notwithstanding these issues, Coffey believes that the resource estimates and re estimates completed by Straits from 2009 onwards should provide a good guide to the quantum of mineralisation present. Excellent potential exists to add to the Mineral Resources through additional drilling and application of cutoff grades consistent with current metal prices.

It is recommended that the Resource estimates should be regenerated from the existing data using consistent input parameters (minimum widths, cutoff grades, etc.) and appropriate methodologies. In particular, those Resources reliant on metal accumulation models (Garibaldi and Eleanora Upper) or average nearest neighbour grade interpolation (Clarks Gully) should be re-estimated. Where models are heavily reliant on historical NEAM face sampling data, these data should be progressively duplicated with incorporation of a full QAQC program and with sampling encompassing the full width of development to include the footwall and hangingwall wherever possible. All new sampling programs should incorporate a QAQC regime which includes insertion of site duplicates, certified standards and blanks in the sample stream prior to dispatch for analysis.

A consistent minimum horizontal width of 1.8m should be used for mineralisation wireframing during resource modelling to reflect expected minimum mining widths.

Cutoff grades for all resource estimates should be reviewed in the light of current metal prices which are significantly higher than those used in all current models.

The metal equivalence formula employed to assist with constraining wireframing and subsequent volume determination and resource estimation should be developed from more current metal prices as well as considering Sb and Au value recovery from the two intended products (Sb concentrate and As-bearing Au concentrate). If more current prices for Sb (antimony net) and for Au are used, the equivalence formula changes dramatically to ~ Au_{eq} = Au +3.37*Sb, effectively doubling the contribution from Sb to in situ value.

Given that the primary driver for the Project going forward is the production of Sb concentrates and that Au and Sb may behave independently in their distribution, it is recommended that antimony grade models should always be plotted and considered along with a metal equivalent model, such as the Au_{eq}, model when planning both resource drilling and mine development.

This work should be prioritised such that the deposits planned to be mined first (the higher Sb grade deposits) are completed first.

Given the large reliance on RC drilling data in the high Sb grade zone of the Clarks Gully resource, the program of diamond drilling twin holes planned by Straits should be completed prior to resource re-estimation. Resource re-estimation should incorporate ordinary kriging (OK) for grade interpolation.

Excellent potential exists to add to the Project Mineral Resources through additional drilling and resource modelling.

6 EXPLORATION POTENTIAL

6.1 Mine Areas

Significant potential exist to add to the Hillgrove Mineral Resources through exploration drilling around the existing deposits. Given the future Project focus on production of saleable stibnite concentrates, the work should be prioritised in areas of higher Sb grades and existing mine infrastructure. This "extensional" exploration potential is further discussed below.

Metz

Black Lode is open at depth (down plunge on existing ore shoots) and the lode is open to the west with potential for additional ore shoots to be discovered towards the projected intersection with the Hillgrove Fault. Black Lode is also characterised by a number of mineralised splay structures such as Austin's, Prendergast's, North Splay, South Splay and West Splay which also require further investigation. Cox's Lode mineralisation plunges steeply north and the central main ore shoot is open down plunge. The Cox's Lode structure is open to the south with potential to host additional ore shoots. Additional drilling here could be expected to add to the Mineral Resources.

The Syndicate Lode has been effectively closed off at depth and along strike by the existing drilling with limited potential to add resources.

The Sunlight Lode was the second largest individual mine in the Hillgrove field around 1900 and was mined on 10 levels over 450m of strike and 400m vertical depth. This was a gold-dominated lode comprising mostly quartz breccia ore hosted by metasedimentary rocks. Mining focused on areas of free gold and gold in the arsenopyrite halo, and stibnite was left behind where possible. Locally high-grade stibnite mineralisation was present and this was sometimes left in the walls and sometimes handpicked. NEAM re-entered some of the old mining areas to extract some high-grade stibnite mineralisation. The lower four levels of the mine are flooded and have never been accessed since closure. While this is predominantly a lower antimony grade system, significant exploration potential exists along the line of the known lode and below the historical workings.

Eleanora

The Eleanora and Garibaldi Lodes are currently seen as a lower priority for exploration on the basis of lower antimony grades. This is particularly so for the lower resource levels. However, it should be kept in mind that this is the longest mineralised structure in the Hillgrove Mineral Field and significant tonnes are held in the current Resources. These predominantly gold resources do not appear to be closed at depth.

Clarks Gully

The higher Sb grade mineralisation at Clarks Gully appears to be localised in the upper part of the current resource. A structural interpretation by Straits suggests that the mineralisation is terminated abruptly to the south by an ENE-trending fault parallel to the Hillgrove Fault. Potential exists for a southern extension of the lode to the south of a sinistral fault offset. A number of other sub-parallel structures have been partially tested with reconnaissance drilling.

Brackins Spur

There are two parallel structures here, Main Lode and West Lode. Neither appears to have been closed off at depth. Higher-grade Sb mineralisation appears to be restricted to the upper north portion of West Lode, but on the north end of Main Lode, there is a suggestion of steep north-plunging Sb-rich mineralisation which is open to the north and down plunge. Additional drilling in this area is likely to add to the Mineral Resources.

Brackins Spur is thought to lie on the southern strike extension of the Eleanora-Garibaldi line of lode. Very little exploration drilling exists on the potential structure between the two Resources. This has largely been a function of difficult drill access. The “gap” should be considered prospective for moderate tonnage steeply-plunging shoots containing higher-grade stibnite mineralisation.

Other

The Eleanora-Garibaldi Lode system warrants additional exploration drilling. While generally characterised by gold-dominated mineralisation, this is the largest mineralised structure in the Project and historically did include zones of higher Sb grades mined. The area where the two mineral systems coalesce is not well drilled and numerous small splays are known but are also not well sampled. Potential exists to add to the Resources.

The Swamp Creek mining centre lies about 1.2km east of the processing plant. The centre comprises the Freehold, Freehold East and Silver Valley gold-dominant mineralisation hosted by metasedimentary rocks and adamellite, as well as the Smiths high-grade antimony mineralisation hosted by metasedimentary units. Little modern exploration has been completed around these and other historical NEAM Resources where higher Sb grades are known. An opportunity exists to add to the Resources down plunge or along strike with exploration drilling.

6.2 Project Tenements

The Hillgrove Project contains a significant exploration package of some 425km² prospective for metasedimentary-hosted, structurally controlled Sb-Au deposits. Similar antimony deposits belonging to the orogenic mesothermal class, such as Wuxi in China, can be of medium to large size and make up a significant proportion of global Sb endowment. Metasedimentary-hosted antimony deposits make up 21% of antimony reserves in China.

There are over 200 mineral occurrences known in the Hillgrove district indicative of widespread mineralisation process. The areas of surface mineralisation identified within the Project tenements are very much concentrated in and around the margins of the valleys and gorges where drainage incision has provided excellent 3-D exposures enabling relatively easy discovery of exposed mineralisation. It is entirely consistent with the Project geology and mineralisation style that similar endowment, blind to the surface, exists elsewhere in the Project area.

The Hillgrove Project tenements also have localised thin cover sequences of Tertiary basalts and alluvium which may mask geochemical response from near-surface mineralisation. A large area immediately west of the Syndicate deposit is concealed by this cover sequence and has yet to be adequately explored.

Exploration comprising surface geochemistry (stream sediments and soils) together with various geophysical coverage (magnetic and gravity surveys) and some trial electrical geophysics have been completed. Surface geochemistry by NEAM resulted in the discovery of the Clarks Gully deposit and yet 40% of the Project exploration leases have yet to be stream sediment-sampled and soil geochemical coverage is restricted to local areas (Figure 6.2_1 below).

Straits commissioned a detailed helicopter-borne magnetic (helimag) survey in 2006. The survey was flown on 50m line spacing at 35m flying height and provides a valuable detailed data set. Straits used the magnetic data together with the structural interpretation, geological interpretation, mineral occurrence data and geochemical data to generate 140 exploration targets through the Project area (Figure 6.2_2 below). There were 24 “high priority” targets for Au - Sb and of these, eight were regarded as high priority for high-grade Sb. None of the targets were followed up by Straits as exploration was curtailed pending a decision on the Project.

6.3 Comments

Coffey regards the extensive exploration tenement package as prospective for the discovery of additional Sb-Au resources. Regolith mapping should be completed through the Project tenements to gauge the effectiveness of past surface geochemical programs and to target specific geochemical exploration techniques appropriate for the regolith environment.

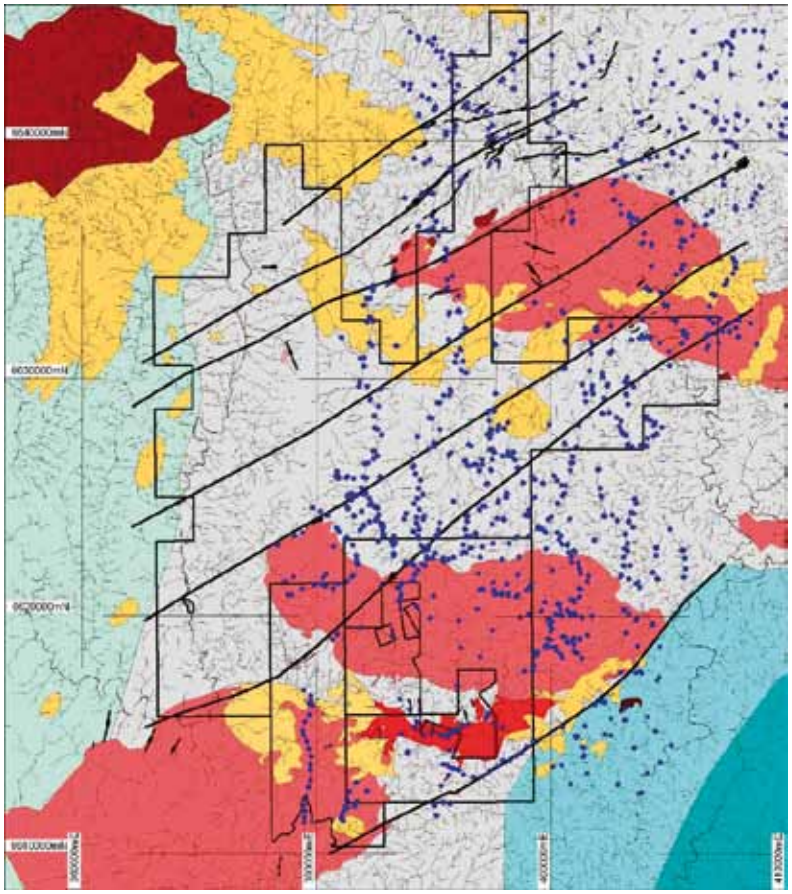
Analytic signal and vertical and horizontal derivatives plotted from the helimag survey data and interpreted to assist with definition of structure in areas of subdued magnetic relief. Additional structural interpretation should be completed to guide exploration drilling both in the near-mine environment and through the Project area.

Orientation electrical geophysical surveys should be completed over several areas of known mineralisation to determine the utility of these methods in exploration for “blind” lodes.

Surface geochemical coverage should be completed with initial stream-sediment sampling followed up with soil sampling over anomalous areas. High priority exploration targets should be covered with detailed grid soil sampling and geophysical programs as appropriate.

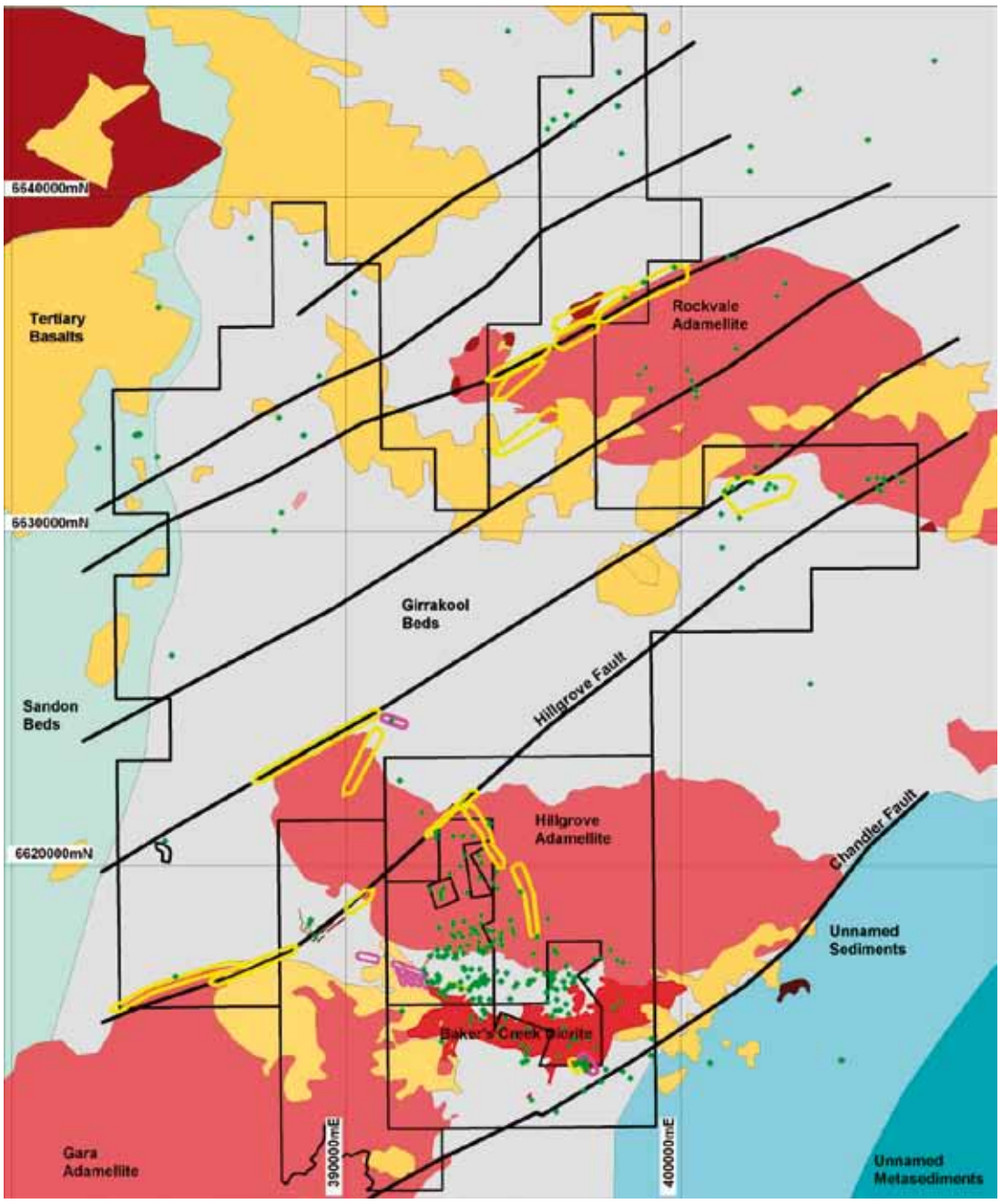
Figure 6.2_1
Hillgrove Project Surface Sample Locations

Soil Sampling Locations



Stream Sediment
Sampling Locations

Figure 6.2_2
Hillgrove Project High Priority Exploration Target Locations



Magenta targets - Sb
Yellow targets - Au
Green points - mineral occurrences

From Simpson, 2010

7 MINING

7.1 Background

7.1.1 Straits Reserves

The Hillgrove Ore Reserves are reported as 2,195,000t at 2.1% Sb and 3.8g/t Au. Of these; 0.386Mt @ 2.4% Sb and 3.6g/t Au are classified as Proved Reserves and 1.809Mt @ 2.1%Sb, 3.8g/t Au are classified as Probable Reserves. The information in this report relates to the Project Ore Reserves as declared by Straits as at 28 January 2010. A full table of the Straits Ore Reserves for the Project is given in Appendix C.

There are 15 individual deposits with declared Ore Reserves as shown in Table 7.1.1_1. Many of these smaller Reserve estimates were completed by NEAM prior to the Straits acquisition of the Project. More recent work by Straits and its consultants has focused on the larger deposits and those deposits with existing mine infrastructure.

Table 7.1.1_1
Hillgrove Ore Reserves

Project	Status	Ore Reserve		
		Total		
		Tonnes (kt)	Sb (%)	Au (ppm)
Austins	In situ Resources	11	2.4	2.7
Black Lode - Main Lode	In situ Resources	186	1.5	4.2
Prendergasts	In situ Resources	7	2.1	3.5
Cox's Reef	In situ Resources	18	3.6	3.0
Syndicate	In situ Resources	416	2.9	2.4
Brackins Spur	In situ Resources	161	0.3	5.5
Eleanora (Upper) >1660mRL	Remnant Resource	130	1.1	6.1
Eleanora (Lower) <1660mRL	In situ Resources	195	0.9	5.8
Garibaldi	In situ Resources	587	1.2	3.4
Freehold	In situ Resources	49	2.7	5.0
Smiths	In situ Resources	3	2.9	7.3
Golden Gate	In situ Resources	31	1.3	5.6
Clarks Gully	In situ Resources	326	5.1	2.7
Cosmopolitan	In situ Resources	18	0.4	8.1
Lady Hopetoun	In situ Resources	4	0.5	7.4
Stockpiles	Stockpiles	54	2.2	2.0
Total		**2,195**	**2.1**	**3.8**

* gold equivalence formula based on metal prices of Au $AUD 1,000/oz, Sb $AUD 5,500/t

** Aueq = Au + 1.6* Sb (equivalence formula based on metal prices of Au $AUD 1,000/oz, Sb $AUD 5,000/t)

Metallurgical recoveries were based on 84% for antimony and 83% for gold

Syndicate Reserves were based on mining shapes with an external dilution of 10% and a mining recovery of 98%

The information in this report that relates to Ore Reserves is based on information compiled by Peter Storey, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Storey is a full-time employee of Straits Resources Limited and has sufficient experience relevant to the style of mineralisation, type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Storey consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

7.1.2 Current Situation

Mining operations were suspended in August 2009 due to process plant issues. The Project has currently no ore in stopes, with surface stocks of approximately 50,000t.

7.2 Proposed Mining Method

The mining method currently proposed by Straits for the Project is a modified Avoca system, comprising the following basic steps:

- develop lowest sublevels first;
- commence stoping from abutments towards the centre, using upholes from the extraction horizon;
- tight backfill by mine waste over the brow once a distance of 15m is achieved;
- recommencement of stoping is achieved by firing the next 15m of rings into the backfilled waste.

Mining blocks have a vertical height of 18m floor to floor. To separate blocks, there is a requirement for crown pillars, which may be extracted later. The modified Avoca cut and fill mining method had been established at the Project and had proven to be successful prior to mine closure within the Metz area with a total mining dilution of approximately 20% and an ore recovery of 94%. It was found that the majority of the ore was able to be bogged conventionally with tele-remote performed on the final clean up of the stope before backfilling.

Backfill is planned to be loose rock fill from development headings, which is either trucked directly to stope stockpile for spooning into the stope by a LHD or from the gorge stockpile to the stope stockpile. The backfilling process governs productivity as it dictates when the stopes can be fired again.

The proposed mining design layout and method are considered applicable for this style of mineralisation.

7.3 Geotechnical Parameters

7.3.1 Current Situation

General ground conditions in the mine have historically been good. All areas of the operations are in good condition and adequately supported.

Considerable sections of the decline have been open for 4 to 5 years with no signs of ground control issues.

7.3.2 Stress Regime

No information on in situ stress measurements conducted at Hillgrove is currently available. This is probably because no stress issues are expected due to the relatively shallow mining depths. Stress field at the Hillgrove mines is likely to be rotated and distorted due to the presence of the deep gorge.

7.3.3 Geological Defects

Although there are no detailed joint set data available, it is noted that there are at least two flat-dipping sets present, as well as a number of random joints evident throughout the deposit. Such discontinuity network creates very blocky rock mass which is highly susceptible to unravelling failures in relaxed stope walls. The hangingwall has a highly sheared contact with the ore zone. The main shear in the footwall further contributes to the blockiness of the rock mass.

7.3.4 Rock Mass Quality

Rock mass has been characterised and presented in the table below. Considering the high degree of blockiness of the rock mass, RQD can be assumed in the range of 60% to 90%.

Table 7.3.4_1
Rock Mass Quality

Level	Wall	RQD	Q	Q'
1668 S	Footwall	100.7	1.7	8.3
	Hangingwall	99.2	1.7	8.3
1650 N	Footwall	85.2	2.7	13
	Hangingwall	89.3	14.7	18.6
1616 S	Footwall	99.1	1.7	4.13
	Hangingwall	107.7	16.7	16.7
1584 S	Footwall	95.1	3.37	6.3
	Hangingwall	97.2	4.58	5.8
1566 N	Footwall	102.1	0.83	4.17
	Hangingwall	99.8	8.31	8.31
1566 S	Footwall	93.2	1.55	3.88
	Hangingwall	107.4	0.31	3.13

7.3.5 Stable Stope Spans

Due to the poor rock mass quality, the stand-up time for stope walls is relatively short. The modified Avoca stoping method practiced immediately prior to the operations suspension proved to be the most optimised in terms of stability and productivity ore extraction technique. From experience gained to date, stope spans up to 12m are stable in most cases.

