XS Resources Limited
(ACN 624 766 114)

Prospectus

For an initial public offer of 22,500,000 Shares at an issue price of $0.20 per Share to raise $4,500,000 (Offer).

Lead Manager

IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you have any queries or do not understand it you should consult your professional advisers without delay. The Shares offered by this Prospectus should be considered highly speculative.
Corporate Directory

Directors
Christopher Zielinski (Non-Executive Chairman)
Andrew Haythorpe (Non-Executive Director)
Michael Fry (Executive Director)

Company Secretary
Anna MacKintosh

Solicitors
Nova Legal
Level 2, 50 Kings Park Road
West Perth WA 6005

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

Independent Geologist
GJ Exploration Pty Ltd
41 Imlay Street
Merimbula NSW 2548

Canadian Legal Report
McCarthy Tetrault
Suite 5300
Toronto-Dominion Bank Tower
Toronto ON M5K 1E6

New South Wales Legal Report
Resources Legal
1A Rosemead Road
Hornsby NSW 2077

Proposed ASX Code
XS1

Registered Office
Level 2, 50 Kings Park Road
West Perth WA 6005
Telephone: +61 8 6462 1421
Facsimile: +61 8 6323 0418

Principal Place of Business
Ground Floor
20 Kings Park Road
West Perth WA 6005
Email: info@xsresources.com.au
Website: www.xsresources.com.au

Share Registry
Automic Pty Ltd
Level 2, 267 St Georges Terrace
Perth WA 600
Telephone: +61 02 9698 5414

Lead Manager
GTT Ventures Pty Ltd
22 Townshend Road
Subiaco WA 6008

Auditor
BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008
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Important notice

This Prospectus is dated 10 September 2018 and was lodged with the ASIC on that date. Neither ASX nor ASIC and its officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with Section 724 of the Corporations Act. Applications for Shares under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on applications lodged prior to the expiry of the Exposure Period.

A copy of this Prospectus can be downloaded from the website of the Company at www.xsresources.com.au. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

This Prospectus contains forward-looking statements which are identified by words such as ‘could’, ‘believes’, ‘may’, ‘estimates’, ‘targets’, ‘expects’, or ‘intends’ and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, and its Directors and management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law. These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5 of this Prospectus.
The information in this Prospectus (including the Independent Geologist’s Reports which have been included in Section 6 of this Prospectus) that relates to exploration targets and exploration results is based on information compiled by Mr Geoffrey J Chapman, who is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Chapman is a director of GJ Exploration Pty Ltd. Mr Chapman has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC. Mr Chapman consents to the inclusion in this Prospectus of the matters based on his information in the form and context in which it appears.

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

The Shares offered under this Prospectus are considered speculative. There is no guarantee that the Shares offered will make a return on the capital invested, that dividends will be paid on the Shares, or that there will be an increase in the value of the Shares in the future. Prospective investors should carefully consider whether the Shares offered under this Prospectus are an appropriate investment for them in light of their personal circumstances, including but not limited to their financial and taxation position. Refer to Sections 1.2 and 5 for details of the risks associated with an investment in the Company.

Unless the context otherwise permits, defined terms and abbreviations used in this Prospectus have the meanings set out in Section 14.
1. **Investment Overview**

This Investment Overview Section is a summary only and not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in full, including the full risk factors set out in Section 5 and the experts’ reports in this Prospectus, before deciding to invest in the Company’s Shares.

1.1 **Key Information**

<table>
<thead>
<tr>
<th>Topic</th>
<th>Summary</th>
<th>Reference</th>
</tr>
</thead>
</table>
| The Company | XS Resources Limited (**XS Resources** or the **Company**) is an Australian registered company that was incorporated on 2 March 2018 for the primary purposes of:  
• acquiring the Halls Peak and Spanish River Projects (see below for more information);  
• undertaking exploration programs on the Halls Peak and Spanish River Projects and working on exploration targets; and  
• meeting the requirements of the ASX and satisfying Chapters 1 and 2 of the ASX Listing Rules to enable the Company to list on the ASX and thereby provide a market for Shares and better enable the Company to access capital markets.  
For further information on the Company, please refer to the Company Overview in Section 4. | Section 4 |

| The Company's Project and their locations | The Company intends to acquire the following three mining assets:  
1. Exploration licence EL4474 in New South Wales from SOC1 Pty Ltd via the acquisition of 100% of the issued capital of SOC1 Pty Ltd from Force Commodities Limited via an option agreement with SOC1 Pty Ltd dated 29 May 2018 (**SOC1 Option Agreement**).  
2. Exploration licence EL7679 in New South Wales from Sugec Resources Pty Ltd via an option agreement with Sugec Resources Pty Ltd dated 29 May 2018 (**Sugec Option Agreement**) (together EL4474 and EL7679 are referred to as the **Halls Peak Project**).  
3. The Spanish River mining claims being thirteen (13) unpatented single cell mining claims and two (2) unpatented boundary cell mining claims in Ontario, Canada from unrelated vendors, Mr Perry English and Mr Steve Siemieniuk (**Spanish River Project**), via a heads of agreement dated 6 March 2018 (**Spanish River Acquisition Agreement**).  
Together, the Halls Peak Project and the Spanish River Project are referred to as the **Projects**.  
For further information on the Projects refer to Section 4, the Independent Geologist’s Reports in Section 6 and the Legal Reports in Sections 7 and 8. | Section 4, 6, 7 and 8 |
<table>
<thead>
<tr>
<th>Topic</th>
<th>Summary</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overview of the Company's Business Model and Strategy</strong></td>
<td>The primary objective of the Company is to focus on mineral exploration opportunities that have the potential to deliver growth of the Company for the benefit of the Shareholders. The Company initially intends to acquire the Halls Peak Project and the Spanish River Project, and to undertake exploration programs on the Projects. Accordingly, the business model is to undertake exploration on the Projects to discover and delineate resources in compliance with JORC, to develop economic mineral deposits, and to assess near term production opportunities utilising existing infrastructure in close proximity; and to pursue new projects and opportunistic acquisitions in the resource sector which complement the Projects to create additional Shareholder value. For further information on the Company's business model, please refer to the Company Overview in Section 4.</td>
<td>Section 4</td>
</tr>
</tbody>
</table>
| **Board and Management** | The Directors of the Company are:  
• Christopher Zielinski (Non-Executive Chairman);  
• Michael Fry (Executive Director); and  
• Andrew Haythorpe (Non-Executive Director).  
The Company Secretary is Anna MacKintosh.  
Refer to Sections 10 and 11 for further information. | Sections 10 and 11 |
| **What is being offered** | The Company will seek to raise a total of $4,500,000, to fund the activities of the Company through the offer by the Company of 22,500,000 Shares at an issue price of $0.20 per Share.  
Refer to Section 3 for further information. | Section 3 |
| **How do I apply for Shares** | Applications for Shares under the Offer can be made by completing the Application Form in accordance with the instructions. | Sections 3 and 15 |
| **What is the cost of the Offer** | The expenses of the Offer are approximately $640,439. For further details regarding the expenses of the Offer please refer to Section 12.7. | Section 12.7 |
| **The Company's Financial Position** | Following completion of the Offer, based on achieving the Minimum Subscription (by raising $4.5 million), the Company is expected to have cash of approximately $4.1 million after deducting the expenses of the Offer. The Board is satisfied that upon successful completion of the Offer, the Company will have sufficient working capital to meet its stated objectives. For further financial information of the Company please refer to the Investigating Accountant’s Report in Section 9. | Section 9 |
| **How will the funds be used** | The Company intends to use the funds raised under the Offer for:  
• the costs associated with the acquisition of the Projects,  
• exploration program costs on the Projects,  
• tenement and claim fees and holding costs, | Sections 1.6 and 9 |
<table>
<thead>
<tr>
<th>Topic</th>
<th>Summary</th>
<th>Reference</th>
</tr>
</thead>
</table>
| • administrative costs, and for general working capital purposes;  
• expenses of the Offer. | The Company notes that, as an early stage mineral exploration company, the Company expects to make losses for the foreseeable future.  
Refer to Sections 1.6 and 9 for further details. |  |
| **Lead Manager Arrangements – Lead Manager Mandate** | The Company has entered into a mandate with GTT Ventures Pty Ltd (GTT) under which GTT will act as Lead Manager to the Offer (Lead Manager Mandate).  
Pursuant to the Lead Manager Mandate, the Company will:  
pay GTT (or its nominee(s)) the following fees in respect of its services as lead manager to the Offer:  
• a management fee of 1% (plus GST) of the total proceeds raised under the Offer (being $45,000 in the event the Minimum Subscription is achieved);  
• a capital raising fee of 5% (plus GST) on funds raised by GTT in respect of the Offer (being $225,000 in the event the Minimum Subscription is achieved); and  
• a lead broker fee of $50,000 (plus GST); and  
issue to nominees of GTT, in accordance with the allocations set out in Section 1.10:  
• 4,000,000 Shares upon successful completion of the Offer; and  
• 3,000,000 Options upon successful completion of the Offer with an exercise price of $0.30 and 3 years until expiry.  
The Company will also issue 2,000,000 Shares and 4,000,000 Options to unrelated third party brokers (who are not GTT) who assist the Company and GTT in raising funds under the Offer. GTT will not receive any financial benefit or fee in respect of these Shares and Options to third party brokers.  
The Company will also engage GTT as a corporate adviser for a period of 18 months from the date of the acquisition of the Projects for a fee of $15,000 per month (being a total of $270,000 over the 18 month period).  
See Section 11.8 for the terms and conditions of the Lead Manager Mandate.  
The Company has also paid GTT a fee of $24,000 (plus GST) in respect of the $400,000 seed funds raised (representing 6% of the seed funds raised).  
See Section 11.8 for details of the seed raising fee. | Sections 1.10 and 11.8 |
| **Will dividends be paid** | The Company notes that, as an early stage mineral exploration company, the Company expects to incur significant expenditure on the Company’s proposed business model and make losses for the foreseeable future. Accordingly, the Company does not expect to declare any dividends during the two year period following the date of this Prospectus. | Section 1.14 |
Refer to Section 1.14 for further information.

You can contact the Company on 08 6462 1421 or info@xsresources.com.au for further details.

Corporated Directory

Note: This information is a selective overview only. Prospective investors should read the Prospectus in full, including the experts' reports in this Prospectus before deciding to invest in Shares.

1.2 Key Risks

The business, assets and operations of the Company are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the Shares of the Company.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which they can effectively manage them is limited.

Set out below are specific risks that the Company is exposed to. Further risks associated with an investment in the Company are outlined in Section 5.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company contact</td>
<td>You can contact the Company on 08 6462 1421 or <a href="mailto:info@xsresources.com.au">info@xsresources.com.au</a> for further details.</td>
</tr>
<tr>
<td>Title risks</td>
<td>The Halls Peak Project comprises two exploration licences which are due for renewal in January 2019. An exploration licence is not usually renewed over more than half the number of units comprising the original exploration licences unless the Minister is satisfied that special circumstances exist, including that the conditions of the licence have been satisfactorily complied with, the full area of the exploration licence has been effectively explored, and the proposed work program satisfactorily covers the full area to be renewed. Based on paragraph 6(c) of the New South Wales Legal Report in Section 7 of this Prospectus, the Company is of the view that it is likely to obtain a renewal of all of the units comprising the Halls Peak exploration licences for a further period of three years. The Spanish River Project comprises unpatented mining claims. In order to keep an unpatented mining claim in good standing under the Mining Act (Ontario), the Company must each year, comply with the Mining Act (Ontario) by undertaking appropriate assessment works and submitting a report of the assessment works with the relevant body. For more information in this regard refer to the Canadian Legal Report in Section 8 of this Prospectus.</td>
</tr>
<tr>
<td>Ministerial consent</td>
<td>The Company has applied for Ministerial consent to acquire EL7679 and for the transfer of EL4474. All documents required to support the application for Ministerial consent have been lodged and the Company expects the consent to be granted in due course. There is a low risk that the Ministerial consent will not be granted and if so, the Company will not be able to acquire EL4474 and EL7679. Whilst the application for Ministerial consent is pending, the Company has a right (via the Sugec Option Agreement and the</td>
</tr>
</tbody>
</table>
DOC1 Option Agreement) to exclusive possession and unfettered access to EL4474 and EL7679 and to commence exploration prior to the Ministerial consent being obtained and prior to EL4474 and EL7679 being transferred to the Company.

<table>
<thead>
<tr>
<th>Access risk</th>
<th>Halls Peak Project</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The Halls Peak Project includes private land and therefore the Company may need to negotiate access agreements with any private landholders whose land forms part of the Halls Peak Project prior to any exploration activity being conducted on that land. There is a risk that the Company will not be able to obtain the consent of private landholders to conduct exploration on the Halls Peak Project. Although the Company’s current planned exploration program does not require or envisage access to any private land within the Halls Peak Project, in the event that the Company’s planned exploration program changes, it may require access agreements with private land holders and the Company anticipates obtaining those agreements if required.</td>
</tr>
</tbody>
</table>

| Spanish River Project            | The Spanish River Project is comprised of unpatented mining claims. An unpatented mining claim provides the holder thereof with the exclusive right to explore for minerals within the claim boundaries, the exclusive right to apply for a mining lease over the land covered by the claim, and the right to enter upon, use and occupy parts of the surface of such claim as are necessary for the exploration of such minerals. However, if the Company requires access to the unpatented mining claims from neighbouring land holders, the Company will need to negotiate access agreements with neighbouring landholders. The Company anticipates it will be able to secure access agreements with neighbouring landholders on satisfactory terms (if required). For further information see the Canadian Legal Report in Section 8. |

| Exploration Permits and Exploration Plans – Spanish River Project | Most activities on an unpatented mining claim (such as the Claims that comprise the Spanish River Project) require an Exploration Plan or an Exploration Permit. To obtain either an Exploration Permit or to submit an Exploration Plan, consultation with Indigenous groups whose rights might be impacted by the activities contemplated in the Exploration Plan or Exploration Permit is often required. Any consultation process with Indigenous groups may be subject to delay and potentially the commencement of exploration activity on the Spanish River Project. Based on the Company’s experience it does not anticipate any issues with obtaining the necessary Exploration Permits. For further information see Section 2.1 of the Canadian Legal Report in Section 8 of this Prospectus. |

| Exempted areas – Halls Peak | The Halls Peak Project extends over areas which are classified as “exempt areas” and include state forests, state conservation areas and Crown land, requiring Ministerial consent prior to commencing exploration activities. |
Obtaining Ministerial consent requires an environmental assessment of any proposed ground-disturbing exploration activities by the Division of Resources and Energy of the New South Wales Department of Industry.

The Company has no reason to believe that it will not obtain Ministerial consent to conduct its proposed exploration program (if required). However, the inability to obtain land access to exempted areas on satisfactory terms or within acceptable time frames may impact on the Company’s ability to undertake its proposed exploration programs.

For further information see the New South Wales Legal Report in Section 7.

**Limited history**

XS Resources was recently incorporated (2 March 2018) and has no operating history and limited historical financial performance. Further, XS Resources Canada Corporation, a wholly owned subsidiary of XS Resources, was only incorporated on 18 June 2018 and also has no operating history and limited historical financial performance.

**Additional requirements for capital**

The funds raised under the Offer are considered sufficient to meet the immediate objectives of the Company. The funds raised through this Prospectus that are spent on mineral exploration may not however be sufficient to identify JORC compliant resources, which will mean that the Company is likely to need to raise additional funds. Any requirements for additional capital equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities.

If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back exploration expenditure as the case may be.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company and you should refer to the additional risk factors in Section 5 of this Prospectus before deciding whether to apply for Shares pursuant to this Prospectus.

**1.3 The Offer**

The Company invites applications for 22,500,000 Shares at an issue price of $0.20 per Share to raise up to $4,500,000. The Minimum Subscription is $4,500,000. No over subscriptions will be accepted by the Company. The Offer is not underwritten.

The Lead Manager of the Offer is GTT.

Key information relating to the Offer and references to further details are set out in this Investment Overview below. For further details of the Offer, please refer to Section 3.

**1.4 Indicative timetable***

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lodgement of Prospectus with the ASIC</td>
<td>10 September 2018</td>
</tr>
<tr>
<td>Opening Date</td>
<td>25 September 2018</td>
</tr>
<tr>
<td>Closing Date</td>
<td>6 November 2018</td>
</tr>
</tbody>
</table>
Despatch of holding statements 8 November 2018

Expected date for quotation on ASX 29 November 2018

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

1.5 Purpose of the Offer

The purpose of the Offer is to facilitate an application by the Company for admission of the Company to the Official List of ASX and position the Company to seek to achieve the objectives set out above in Sections 1.1 and 1.6.

On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve these objectives.

1.6 Objectives of the Offer and Use of Funds

The Company intends to apply funds raised from the Offer, together with existing cash reserves, over the first two years following admission of the Company to the Official List as follows. Refer to the Investigative Accountant’s Report in Section 9 for details of the Company’s financial information.

<table>
<thead>
<tr>
<th>Funds available</th>
<th>Funds Available</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Year 1</td>
</tr>
<tr>
<td>Seed and incorporation capital(^1)</td>
<td>400,010</td>
</tr>
<tr>
<td>Funds raised from the Offer</td>
<td>4,500,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,900,010</strong></td>
</tr>
</tbody>
</table>

### Allocation of funds

<table>
<thead>
<tr>
<th>Expenses of the Offer(^2)</th>
<th>640,439</th>
<th>-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition Costs of Projects</td>
<td>160,800</td>
<td>-</td>
</tr>
<tr>
<td>Exploration and Development Costs(^3)</td>
<td>900,000</td>
<td>1,071,000</td>
</tr>
<tr>
<td>Tenement and Claim Maintenance Costs</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Administration costs(^4)</td>
<td>522,005</td>
<td>516,510</td>
</tr>
<tr>
<td>Working capital</td>
<td>500,000</td>
<td>489,256</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,773,244</strong></td>
<td><strong>2,126,766</strong></td>
</tr>
</tbody>
</table>

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\(^1\) Refer to the Investigating Accountant’s Report in Section 9 for further information.
\(^2\) Refer to Section 12.7 of this Prospectus for further details of the expenses of the Offer.
\(^3\) Refer to the Independent Geologist’s Reports in Section 6 for further details of the Company’s exploration program.
\(^4\) Administrative costs are comprised of director and management fees and other general costs associated with the administration and management of the Company.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including for the success or otherwise of the planned exploration programs) and new circumstances have the potential to affect the manner in
which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

In addition to its exploration program on the Projects, the Company intends to implement a growth strategy to seek out further exploration, acquisition and joint venture opportunities on existing and new projects which are complementary to the Company’s existing focus. If and when a viable opportunity is identified, the Board may elect to acquire or exploit such opportunity by way of acquisition, joint venture, earn in or other arrangement which may involve the payment of consideration in cash, equity or a combination of both.

As the Company has no operating revenue, the Company will require further financing in the future. See Section 5 for further details about the risks associated with the Company’s future capital requirements.

1.7 Capital Structure

The capital structure of the Company following completion of the Offer (assuming full subscription) is summarised below:

### Shares

<table>
<thead>
<tr>
<th>Shares</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares currently on issue</td>
<td>4,000,100</td>
</tr>
<tr>
<td>Shares to be issued to vendors</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Shares to be issued to promoters</td>
<td>250,000</td>
</tr>
<tr>
<td>Shares to be issued to Lead Manager</td>
<td>4,000,000</td>
</tr>
<tr>
<td>Shares to be issued to other brokers</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Shares to be issued pursuant to the Offer</td>
<td>22,500,000</td>
</tr>
<tr>
<td><strong>Total Shares on completion of the Offer</strong></td>
<td><strong>34,250,100</strong></td>
</tr>
</tbody>
</table>

### Options

<table>
<thead>
<tr>
<th>Options</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Options currently on issue</td>
<td>-</td>
</tr>
<tr>
<td>Options to be issued to Directors (3,000,000 each)</td>
<td>9,000,000</td>
</tr>
<tr>
<td>Options to be issued to Lead Manager</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Options to be issued to other brokers</td>
<td>4,000,000</td>
</tr>
<tr>
<td><strong>Total Options on completion of the Offer</strong></td>
<td><strong>16,000,000</strong></td>
</tr>
</tbody>
</table>

1 The rights attaching to the Shares are summarised in Section 12.1 of this Prospectus.

2 The Shares currently on issue comprise 4,000,100, of which 100 Shares were issued to Mr Michael Fry (a Director of the Company) on 2 March 2018 at an issue price of $0.10 and 4,000,000 Shares were issued on 1 June 2018 to seed capital investors (including related parties) at an issue price of $0.10 each to fund acquisition costs, the listing costs and initial working capital requirements of the Company. These shares were issued at a discount to the issue price of Shares pursuant to the Offer under this Prospectus to reflect the increased risk associated with an investment in the Company at the time of issue of the seed capital and will
be subject to ASX escrow requirements pursuant to Chapter 9 of the ASX Listing Rules. See Sections 1.8 and 1.9 of this Prospectus.

3 1,250,000 Shares are to be issued to Force Commodities Limited pursuant to the SOC1 Option Agreement dated 29 May 2018. Refer to Section 11.1 for details of this agreement. 250,000 Shares are to be issued to Mr Siemieniuk and Mr English, (or their nominee(s)) pursuant to the Spanish River Acquisition Agreement dated 6 March 2018. Refer to Section 11.3 for details of this agreement.

4 250,000 Shares are to be issued to Mr Fry (or his nominee(s)) pursuant to his employment agreement. Refer to Section 11.4 for details of this employment agreement.

5 The Shares to be issued to the Lead Manager (or their nominee(s)) are pursuant to the Lead Manager Mandate dated 2 March 2018. Refer to Section 11.8 for details of the Lead Manager Mandate.

6 Refer to Sections 1.10 and 11.8 for details.

7 The terms and conditions of the Options are set out in Section 12.2. The Options to be issued to the Directors are issued pursuant to their employment agreements – see Sections 11.4-11.6 for details of the employment agreements. The Options to be issued to the Lead Manager are to be issued pursuant to the Lead Manager Mandate – see Section 11.8 for details of the Lead Manager Mandate. The Options to be issued to other brokers are issued pursuant to the Lead Manager Mandate – see Section 11.8 for details of the Lead Manager Mandate.

The Company may also consider undertaking a bonus option issue following lodgement of the Prospectus, the terms of which are yet to be finalised.

1.8 Substantial Shareholders

Those Shareholders holding 5% or more of the Shares on issue both as at the date of this Prospectus and on completion of the Offer (assuming full subscription) are set out below.

(a) Substantial shareholders as at the date of the Prospectus prior to the Offer:

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Shares</th>
<th>% (diluted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arms Capital Pty Ltd</td>
<td>200,000</td>
<td>5.00%</td>
</tr>
<tr>
<td>Boomslang Capital Pty Ltd</td>
<td>400,000</td>
<td>10.00%</td>
</tr>
<tr>
<td>Jalaver Pty Ltd</td>
<td>250,000</td>
<td>6.25%</td>
</tr>
<tr>
<td>Ms Melissa Tassone</td>
<td>400,000</td>
<td>10.00%</td>
</tr>
<tr>
<td>Murdoch Capital Pty Ltd*</td>
<td>400,000</td>
<td>10.00%</td>
</tr>
<tr>
<td>Pointciana Pty Ltd</td>
<td>300,000</td>
<td>7.50%</td>
</tr>
<tr>
<td>Quid Capital Pty Ltd</td>
<td>200,000</td>
<td>5.00%</td>
</tr>
<tr>
<td>Schammer Pty Ltd</td>
<td>500,000</td>
<td>12.50%</td>
</tr>
<tr>
<td>Slam Consulting Pty Ltd</td>
<td>400,000</td>
<td>10.00%</td>
</tr>
</tbody>
</table>

* Murdoch Capital Pty Ltd is an entity controlled by Mr Patric Glovac, a director of GTT.

(b) There will be no substantial shareholders on completion of the Offer (assuming no existing substantial Shareholder subscribes and receives additional Shares pursuant to the Offer).