The observed wall overbreak can be up to 2m into the hangingwall. No formal stope stability analyses have been performed; however, reconciliations of the modified Avoca stopes completed prior to Project closure confirmed the revised mining method dilution estimate of 20%.

Stope cable bolting in blocky rock mass and under conditions of low stress confinement is deemed to be rather ineffective; hence the primary overbreak control measure is the stable span.

7.3.6 Development Excavation Size

Development drive sizes and shapes are considered to be adequate, i.e., decline of maximum 5m width with arched backs, all other drives up to 4.5m wide with arched or shanty profile. Under conditions where failures are primarily structurally controlled, such as at Hillgrove, arched or shanty backs are recommended as the most appropriate profiles as the dead weight of material to be supported with rock bolts is considerably reduced. Flat backs should be avoided.

7.3.7 Ground Support

General ground conditions in the mine have historically been good. All mine development is meshed with friction bolt stabilisers ('split sets'). Mesh is installed down to at least 3m from floor in capital development and down to grade line (1.5m from floor) in ore drives and this is an acceptable practice. The length of bolts, 2.4m in the main decline and 2.1m in the ore drives, is considered to be adequate.

It has been noted that sizeable amount of scats are accumulating behind the mesh. Scatting occurs over time in development along strike. Generally moderate mesh bagging is not a serious concern, but if it bags excessively, it may pose a serious rock fall hazard, in which case, mesh needs to be bled. Scats development, however, can be minimised if low density perimeter explosives are used, such as Johnex Econotrim, as practised at the time of Project closure.

All development intersections and wide spans were being reinforced by cable bolts, which is a highly recommended practice.

7.3.8 Dilution

Ore Reserves are estimated by applying dilution assumptions to the Resource and assuming future stope widths.

Mining dilution is incurred from the following areas:

- Mining-related, from drilling and blasting activities.
- Geotechnical; related to structure, stress and span.
- Backfill dilution; related to the Avoca backfilling mining method.

Due to the narrow orebody and the relatively low tonnages mined, dilution during mining can have a major impact on the mine operations. This will be an ongoing challenge for the operation and must be monitored and controlled with strict policing of systems in place to minimise dilution.

- Equipment selection
- Grade control methodology
- Resource to reserve conversion rates
- Geotechnical considerations
- Mine sequencing and scheduling
- Contractor selection process
- Mine management competence
- Hydrological studies
- Appropriateness of mine design, production profile and layout

The work completed on the modified Avoca stoping method by Straits prior to operations being suspended indicated that the stope shapes could be extracted from within the Metz area with a total mining dilution of 20% and a mining recovery of 94%.

Coffey Mining considers these stope dilution and recovery estimates to be appropriate. No work has been undertaken on the remaining deposits.

7.4 Backfill

Backfill is planned to be loose rock fill from development headings, which is either trucked directly to stope stockpile for spooning into the stope by a LHD or from the gorge stockpile to the stope stockpile.

The waste rock will be backfilled into the stope voids to control hangingwall dilution and for use as a working platform.

7.5 Ore Haulage

The Project is in a topographically challenging site with access limited to roads cut into the gorge. Haul roads are in place from the process plant to Metz (which passes Eleanora and Baker's Creek), Swamp Creek and Brackins Spur mining areas.

Two Tatra Jamal 375 trucks and two Volvo FM12 460 trucks are currently on site for the one hour return haulage profile from mine to mill. An additional truck may be required for the proposed production rate.

7.6 Mine Infrastructure

The mining areas are accessed by haul roads through the Metz gorge and the mine operations are accessed via the Metz decline to 1512mRL. The main haulage decline and ramps appear to be well constructed and maintained.

Services include compressed air, power, water and communications are all currently installed and all are considered industry standard and adequate for the mining operations.

Ore level development is complete between 1548mRL and 1686mRL.

The current underground development is sufficiently advanced from the stoping levels to ensure orderly sequencing for the recommencement of operations.

7.7 Reserves

7.7.1 Straits Reserves

The Straits Annual Report, 2010, states the following Reserves for the Project (Table 7.7_1).

Table 7.7_1
Hillgrove Project
Ore Reserves – January 2010

Mining Area	Cutoff		Proved	Probable	Total
Syndicate	5.0g/t AuEq	Tonnes (kt)	202	214	416
		Au (g/t)	2.5	2.3	2.4
		Sb (%)	3.2	2.7	2.9
Surface Stockpiles	Variable	Tonnes (kt)	54		54
		Au (g/t)	2.0		2.0
		Sb (%)	2.2		2.2
Other Mine Areas	Variable	Tonnes (kt)	130	1,595	1,725
		Au (g/t)	6.1	4.0	4.2
		Sb (%)	1.1	2.0	1.9
Total		**Tonnes (kt)**	**386**	**1,809**	**2,195**
		Au (g/t)	**3.6**	**3.8**	**3.8**
		Sb (%)	**2.4**	**2.1**	**2.1**

The Syndicate Reserves are based on an external dilution estimate of 10% and a mining recovery of 98%. The Au Equivalent (AuEq) calculations (Au_{eq} = Au (g/t) +1.6*Sb (%)) were based on a gold price of AUD$1,000/oz and an antimony price of AUD$5,500. The “other” mine areas include the Metz, Brackins Spur, Bakers Creek, Smiths-Freehold and Eleanora mining areas. The Ore Reserve is reported “in situ”.

Stope outlines for Syndicate, Black Lode and Brackins Spur have been designed and provided by Straits but there is no detail available on the remaining 12 deposits.

7.7.2 Cutoff Grade

The cutoff grade used by Straits was an Au equivalence of 5.0g/t, based on:

- Metal prices of $AUD1,000/oz Au, $AUD5,500/t Sb:
- A gold equivalence formula of Au_{eq} = Au + 1.6* Sb: and
- Metallurgical recoveries of 84% for antimony and 83% for gold.

The gold equivalence formula will be updated to reflect the revised recoveries for concentrate production, substantially higher antimony price (>USD$15,000/t) and gold price and exchange rates. This will have the impact on reducing the mine cutoff grade.

7.7.3 Stope Design

Ore definition in the Syndicate, Black Lode and Brackins Spur deposits considered a combination of minimum mining width and resource grade. Given the polymetallic nature of the orebody, a net dollar value of mining and treating a block was written into the Resource model. Only material of Indicated Resource category or better could be assigned a positive value. For the purposes of estimating planned and unplanned dilution, Resource wireframes were interrogated in cross-section and all Resource wireframes were first expanded, if so required, to a minimum horizontal mining width of 1.8m to reflect planned dilution. Unplanned dilution was then applied by expanding these wireframes an additional 0.25m toward the footwall and hangingwall. This modified mineable outline was then used as the basis for stope design. The Resource model was reported against the wireframed mining shape and those areas that gave a net profit after mining and treatment were amalgamated into mineable stopes. Coffey considers the stope design method to be appropriate.

A wireframe for each ore development drive was constructed to a minimum development (mining) width of 3.5m. The Resource model was reported against this development wireframe and where the diluted grade met economic criteria, that ore was added to the mining inventory.

7.7.4 Current Mining Centre Inventory

The Syndicate, Black Lode Gully and Brackins Spur deposits are the immediate focus of return to production plans for the Project. A current inventory of the Syndicate, Black Lode and Brackins Spur deposits are shown in Table 7.7.4_1.

The current mining inventory for the Black Lode deposit is three times larger than the Reserve declared by Straits in 2010 due to the completion of the geology and mining planning work undertaken since then. No updated Reserve statement has been released due to the Project closure.

The current Reserve statement for the Brackins Spur deposit was based on the previous operations open stoping mining method and does not correlate with the forecast dilution and recovery anticipated as a result of the revised mining method.

Table 7.7.4_1
Hillgrove Project
Hillgrove Mining Centre Inventory

Mining Area	Cutoff		Proved	Probable	Total
Syndicate	5.0g/t AuEq	Tonnes (kt)	174.3	179.7	354.0
		Au (g/t)	2.95	2.65	2.80
		Sb (%)	3.68	3.19	3.43
Black Lode	5.0g/t AuEq	Tonnes (kt)	122.8	291.1	525.6
		Au (g/t)	4.01	3.89	3.65
		Sb (%)	2.70	1.39	1.61
Brackins Spur	5.0g/t AuEq	Tonnes (kt)		161.0	161.0
		Au (g/t)		5.50	5.50
		Sb (%)		0.30	0.30
Total		**Tonnes (kt)**	297.2	631.8	**1,040.6**
		Au (g/t)	3.39	3.95	**3.64**
		Sb (%)	3.28	1.62	**2.03**

An underground Reserve has been calculated for the Clarks Gully deposit. However, a high level open pit optimisation has been subsequently undertaken on the deposit. The result of this exercise shows that there is an economically recoverable zone of mineralisation and exploitation by open pit mining methods could generate a positive cashflow earlier than by underground mining of the deposit.

All Project Reserves are planned to be recalculated, based on the proposed stoping method, taking into account the planned and unplanned dilution, recovery estimates, process plant recoveries for each of the individual orebodies and expected long-term exchange rates estimates and contract prices for Au and Sb.

However, the volumes estimated by the previous work will be contained within any new Reserve estimate, using revised cutoff grades based on current costs and commodity prices. Coffey considers that the Reserves as declared by Straits should be achievable.

7.8 Mine Schedule

Straits have detailed schedules for first four years of operations that outline the development and extraction of the Black Lode and Syndicate orebodies. This schedule appears to be logical and there does not appear to be any fatal flaws in the schedule sequencing. The Brackins Spur deposit is included as a one-line item in the schedule and this entry looks to be based on the 2008 Brackins Spur Scoping Study.

No documentation is available on development, scheduling and costing of the remainder of the deposits.

The area production profile used to develop the schedule is detailed in Table 7.8_1.

The schedule shows that the mine will be able to produce at approximately 250,000t per year.

Table 7.8_1
Hillgrove Project
Maximum Monthly Area Production Rates

	Maximum Production Rate (T)
Syndicate	12,800
Black Lode	6,380
Brackins Spur	21,000

Table 7.8_2
Hillgrove Project
Current Four Year Mining Schedule

		Year 1	Year 2	Year 3	Year 4	Total
Total Development Metres		4,625	5,518	4,968	1,744	16,855
Ore Development Tonnes		91,250	87,297	67,865	33,035	279,448
Stope Drilling (m)		51,585	40,237	45,143	65,223	202,187
Stope Tonnes	Syndicate	58,649	110,934	88,714	7,284	265,581
	Black Lode	13,794	54,762	29,774	11,040	109,370
	Brackins Spur	0	0	67,000	196,000	263,000
Total Ore Tonnes		**163,693**	**252,993**	**253,353**	**247,359**	**917,399**
Rock Fill (m³)		34,639	68,876	66,418	73,174	243,106

Mining from the multiple mining areas may need additional mining equipment. Any additional or replacement mining equipment should be reviewed for scale to see if mining dilution can be reduced by driving narrower ore drives.

All development and production rates and costs associated with the initial four year plan are indicative of the mining method and the type of underground operation. Review of the four year plan suggests that the inputs used for the plan are appropriate and based on previous site operational experience. The scheduled rates of advance and production are achievable with the proposed personnel and fleet.

The Reserves and mining schedule will be re-estimated by Bullantco before any Project recommencement. Significant work is planned to develop the mine plans and schedules for the Brackins Spur and other deposits and integrate these into the existing Metz area operational schedule. Bullantco also plan to investigate the development of the Clarks Gully deposit initially as an open cut to augment the ore supply for 2013

7.9 Mining Costs

7.9.1 Capital Costs

All mine access, ore level development and all ventilation, electrical and communications services required for operations are currently in place for Project recommencement.

The mining equipment capital cost ($4.0M) is mainly for the purchase of mining equipment to replace that demobbed and/or sold following cessation of operations in 2009 and to varying levels of refurbishment for the three drill jumbos currently on site. The major equipment purchases include a Simba drill rig and an Elphinstone 1700 LHD.

The mining equipment capital costs are reasonable and will need to be requoted, once a decision to restart the operations is made and following a decision on regarding purchasing and/or leasing new or used equipment.

An additional $6.25M has also been allowed for start up mining and processing costs, which should be sufficient.

7.9.2 Operating Cost Estimates

A budget spreadsheet has been used as a first principles cost work up. A summary of the mine operating costs for the revised Project are given below in Table 7.9.2_1.

Table 7.9.2_1
Hillgrove Project
Mine Operating Cost Estimates

Item	Total Mining Cost ($)	Cost/tonne Ore ($/t)
Manpower	$29,524,537	$29.94
Equipment Ownership	$7,859,500	$7.97
Equipment Operating	$8,974,104	$9.10
Drill Cons	$4,258,606	$4.32
Ground Support	$5,776,768	$5.86
Explosives	$6,532,832	$6.62
Services	$3,387,666	$3.44
Diesel Usage	$4,394,823	$4.46
Electricity Usage	$1,281,392	$1.30
Overheads	$1,541,000	$1.56
Misc	$834,418	$0.85
Total Cost	**$74,365,647**	**$75.40/t**

The costs are based on an annualised throughput of 250,000tpa and are derived from the most recent operating data provided by Straits.

A mining cost of $75.40/t appears reasonable for the type and scale of the mining operations.

8 PROCESSING

8.1 Introduction

Currently, the Hillgrove operations have been suspended due to metallurgical difficulties associated with recycle of the tailings storage facility (TSF) decant liquor which is recycled to the processing facility.

In August 2009, Hatch produced a conceptual study to reconfigure the flotation circuit so as to produce separate high-grade stibnite-gold and gold-bearing arsenopyrite concentrates. An extensive flotation testwork program was undertaken by Hatch to determine the flowsheet requirements and final concentrate characteristics of the proposed plant, based on the original NEAM flowsheet.

Straits have also undertaken the development of a water treatment strategy so as to reprocess the existing water from the tailings storage facility.

8.2 Processing History

Hillgrove ore was processed by NEAM until 2001 in which separate stibnite-gold and gold-rich arsenopyrite concentrates were produced by sequential flotation. The high-grade stibnite concentrate was sold to recover the antimony metal and contained gold. The gold in the arsenopyrite concentrate is highly refractory and was recovered in a Pressure Oxidation (POX) autoclave circuit.

The Straits processing plant was commissioned in 2008 and was designed to produce a single stibnite flotation concentrate. The antimony in the stibnite was leached at elevated temperatures with sodium sulphide (Na_2S) and caustic soda (NaOH). The leach slurry was dewatered and washed and the solution treated via electrowinning to produce antimony metal which was then smelted in a reduction furnace to produce high grade antimony ingots.

The antimony leach residue was to be treated in a typical cyanide leach circuit to recover the contained gold. The gold in the residue is highly refractory, however, which inhibited the recovery of the gold and hence the circuit was not fully commissioned. The production was halted and the plant placed under care and maintenance in August 2009 due to the metallurgical difficulties associated with gold recovery and the water management issues of the tails return water affecting flotation performance.

8.3 Metallurgical Testwork Program

A batch flotation testwork program was conducted at the Ammtec Metallurgical Laboratory located in Perth, Western Australia and was mainly focused on the Syndicate ore types. A follow-up study centred on the Black Lode ore type was also conducted to further optimise the 'sighter' flotation results obtained from the first program.

The testwork program was designed as a number of stages to identify the grind size requirements, reagent schemes, kinetics and residence times that would be required in the plant operation. The testwork program culminated in a locked cycle testwork of the Syndicate ore types.

Reservoir water (sourced from a dam north of the mine site) was used in all of the flotation tests performed at Ammtec.

Comminution testwork and modelling was also carried out by CMD Consulting and was used to determine the mill capacity at various grind sizes and the crushing requirements in order to achieve the target 250,000tpa through the current milling circuit.

8.4 Sample Selection

The metallurgical testwork program undertaken by Hatch in 2009 was based primarily on the Syndicate Ore bodies. The ore samples collected were for the following deposits:

- Syndicate;
- Brackins Spur;
- Eleanora; and
- Black Lode.

All samples were collected using face sampling from the existing underground development in the respective lodes. Dilution was also added to the samples to produce samples that would be representative of mill feed.

8.5 Metallurgical Testwork Results

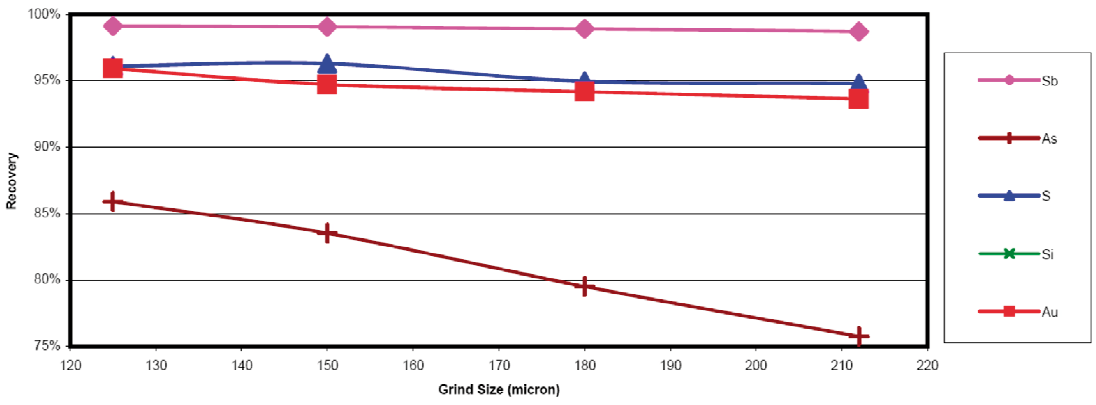
The following section summarises the testwork results obtained for the thirteen (13) composite samples taken from the Syndicate ore bodies.

Grind Size

Initial sighter flotation testwork was carried out under typical conditions for a number of different grind sizes in order to assess the effect on recovery and grade of the antimony, gold and arsenic.

The results are presented in Figure 8.5_1 below.

Figure 8.5_1
Grind Recovery Curve (at End of Float)



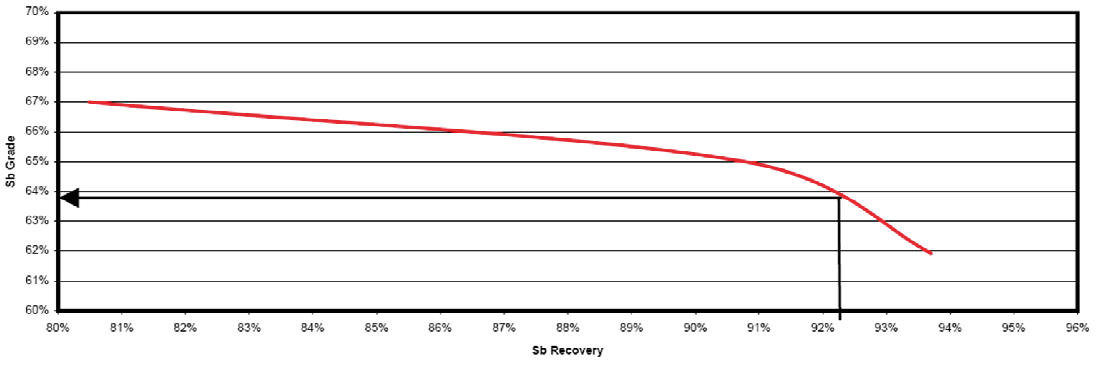
The results indicate that the stibnite is relatively insensitive to grind size; however, the arsenic recovery increases steadily with increasing grind. Based on the results, a target grind size of 125um was selected for further testwork.

Stibnite Flotation

Extensive testwork was carried out in order to optimise the production of a high-grade stibnite concentrate. The tests focused on arsenopyrite depressants, stibnite collectors, stibnite activators and flotation kinetics to establish the residence time requirements. The batch testwork consisted of rougher flotation followed by two stages of cleaning.

The final antimony recovery/grade relationship after two stages of cleaning is presented below in Figure 8.5_2.