The Company will announce to the ASX details of its top 20 Shareholders (following completion of the Offer) prior to the Shares commencing trading on ASX.
1.9 Restricted Securities

Subject to the Company being admitted to the Official List, certain Shares and Options on issue prior to the Offer will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

It is estimated that 9,750,100 Shares will be subject to escrow as follows:

(a) 250,100 Shares for 24 months from the date on which Official Quotation of the Shares commences (held by the Executive Director, Mr Michael Fry or his nominee(s));
(b) 1,250,000 Shares for 24 months from the date on which Official Quotation of the Shares commences (held by Force Commodities Limited (or its nominees));
(c) 1,075,000 Shares for 12 months from the date of issue of the Shares (held by non-related seed investors);
(d) 925,000 Shares for 24 months from the date on which Official Quotation of the Shares commences (held by related seed investors);
(e) 4,000,000 Shares for 24 months from the date on which Official Quotation of the Shares commences (allocated in accordance with the table in Section 1.10);
(f) 2,000,000 Shares for 24 months from the date on which Official Quotation of Shares commences (held by other brokers other than the Lead Manager);
(g) 250,000 Shares for 24 months from the date on which Official Quotation of the Shares commences (held by Mr Siemieniuk and Mr English, vendors of the Spanish River Project).

It is estimated that 16,000,000 Options will be subject to escrow as follows:

(a) 9,000,000 Options for 24 months from the date on which Official Quotation of the Shares commences (to be issued to Directors in accordance with their employment agreements); and
(b) 3,000,000 Options for 24 months from the date on which Official Quotation of the Shares commences (allocated in accordance with the table in Section 1.10); and
(c) 4,000,000 Options for 24 months from the date on which Official Quotation of the Shares commences (to be held by other brokers pursuant to the Lead Manager Mandate).

The Company will announce to the ASX full details (quantity and duration) of the Shares and Options required to be held in escrow prior to the Shares commencing trading on ASX.

Based on the above estimates, the Company anticipates its free float upon commencement of trading on ASX will be 71.53% on an undiluted basis and 48.76% on a fully diluted basis.

1.10 Lead Manager

The Offer is managed by GTT. Pursuant to the terms of the Lead Manager Mandate, the Company will:

(a) pay the Lead Manager (or its nominee(s)) the following fees in respect of the Offer:
   (i) a management fee of 1% (plus GST) of the total proceeds raised under the Offer (being $45,000 in the event the Minimum Subscription is achieved);
(ii) a capital raising fee of 5% (plus GST) on funds raised by the Lead Manager in respect of the Offer (being $225,000 in the event the Minimum Subscription is achieved);

(iii) $15,000 a month for 18 months from the date of acquisition of the Projects for ongoing corporate advisory services (being a total of $270,000); and

(iv) a lead broker fee of $50,000 (plus GST); and

(b) issue (to nominees of GTT):
   (i) 4,000,000 Shares (to be issued in accordance with the table below);
   (ii) 3,000,000 Options (to be issued in accordance with the table below);

(c) 2,000,000 Shares and 4,000,000 Options to unrelated third party brokers (who are not GTT) who assist the Company and GTT in raising funds under the Offer. GTT will not receive any financial benefit or fee in respect of these Shares and Options to third party brokers.

See Section 11.8 for the terms and conditions of the Lead Manager Mandate.

The Company has also paid GTT a fee of $24,000 (plus GST) in respect of the $400,000 seed funds raised (representing 6% of the seed funds raised).

For further details, refer to Section 11.8.

The Shares and Options referred to in Section 1.10(b) above will be allocated as follows:

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Shares</th>
<th>Options</th>
<th>% (undiluted)</th>
<th>% (diluted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Murdoch Capital Pty Ltd</td>
<td>400,000</td>
<td>-</td>
<td>1.16%</td>
<td>0.79%</td>
</tr>
<tr>
<td>Kcirtap Securities Pty Ltd</td>
<td>1,333,333</td>
<td>1,000,000</td>
<td>3.89%</td>
<td>4.64%</td>
</tr>
<tr>
<td>&lt;N &amp; P Glovac Family A/C&gt;¹</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Syracuse Capital Pty Ltd</td>
<td>1,333,334</td>
<td>1,000,000</td>
<td>3.89%</td>
<td>4.64%</td>
</tr>
<tr>
<td>&lt;Tenacity A/C&gt;²</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mounts Bay Investments Pty Ltd</td>
<td>1,333,333</td>
<td>1,000,000</td>
<td>3.89%</td>
<td>4.64%</td>
</tr>
<tr>
<td>&lt;Calver Capital A/C&gt;³</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>4,400,000</td>
<td>3,000,000</td>
<td>12.83%</td>
<td>14.71%</td>
</tr>
</tbody>
</table>

¹ This entity is controlled by Mr Patric Glovac, a director of GTT.
² This entity is controlled by Mr Rocco Tassone, a director of GTT.
³ This entity is controlled by Mr Charles Thomas, a director of GTT.

1.11 No Underwriting
The Offer is not underwritten.

1.12 Financial Information
The Company was only recently incorporated (2 March 2018) and has limited operating history and limited historical financial performance. Further, XS Resources Canada Corporation was only incorporated on 18 June 2018 and has no operating history and limited historical financial performance.
As a result, the Company is not in a position to disclose any key financial ratios other than the information included in the Investigating Accountant’s Report set out in Section 9 of this Prospectus.

BDO Corporate Finance (WA) Pty Ltd has prepared an Investigating Accountant’s Report (see Section 9) which incorporates the audited financial information for the Company from incorporation (2 March 2018) to 31 March 2018.

The Investigating Accountant’s Report also incorporates the audited financial information for SOC1 Pty Ltd, the vendor of EL4474 (which forms part of the Halls Peak Project). SOC1 Pty Ltd was incorporated on 14 May 2012 and the Investigating Accountant’s Report contains financial information for SOC1 Pty Ltd from 1 January 2015 to 31 December 2017.

1.13 Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

1.14 Dividend Policy

The Company anticipates that significant expenditure will be incurred in the evaluation and development of its business and the exploration of the Projects. These activities, together with the possible acquisition of further exploration assets that complement the Projects, are expected to dominate the two year period following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period.

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

1.15 Directors and Disclosure of Interests

The Directors of the Company are:

(a) Christopher Zielinski (Non-Executive Chairman);
(b) Michael Fry (Executive Director); and
(c) Andrew Haythorpe (Non-Executive Director).

Please see Section 10 below for further information regarding the experience and qualifications of the Directors.

The Company has paid no remuneration to its Board since incorporation to the date of this Prospectus. Other than as set out below, no remuneration will be paid or accrue until such time as the Company is admitted to the Official List. Refer to Sections 11.4, 11.5 and 11.6 for details of the Directors’ remuneration.

For each of the Directors, the proposed annual remuneration for the financial year following the Company being admitted to the Official List together with the relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below:
### Director Remuneration | Shares | Options
---|---|---
Christopher Zielinski | $60,000<sup>3</sup> | 50,000 | 3,000,000
Michael Fry | $120,000 | 250,100 | 3,000,000
Andrew Haythorpe | $45,000<sup>4</sup> | | 3,000,000

1. These amounts do not include superannuation.
2. Refer to Section 12.2 for the full terms of the Options.
3. This includes a one off lump sum payment of $12,000 to be paid upon the Company’s admission to the Official List.
4. This includes a one off lump sum payment of $9,000 to be paid upon the Company’s admission to the Official List.

The Company has adopted an Employee Share Option Plan (Plan) on the terms and conditions set out in Section 12.3. However, as at the date of this Prospectus, no offers have been made under the Plan.

#### 1.16 Corporate Governance

To the extent applicable, in light of the Company’s size and nature, the Company has adopted The Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council (Recommendations).

The Company’s main corporate governance policies and practices as at the date of this Prospectus are outlined in Section 10 of this Prospectus and the Company’s compliance and departures from the Recommendations are set out in Section 10.14 of this Prospectus.

In addition, the Company’s full corporate governance policies are available from the Company’s website (www.xsresources.com.au).

#### 1.17 Agreements with Directors or Related Parties

The Company’s policy in respect of related party arrangements is:

(a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and

(b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

**Independent Contractor Agreement**

The Company has entered into an independent contractor agreement with Mr Perry English dated 6 March 2018 pursuant to which Mr English will provide field management services and logistics support to the Company for the period from 1 March 2018 to 28 February 2020 (unless extended by mutual agreement). Mr English will be paid CAD$4,000 per month for providing the services specified in the agreement.

Mr English is one of the vendors of the Spanish River Project.

For further details of the independent contractor agreement with Mr English, refer to Section 11.9 of this Prospectus.

**Employment Contract - Executive Director (Mr Michael Fry)**

The Company has entered into an employment contract to engage Mr Fry as an Executive Director of the Company.

Mr Fry is also:

- the sole director of SOC1 Pty Ltd, the entity that the Company will acquire pursuant to the SOC1 Option Agreement;
- a director and the company secretary of Sugec Resources Pty Ltd, the vendor of EL7679; and
the chief financial officer and company secretary at Force Commodities Limited, the vendor of EL4474 and the 100% owner of SOC1 Pty Ltd.

For further details of the employment contract with Mr Fry, refer to Section 11.4 of this Prospectus.

Non-Executive Letters of Appointment (Mr Christopher Zielinski and Mr Andrew Haythorpe)

The Company is party to letters of engagement with Mr Zielinski and Mr Haythorpe, the material terms of which are set out in Sections 11.5 and 11.6.

Deeds of Indemnity, Insurance and Access

The Company has entered into a deed of indemnity, insurance and access with each of its Directors. Under these deeds, the Company agrees to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant officer and must also allow the officers to inspect board papers in certain circumstances.

For further details of the material contracts to which the Company is party to, please refer to Section 11.10.
2. Chairman’s Letter

Dear Investor,

On behalf of the Board of Directors it is my pleasure to offer you the opportunity to become a Shareholder of XS Resources Limited (Company or XS Resources).

The Company is a recently incorporated mineral exploration company focussed on delivering shareholder value through the identification, development and acquisition of mineral exploration properties across the precious metals, base metals and the industrial metals spectrum.

As detailed in this Prospectus, subject to the terms and conditions of the SOC1 Option Agreement and the Sugec Option Agreement, the Company will acquire two exploration licences over an area of 84km² located approximately 40 kilometres directly south-east of the regional centre of Armidale in northern New South Wales, referred to as the Halls Peak Project. In addition, subject to the terms and conditions of the Spanish River Acquisition Agreement, the Company will acquire thirteen (13) unpatented single cell mining claims and two (2) unpatented boundary mining claims over an area of 2.97km² near the township of Baldwin in Ontario, Canada referred to as the Spanish River Project (together the Projects).

The core strategy of the Company is to advance the Projects and undertake further exploratory activities focusing on the Gibsons Prospect at Halls Peak and around an historic mine at Spanish River.

High grade zinc, silver, copper and lead mineralisation occur at several prospect areas within Halls Peak with the Gibsons Prospect being the main focus of historic (and recent) drilling which confirmed the existence of high-grade base metals mineralisation, but which remains largely undefined and requires further drilling to determine the mineralisation geometry, size and grade distribution.

Drill hole logs from historic drilling on the Spanish River Project indicate mineralisation is dominated by chalcopyrite, pyrrhotite and pyrite associated with siliceous alteration and quartz veining.

The Company, by way of this Prospectus, is offering 22,500,000 Shares at $0.20 per Share to raise $4,500,000 (before costs and expenses) (Offer).

The Board will also consider new projects and opportunistic acquisitions in the resources sector which complement the Projects and that can enhance Shareholder value. The Board of the Company includes Directors with experience in the resources industry and especially in cost-effective exploration and project development.

This Prospectus provides detailed information regarding the Offer, the Company’s assets, the Company’s proposed activities following listing on the ASX and the risk factors associated with investing in the Company. A summary of these key risks is included in Section 1.2.

I recommend that you read this Prospectus in its entirety prior to making a decision to invest in the Company. On behalf of the Board, I look forward to you joining us as a Shareholder and sharing in what we believe are exciting and prospective times ahead for the Company.

Yours sincerely

Christopher Zielinski
Non-Executive Chairman
3. Details of the Offer

3.1 The Offer
Pursuant to this Prospectus, the Company invites applications for 22,500,000 Shares at an issue price of $0.20 per Share to raise $4,500,000.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue.

The Company believes that, following completion of the Offer, the Company will have sufficient working capital to achieve its objectives as set out in this Prospectus.

3.2 Minimum subscription
If the Minimum Subscription to the Offer of $4,500,000 has not been raised within 4 months after the date of this Prospectus, the Company will not issue any Shares and will repay all Application Monies for the Shares within the time prescribed under the Corporations Act, without interest.

3.3 Conditions of the Offer
Completion of the Offer under this Prospectus is subject to:
(a) completion of the acquisition of the Halls Peak Project;
(b) completion of the acquisition of the Spanish River Project;
(c) the Company raising the Minimum Subscription; and
(d) the Company receiving conditional approval from ASX for Official Quotation of the Company’s Shares on ASX, on conditions reasonably acceptable to the Company.

There is a risk that the conditions to the Offer may not be achieved. In the event the conditions to the Offer are not achieved, the Company will not proceed with the Offer and will repay all Application Monies received.

3.4 Applications
Applications for Shares under the Offer must be made using the Application Form.

Applications for Shares must be for a minimum of 10,000 Shares ($2,000) and thereafter in multiples of 1,000 Shares ($200) and payment for the Shares must be made in full at the issue price of $0.20 per Share.

Completed Application Forms and accompanying cheques, made payable to “XS Resources Limited – Share Offer” and crossed “Not Negotiable”, must be mailed or delivered to the address set out on the Application Form by no later than the Closing Date.


The Company reserves the right to extend the Offer or close the Offer early.

An original completed Application Form, together with payment of the Application Monies, constitutes a binding application to subscribe for the number of Shares specified in the Application Form. The Application Form does not have to be signed to be a valid Application. An Application will be deemed to have been accepted by the Company upon issue of the Shares.

3.5 ASX Listing
Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus.
If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

3.6 Issue of Shares

Subject to the Minimum Subscription to the Offer being reached and ASX granting conditional approval for the Company to be admitted to the Official List, issue of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all Application Monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

The Directors will determine the allottees of all the Shares in their sole discretion. The Directors reserve the right to reject any Application or to allocate any applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus Application Monies will be refunded without any interest to the Applicant as soon as practicable after the Closing Date.

3.7 Applicants outside Australia

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

If you are outside Australia it is your responsibility to obtain all necessary approvals for the issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

3.8 Oversubscriptions

No oversubscriptions will be accepted by the Company.

3.9 Lead Manager

The Company has engaged GTT as Lead Manager to the Offer. Refer to Section 1.10 and 11.8 for details of the Lead Manager Mandate.

3.10 Offer Not Underwritten

The Offer is not underwritten.

3.11 Commissions payable

The Company reserves the right to pay a commission of up to 6% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensee in respect of any valid applications lodged and accepted by the
Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a tax invoice from the licensed securities dealer or Australian financial services licensee. GTT, as Lead Manager, will be responsible for paying all commissions that GTT and the Company agree with any other licensed securities dealers or Australian financial services licensee out of the fees paid by the Company to GTT under the Lead Manager Mandate.
4. **Company Overview**

4.1 **Background**

The Company was incorporated on 2 March 2018 as an unlisted public company for the purposes of acquiring the Projects the subject of the following agreements:

(a) Option Agreement with Force Commodities Limited and SOC1 Pty Ltd to acquire 100% of the issued share capital of SOC1 Pty Ltd, the owner of EL4474 (**SOC1 Option Agreement**);

(b) Option Agreement with Sugec Resources Pty Ltd to acquire EL7679 (**Sugec Option Agreement**);

(EL4474 and EL7679 together, the **Halls Peak Project**); and

(c) an agreement with Mr Perry English and Mr Steve Siemieniuk to acquire the Spanish River Project via the Company’s wholly owned subsidiary, XS Resources Canada Corporation (**Spanish River Acquisition Agreement**), together, the **Acquisition Agreements**.

The Company has exercised its options under both the SOC1 Option Agreement and the Sugec Option Agreement and has until 31 December 2018 to satisfy (or waive) the other conditions precedent to the SOC1 Option Agreement and the Sugec Option Agreement. See Sections 11.1 and 11.2 for more information regarding the SOC1 Option Agreement and the Sugec Option Agreement.

On completion of the Acquisition Agreements, the Company will be the 100% legal and beneficial holder of the Projects.

Accordingly, subject to completion of the Acquisition Agreements, the corporate structure will be:

The Halls Peak Project and the Spanish River Project are all of early stage potential, however with historical mining and exploration activity located within the Project areas and in close proximity within the region of both Projects, the Company considers that the Projects each have strong economic potential. As at the date of this Prospectus, the Company has not conducted any on-ground exploration on the Projects. Following completion of the Offer, the Company intends to move quickly into an exploration program at each of the Projects consisting of sampling, mapping, interpretation and drilling.

4.2 **Business Model**

The primary objective of the Company is to focus on mineral exploration opportunities that have the potential to deliver growth of the Company for the benefit of the Shareholders. Pursuant to the terms of the Acquisition Agreements, the Company intends to acquire the Projects and to undertake exploration on each of the Projects. The Company will also seek to pursue new projects in the resource sector which are complementary to the Projects.

Accordingly, the Company’s business model is to simultaneously:
(a) undertake exploration on the Halls Peak Project to discover and develop economic mineral deposits with a focus on the adoption of best practice standards to undertake systematic data driven exploration. The Company will conduct mapping, sampling and a review of historical data to generate drill targets, with the hopes of delineating a maiden JORC resource and, subject to exploration success, assess near term production opportunities utilising existing infrastructure in close proximity;

(b) undertake exploration on the Spanish River Project to discover and develop economic mineral deposits with a focus on the adoption of best practice standards to undertake systematic data driven exploration. The Company will conduct mapping, sampling and a review of historical data to generate drill targets, with the hopes of delineating a maiden JORC resource and, subject to exploration success, assess near term production opportunities utilising existing infrastructure in close proximity; and

(c) pursue and assess new and opportunistic acquisitions in the resource sector which complement the Projects to create additional Shareholder value. If and when a viable investment opportunity is identified, the Board may elect to acquire or exploit such opportunity by way of acquisition, joint venture, and/or earn in arrangement, which may involve the payment of consideration in cash, equity or a combination of both. The Board will assess the suitability of investment opportunities by utilising its experience in evaluating projects.

4.3 Halls Peak Project

The Halls Peak Project consists of two exploration licences: EL4474 and EL7679 (Licences). The Licences cover an area of 84.12km² and are located in the New England area of the State of New South Wales, Australia.

Detailed information in relation to the tenure of the Halls Peak Project is set out in the New South Wales Legal Report on the Halls Peak Project in Section 7 and in the Independent Geologist’s Report in Section 6.

4.3.1 Location, Access and Tenure

The Halls Peak Project is located approximately 40 kilometres directly south-east of Armidale in the New England area of the State of New South Wales. Figure 1 shows the location of the Licences.
The Licences were renewed in early 2018 and both remain valid to mid-January 2019. The Licences may be renewed beyond the current expiry date subject to approval by the State of NSW under the Mining Act 1992 (NSW).

Access to the Halls Peak Project is via the sealed Armidale-Dorrigo Road, then via unsealed roads.

New South Wales has been recently ranked 46th among mining jurisdictions for its geological attractiveness for minerals and metals and the extent to which government policies encourage or deter exploration and investment.

New South Wales is regarded as having a wide range of mineral rich deposits in a range of tectonic settings; but remains under-explored with a range of opportunities for new discoveries.

Northern New South Wales supports a strong mining industry with several operating coal mines in the region and other operating mines producing nickel, copper, cobalt, gold and silver.

The Company believes that operating within a well-established mining jurisdiction has the benefit of greatly improving its ability to implement its business model in a cost effective and timely manner. Additionally, the existence of established mining operations located within New South Wales will allow the Company to source the required geological and technical expertise as and when required along with plant and equipment for planned exploration activities.

4.3.2 Infrastructure

The Halls Peak Project is located close to the city of Armidale to which daily commercial flights from Sydney and Brisbane airports travel to.

Armidale has a population in excess of 30,000 permanent residents and road, rail, air, power, gas, telecommunications, health, education and emergency infrastructure befitting a major rural service centre.
The location of the Halls Peak Project will reduce the Company’s need to expend funds on costly infrastructure to create access to the Project. In addition, its locality to the city of Armidale will provide cost effective accommodation for field activities without the need to create portable or remote accommodation.

4.3.3 Physiography and Climate

The Halls Peak Project is near the eastern edge of the Northern Tablelands of NSW, in the severely dissected terrain of the Macleay River catchment. This region forms part of the gorge country related to the Great Escarpment of Eastern Australia.

The topography is typically very steep in the gorge areas. Elevations range from 265 metres above sea level (ASL) at the Chandler River, in the centre of the Halls Peak Project area, to 875 metres ASL at the top of the Gibsons Open Cut. The main historic mine workings on the Project (Gibsons, Khans Creek, and Faints-Firefly), have slopes ranging between 15 and 40 degrees. Although outcrop is common in these areas, the mountainsides are mantled by transported regolith, soil creep, or unstable talus. The landscape is drained by small creeks and with incised valleys leading into the Chandler River. The tablelands are relatively flat lying.

Access for exploration and development work in the past has been hampered by the rugged topography that features small cliffs and very steep slopes.

The Armidale area of New England has a Koppen climate classification, that is, mild temperate, fully humid, warm summer.

The Company is of the view that the climate of the region will not impede its planned exploration activities and allow for extended periods of access to the Project area throughout the year. The Company will however need to carefully plan its exploration activities to overcome access difficulties arising from the steep and often unstable ground.

4.3.4 Regional Geology

The Halls Peak Project area is located in the southern part of the New England Orogen, (see Figure 2 below) covering a sequence comprising the Permian Styx River Beds overlying the Early Permian Halls Peak Volcanics which in turn overlay the Carboniferous Comara Beds to the south of the Project area.

Figure 2: New England Orogen location on Geology of NSW
The New England Oregon is a significant mineral province. Deposit styles include mesothermal and epithermal gold, Volcanic Massive Sulphide (VMS), base metals, epithermal silver, and lateritic nickel.

The New England Oregon also has porphyry copper and gold potential. Other economically important commodities include tin, sapphires, diamonds, molybdenum, tungsten, magnesite, cobalt and antimony.

4.3.5 Local Geology

The Halls Peak Project comprises the Permian Styx River Beds in the northern areas of the Project overlying the Early Permian Halls Peak Volcanics which then overlay the Carboniferous Comara Beds to the south of the Project area.

The geological setting is consistent with the documented VMS Style mineralisation on the Halls Peak Project. Structural disruption of the sequence is by major north-east trending faults with localised folding and smaller scale north-west trending structures.

Mapping of the area indicates the Halls Peak Volcanic sequence is gently folded and generally dips to the north west at angles rarely exceeding 45 degrees. Areas of intraformational slumping have produced localised tight folding.

The lower pyritic shale unit of the Halls Peak Volcanics host small-tonnage (sub 30,000 tonnes) high-grade base metal deposits dominated by zinc and lead with subordinate copper and silver. Some mineralised areas display localised extreme silver grades (hundreds of g/t). Historic exploration activities have identified several of these sulphide bodies resulting in small-scale mine production from the early 20th century to 1966.

There is conjecture that a SEDEX type deposit may be responsible for deeper anomalies interpreted from geophysical surveys that were returned from EL7679.

SEDEX deposits are interpreted to form in a similar way to VMS deposits where sulphides form from metal-enriched fluids by hydrothermal convection that vent into water filled basins. Even though the process of formation is similar, VMS and SEDEX deposits form in different environments.

SEDEX deposits form in continental rift zones in deep (reduced) submarine basins with large growth faults that enable the saline hydrothermal fluids to reach the metals from the surrounding sediments during dewatering and metamorphism. SEDEX mineralisation is greatly stratiform, layered with thick sequences of marine sediments that are Zinc and Lead dominant.

4.3.6 Historical Activities

Exploration has been conducted on the Halls Peak Project area since the initial prospectors in the 19th century.

Table 4 in the Independent Geologist’s Report on Halls Peak in Section 6 summarises the major documented exploration activities completed from 1896. Historical records reflect that mineralisation discovered and mined at Halls Peak occurs as small massive sulphide bodies with extremely high base metal values, commonly ranging from 10% to 35% per tonne lead and zinc, with subordinate copper and silver.

Historic mining commenced in 1896 with the discovery of copper ore with minor silver, lead and zinc in the Sunnyside Mine adjacent to the Chandler River. In 1913, the ore bodies of the Gibsons Mine Area were discovered, followed by Faints-Firefly fields in 1914. Production continued from these deposits intermittently until 1966.

The Gibsons Open Cut has been mined in several phases since discovery and then subject to rehabilitation earthworks in the early 2000’s. Accurate surveys of the open pit prior to rehabilitation are not available, and a survey of the mined areas is no longer possible due to the rehabilitation works.

From the 1930’s to the mid 1980’s there were several exploration campaigns in the region targeting massive sulphide lenses and sediment-hosted silver deposits. A substantial body of exploration data has been generated over the years by the Geology Survey of NSW and by several major mining companies including Broken Hill Proprietary Company.

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Exploration conducted post 2011 has included diamond drilling of the Gibsons Open Cut Area and a Project-wide helicopter-borne Versatile Time Domain Electromagnetic Method (VTEM) survey that was used to derive targets for potential sulphide deposition.

Diamond drilling at the Gibsons Open Cut conducted in 2014 and 2016 totalled 11 holes and targeted areas of mineralisation previously identified by historic drilling and mining and achieved intersections of massive sulphides.

The VTEM survey was part of an exploration campaign directed at locating bedrock anomalies associated with VMS style base metal mineralisation. The data generated from this survey was interpreted by Messrs Roberts and Mortimer of Southern Geoscience Consultants over the entire Halls Peak Project area and by Dr Alexander Prikhodko of Geotech Airborne Limited for an area located in the north-east of Licence EL7679. A later review, by Mr Robert Smith of Greenfield Geophysics, confirmed the work by Southern Geoscience on the Sunnyside conductors.

Some of the key points of Southern Geoscience’s interpretation were:

(a) The conductive responses observed in the data may be related to various sources, including stratigraphic/formational conductors, conductive overburden/weathered zone (regolith), discrete bedrock conductors, ground polarisation effects, superparamagnetic effects, or cultural sources.

(b) Several known mineral occurrences are present within the survey area; however, no discrete anomalous response was observed in the VTEM data over any of these sites. This suggests that the mineralisation is only very weakly conductive and/or too small in aerial size to be detected. Alternatively, the local mineralisation may be dominantly of disseminated sulphide style rather than matrix to massive sulphide style. Known mineralisation does however show some correlation to northeast-southwest structures in the mapped geology and interpreted from the VTEM and magnetic data.

(c) The broad, weak conductive zones in the southern area of the survey (HPVA_2 to HPVA_8 in Figure 3 appear to migrate (in later channels) north-northwest towards a major northeast-southwest fault zone. Several of the known mineralised sites occur along this fault zone indicating it may be an important structure controlling mineralisation.

(d) These broad conductors are interpreted as stratigraphic, and therefore do not appear to be typical VMS targets, but alternatively, may be related to SEDEX style mineralisation. These stratigraphic conductors should be the main focus for ongoing exploration.

Figure 3 below shows the targets identified by the VTEM survey interpretation over the Halls Peak geology. The anomalous Electromagnetic (EM) responses are ascribed by coloured lines named HPVA 1 to HPVA8. The largest responses are located along the south-eastern margin of the major fault that separates the overlying Styx River Beds from the lower Halls Peak Volcanic sequence. These conductors are referred to in the Southern Geoscience interpretation as warranting focus for ongoing exploration.
Figure 3: Halls Peak VTEM Interpretation Over Geology (Degeling, 1978)

Figure 4 below shows the VTEM anomalies over details of previous exploration (to 2013). Notably, the Gibsons area, which has been the subject of most of the historic drilling and mining, shows no VTEM response. Previous drilling in the area of targets (HPVA3, HPVA4, and HPVA6) was limited to testing relatively shallow targets, with the maximum hole depth of 200m drilled at Sunnyside in 1971.

Figure 4: Halls Peak VTEM Interpretation and past drilling (as at 2013)
The VTEM interpretation by Prikhodko (2012) focused on a conductive anomaly located at the Spike Island prospect in the north eastern area of EL7679 (Figure 5).

The interpretation identified the VTEM anomaly consists of two types of conductors:

1. Steeply dipping (or sub-vertical) conductors, and
2. Sub horizontal blocky lenses or layer similar conductors.

Prikhodko (2012) commented that “the steeply dipping conductors likely reflect faults which could be channels for sulphur solution transportation (feeding channels); and adjacent sub horizontal conductors can be interpreted as sulphide-beds.” “The targets correspond to weak conductors where possible Cu-rich conductive minerals are not the main component.”

![Figure 5: Conductivity (EM Time Constant) map of the Project licences showing Spike Island target (modified from Prikhodko, 2012)](image)

### 4.3.7 Proposed Exploration

The Halls Peak Project should be considered an early-stage exploration project. Mineralisation has been identified, however, Mineral Resources have not been identified according to JORC and there has been no systematic exploration or targeting. Consequently, mineral exploration is planned on a staged process with the results from each activity used to ensure the following work is conducted effectively and efficiently. Program details may be modified during the stages based on the outcomes of preceding work.

It is proposed that a cost-effective exploration program will be implemented. An emphasis placed on drilling, which will initially focus on drilling at and near the Gibsons Open Cut Mine, particularly to extend known mineralisation, and other targets identified from mapping, sampling and collation of historic records.

During the first 12 months, the Company proposes to review and collate available historical information and to conduct mapping and sampling to aid in the geological interpretation and for drill program design. Planned exploration in the 12 months includes
diamond drilling on target zones at Gibsons Open Cut Mine and other at or near surface drill targets. Work will also commence on gaining a greater understanding on the anomalies identified from the VTEM survey and will include surface geophysical surveys for the eastern plateau and Spike Island prospect.

Follow-up diamond drilling is planned in the second year as a follow-on from encouraging diamond drilling results from the first work program at Gibsons Open Cut together with resource modelling, estimation and reporting. In addition, the Company aims to drill-test the VTEM anomalies identified at Sunnyside and Spike Island.

It is anticipated that the exploration program will enable the Company to establish an initial resource at Gibsons Open Cut and/or uncover new mineral discoveries.

The Company will engage skilled consultants to carry out the proposed exploration programs as and when needed. The Company does not anticipate any difficulty in locating or engaging consultants to carry out the proposed exploration program.

A summary of the Halls Peak Project exploration program is set out below:

<table>
<thead>
<tr>
<th>Exploration Budget – A$</th>
<th>Year 1</th>
<th>Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negotiate and establish land access agreements. Community relations.</td>
<td>$10,000</td>
<td></td>
</tr>
<tr>
<td>Surveying, collation and digitising historic data.</td>
<td>$30,000</td>
<td></td>
</tr>
<tr>
<td>Geological re-logging existing drill core using standardised codes and methods. QA/QC sampling and analysis.</td>
<td>$35,000</td>
<td></td>
</tr>
<tr>
<td>Drilling Gibsons deposit -Diamond drill holes with multi-element analysis and technical data collection.</td>
<td>$360,000</td>
<td></td>
</tr>
<tr>
<td>Modelling Gibsons area geology and grade distribution.</td>
<td>$30,000</td>
<td></td>
</tr>
<tr>
<td>Petrophysical study.</td>
<td>$10,000</td>
<td></td>
</tr>
<tr>
<td>Surface geophysics surveys for the eastern plateau and Spike Island prospect.</td>
<td>$90,000</td>
<td></td>
</tr>
<tr>
<td>Definition drilling Gibsons deposit.</td>
<td></td>
<td>$360,000</td>
</tr>
<tr>
<td>Establish resource at Gibsons deposit to JORC (2012) guidelines (QA/QC, modelling, estimation and reporting).</td>
<td></td>
<td>$41,000</td>
</tr>
<tr>
<td>Drill test massive sulphide targets on plateau area identified from Year 1 geophysics survey. RC drilling</td>
<td></td>
<td>$70,000</td>
</tr>
<tr>
<td>Drill two diamond drill holes to test Sunnyside targets.</td>
<td></td>
<td>$200,000</td>
</tr>
<tr>
<td>Drill three RC drill holes to test Spike Island target.</td>
<td></td>
<td>$60,000</td>
</tr>
<tr>
<td>Totals</td>
<td>$565,000</td>
<td>$731,000</td>
</tr>
<tr>
<td>$1,296,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis. Expenditure may be reallocated as a consequence of such changes or new opportunities arising and will always be prioritised in accordance with due regard to geological merit and other business decisions related to the Company’s activities. Ongoing assessment of the Company’s Projects may lead to increased or decreased levels of expenditure reflecting a change of emphasis.

It is anticipated that the exploration program will enable the Company to establish an initial resource at Gibsons Open Cut and/or uncover new mineral discoveries.

For full details of the exploration program, refer to the Independent Geologist’s Report on the Halls Peak Project in Section 6.
4.4 Spanish River Project

The Spanish River Project consists of thirteen unpatented active single cell mining claims and two unpatented active boundary mining claims (Claims) over an area of 2.97km², in the south-eastern area of the province of Ontario, Canada. The Claims cover portions of the northern and southern shores of Agnew Lake and a portion of Agnew Lake.

Based on the geological setting, historic exploration and mining, the Spanish River Project has the potential to host a sulphide mineral deposit with copper as the dominant metal. Other subordinate metals including silver, cobalt and uranium may be associated.

Detailed information in relation to the Spanish River Project is set out in the Canadian Legal Report on the Spanish River Project in Section 8 and in the Independent Geologist’s Report in Section 6.

4.4.1 Location, Access and Tenure

The Spanish River Project is located in the south-eastern area of the province of Ontario, Canada approximately 60 kilometres west-south-west of the regional centre of Sudbury and 10 kilometres north of the town of Espanola.

Figure 6: Location Map: Spanish River Project

The Claims are valid through to September 2019. The expiry date of the Claims may be extended subject to approval by the Ministry of Northern Development and Mines - Ontario. See the Canadian Legal Report in Section 8 for further information on the tenure of the Claims.

Access to the Spanish River Project is via unsealed access roads that may connect to sealed highways linked to Sudbury, or via boat and barge from the nearby southern shore of Lake Agnew which has road access to the regional highway.

Ontario has been recently ranked 7th among mining jurisdictions for its geological attractiveness for minerals and metals and the extent to which government policies encourage or deter exploration and investment.

Ontario is regarded as having “rich mineral reserves, competitive taxes, efficient permitting procedures and certainty around environmental regulations”.

Sudbury, the mining centre of Ontario, supports a strong mining industry highlighted by Vale’s six operating mines producing nickel, copper, cobalt, platinum, gold and silver.
The Company believes that operating within a well-established mining jurisdiction has the benefit of greatly improving its ability to implement its business model in a cost effective and timely manner. Additionally, the existence of established mining operations located within Ontario will allow the Company to source the required geological and technical expertise as and when required along with plant and equipment for planned exploration activities.

4.4.2 Infrastructure

The City of Sudbury is accessed by daily commercial flights from Canadian regional airports including Toronto and Ottawa international airports.

The location of the Spanish River Project will reduce the Company’s need to expend funds on costly infrastructure to create access to the Project. In addition, its locality to the town of Baldwin will provide cost effective accommodation for field activities without the need to create portable or remote accommodation.

4.4.3 Physiography and Climate

The average daily temperatures range from -0.8 degrees Celsius in January to 24.8 degrees Celsius in July with mean minimum daily temperatures range from -17.9 degrees Celsius in January to 13.4 degrees Celsius in July. Average annual precipitation is 903.3mm with average annual rainfall of 675.7mm and average snowfall of 263.4mm.

Southern Ontario is described as a landscape of flat plateaus and low, rounded hills, crisscrossed by rivers and lakes. The project area is typical of Southern Ontario. It is mostly flat lying with an elevation ranging from 262m ASL at the shore of Agnew Lake to a peak of approximately 320m ASL in the central part.

The climate is described as a humid continental climate.

The Company is of the view that the climate and physiography of the region will not impede its planned exploration activities and allow for extended periods of access to the Spanish River Project area throughout the year.

4.4.4 Regional Geology

The Spanish River Project area is located in the Proterozoic Southern Province of the Canadian Shield, with the Superior Province to the north-west and the Granville Province to the south-east. The eastern part of the Southern Province consists of the Paleoproterozoic Huronian Supergroup which occurs in an area extending from Lake Superior (west of Lake Agnew) to Sudbury to the east.

The Huronian Supergroup is subdivided into four stratigraphic groups. The oldest, the Elliot Lake Group, consists of volcanic rocks and clastic sedimentary rocks, and contains significant uranium deposits. The three other groups, from bottom to top (oldest to youngest) are the Hough Lake, Quirke Lake and Cobalt Groups. Each is characterised by a sedimentary cycle in which conglomerate, of probable glacial origin, is overlain by mudstone, siltstone and coarse arenite.

The Sudbury Igneous Complex, located to the north-east, hosts world class mineral deposits and has a mining history of over 100 years. These deposits have predominantly produced nickel and copper sulphides with associated platinum group elements and precious metals.

Mineral occurrences of the Huronian Supergroup are of a smaller tonnage than those hosted by the Sudbury Igneous Complex and formed through different mineralising processes. The Elliot Lake Group is known for significant uranium deposits, several of which have been mined.

Drill hole logs from historic drilling indicate mineralisation is dominated by chalcopyrite, pyrrhotite and pyrite associated with siliceous alteration and quartz veining. The mineralisation at the Spanish River Project is considered to be a VMS style deposit.

VMS deposits are volcanic or volcano-sedimentary associated or hosted massive sulphide deposits that form metal-enriched fluids associated with seafloor hydrothermal
convection. These deposits are major sources of zinc, copper, lead, silver and gold and significant sources of cobalt, tin, cadmium, selenium, manganese, indium, bismuth and tellurium. The deposits can range in size from thousands of tonnes to giant deposits of many millions of tonnes.

4.4.5 Local Geology

The Ontario geological mapping data for the region shows that the Spanish River Project area straddles the contact between Precambrian Elliot Lake Group rocks in the south-east and Precambrian Hough Lake Group, Mississage Formation in the north-west. The regional scale mapping indicates major structures through the area with a north-east orientation and Creighton fault zones.

4.4.6 Historical Activities

Historical reports indicate a decline was sunk on the Spanish River deposit in 1968 and ore was produced until September 1970. Table 2 in the Independent Geologist’s Report in Section 6 summarises the previous exploration and mining on the Spanish River Project.

A review of historic information reflects that 64 holes for 26,993.3 feet of drilling was completed between 1929 and 1967 with the majority of the work carried out between 1956 and 1967.

Drill hole geological logs are available for some of the historical drilling. These logs indicate copper mineralisation is dominated by chalcopyrite, pyrrhotite and pyrite associated with siliceous alteration and quartz veining. Sulphide texture is described as disseminated, splashes, streaky, blebby, stringers and occasionally veined. Sulphide percentages are not recorded in the available drill hole logging.

A Time-Domain Electromagnetic, Magnetometer and Very Low Frequency Electromagnetic (VLF-EM) survey was conducted in 2003 on behalf of Ursa Major Minerals Inc. The survey covered a much larger area than the Spanish River Project Claims area but the end of three survey lines appears to extend into the Claim area near the site of the historic mining. The survey summary describes the VLF-EM conductor as ‘moderate to strong’, ‘south of a broad magnetic high”, and “could be associated with a known copper deposit”.

4.4.7 Proposed Exploration

The Spanish River Project should be considered an early-stage exploration project. Mineralisation has been identified, however, Mineral Resources have not been identified according to JORC. Consequently, mineral exploration is planned on a staged process with the results from each activity used to ensure the following work is conducted effectively and efficiently. Exploration program details may be modified during the stages based on the outcomes of preceding work.

During the first 12 months, the Company proposes to review and collate available historical information and to conduct mapping and sampling to aid in the geological interpretation and for drill program design. Planned exploration in the 12 months includes diamond drilling on target zones.

Follow-up diamond drilling is planned in the second year as a follow-on from encouraging diamond drilling results from the first work program together with resource modelling and geostatistical analysis.

The Company will engage skilled consultants to carry out the proposed exploration program as and when needed. The Company does not anticipate any difficulty in locating or engaging consultants to carry out the proposed exploration program.
A summary of the Spanish River Project exploration program is set out below:

<table>
<thead>
<tr>
<th>Exploration Budget – A$</th>
<th>Year 1</th>
<th>Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surveying, collation and digitising historic data.</td>
<td>$30,000</td>
<td></td>
</tr>
<tr>
<td>Land access and work program approvals</td>
<td>$5,000</td>
<td></td>
</tr>
<tr>
<td>Surface mapping and sampling</td>
<td>$20,000</td>
<td></td>
</tr>
<tr>
<td>Interpretation and drill program design</td>
<td>$20,000</td>
<td></td>
</tr>
<tr>
<td>Diamond drill holes with multi-element analysis and technical data collection.</td>
<td>$260,000</td>
<td>$315,000</td>
</tr>
<tr>
<td>Early stage assessment of mineralisation style for geological and extraction understanding.</td>
<td></td>
<td>$10,000</td>
</tr>
<tr>
<td>Preliminary geological modelling and geostatistical analysis</td>
<td></td>
<td>$15,000</td>
</tr>
<tr>
<td>Totals</td>
<td>$335,000</td>
<td>$340,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$675,000</td>
</tr>
</tbody>
</table>

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis. Expenditure may be reallocated as a consequence of such changes or new opportunities arising and will always be prioritised in accordance with due regard to geological merit and other business decisions related to the Company’s activities. Ongoing assessment of the Company’s Projects may lead to increased or decreased levels of expenditure reflecting a change of emphasis.

It is anticipated that the exploration program will enable the Company to evaluate the potential of base metal mineralisation at the Spanish River Project.

5. Risk Factors

5.1 Introduction

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to our business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

5.2 Company and Project specific risks

(a) Title risk

The Halls Peak Project comprises two exploration licences which are due for renewal in January 2019. An exploration licence is not usually renewed over more than half the number of units comprising the original exploration licences unless the Minister is satisfied that special circumstances exist, including that the conditions of the licence have been satisfactorily complied with, the full area of the exploration licence has been effectively explored, and the proposed work program satisfactorily covers the full area to be renewed.

Based on paragraph 6(c) of the New South Wales Legal Report in Section 7 of this Prospectus, the Company is of the view that it is likely to obtain a renewal of all of the units comprising the Halls Peak exploration licences for a further period of three years.

The Spanish River Project comprises unpatented mining claims. In order to keep an unpatented mining claim in good standing in the Mining Act (Ontario), the Company must each year, comply with the Mining Act (Ontario) by undertaking appropriate assessment works and submitting a report of the assessment works with the relevant body.

For further information please refer to the Canadian Legal report in Section 8 of this Prospectus.

(b) Ministerial consent

The Company has applied for Ministerial consent to acquire EL7679 and for the transfer of EL4474. All documents provided to support the application for Ministerial consent have been lodged and the Company expects the consent to be granted in due course. There is a low risk that the Ministerial consent will not be granted and if so, the Company will not be able to acquire EL4474 and EL7679.

Whilst the application for Ministerial consent is pending, the Company has a right (via the Sugec Option Agreement and the SOC1 Option Agreement) to exclusive possession and unfettered access to EL4474 and EL7679 and to commence exploration prior to the Ministerial consent being obtained and prior to EL4474 and EL7679 being transferred in the Company’s name.

(c) Access risk

**Halls Peak Project**

The Halls Peak Project includes private land and therefore the Company may need to negotiate access agreements with any private landholders whose land forms part of the Halls Peak Project prior to any exploration activity being conducted on that land. There is
a risk that the Company will not be able to obtain the consent of private landholders to conduct exploration on the Halls Peak Project.

Although the Company’s current planned exploration program does not require or envisage access to any private land within the Halls Peak Project, in the event that the Company’s planned exploration program changes, it may require access agreements with private landholders and the Company anticipates obtaining those agreements if required.

**Spanish River Project**

The Spanish River Project are comprised of unpatented mining claims. An unpatented mining claim provides the holder thereof with the exclusive right to explore for minerals within the claim boundaries, the exclusive right to apply for a mining lease over the land covered by the claim, and the right to enter upon, use and occupy parts of the surface of such claim as are necessary for the efficient exploration of such minerals.

However, if the Company requires access to the unpatented mining claims from neighbouring landholders, the Company will need to negotiate access agreements with neighbouring landholders. The Company anticipates it will be able to secure access agreements with neighbouring landholders on satisfactory terms (if required).

(d) **Exploration Permits and Exploration Plans – Spanish River**

Most activities on an unpatented mining claim (such as the Claims that comprise the Spanish River Project) require an Exploration Plan or an Exploration Permit. To obtain either an Exploration Permit or to submit an Exploration Plan, consultation with Indigenous groups whose rights might be impacted by the activities contemplated in the Exploration Plan or Exploration Permit is often required.

Any consultation process with Indigenous groups may be subject to delay and potentially the commencement of exploration activity on the Spanish River Project.

Based on the Company’s experience it does not anticipate any issues with obtaining the necessary Exploration Permits.

For further information refer to the Canadian Legal Report in Section 8 of this Prospectus.

(e) **Exempted areas – Halls Peak**

The Halls Peak Project extends over areas which are classified as “exempt areas” and include state forests, state conservation areas and Crown land, requiring Ministerial consent prior to commencing exploration activities.

Obtaining Ministerial consent requires an environmental assessment of any proposed ground-disturbing exploration activities by the Division of Resources and Energy of the New South Wales Department of Industry.

The Company has no reason to believe that it will not obtain Ministerial consent to conduct its proposed exploration program (if required). However, the inability to obtain land access to exempted areas on satisfactory terms or within acceptable timeframes may impact on the Company’s ability to undertake its proposed exploration programs.

(f) **Reliance on key personnel**

The Company’s operational success will depend substantially on the continuing efforts of senior executives. The loss of services of one or more senior executives may have an adverse effect on the Company’s operations. Furthermore, if the Company is unable to attract, train and retain key individuals and other highly skilled employees and consultants, its business may be adversely affected.

The Company has engaged an independent contractor in Canada to assist with field management and logistics support in relation to the Spanish River Project. See Section 11.9 for the terms and conditions of the independent contractor agreement.
(g) **Additional requirements for capital**

The funds raised under the Offer are considered sufficient to meet the immediate objectives of the Company. The funds raised through this Prospectus that are spent on mineral exploration may not however be sufficient to identify JORC compliant resources, which will mean that the Company is likely to need to raise additional funds. Any requirements for capital additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities.

If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back exploration expenditure as the case may be.

(h) **Potential acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or prospects although no such acquisitions or investments are currently planned. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

(i) **Reports regarding the Company and the Projects**

If securities or industry analysts do not publish or cease publishing research or reports about the Company, its business or its market, or if they change their recommendations regarding the Company’s Shares adversely, the price of its Shares and trading volumes could be adversely affected.

The market for the Company’s Shares trading on ASX may be influenced by any research or reports compiled by securities or industry analysts. If any of the analysts who may cover the Company and its products change previously disclosed recommendations on the Company or for that matter its competitors, the price of its Shares may be adversely affected.

(j) **Exploration costs**

The exploration costs of the Company have been estimated based on certain assumptions including with respect to the method and timing of exploration and these assumptions are subject to significant uncertainties. Actual exploration costs may differ materially from these estimates. As such, no assurance can be given that the cost estimates and the underlying assumptions will be realised. The Company may be materially and adversely affected if the actual costs are substantially greater than the estimated costs.

(k) **Exploration targets, resources and reserves**

In the future, the Company may identify exploration targets based on geological interpretations, geophysical data, geochemical sampling and historical drilling. In that case, insufficient data may exist to provide certainty over the extent of any mineralisation. Accordingly, no assurances can be given that any additional exploration will result in the determination of a mineral resource on any of the exploration targets identified. Even if a mineral resource is identified no assurance can be provided that an ore reserve will be subsequently defined and economically mined.

If a mineral resource or ore reserve estimate is made in the future, these estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when initially calculated may alter significantly when new information or techniques become available. In addition, by their very nature resource and reserve estimates are imprecise and depend to some extent on interpretations which may prove to be inaccurate.

(l) **Equipment and availability**

The Company’s ability to undertake mining and exploration activities is dependent upon its ability to source and acquire appropriate mining equipment. Equipment is not always available and the market for mining equipment experiences fluctuations in supply and demand. If the Company is unable to source appropriate equipment
then this would have a material adverse effect on the Company’s financial or trading position.

(m) Contractual risk

The Company is party to several contracts, including those summarised in Section 11. Whilst the Company will have various contractual rights in the event of non-compliance by a contracting party, no assurance can be given that all contracts to which the Company is a party will be fully performed by all contracting parties. Additionally, no assurance can be given that a contracting party does not comply with any contractual provision, the Company will be successful in enforcing compliance. There are also counterparty bankruptcy, creditor, termination and operational risks.