Figure 8.5_2
Antimony Grade / Recovery Curve



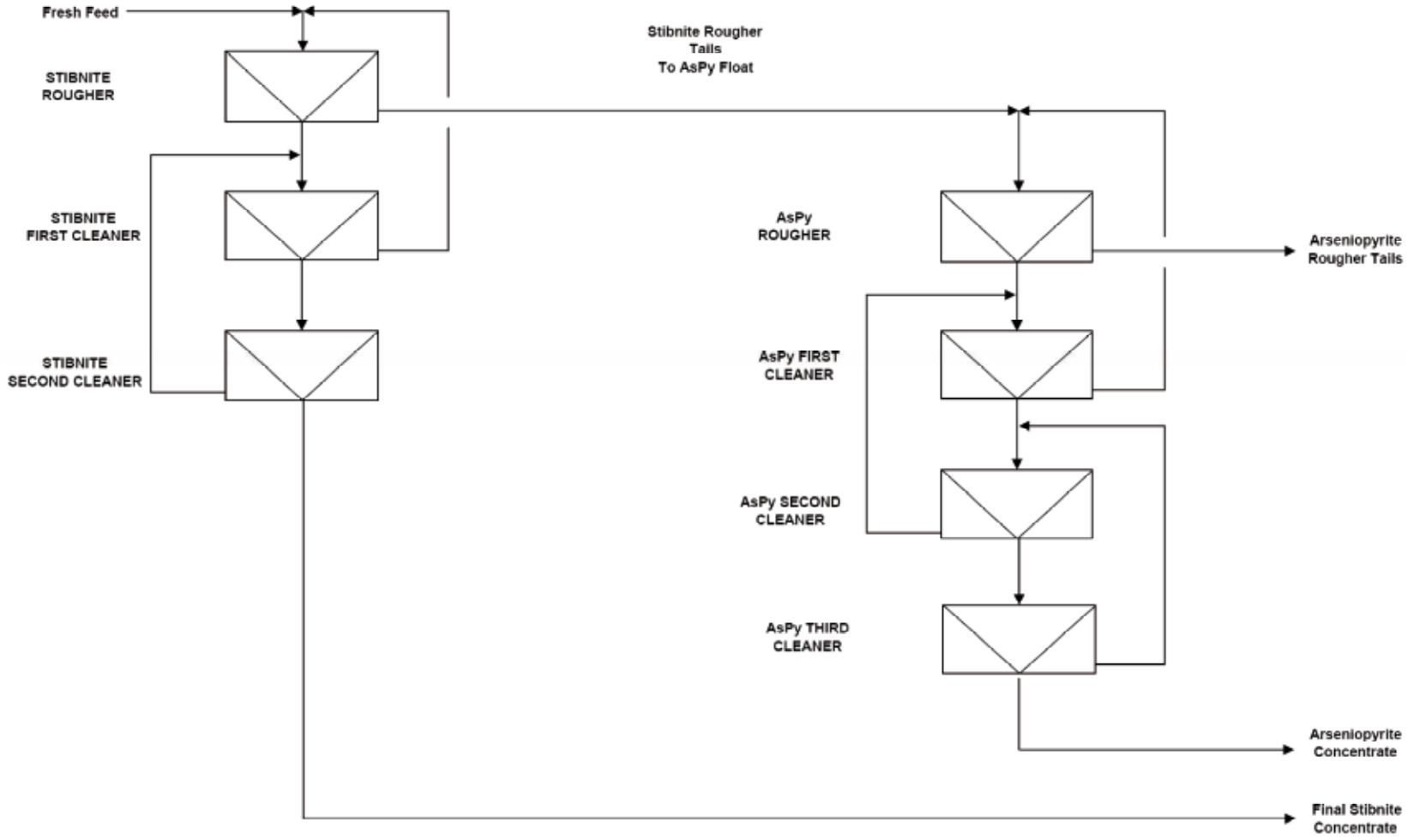
The final results indicated that a high grade stibnite concentrate with a grade of 62% antimony and recovery of 92% is achievable with two stages of cleaning. Nearly 60% of the gold contained in the feed also reported the stibnite concentrate with a grade of 29g/t Au. The gold in the stibnite concentrate represents most of the 'floatable free gold' in the ore plus the gold locked in the stibnite mineral matrix. It is speculated that the only way to recover the free gold would be via gravity processes.

Arsenopyrite Flotation

The residue from the stibnite flotation was then re-floated with the aim of recovering a gold rich arsenopyrite concentrate. Batch testing was used to establish optimum residence time and collector addition in a circuit simulating a rougher followed by three stages of cleaning.

To better simulate actual plant conditions and performance, the optimum parameters from the batch testing were then used in a series of locked cycle flotation tests. A total of eight tests were performed, utilising a standard flotation flow sheet with closed cleaner operation. The flowsheet is as shown below (Figure 8.5_3).

Figure 8.5_3
Locked Cycle Circuit Configuration



The final results obtained from the locked cycle testwork were as follows:

Table 8.5_1
Hillgrove Project
Locked Cycle Results

Item		Stibnite Concentrate	Arsenopyrite Concentrate
Grade	Antimony (Sb) %	62.0	3.5
	Gold (Au) g/t	29.6	24.1
	Arsenic (As) %	0.11	2.7
Recovery	Antimony (Sb) %	92.2	2.7
	Gold (Au) %	57.0	31.1
	Arsenic (As) %	3.6	72.0

Final results obtained from locked cycle testwork are very similar to historical data achieved by NEAM with respect to the stibnite recovery. The study results indicate that a high-grade stibnite concentrate containing 62% Sb and ~1oz/t Au with recoveries of 92.2% and 57% respectively could be produced with two stages of cleaning. The gold grade of the arsenopyrite concentrate is significantly lower, however, at 24.1g/t as opposed to ~60g/t obtained by NEAM.

The residue from the stibnite flotation was then re-floated with the aim of recovering a gold-rich arsenopyrite concentrate. Final results obtained from locked cycle testwork are very similar to historical data achieved by NEAM with respect to the stibnite recovery. A high-quality Au arsenopyrite concentrate containing ~2oz/t Au at a recovery of 31.1% can be produced with very low deleterious content.

The two concentrates appear to be high-quality and can be marketed directly to the respective metal refining operations.

The initial testwork was followed up with a bulk 51kg sample in order to further assess the gold grade and also produce sufficient quantities of concentrate that could be used for downstream smelting testwork.

The larger scale test improved the final gold grade of the arsenopyrite to 49.4g/t with a recovery of 32.4%. The total gold recovery for the combined products is 79.4%. Mineralogical examination of the arsenopyrite concentrate indicates that the majority of the gangue is composed of coarse silica. Straits have commissioned follow up gravity and sizing testwork on the arsenopyrite concentrate to assess its possible beneficiation by removing silica gangue and thus increasing the gold grade.

8.6 Process Design

Based on the metallurgical testwork results, it is proposed to reconfigure the plant to produce high-grade stibnite and gold-rich arsenopyrite concentrates for direct sale. As the plant is no longer producing metal, this removes the issue of the quality of recycled water that forced the closure of the previous operations.

The existing plant consists of a single stage primary jaw crusher which crushes ROM material from the underground to ~40mm. This is then fed into a single stage 1000kW SAG mill operating in closed circuit with flat-bottom hydrocyclones. Cyclone overflow is directed to the flotation circuit where a high-grade stibnite/arsenopyrite concentrate is recovered.

The antimony in the concentrate was leached at elevated temperatures with sodium sulphide (Na_2S) and caustic soda (NaOH). The leach slurry was dewatered and washed and the solution treated via electrowinning to recover the antimony which was then smelted in a reduction furnace to produce high-grade antimony ingots.

The process flowsheet and proposed modifications required to process 250,000tpa are detailed below.

8.7 Process Flowsheet

The redesigned flowsheet aims to utilise the existing equipment where possible.

The proposed circuit modifications required to process 250,000tpa are outlined below and are shown below in Figure 8.7_1.

In Coffey's opinion, the process plant modifications and production assumptions are valid and reasonable.

Crushing

The existing primary jaw crusher is to be retained and relocated to the north of its current position. A new secondary crusher, screen deck and associated conveyor system operating in closed circuit is to be installed. Product from the secondary discharge with a P_{80} of 8mm will be directed to the existing fine ore storage bin.

Grinding

The existing SAG mill is to be converted to a ball mill through the installation of new liners and increasing the ball charge from 15% to 36%. The CMD modelling indicates that the mill will be capable of processing 250,000tpa, or ~32tph with a mill feed size of 8mm.

The mill will operate in closed circuit with a bank of new high efficiency cyclones which will replace the existing flat-bottom units to produce an overflow with a P80 of 125um. Straits have also investigated the use of a Derrick stacked sizer to perform the classification duties.

Flotation

Five new 8.0m³ flotation cells will be installed to perform the stibnite roughing duty. The existing flotation cells will be utilised in the first and second stage cleaner cells along with two new 4.25m³ units.

The arsenopyrite circuit will consist of four new 8.0m³ rougher units, followed by four 1.5m³ first stage, four 1.0m³ second stage and four 0.5m³ third stage cleaner units. It is proposed the new flotation equipment will be located in the area currently occupied by the antimony leach circuit which will be removed.

Both stibnite and arsenopyrite concentrates will be pumped to two existing concentrate thickeners. Minor upgrades will be required to the thickener underflow pump and associated piping.

Filtering & Drying

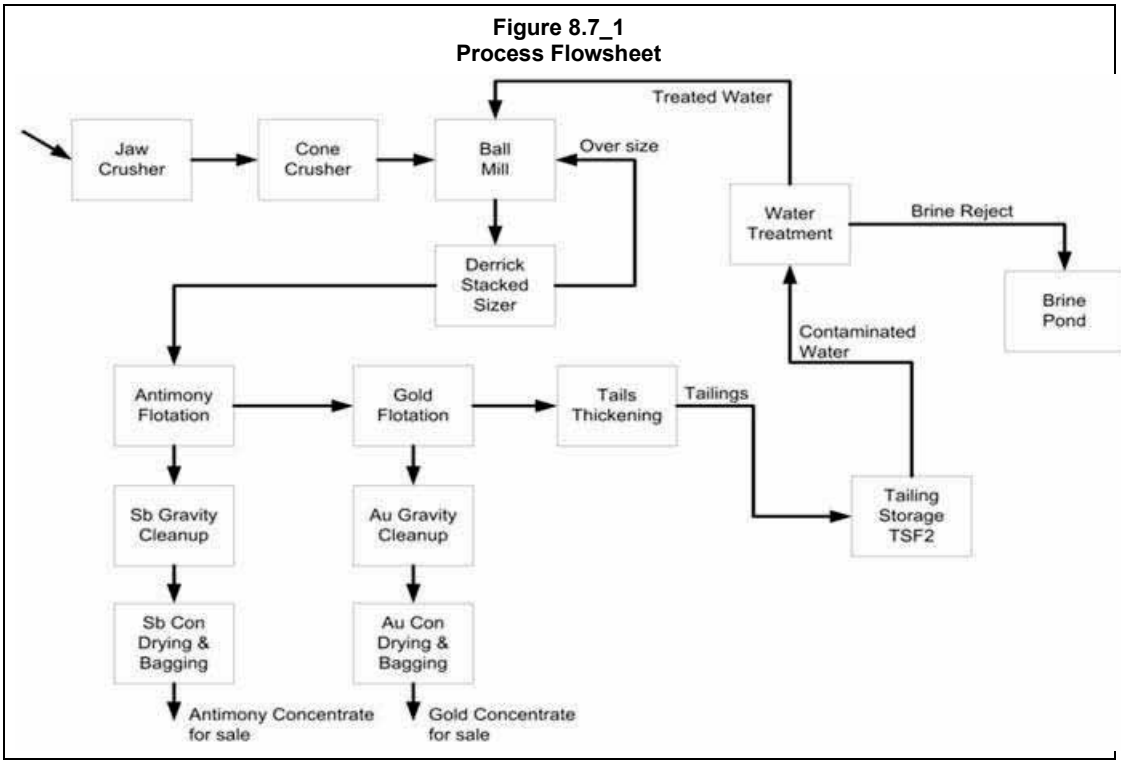
Two of the existing four plate and frame filters will be utilised to filter the stibnite and arsenopyrite concentrates separately. Modifications required include the installation of a bulka bag collection, sampling and weighing systems. The 1 tonne bulka bags will be stored under cover ready for transport and shipping.

Ancillary

Other equipment such as tailings thickener, reagent make-up and storage and ancillary mechanical and electrical equipment will remain relatively unchanged.

The process flowsheet for the revised processing plant is shown below in Figure 8.7_1.

Figure 8.7_1
Process Flowsheet



8.8 Design Criteria

Table 8.8_1
Hillgrove Project
Anticipated Syndicate Plant Performance

Item			Units	Value
Plant	Capacity		tpa	250,000
	Availability		%	95
	Throughput		tpa	33
Comminution	Bond Work Index		kWh/t	21.8
Feed Grade	Antimony (Sb)		%	2.9
	Gold (Au)		g/t	2.4
Antimony Flotation	Concentrate Grade	Sb	%	62.0
		Au	g/t	29.6
		As	%	0.11
	Recovery	Sb	%	92.2
		Au	%	57.0
		As	%	3.6
Arsenopyrite Flotation	Concentrate Grade	Sb	%	3.5
		Au	g/t	24.1
		As	%	2.7
	Recovery	Sb		2.7
		Au		31.1
		As		72.0

8.9 Tailings

Tailings Storage Facility 1 (TSF1) was constructed in 1982 as a head of valley storage using upstream construction methods and houses approximately 1.3Mt of tailings and additional materials from Comet Valley, Clarks Gully open cut, wastes of unknown composition anecdotally sourced from sites operated by Armidale Dumaresq Council and drums of unknown farm chemicals sourced from surrounding properties.

Seepage from TSF1 is monitored monthly and reported in the Annual Environmental Management Report (AEMR), and is returned to the Recycle Water Storage System RWSS). A formal closure plan is currently in place for this facility.

Tailings Storage Facility 2 (TSF2) was commissioned in March 2008. Construction methodology was via cutting and blasting into the plateau and subsequent erection of rock and earthen walls. TSF2 is lined with a HDPE liner and protection mechanisms include leak detection and sumps.

The design for TSF2 includes a facility for a lift of the dam walls of approximately 6m. With its current construction, TSF2 has a design capacity of 335Ml, equivalent to approximately 470,000t of tailings.

8.10 Power Supply and Distribution

Power is currently supplied from Country Energy via the 66kV distribution line. It then steps down in the Hillgrove 66kV:11kV skid mounted substation. This is connected to the site 11kV distribution substation which supplies the process plant through a series of substation and the mine.

There is potential to upgrade the feed to 16MVA if a major plant capacity increase was considered in the future by upgrading the supply network from Armidale and on site infrastructure.

8.11 Water Management

Management of contaminated water at Hillgrove Mine is based around a system of nine dams that are linked by pumps, channels and decants. This system is referred to as the Recycled Water Storage System (RWSS).

All water storages in the system receive incidental rainfall and are subject to evaporation. Only some storages have catchments other than the dam surface. Several irrigation areas are also used to increase evaporation from the system, including the surface of TSF1. TSF1 is irrigated periodically to minimise the potential for dust generation from dried tailings and encourage vegetative growth.

8.12 Workshops and Office

The site has two workshop facilities, one on the surface and one underground at Metz. The surface workshop is fully equipped for medium-level maintenance on the mobile fleet. The underground workshop is equipped for running maintenance.

The site has several office blocks, sufficient to accommodate the personnel required for normal operation. There is a first aid centre with an underground equipped ambulance.

8.13 Stores

The site has both a covered and outdoor fenced storage area. These are covered by the security system.

The on-site store contains approximately $1.8M worth of stock.

8.14 Laboratory

Hillgrove Mine has a modern well equipped laboratory,

8.15 Process Capital Costs

The total capital cost estimate for the refurbishment of the existing plant is shown below in Table 8.15_1. The table provides both the original Straits estimate as outlined in the 2009 Conceptual Study and a recent estimation provided by Abesque Engineering in 2011.

Table 8.15_1
Hillgrove Project
Capital Cost Estimates

Item	AEL Estimate ($M)	Straits Estimate ($M)
Comminution	5.5	2.6
Flotation	7.0	5.9
Concentrate Drying	0.5	0.4
Water Treatment	2.0	2.0
Evaporation Pond	2.0	3.8
G&A/Electrical	1.0	1.0
Ancillary	1.0	1.0
EPCM	4.0	2.8
Contingency	2.0	4.3
Owners Costs	3.0	0.0
Subtotal	**28.0**	**23.7**
Less Sale of Assets	2.0	3.7
Total	**26.0**	**20.0**

The total cost for new work is estimated at $28M. An allowance of $2.0M has been estimated for the sale of existing superfluous equipment such as the antimony leaching and electrowinning infrastructure and also the reduction furnace and casting equipment.

The refurbishment costs include the relocation of the existing primary crusher to allow the installation of the screen deck, secondary crusher and associated conveyors. The updated figures also allow for the inclusion of an On-Stream Analyser or OSA into the new flotation circuit.

8.16 Operating Costs

A summary of the operating costs for the revised Project are given below in Table 8.16_1.

The costs are based on an annualised throughput of 250,000tpa and are derived from the most recent operating data provided by Straits. The total annual costs are estimated to be $8.25M, which equates to $33.02/t treated.

The costs for the antimony and arsenopyrite concentrate processing are based on preliminary data and discussion with several off-take partners regarding the sale and processing of the respective concentrates.

Table 8.16_1
Hillgrove Project
Processing Operating Costs

Item	Cost (A$/t Mill Feed)
Crushing	1.09
Grinding	8.25
Flotation	3.29
Tailings	1.58
Waste Management	0.08
Stibnite Concentrate Handling	2.13
Arsenopyrite Concentrate Handling	0.96
Laboratory	0.77
Maintenance	1.70
Administration	13.17
Total	**$33.02/t**

9 ENVIRONMENT AND COMMUNITY

9.1 Introduction

This section provides a broad background to the existing environment and reviews potential environmental and social issues facing the Project, including those associated with environmental and operational approvals, permitting and licences.

The Hillgrove area has a long history of metalliferous mining and associated activities and an associated long history of ownership and implementation of various levels of environmental and social management practices.

9.2 Current Permitting

9.2.1 Consents, Permits and Licences

The current Mining Operations Plan 2006 to 2011 and the 02 May 2006 NSW Department of Primary Industries approval of the Project Mining Operations Plan identified a number of applicable approvals, permits and licences, presented in Table 9.2.1_1. Straits documentation notes that in 2006, there were 1,005 consent conditions. Many of these conditions are common for all tenements in NSW and are purely statutory. The site is currently in compliance with its environmental obligations. A number of the consents, approvals, permits and licences presented in Table 9.2.1_1 are no longer be required as a return to antimony metal production is not planned by Bullantco.

The Project Mining Operations Plan 2006 – 2011 (MOP) was approved for a term of five years and expired in December 2011. A revised MOP is required to be submitted and approved to enable restart of mining and processing. There are no issues with resubmitting a modified MOP as all the licence agreements are approved and valid. All MOPs have a finite life (maximum seven years) and require resubmission for acceptance during the operating mine life.

A bond of $3.9M has been calculated as part of the current MOP. This cost includes a nominal amount for closure of heritage sites and a higher rate associated with final growth media such as topsoil as this material may need to be imported to site.

9.2.2 Tenement Conditions

The Project encompasses a total of 51 tenements as identified in Section 2.5. Standard conditions apply to all leases, including on a number of the mining leases a condition to ‘prevent pollution to the Macleay River catchment area’.