(n) Land rehabilitation requirements

Although variable, depending on location and the governing authority, land rehabilitation requirements are generally imposed on mineral exploration companies, as well as companies with mining operations, in order to minimise long term effects of land disturbance. Rehabilitation may include requirements to control dispersion of potentially deleterious effluents and to reasonably re-establish pre-disturbance land forms and vegetation. In order to carry out rehabilitation obligations imposed on the Company in connection with its mineral exploration, the Company must allocate financial resources that might otherwise be spent on further exploration and/or development programs.

(o) Environmental Approvals

As with most exploration projects and mining operations, the Company’s activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company’s intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

The occurrence of an environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall, snow or bushfires may impact on the Company’s ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations. The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations will become more onerous, making the Company’s operations more expensive.

(p) Limited History

XS Resources was recently incorporated (2 March 2018) and has no operating history and limited historical financial performance. Further, XS Resources Canada Corporation, a wholly owned subsidiary of XS Resources, was only incorporated on 18 June 2018 and also has no operating history and limited historical financial performance.

5.3 General Risks

The future prospects of the Company’s business may be affected by circumstances and external factors beyond the Company’s control. Financial performance of the Company may be affected by a number of business risks that apply to companies generally and may include economic, financial, market or regulatory conditions.
(a) General economic climate
Factors such as inflation, currency fluctuation, interest rates and supply and demand have an impact on operating costs, commodity prices and stock market prices. The Company’s future revenues and securities price may be affected by these factors, as well as by fluctuations in the price of commodities, which are beyond the Company’s control.

(b) Changes in legislation and government regulation
Government legislation in Australia, New South Wales or Ontario, including changes to the taxation system, may affect future earnings and relative attractiveness of investing in the Company. Changes in government policy or stay affect the Company and the attractiveness of an investment in it.

(c) Competition for projects
The Company competes with other companies, including mineral exploration and production companies. Some of these companies have greater financial and other resources than the Company. As a result, such companies may be in a better position to compete for future business opportunities and there can be no assurance that the Company can effectively compete with these companies. In the event that the Company is not able to secure a new project or business opportunity this may have an adverse effect on the operations of the Company, its possible future profitability and the trading price of its securities, including the Shares offered under this Prospectus.

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

(e) Sharemarket conditions
The market price of the Company’s securities may be subject to varied and unpredictable influences on the market for equities in general and resources stocks in particular.

(f) Speculative nature of investment
The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus. Therefore, the Shares offered pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of the Shares.
6. Independent Geologist’s Reports

Independent Geologist Report on the Halls Peak Project

Report Prepared for XS Resources Limited

Author: Geoffrey J. Chapman BAppSc (Mining Geology and Mineral Exploration), MSc (Mineral Economics), FAusIMMM
Peer Review: Jacqueline S. Chapman BSc (Hons), MAIG
Company: GJ Exploration Pty Ltd
Date: 3 September 2018
Executive Summary

XS Resources Limited ("XS Resources" or the "Company") commissioned GJ Exploration Pty. Ltd. ("GJ Exploration") to provide an Independent Geologist Report ("IGR") on a portfolio of prospective base metal exploration assets. This IGR is for one of the assets, the Halls Peak Project (the "Project") located in the New England area of the State of New South Wales ("NSW"), Australia.

The purpose of GJ Exploration's IGR is to provide an impartial assessment of the technical data and merits of the Project, as well as assess the defined exploration and expenditure programs.

The Project centre is located approximately 40 kilometres directly south-east of the regional city of Armidale. Access is via the sealed Armidale-Dorrigo Road then via unsealed roads.

The Project comprises two Exploration Licences (prefix EL) granted under the NSW Mining Act, (EL4474 and EL7679) totalling a combined 36 licencing units with a combined area of 84.12 square kilometres ("km²"). The ELs are for Group 1 Minerals, comprising metallic minerals.

Most of EL4474 and a significant portion of EL7679 comprise “exempted areas” under section 30 of the Mining Act, including Armidale Shire Nature Reserve, Crown Land, the Styx River State Forest and the Oxley Wild Rivers State Conservation Area. Under section 30 of the Mining Act the holder of an EL must obtain the consent of the Minister before operations may be conducted in an “exempted area”, which includes State Forests, State Conservation Areas and Crown Land.1 A strip of land in the west of EL7679 is classified strategic agricultural land. Exploration activities must be assessed for their impact on the land, and mining activities must undergo a “gateway” assessment process by a panel of experts.2 Details of the Project tenure are contained in the Solicitors Report on NSW Tenements located elsewhere in this Prospectus.

Geologically, the Halls Peak area is part of the New England Orogen, covering a sequence comprising the Permian Styx River Beds overlying the Early Permian Halls Peak Volcanics which then overlay the Carboniferous Comara Beds. The Halls Peak Volcanic rocks are interpreted as being produced during felsic volcanism within a convergent plate setting and modified by possible rift related extension. The geological setting is consistent with the documented VMS style mineralisation on the Project. Structural disruption of the sequence is by major north-east trending faults with localised folding and smaller scale north-west trending structures.3

The lower pyritic shale unit of the Halls Peak Volcanics hosts small-tonnage (sub 30,000 tonnes) high grade base metal deposits dominated by zinc and lead with subordinate copper and silver. Some mineralised areas display localised extreme silver grades (hundreds of g/t). Historic exploration identified several of these sulphide bodies resulting in intermittent small-scale mine production from the early 20th century to the 1966.

Historic exploration on the Project has been conducted since the 1930s and included geophysics, geochemistry and drilling.

Exploration since 2011 has included drilling, focussed primarily on the Gibsons Open Cut area, and a project-wide helicopter-borne Versatile Time Domain Electromagnetic ("VTEM") survey conducted in 2012.

---

1 Resources Legal Pty Ltd, Solicitors Report on NSW Tenements 2018
2 Resources Legal Pty Ltd, Solicitors Report on NSW Tenements 2018
3 Moody T.C., 1991
The analysis of the VTEM survey identified early stage exploration targets at Sunnyside and Spike Island locations and recommends compilation and integration of all historical data into a consolidated 3-Dimensional model to allow further targeting and geophysics target refinement.4

Advanced exploration targets exist with extension and definition of the high grade massive sulphide bodies identified by historic and recent drilling in the Gibsons deposit area.5

The proposed exploration program over a two-year period is summarised as follows:

- Initial site establishment, including permitting, access, and surveying of surface exposures, previous exploration and old mine workings.
- Geological re-logging of current and historic drill core using a standardised legend to be included in a compilation of all existing data of previous underground plans, mapping, drill hole data, geophysical and geochemical survey data.
- In Year 1, drill five to seven (5-7) drill holes testing extensions to the known shallow Gibsons base metals mineralisation and create a consolidated 3-Dimensional model of data to establish geology and grade distribution, and to use in exploration drill targeting.
- Using the preferred technique from a petrophysical study, conduct a detailed geophysical survey, to evaluate potential for further massive sulphide bodies beneath the cover sequence and refine the early stage exploration targets generated from the 2012 VTEM survey.
- Subject to the results from the Year 1 program, in Year 2, complete definition drilling of the Gibsons deposit based on potential economic targets, and drill test resolved targets from detailed geophysical survey in Year 1.
- Preliminary resource modelling and geostatistical analysis to determine the requirements for resource definition.

The estimated cost to conduct exploration over the Project in the first two years will be in the vicinity of A$1,296,000.

It is GJ Exploration’s opinion, in compliance with Reporting Standards, that the XS Resources’ mineral assets and target commodities warrant the proposed evaluation, exploration and testing programs. It is also noted that the proposed programs may be subject to change according to results yielded as work progresses.

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Halls Peak Project

17 July 2018
The Directors
XS Resources Limited
Level 2
50 Kings Park Road
West Perth, WA
6005

Dear Directors

Introduction
XS Resources Limited (“XS Resources” or “the Company”) is an Australian company (ACN 624 766 114). The Company was incorporated on 2 March 2018 to focus on the exploration for, and development of, base metal assets in Canada and Australia. XS Resources is now seeking to undertake an initial public offering (IPO) and list on the Australian Stock Exchange (“ASX”) to fund the future evaluation and assessment of the Halls Peak Project in New South Wales (“NSW”), Australia and the Spanish River Project in Ontario, Canada.

XS Resources has commissioned GJ Exploration Pty Ltd (“GJ Exploration”) to prepare Independent Geologist Reports (“IGR”) for their exploration assets in Canada and Australia. The mineral asset considered in this report is the Halls Peak Project located in the New England area of NSW, Australia which will be acquired by XS Resources pursuant to two Option Agreements dated 29 May 2018.

It is GJ Exploration’s understanding, that this IGR is to be included in the Company’s Prospectus (“Prospectus”) in support of a proposed listing on the ASX. The purpose of the Prospectus is to offer approximately 22,500,000 shares at an issue price of $0.20 per share, to raise approximately A$4.5 million before the costs of issue. The Minimum Subscription is A$4.5 million with no ability to accept oversubscriptions. The funds raised will be used primarily for the exploration and evaluation of the mineral exploration licences assembled by XS Resources in Australia and Canada.

XS Resources proposes to lodge the Prospectus with the Australian Securities and Investment Commission (ASIC) on or around 7 September 2018.

The purpose of this report is to provide an impartial assessment of the technical data and merits of the Halls Peak Project, comprising two Exploration Licences (EL4474 and EL7679), as well as assess the defined exploration and expenditure programs proposed by XS Resources.

The objectives of this IGR are:

• to present a geological description,
• outline previous exploration and mining work,
• provide an opinion on the exploration potential,
• summarise the key technical risks, and
• evaluate the Company’s proposed and costed exploration programs for the next two years.

Qualifications of Competent Persons
The Competent Person who has reviewed the exploration and mining information supplied by XS Resources and compiled this report is Mr. Geoffrey J. Chapman BAppSc (Mineral Exploration and Mining Geology), MSc (Mineral Economics), Fellow of the Australian Institute of Mining and Metallurgy (“AusIMM”) who is a Director and consultant of GJ Exploration Pty. Ltd. Mr. Chapman is a geologist with over 30 years of mining and exploration experience in a variety of deposit styles and commodities including nickel, gold, base metals, uranium, manganese and industrial minerals. Mr. Chapman has sufficient experience that is relevant to the style of mineralisation, type of deposits, and the type of activity required for the reporting purpose of a public company prospectus and as such qualifies as a Competent Person as defined in the JORC Code (2012).

The Competent Person who has conducted the peer review is Mrs. Jacqueline S. Chapman BSc (Hons), member of the Australian Institute of Geoscientists (“AIG”) who is a Director and consultant of GJ Exploration Pty. Ltd. Mrs. Chapman is a geologist with over 30 years of mining and exploration experience in a variety of deposit styles and commodities including gold, nickel, base metals, uranium and rare earths. Mrs. Chapman has sufficient experience that is relevant to the style of mineralisation, type of deposits, and the type of activity required for the reporting purpose of a public company prospectus, and as such qualifies as a Competent Person as defined in the JORC Code (2012).

Statement of Independence and Costs
GJ Exploration is an independent geological consultancy, established in 2011 and has operated continuously since then. Neither GJ Exploration, nor any of its directors, employees or associates has any current interest, either directly, indirectly or contingent, in:

• XS Resources or
• any of the mineral properties in this IGR or
• any other asset of XS Resources.

Mr. G.J. Chapman, as part of the GJ Exploration consultancy, worked on the Halls Peak Project between March and June 2017. (now part of this prospectus), on behalf of Force Commodities Limited.

There has been no involvement of GJ Exploration with XS Resources and its property acquisitions. Further, none of the Competent Persons involved in the preparation of this IGR is an officer, employee or proposed officer of the Company or any group, holding or associated company of the Company. Consequently, the Competent Persons involved in the preparation of this IGR consider themselves to be independent.

GJ Exploration will receive a fee of approximately A$14,800 (excluding GST) for the combined preparation of IGRs for the Halls Peak Project and the Spanish River Project. This fee is not dependent on the findings of this IGR and GJ Exploration will receive no other benefit for the preparation of this IGR.

Effective Date
The base technical information date and the effective date of the IGR is 17 July 2018 (the “Effective Date”). The technical information contained in the IGR has been prepared as at the Effective Date.

Reporting Standards
This Report has been prepared as a technical assessment in accordance with the Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets (the “VALMIN Code”, 2015 Edition) which is binding upon Members of the AusIMM and the AIG, as well as the rules and other regulations and guidelines issued by the ASIC and the ASX which pertain to Independent Expert Reports.

Where exploration results have been referred to in this report, they were prepared pursuant to the 2012 edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves- (“JORC Code”).

As per Clause 19 of the JORC Code, the reporting of all criteria of Sections 1 and 2 of “Table 1 Report”, are required for significant projects on a “if not, why not” basis. These requirements are included in Appendix 1: JORC Code, 2012 Edition – Table 1 Report - Halls Peak Project.

**Valuation**

This IGR is not a valuation report and does not express an opinion as to the value of the mineral assets or tenements involved, or to the fairness and reasonableness of any transactions between XS Resources and any other party.

**Study Terminology**

The terminology used in this IGR is consistent with the Glossary of Technical Terms, Abbreviations, and Definitions in Section 11 Glossary of Technical Terms, Abbreviations and Definitions.

The nomenclature for the Halls Peak Project deposits and prospects is sourced from the Geological Survey of New South Wales (“GSNSW”) Mineral Occurrences database.

**Sources of Information**

In the course of the preparation of this IGR, the data sourced and provided by XS Resources, and examined in this review, are from the public domain, mainly from the Geological Survey of New South Wales (“GSNSW”), company announcements and reports, published journals, and also unpublished historical data, technical reports and documents. XS Resources provided GJ Exploration with digital folders of these data, historical reports, technical reports, and documents. Digital information relating to drilling, sampling, and assaying was provided for validation. GJ Exploration has made all reasonable endeavours to verify the accuracy and relevance of information, with all information used quoted in Section 10 Bibliography.

**Verification and Validation**

The technical information in this IGR, as provided by the Company, is taken in good faith by GJ Exploration. There has been reaggregation of drilling data to determine drill intercepts however no alteration to primary data has been done. GJ Exploration has conducted a review and assessment of all the material technical issues including:

- Examination of the historical data made available by the Company in respect of the Halls Peak Project.
- Online checking of Project location, tenure and geology using GSNSW - the Mining and Exploration Assessment team DIGS® system (“DIGS”), the GSNSW MinView web mapping application (MinView), and other public information/imagery was conducted on 17 July 2018.

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• Validation of the digital Halls Peak data included random spot checks against assay certificates and GSNSW reporting information. No check resamples of diamond core, analytical reject samples or site samples were completed as part of the verification and validation of this IGR.

• Examination and review where appropriate of the key technical risks and opportunities in relation to the mineral assets.

Since the Competent Person (Mr Geoff Chapman) had completed three site visits, for a total of five days between March and May in 2017, no site visit was deemed necessary to the Halls Peak Project site for this IGR.

Reliance on Information
GJ Exploration relied upon the accuracy and completeness of the technical and legal information provided by or through XS Resources along with technical reports prepared by consultants, government agencies and previous mineral claim holders, and other relevant published and unpublished data.

XS Resources has confirmed to GJ Exploration that, to its knowledge, the technical information provided by it was complete and not incorrect or misleading in any material respect. GJ Exploration has no reason to believe that any material facts have been withheld. While GJ Exploration has exercised due care in reviewing the supplied information, GJ Exploration does not accept responsibility for the finding of any omissions or errors contained therein and disclaims liability for any consequences of such errors or omissions.

This IGR contains statements attributable to third parties. These statements are made or based upon statements made in previous technical reports or journals that are publicly available from public domain published papers. The authors of these reports have not consented to their statements use in this IGR, and these statements are included in accordance with ASIC Corporations (Consent to Statements) Instrument 2016/72.

GJ Exploration’s review and assessment of the exploration results for the mineral assets is based on information supplied by XS Resources, which in turn reflect technical and economic conditions at the Effective Date. These conditions can change rapidly and significantly and assumptions made in this IGR could be materially different in changed circumstances.

This IGR specifically excludes all aspects of legal issues (see Legal Matters), marketing, commercial and financing matters, land titles and usage agreements, and any other contracts and/or agreements that XS Resources may have entered into.

Matters related to XS Resources potential responsibility for environmental rehabilitation arising from previous mining activity in the Project area have not been examined in this report.

XS Resources was provided a final draft of this report and requested to identify any material errors or omissions prior to its lodgement.

Legal Matters
The legal status, including native title process or agreements, land access agreements, environmental restrictions, permits, local heritage associated with tenure of the XS Resources mineral assets, is subject to a separate Solicitor’s Report elsewhere in the Prospectus. The legal matters have not been independently verified by GJ Exploration. Similarly, GJ Exploration notes that it is not qualified to make legal representation regarding ownership and legal standing of the Halls Peak Project tenements. The present status of the Project is based on information by XS Resources, and the IGR has been prepared on the assumption that XS Resources will have lawful access to the tenure for evaluation and potential development.
Matters related to the Company’s potential responsibility for environmental rehabilitation arising from previous mining activity in the Project area have not been examined in this report.

**Declaration and Consent**

**VALMIN Code Declaration**

The information in this IGR that relates to Technical Assessment and Valuation of Mineral Assets reflects information compiled and conclusions derived by Mr G. J. Chapman who is a Fellow of the AUSIMM. Mr Chapman is a Director of independent consultants GJ Exploration Pty Ltd and is not an employee of XS Resources.

Mr Chapman has sufficient experience that is relevant to the Technical Assessment of the Mineral Assets under consideration, and to the activity being undertaken to qualify as Practitioners as defined in the 2015 edition of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets. Mr Chapman consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

**Competent Persons Statement - JORC Code 2012**

The information in the IGR that relates to Exploration Results is based on information compiled by Mr G.J. Chapman as provided by XS Resources. Mr Chapman is a Fellow of the AUSIMM. Mr Chapman is a Director of independent consultants GJ Exploration Pty Ltd and is not an employee of XS Resources.

Mr Chapman has sufficient experience that is relevant to the type of deposit and style of mineralisation under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Chapman consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Yours faithfully

Mr Geoffrey Chapman
Director and Consultant

Peer Reviewed by

Mrs Jacqueline Chapman
Director and Consultant
1 Project Overview

The Halls Peak Project (“the Project”) comprises two (2) granted Exploration Licences (EL4474 and EL7679) with a combined area of 84.12 km². Sections 1.1 to 1.4 and 2 of this IGR are descriptions of the relevant mineral assets, including location, infrastructure, climate, geography and tenure. All grid coordinates used in this report are in Australian grid MGA94 (Zone 56) projection.

1.1 Location

The Halls Peak Project is located in the New England area of the state of New South Wales (NSW), Australia (Figure 1). The Project centre is approximately 40 kilometres (“km”) directly south-east of the regional centre of Armidale (Figure 2).

Figure 1: Project location.

Source: Compiled in April 2018 by G. Chapman using Mapinfo GIS data.

1.2 Access and Infrastructure

The city of Armidale is accessed by daily commercial flights from Australian airports including Sydney and Brisbane.

The Project area is located approximately 40 km, directly south-east of Armidale (Figure 2). Road access is via the sealed Armidale-Dorrigo Road, then via unsealed roads.8

8 Kennewell P.J., Degeling P., Gentle L.V., 2014
Climate
The Armidale area of New England has a Köppen climate classification: Cfb, (mild temperate, fully humid, warm summer).\(^9\)

The mean maximum daily temperatures range from 12.1°C in July to 26.1°C in January with mean minimum daily temperatures range from 1.3°C in July to 13.4°C in January. Mean annual rainfall (1994-2018) is 769.5mm with November the wettest month with mean rainfall of 99.0 mm and July the driest month with mean rainfall of 41.1 mm.\(^10\)

Geography
The Halls Peak Project is near the eastern edge of the Northern Tablelands of NSW, in the severely dissected terrain of the Macleay River catchment. This region forms part of the gorge country related to the Great Escarpment of Eastern Australia.

The Project licences straddle the Chandler River gorge, situated on the eastern and western river escarpments, with plateaus (often described as tablelands) beyond the escarpments to the north and west.

The topography is typically very steep in the gorge areas. Elevations range from 265 metres (“m”) above sea level (“ASL”) at the Chandler River, in the centre of the Project area, to 875 mASL at the top of the Gibsons Open

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\(^9\) Köppen climate classification; http://hanschen.org/koppen

Cut. The main historic mine workings (Gibsons, Khans Creek and Faints-Firefly), have slopes ranging between 15° and 40°. Although outcrop is common in these areas, the mountainsides are mantled by transported regolith, soil creep, or unstable talus. The landscape is drained by many small creeks with incised valleys feeding into the Chandler River. The tablelands are relatively flat lying with elevations generally in the range 900 to 1,000 mASL.

Figure 3 is an oblique Google Earth view of three (3) of the previously mined prospects on the eastern side of the Chandler River gorge. This image highlights the steep topography and the deeply incised landscape. The distances between prospects on Figure 3 are Khans Creek to Gibsons 1.95 km, Gibsons to Firefly 1.3 km. The vertical elevation difference between the Chandler River and the Gibsons Open Cut is approximately 600 metres. Access for exploration and development work in the past has been hampered by the rugged topography that features small cliffs and very steep slopes.

![Figure 3: Project area portion, Google Earth oblique view facing south-south-east](image)

Source: Compiled April 2018 by G Chapman using data from Google Earth and NSW Department of Planning & Environment Division of Resources and Energy Mineral Occurrences Database.

2 Tenure

The Project mineral tenure is comprised of two Exploration Licences granted under the provisions of the NSW Mining Act 1992. The Project Tenement Schedule (Table 1) and associated notes have been sourced from the Solicitors Report on NSW Tenements elsewhere in this Prospectus.

11 Google Earth elevation data; Pyper, R. C. W., 2011
The status of the licences has been reviewed on 17 July 2018 on the NSW Department for Planning and Environment MinView system by G. Chapman as Competent Person for this IGR. The information contained in Table 1 is correct at the date of review.

Figure 4 shows the Project licences and the various Environmental “Exempt Areas”, “Strategic Agricultural Land” and “Aboriginal Heritage Sites” within and surrounding the Project area. Details relating to these areas and the implications for access to conduct mineral exploration and development are contained in the Solicitors Report on NSW Tenements elsewhere in this Prospectus.

**Table 1: Project Tenement Schedule**

<table>
<thead>
<tr>
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<th>Holder</th>
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<th>Expiry Date</th>
<th>Rental and Levy</th>
<th>Proposed Expenditure</th>
<th>Security</th>
<th>Encumbrances</th>
<th>Area km²</th>
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<td>4 / 12</td>
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<td>13.01.2019</td>
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<td>$10,000</td>
<td>Nil</td>
<td>11.41</td>
</tr>
<tr>
<td>EL 7679</td>
<td>SUGEC Resources Ltd</td>
<td>32 / 128</td>
<td>11.01.2011</td>
<td>11.01.2019</td>
<td>$2,020 pa</td>
<td>$40,000</td>
<td>$10,000</td>
<td>Nil</td>
<td>72.71</td>
</tr>
</tbody>
</table>

Notes

1. One unit is the area bounded by one minute of latitude by one minute of longitude. As shown on the tenement maps contained in the Prospectus, portions have been excised from some of the units in the licences.

2. The annual tenement rental is $60 per unit. The annual administrative levy is 1% of the security deposit (1% of $10,000 = $100 pa for each tenement).

3. Proposed expenditure is in accordance with current work programs approved by the DRE.

4. The proposed work program on EL 4474 for the 12 months to January 2019 includes five drill holes, for proposed total expenditure of $140,000.

5. The proposed work program on EL 7679 for the 12 months to January 2019 includes one drill hole and geophysical surveys, for proposed total expenditure of $40,000.

Most of EL4474 and a significant portion of EL7679 comprise “exempted areas” under section 30 of the Mining Act, including Armidale Shire Nature Reserve, Crown Land, the Styx River State Forest and the Oxley Wild Rivers State Conservation Area. Under section 30 of the Mining Act the holder of an EL must obtain the consent of the Minister before operations may be conducted in an “exempted area”, which includes State Forests, State Conservation Areas and Crown Land. A strip of land in the west of EL7679 is classified strategic agricultural land. Exploration activities must be assessed for their impact on the land, and mining activities must undergo a “gateway” assessment process by a panel of experts.

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12 Area sourced from GIS measurement of shapefiles sourced from NSW Planning & Environment [http://www.resourcesandenergy.nsw.gov.au]

13 Resources Legal Pty Ltd, Solicitors Report on NSW Tenements 2018

14 Resources Legal Pty Ltd, Solicitors Report on NSW Tenements 2018
Regional Geology

The Halls Peak Project is in the southern part of the New England Orogen (Figure 5). The following descriptions of the New England Orogeny are from the NSW Geological Survey summaries on state tectonic framework.

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15 The map of mineral tenure for EL4474 and EL7679 and other land designations shown in Figure 4 of this IGR, and the attached Solicitors Report elsewhere in this Prospectus, is based on information compiled by Mr Jeff Randell a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Randell is a full-time employee of Geos Mining Mineral Consultants.

Mr Randell has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Randell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.
Figure 6 is a simplified diagrammatic example of a convergent continental margin, a similar tectonic setting to the formation of the New England Orogen.

**Figure 5: New England Orogen location on Geology of NSW**

Source: Compiled April 2018 by G. Chapman from Mapinfo GIS data and Geological Survey of NSW statewide geology data.

**Figure 6: Simplified diagram of convergent continental margin forming a subduction zone of oceanic crust below continental crust (after Tsunami Research.co.nz)**
3.1 **Tectonic Setting**

The New England Orogen is complex. The following is a simplified multi-phase history:

- An initial Cambrian to Ordovician aged, fragmented, convergent continental margin of volcanic and volcaniclastic rocks, disrupted Cambrian ophiolites (oceanic) and Ordovician blueschists.

- A second phase, of Silurian(?) to Early Devonian age, marked by plate convergence between the Australian plate with the proto-Pacific plate, causing a mix of oceanic arc sediments and accretionary prism rocks (a block of rocks trapped between the plates, in the subduction zone).

- The third phase was a Late Devonian (370-355 million years old) continental margin arc (of mafic lavas), above a west dipping subduction zone, passing eastwards into a forearc basin and accretionary prism (Figure 6). The arc continued into the Carboniferous (to about 325 million years) but changed in composition to produce more felsic lavas and volcaniclastic rocks.

- Multiple deformation phases, metamorphism, and emplacement of granites (some antimony-bearing) occurred in the accretionary complex rocks in the Late Carboniferous to Early Permian, and the forearc started to deform into a fold and thrust belt.

- In the Early Permian (around 300 million years ago), convergence along this plate margin changed into extension (rifting) and coupled with strike-slip faulting, this led to the formation of small rift basins (some with felsic volcanic-hosted mineralisation, such as at Halls Peak), and the formation of a major back arc rift basin.

- Renewed plate convergence in the Late Permian to Triassic led to volcanism, formation of epithermal gold and base metal deposits, and intrusion of granites.

The Early Permian Halls Peak Volcanics host the Halls Peak mineralisation (Ashley and Wolfenden, 2004). The sequence was produced by felsic volcanism within a convergent plate setting and modified by possible rift related extension as described above in the history of the New England Orogen. The sequence was deposited in a submarine environment and comprises rhyolitic pyroclastic and epiclastic rocks, minor felsic volcanics and abundant diamictite. Thick rhyolitic lavas and coarse fragmental volcanic breccias occur near an inferred volcanic centre at the Halls Peak Project.  

3.2 **Mineralisation**

The New England Orogen is a significant mineral province. Deposit styles include mesothermal and epithermal gold, Volcanic Massive Sulphide (“VMS”) base metals, epithermal silver, and lateritic nickel (GSNSW).

The Orogen also has porphyry copper and gold potential. Other economically important commodities include tin, sapphires, diamonds, molybdenum, tungsten, magnesite, cobalt and antimony (GSNSW).

3.3 **Deposit Models**

The following are summaries of key features of geological models for the formation of base metals that are described in this IGR as potential exploration targets. These descriptions are not considered comprehensive from a geological perspective.

The body of work completed in the past has indicated the known high grade mineralisation is a VMS-type deposit. There is conjecture from some previous workers that Sedimentary Exhalative Deposits (SEDEX)-type

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16 Geological Survey of New South Wales
17 Geological Survey of New South Wales; Pyper, R. C. W., 2011
deposits may be responsible for deeper conductive anomalies derived from geophysical surveys. The description of SEDEX-type deposits is included to provide information regarding this theory.

3.3.1 Volcanic Massive Sulphide (VMS) Deposits
The characteristics of the Halls Peak mineralisation are consistent with the Zn-Pb-Cu (Kuroko) VMS-type deposits (Ashley and Wolfenden, 2004).

VMS deposits (as defined by Galley, Hannington and Jonasson, 2007) are volcanic or volcano-sedimentary hosted massive sulphide deposits that form from metal-enriched fluids associated with seafloor hydrothermal convection. These deposits are major sources of Zn, Cu, Pb, Ag and Au and significant sources of Co, Sn, Se, Mn, Cd, In, Bi, and Te. The deposits can range in size from thousands of tonnes to giant deposits of many millions of tonnes. Most significant VMS mining districts are defined by deposit clusters.

VMS deposits form sheets or lenses of massive sulphide where metal-rich fluids (black smokers) precipitate on or near the sea floor. The deposits form in rift and back arc environments, developed over oceanic crust and subducted oceanic crust, with elevated heat flow (indicated by intrusions and dyke swarms) that drives the hydrothermal fluid convection.

There are numerous classifications for VMS deposits however the most useful (Galley et al, 2007) is based on rock types and metal associations. There are six broad groups: mafic, bimodal mafic, mafic siliciclastic, bimodal felsic, felsic siliciclastic, and hybrid bimodal felsic. Kuroko-type deposits (one of the six classifications) are located in bimodal felsic dominated settings, volcanic flow environments, and composed of Zn-Pb-Cu metals.

Figure 7 is a schematic diagram of a VMS-type mineralising system. Metals often overlap when precipitating but generally there is a broad zonation of metals surrounding the volcanic breccia centre (both laterally and vertically). Copper is dominant closest to the vent, while zinc and lead are on the margins of the system. Massive iron sulphides are distal to the base metals.
VMS deposits have a well-defined alteration, which in felsic rocks, is mainly sericite-quartz and silicification. Proximal to the vent, alteration is dominated by chlorite, the medial location is sericite dominant, and the distal alteration is quartz dominant.

The metal and alteration zonation are useful vectors to mineralisation in a known base metal environment, such as the Halls Peak Project.

During and after the formation of VMS deposits, significant disruption can be caused by slumping of the complex and later stage faulting and folding.

3.3.2 Sedimentary Exhalative Deposits (SEDEX)

The giant SEDEX deposits in Australia (such as Mt Isa and Century) were formed during the Proterozoic Period and contain over 10 million tonnes of zinc plus lead (“Zn+Pb”) (Emsbo, 2009). A large portion of the world’s zinc and lead has come from SEDEX deposits.

SEDEX deposits are interpreted to form in a similar way to VMS deposits where sulphides form from metal-enriched fluids by hydrothermal convection that vent into water filled basins. Both deposit types have similar metal and mineral characteristics, as the sulphide deposits are formed at the same time as the host rock. Even though the process of formation is similar, VMS and SEDEX deposits form in different environments.

SEDEX deposits form in continental rift zones in deep (reduced) submarine basins with large growth faults that enable the saline hydrothermal fluids to leach the metals from the surrounding sediments during dewatering and metamorphism. SEDEX mineralisation is generally stratiform, layered within thick sequences of marine sediments and are Zn+Pb dominant.
SEDEX deposits are generally shale or siltstone hosted and lack volcanic host rocks. The SEDEX deposits form distal to the vent (and the vent is not likely to be a black smoker). SEDEX deposits form over millions of years, and therefore, tend to be larger accumulations of metals and sediments compared with VMS-type deposits.

*Figure 8: Geological setting for SEDEX deposits (after Arndt N., Ganino C., 2011)*
4 Local Geology
The geology of Halls Peak comprises the Permian Styx River Beds in the northern areas of the Project overlying the Early Permian Halls Peak Volcanics which then overlay the Carboniferous Comara Beds to the south of the Project area. A small, elongate area of Tertiary volcanics (basalt) overlies the Styx River Beds at Long Point near the western margin of EL7679.

Detailed geological mapping by Moody (1991) (Figure 9) subdivided the Halls Peak Volcanics into a series of interbedded tuffs and shales.

Historical copper-lead-zinc workings located in the south of the Project area all occur within the mapped Halls Peak Volcanics.

4.1 Stratigraphy Summary
The following description of the local stratigraphy is primarily derived from a study and map (Figure 9) by Moody (1991) conducted for his BSc Honours degree at the University of New England (“UNE”) and from a subsequent paper compiled by Moody, Ashley, and Flood (1993).

Styx River Beds
The Styx River Beds are mostly a grey finely bedded sequence of siltstone, mudstone, and minor sandstone (Pyper, 2011 after Moody et al, 1993). These rocks cover the central and northern areas of the Project and overlay the older Halls Peak Volcanics sequence (the host to base metal mineralisation).

Halls Peak Volcanics
The Halls Peak Volcanics is a rock sequence, approximately 1,000 metres thick, produced by felsic (dominantly rhyolite, with minor dacite/andesite) volcanism. Volcanogenic sequences and cycles have been identified grading from basal conglomerates to capping black shales. Rocks within these cycles show many characteristics of slump structures, localised flows, intense structural disturbance, and some evidence of overturned beds. Disconformities are present in several localities (Pyper, 2011 after Moody et al, 1993).

Moody (1991) (Figure 9) subdivided the Halls Peak Volcanics from youngest to oldest as:

1. **Upper Volcanics** - units of rhyolites, siltstones (containing abundant shell fossils), tuffaceous sandstone and diamictite.

2. **Central Volcanics** - units of fragmental volcanics including coarse rhyolitic fragmentals, vitric lapilli tuff, ignimbrite followed by massive rhyolitic-dacitic feldspar (quartz) porphyritic lavas, minor bedded tuff, and epiclastics.

3. **Flank Volcanics** - units of rhyolite-dacite lavas and pyroclastics, a medium-fine grained turbidite sandstone member (lower) with intercalated dark grey siltstone, lower massive dacite lava flow, dark green andesite lava and a basal mixed sedimentary facies of diamictite, siltstone, mudstone, tuffaceous sandstone, black shale often pyritic and associated with massive sulphides.

   The lower pyritic black shale unit of the Flank Volcanics, is the only unit known to contain base metal sulphide accumulations at Halls Peak. It has been mapped as being up to 150 metres thick where exposed in the valley walls.

Comara Beds
The Comara Beds comprise sandy turbidites including fine to coarse sandstone, siltstone and black shales. Stratigraphically the Comara Beds are below the Halls Peak Volcanics.
4.2 Local Tectonic Framework
Gardiner (1983) provided a succinct conceptual model for the development of the ore bodies in the Halls Peak area (Pyper, 2011):

1. Rifting adjacent to an active Permian volcanic arc.
2. Basin development with deposition of acid volcanics and continuing fault movement.
3. Development of hydrothermal convection within the volcanic pile localised around growth faults. Metals are interpreted as derived by leaching of the volcanic pile by hydrothermal fluids.
4. Deposition of syn-genetic massive sulphide base metal and silver mineralisation with black, pyritic, tuffaceous shale during periods of quiescence in volcanic activity. The metals are deposited about fumaroles (black smokers) on the sea floor.
5. Resurgence of volcanic activity, disrupting sulphide accumulation and depositing felsic volcanics over the massive sulphide bodies and continuation of fault movement.
6. Late stage quartz veining, gold bearing in places, formed during the dying stages of the volcanic activity and hydrothermal system.

4.3 Structure
Mapping of the area indicates the Halls Peak Volcanic sequence is gently folded and generally dips to the north-west at angles rarely exceeding 45° (Moody, 1991). Areas of intraformational slumping have produced localised tight folding (Degeling, 1978).

Major north-east striking faults occur at several locations and are characterised by strong fracturing, cleavage development and hydrothermal alteration. Three sub-parallel, north-easterly trending faults divide the area into four blocks, as shown in Figure 9 by the red dashed north-east trending lines. Degeling (1978) suggests stratigraphic differences between the blocks indicate the faults may have been active during the deposition of the volcanic sequence and that they could represent the bounding faults of small grabens and horsts.

Several of the known mineral occurrences lie on or adjacent to these structures and have been considered as either syn-depositional with the sulphide bodies or as post-depositional pathways for remobilisation of sulphide metals.
Figure 9: Halls Peak Area Geology Plan after Moody (1991)
4.4 Mineralisation

Mineralisation discovered and mined at the Project occurs as small massive sulphide bodies with extremely high base metal values, commonly ranging from 10% to 35% per tonne lead and zinc, with subordinate copper and silver. The pyritic black shale unit, which hosts the base metal mineralisation, is the lowermost unit of the Flank Volcanics sequence of the Halls Peak Volcanics, as defined by Moody (1993) and Pyper (2011). The locations of the known base metal occurrences and deposits, shown on Figure 9 as blue stars, highlight the pyritic black shale and mineralisation association.

Base metal mineralisation varies within the pyritic black shale unit as disseminations, stringer zones, blebs/pods and discordant massive sulphide bodies. There are three interpreted styles of mineralisation identified:

1. stratiform, volcanic-hosted exhalative lenses,
2. syn-volcanic feeder (fault and shear zone controlled) deposits, and
3. remobilised shear and fault hosted mineralisation.

Moody et. al (1993) classified most of the deposits as volcanic hosted massive sulphide (VMS) of the Zn-Pb-Cu Kuroko-type. They note some deposits in the area, such as Sunnyside South and North, may be shear-hosted mineralisation associated with syn-volcanic faulting, rather than exhalative deposits.

Sulphide minerals identified in these bodies are sphalerite, galena, chalcopyrite, pyrite and traces of tetrahedrite. The sphalerite at the Project is notably low in iron content, which gives the mineralisation a high zinc tenor but also reduces its ability to conduct electrical current. Consequently, there is a low probability of identifying zinc mineralisation by geophysical techniques that utilise electrical conductance.

Depositional variation and syn- to post-depositional faulting and shearing has led to the known sulphide lenses being generally small sized blocks. The dimensions of the mined bodies rarely exceed 30 metres of strike and have highly variable widths ranging from less than 0.3 metres to 7 metres. The largest recorded sulphide body is the Gibsons No 1 Lode estimated from mined exposure and drilling, to have had an average width of 2m, a strike length of 106m and a down-dip extent of 61m (Pyper, 2011 after Geological Survey of NSW 1967).

Degeling et al (1992) recognised two phases of sulphide mineralisation:

- an earlier andesitic-dacitic association that is zinc and copper dominant (Khans Creek Lode), and
- a later rhyolitic association with zinc, lead, copper, silver and gold mineralisation (Gibsons, Faints-Firefly). Degeling (1992) considers the Gibsons and Faints-Firefly ore bodies to be at the same stratigraphic level (Pyper, 2011).

5 Historical Mining

Mining commenced in 1896 with the discovery of copper ore with minor silver, lead and zinc in the Sunnyside Mine adjacent to the Chandler River. In 1913, the ore bodies of the Gibsons Mine Area were discovered, followed by the Faints-Firefly fields in 1914. Production continued from these deposits intermittently until 1966. 18

18 Stevens, M., 1982
Various estimates of the total production from the area exist with Amoco Minerals Australia Co. ("Amoco") (1983) providing a tabulation of estimates by location (Table 2). It is not known if this is complete.

The Gibsons Open Cut has been mined in several phases since discovery and then subject to rehabilitation earthworks in the early 2000’s. Accurate surveys of the open cut prior to and after the rehabilitation have not been sighted for this IGR. Underground mining has been conducted on the Gibsons, Feints-Firefly, Sunnyside and Khans Creek locations. Accurate surveys of this mining were not sighted for this IGR.

Table 2: Summary Production of the Halls Peak Mineral Field from Amoco Annual Report (1983)

<table>
<thead>
<tr>
<th>Source</th>
<th>Year</th>
<th>Tonnes</th>
<th>Pb</th>
<th>Zn</th>
<th>Cu</th>
<th>Ag</th>
<th>Au</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gibsons Lode</td>
<td>1916</td>
<td>100</td>
<td>18</td>
<td>-</td>
<td>17</td>
<td>686</td>
<td>3</td>
</tr>
<tr>
<td>Northern Lease (gossan)</td>
<td>1918</td>
<td>38</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot; (sulfide)</td>
<td>1918</td>
<td>18</td>
<td>26</td>
<td>35</td>
<td>1.5</td>
<td>2160</td>
<td>3</td>
</tr>
<tr>
<td>&quot;</td>
<td>1922</td>
<td>46</td>
<td>-</td>
<td></td>
<td>?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Halls Peak Syndicate (incl. Gibsons Lode)</td>
<td>1927</td>
<td>150</td>
<td>18</td>
<td>22</td>
<td></td>
<td>343</td>
<td>7</td>
</tr>
<tr>
<td>Gobi (sulfide)</td>
<td>1938</td>
<td>190</td>
<td></td>
<td></td>
<td></td>
<td>343</td>
<td>7</td>
</tr>
<tr>
<td>&quot; (oxide)</td>
<td>1947</td>
<td>17</td>
<td>26</td>
<td>33</td>
<td></td>
<td>1920</td>
<td>12</td>
</tr>
<tr>
<td>&quot; (oxide)</td>
<td>1948</td>
<td>444</td>
<td>34</td>
<td></td>
<td>-</td>
<td>648</td>
<td>2</td>
</tr>
<tr>
<td>&quot; (oxide)</td>
<td>1949</td>
<td>1109</td>
<td>25</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>&quot; (sulfide)</td>
<td>1949</td>
<td>14</td>
<td>22</td>
<td>20</td>
<td></td>
<td>130</td>
<td>BLD</td>
</tr>
<tr>
<td>&quot; (oxide)</td>
<td>1950</td>
<td>259</td>
<td>28</td>
<td></td>
<td></td>
<td>736</td>
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</tr>
<tr>
<td>TOTAL PRODUCTION</td>
<td>1966</td>
<td>3500</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>5895</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

6 Previous Exploration

Exploration has been conducted on the Project area since the initial prospectors in the 19th century. The following sections summarise the exploration data quality and activities undertaken.

Table 4 provides a summary of the major documented exploration activities completed between 1896 and the Effective Date of this IGR, however details for some of the historic programs are not available and the summary should not be considered complete. The source of information contained in Table 4 is listed in the column of that Table titled “Source”.

Section 6.2 summarises the historic exploration from early in the 20th century until 2011 and more recent exploration is covered in more detail in Section 6.3.

6.1 Data Quality and Organisation

There has been a large amount of data collected from exploration on the Project over many years. The data is not stored in an accessible, ordered digital format, and many historic surveys that would still yield useful information, have not been converted to digital data.

There is no consolidated Project-wide validated, managed database of historic drilling, geochemical surveys, other data collection and no evidence of a controlled master database.
Comparison of the GSNSW drill hole database\(^{19}\) with XS Resources drilling data files (Access database files “Halls_Peak_All Drilling20150505.mdb” and “Gibsons_Drilling_20161010.mdb”) provided by XS Resources shows that many of the drill holes included in data files provided by XS Resources are not on the GSNSW database nor is there any evidence on how the historic drill hole locations have been converted from original local grids to the GDA94 datum.

Systematic QA/QC protocols were not applied to any of the drilling, including the 2014 and 2016 programs, beyond internal re-assaying and pulp grind size checks conducted by the assay laboratory.

Most of historic (and recent) drilling has focussed on the Gibsons, Khans Creek, or the Faints-Firefly deposits. Of the 62 drill holes recorded in the XS Resources data files area, only 13 test regional targets. Table 3 summarises the number of holes for each prospect or deposit by location and level of data validation. Figure 10 shows all drill hole collars including validated (GSNSW drill hole database), surveyed (post 2011 drilling) and unvalidated (XS Resources “Halls_Peak_All Drilling20150505.mdb” access file)

A full list of the drill hole details is contained in Appendix 3: Halls Peak Drill Hole Details.

Table 3: Summary of Drill Holes completed for the Halls Peak Project

<table>
<thead>
<tr>
<th>Prospect</th>
<th>Number of Holes</th>
<th>Total Metres Drilled</th>
<th>Validated Data Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>Khans Creek</td>
<td>6</td>
<td>396</td>
<td>Collar East and North only GSNSW</td>
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<tr>
<td>Gibsons pre-2011</td>
<td>15</td>
<td>1,242</td>
<td>No validated data</td>
</tr>
<tr>
<td>Gibsons post-2011</td>
<td>12</td>
<td>1,085</td>
<td>All data JORC2012</td>
</tr>
<tr>
<td>Mickey Mouse</td>
<td>2</td>
<td>unknown</td>
<td>Collar East and North only GSNSW</td>
</tr>
<tr>
<td>Sunnyside Creek</td>
<td>2</td>
<td>383</td>
<td>Collar East and North only GSNSW</td>
</tr>
<tr>
<td>BHP IP</td>
<td>8</td>
<td>499</td>
<td>No validated data</td>
</tr>
<tr>
<td>CRA IP</td>
<td>1</td>
<td>120</td>
<td>No validated data</td>
</tr>
<tr>
<td>SUGEC IP</td>
<td>1</td>
<td>59.6</td>
<td>WGS84 surveyed collar coordinates</td>
</tr>
<tr>
<td>Faints-Firefly</td>
<td>15</td>
<td>1,055</td>
<td>Collar East and North only GSNSW</td>
</tr>
</tbody>
</table>

Source: Compiled in April 2018 by G. Chapman. Data sourced from Access database files “Halls_Peak_All Drilling20150505.mdb” and “Gibsons_Drilling_20161010.mdb” provided by XS Resources, GSNSW Geoscientific Data Warehouse

\(^{19}\) NSW Department of Planning and Environment Geoscientific Data Warehouse < http://dwh.minerals.nsw.gov.au/CI/warehouse>
From the 1930s to the mid-1980s there were several exploration campaigns in the region targeting massive base metal sulphide lenses and sediment-hosted silver deposits. Exploration methods used in these programs included stream sediment, rock chip and soil geochemistry, geological mapping, costeaneing, adit and shaft sinking, electrical geophysics, costeaneing and drilling.

A substantial body of exploration data has been generated over the years by GSNSW and several major mining companies including, Broken Hill Proprietary Company Limited ("BHP"), Mt. Isa Mines Limited,
The Zinc Corporation, Allstate Exploration N. L., Carpentaria Exploration Company Proprietary Limited ("CEC"), CRA Exploration Limited, and Amoco Minerals Australia Company ("Amoco").