Table 9.2.1_1

Consents, Leases and Licences Applicable to Operations at the Hillgrove Operation

Approval	Approval Date	Regulating Agency	Development Details
Department of Urban Affairs and Planning (DUAP) Mining Extension CC – 7 Dec 1998 Development Application (DA) S98/00802	18/11/1998	Department of Infrastructure, Planning and Natural Resources (DIPNR)	Consent for mine expansion. Brackins Spur and Lower Cooney Haul roads, TSF2 and Brackins Spur mining area.
Environment Protection Licence 921		Department of Environment and Conservation (DEC) – Environment Protection Authority (EPA)	Environment protection licence for the Hillgrove mine
Antimony Trioxide Plant DA 0001/0019	29/03/2001	Armidale Dumaresq Council (ADC)	Development consent for the Antimony Trioxide Plant
Metz Development – DA42/82	23/07/1982	ADC	Initial development of the Metz mining area
Comet Mine Development – DA 36/89	22/12/1989	ADC	Mining of ore on part portions 34, 154, 162, 163, 180, 181 and 184, parish of Clevedon. Processing and milling on lot 2, portion 52 and 171, Parish of Metz, County of Sandon of Dumaresq.
Mining lease application 35 and 76 portion 15 parish of Metz	9/07/1981	ADC	Mining lease application 35 and 76 portion 15 parish of Metz
Clarks Gully open pit – DA 37/92	12/11/1992	ADC	Open cast gold mining operation on Lot 1 DP 976685, parish of Metz
Storage and Mixing of Dangerous Goods – DA 1999/105	17/04/2000	ADC	Storage of explosives in magazines at Freehold
Modification to DA 42/82-DA 0102/0005AM	25/05/2003	ADC	Extension of 7 level pad at Metz with obligations for rehabilitation of Sunlight Gully
Radiation Source Licence – R 19001	20/08/1999	DEC-EPA	Licence under the Radiation Control Act 1990 to use radioactive substances for industrial gauges
Geo Office relocation – DA 58/83	22/09/1983	ADC	Relocation of an office to the Hillgrove mine site
Mill Extension – DA 52/80	10/03/1981	ADC	Addition of an acid leach circuit to mill
On-Site Sewage System – DA 9900/1655SEP	30/06/2004	ADC	Garibaldi winder septic system
On-Site Sewage System – DA 9900/1656SEP	30/06/2004	ADC	Office septic system
On-Site Sewage System – DA 9900/0337SEP	30/04/2004	ADC	Licence for septic system at Metz
Monitoring Bore Licence – 30BL179343	14/03/2001	DIPNR	Monitoring Bore on Lot 71 DP755834
Surface Water Licence 30SL043402	12/08/2003	DIPNR	Licence for pumping plan on Bakers Creek
Surface Water Licence 30SL042900	11/11/2002	DIPNR	Licence for 2 bywash dams and 4 centrifugal pumps. Relates to Eleanora Dam.
Surface Water Licence 30SL037535	27/02/2005	DIPNR	Licence for a bywash dam and centrifugal pump at the Town Res.
DSC letter ref Hillgrove – TSF 2 design dated 18 March 2005	18/03/2005	NSW Dams Safety Committee (DSC)	DSC letter accepting TSF 2 design with conditions
Part 3A permit – Bakers Creek Crossings	29/06/2000	DIPNR	Requirements for construction of Bakers Creek crossings for Brackins Spur and Lower Cooney Road
Dredging and Reclamation Permit 05/170	11/05/2005	Department of Primary Industries (DPI)-Fisheries	Permit to dredge Bakers Creek to construct two crossings for the Lower Cooney Road
Blasting Permit 05/171	11/05/2005	DPI-Fisheries	Permit to blast in Bakers Creek to construct two crossings for the lower Cooney Road
DSC letter ref Hillgrove – TSF 2 design dated 22 December 2003	22/12/2003	NSW DSC	
DA 22/81 Workshop	23/06/1981	ADC	Workshop
DA 95/26 Continuing Mineral Extraction	8/03/2004	ADC	Continuing Mineral Extraction
Mining Lease Application No. 47	16/04/1980	ADC	Supporting documentation for ML 1101
DA 43/81 Mining Lease Application 35 and 76	9/07/1981	ADC	
DA 0102/005AM Modification to Metz consent (42/82) for 7 level pad	25/05/2003	ADC	DA 0102/005AM Modification to Metz consent (42/82) for 7 level pad
DA 24/80 Mine site / freehold1	1980	Dumaresq Shire Council	
DA 1999/105 (Lot 1 DP 979339) Building specification approval1	1999	ADC	Covers a shed, freehold land and explosives magazines
38/056821/3 Licence for carriage of dangerous goods1		Work Cover	Licence for carriage of dangerous goods
Approval for cyanide purchase and use1		NSW health	
Certificate for sealed radioactive source (19/8/99) #H046241		Australian Isotopes	Certificate for sealed radioactive source - Cobalt 60 (pressure oxidation)
Registration # 1362 for fixed radiation gauge – CO-60 (cobalt 60) serial # 1431	21/12/2001	EPA	Registration # 1362 for fixed radiation gauge – CO-60 (cobalt 60) serial # 143 pressure oxidation under the EPA Radio Control Act
DA 52/80 Mill shed construction1	10/3/1981	Dumaresq Shire Council	Lot 2 DP 597107 Mill and plant shed construction (metallurgical plant)

1: Source: Department of Primary Industries approval of Mining Operations Plan 2006-2011 (2 May 2006)

Source: Mining Operations Plan 2006-2011 unless noted otherwise.

9.3 Environment

9.3.1 Topography

The existing mine and processing facilities at the Project area are located within the New England Tablelands Biogeographic Region. Topography within this bioregion comprises a steeped plateau of hills and plains with elevations of between 500mAHD and 1,500mAHD. More specifically, the Project area is located on the southern extension of the New England plateau. This plateau sits adjacent to a steep gorge, which drains to two major creek systems; namely Four Mile Creek to the east and Bakers Creek to the west. The edge of Bakers Creek gorge sits at approximately 970mAHD, while the creek bed sits at approximately 500mAHD.

9.3.2 Climate - Wind

Winds are variable in direction and wind speed. Summer-autumn winds are predominantly east to southeast with winter winds predominantly west to southwest. With the Hillgrove village located to the north of the mine site, these winds all have potential to contribute to dust, odour and noise impacts at the nearest residences.

9.3.3 Surface Water

The majority of the Project area is located in the Bakers Creek catchment, which is part of the larger Macleay River catchment. Bakers Creek drops from the New England escarpment at Bakers Creek Falls, which are located approximately 2.5km north-northwest of Hillgrove village. A smaller catchment to the east is that of Four Mile Creek, which converges with Bakers Creek at the southern end of the Project area. Approximately 17km downstream of this confluence, Bakers Creek joins the Macleay River. The Macleay River flows through the Oxley Wild Rivers National Park which is a World Heritage area. A small local catchment also drains to Swamp Creek, which is located 1.5km to the west of the main mine facilities and joins Four Mile Creek. All of the drainage lines in the Bakers Creek catchment are ephemeral.

Sediment and water quality in Bakers Creek appear to have been substantially affected by historic mining activities (see Section 4): from historical records it appears that between 1877 and 1920, several million tonnes of tailings and waste rock were discharged into Bakers Creek. Subsequently, the sediment and water in Bakers Creek have high levels of antimony and arsenic. There was also one surface water pollution incident as a result of the previous Straits operations.

9.3.4 Groundwater

The Amendment to Development Application S98/00802 Statement of Environmental Effects Antimony Trioxide Plant Proposal (E.A. Systems Pty Limited, 2000) identifies static groundwater in the vicinity of the plant site at approximately 80m to 90m below ground level. DLWC bores located more than 7.5km to the north and northwest of the Project area were recording groundwater depths of 10m to 46m below ground level.

Given the long history of mining at Hillgrove, however, the static watertable in the vicinity of the Project area would be largely affected by seepage and percolation into and through the large number of old adits and shafts. Groundwater discharges from the adits generally contains elevated levels of antimony and arsenic, with natural seepage through mineralised fault systems also potentially elevating metal loads in solution.

A survey undertaken in 1999 identified 194 adits in the Hillgrove area that may contribute antimony and arsenic to the Bakers Creek system. The Project EPL requires the monitoring of 11 of these adits, their discharge water quality and quantity: EPL 921 permits discharge of up to 50,000 L/day per adit from these 11 adits. Annual monitoring results indicate that:

- The majority of the discharge is from the Metz mining area (Black Lode and Sunlight adits) and the Smiths/Freehold mining area. Past monitoring indicated that the discharge from the Sunlight adit has occasionally exceeded the volume limit but this is now controlled by recycling the discharge water back to the Metz mining operations;
- The Lady Hopetoun Level 5 adit and the Lower Cooney Tunnel adit produce low volumes of water with concentrations of metals that are generally lower than the receiving waters in Bakers Creek.
- The Eleanora Mine Level 9 adit produces small volumes of water with very high concentrations of antimony.
- All discharges from monitored adits are mildly to moderately alkaline. There is, however, evidence of metalliferous drainage from the disturbance areas but these are within licensed discharge conditions.

9.3.5 Biodiversity

Vegetation Communities

The Project area and surrounds contain the following four vegetation communities:

- Tussock Grassland: occurs as pasture on the plateau. Species composition varies with grazing history but this vegetation type typically comprises a mixture of exotic pasture grasses and grazing tolerant native grasses.
- Blakely's Red Gum Open Forest: the dominant vegetation community in the gorges, with a distinct canopy, upper, mid and lower stratum.
- River She-oak Open Forest: occurs as narrow riparian strips adjacent to Bakers Creek, with a *Casuarina cunninghamiana* dominated upper stratum. This vegetation community includes a variety of exotic species such as Forest Nightshade *Solanum prinophyllum*, Tall Fleabane *Conyza albida*, *Agave americana* and Prickly Pear *Opuntia stricta*. Note that Prickly Pear is a listed noxious weed in the Armidale Dumaresq local government area; hence the growth and spread of the plant must be controlled according to the measures specified in a management plan published by the local control authority.
- Closed Scrub: occurs as linear patches in the lower slopes of shaded drainage lines.

Threatened Species

Flora and fauna surveys undertaken over the years across the Project area have recorded ten species listed as threatened under the *Threatened Species Conservation Act 1995* (NSW) or the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999* including the brush-tailed rock wallaby and a number of bat species.

No endangered populations or endangered ecological communities are known to occur on the Project area; however, two flora species listed under the Rare or Threatened Australian Plant (ROTAP) system: *Acacia ingramii* and *Eucalyptus michaeliana*, have been recorded on the mining leases. Both species have been recorded within the Bakers Creek and Four Mile gorges, with the highest abundance of the species identified along the gorge rim and on upper ridges.

9.3.6 Existing Potential Contamination

The Amendment to Development Application S98/00802 Statement of Environmental Effects Antimony Trioxide Plant Proposal (E.A. Systems Pty Limited, 2000) identifies a number of areas of existing contamination which require management.

- Mine Operation Areas: historic mining operations involved the development of mine support infrastructure at the Metz, Eleanora Level 9 and Brackins Spur mining areas. This infrastructure generally consisted of offices, ore stockpiling and loading facilities and fuel storage areas.
- Ore Storage Areas:
  - Run of Mine (ROM) Pad: a 1.5ha ROM existed next to the old crusher and is currently under rehabilitation.
  - Garibaldi Headframe: a temporary stockpile existed here and a remaining veneer of ore likely to contain variable amounts of metals has accumulated and soil contamination is likely. Runoff from this area is currently captured within the Recycled Water Storage System (RWSS).
  - Garibaldi Laydown Yard: this area houses a historic ore stockpile which contains elevated concentration of lead and zinc, hence there is potential for soil contamination. Runoff from this stockpile is currently directed to the RWSS.
- Ore Processing Areas:
  - The current mill processing area;
  - Historic Ore Processing Areas: these areas include O'Brien's Cyanide Plant, Bakers Creek processing area, and the Garibaldi and Eleanora chimneys.

- Tailings Disposal Areas:
  - Tailings Storage Facility 1 (TSF1): approximately 1.3Mt of tailings have been deposited in TSF1. The TSF is of upstream construction with an earth starter dam and seepage dams pumping back to the RWSS. Additional materials may also have been deposited in this area, including material from Comet Valley, Clarks Gully open cut, wastes of unknown composition anecdotally sourced from sites operated by Armidale Dumaresq Council and drums of unknown farm chemicals sourced from surrounding properties. Seepage from TSF1 is monitored monthly and reported in the Annual Environmental Management Report (AEMR).
  - Other Tailings Disposal Areas: during the history of the site, tailings have been stored adjacent to the mill, at the Garibaldi laydown yard and on the area around ES1. These areas have been stripped to bedrock and the tailings re-treated, although remnant tailings are still visible around the bases of trees in some areas and there is a likelihood of soil contamination by antimony and arsenic. Contamination of Eleanora Dam with mill tailings is also likely to have occurred during this period.
- Waste Rock Dumps (WRD): there are two waste rock dumps at the Metz mining area and one each at Brackins Spur and Bakers Creek. The Bakers Creek WRD is considered a derelict mine and remediation of this dump is the responsibility of DPI-MR, except that part which has been disturbed by the haulage road, which is the responsibility of Hillgrove. It is noted that there is little evidence of acid rock drainage (ARD) at the site, with the waste rock characterisation work for Metz and Bakers Creek mining areas indicating all samples being classified as non-acid forming (NAF). There is, however, evidence of metalliferous drainage from the disturbance areas but these are within licensed discharge conditions.
- General Waste Disposal Area: a decommissioned waste disposal area located at the edge of Bakers Creek Gorge has been previously used (and is in the process of being rehabilitated) and miscellaneous waste material has also been deposited into an old stope.
- Chemical and Hydrocarbon Storage Areas:
  - Processing area: the processing area contains a number of storages such as a sodium cyanide storage area, acid storage area and flammable chemicals (apart from fuels).
  - Oil storage shed: an oil storage shed located close to the office held a number of diesel drums and there is visible hydrocarbon contamination on the ground in this area.
  - Fuel storage at offices: contamination could exist in the area of an old fuel storage tank at the office fuel store.
  - Underground storage tank: an underground fuel storage tank and associated bowser was located close to the office and there is potential for contamination in that area.
  - Workshop: contamination around the workshop area is possible.

9.4 Community and Native Title

9.4.1 Community

Demographics and Social Infrastructure

Armidale, located 23km west of the Project area, is the regional centre for the northern tablelands. The primary industries in Armidale are IT, education and agriculture and the centre provides a high level of social and community infrastructure. Hillgrove town, located adjacent to the Project area, has a population of approximately 200. There is no Project accommodation village, with the majority of the workforce residing in Armidale.

The natural features of the northern tablelands, particularly Bakers Gorge, the associated "Waterfall Way", which includes Bakers Creek Falls, and Oxley Wild Rivers National Park, are significant tourist attractions in the region.

Noise

Background noise levels have been identified as typical of a rural area. Review of the annual environmental reports for the Project indicates that noise criteria were occasionally exceeded in Hillgrove village and that community complaints received by the site are largely noise-related. Historic noise complaints were associated with the Metz mine ventilation fans being mounted in the gorge, which are now located in the mine, and truck reversing beepers which have now been replaced with ambient monitoring beepers. No noise complaints have been received since these changes.

Air Quality

Deposited dust, also referred to as nuisance dust, is monitored at eleven depositional dust gauges distributed throughout the Project area, Hillgrove village and Metz village. Deposited dust values are generally within the maximum annual average criteria of 4g/m²/month.

9.4.2 Heritage

Aboriginal Heritage

A number of archaeological studies have been carried out on individual mining leases at Hillgrove. These clearance surveys have not identified any Aboriginal heritage sites or values. These surveys also conclude that due to extensive disturbance during historic mining operations and the steep terrain, the archaeological potential of the area is considered to be low.

European Heritage

Given the long history of mining in the area, there are several artefacts of European heritage value located within the Project area. The following five heritage items located on the Project area are listed under the Armidale Dumaresq Local Environmental Plan 2008:

- Garibaldi Mine Chimney, Hillgrove.
- Eleanora Mine Chimney, former Eleanora Mine (Lot 2, DP 597107).
- Baker's Creek Winding Engine House, former Baker's Creek Mine (Lot 407, DP 755834).
- Baker's Creek Mine Chimney, former Baker's Creek Mine (Crown Land).
- Baker's Creek Mine Surface Buildings, former Baker's Creek Mine (Crown Land).

An allowance of $20,000 each (i.e., a total of $100,000) has been made in the closure bond estimate for the restoration and care and maintenance of these items which are to be retained after the cessation of mining.

9.5 Management of Permitting, Environmental and Social Project Issues

Based on a high-level review of the available documentation, the following permitting, environmental and social project aspects have been identified as requiring management:

- **Permitting:** There are a number of consents, licences, permits and leases, all with unique expiry dates and conditions of operation and closure. The identification of all approval and operational requirements and management of activities ensuring all Project activities are compliant and within valid tenure and approvals is an ongoing and significant task and will require ongoing commitment and management effort.
- **Environmental:** The topography and location of the site with respect to the downstream National Park and World Heritage Area, the historic mining areas and the location of the resource deposits, processing plant and associated water and tailings storage facilities contribute to a situation which requires careful management. There is limited likelihood of failure; however, should a failure occur, the potential consequence of downstream contamination is significant. Bullantco plans to close and stabilise TSF1 with material from the Metz WRD and thereby manage the most significant Project risk.
- **Reputational:** The history of the site, including the more recent minor mill discharge, the proximity to high tourist areas, national park and world heritage conservation values, and the non-reliance of the region on the mining economy, results in a high scrutiny of the operations. Bullantco plan to maintain a cooperative and open relationship with Project stakeholders, including the community and regulators, to obtain and maintain a social licence to operate and to ensure that regulators take a pragmatic approach to site regulation and closure.

- **Liability and 'pollution' Defence:**
  - Current monitoring identifies that the downstream environment is contaminated in comparison to the upstream environment. While this is largely attributed to the historic mining operations, additional data analysis should be undertaken. This will allow appropriate management to be implemented and determination of potential operational and closure liabilities.
  - Current air quality monitoring is conducted according to the specified requirements for the Project; however, health related issues are at present unknown. Additional air quality data analysis should be undertaken.
- **Closure:**
  - The closure bond calculation highlights that there is likely not enough growth media (friable material and topsoil) on site to appropriately close all disturbance areas. Allowance has been made in the calculation for import of suitable material. The availability and cost of this material requires confirmation.
  - A number of potentially contaminated areas have been identified. Contamination requirements for these areas needs to be investigated and confirmed, remediation and/or removal strategies identified and appropriate financial provisioning implemented for closure.
  - There is potential for there to be ongoing liability associated with historical mining areas such as the 11 adits discussed in Section 9.3.4. The exact delineation of liability between that held by the existing operator and the government with respect to historic disturbance requires clear definition to ensure appropriate closure planning and financial provisioning.
  - Relinquishment and completion criteria negotiations with the relevant authorities will require an appropriate amount of time and require significant scientific input given the complexities of the site. Closure planning and consultation should commence as soon as possible to allow appropriate mine planning to be implemented and to address environmental and social issues.
- **Environmental Management Systems (EMS):** The Hillgrove site requires a comprehensive and well-implemented EMS, which addresses the key risks and provides some defence against complaints and the impact of incidents and allows for site-specific pragmatic management decisions and adaptive management to be implemented. Bullantco plans to implement a comprehensive EMS in accordance with the conditions in the MOP.

9.6 Conclusions

The site is currently in compliance with all its environmental obligations. A revised MOP was required to be submitted to support the relevant planned activities at the site. There are no issues with resubmitting a modified MOP as all the licence agreements are approved and valid. All MOPs have a finite life (maximum seven years) and require resubmission for acceptance during the operating mine life.

There appear to be no major community or Aboriginal Heritage issues and the archaeological potential of the area is considered to be low. There are no issues associated with dust from the operations and waste areas and odour from the tailings dam appear to be dealt with successfully. The majority of the small local community is said to be supportive of the operation.

The majority of the Project area is located in the Bakers Creek catchment, which is part of the larger Macleay River catchment. The Macleay River in turn flows through the Oxley Wild Rivers National Park, which is a World Heritage area. Standard conditions apply to all leases, including on a number of the mining leases, to 'prevent pollution to the Macleay River catchment area'. The Project EPL requires the monitoring of a number of historical adits for discharge water quality and quantity that may contribute antimony and arsenic to the Bakers Creek system.

There is no evidence of acid rock drainage (ARD) at the site, with the waste rock characterisation work for Metz and Bakers Creek mining areas indicating all samples being classified as non-acid forming. There is, however, evidence of metalliferous drainage from the disturbance areas but these are within licensed discharge conditions. The Hillgrove site is located within a sensitive environment and Bullantco plans to implement a comprehensive EMS in accordance with the conditions in the MOP.

The following actions are not required under the MOP. However, as part of responsible management, the high priority issues requiring initial action appear to be the closure of tailings storage facility No.1 (TSF1) as soon as possible, the rehabilitation of the Metz waste rock development (WRD), and the treatment of water in TSF2.

Management of the WRD will be an important scheduling consideration due to the limited footprint for external dumps. Moving part of the Metz WRD to cap and close TSF1 will address two of these immediate issues.

Commencing the water retreatment program will address the water issues associated with TSF2 and the Eleanora dam. Decisions about the closure of the adits which are the responsibility of the company will be made progressively as the adits are no longer required. Grouting is likely to be effectively used in sealing these.

The Hillgrove site requires a comprehensive and well implemented EMS, which addresses the key risks and allows for site-specific pragmatic management decisions and adaptive management to be implemented.

Closure planning and consultation should commence as soon as possible to allow appropriate mine planning to be implemented and to address environmental and social issues.

10 VALUATION BACKGROUND

This Independent Technical Valuation has been prepared in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports ("The VALMIN Code"), which is binding upon Members of the Australasian Institute of Mining and Metallurgy (AusIMM), the Australian Institute of Geoscientists (AIG), and the rules and guidelines issued by such bodies as the ASIC and Australian Securities Exchange (ASX), which pertain to Independent Expert Reports.

The effective valuation date is 11/01/2012 and the valuation is valid for this date only and may change in response to changing circumstances including metal price fluctuations and project development activities.

There are numerous recognised methods used in valuing "mineral assets". The most appropriate application of these various methods depends on several factors, including the level of maturity of the mineral asset, and the quantity and type of information available in relation to any particular asset.

The VALMIN Code, which is binding upon "Experts" and "Specialists" involved in the valuation of mineral assets and mineral securities, defines the level of asset maturity under the following categories:

- **"Exploration Areas"** refer to properties where mineralisation may or may not have been identified, but where a mineral resource has not been defined.
- **"Advanced Exploration Areas and Pre-Development Projects"** are those where Mineral Resources have been identified and their extent estimated, but where a positive development decision has not been made.
- **"Development Projects"** refers to properties which have been committed to production, but which have not been commissioned or are not operating at design levels.
- **"Operating Mines"** are those mineral properties, which have been fully commissioned and are in production.

The various recognised valuation techniques are designed to provide the most accurate estimate of the asset value in each of these categories of project maturity. In some instances, a particular mineral property or project may include assets that logically fall under more than one of these categories.

Regardless of the valuation techniques adopted, the consideration must reflect the perceived "fair market value", which is described in Definition 43 of the VALMIN Code as:

"*the amount of money (or the cash equivalent of some other consideration) determined by the Expert in accordance with the provisions of the VALMIN Code for which the Mineral or Petroleum Asset or Security should change hands on the Valuation Date in an open and unrestricted market between a willing buyer and a willing seller in an "arm's length" transaction, with each party acting knowledgeably, prudently and without compulsion.*"

In the case of Pre-development, Development and Mining Projects, where Measured, Indicated and Inferred Resources have been estimated, and mining and processing considerations can be reasonably determined, valuations can be derived by compiling a discounted cashflow (DCF) and determining the net present value (NPV).

Where mineral resources remain in the Inferred category, and the application of mining parameters to determine their economic viability has not been undertaken or is considered inappropriate, their value cannot be demonstrated using the more conventional DCF/NPV approach. A similar situation may apply where economic viability cannot be readily demonstrated for a resource assigned to a higher confidence category. In these instances it is frequently appropriate to adopt the In-situ Resource (or "Yardstick") method of valuation for these assets. This technique involves application of a heavily discounted valuation of the total in-situ metal contained within the resource. This usually equates to a range of 1.5% to 4.5% of the spot metal price as at the valuation date, but may vary substantially in response to a range of additional factors including physiography, infrastructure and the proximity of a suitable processing facility. The range is usually correlated to the confidence in the resource estimate such that the 1.5% factor is commonly applied to "Inferred" resources, 3.0% to "Indicated" and 4.5% to "Measured".

In the case of Exploration Areas, and to a lesser extent Advanced Exploration Areas, the potential is speculative compared to projects where mineral resources have been estimated. The valuation of Exploration Areas is dependent, to a large extent, on the informed, professional opinion of the valuator.

Where useful previous and committed future exploration expenditure is known or can be reasonably estimated, the Multiple of Exploration Expenditure ("MEE") method is considered to represent one of the more appropriate valuation techniques. This method involves assigning a premium or discount to the relevant effective Expenditure Base ("EB"), represented by past and future committed expenditure, through application of a Prospectivity Enhancement Multiplier ("PEM"). This factor directly relates to the success or failure of exploration completed to date, and to an assessment of the future potential of the asset. The method is based on the premise that a "grass roots" project commences with a nominal value that increases with positive exploration results from increasing exploration expenditure. Conversely, where exploration results are consistently negative, exploration expenditure will decrease along with the value.

Other valuation methods can be adopted to assist in confirming conclusions drawn from the MEE approach. Where sale transactions relating to mineral assets that are comparable in terms of location, timing and commodity, and where the terms of the sale are suitably "arms length" in accordance with the VALMIN Code, such transactions may be used as a guide to, or a means of, valuation.

Where a joint venture agreement has been negotiated as an "arm's length" transaction, the Joint Venture Terms valuation method may be applied. In a typical staged earn-in agreement, the value assigned to each of the various stages can be combined to reflect the total, 100% equity, value, as follows:

$$V_{100} = V_{Stage\ 1} + V_{Stage\ 2} + \ldots\ldots.$$

The value of equity assigned to an entity buying into the project, the farminor, at any earn-in stage of a joint venture can be considered as the sum of the value of liquid assets transferred to the seller, or farminee, in cash or shares, plus the value of future exploration expenditure. Commonly, an agreement may stipulate a minimum expenditure that must be met by the farminor prior to allowing withdrawal from the agreement, and these funds are thus committed, as distinct from the notional expenditure to successful completion of the earn-in stage. In calculating the value of an agreement that includes future expenditure, it is considered appropriate to discount (usually at a rate of 10% per annum) that expenditure by applying the discount rate to the mid-point of the term of the earn-in phase. A probability range is also usually applied to each earn-in stage to reflect the degree of confidence that the full expenditure specified to completion of any stage will occur and, consequently, each equity position achieved.

The value assigned to the second and any subsequent earn-in stages will always involve discounted funds, and is likely to require exponentially increasing speculation as to the likelihood that each subsequent stage of the agreement will be completed. Correspondingly, in applying the Joint Venture Terms approach to staged earn-in agreements, it is regarded as most correct to consider only the first stage as the basis for estimating cash value equivalence at the time of the deal. Coffey adheres to this guideline by adopting the end of the initial earn-in period for valuation purposes.

The total project value of the initial earn-in period can be estimated by assigning a 100% value, based on the deemed equity of the farminor, as follows:

$$V_{100} = \frac{100}{D}\left[CP + \left(CE * \frac{1}{(1+I)^{\frac{t}{2}}}\right) + \left(EE * \frac{1}{(1+I)^{\frac{t}{2}}} * P\right)\right]$$

where:

V_{100} = Value of 100% equity in the project ($)

D = Deemed equity of the farminor (%)

CP = Cash equivalent of initial payments of cash and/or stock ($)

CE = Cash equivalent of committed, but future, exploration expenditure and payments of cash and/or stock ($)

EE = Uncommitted, notional exploration expenditure proposed in the agreement and/or uncommitted future cash payments ($)

I = Discount rate (% per annum)

t = Term of the Stage (years)

P = Probability factor between 0 and 1, assigned by the valuer, and reflecting the likelihood that the Stage will proceed to completion.

The Hillgrove Project most closely fits the description of a Development Project although in recent times has been an operating mine. As such, the appropriate valuation method selected for the Hillgrove Project is the Discounted Cashflow (DCF) Model method. The cashflow model constructed by Coffey was based on the production schedules, costs and prices provided from the Straits/Bullantco documentation. No separate value is ascribed to the exploration potential of the tenements as this is regarded as being adequately accounted for in the DCF valuation range.

11 HILLGROVE PROJECT VALUATION

11.1 Discounted Cashflow Model

11.1.1 Methodology

A valuation model of the Hillgrove Project was created in Microsoft Excel using a discounted cashflow (DCF) methodology under assumed certainty, in other words, assuming that the single point inputs are certain in value.

For each input, optimistic and pessimistic values were defined to describe the reasonable range over which these inputs might vary. A single-factor sensitivity analysis was performed, whereby one input was adjusted to its end range with all other inputs at their base case values. The sensitivity analysis identified the critical input parameters by their impact on Net Present Value (NPV).

Finally, the input assumptions that simplified various uncontrollable uncertainties (price and grade for example) were replaced by frequency distribution functions. Each function defines the probability of a particular input value so as to model the uncertainty in the input and eventually determine the uncertainty associated with the model's output. For example, the grade value used under assumed certainty acted as the mean value for the log normal grade distribution of possible grades. The grade variability was estimated to determine the standard deviation of grades about the mean and in this example, for each simulation a new grade input was determined in accordance with the grade distribution definition.

Many thousands of simulations were run, each simulation using a randomly selected grade input (although not truly random, since the likelihood of any particular value was defined by the grade probability distribution) to generate the output value. The results enabled a frequency distribution of simulation NPV results to be generated and these formed the basis of NPV distribution charts.

11.1.2 Data Sources

The production schedule was recovered from two sources. The first three years were sourced from the detailed schedule contained in the cost model provided (Straits, 2011a) and amalgamated with the long term schedule (Straits, 2011b). This produced a schedule with a life of 16 years, which was then truncated to 10 years to agree with the stated Reserves of approximately 2.1Mt.

Operating costs were sourced from the cost model provided (Straits, 2011c) which also contained the information to model the processing recovery and payment terms for the two concentrate types produced.

Capital costs were taken from the proposed Project budget. The proposed capital program is expected to take nine months from a decision to proceed with upgrading the concentrate circuit and selection of an engineering provider. The Project would be expected to produce at a planned capacity of 250ktpa five months after concentrator commissioning.

Coffey has reviewed the Straits cost model and found the Project Reserve, mine schedule and operating and capital cost assumptions to be reasonable and achievable.

Metal prices were sourced from websites (AntimonyNet & GoldPrice, 2012) to determine the current prices for gold and antimony. Historical data from these websites was viewed to determine reasonable minimum and maximum values and a long-term forecast value. The risk-free discount rate was set to the 10 year government bond rate sourced from Trading Economics (2012), while the Beta value for Straits was sourced from Etrade (2012).

11.1.3 Base Case Model Input Parameters

The valuation model was designed so that the input parameters could be easily adjusted to investigate different scenarios. The key input parameters are shown in Table 11.1.3_1.

Table 11.1.3_1
Hillgrove Project
Key Input Parameters for Valuation Model

Input Parameter	Value	Comment
Corporate Tax Rate	30%	Standard
Royalties	4%	Of operating margin for both gold and antimony
Real Discount Rate	8.2%	Calculated using a Market Return of 6%, a risk free rate of return of 3.8% (Government Bonds) and Beta of 1.13 for Straits Resources
Long Term Foreign Exchange Rate US$:AU$	0.85	Settles to this rate in 2015.
Antimony Price	11,900	US$/t
Gold Price	1,350	US$/oz – Settles to this rate from current ($1,646/oz) in 2015.
Capital Cost	85.9	AU$M – Real Dollars (2012) spread over three years.
Operating Cost	146.46	AU$/t ore – Real Dollars (2012)
Total Antimony Paid	71.4%	Combines processing recovery and smelter payment terms
Total Gold Paid	64.6%	Combines processing recovery and smelter payment terms for antimony concentrate, arsenic concentrate and gravity gold.
Long-Term Scheduled Tonnes	2.2Mt	Based on detailed and long term schedules, truncated to approximate Reserve tonnage.
Antimony Head Grade (Average)	2.00	%
Gold Head Grade (Average)	3.96	g/t

11.1.4 Base Case Model Results

A valuation model of the Hillgrove Project was created in Microsoft Excel using a discounted cashflow (DCF) methodology. A summary of the base case DCF model is included as Appendix D. The financial metrics calculated for the base case are shown in Table 11.1.4_1.

Table 11.1.4_1
Hillgrove Project
Base Case Valuation Model Results

Financial Metric	Value	Comment
NPV	AU$95.2M	The value of the Project (above the purchase price).
Discounted Payback Period	5 years	Becomes cashflow positive in the 5th year.
Internal Rate of Return	28%	Reasonable for a resource project.

11.1.5 Sensitivity Analysis on Base Case

Several inputs were identified for investigation to determine the impact of variation in their values upon the NPV. An optimistic and pessimistic value for each input was defined (in addition to the base case value) and these values used to perform a single-factor sensitivity analysis, where one input is adjusted while all other inputs remained at their base case values. The resultant impacts on NPV are presented for each input in Table 11.1.5_1, Figure 11.1.5_1 and Figure 11.1.5_2.

Figure 11.1.5_1
Tornado Diagram of the Sensitivity Analysis

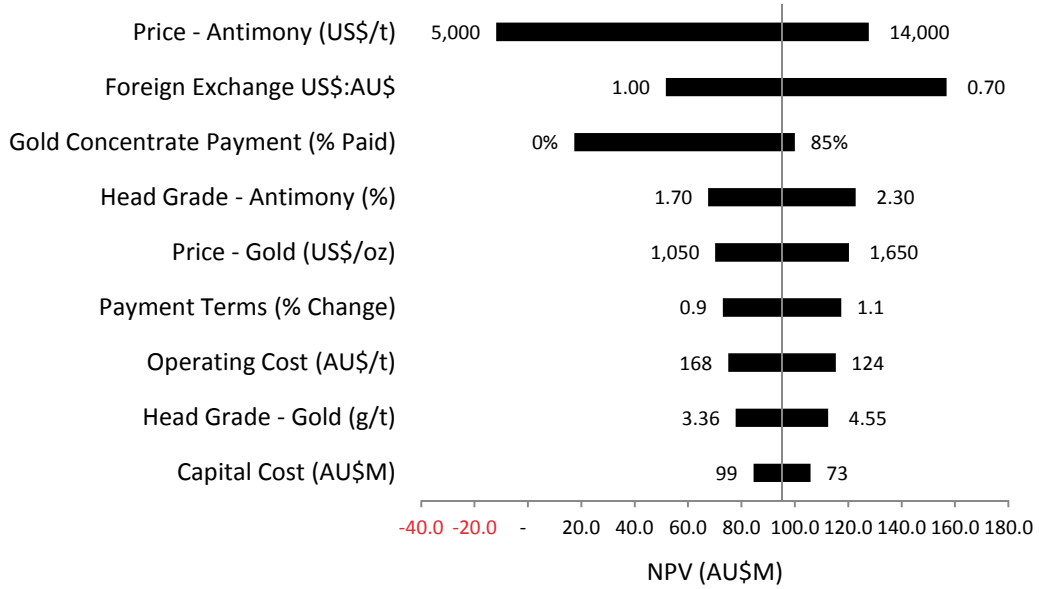


Figure 11.1.5_2
Spider Diagram of the Sensitivity Analysis

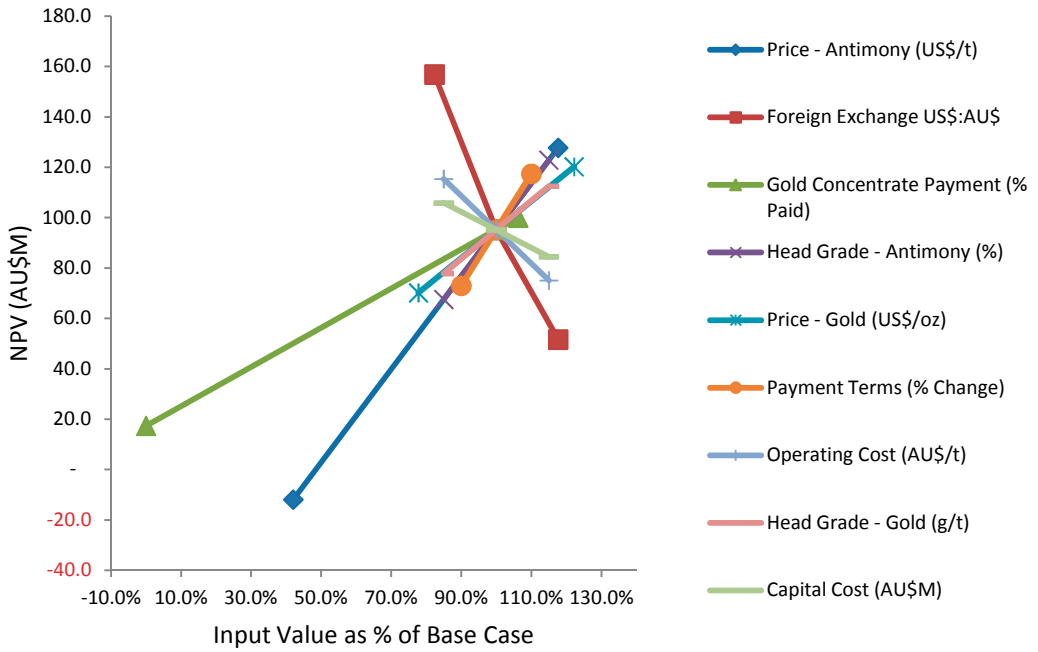


Table 11.1.5_1
Hillgrove Project
Sensitivity Analysis Inputs and Results Ranked Sensitivity

Input Variable		Input Values			Output NPV (AU$M)			Swing	% Swing[2]
		Low Output	Base Case	High Output	Low	Base	High		
Price - Antimony	(US$/t)	5,000	11,900	14,000	-11.9	95.2	127.7	139.7	40.4%
Foreign Exchange US$:AU$		1.00	0.85	0.70	51.7	95.2	156.8	105.2	22.9%
Gold Concentrate Payment	(% Paid)	0%	80%	85%	17.4	95.2	100.0	82.7	14.2%
Head Grade - Antimony	(%)	1.70	2.00	2.30	67.5	95.2	122.8	55.3	6.3%
Price - Gold	(US$/oz)	1,050	1,350	1,650	70.2	95.2	120.2	50.1	5.2%
Concentrate Payment Terms	(% Change)	0.9	1	1.1	73.0	95.2	117.4	44.4	4.1%
Operating Cost	(AU$/t)	168	146	124	75.1	95.2	115.3	40.3	3.4%
Head Grade - Gold	(g/t)	3.36	3.96	4.55	77.9	95.2	112.5	34.6	2.5%
Capital Cost	(AU$M)	99	86	73	84.5	95.2	105.9	21.4	0.9%

The tornado diagram displays the results of single-factor sensitivity analysis ranked in order of Percent Swing². For a risk adverse decision maker, the certain equivalent of an alternative is less than the expected value (i.e., probability-weighted average) of the payoff distribution. Each Percent Swing² value indicates how the difference between the expected value and the certain equivalent is affected by the uncertainty of a specific input variable.

It is also apparent from the tornado diagram that the antimony price and uncertainty over the sale of the arsenic (gold) concentrate introduce significant downside to the Project. A more comprehensive analysis of this downside risk is achieved by the probabilistic analysis in Section 11.1.6.

The spider diagram is interpreted by comparing the angle of each factor's line: the steeper the line, the greater the sensitivity. We can also categorise the inputs as being relevant to revenue or cost and as we would anticipate, the spider diagram identifies the revenue factors as having the greatest impact: foreign exchange, payment terms, antimony grade, antimony price, and so on. This is the usual case because revenue includes all sources of income, whereas operating costs and capital represent only portions of total costs. Therefore, a percentage change in the smaller operating or capital costs does not have as much effect on NPV as a percentage change in the larger total revenue (Torries, 1998).

11.1.6 Probabilistic Analysis and Monte Carlo Simulation

Probabilistic analysis can be thought of as the ultimate form of scenario analysis in that all possible cases are considered simultaneously. The input for the analysis consists of a distribution of values for each variable in a cashflow analysis. In other words, for each variable used in a cashflow, a range of values and their probabilities of occurrence are used as inputs instead of a single value as in scenario analysis. Since inputs are probabilistic, most of the risk inherent in the Project is reflected in the range of input variables (Torries, 1998).

Once the probabilistic nature of the inputs is defined, Excel is used to perform a Monte Carlo simulation where thousands of variations of cashflows are generated. Each variation is a scenario for the individual project with a resultant NPV. The statistical distribution of the NPVs is then analysed, with the mean of the NPVs representing the statistically defined expected value of the project.

The inputs, their value ranges and probability distributions are presented in Table 11.1.6_1. It is critical in this type of analysis to identify possible correlation between input variables. In this case, the 30 year history of correlation between gold price and Australian foreign exchange rates was identified and the two variables linked.

The inputs were used to generate the distribution of NPVs in Figure 11.1.6_1 and the cumulative probability of NPV in Figure 11.1.6_2.

Table 11.1.6_1
Hillgrove Project
Probabilistic Analysis Inputs and Distribution Characteristics

Input Variable	Distribution Type	Mean	Stand. Dev.	Min	Max	Comments
Price - Antimony (US$/t)	Triangular	11,900		5,000	14,000	
Foreign Exchange US$:AU$	Normal	0.85	0.075			Normal distributions correlated with each other (0.7)
Price - Gold (US$/oz)	Normal	1,350	150			
Antimony Head Grade Factor	Lognormal	1	0.075			Grades typically distributed log normally.
Gold Concentrate Payment (% Paid)	Discrete					Discrete values identified: 0% Paid – 30% probability 80% Paid – 60% probability 85% Paid – 10% probability
Concentrate Payment Terms (% Change)	Triangular	100%		90%	110%	
Operating Cost (AU$/t)	Lognormal	100%	7.5%			Likely to by higher costs than lower.
Gold Head Grade Factor	Lognormal	1	0.075			Grades typically distributed log normally.
Capital Cost (AU$M)	Lognormal	100%	7.5%			Likely to by higher costs than lower.