Several generations of geophysical surveys have been conducted using the electrical techniques; Very Low Frequency electromagnetics ("VLF-EM"), Induced Polarisation ("IP"), Resistivity, Self Potential ("SP"), Turam, and Direct Current Resistivity -Mise-à-la-masse ("mise-a-la-masse"). Ground magnetic surveys often supported the electrical surveys. A common result, commented on by several authors (BHP, 1974 and Wilkinson, 1971), is that IP surveys effectively define the pyritic black shale unit; however, the massive sulphide bodies are not necessarily defined by the electrical and magnetic techniques applied.
<table>
<thead>
<tr>
<th>Years</th>
<th>Company</th>
<th>Location</th>
<th>Description</th>
<th>Results</th>
<th>Source</th>
<th>Verified</th>
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<tbody>
<tr>
<td>1896-1914</td>
<td>Prospectors</td>
<td>Sunnyside, Gibsons, Faints - Firefly</td>
<td>Gossan discovery and small scale mining.</td>
<td>Unknown</td>
<td>Louden, 1967</td>
<td>No</td>
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<tr>
<td>1938</td>
<td>BHP Co. Ltd</td>
<td>Gibsons Mine area</td>
<td>Mapping and sampling.</td>
<td>Unknown</td>
<td>Gardiner, 1983</td>
<td>No</td>
</tr>
<tr>
<td>1950</td>
<td>Mt Isa Mines Ltd</td>
<td>Gibsons Mine area</td>
<td>Literature review.</td>
<td>Unknown/no work conducted</td>
<td>Harris, 1971</td>
<td>No</td>
</tr>
<tr>
<td>1952</td>
<td>The Zinc Corp.</td>
<td>Halls Peak area</td>
<td>Mapped workings.</td>
<td>Unknown</td>
<td>Gardiner, 1983</td>
<td>No</td>
</tr>
<tr>
<td>1967-1970</td>
<td>Halls Peak Australia Ltd</td>
<td>Faints-Firefly, Sunnyside</td>
<td>Stream sediment and rock chip geochemistry, 700 metres of drilling.</td>
<td>“Best drill result HP-1 at Firefly deposit: 0.3m @ 1.5 g/t Au, 383 g/t Ag, 8.6% Pb, 30.2% Zn, 1.5% Cu from 13.72 m”</td>
<td>Gardiner, 1983</td>
<td>No</td>
</tr>
<tr>
<td>1968-1971</td>
<td>Allstate Exploration N.L.</td>
<td>Gibsons Mine Area</td>
<td>Mapping, geochemistry (stream, soil, rock chip), and drilling</td>
<td>Drilled 15 diamond drill holes into the Gibsons area to test extensions to known sulphide lenses. No original data survived, (remaining drill core was re-assayed in 2011). Hole collar locations and orientations have been determined from historic plans but no downhole orientation data is available.</td>
<td>Gardiner, 1983</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Lau, 1998</td>
<td>No</td>
</tr>
<tr>
<td>1970-1971</td>
<td>Carpentaria Exploration Co. Pty Ltd</td>
<td>Faints-Firefly, Gibsons, Mickey Mouse, Sunnyside and Carters Road areas</td>
<td>Geophysical, geological and geochemical surveys. Integrated geophysical survey using IP, Turam, SP, VLF-EM and mise-a-la-masse over a small</td>
<td>• Geophysical survey at Mickey Mouse identified significant composite IP, SP and Turam anomaly. Drilling of two (2) holes (DDH44H and DDH44D) designed to intersect the Mickey Mouse anomaly. “DDH44D drilled to 657 feet (200 metres) intersected pyritic meta-siltstones, quartz veining, lost core, mylonitisation and carbon (graphite?) smears. The hole intersected a carbonaceous shale at the base of hole”.</td>
<td>Gardiner, 1983</td>
<td>Reports reviewed</td>
</tr>
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<td></td>
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<td></td>
<td></td>
<td>Lau, 1998</td>
<td>Wilkinson, 1971</td>
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<td></td>
<td></td>
<td>Harris, 1971</td>
<td>No</td>
</tr>
<tr>
<td>Years</td>
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<td>Description</td>
<td>Results</td>
<td>Source</td>
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<tr>
<td></td>
<td>grid at and near the Gibsons deposit.</td>
<td></td>
<td><strong>DDH4A intersected arenites, mudstones and wackes</strong> and <strong>widely scattered finely disseminated pyrite.</strong></td>
<td>“The Composite IP, SP and Turam anomaly at Mickey Mouse is due to wide conductive shearing.”</td>
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<td></td>
<td>Diamond drilling selected targets.</td>
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</tbody>
</table>

- **Geophysical survey at Faints-Firefly**

Broad IP anomaly interpreted to result from the pyrite content of the shale. IP is mapping pyrite content. Regional geological strike is defined by the IP contours. Turam anomalies indicate the known massive sulphide bodies.

Two areas chosen for drill testing at the northern closure of IP anomalies between the “Pig” and Faints prospects. “Drill hole intersections provided satisfactory explanations for the anomalies”

- **Geophysical survey of Gibsons** to evaluate methods and test for extensions to known massive sulphide.

Turam identified a potential mineralisation extension and an east west fault. Mise a-la-masse and SP defined the north-westerly trend through the mine area.

IP and SP surveys gave no evidence for high grade mineralisation, nor did it predict an increase of sulphide at depth.

- **Sunnyside IP** survey conducted over five lines.
<table>
<thead>
<tr>
<th>Years</th>
<th>Company</th>
<th>Location</th>
<th>Description</th>
<th>Results</th>
<th>Source</th>
<th>Verified</th>
</tr>
</thead>
<tbody>
<tr>
<td>1971- 1975</td>
<td>BHP Co Ltd</td>
<td>ELs covered east and west of the Chandler River, to Khans Creek in the south, and to Hillgrove in the north. Excluded the Gibsons Open Cut area.</td>
<td>Mapping, costeaming, adits, geochemistry (stream, soil and rock chip), geophysical surveys (including IP, SP and magnetics), diamond and percussion drilling</td>
<td>A weak to strong Turam anomaly traced through the lines. No coincident IP anomaly with Turam highs. Interpreted to be defining the conductive fault zone. Overall the author determined that IP anomalies in the area reflect pyrite-rich meta-siltstones (shales). Work focused on: • Stream sediment surveys over EL394 led to identification of Khans Creek and Sunnyside Creek targets • Khans Creek exploration included soil sampling and mapping, diamond drilling, exploratory adit, detailed geological mapping and gridded geophysical program. Soil sampling and mapping identified the Khans Creek gossan which was then costeamed. Six diamond drill holes drilled (DDH1-6) for 1,278 feet (390 metres) identified a sulphide lens that is “not persistent with depth and lateral extent is doubtful”. A follow-up adit into the slope allowed the ore to be driven, however details of this work are not available. A geophysical survey was conducted over the Khans Creek discovery using IP (gradient and dipole-dipole array), Resistivity, Turam, SP, magnetics and magnetic IP. All methods used (except SP?), outlined the known mineralisation around the adit. No further anomalies</td>
<td>BHP Co Ltd Report EL394, 1974</td>
<td>Reports reviewed</td>
</tr>
<tr>
<td>Years</td>
<td>Company</td>
<td>Location</td>
<td>Description</td>
<td>Results</td>
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<td>were found. A further six IP anomalies of weaker magnitude were identified along strike from the adit.</td>
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<td>The geophysics report for the survey on Khans Creek comments that “the known mineralisation at Khans Creek is only weakly conductive over narrow zones”, and “geophysical methods employing conductivity should not be used to search for the Khans Creek type mineralisation”</td>
<td></td>
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<tr>
<td></td>
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<td></td>
<td>• Sunnyside Creek target was tested with soil sampling (Cu, Zn, and Pb), geological mapping and geophysical survey.</td>
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<td></td>
<td></td>
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<td></td>
<td>The soil survey and mapping identified some gossanous exposures. The geophysical survey comprised two lines 300 – 350 metres long, 100 metres apart with IP, Resistivity (gradient array), SP and magnetics.</td>
<td></td>
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<td>One sharp anomaly on one line was identified by the IP. No other anomalies identified by the other methods.</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• IP, resistivity and magnetic surveys, soil geochemistry surveys and mapping conducted east and north east of Gibsons on EL664</td>
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<td></td>
<td>The detailed work identified 12 IP “priority zones”. Eight drill targets were selected (from the 12 IP targets) on support from one or more of the other exploration methods (and were not selected using change in the apparent resistivity).</td>
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<tr>
<td>Years</td>
<td>Company</td>
<td>Location</td>
<td>Description</td>
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</tr>
<tr>
<td>1978-1979</td>
<td>CRA Exploration Ltd.</td>
<td>East of Gibsons Mine area</td>
<td>Data evaluation, geological mapping, rock chip geochemistry, drilled 1 hole</td>
<td>Located and classified a number of gossanous exposures: Type “A” gossans (up to 0.5% Pb, 0.2% Zn and 0.15% Cu) hosted by black shale and derived from the oxidation of massive sulphides. Type “B” gossans were interpreted to occur in fault or shear zones trending north-east. These were considered “leakage” mineralisation that has migrated out of the black shale horizon and along the faults. Identified, on the tableland, a one km³ shallow, undeformed sedimentary basin containing a black shale horizon that is a potential massive sulphide host. The Gibson mineralisation lies on the south-western perimeter of this basin, which is adjacent to the main mass of volcanic rocks in the Project area. “Potential exists for massive sulphides to be found at depth.” Drilled one hole to 119.9m to test mineralisation found in BHP hole PDH8. Intersected mudstone-shale unit with 0.5% to 5.0% fine grained pyrite but returned low base metal values.</td>
<td>English, 1978 Pyper, 2011</td>
<td>Report viewed</td>
</tr>
</tbody>
</table>

“The drilling revealed very finely disseminated pyrite mainly in fine clastic sediments.” Best intercept was PDH8 which intersected elevated lead, zinc and copper values (1,450ppm Cu, 3,900ppm Pb, 5,200ppm Zn) over 1 metre at bottom of hole hosted in pyritic black shale. PDH8 was drilled to a depth of 71 metres.
<table>
<thead>
<tr>
<th>Years</th>
<th>Company</th>
<th>Location</th>
<th>Description</th>
<th>Results</th>
<th>Source</th>
<th>Verified</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983-2010</td>
<td>Unknown</td>
<td>Unknown</td>
<td>Unknown</td>
<td>There is a gap in the historical records for over 10 years.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011-current</td>
<td>Precious Metal Resources Ltd. (PMR), Sovereign Gold Co. Ltd., Force Commodities Ltd.</td>
<td>EL4474 Gibsons Open Cut</td>
<td>Relogging, sampling and multi-element analysis of the Allstate drill core 2014/15 Drilled six diamond drill holes. Five holes targeting Gibsons deposit and one testing a shallow VTEM anomaly 2016 Six (6) diamond drill holes testing mineralisation extensions beneath the Gibsons open cut.</td>
<td>Reanalysis of Allstate core provided multi-element detail on sulphide intersections and confirmed high grades of Gibsons lenses. No accurate collar or downhole survey data is available for most of the Allstate drill holes. Drilling programs intersected high grade base metals mineralisation within and as extensions to various Gibsons sulphide lenses.</td>
<td>Provided data</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>Precious Metal Resources Ltd. (PMR),</td>
<td>Project area (EL4474 and EL7679)</td>
<td>2012 Project-wide helicopter-borne EM (VTEM) survey.</td>
<td>VTEM survey data interpretation identified several anomalies that are yet to be followed up with drilling.</td>
<td></td>
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</tr>
<tr>
<td>Years</td>
<td>Company</td>
<td>Location</td>
<td>Description</td>
<td>Results</td>
<td>Source</td>
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</tr>
<tr>
<td>2012 to</td>
<td>Force Commodities Ltd.</td>
<td>EL7679</td>
<td>Interpretation of VTEM anomaly at Spike Island</td>
<td>Following the Project-wide VTEM survey flown in 2012 an interpretation of the Spike Island anomaly was provided by Prikhodko (2012)</td>
<td>Prikhodko A., 2012</td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td></td>
<td>Two IP surveys conducted</td>
<td>• Two IP surveys consisting of two lines each were conducted over the Raspberry Road and Long Point areas by Jiansu Geology and Engineering</td>
<td>Kennewell P.J., Degeling P., Gentle L.V., Liu Jandong, Du Jumin 2014</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Detailed report not available, however Annual Report EL7679 (2014) indicates some conductive anomalies at Raspberry Road and minor anomalism at Long Point.</td>
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<tr>
<td></td>
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<td></td>
<td></td>
<td>One diamond drill (DDHZK0006) hole drilled to 72m depth tested the Raspberry Road anomaly (near historic BHP drilling). Intersected steeply dipping, highly sheared shales.</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Long Point area was investigated with field mapping and rock chip geochemistry. No results presented.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Years</td>
<td>Company</td>
<td>Location</td>
<td>Description</td>
<td>Results</td>
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</tbody>
</table>

![Diagram with map and markers](image-url)
6.3 Exploration Post 2011
Exploration conducted post 2011 has included diamond drilling of the Gibsons Open Cut area and a Project-wide helicopter-borne VTEM survey that was used to derive targets for potential sulphide deposition. None of the major VTEM generated targets were tested as at the Effective Date of this IGR, (Precious Metals Resources Ltd. (“PMR”), Sovereign Gold Company Ltd. (“Sovereign Gold”), Force Commodities Ltd. (“Force Commodities”) Annual Reports 2012 – 2017). The following sections summarise the work undertaken.

6.3.1 Drilling at the Gibsons Open Cut Area
Drilling from 2014 to 2016 mainly focussed on the Gibsons deposit.

In 2014 exploration included six (6) diamond drill holes (PMR026 to 031) of which five holes were drilled in the Gibsons Open Cut (PMR026 to PMR030) and one hole (PMR031) drilled approximately 1.3 km south-west of this drilling testing a VTEM target. The Gibsons Open Cut holes PMR026 to PMR029 targeted areas of mineralisation previously identified by historic drilling and mining and achieved intersections of massive sulphides (Table 5).

Drill hole PMR30 was drilled on the margin of the pit, testing for potential repetitions of mineralisation along strike. This hole did not achieve any significant intersections. Drill hole PMR031 testing a nearby shallow VTEM anomaly returned no significant intersections.

A further six (6) diamond drill holes were completed in the Gibson Open Cut in 2016 (SG01 to SG06) to test extensions of the 2014 drill holes. All 2016 holes drilled into the Gibsons mineralisation, successfully intersected base metal sulphides.

Table 5 summarises the significant intersections achieved in the 2014 and 2016 drill campaigns. The accumulation method for these intersections is intercepts greater than 1 metre with Cu % + Pb % + Zn % is greater than 2.5% in total. Intervals were allowed to include up 2.0 metres continuous of internal material that was below the 2.5% threshold.

This additive accumulation method is considered appropriate for the mixed element sulphide intersections.

Isolated silver intersections with greater than 100 g/t silver and base metal values below the 2.5% cut-off have been shown separately.

Drill hole details relating to the intersections summarised in Table 5 can be found in Appendix 1: JORC Code, 2012 Edition – Table 1 Report - Halls Peak Project, Appendix 2: Gibsons Open Cut Intersections Reportable Material Drill Hole Details and Appendix 3: Halls Peak Drill Hole Details.
<table>
<thead>
<tr>
<th>Hole no.</th>
<th>From (m)</th>
<th>To (m)</th>
<th>Interval (m)*</th>
<th>Cu %</th>
<th>Pb %</th>
<th>Zn %</th>
<th>Ag g/t</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>SG01</td>
<td>2.4</td>
<td>14.5</td>
<td>12.10</td>
<td>2.0</td>
<td>2.2</td>
<td>6.5</td>
<td>50.2</td>
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</tr>
<tr>
<td></td>
<td>23.3</td>
<td>31.70</td>
<td>8.40</td>
<td>1.5</td>
<td>2.1</td>
<td>9.8</td>
<td>29.2</td>
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<tr>
<td></td>
<td>38.3</td>
<td>45.70</td>
<td>7.40</td>
<td>0.3</td>
<td>1.8</td>
<td>4.0</td>
<td>13.8</td>
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<td>SG02</td>
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<td>24.00</td>
<td>2.60</td>
<td>0.5</td>
<td>2.0</td>
<td>4.4</td>
<td>39.4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>27.8</td>
<td>30.60</td>
<td>2.80</td>
<td>0.3</td>
<td>0.4</td>
<td>2.7</td>
<td>7.4</td>
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<tr>
<td></td>
<td>32.7</td>
<td>33.90</td>
<td>1.20</td>
<td>1.0</td>
<td>5.9</td>
<td>12.4</td>
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<td>43.20</td>
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<td>55.20</td>
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<td>5.80</td>
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<td></td>
<td>42</td>
<td>45.60</td>
<td>3.60</td>
<td>1.4</td>
<td>6.0</td>
<td>17.7</td>
<td>37.2</td>
<td></td>
</tr>
<tr>
<td>PMR029</td>
<td>6.8</td>
<td>11.90</td>
<td>5.10</td>
<td>0.5</td>
<td>4.2</td>
<td>8.1</td>
<td>20.0</td>
<td></td>
</tr>
</tbody>
</table>

* Note: Down hole intervals only. True width is not known.

Source: Compiled April 2018 by G. Chapman from data in Excel files provided by XS Resources titled; SG01 Log with Grade Composites.xls, SG02 Log with Grade Composites.xls, SG03 Log with Grade Composites.xls, SG04 Log.xls, SG04 Results with cuts.xls, SG05 Log.xls, SG05 cuts with results.xls, SG06 Log.xls, SG06 cuts with results.xls, Excel files titled PMR026.xls, PMR027.xls, PMR028.xls, PMR029.xls, PMR030.xls, PMR031.xls, assays validated against ALS original assay files BR16196995, BR16202005 – Finalised, BR16205414, BR16208768 – Finalised, BR16213897, BR16213897 – Finalised, BR14002517, BR13219986, BR13225143, BR14007515; Compiled by G. Chapman to Excel file “Assay Tables IGR.xls”
Figure 11 is a plan view of the open pit area showing the interpreted locations of the mineralised lenses using results from the 2014 and 2016 drill holes and historic geological mapping. The assumed collar locations of the Allstate drilling from the late 1960s is also shown on this plan, however there are no accurate collar or downhole survey records for this drilling. Consequently, Figure 12, a simplified diagrammatic interpreted cross section (A-A’), uses only the 2014 and 2016 drilling to highlight the drill intersections of higher grade (>2.5% Cu+Pb+Zn).

Source: Compiled by G. Chapman using; drill hole details from Australian Stock Exchange announcements, Sovereign Gold Company Limited “Halls Peak Exploration Update” 19th February 2016, Sovereign Gold Company Limited “102m Intercept from Surface – High Grade Zinc, Lead & Silver” 15 December 2016, Force Commodities Limited “Final Assay Results Confirm Extensive High Grade Zinc and Lead Mineralisation – Up to 46% Zinc and 27% Lead” 29 December 2016; Geology interpretation adapted from Enterprise Exploration Halls Peak Silver Lead Deposits Plan of Workings on ML64 (Gibsons). Drill hole details tabulated in JORC Table 1 in Appendix 1 of this document.
Figure 12: Gibsons prospect drill section (not perpendicular to mineralisation, downhole intersections, true width unknown, 10m section width)

Source: Compiled in April 2018 by G. Chapman with drill intercept data as per Table 5 of this document; Geology interpreted by G. Chapman from drill logs SG01 – SG04 and PMR26-28 as per source data for Table 5. Drill hole details sourced as per Figure 11 of this document and tabulated in JORC2012 Table 1 in Appendix 1 of this document.
6.3.2 VTEM Survey and Interpretations

The 2012 1,221-line kilometre helicopter-borne VTEM survey, flown by Geotech Airborne Limited over the Halls Peak Project, was part of an exploration campaign directed at locating bedrock anomalies associated with VMS style base metal mineralisation. The data generated from this survey were interpreted by Andy Roberts and Russell Mortimer of Southern Geoscience Consultants (“Southern Geoscience”) (2012) over the entire Project area, and by Dr. Alexander Prikhodko of Geotech Airborne Limited (2012) for an area located in the north-east of EL7679. A later review, undertaken in 2013 by Robert Smith of Greenfield Geophysics, confirmed the work by Southern Geoscience on the Sunnyside conductors.

Sections 6.3.2.1 to 6.3.2.2 summarise the conclusions of each interpretation.

As at the Effective Date of this IGR, none of the significant VTEM anomalies identified by the 2012 VTEM survey and its various interpretations have progressed to ground exploration. The anomalies still remain prospective targets.

6.3.2.1 Southern Geoscience Interpretation

The key points from the interpretation by Southern Geoscience Consultants Roberts and Mortimer (2012) are:

1. Severe topographic relief has limited the effectiveness of the VTEM system over sections of the survey where an acceptable drape could not be achieved. Areas of greater than 150m terrain clearance are considered an ineffective test for sulphide mineralisation.

2. The conductive responses observed in the data may be related to various sources including stratigraphic/formational conductors, conductive overburden/weathered zone (regolith), discrete bedrock conductors, ground polarisation effects, superparamagnetic (“SPM”) effects, or cultural sources.

3. Several known mineral occurrences are present within the survey area; however, no discrete anomalous response was observed in the VTEM data over any of these sites. This suggests that the mineralisation is only very weakly conductive and/or too small in aerial size to be detected. Alternatively, the local mineralisation may be dominantly of disseminated sulphide style rather than matrix to massive sulphide style. Known mineralisation does however show some correlation to northeast-southwest structures in the mapped geology and interpreted from the VTEM and magnetic data.

4. The broad, weak conductive zones in the southern area of the survey (HPVA_2 to HPVA_8 in Figure 13) appear to migrate (in later channels) north-northwest towards a major northeast-southwest fault zone. Several of the known mineralised sites occur along this fault zone indicating it may be an important structure controlling mineralisation.

5. These broad conductors are interpreted as stratigraphic, and therefore do not appear to be typical VMS targets, but alternatively, may be related to SEDEX style mineralisation. These stratigraphic conductors should be the main focus for ongoing exploration.

6. A short program of SEM and/or 2-Dimension IP surveying should be considered to test the distribution of sulphides in relation to this fault zone and target areas of highest accumulation. The two discrete localised bedrock conductors interpreted on lines 10450E (HPVA_1) and 10650E (HPVA_9) should also be tested with EM-SEM if ground checks do not identify cultural sources in these locations.

7. Eight discrete late-time anomalies (HP_SPM01 to HP_SPM08) were identified on the western section of the survey (Long Point) over the plateau which has been mapped as Tertiary Basalt. Given the association with low flying height it is possible that these anomalies are related to surficial sources such as regolith effects or SPM rather than legitimate bedrock conductors. A short program of EM-SEM is recommended to confirm whether these late time anomalies are legitimate bedrock conductors of potential interest.
8. The elevated VTEM responses seen at early-mid times in the northeast survey area (Jeogla) are interpreted to be due to cultural sources as they appear to be coincident with mapped fence boundaries. No features of interest have been identified in this north-eastern area from the VTEM dataset.

9. A 3-Dimensional model compilation is recommended to integrate the CDI /RDI results and all relevant ancillary information, including geochemistry, drill hole locations and logs, and mapped geology. The model may be useful in terms of visualising and assessing the relationships between the VTEM interpretation and geology for the priority southern area.

Figure 13 shows the targets identified by the VTEM survey interpretation over the Halls Peak geology (Degeling, 1978). The anomalous EM responses are ascribed by coloured lines named HPVA 1 to HPVA8. The largest responses are located along the south-eastern margin of the major fault that separates the overlying Styx River Beds from the lower Halls Peak Volcanic sequence. These conductors are referred to in Point 5 (in this Section) from the Southern Geoscience interpretation as warranting focus for ongoing exploration.

Figure 14 shows the VTEM anomalies over details of previous exploration (to 2013). Notably, the Gibsons area, which has been the subject of most of the historic drilling and mining, shows no VTEM response. Previous drilling in the area of targets (HPVA3, HPVA4, and HPVA6) was limited to testing relatively shallow targets, with the maximum hole depth of 200m drilled at Sunnyside in 1971 by CEC.
Figure 13: Halls Peak VTEM Interpretation Over Geology (Degeling, 1978)
Figure 14: Halls Peak VTEM anomalies and past drilling locations (as at 2013) (Degeling 2013 for Precious Metals Resources Limited)
6.3.2.2 Geotech Airborne Limited – Spike Island Interpretation

The VTEM interpretation by Prikhodko (2012) focused on a conductive anomaly located at Spike Island as shown in Figure 15.

The interpretation identified the VTEM anomaly consists of two types of conductors:

1. Steeply dipping (or sub-vertical) conductors, and
2. Sub horizontal blocky lenses or layer similar conductors.

Prikhodko (2012) comments that “the steeply dipping conductors likely reflect faults which could be channels for sulphur solution transportation (feeding channels); and adjacent sub horizontal conductors can be interpreted as sulphide-beds.” “The targets correspond to weak conductors where possible Cu-rich conductive minerals are not the main component.”

Three drill holes were proposed to test the conductors. The proposed drill holes and target geometries are displayed in Figure 16 to Figure 18. The Spike Island targets were not drilled at the Effective Date of this IGR.

Figure 15: Conductivity (EM Time Constant) map of the Project licences showing Spike Island target (modified from Prikhodko, 2012)
Figure 16: Spike Island 3-Dimensional view of RDI (Resistivity Depth Imaging) model (Prikhodko 2012). Pink denotes the target zone beneath the surface (blue).

Figure 17: Spike Island Model line 10741 conductor with proposed drill hole 1 (Prikhodko 2012).

Figure 18: Spike Island Model line 10761 conductors with proposed drill holes 2 and 3 (Prikhodko 2012).
7 Exploration Targets and Risks
The Project is considered prospective for predominantly VMS style base metals however interpretation of the VTEM survey data (Roberts and Mortimer, 2012) has also suggested a potential SEDEX-type target (stratabound mineralisation adjacent to a fault).

Targets proposed from the interpretation of VTEM survey data by Roberts and Mortimer (2012) at the Sunnyside location and by Pikhodko (2012) at Spike Island are considered early stage targets based on the current level of work.