Figure 11.1.6_1
Distribution of NPVs for the Hillgrove Valuation

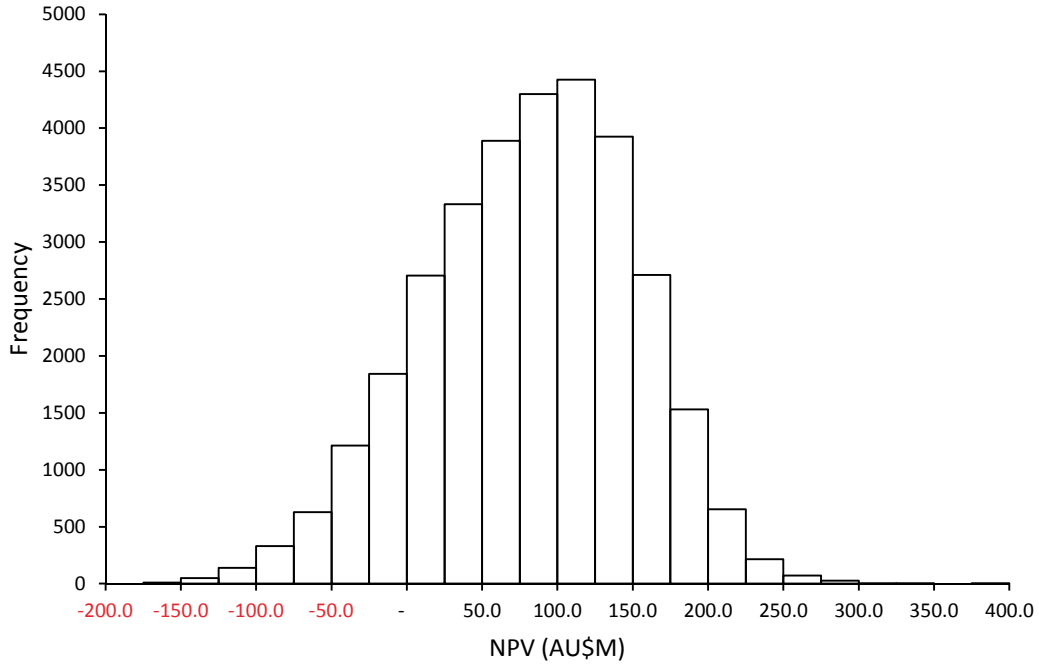
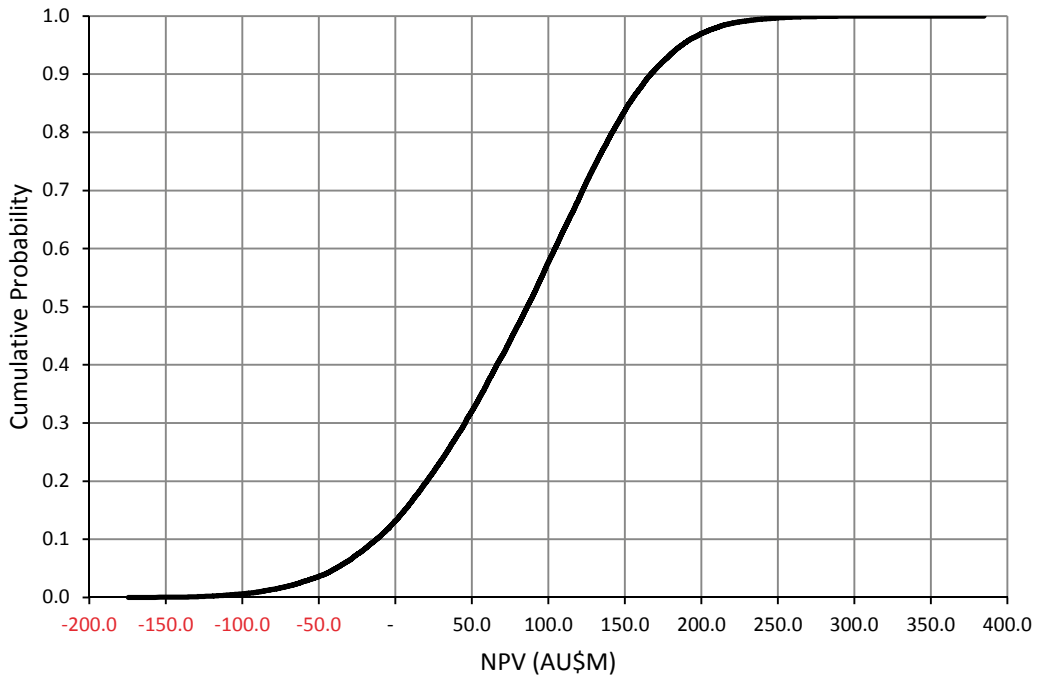


Figure 11.1.6_2
Cumulative Probability of NPVs for the Hillgrove Valuation



The distribution of NPVs has a distinct skewness to the left caused by the downside risk inherent in the high antimony price and gold (arsenic) concentrate offtake.

The plot of the cumulative distribution of NPVs clearly shows that there is a low probability (less than 15%) that the Project will have negative value. It also indicates that the mean value will be around AU$80M. While the probabilistic analysis describes the project risk, the risk preference of the investor must be accounted for to determine the price an investor would pay. The results of the probabilistic analysis are provided in Table 11.1.6_2.

Table 11.1.6_2
Hillgrove Project
Probabilistic Analysis Outputs

Output	Value
Mean NPV	AU$ 81.3M
Standard Deviation	AU$ 69.6M
Minimum	AU$ -174.5M
First Quartile	AU$ 33.7M
Median	AU$ 86.2M
Third Quartile	AU$ 131.8M
Maximum	AU$ 384.7M
Skewness	-0.2489

11.2 Comparable Transactions

A search of publically available transaction information involving antimony (+/- gold) projects over the last three years revealed information for relatively few transactions. Of these, only three were advanced projects which could be considered similar (not necessarily comparable) to the Hillgrove Project with declared Mineral Resources. The Beaverbrook and Costerfield acquisitions are more relevant and have been operating mines in more recent times (Table 11.2_1).

These similar transactions are insufficient in number to be statistically meaningful; however, they do provide some context for the primary valuation method. From them, a range of values can be ascribed to the dollar value paid for contained metal in the total Resources. The Murchison Mine transaction is sufficiently different from the other two to be treated as an outlier and is not considered. The remaining transactions suggest the (historical) price paid for contained Sb (or Sb equivalent) in Resources ranged from US$393/t to US$614/t. These provide in-situ metal value discount factors of 0.0647 (6.47%) and 0.0965 (9.65%). Whilst there are insufficient transactions examined to be statistically meaningful, two relevant transactions suggest that historically, these transactions valued the in-situ metal in Resources at between 6.471% and 9.655% of the metal value of the day.

Table 11.2_1

Hillgrove Project

Selected Antimony Project Transaction Summary

Transaction Date	Mine	Equity Acquired (%)	100% Equity Acquisition Cost (US$M)**	Total Sb Equiv t	Historical Au Price /oz (US$)	Historical Sb Price /t (US$)	Price paid/t Sb equiv (US$)	Metal Discount Factor
2-Sep-09	Beaver Brook Antimony Mine	100	$35.453	90,300	976	6,067	392.62	0.06471
1-Dec-09	Augusta Mine (now Costerfield Au-Sb Mine)	100	$18.550	30,234	1,197	6,355	613.55	0.09654
7-Oct-10	Consolidated Murchison Mine	74	$6.492	241,763	1,335	11,343	26.85	0.00236
7-Oct-10	Consolidated Murchison Mine*	74	$64.920	241,762	1,335	11,343	268.53	0.02367

* Announcement acknowledges independent valuation is between ZAR200M and ZAR400M

** A$-$US exchange rate of 1.0 used

11.3 Previous Valuations

Coffey is not aware of any previous valuations involving the complete Hillgrove Project. Como Engineers Pty Ltd valued the onsite physical assets (plant and equipment) on 10 January 2012. The estimated value (+- 30%) of these assets was $14.2M (current value) and $28.44M (replacement).

11.4 Valuation Summary

The primary valuation of the Hillgrove Project utilised a DCF model constructed by Coffey from inputs provided by Straits / Bullantco. Coffey has reviewed the Straits cost model and found the Project Reserve, mine schedule and operating and capital cost assumptions to be reasonable.

The valuation included the purchase price for the Project within the capital budget as well as the various refurbishments and is based with what could be reasonably mined, based on the Reserves as currently declared by Straits. No separate value is ascribed to the additional Resources and exploration potential as these are regarded as being adequately accounted for in the DCF valuation range.

It is therefore clear from the valuation results that the Project has considerable value.

The Preferred Value of the Hillgrove Project is A$81M as calculated by the probabilistic analysis and Monte Carlo simulation. A value range is ascribed on the basis of the first and third quartile value from the probabilistic analysis. These are regarded as more realistic potential outcomes rather the maximum and minimum. There is a slight risk (approximately 13%) that the Project will have negative value; however, this would require a plummeting antimony price and a failure to secure a buyer for the gold (arsenic) concentrate.

Accordingly, the Hillgrove Project is valued in a range between **A$33.7M** and **A$131.8M** and within this range the **Preferred Value** is **A$81M**.

A comparable transaction analysis was undertaken but failed to produce sufficient comparable transactions to be statistically meaningful. Notwithstanding this, the few relevant transactions reviewed support the quantum of value ascribed from the DCF valuation.

12 PROJECT DEVELOPMENT PROGRAM AND BUDGET

12.1 Project Development Program

A development program for the Project has been provided by Bullantco. Bullantco intends to raise funds to acquire the Project and redevelop the Hillgrove mining operation. Subject to completing the fund raising process, the ownership of the current operator of the Project, Hillgrove Mines Pty Ltd, will be transferred to Bullantoco. Bullantco intends to immediately commence Resource drilling at Black Lode, Cox's Lode and Clarks Gully to underpin ore supply for the first five years of operation.

In parallel with this program, Bullantco will let a contract for the redesign of the plant for the production of a high quality antimony-gold concentrate (>60% Sb and approximately 1oz/t Au) and an arsenopyrite-gold concentrate (2oz/t Au). The main design changes are:

- Reposition the primary crusher and add a secondary crushing component;
- Convert the SAG mill into a ball mill;
- Add a second flotation train for the arsenopyrite concentrate; and
- Add a bagging section for the concentrate.

This is expected to take around three months.

Once the final engineering has been completed, a contract will be let for the redevelopment of the operation. The objective is to have the operation recommissioned toward the end of 2012 or early 2013, producing on an annualised basis, 4,000t to 5,000t of antimony and 20,000oz to 25,000oz of gold in concentrate.

Discussions are underway with several counterparties for the two types of concentrate. The antimony-gold concentrate sales terms are likely to be a combination of direct sales and toll treatment. The arsenopyrite-gold concentrate will be sold to existing gold producers who operate roasters.

As part of the program for the first two years of operation, TSF1 will be closed using material from the Metz WRD. Water in TSF2 will be filtered to make it suitable for the flotation circuit. The wall of the TSF2 dam will be raised to allow for another three years of tailings at which time, TSF3 will be built.

12.2 Project Budget

A proposed budget for the Project has been provided by Bullantco and is shown in Table 12.2_1.

Table 12.2_1
Hillgrove Project Proposed Budget (AUD$M)

Activity	2011	2012	2013	Total
Purchase Hillgrove	20.0			**20.0**
Acquisition costs	2.3			**2.3**
Refurbishment Hillgrove		28.0		**28.0**
Mining equipment		4.0		**4.0**
Bonds	3.9			**3.9**
Startup Mining/Processing		6.3		**6.3**
Site costs	0.3	3.7		**4.0**
Resource development*				**0**
-Black Lode		1.4	1.4	**2.8**
-Cox's		0.6	0.4	**1.0**
-Clarke's Gully		0.5		**0.5**
-Brackins Spur		1.0	1.1	**2.1**
Exploration Geochemistry*		0.1	0.1	**0.2**
Exploration Drilling*		0.3	0.8	**1.1**
Exploration operating costs*		0.2	0.2	**0.4**
Total	**27.2**	**45.4**	**4.0**	**76.6**

*Bullantco is not contemplating that exploration will be financed out of the aforementioned fund raising, except for 2012.

The Project development plan and total proposed expenditure is considered by Coffey to be reasonable and achievable.

13 COFFEY MINING CONCLUSIONS

13.1.1 Geology and Resources

Global antimony production is dominated by China and with recent increasing market eagerness to secure alternate sources of supply; the Project represents a good opportunity to resume antimony production from resources located outside China. The Hillgrove Project has the ability to produce a high-grade antimony concentrate from existing defined resources. With mining and processing infrastructure and permitting all largely in place, an opportunity exists to resume production of antimony concentrates in the short term.

Coffey has reviewed the available documentation, and in some cases, the digital models. In the case of Metz and Brackin Spur deposits (approximately 48% of the total Resource), Coffey are satisfied that the current Straits Resource estimates provide an appropriate estimate of global Resources upon which to base further project studies. Coffey considers that Clarks Gully and Eleanora (approximately 51%) Resources require additional work to confirm the global estimates. Significant potential exist to add to the Hillgrove Mineral Resources through extensional exploration drilling around the existing deposits. Elsewhere, the Project contains a significant exploration package of some 425km² prospective for structurally controlled Sb-Au deposits. Exploration with modern methods appears to be at an early stage with numerous untested exploration targets defined. Some of these targets include historical workings which have never been tested at depth with drilling.

The Reserves estimated by Straits will be contained within any new estimate using revised cutoff grades based on current costs and commodity prices. Coffey considers that the Reserves as declared by Straits should be achievable.

13.1.2 Mining

General ground conditions in the mine have historically been good. All areas of the operations are in good condition and adequately supported.

The current underground development is sufficiently advanced from the stoping levels to ensure orderly sequencing for the recommencement of operations.

The proposed mining design layout and modified Avoca mining method are considered applicable for the style of mineralisation at Hillgrove. A mining cost of $75.40/t appears reasonable for the type and scale of the mining operations.

The Reserves estimated by Straits will be contained within any new estimate using the current Resource estimate, revised cutoff grades based on current costs and commodity prices. Coffey considers that the Reserves as declared by Straits should be achievable. There are detailed schedules for first four years of operations that outline the development and extraction of the Black Lode and Syndicate orebodies. This schedule appears to be logical and there do not appear to be any fatal flaws in the schedule sequencing.

13.1.3 Processing

It is proposed that the current Hillgrove processing plant will be modified and upgraded to process 250,000tpa of underground ore to generate separate high-grade stibnite and gold-rich arsenopyrite concentrates for direct sale. Modifications to the existing processing facility should be achievable within the budget allocated. These include the addition of a secondary crusher and the conversion of the existing SAG mill into a single stage ball mill capable of processing 32tph, 250,000tpa. A new flotation circuit will be combined with the existing cells to process the separate stibnite- and arsenopyrite-gold concentrates.

An extensive flotation testwork program was undertaken by Hatch at Ammtec Laboratories to determine the flowsheet requirements and final concentrate characteristics of the proposed plant. The study results indicate that a high-grade stibnite concentrate containing 62% antimony and ~1oz/t gold with recoveries of 92.2% and 47% respectively.

Also, a high-quality gold-arsenopyrite concentrate containing ~2oz/t of gold at a recovery of 32.4% can be produced with very low deleterious content. Total gold recovery for combined products is 79.4%. The two concentrates appear to be high quality and can be marketed directly to the respective metal refining operations.

Based on the metallurgical testwork results, Bullantco propose to reconfigure the existing Hillgrove plant to produce high-grade stibnite and gold-rich arsenopyrite concentrates for direct sale. In Coffey's opinion, the process plant modifications and production assumptions required to process 250,000tpa are valid and reasonable.

The existing processing facility is to be modified including the addition of a secondary crusher and the conversion of the existing SAG mill into a single stage ball mill capable of processing 32tph, 250,000tpa. A new flotation circuit will be combined with the existing cells to process the separate stibnite and arsenopyrite gold concentrates.

13.1.4 Environmental

The Hillgrove area has a long history of metalliferous mining and associated activities and an associated long history of ownership and implementation of various levels of environmental and social management practices.

The site is currently in compliance with its environmental obligations.

A revised MOP will be required to be submitted and approved to enable restart of mining and processing in future. There are no issues with resubmitting a modified MOP as all the licence agreements are approved and valid.

The topography and location of the site, the historic mining areas and the location of the resources, processing plant and associated water and tailings storage facilities, result in a situation which requires careful management. As long as the site is managed appropriately, there is limited likelihood of failure of any of these structures, locations or processes. However, should a failure occur, the potential consequence of downstream contamination or similar is significant.

13.1.5 Valuation

A valuation of the Hillgrove Project was completed by Coffey utilising a DCF model constructed from inputs provided by Straits / Bullantco. The valuation included the purchase price for the Project within the capital budget as well as the various refurbishments and is based with what could be reasonably mined, based on the Reserves as currently declared by Straits. No separate value is ascribed to the additional Resources and exploration potential as these are regarded as being adequately accounted for in the DCF valuation range.

The Hillgrove Project is valued in a range between **A$33.7M** and **A$131.8M** and within this range the **Preferred Value** is **A$81M**. The Preferred Value of the Hillgrove Project is A$81M as calculated by the probabilistic analysis and Monte Carlo simulation.

The main risks to value are regarded as the inability to realise an appropriate return for the gold contained in the arsenopyrite concentrate and maintaining the license to operate in an area of environmental and tourism significance.

13.2 Recommendations

13.2.1 Geology and Resources

Additional drilling and underground channel sampling should be completed at Metz and additional diamond drilling completed at Clarks Gully to establish the full extent of the Mineral Resource and to allow definition of additional Measured and Indicated Resources to underpin the first five years of antimony concentrate production. A number of ore shoots are currently open down plunge and lodes open along strike. These provide immediate exploration opportunities which with additional drilling could add additional resources.

Significant exploration potential exists adjacent to current Resources and away from the known mining centres for the discovery of additional antimony-gold resources blind to the surface. Orientation electrical geophysics, regolith mapping and structural studies should be completed to provide a context for detailed surface exploration and drill target definition. Orientation geochemistry should be completed over known blind mineralisation and an appropriate surface geochemical program completed over structural and geophysical targets in the Project tenements.

13.2.2 Mining

As no updated Reserve statement has been released since the Project closure, the current Ore Reserves do not reflect the completion of the geology and mining planning work undertaken since then. All Project Reserves will need to be recalculated, based on the proposed stoping method, taking into account the planned and unplanned dilution, recovery estimates, and process plant recoveries for each of the individual orebodies and expected long-term exchange rates estimates and contract prices for Au and Sb.

No documentation is available on development, scheduling and costing of the remainder of the deposits. Significant work is required to develop the mine plans and schedules for the Brackins Spur and other deposits and integrate these into the existing Metz operational schedule. Bullantco also plans to investigate the development of the Clarks Gully deposit, initially as an open cut, to augment the ore supply for 2013.

13.2.3 Processing

The current processing design criteria are based primarily on testwork conducted on the Syndicate ore types, including Syndicate, Eleanora, Black Lode and Brackins Spur. The current resource base includes a number of satellite ore bodies that may potentially be processed through the redesigned plant.

Geological and mineralogical information indicate that there are large variations in the antimony to arsenic ratio between the various ore sources which may impact on flotation performance.

It is recommended that further metallurgical testwork, including comminution and flotation recovery, be performed on all ore types which make up a significant contribution to any future life of mine plan.

13.2.4 Environmental

The high priority issues requiring initial action appear to be the Metz WRD, the closure of TSF1 and the treatment of water in TSF2. Moving part of the Metz WRD to cap and close TSF1 will address two of these immediate issues.

Commencing the water retreatment program will address the water issues associated with TSF2 and the Eleanora dam. Decisions about the closure of the adits which are the responsibility of the company will be made progressively as the adits are no longer required. Grouting is likely to be effectively used in sealing these.

The Hillgrove site requires a comprehensive and well-implemented EMS, which addresses the key risks and allows for site specific pragmatic management decisions and adaptive management to be implemented.

Closure planning and consultation should commence as soon as possible to allow appropriate mine planning to be implemented and to address environmental and social issues.

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15 GLOSSARY OF TECHNICAL TERMS

AAS	Atomic absorption spectrophotometry, an analytical method for determining concentrations of elements.
Adamellite	A variety of granite formed predominantly of the minerals quartz, plagioclase feldspar and alkali feldspar.
Al	The chemical symbol for aluminium.
As	The chemical symbol for arsenic.
alteration	The change in the mineral composition of a rock, commonly due to hydrothermal activity.
andesite	An intermediate to mafic volcanic rock composed essentially of andesine plagioclase and one or more of the minerals olivine, pyroxene, and iron and titanium oxide.
anticline	A fold in rocks in which strata dip in opposite directions away from the central axis.
Ba	The chemical symbol for barium.
barite	A barium sulphate mineral with the formula $BaSO_4$.
bbl/day	Barrels per day. Applied to oil and equivalent to 42 US gallons or 159 litres.
breccia	Rock comprising angular fragments enclosed in a finer grained matrix.
bulk density	The density of a rock which takes into account voids.
C	The chemical symbol for carbon.
Ca	The chemical symbol for calcium.
Carboniferous	Period of the Palaeozoic era, between approximately 354 million years and 298 million years ago.
Cu	The chemical symbol for copper.
calcite	A mineral of composition $CaCO_3$ (calcium carbonate), which is an essential constituent of limestones, marbles or a product of hydrothermal alteration.
Capex	Capital expenditure required at the start to "build" a project.
carbonate	A rock, usually of sedimentary origin, composed primarily of calcium, magnesium or iron and CO_3. Essential component of limestones and marbles, but may also occur as a product of alteration.
Cenozoic (or Cainozoic)	An era of geologic time, from the beginning of the Tertiary period to the present, commencing about 65 million years ago.
chip sampling	The collection of selective or representative samples of rock fragments within a limited area for analysis.
Cl	The chemical symbol for chlorine.
clastic	Pertaining to a rock made up of grains, fragments or pebbles (clasts).
clast	A fragment of rock or pebble surrounded by matrix in a breccia or conglomerate.
cleavage	Close-spaced, planar fabric in a rock produced by the alignment and segregation of platy minerals during folding and shearing.

conglomerate	A rock composed predominantly of rounded pebbles, cobbles or boulders deposited by the action of water.
contact	Surface which marks the change between rocks of different type.
Cretaceous	The third and final Period of the Mesozoic Era, between 141 and 65 million years ago.
crusher work index	Measure of rock competency to determine crushing characteristics.
dip	The angle at which bedding or a geological structure is inclined from the horizontal.
diorite	The coarse-grained plutonic equivalent of an andesite.
discordant	At an oblique angle.
dolomite	A carbonate rock containing both calcium and magnesium with up to 21% MgO.
Eocene	The Period of geologic time between 54.8 and 33.7Ma.
fault	A fracture or fracture zone in the earth's crust along which displacement of opposing sides has occurred.
Fe	The chemical symbol for iron.
feasibility study	An advanced study undertaken to determine the economic viability of a mineral deposit to a high degree of accuracy.
ferruginous	Containing or rich in iron.
fire assay	The assaying of metallic ores, usually gold and silver, by methods requiring a furnace heat.
fold axis	The central part of a fold, about which strata are bent.
folded	A term applied to the bending of strata or a planar feature about an axis.
geological mapping	The process of identifying and recording the distribution and types of rocks and other geological features.
geological modelling	Modelling of a mineral deposit in three dimensions to ensure the volume and grade reflect the geological controls on mineralisation.
geotechnical study	A study of the mechanical properties of a rock mass to determine its likely behaviour on mining.
grab sample	A fist-sized, selective rock sample.
granite	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.
granodiorite	A coarse-grained igneous rock containing mainly quartz and feldspar minerals with biotite and or hornblende.
grizzly	A device for the coarse screening or scalping of bulk materials.
ha	Hectare, standard metric unit area 100m by 100m.
haul road	A mine road used for trucking ore and waste.
helimag survey	A form of aerial magnetic surveying undertaken by helicopter.
hematite	An iron oxide mineral with the formula Fe_2O_3.
Indicated Mineral Resource	That part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence.

Inferred Mineral Resource	That part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence.
jaw crushing	The preliminary partial reduction of a rock sample or ore material.
JORC	Joint Ore Reserves Committee of the Australian Institute of Mining and Metallurgy. Code of reporting of exploration results, mineral resources and ore reserves.
K	The chemical symbol for potassium.
kg	Kilogram, a standard metric unit for weight.
kg/t	Kilograms per tonne, a standard mass unit for demonstrating the concentration.
km	Kilometre, a standard metric unit measure of distance.
tpa	Tonnes per annum.
kVA	Kilo-Volt Amperes (KVA) - a measure of electrical power.
kW	Kilowatt, a standard metric unit of power.
l	Litre, a standard metric unit measure of liquid volume.
lamprophyre	A rare alkaline (usually potassic) igneous rock commonly emplaced as dykes.
limb	The side or flank of a fold structure.
limestone	A sedimentary rock containing at least 50% calcium or calcium-magnesium carbonate.
m	Metre, a standard metric unit measure of distance.
M	Million.
m²	Square metre, a standard metric unit measure of area.
Ma	Millions of years before the present (geologic time).
Measured Mineral Resource	That part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence.
Mesozoic	The Era of geologic time between approximately 250Ma and 65Ma, following the Palaeozoic and preceding the Cainozoic Era.
metallurgical testwork	The testing of representative ore samples in order to define the physical properties and metallurgical characteristics of the ore.
Mineral Resource	A concentration of material of economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable and realistic prospects for eventual economic extraction.
Miocene	The Series of geologic time between 22.9 and 5.33Ma.
mm	Millimetre, a standard metric unit measure of distance or rainfall.
Mn	The chemical symbol for manganese.
monzonite	A granular plutonic rock containing approximately equal amounts of orthoclase and plagioclase with subordinate mafic minerals (usually amphiboles) and thus, intermediate between syenite and diorite.
Mtpa	Million tonnes per annum.
MW	A standard metric unit measure of power, equivalent to one million watts.

Na	The chemical symbol for sodium.
O	The chemical symbol for oxygen.
open pit mining	A mine working or excavation that is open to the surface.
Opex	Operating costs.
Ore Reserve	That portion of a resource that can be economically extracted and processed.
P	The chemical symbol for phosphorous.
Permian	The last geological Period of the Palaeozoic era, between about 298 and 251 million years ago.
PFS	Prefeasibility Study.
Pliocene	The Series of geologic time between 5.33 and 1.78Ma.
pre-feasibility study	An intermediate study to determine the likely economic viability of a project to a moderate degree of accuracy.
Probable Reserve	The economically mineable part of an Indicated and in some circumstances Measured, Mineral Resource. It includes diluting minerals and allowances for losses which may occur when the material is mined and processed.
Proved Reserve	The economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined and processed.
pycnometer	A vessel of a precise volume used to measure the density of liquids or solids.
quartz	A mineral composed of silicon dioxide, SiO_2.
Quaternary	That period of time between 1.8 million years before present and the present day.
resource estimation	The process of quantifying the tonnes and grade in a deposit based on sampling and assay data; generally achieved using computers and mining software.
RQD	Rock quality designation, a core logging technique to determine the geotechnical or mechanical properties of rocks.
S	The chemical symbol for sulphur.
sandstone	A sedimentary rock composed of cemented or compacted detrital minerals, principally quartz grains.
Sb	The chemical symbol for antimony.
scoping study	A preliminary study to determine the likely viability of a project to a relatively low degree of accuracy.
sediment	A rock formed of particles deposited from suspension and transport in water, wind or ice.
shale	A fine grained, laminated sedimentary rock formed from clay, mud and silt.
shear zone	A zone in which shearing has occurred on a large scale, such that the rock is deformed in a dominantly ductile manner.
Si	The chemical symbol for silicon.
siliceous	Containing silica.
silicification	Replacement by, or introduction of, appreciable quantities of silica, via hydrothermal alteration.

siltstone	A rock intermediate in character between shale and sandstone composed of silt-sized grains.
specific gravity	The weight of a substance compared with the weight of an equal volume of pure water at 4ºC.
stibnite	An antimony sulphide mineral having the chemical formula Sb_2S_3; the chief source of the metal antimony.
strike	Horizontal direction or trend of a geological structure.
strike length	The horizontal distance along the long axis of a structural surface, mineral deposit or geochemical anomaly.
syncline	A fold in rocks in which the strata dip inward from both sides towards the axis.
t	Tonne, a standard metric unit of weight.
t/m³	Tonnes per cubic metre.
tpa	Tonnes per annum.
Tertiary	Subdivision of geological time covering the period from 65 million years to 1.8 million years ago.
Triassic	Subdivision of geological time covering the period from 248 million years to 206 million years ago.
unconformably	Having the relation of uniformity to the underlying rocks; not succeeding the underlying strata in immediate order of age or parallel position.
W	The chemical symbol for tungsten.
waste	The portion of material in an open pit which has to be removed during normal mining operations but which contains no elements of economic interest, or which are below the economic cutoff grade.
weathering	The effect on rocks and ore minerals of prolonged exposure to atmospheric elements such as water and oxygen.
XRF	X Ray Fluorescence, a common analytical method for determining the chemical composition of rocks and minerals.

Appendix A

Hillgrove Project Tenement Schedule

[redacted]

Lease Name	Holder	Status	Date Granted	Expiry Date	Area	Annual Commitment
EL 3326	Hillgrove Mines Pty Ltd	Granted	23/08/1989	22/08/2013	8 Units	$38,000
EL 5973	Hillgrove Mines Pty Ltd	Granted	19/08/2002	18/08/2012	29 Units	$59,000
EL 5997	Hillgrove Mines Pty Ltd	Granted	27/09/2002	26/09/2012	13 Units	$43,000
EL 6419	Hillgrove Mines Pty Ltd	Renewal Pending	17/05/2005	16/05/2011	97 Units	$127,000
GL 3959	Hillgrove Mines Pty Ltd	Granted	8/02/1933	11/02/2020	5.01 Ha	$500,000 (AE)
GL 3980	Hillgrove Mines Pty Ltd	Granted	29/03/1933	11/02/2020	1.619 Ha	AE
GL 5845	Hillgrove Mines Pty Ltd	Granted	16/02/1968	11/02/2020	4.047 Ha	AE
ML 205	Hillgrove Mines Pty Ltd	Granted	21/05/1976	11/02/2020	2.302 Ha	AE
ML 219	Hillgrove Mines Pty Ltd	Granted	16/06/1976	11/02/2020	167.6 Ha	AE
ML 231	Hillgrove Mines Pty Ltd	Granted	21/07/1976	11/02/2020	5.26 Ha	AE
ML 391	Hillgrove Mines Pty Ltd	Granted	16/02/1977	11/02/2020	24.64 Ha	AE
ML 392	Hillgrove Mines Pty Ltd	Granted	16/02/1977	11/02/2020	0.4046 Ha	AE
ML 592	Hillgrove Mines Pty Ltd	Granted	3/05/1978	11/02/2020	3.53 Ha	AE
ML 600	Hillgrove Mines Pty Ltd	Granted	10/05/1978	11/02/2020	200 Ha	AE
ML 649	Hillgrove Mines Pty Ltd	Granted	4/10/1978	11/02/2020	19.05 Ha	AE
ML 655	Hillgrove Mines Pty Ltd	Granted	4/10/1978	11/02/2020	7.4 Ha	AE
ML 714	Hillgrove Mines Pty Ltd	Granted	21/03/1979	11/02/2020	56 Ha	AE
ML 749	Hillgrove Mines Pty Ltd	Granted	4/07/1979	11/02/2020	32.05 Ha	AE
ML 772	Hillgrove Mines Pty Ltd	Renewal Pending	5/09/1979	4/09/2000	1.617 Ha	AE
ML 810	Hillgrove Mines Pty Ltd	Granted	5/03/1980	11/02/2020	30.06 Ha	AE
ML 945	Hillgrove Mines Pty Ltd	Granted	8/07/1981	11/02/2020	18.53 Ha	AE
ML 961	Hillgrove Mines Pty Ltd	Granted	9/12/1981	11/02/2020	67.12 Ha	AE
ML 972	Hillgrove Mines Pty Ltd	Granted	6/01/1982	11/02/2020	153.5 Ha	AE
ML 1020	Hillgrove Mines Pty Ltd	Granted	3/11/1982	11/02/2020	12.1 Ha	AE
ML 1026	Hillgrove Mines Pty Ltd	Granted	8/12/1982	11/02/2020	97.94 Ha	AE
ML 1100	Hillgrove Mines Pty Ltd	Granted	9/11/1983	11/02/2020	0.0186 Ha	AE
ML 1101	Hillgrove Mines Pty Ltd	Granted	9/11/1983	11/02/2020	118.04 Ha	AE
ML 1332	Hillgrove Mines Pty Ltd	Granted	7/10/1993	6/10/2014	24.56 Ha	AE
ML 1440	Hillgrove Mines Pty Ltd	Granted	12/02/1999	11/02/2020	52.6 Ha	AE
ML 1441	Hillgrove Mines Pty Ltd	Granted	12/02/1999	11/02/2020	64.12 Ha	AE
ML 1442	Hillgrove Mines Pty Ltd	Granted	12/02/1999	11/02/2020	256 Ha	AE
ML 1598	Hillgrove Mines Pty Ltd	Granted	4/12/2007	11/02/2020	0.67 Ha	AE
ML 1599	Hillgrove Mines Pty Ltd	Granted	4/12/2007	11/02/2020	0.2225 Ha	AE
ML 1600	Hillgrove Mines Pty Ltd	Granted	4/12/2007	11/02/2020	1.423 Ha	AE
ML 1601	Hillgrove Mines Pty Ltd	Granted	4/12/2007	11/02/2020	5.641 Ha	AE
ML 1602	Hillgrove Mines Pty Ltd	Granted	4/12/2007	11/02/2020	0.8612 Ha	AE
ML 1603	Hillgrove Mines Pty Ltd	Granted	4/12/2007	11/02/2020	0.3262 Ha	AE
ML 1604	Hillgrove Mines Pty Ltd	Granted	4/12/2007	11/02/2020	1.972 Ha	AE
ML 5643	Hillgrove Mines Pty Ltd	Granted	14/11/1958	11/02/2020	1.91 Ha	AE
ML 6282	Hillgrove Mines Pty Ltd	Granted	12/03/1971	11/02/2020	3.149 Ha	AE
MPL 146	Hillgrove Mines Pty Ltd	Granted	9/08/1978	11/02/2020	0.8098 Ha	AE
MPL 220	Hillgrove Mines Pty Ltd	Granted	7/12/1983	11/02/2020	2.661 Ha	AE
MPL 745	Hillgrove Mines Pty Ltd	Granted	29/03/1933	11/02/2020	0.5159 Ha	AE
MPL 919	Hillgrove Mines Pty Ltd	Granted	31/08/1938	11/02/2020	1.11 Ha	AE
MPL 1427	Hillgrove Mines Pty Ltd	Granted	6/07/1973	11/02/2020	2.19 Ha	AE
PLL 350	Hillgrove Mines Pty Ltd	Granted	28/05/1932	11/02/2020	1.07 Ha	AE
PLL 416	Hillgrove Mines Pty Ltd	Granted	20/12/1935	11/02/2020	0.4022 Ha	AE
PLL 661	Hillgrove Mines Pty Ltd	Granted	27/07/1943	11/02/2020	15.96 Ha	AE
PLL 804	Hillgrove Mines Pty Ltd	Renewal pending	22/07/1949	22/07/2011	0.7714 Ha	AE
PLL 1252	Hillgrove Mines Pty Ltd	Granted	23/12/1969	11/02/2020	8.2099 Ha	AE
PLL 3827	Hillgrove Mines Pty Ltd	Granted	21/08/1973	11/02/2020	1.95 Ha	AE

Appendix B

**Hillgrove Project Mineral Resources *
as at May 9th 2011**

Straits Hillgrove Mine

Mineral Resources Statement as at 9th May 2011*

Region	Project	SRL Share	Status	Mining Method	Resource Cutoffs	Mineral Resource				Mineral Resource											
						Total				Measured				Indicated				Inferred			
						Tonnes (kt)	Gold (ppm)	Antimony (%)	Tungsten (%)	Tonnes (kt)	Gold (ppm)	Antimony (%)	Tungsten (%)	Tonnes (kt)	Gold (ppm)	Antimony (%)	Tungsten (%)	Tonnes (kt)	Gold (ppm)	Antimony (%)	Tungsten (%)
Hillgrove	Austins	100%	Insitu Resources	UG	3g/t Au eq	**5**	**1.4**	**2.3**	**0.01**	5	1.4	2.3	0.01								
	Black Lode - Main Lode	100%	Insitu Resources	UG	3g/t Au eq	**1,013**	**4.1**	**1.7**	**0.02**	105	4.4	2.8	0.01	487	4.4	1.5	0.02	421	3.6	1.7	0.02
	Black Lode - North Splay	100%	Insitu Resources	UG	3g/t Au eq	**23**	**5.9**	**3.4**	**0.01**	20	6.1	3.6	0.01	3	4.3	2.2	0.01				
	Black Lode - South Splay	100%	Insitu Resources	UG	3g/t Au eq	**33**	**3.3**	**0.1**	**0.06**					30	3.3	0.1	0.06	3	3.0	0.1	0.01
	Black Lode - West Splay	100%	Insitu Resources	UG	3g/t Au eq	**126**	**3.2**	**3.2**	**0.03**									126	3.2	3.2	0.03
	Prendergasts	100%	Insitu Resources	UG	3g/t Au eq	**7**	**3.0**	**2.2**	**0.01**	7	3.0	2.2	0.01								
	Cox's Reef	100%	Insitu Resources	UG	3g/t Au eq	**116**	**1.7**	**1.7**	**0.00**	12	1.7	2.0	0.01	46	2.0	1.7	0.01	58	1.5	1.6	0
	Sunlight	100%	Insitu Resources	UG	3g/t Au eq	**40**	**6.1**	**0.9**						10	3.5	0.4		30	7.0	1.0	
	Syndicate	100%	Insitu Resources	UG	3g/t Au eq	**666**	**2.5**	**2.7**		238	3.0	3.7		390	2.3	2.2		38	1.8	1.7	
	Brackin's Spur	100%	Insitu Resources	UG	3g/t Au eq	**993**	**5.4**	**1.5**	**0.09**	23	6.7	0.4	0.06	446	5.6	1.3	0.02	524	5.2	1.8	0.16
	Eleanora (Upper)	100%	Remnant Resource	UG	3 g/t AuEq	**787**	**6.4**	**1.0**		507	6.6	1.0		280	5.9	0.9					
	Eleanora (Lower)	100%	Insitu Resources	UG	3g/t Au eq	**868**	**4.8**	**0.3**		47	6.3	1.0		589	4.9	0.3		232	4.1	0.1	
	Garibaldi	100%	Insitu Resources	UG	3 g/t AuEq	**787**	**3.9**	**1.4**						513	3.9	1.4		274	4.0	1.4	
	Freehold	100%	Insitu Resources	UG	3g/t Au eq	**74**	**6.3**	**3.5**		3	4.1	3.0		34	6.7	3.6		37	6.1	3.4	
	Smiths	100%	Insitu Resources	UG	3g/t Au eq	**2**	**9.0**	**3.6**						2	9.0	3.6					
	Golden Gate	100%	Insitu Resources	UG	3g/t Au eq	**44**	**7.8**	**1.9**						31	8.5	1.9		13	6.1	1.8	
	Clarks Gully	100%	Insitu Resources	UG	3 g/t AuEq	**661**	**1.9**	**2.4**						661	1.9	2.4					
	Cosmopolitan	100%	Insitu Resources	UG	3g/t Au eq	**15**	**10.1**	**0.5**						15	10.1	0.5					
	Damifino	100%	Insitu Resources	UG	3g/t Au eq	**6**	**6.8**	**3.7**										6	6.8	3.7	
	Lady Hopetoun	100%	Insitu Resources	UG	3g/t Au eq	**29**	**8.0**	**1.0**						3	9.1	0.6		26	7.9	1.0	
	Stockpiles	100%	Stockpiles	UG	Variable	**54**	**1.7**	**1.5**	**0.04**	54	1.7	1.5	0.04								
	Sub-total					**6,349**	**4.3**	**1.6**	**0.02**	**1,021**	**5.1**	**1.9**	**0.00**	**3,540**	**4.0**	**1.5**	**0.01**	**1,788**	**4.3**	**1.6**	**0.05**

Mining Centre Summary

Region	Project	SRL Share	Status	Mining Method	Resource Cutoffs	Mineral Resource				Mineral Resource											
						Total				Measured				Indicated				Inferred			
						Tonnes (kt)	Gold (ppm)	Antimony (%)	Tungsten (%)	Tonnes (kt)	Gold (ppm)	Antimony (%)	Tungsten (%)	Tonnes (kt)	Gold (ppm)	Antimony (%)	Tungsten (%)	Tonnes (kt)	Gold (ppm)	Antimony (%)	Tungsten (%)
Hillgrove	Metz	100%	Insitu Resources	UG	3g/t Au eq	**2,029**	**3.4**	**2.1**	**0.01**	387	3.5	3.4	0.00	966	3.4	1.7	0.01	676	3.4	1.9	0.02
	Brackin's Spur	100%	Insitu Resources	UG	3g/t Au eq	**993**	**5.4**	**1.5**	**0.09**	23	6.7	0.4	0.06	446	5.6	1.3	0.02	524	5.2	1.8	0.16
	Eleanora	100%	Insitu & Remnant Resources	UG	3g/t Au eq	**2,442**	**5.0**	**0.9**		554	6.6	1.0	0	1,382	4.7	0.8	0	506	4.0	0.8	0
	Swamp Creek	100%	Insitu Resources	UG	3g/t Au eq	**76**	**6.4**	**3.5**		3	4.1	3.0	0	36	6.8	3.6	0	37	6.1	3.4	0
	Bakers Creek	100%	Insitu Resources	UG	3g/t Au eq	**44**	**7.8**	**1.9**		0	0.0	0.0	0.00	31	8.5	1.9	0.00	13	6.1	1.8	0.00
	Other	100%	Insitu Resources & stockpiles	UG	3 g/t AuEq	**765**	**2.3**	**2.2**	**0.00**	54	1.7	1.5	0.04	679	2.1	2.3	0	32	7.7	1.5	0
	Sub-total					**6,349**	**4.3**	**1.6**	**0.02**	**1,021**	**5.1**	**1.9**	**0.00**	**3,540**	**4.0**	**1.5**	**0.01**	**1,788**	**4.3**	**1.6**	**0.05**

* Competent Person: Mr B. Dumpleton. Mr Dumpleton is a full time employee of Straits Resources.