Targets based on conductive responses generated by geophysical surveys such as VTEM may be related to various sources including conductive groundwaters, stratigraphic/formational conductors, conductive overburden/weathered zone (regolith), discrete bedrock conductors, ground polarisation effects, superparamagnetic effects, or cultural sources. VTEM surveys cannot discriminate between conductor types and there is no evidence to suggest the targets will host base metal mineralisation.20

Advanced exploration targets, where mineralisation has been identified but no resource has been defined, exist at the Gibsons location where previous drilling has intersected high grade base metal sulphides.21

Exploration is a high risk venture and despite the mineral potential further exploration may fail to demonstrate economic mineralisation on the Project due to geological factors, economic factors or the currently unknown extent of previous underground mining.

20 Roberts A., Mortimer R., 2012
8 Exploration Programme and Budget

The proposed budget is summarised in Table 6. All costs for consultants, assay laboratories, site works and labour are assumed to be included in the total costs for each activity.

An initial two (2) year exploration program is proposed.

Mineral exploration is undertaken on a staged process with the results from each activity used to ensure the following work is being conducted effectively and efficiently. Program details may change during the stages based on the outcomes of preceding work.

Activities and budget proposed are as follows:

Year 1

- Procurement of relevant agreements and approvals to establish access and site preparation for exploration, surveying and drilling.
- Accurate surveying of previous exploration and mining locations including, mining shafts, portals, and drill hole collars where possible.
- Geological re-logging of all existing drill core using standardised legend.
- Collation and digitisation of all existing data including previous underground plans, mapping, drill hole locations and logging. Create computer 3D models of data to use in targeting.
- Drill five to seven (5-7) drill holes testing extensions to the known shallow Gibsons base metals mineralisation.
- Establish geology and grade distribution models for Gibsons deposits including geostatistical analysis to determine requirements for resource definition. Conduct desktop economic evaluation.
- Petrophysical assessment of existing drill cores and targeted rock samples to establish an appropriate surface and downhole geophysical exploration technique for the low conductivity, zinc rich sulphide deposits.
- Conduct detailed geophysical survey using preferred technique from petrophysical study, to evaluate potential for further massive sulphide bodies in the Gibsons, Faints-Firefly, Khans Creek areas and the Spike Island target.
- Evaluate geophysical options to focus targeting on the Sunnyside VTEM anomalies.

Results from the first-year program will determine if further exploration is warranted and to what extent it is undertaken.

Year 2

- Definition drilling Gibsons based on potential economic targets.
- Drill test geophysical targets generated by focussed geophysical survey from Year 1. RC drilling used as first pass depending on depth requirements.
- Drill test Sunnyside targets with two diamonds drill holes.
- Preliminary resource modelling and geostatistical analysis to determine the requirements for resource definition.
<table>
<thead>
<tr>
<th>Exploration Activity</th>
<th>Year 1</th>
<th>Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negotiate and establish land access agreements. Community relations.</td>
<td>$10,000</td>
<td></td>
</tr>
<tr>
<td>Surveying, collation and digitising historic data.</td>
<td></td>
<td>$30,000</td>
</tr>
<tr>
<td>Geological re-logging existing drill core using standardised codes and methods. QA/QC sampling and analysis.</td>
<td></td>
<td>$35,000</td>
</tr>
<tr>
<td>Drilling Gibsons deposit -diamond drill holes with multi-element analysis and technical data collection.</td>
<td></td>
<td>$360,000</td>
</tr>
<tr>
<td>Modelling Gibsons area geology and grade distribution.</td>
<td></td>
<td>$30,000</td>
</tr>
<tr>
<td>Petrophysical study.</td>
<td></td>
<td>$10,000</td>
</tr>
<tr>
<td>Surface geophysics surveys for the eastern plateau and Spike Island prospect.</td>
<td></td>
<td>$90,000</td>
</tr>
<tr>
<td>Definition drilling Gibsons deposit.</td>
<td></td>
<td>$360,000</td>
</tr>
<tr>
<td>Establish resource at Gibsons deposit to JORC (2012) guidelines (QA/QC, modelling, estimation and reporting).</td>
<td></td>
<td>$41,000</td>
</tr>
<tr>
<td>Drill test massive sulphide targets on plateau area identified from Year 1 geophysics survey. RC drilling</td>
<td></td>
<td>$70,000</td>
</tr>
<tr>
<td>Drill two diamond drill holes to test Sunnyside targets.</td>
<td></td>
<td>$200,000</td>
</tr>
<tr>
<td>Drill three RC drill holes to test Spike Island target.</td>
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<td>$60,000</td>
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<td><strong>Totals</strong></td>
<td>$565,000</td>
<td>$731,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>$1,296,000</td>
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All dollars ($) quoted as Australian Dollars
9 Conclusions and Recommendations

XS Resources Halls Peak Project in the New England district of New South Wales comprises two Exploration Licences totalling a combined 36 licencing units. The Project is located approximately 40 kilometres directly south-east of the regional city of Armidale. Access is via the sealed Armidale-Dorrigo Road then via unsealed roads.22

Details of the Project tenure are contained in the Solicitors Report on NSW Tenements located elsewhere in this Prospectus.

The east and west escarpment of the Chandler River gorge is situated in the central to southern part of the Project, with tablelands beyond the escarpments to the north and west. Topography is typically very steep in the gorge areas with elevations ranging from the Chandler River at 265 mASL to 875 mASL. The gorge slopes range from 15° to 40°and are often mantled by transported regolith and soil creep, or unstable talus. The tableland areas are relatively flat lying with elevations generally ranging from 900m to 1,000 mASL. Access for historical exploration and development work has been hampered by the rugged topography that features areas of small cliffs and very steep slopes.

Regionally, the Project area is part of the New England Orogen, covering a geological sequence comprising the Permian Styx River Beds overlying the Early Permian Halls Peak Volcanics which then overlay the Carboniferous Comara Beds. The Halls Peak Volcanic rocks are interpreted as being produced during felsic volcanism within a convergent plate setting and modified by possible rift related extension. The geological setting is consistent with the documented VMS style mineralisation on the Project. Structural disruption of the sequence is by major north-east trending faults with localised folding and smaller scale north-west trending structures.23

The lower pyritic shale unit of the Halls Peak Volcanics hosts small-tonnage high grade base metal deposits dominated by zinc and lead with subordinate copper and silver. Some mineralised areas display localised extreme silver grades (hundreds of g/t). Historic exploration identified several of these sulphide bodies resulting in small-scale mine production from the early 20th century to 1966. Most of these deposits have been evaluated to be less than 30,000 tonnes and discontinuous due to limits of primary deposition size, or from syn-depositional or post depositional structural disruption.24

Historic exploration of the Project has been conducted since the 1930s and included geophysics, geochemistry and follow-up drilling.25 Exploration post 2011 included drilling that focussed on the Gibsons Open Cut area and a Project-wide helicopter borne VTEM survey.26

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22 Kennewell P.J., Degeling P., Gentle L.V., 2014
23 Moody T.C., 1991
24 Moody T.C., 1991
The VTEM survey generated coincident anomalies that are recommended for further exploration. The analysis of the VTEM survey recommends compilation and integration of all historical data into a consolidated 3-Dimensional model to allow further targeting and geophysics target refinement.27

Early stage exploration targets exist at the Sunnyside and Spike Hill prospects.28 Advanced targets exist at the Gibsons location where previous drilling has intersected high grade base metal sulphides.29

The proposed exploration program is appropriate based on the potential targets and the exploration stage for each target.

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27 Roberts A., Mortimer R., 2012
10 Bibliography


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Resources Legal Pty Ltd, Solicitors Report on NSW Tenements 2018, this Prospectus

Smith R. J., 2013: Memo Re: Halls Peak VTEM Survey from Bob Smith to Peter Kennewell.

Sovereign Gold Company Limited Australian Stock Exchange announcement; “Halls Peak Exploration Update” 19th February 2016”

Sovereign Gold Company Limited Australian Stock Exchange announcement; “102m Intercept from Surface – High Grade Zinc, Lead & Silver” 15 December 2016

Force Commodities Limited Australian Stock Exchange announcement “Final Assay Results Confirm Extensive High Grade Zinc and Lead Mineralisation – Up to 46% Zinc and 27% Lead” 29 December 2016


## 11 Glossary of Technical Terms, Abbreviations and Definitions

<table>
<thead>
<tr>
<th>Term</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adit</td>
<td>An adit is a horizontal or nearly horizontal tunnel for working or draining a mine.</td>
</tr>
<tr>
<td>AIG</td>
<td>Australian Institute of Geoscientists</td>
</tr>
<tr>
<td>Amoco</td>
<td>Amoco Minerals Australia Company</td>
</tr>
<tr>
<td>ASL</td>
<td>Above Sea Level</td>
</tr>
<tr>
<td>ASIC</td>
<td>Australian Securities and Investments Commission</td>
</tr>
<tr>
<td>ASX</td>
<td>Australian Securities Exchange</td>
</tr>
<tr>
<td>AusIMM</td>
<td>Australian Institute of Mining and Metallurgy</td>
</tr>
<tr>
<td>Ag</td>
<td>Silver</td>
</tr>
<tr>
<td>Andesite</td>
<td>Andesite is a fine-grained rock that formed when magma erupted onto the Earth's surface and crystallised quickly. In a general sense, andesite is an intermediate rock type and ranges from 57 to 63% silicon dioxide (SiO₂)</td>
</tr>
<tr>
<td>Argillite</td>
<td>A name used for group of unusually hard, fine-grained sedimentary rocks, such as shale, mudstone, siltstone, and claystone</td>
</tr>
<tr>
<td>Au</td>
<td>Gold</td>
</tr>
<tr>
<td>BHP</td>
<td>Broken Hill Proprietary Company Limited</td>
</tr>
<tr>
<td>Bi</td>
<td>Bismuth</td>
</tr>
<tr>
<td>Bimodal (volcanism)</td>
<td>Bimodal volcanism refers to the eruption of both mafic and felsic lavas from a single volcanic centre. This type of volcanism is normally associated with areas of extensional tectonics, particularly rifts.</td>
</tr>
<tr>
<td>Blueschist</td>
<td>A metamorphic rock that is formed under high pressure and low temperature and is characterised by the mineral glaucophane.</td>
</tr>
<tr>
<td>Cambrian</td>
<td>The Cambrian Period occurred 541 million years ago to 485 million years ago and is the time when most of the major groups of animals first appear in the fossil record. The supercontinent Rodina starts to fragment.</td>
</tr>
<tr>
<td>Carboniferous</td>
<td>Rocks containing carbon (or coal)</td>
</tr>
<tr>
<td>Carboniferous Period</td>
<td>The Carboniferous Period lasted from about 359 to 299 million years ago (the end of the Devonian to the start of the Permian).</td>
</tr>
<tr>
<td>Chalcopyrite</td>
<td>Copper bearing sulphide mineral (CuFeS₂)</td>
</tr>
<tr>
<td>Cd</td>
<td>Cadmium</td>
</tr>
<tr>
<td>CDI</td>
<td>Conductive Depth Image (geophysics)</td>
</tr>
<tr>
<td>CEC</td>
<td>Carpentaria Exploration Company Proprietary Limited</td>
</tr>
<tr>
<td>Co</td>
<td>Cobalt</td>
</tr>
<tr>
<td>Conglomerate</td>
<td>A coarse-grained sedimentary rock, the consolidated equivalent of fragments coarser than gravel.</td>
</tr>
<tr>
<td>Cu</td>
<td>Copper</td>
</tr>
<tr>
<td>Dacite</td>
<td>Dacite is a light coloured fine grained rock that formed when the magma erupted onto the surface and crystallised quickly. Its composition is between andesite and rhyolite.</td>
</tr>
<tr>
<td>Devonian</td>
<td>The Devonian spans from the end of the Silurian, 416 million years ago, to the beginning of the Carboniferous Period, 359 million years ago. Australia is part of Gondwana.</td>
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<tr>
<td>Diamictite</td>
<td>A sedimentary rock that consists of non-sorted to poorly sorted fragments that range in size from clay to boulders, suspended in a matrix of mudstone or sandstone.</td>
</tr>
<tr>
<td>Disconformity</td>
<td>A contact between two rock units in which the upper unit is usually much younger than the lower unit and there is a gap in the age of the rocks. Distinctively the same general layering is present above and below the disconformity (that is the rocks have the same dip).</td>
</tr>
<tr>
<td>Disseminated</td>
<td>Small particles of valuable minerals spread quite uniformly throughout the host rock.</td>
</tr>
<tr>
<td>Term</td>
<td>Meaning</td>
</tr>
<tr>
<td>--------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Drift or Drive</td>
<td>A horizontal opening which starts from another horizontal opening such as an adit or tunnel</td>
</tr>
<tr>
<td>EM</td>
<td>Electromagnetic induction (EM), uses the principle of induction to measure the electrical conductivity of the subsurface.</td>
</tr>
<tr>
<td>Epiclastic</td>
<td>A sedimentary rock formed or consisting of fragments of pre-existing rock.</td>
</tr>
<tr>
<td>Exhalative</td>
<td>See SEDEX definition</td>
</tr>
<tr>
<td>Fault</td>
<td>A fracture in earth materials, along which the opposite sides has been displaced parallel to the plane of movement</td>
</tr>
<tr>
<td>Feldspar</td>
<td>A group of rock forming minerals that are principally crystals of aluminosilicates of potassium, sodium and calcium.</td>
</tr>
<tr>
<td>Felsic</td>
<td>A term used to describe light-coloured igneous rocks with an abundance of light-coloured minerals, especially feldspars and quartz. The silica content is &gt;60% of the rock.</td>
</tr>
<tr>
<td>Force Commodities</td>
<td>Force Commodities Limited</td>
</tr>
<tr>
<td>Forearc</td>
<td>A forearc is the region between an oceanic trench and the associated volcanic arc.Forearc regions are found at convergent continental plate margins.</td>
</tr>
<tr>
<td>g/t</td>
<td>Gram per tonne</td>
</tr>
<tr>
<td>Galena</td>
<td>Lead bearing sulphide mineral (PbS)</td>
</tr>
<tr>
<td>Geophysics</td>
<td>A study of the earth by quantitative physical methods</td>
</tr>
<tr>
<td>GJ Exploration</td>
<td>GJ Exploration Limited – Geological services/ consultancy</td>
</tr>
<tr>
<td>Glaucophane</td>
<td>A sodium amphibole mineral ([Na$_2$][Mg$_3$Al$_2$]Si$<em>8$O$</em>{22}$(OH)$_2$)</td>
</tr>
<tr>
<td>Grade</td>
<td>Quality of element in a specified rock quantity</td>
</tr>
<tr>
<td>Granite</td>
<td>A light coloured intrusive rock formed below the earth’s surface consisting mainly of quartz, feldspar and mica. The silica content is &gt;60% of the rock.</td>
</tr>
<tr>
<td>Greywacke</td>
<td>An old rock name for dark grey sandstone which is rapidly deposited over short distances due to turbidite density currents. The rocks have less quartz and more clay and silt than sandstones.</td>
</tr>
<tr>
<td>GSNSW</td>
<td>The Geological Survey of New South Wales (GSNSW) and is part of the NSW Department of Planning and Environment</td>
</tr>
<tr>
<td>Hydrothermal Fluid</td>
<td>Upward flowing fluids originating from igneous or metamorphic geological events.</td>
</tr>
<tr>
<td>Ignimbrite</td>
<td>Ignimbrite is a pumice-dominated pyroclastic flow deposit formed from the cooling of pyroclastic material ejected from an explosive volcanic eruption. As the pyroclastic material settles it can build up thick layers, and if the temperature is sufficiently high (&gt; 535°C) it can weld into rock.</td>
</tr>
<tr>
<td>Igneous</td>
<td>A rock formed by volcanic of intrusive processes within the Earth’s crust.</td>
</tr>
<tr>
<td>In</td>
<td>Indium</td>
</tr>
<tr>
<td>Induced Polarisation (IP)</td>
<td>IP is a geophysical imaging technique used to identify the electrical chargeability of subsurface materials. An electric current is transmitted into the subsurface through two electrodes, and voltage is monitored through two other electrodes. IP surveys measure resistivity and capacitive properties of the subsurface materials. A limitation of IP is that it cannot discriminate between conductive materials including sulphide minerals, arsenides, some oxides and graphite.</td>
</tr>
<tr>
<td>Intermediate</td>
<td>An igneous rock with composition between felsic and mafic rock. The silica content is between 55% and 65%.</td>
</tr>
<tr>
<td>Intrusive</td>
<td>Emplacement of magma (molten rock) into pre-existing rock</td>
</tr>
<tr>
<td>IP</td>
<td>Induced Polarisation</td>
</tr>
<tr>
<td>JORC Code</td>
<td>Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (Joint Ore Reserves Committee)</td>
</tr>
<tr>
<td>Term</td>
<td>Meaning</td>
</tr>
<tr>
<td>--------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Jurassic</td>
<td>The Jurassic spanned from the end of the Triassic Period 201 million years ago to the beginning of the Cretaceous Period 145 million years ago. The Jurassic is also known as the Age of Reptiles</td>
</tr>
<tr>
<td>km</td>
<td>Kilometre</td>
</tr>
<tr>
<td>Lapilli</td>
<td>Rock fragments ejected from a volcano that range in grain size from 2 to 64 mm in diameter.</td>
</tr>
<tr>
<td>m</td>
<td>Metre</td>
</tr>
<tr>
<td>Ma</td>
<td>Millions of years ago</td>
</tr>
<tr>
<td>Mafic</td>
<td>A term used to describe minerals or rocks that are rich in iron and/or magnesium. Mafic igneous rocks have a high percentage of dark-coloured (mafic) minerals. The silica content is between 45% and 55%.</td>
</tr>
<tr>
<td>Meta</td>
<td>A prefix used to indicate the precursor rock type of a metamorphic rock</td>
</tr>
<tr>
<td>Metamorphic rock</td>
<td>A rock altered by temperature and pressure within the earth.</td>
</tr>
<tr>
<td>Mineralisation</td>
<td>In economic geology, the presence of valuable elements in a body of rock</td>
</tr>
<tr>
<td>Mise-a-la-masse</td>
<td>An electrical resistivity method that has been used in the mining industry since the 1920s for delineating electrically conductive subsurface ore bodies. Mise a’ la masse is a “three point” pole-dipole electrical geophysical method that uses an applied voltage to determine the dimensions of a mineralised ore body. When a voltage is applied to a mineralised outcrop with an opposite polarity applied to a second point far from the outcrop, current will flow through the mineralised zone. Voltage potentials are measured to create voltage contours surrounding the mineralised area. The resulting contour map will give an accurate picture of the shape of a subsurface mineralised area. The use of mise-a-la-masse is generally restricted to known orebodies to identify dimensions rather than identify new concentrations of mineralisation.</td>
</tr>
<tr>
<td>Mn</td>
<td>Manganese</td>
</tr>
<tr>
<td>Ni</td>
<td>Nickel</td>
</tr>
<tr>
<td>Ordovician</td>
<td>The Ordovician spans from the end of the Cambrian Period approximately 485 million years ago to the start of the Silurian Period 443 million years ago. During the Ordovician, the southern continents were collected into a single continent called Gondwana.</td>
</tr>
<tr>
<td>Orogen-(ic) or orogeny</td>
<td>An orogen or orogenic belt develops when a continental plate crumples and is pushed upwards to form one or more mountain ranges. Orogeny is the primary mechanism by which mountains are built on continents.</td>
</tr>
<tr>
<td>Pb</td>
<td>Lead</td>
</tr>
<tr>
<td>Permian</td>
<td>The Permian spans from the end of the Carboniferous Period 299 million years ago, to the beginning of the Triassic Period 254 million years ago. The global geography of the Permian included massive areas of land and water with the formation of the supercontinent Pangea. The end of the Permian is marked by the largest mass extinction recorded in the history of life on Earth.</td>
</tr>
<tr>
<td>PMR</td>
<td>Precious Metal Resources Limited</td>
</tr>
<tr>
<td>Porphyrritic</td>
<td>A rock texture describing an igneous rock containing distinct crystals or crystalline particles embedded in a compact groundmass.</td>
</tr>
<tr>
<td>Proto-(continent or plate)</td>
<td>An actual or hypothetical landmass that might later be enlarged into a major continent or broken up into smaller ones.</td>
</tr>
<tr>
<td>Pyroclastic</td>
<td>Pyroclastic rocks or pyroclastics are rocks composed solely or primarily of volcanic materials.</td>
</tr>
<tr>
<td>Pyrite</td>
<td>Iron bearing sulphide mineral (FeS₂)</td>
</tr>
<tr>
<td>Quartz</td>
<td>A silicon-rich mineral (SiO₂)</td>
</tr>
<tr>
<td>Term</td>
<td>Meaning</td>
</tr>
<tr>
<td>----------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Raise</td>
<td>A vertical or inclined excavation that leads from one level, or drift, to another. A raise may also extend to surface.</td>
</tr>
<tr>
<td>RDI (survey)</td>
<td>Resistivity Depth Image (geophysics)</td>
</tr>
<tr>
<td>Resitivity (survey)</td>
<td>A geophysical survey used to measure variations in the electrical resistivity of the ground, by applying small electric currents across arrays of ground electrodes. The survey data is processed to produce graphic depth sections of the thickness and resistivity of subsurface electrical layers.</td>
</tr>
<tr>
<td>Resource</td>
<td>A mineral occurrence from which valuable or useful minerals may be recovered about which there is only a broad knowledge, based on relatively few samples or measurements, of the geological character of the deposit.</td>
</tr>
<tr>
<td>Rhyolite</td>
<td>Rhyolite is a volcanic rock, of felsic (silica-rich) composition (typically &gt; 69% SiO₂)</td>
</tr>
<tr>
<td>Rift</td>
<td>A rift is a major elongate tectonic depression bounded by normal faults caused by extension stresses in the Earth’s crust.</td>
</tr>
<tr>
<td>Sample</td>
<td>The removal of a small amount of rock pertaining to the deposit which is used to evaluate the presence, and/or estimate the grade of mineralisation and other geological parameters.</td>
</tr>
<tr>
<td>Sandstone</td>
<td>A rock composed of cemented sand grains.</td>
</tr>
<tr>
<td>Sb</td>
<td>Antimony</td>
</tr>
<tr>
<td>Se</td>
<td>Selenium</td>
</tr>
<tr>
<td>SEDEX</td>
<td>Sedimentary Exhalative mineral deposits are interpreted to form in submarine sedimentary basins by venting/ action of hydrothermal fluids resulting in base metal concentrations in the sedimentary rocks.</td>
</tr>
<tr>
<td>Sedimentary(ary)</td>
<td>Rocks formed by the consolidation of sediment deposited at the surface of the earth through action of water, wind, glaciers or organisms.</td>
</tr>
<tr>
<td>Self Potential (SP)</td>
<td>A geophysical survey technique used to measure the potential difference between any two points on the ground produced by the small, naturally produced currents that occur beneath the Earth’s surface. The SP method is passive, non-intrusive and does not require the application of an electric current.</td>
</tr>
<tr>
<td>SEM</td>
<td>Surface electromagnetic induction (EM) survey</td>
</tr>
<tr>
<td>Shale</td>
<td>A shale is any laminated, indurated (consolidated) rock with &gt; 67% clay-sized materials.</td>
</tr>
<tr>
<td>Shear(ed)</td>
<td>Structural deformation of rock by shearing stress under brittle-ductile or ductile conditions at depths in high pressure zones.</td>
</tr>
<tr>
<td>Silurian</td>
<td>The Silurian Period, lying between the earlier Ordovician period and the later Devonian period, occurred from approximately 443 million to 416 million years ago. It was a time of great environmental changes on Earth and saw the first evidence of life on land.</td>
</tr>
<tr>
<td>Sn</td>
<td>Tin</td>
</tr>
<tr>
<td>Southern Geoscience</td>
<td>Southern Geoscience Consultants</td>
</tr>
<tr>
<td>Sovereign Gold</td>
<td>Sovereign Gold Company Ltd</td>
</tr>
<tr>
<td>SP</td>
<td>Self Potential (see above)</td>
</tr>
<tr>
<td>Sphalerite</td>
<td>Zinc bearing sulphide mineral ((ZnFe)S)</td>
</tr>
<tr>
<td>Stratiform</td>
<td>A mineral deposit formed parallel to the bedding planes of the surrounding rock, and has a form, shape or structure similar to the host rock.</td>
</tr>
<tr>
<td>Stratigraphy</td>
<td>The branch of geology concerned with the order and relative position of strata (rock units) and their relationship to the geological timescale</td>
</tr>
<tr>
<td>Stringer</td>
<td>A thin, discontinuous mineral vein or rock layer</td>
</tr>
<tr>
<td>Sulphide</td>
<td>A group of minerals where one or more metals is found in combination with sulphur</td>
</tr>
<tr>
<td>Syn-genetic</td>
<td>Formed at the same time as the enclosing rock.</td>
</tr>
<tr>
<td>t</td>
<td>Metric Tonne</td>
</tr>
<tr>
<td>Term</td>
<td>Meaning</td>
</tr>
<tr>
<td>------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Te</td>
<td>Tellurium</td>
</tr>
<tr>
<td>Tenor</td>
<td>The metal content of an ore mineral</td>
</tr>
<tr>
<td>Tetrahedrite</td>
<td>A copper antimony sulfosalt mineral ((\text{Cu,Fe})_{12}\text{Sb}<em>4\text{S}</em>{13})</td>
</tr>
<tr>
<td>Triassic</td>
<td>The Triassic period was a transition from the Palaeozoic Era to the Mesozoic Era. It is situated between the end of the Permian Period and the beginning of the Jurassic, lasting from about 254 million to 201 million years ago. Pangaea began to break apart in the mid-Triassic.</td>
</tr>
<tr>
<td>Tuff (tuffaceous)</td>
<td>A relatively soft, porous rock that is usually formed by the compaction and cementation of volcanic ash.</td>
</tr>
<tr>
<td>Turam</td>
<td>A geophysical electro-magnetic method in which a very long (up to several hundred metres), insulated cable is used, either grounded at both ends or laid out in a large loop and energised at low frequencies (less than 1 kHz). A receiver coil is moved perpendicularly across the line of the cable and the two orthogonal components of the secondary field are measured. One of the oldest geophysical electro-magnetic methods used for mineral exploration.</td>
</tr>
<tr>
<td>U</td>
<td>Uranium</td>
</tr>
<tr>
<td>VALMIN Code</td>
<td>Australian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets</td>
</tr>
<tr>
<td>Vitric</td>
<td>Glassy</td>
</tr>
<tr>
<td>VLF-EM</td>
<td>The Very Low Frequency Electromagnetic method uses very-low-frequency, radio communication signals to determine electrical properties of shallow bedrock and near-surface soils, primarily as a reconnaissance tool. The technique is especially useful for mapping steeply dipping structures such as faults, fractures and shallow areas of potential mineralisation. Depth of investigation varies from 4-5 meters in conductive soils to 40-60 meters in highly-resistive soils.</td>
</tr>
<tr>
<td>Volcanic</td>
<td>Formed by or associated with a volcano</td>
</tr>
<tr>
<td>VTEM</td>
<td>Versatile Time Domain Electromagnetic system is an airborne (helicopter) geophysical technique useful for detecting and discriminating between moderate to excellent conductors. VTEM™ generates currents that diffuse into the earth and always take the path of least resistance. Conductive material absorbs the currents and releases a secondary field that the VTEM™ system measures. A strong conductor absorbs and releases more or all of the VTEM™ signal. A weak conductor absorbs and releases some or none of the VTEM™ signal. Conductors may include semi-massive to massive sulphide deposits and graphite occurrences.</td>
</tr>
<tr>
<td>Zn</td>
<td>Zinc</td>
</tr>
</tbody>
</table>
Appendix 1: JORC Code, 2012 Edition – Table 1 Report - Halls Peak Project