Appendix C

Hillgrove Project Ore Reserves

Straits Hillgrove Mine

Mineral Reserves Statement as at 28th January 2010

Region	Project	SRL Share	Status	Mining Method	Mineral Reserve				Mineral Reserve							
					Total				Proved				Probable			
					Tonnes (kT)	Gold (ppm)	Antimony (%)	Tungsten (%)	Tonnes (kT)	Gold (ppm)	Antimony (%)	Tungsten (%)	Tonnes (kT)	Gold (ppm)	Antimony (%)	Tungsten (%)
Hillgrove	Austins	100%	Insitu Resources	UG	11	2.7	2.4						10.6	2.7	2.4	0
	Black Lode - Main Lode	100%	Insitu Resources	UG	186	4.2	1.5						186	4.2	1.5	0
	Black Lode - North Splay	100%	Insitu Resources	UG												
	Black Lode - South Splay	100%	Insitu Resources	UG												
	Black Lode - West Splay	100%	Insitu Resources	UG												
	Prendergasts	100%	Insitu Resources	UG	7	3.5	2.1						6.7	3.5	2.1	0
	Cox's Reef	100%	Insitu Resources	UG	18	3.0	3.6						18	3.0	3.6	0
	Sunlight	100%	Insitu Resources	UG												
	Syndicate	100%	Insitu Resources	UG	416	2.4	2.9	0.03	202	2.5	3.2	0.05	214	2.3	2.7	0.02
	Brackin's Spur	100%	Insitu Resources	UG	161	5.5	0.3						161	5.5	0.3	0.00
	Eleanora (Upper)	100%	Remnant Resource	UG	130	6.1	1.1		130	6.1	1.1	0				
	Eleanora (Lower)	100%	Insitu Resources	UG	195	5.8	0.9						195	5.8	0.9	0
	Garibaldi	100%	Insitu Resources	UG	587	3.4	1.2						587	3.4	1.2	0
	Freehold	100%	Insitu Resources	UG	49	5.0	2.7						49	5.0	2.7	0
	Smiths	100%	Insitu Resources	UG	3	7.3	2.9						2.6	7.3	2.9	0
	Golden Gate	100%	Insitu Resources	UG	31	5.6	1.3						31	5.6	1.3	0
	Clarks Gully	100%	Insitu Resources	UG	326	2.7	5.1						326	2.7	5.1	0
	Cosmopolitan	100%	Insitu Resources	UG	18	8.1	0.4						18	8.1	0.4	0
	Damifino	100%	Insitu Resources	UG												
	Lady Hopetoun	100%	Insitu Resources	UG	4	7.4	0.5						4.2	7.4	0.5	0
	Stockpiles	100%	Stockpiles	UG	54	2.0	2.2	0.04	54	2.0	2.2	0.04				
	Sub-total				**2,195**	**3.8**	**2.1**	**0.01**	**386**	**3.6**	**2.4**	**0.03**	**1,809**	**3.8**	**2.1**	**0.00**

* Competent Person: Mr P. Storey. Mr Storey is a full time employee of Straits Resources.

Appendix D

Real Discounted Cashflow Summary

Project Year			**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
Calendar Year			2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
All Monetary Figures are in Real AU$ M for Year:			**2012**											
Mine Physicals	Total Ore Mined	(kt)	-	1	164	253	250	250	250	250	250	250	250	-
	Ore Grade	(%Sb)	-	1.7	2.4	2.2	1.8	2.2	2.0	2.1	1.8	2.0	1.7	-
	Ore Grade	(g/t Au)	-	0.8	2.3	3.2	3.5	3.6	4.1	4.2	4.8	4.9	4.5	-
	Antimony Production	(t)	-	16	3,944	5,589	4,375	5,400	5,075	5,350	4,475	4,950	4,175	-
	Gold Production	(oz)	-	24	12,242	25,961	28,373	28,534	32,553	33,999	38,340	39,224	36,411	-
Opex Costs	Total Site Cost		-	0.1	24.0	37.1	36.6	36.6	36.6	36.6	36.6	36.6	36.6	-
Royalties	Operating Margin		-	0.03	25.8	45.5	36.2	46.7	47.5	51.8	47.5	53.1	42.5	-
	Government Royalties		-	0.001	1.0	1.8	1.4	1.9	1.9	2.1	1.9	2.1	1.7	-
Revenue	Effective Antimony Production Paid	tonnes	-	11	2,817	3,993	3,126	3,858	3,626	3,822	3,197	3,536	2,983	-
	Effective Gold Production Paid	ounces	-	15	7,903	16,760	18,317	18,421	21,015	21,949	24,751	25,322	23,506	-
	Period Antimony Price	(AU$/t)	11,782	12,439	13,173	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
	Period Gold Price	(AU$/oz)	1,630	1,617	1,604	1,588	1,588	1,588	1,588	1,588	1,588	1,588	1,588	1,588
	Ore Revenue		-	0.2	49.8	82.5	72.8	83.3	84.1	88.4	84.1	89.7	79.1	-
	Salvage Income		-	-	-	-	-	-	-	-	-	-	-	2.0
EBITDA			-	0.03	24.8	43.6	34.8	44.8	45.6	49.7	45.5	51.0	40.8	2.0
Applied Depreciation/Book Value			-	0.03	10.7	5.3	5.2	5.1	4.3	4.7	3.5	3.4	3.3	2.0
Taxable Income			-	-	14.1	38.3	29.6	39.7	41.3	45.0	42.1	47.6	37.4	-
Tax			-	-	4.2	11.5	8.9	11.9	12.4	13.5	12.6	14.3	11.2	-
Earnings after Tax			-	-	9.8	26.8	20.7	27.8	28.9	31.5	29.4	33.3	26.2	-
addback Depreciation			-	0.03	10.7	5.3	5.2	5.1	4.3	4.7	3.5	3.4	3.3	2.0
Net Profit after Tax			-	0.03	20.6	32.1	25.9	32.9	33.2	36.2	32.9	36.7	29.5	2.0
Real Capex			30	49.8	3.1	-	-	-	-	2.6	-	-	-	-
Real Cashflow			-30	-49.8	17.5	32.1	25.9	32.9	33.2	33.6	32.9	36.7	29.5	2.0
Discounted Cashflow			**-30**	**-46.0**	**14.9**	**25.4**	**18.9**	**22.2**	**20.7**	**19.4**	**17.6**	**18.1**	**13.5**	**0.8**
Cumulative DCF			**-30**	**-76.4**	**-61.5**	**-36.1**	**-17.2**	**5.0**	**25.8**	**45.2**	**62.7**	**80.9**	**94.3**	**95.2**

NPV (AU$M)	**95.2**
Discounted Payback Period	**5**
Real IRR	**28.**

REPLACEMENT PROSPECTUS GENERAL APPLICATION FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535, APPLECROSS WA 6953
770 Canning Highway, APPLECROSS WA 6153
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

EMU NICKEL NL

ACN: 50 127 291 927

Please ensure that cheques attached to this application form are made payable to **"EMU NICKEL NL - SHARE ACCOUNT"**

BROKER STAMP

Broker Code

Advisor Code

PLEASE READ CAREFULLY ALL INSTRUCTIONS ON THE REVERSE OF THIS FORM

No shares will be issued pursuant to the Prospectus later than 13 months after the date of the Prospectus.
Before completing this Application Form you should read the accompanying Prospectus and the instructions overleaf. Please print using BLOCK LETTERS.

I/We apply for:

, , Shares at AUD $0.30 per share or such lesser number of Shares which may be allocated to me/us by their Directors.

I/We lodge full application of monies of:

A$, , .

Full Name of Applicant / Company
Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Joint Applicant #2
Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Joint Applicant #3
Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Account Designation (e.g.: THE SMITH SUPER FUND A/C)

Postal Address
Unit / Street Number Street Name or PO BOX

Suburb/Town/City State Postcode

Country Name (if not Australia)

CHESS HIN (where applicable)

X

If an incorrect CHESS HIN has been provided (e.g.: incorrect number, registration details do not match those registered) any securities issued will be held on the Issuer Sponsored subregister.

Contact Name

Contact Number

( )

Email Address

@

Tax File Number / Australian Business Number

Tax File Number of Security Holder #2 (Joint Holdings Only)

Declaration and Statements:
(1) I/We declare that all details and statements made by me/us are complete and accurate.
(2) I/We agree to be bound by the Terms & Conditions set out in the Prospectus and by the Constitution of the Company.
(3) I/We authorise the Company to complete and execute any documentation necessary to effect the issue of Securities to me/us.
(4) I/We have received personally a copy of the Prospectus accompanied by or attached to this Application form, or a copy of the Application Form or a direct derivative of the Application Form before applying for the Securities.
(5) I/We acknowledge that returning the Application Form with the application monies will constitute my/our offer to subscribe for Securities in the Company and that no notice of acceptance of the application will be provided.

REGISTRY DATE STAMP

E & O.E.

TO MEET THE REQUIREMENTS OF THE CORPORATIONS ACT, THIS FORM MUST NOT BE HANDED TO ANY PERSON
UNLESS IT IS ATTACHED TO OR ACCOMPANIED BY THE REPLACEMENT PROSPECTUS DATED 23RD MARCH 2012 AND ANY RELEVANT SUPPLEMENTARY PROSPECTUS.

This Application Form relates to the Offer of Fully Paid Shares in Emu Nickel NL pursuant to the Replacement Prospectus dated 23rd March 2012.

APPLICATION FORMS

Please complete all parts of the Application Form using BLOCK LETTERS. Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected. Current CHESS participants should complete their name and address in the same format as they are presently registered in the CHESS system.

Insert the number of Shares you wish to apply for. The application must be for a minimum of 7,000 Shares and thereafter in multiples of 1,000 Shares. The applicant(s) agree(s) upon and subject to the terms of the Prospectus to take any number of Shares equal to or less than the number of Shares indicated on the Application Form that may be allotted to the applicants pursuant to the Prospectus and declare(s) that all details of statements made are complete and accurate.

No notice of acceptance of the application will be provided by the Company prior to the allotment of Shares. Applicants agree to be bound upon acceptance by the Company of the application.

Please provide us with a telephone contact number (including the person responsible in the case of an application by a company) so that we can contact you promptly if there is a query in your Application Form. If your Application Form is not completed correctly, it may still be treated as valid. There is no requirement to sign the Application Form. The Company's decision as to whether to treat your application as valid, and how to construe, amend or complete it shall be final.

PAYMENT

All cheques should be made payable to **Emu Nickel NL - Share Account** and drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable". Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid.

Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured. Do not forward cash as receipts will not be issued.

Payment can be made by way of electronic transfer ***using the applicants name as reference*** to:

ACCOUNT NAME: EMU NICKEL NL "SHARE ACCOUNT" BANK: BANKWEST BSB: 306-089 ACCOUNT: 2285406 SWIFT CODE:BKWAAU6P.

Applicants names must be used as reference. Application forms along with receipt of payment must be sent by post, email or fax to Security Transfer Registrars Pty Ltd immediately following the transfer of funds.

LODGING OF APPLICATIONS

Completed Application Forms and cheques must be:

Posted to:
Emu Nickel NL (ACN 127 291 927)
C/- Security Transfer Registrars Pty Ltd
PO Box 535
APPLECROSS WA 6953

OR

Delivered to:
Emu Nickel NL (ACN 127 291 927)
C/- Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Applications must be received by no later than 5pm WST on the Closing Date 16th April 2012 which may be changed immediately after the Opening Date at any time and at the discretion of the Company.

CHESS HIN/BROKER SPONSORED APPLICANTS

The Company intends to become an Issuer Sponsored participant in the ASX CHESS System. This enables a holder to receive a statement of holding rather than a certificate. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold shares allotted to you under this Application on the CHESS subregister, enter your CHESS HIN. Otherwise, leave this box blank and your Shares will automatically be Issuer Sponsored on allotment.

TAX FILE NUMBERS

The collection of tax file number ("TFN") information is authorised and the tax laws and the Privacy Act strictly regulate its use and disclosure. Please note that it is not against the law not to provide your TFN or claim an exemption, however, if you do not provide your TFN or claim an exemption, you should be aware that tax will be taken out of any unfranked dividend distribution at the maximum tax rate.

If you are completing the application with one or more joint applicants, and you do not wish to disclose your TFN or claim an exemption, a separate form may be obtained from the Australian Taxation Office to be used by you to provide this information to the Company. Certain persons are exempt from providing a TFN. For further information, please contact your taxation adviser or any Taxation Office.

CORRECT FORM OF REGISTRABLE TITLE

Note that only legal entities are allowed to hold securities. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Ancoa NL. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below:

TYPE OF INVESTOR	CORRECT	INCORRECT
Individual Use given names in full, not initials.	Mr John Alfred Smith	J A Smith
Company Use the company's full title, not abbreviations.	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings Use full and complete names.	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts Use trustee(s) personal name(s), Do not use the name of the trust.	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use the executor(s) personal name(s).	Ms Jane Mary Smith & Mr Frank William Smith <Estate John Smith A/C>	Estate of Late John Smith or John Smith Deceased
Minor (a person under the age of 18) Use the name of a responsible adult with an appropriate designation.	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships Use the partners' personal names. Do not use the name of the partnership.	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Superannuation Funds Use the name of the trustee(s) of the super fund.	Jane Smith Pty Ltd <JSuper Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

PRIVACY STATEMENT Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

REPLACEMENT PROSPECTUS PRIORITY APPLICATION FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535, APPLECROSS WA 6953
770 Canning Highway, APPLECROSS WA 6153
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

EMU NICKEL NL

ABN: 50 127 291 927

Please ensure that cheques attached to this application form are made payable to **"EMU NICKEL NL - SHARE ACCOUNT"**

BROKER STAMP

Broker Code

Advisor Code

PLEASE READ CAREFULLY ALL INSTRUCTIONS ON THE REVERSE OF THIS FORM

No shares will be issued pursuant to the Prospectus later than 13 months after the date of the Prospectus.
Before completing this Application Form you should read the accompanying Prospectus and the instructions overleaf. Please print using BLOCK LETTERS.

I/We apply for:

, , Shares at AUD $0.30 per share or such lesser number of Shares which may be allocated to me/us by their Directors.

I/We lodge full application of monies of:

A$, , .

Full Name of Applicant / Company
Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Joint Applicant #2
Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Joint Applicant #3
Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Account Designation (e.g.: THE SMITH SUPER FUND A/C)

< >

Postal Address

Unit / Street Number Street Name or PO BOX

Suburb/Town/City State Postcode

Country Name (if not Australia)

CHESS HIN (where applicable)

X

If an incorrect CHESS HIN has been provided (e.g.: incorrect number, registration details do not match those registered) any securities issued will be held on the Issuer Sponsored subregister.

Contact Name

Contact Number

( )

Email Address

@

Tax File Number / Australian Business Number

Tax File Number of Security Holder #2 (Joint Holdings Only)

NOTE: These boxes apply to <INSERT CODE> and <INSERT CODE>holders ONLY and must be marked for the Priority to apply.

*I am a ☐ STRAITS RESOURCES LIMITED

☐ EMU NICKEL NL shareholder and my HIN/SRN is:

Declaration and Statements:
(1) I/We declare that all details and statements made by me/us are complete and accurate.
(2) I/We agree to be bound by the Terms & Conditions set out in the Prospectus and by the Constitution of the Company.
(3) I/We authorise the Company to complete and execute any documentation necessary to effect the issue of Securities to me/us.
(4) I/We have received personally a copy of the Prospectus accompanied by or attached to this Application form, or a copy of the Application Form or a direct derivative of the Application Form before applying for the Securities.
(5) I/We acknowledge that returning the Application Form with the application monies will constitute my/our offer to subscribe for Securities in the Company and that no notice of acceptance of the application will be provided.

REGISTRY DATE STAMP

E & O.E.

TO MEET THE REQUIREMENTS OF THE CORPORATIONS ACT, THIS FORM MUST NOT BE HANDED TO ANY PERSON
UNLESS IT IS ATTACHED TO OR ACCOMPANIED BY THE REPLACEMENT PROSPECTUS DATED 23RD MARCH 2012 AND ANY RELEVANT SUPPLEMENTARY PROSPECTUS.

This Application Form relates to the Offer of Fully Paid Shares in Emu Nickel NL pursuant to the Replacement Prospectus dated 23rd March 2012.

APPLICATION FORMS

Please complete all parts of the Application Form using BLOCK LETTERS. Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected. Current CHESS participants should complete their name and address in the same format as they are presently registered in the CHESS system.

Insert the number of Shares you wish to apply for. The application must be for a minimum of 7,000 Shares and thereafter in multiples of 1,000 Shares. The applicant(s) agree(s) upon and subject to the terms of the Prospectus to take any number of Shares equal to or less than the number of Shares indicated on the Application Form that may be allotted to the applicants pursuant to the Prospectus and declare(s) that all details of statements made are complete and accurate.

No notice of acceptance of the application will be provided by the Company prior to the allotment of Shares. Applicants agree to be bound upon acceptance by the Company of the application.

Please provide us with a telephone contact number (including the person responsible in the case of an application by a company) so that we can contact you promptly if there is a query in your Application Form. If your Application Form is not completed correctly, it may still be treated as valid. There is no requirement to sign the Application Form. The Company's decision as to whether to treat your application as valid, and how to construe, amend or complete it shall be final.

PAYMENT

All cheques should be made payable to **Emu Nickel NL - Share account** and drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable". Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid.

Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured. Do not forward cash as receipts will not be issued.

Payment can be made by way of electronic transfer ***using the applicants name as reference*** to:

ACCOUNT NAME: EMU NICKEL NL - SHARE ACCOUNT BANK: BANKWEST BSB: 306-089 ACCOUNT: 2285406 SWIFT CODE:BKWAAU6P.

Applicants names must be used as reference. Application forms along with receipt of payment must be sent by post, email or fax to Security Transfer Registrars Pty Ltd immediately following the transfer of funds.

LODGING OF APPLICATIONS

Completed Application Forms and cheques must be:

Posted to:
Emu Nickel NL (ACN 127 291 927)
C/- Security Transfer Registrars Pty Ltd
PO Box 535
APPLECROSS WA 6953

OR

Delivered to:
Emu Nickel NL (ACN 127 291 927)
C/- Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Applications must be received by no later than 5.00pm (WST) on the Closing Date 10th April 2012 which may be changed immediately after the Opening Date at any time and at the discretion of the Company.

CHESS HIN/BROKER SPONSORED APPLICANTS

The Company intends to become an Issuer Sponsored participant in the ASX CHESS System. This enables a holder to receive a statement of holding rather than a certificate. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold shares allotted to you under this Application on the CHESS subregister, enter your CHESS HIN. Otherwise, leave this box blank and your Shares will automatically be Issuer Sponsored on allotment.

TAX FILE NUMBERS

The collection of tax file number ("TFN") information is authorised and the tax laws and the Privacy Act strictly regulate its use and disclosure. Please note that it is not against the law not to provide your TFN or claim an exemption, however, if you do not provide your TFN or claim an exemption, you should be aware that tax will be taken out of any unfranked dividend distribution at the maximum tax rate.

If you are completing the application with one or more joint applicants, and you do not wish to disclose your TFN or claim an exemption, a separate form may be obtained from the Australian Taxation Office to be used by you to provide this information to the Company. Certain persons are exempt from providing a TFN. For further information, please contact your taxation adviser or any Taxation Office.

CORRECT FORM OF REGISTRABLE TITLE

Note that only legal entities are allowed to hold securities. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Ancoa NL. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below:

TYPE OF INVESTOR	CORRECT	INCORRECT
Individual Use given names in full, not initials.	Mr John Alfred Smith	J A Smith
Company Use the company's full title, not abbreviations.	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings Use full and complete names.	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts Use trustee(s) personal name(s), Do not use the name of the trust.	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use the executor(s) personal name(s).	Ms Jane Mary Smith & Mr Frank William Smith <Estate John Smith A/C>	Estate of Late John Smith or John Smith Deceased
Minor (a person under the age of 18) Use the name of a responsible adult with an appropriate designation.	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships Use the partners' personal names. Do not use the name of the partnership.	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
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