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

<table>
<thead>
<tr>
<th>Criteria</th>
<th>JORC Code explanation</th>
<th>Commentary</th>
</tr>
</thead>
</table>
| **Sampling techniques**   | • Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.  
  • Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.  
  • Aspects of the determination of mineralisation that are Material to the Public Report.  
  • In cases where ‘industry standard’ work has been done this would be relatively simple (eg ‘reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay’). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. | • Drill Holes PMR026 to PMR031 and SG01 to SG06 drilled with HQ diamond drill core.  
  • Core was cut in half with a brick saw with sample lengths ranging from a minimum of 0.1 metres to a maximum of 2.51 metres was sent to ALS laboratories and pulverised to produce a 30 gram charge for fire assay (Au_AA25) and 4 acid digestion for 48 element ICP-8ES and ICP-MS analysis (ME-MS61).  
  • Sample measuring technique and selection criteria unknown, no documented protocols.  
  • No density measurements for taken. |
| **Drilling techniques**    | • Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). | • PMR026 – 031: HQ core triple tube. No core orientation  
  • SG01 to SG06: HQ diamond drill core using triple tube with core orientation on measurable lengths of core and downhole surveys conducted every 30 metres |
| **Drill sample recovery**  | • Method of recording and assessing core and chip sample recoveries and results assessed.  
  • Measures taken to maximise sample recovery and ensure representative nature of the samples. | • Lost core intervals were recorded in drilling logs.  
  • There are records showing the core was geologically logged, lost core was recorded, core recovery an RQD were measured.  
  • Relationship between core recovery and grade is unknown |
<table>
<thead>
<tr>
<th>Criteria</th>
<th>JORC Code explanation</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</td>
<td></td>
<td>There are records showing the core was geologically logged, lost core was recorded, core recovery an RQD were measured. Sulphide mineral abundances were visually estimated as well as logging of host lithologies and structure. Geological logging was qualitative in nature.</td>
</tr>
<tr>
<td>Logging</td>
<td>• Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• The total length and percentage of the relevant intersections logged.</td>
<td></td>
</tr>
<tr>
<td>Sub-sampling techniques and sample preparation</td>
<td>• If core, whether cut or sawn and whether quarter, half or all core taken.</td>
<td>Core was cut in half with a brick saw with sample lengths ranging from a minimum of 0.1 metres to a maximum of 2.51 metres.</td>
</tr>
<tr>
<td></td>
<td>• If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</td>
<td>Sample preparation technique is appropriate for the type of sample being collected and for the style of mineralisation and host rock.</td>
</tr>
<tr>
<td></td>
<td>• For all sample types, the nature, quality and appropriateness of the sample preparation technique.</td>
<td>No records of quality control processes. Laboratory analysis standards and grind size check at the pulverisation stage have been reported.</td>
</tr>
<tr>
<td></td>
<td>• Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</td>
<td>No field quality control sampling, standards or blanks have been collected or analysed.</td>
</tr>
<tr>
<td></td>
<td>• Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Whether sample sizes are appropriate to the grain size of the material being sampled.</td>
<td></td>
</tr>
<tr>
<td>Quality of assay data and laboratory tests</td>
<td>• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</td>
<td>Quality control includes blanks and duplicates as per ALS laboratory standards that result in an acceptable level of accuracy as determined by NATA and the ISO.</td>
</tr>
<tr>
<td></td>
<td>• For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</td>
<td>Drill holes PMR026 to PMR031 laboratory techniques used were 30 gram charge for fire assay (Au_AA25) and 4 acid digestion for 48 element ICP-8ES. ICP-MS analysis (ME-MS61). Repeat analysis for results above &gt;10,000 ppm of Cu, Pb, Zn.</td>
</tr>
<tr>
<td></td>
<td>• Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</td>
<td>Drill holes SG01 to SG06 laboratory techniques used were 30 gram charge for fire assay (Au_AA25) and 4 acid digestion for 48 element ICP-8ES. ICP-MS analysis (ME-MS61). Repeat analysis for results above &gt;10,000 ppm of Cu, Pb, Zn.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The techniques are appropriate for the style and grade of mineralisation being evaluated.</td>
</tr>
<tr>
<td>Criteria</td>
<td>JORC Code explanation</td>
<td>Commentary</td>
</tr>
<tr>
<td>----------</td>
<td>-----------------------</td>
<td>------------</td>
</tr>
</tbody>
</table>
| **Verification of sampling and assaying** | • The verification of significant intersections by either independent or alternative company personnel.  
• The use of twinned holes.  
• Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.  
• Discuss any adjustment to assay data. | • No verification known  
• SG01 and PMR026 to PMR028 are all drilled in within 10 metres proximity however no specific twinned holes were undertaken.  
• No procedures of documentation relating to data storage in place  
• No adjustments to assay data. Conversion from reported ppm to % undertaken via spreadsheet. |
| **Location of data points** | • Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.  
• Specification of the grid system used.  
• Quality and adequacy of topographic control. | • Hole locations using from handheld GPS and recorded on drilling logs.  
• Grid system used is GDA94 Zone 56  
• Topographic control is not accurate. Unknown historic measurement methods. |
| **Data spacing and distribution** | • Data spacing for reporting of Exploration Results.  
• Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.  
• Whether sample compositing has been applied. | • Data spacing and distribution of drill holes at present are insufficient to establish the degree of geological and grade continuity appropriate for Mineral Resource and Ore reserve estimation procedures and classifications to be applied  
• No sample compositing |
| **Orientation of data in relation to geological structure** | • Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.  
• If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. | • No studies conducted on structural or mineralisation orientation however core angles suggest that drilling is not presenting true widths.  
• Geological logging in some instances (SG05 and SG06) indicate bedding of mineralisation is subparallel to core axis and indicates sampling bias however the degree of bias has not established. |
| **Sample security** | • The measures taken to ensure sample security. | • Sample delivery receipts from the assay laboratory however the protocol for sample custody is not documented. |
| **Audits or reviews** | • The results of any audits or reviews of sampling techniques and data. | • Since the Competent Person (Mr. Geoff Chapman) had completed 3 site visits, for a total of 5 days between March and May in 2017, no site visit was deemed necessary to the Halls Peak Project site for this IGR. |
### Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

<table>
<thead>
<tr>
<th>Criteria</th>
<th>JORC Code explanation</th>
<th>Commentary</th>
</tr>
</thead>
</table>
| **Mineral tenement and land tenure status** | Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. | Licences EL4474 is 100% held by SOC1 Pty Ltd  
Licence EL7679 is 100% held by Sugec Resources  
Both holding companies are associated with Force Commodities. At the Effective date of this IGR the Licences were proposed to be sold to XS Resources 100%.  
Both EL7679 and EL4474 contain areas covered by State Conservation Reserve. Licence EL4474 has 2.8 km² and Licence EL7679 has 1.8 km² covered by the State Conservation Reserve.  
Crown Special Reserve covers 1.7 km² of the previously mined and partially rehabilitated Gibsons Open Cut area on EL4474  
There are no land access agreements with landholders know of as at the effective date. |
<p>| <strong>Exploration done by other parties</strong> | Acknowledgment and appraisal of exploration by other parties. | Years | Company | Location | Description |
| | | 1896-1914 | Prospectors | Sunnyside, Gibsons, Faints - Firefly | Gossan discovery and small scale mining. |
| | | 1938 | BHP Co. Ltd | Gibsons Mine area | Mapping and sampling. |
| | | 1950 | Mt Isa Mines Ltd | Gibsons Mine area | Literature review. |
| | | 1952 | The Zinc Corp. | Halls Peak area | Mapped workings. |
| | | 1968-1971 | Allstate Exploration N.L. | Gibsons Mine Area | Mapping, geochemistry (stream, soil, rock chip), and drilling |
| | | 1970-1971 | Carpentaria Exploration Co. Pty Ltd. | Faints-Firefly, Gibsons, Mickey Mouse, Sunnyside | Geophysical, geological and geochemical surveys. |</p>
<table>
<thead>
<tr>
<th>Criteria</th>
<th>JORC Code explanation</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Carters Road areas</td>
<td>Integrated geophysical survey using IP, Turam, SP, VLF-EM and mise-a-la-masse over a small grid at and near the Gibsons deposit. Diamond drilling selected targets.</td>
</tr>
<tr>
<td>1978-1979</td>
<td>CRA Exploration Ltd.</td>
<td>East of Gibsons Mine area</td>
</tr>
<tr>
<td>1983 - 2010</td>
<td>Unknown</td>
<td>Unknown</td>
</tr>
<tr>
<td>2011- current</td>
<td>Precious Metal Resources Ltd. (PMR), Sovereign Gold Co. Ltd., Force Commodities Ltd.</td>
<td>EL4474 Gibsons Open Cut</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>Precious Metal Resources Ltd. (PMR), Sovereign Gold Co. Ltd., Force Commodities Ltd.</td>
<td>Project area (EL4474 and EL7679)</td>
</tr>
<tr>
<td>Criteria</td>
<td>JORC Code explanation</td>
<td>Commentary</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>---------------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>2012 to Current Force Commodities Ltd. EL7679</td>
<td>Interpretation of VTEM anomaly at Spike Island Two IP surveys conducted</td>
</tr>
<tr>
<td>Geology</td>
<td>Deposit type, geological setting and style of mineralisation.</td>
<td>The Halls Peak area is part of the New England Orogen, covering a sequence comprising the Permian Styx River Beds overlying the Early Permian Halls Peak Volcanics which then overlay the Carboniferous Comara Beds. The Halls Peak Volcanic rocks are interpreted as being produced during felsic volcanism within a convergent plate setting and modified by possible rift related extension. The geological setting is consistent with the documented VMS style mineralisation on the Project. Structural disruption of the sequence is by major north-east trending faults with localised folding and smaller scale north-west trending structures.</td>
</tr>
</tbody>
</table>
| Drill hole Information         | A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:  
  - easting and northing of the drill hole collar  
  - elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar  
  - dip and azimuth of the hole  
  - down hole length and interception depth  
  - hole length.  
  If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.  
Details shown in Appendix 2 for holes reported in Table 5.  
Details shown in Appendix 3 for holes summarised in Table 3. including source of data and validity.  
<p>| Data aggregation methods       | In reporting Exploration Results, weighting averaging techniques,                      | The aggregation method for the reported intersections is: Intercepts greater than 1 metre with Cu % + Pb % + Zn % is greater than 2.5% in total. Intervals                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |</p>
<table>
<thead>
<tr>
<th>Criteria</th>
<th>JORC Code explanation</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</td>
<td></td>
<td>were allowed to include up 2.0 metres continuous of internal material that was below the 2.5% threshold.</td>
</tr>
<tr>
<td>• Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</td>
<td>• Intercepts were length weighted when estimating intercept grade averages.</td>
<td></td>
</tr>
<tr>
<td>• The assumptions used for any reporting of metal equivalent values should be clearly stated.</td>
<td>• This additive accumulation method is considered appropriate for the mixed element sulphide intersections.</td>
<td></td>
</tr>
<tr>
<td>Relationship between mineralisation widths and intercept lengths</td>
<td>• Isolated silver intersections with greater than 100 g/t silver and base metal values below the 2.5% cut-off have been shown separately. Length weighting averages calculated.</td>
<td></td>
</tr>
<tr>
<td>• These relationships are particularly important in the reporting of Exploration Results.</td>
<td>• No metal equivalents reported.</td>
<td></td>
</tr>
<tr>
<td>• If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</td>
<td>• No top cuts applied to assay results.</td>
<td></td>
</tr>
<tr>
<td>• If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg ‘down hole length, true width not known’).</td>
<td>• Relationship not known.</td>
<td></td>
</tr>
<tr>
<td>Diagrams</td>
<td>• All reported lengths are downhole lengths. True widths not known.</td>
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<td>• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</td>
<td>• All diagrams within this IGR are appropriately annotated and located.</td>
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<td>Balanced reporting</td>
<td>• Reporting of historic exploration results is not possible due to lack of accurate compiled data.</td>
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<td>• Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</td>
<td>• Drill hole results within this report are from the Gibsons Open Cut area only and are reported in accordance with JORC2012 guidelines. These drill holes were focussed towards known areas of mineralisation and are not representative of the entire Project.</td>
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<td>• Reported results are for the key target elements. PMR026 to PMR031 were analysed for 36 elements however reporting is restricted to the principal elements Ag, Cu, Pb and Zn.</td>
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<td>Other substantive</td>
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<td>• Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</td>
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<td>• Main survey used for targeting is a VTEM survey conducted in 2012.</td>
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<td>• Older historical surveys (1970-1975 have been commented on but not evaluated in detail.</td>
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<td>• Multi element analysis conducted on PMR026 to PMR031. Early stage exploration so no detailed evaluation undertaken.</td>
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<td>Further work</td>
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<td>The proposed exploration program over a two-year period is summarised as follows:</td>
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<td>• Initial site establishment, including permitting, access, and surveying of surface exposures, previous exploration and old mine workings.</td>
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<td>• Geological re-logging of current and historic drill core using a standardised legend to be included in a compilation of all existing data of previous underground plans, mapping, drill hole data, geophysical and geochemical survey data.</td>
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<td>• In Year 1, drill five to seven (5-7) drill holes testing extensions to the known shallow Gibsons base metals mineralisation, collect metallurgical sample(s) for bench testing, and create a consolidated 3-Dimensional model of data to establish geology and grade distribution, and to use in exploration drill targeting.</td>
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<td>• Using the preferred technique from a petrophysical study, conduct a detailed geophysical survey, to evaluate potential for further massive sulphide bodies beneath the cover sequence and refine the early stage exploration targets generated from the 2012 VTEM survey.</td>
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<td>• Subject to the results from the Year 1 program, in Year 2, complete definition drilling of the Gibsons deposit based on potential economic targets, and drill test resolved targets from detailed geophysical survey in Year 1.</td>
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<td>• Preliminary resource modelling and geostatistical analysis to determine the requirements for resource definition.</td>
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- Other substantive exploration data
- Further work
**Appendix 2: Gibsons Open Cut Intersections Reportable Material Drill Hole Details**

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Executive Summary

XS Resources Limited (“XS Resources” or the “Company”) commissioned GJ Exploration Pty. Ltd. (“GJ Exploration”) to provide an Independent Geologist Report (“IGR”) on a portfolio of prospective base metal exploration assets. This IGR is for one of the assets, the Spanish River Project (“Project”), located in Ontario, Canada.

The purpose of GJ Exploration’s IGR is to provide an impartial assessment of the technical data and merits of the Project, as well as assess the defined exploration and expenditure programs proposed by XS Resources.

The Project is located in the Sudbury District, in the south-eastern area of the province of Ontario, Canada. The Project is comprised of thirteen (13) unpatented active single cell mining claims and two (2) unpatented active boundary mining claims, forming a contiguous area of 2.97 square kilometres (“km2”). The Project area covers portions of the northern and southern shores of Agnew Lake and a portion of Agnew Lake. The Project is approximately 60 kilometres (km) west south-west of the regional centre of Sudbury. The Greater Sudbury area is a regional community of population 164,689 and is a historic and current mining centre.

World class mineral deposits, primarily copper and nickel within the Sudbury Igneous Complex, are located in the region. However, the Project is not located in the Sudbury Igneous Complex and is therefore not considered prospective for Sudbury-type mafic intrusive deposits. The Project is interpreted to cover units of the Precambrian Elliot Lake Group and Precambrian Hough Lake Group which are known to host many mineral occurrences and some historic copper, nickel, and uranium mines. The mineralisation previously explored and mined on the Project has been classified as a VMS-type dominated by copper sulphide mineralisation. Sulphide habit has been logged as disseminated, blebby and stringer mineralisation with chalcopyrite associated with pyrrhotite and pyrite.

Even though historic exploration and mining has been conducted on the Project from 1929 to 1970, there are no detailed verifiable production figures, and information supplied indicates only sporadic exploration since 1970. Based on the geological setting, historic exploration and mining, the Project has the potential to host a sulphide mineral deposit with copper as the dominant metal. Other subordinate metals including silver, cobalt and uranium may be associated.

The proposed exploration program over a two-year period is summarised as follows:

- Initial site establishment, including permitting, access, and surveying surface exposures, previous exploration and old mine workings.
- Surface geological mapping and sampling, collation and digitisation of all existing data (including previous underground plans, mapping, drill hole locations and logging), data interpretation and drill program design.
- In Year 1 drill three diamond drill holes in the area of highest potential of intersecting mineralisation. Analyse samples for multi-element suite including base metals, cobalt, precious metals and uranium
- Subject to the results from the Year 1 program, in Year 2 drill broad spaced drill holes along the strike and plunge of the mineralisation.
- Assessment of the drilling information includes; collecting detailed geological information, geotechnical data, sulphide species analysis and assessing the potential of downhole geophysical surveys to provide further subsurface targeting.
- Preliminary resource modelling and geostatistical analysis to determine the requirements for resource definition.

The estimated cost to conduct exploration over the Project in the first two years will be in the vicinity of A$675,000.
It is GJ Exploration’s opinion, in compliance with Reporting Standards, that the XS Resources’ mineral assets and target commodities warrant the proposed evaluation, exploration and testing programs. It is also noted that the proposed programs may be subject to change according to results yielded as work progresses.
Dear Directors

Introduction
XS Resources Limited (“XS Resources” or “the Company”) is an Australian company (ACN 624 766 114) registered on 2 March 2018. The Company was recently incorporated to focus on the exploration for, and development of, base metal assets in Canada and Australia. XS Resources is now seeking to undertake an initial public offering (“IPO”) and list on the Australian Stock Exchange (“ASX”) to fund the future evaluation and assessment of the Spanish River Project in Ontario, Canada and the Halls Peak Project in New South Wales, Australia.

XS Resources has commissioned GJ Exploration Pty. Ltd. (“GJ Exploration”) to prepare Independent Geologist Reports (“IGR”) for their exploration assets in Canada and Australia. The mineral asset considered in this report is the Spanish River Project located in Ontario, Canada which will be acquired pursuant to a binding heads of agreement with the Canadian vendors of the Spanish River Project.

It is GJ Exploration’s understanding, that this IGR is to be included in the Company’s Prospectus (“Prospectus”) in support of a proposed listing on the ASX. The purpose of the Prospectus is to offer approximately 22,500,000 shares at an issue price of $0.20 per share, to raise approximately A$4.5 million before the costs of issue. The Minimum Subscription is A$4.5 million with no ability to accept oversubscriptions. The funds raised will be used primarily for the exploration and evaluation of the mineral exploration licences assembled by XS Resources in Australia and Canada.

XS Resources proposes to lodge the Prospectus with the Australian Securities and Investment Commission (ASIC) on or around 7 September 2018.

The purpose of this report is to provide an impartial assessment of the technical data and merits of the Spanish River Project, comprising thirteen (13) active single cell mining claims and two (2) active boundary mining claims (“the Claims”), forming a contiguous area of 2.97 km², as well as assess the proposed exploration and expenditure.

The objectives of this IGR are:

- to present a geological description,
- outline previous exploration and mining work,
- provide an opinion on the exploration potential,
• summarise the key technical risks, and
• evaluate the Company’s proposed and costed exploration programs for the next two years

Qualifications of Competent Persons
The Competent Person who has reviewed the exploration and mining information supplied by XS Resources and compiled this report is Mr. Geoffrey J. Chapman BAppSc (Mineral Exploration and Mining Geology), MSc (Mineral Economics), Fellow of the Australian Institute of Mining and Metallurgy (“AusIMM”) who is a Director and consultant of GJ Exploration Pty. Ltd. Mr. Chapman, is a geologist with over 30 years of mining and exploration experience in a variety of deposit styles and commodities including nickel, gold, base metals, uranium, manganese and industrial minerals. Mr. Chapman has sufficient experience that is relevant to the style of mineralisation, type of deposits, and the type of activity required for the reporting purpose of a public company prospectus and as such qualifies as a Competent Person as defined in the JORC Code (2012).

The Competent Person who has conducted the peer review is Mrs. Jacqueline S. Chapman BSc (Hons), member of the Australian Institute of Geoscientists (“AIG”) who is a Director and consultant of GJ Exploration Pty. Ltd. Mrs. Chapman is a geologist with over 30 years of mining and exploration experience in a variety of deposit styles and commodities including gold, nickel, base metals, uranium and rare earths. Mrs. Chapman has sufficient experience that is relevant to the style of mineralisation, type of deposits, and the type of activity required for the reporting purpose of a public company prospectus, and as such qualifies as a Competent Person as defined in the JORC Code (2012).

Statement of Independence and Costs
GJ Exploration is an independent geological consultancy, established in 2011 and has operated continuously since then. Neither GJ Exploration, nor any of its directors, employees or associates has any current interest, either directly, indirectly or contingent, in:

• XS Resources or
• any of the mineral properties in this IGR or
• any other asset of XS Resources.

Mr. G.J. Chapman, as part of the GJ Exploration consultancy, worked on the Halls Peak Project, Australia (the subject of a separate IGR by GJ Exploration Pty Ltd) when owned by Force Commodities Limited, between March - June 2017.

There has been no involvement of GJ Exploration with XS Resources and its property acquisitions. Further, none of the Competent Persons involved in the preparation of this IGR is an officer, employee or proposed officer of the Company or any group, holding or associated company of the Company. Consequently, the Competent Persons involved in the preparation of this IGR consider themselves to be independent.

GJ Exploration will receive a fee of approximately A$14,800 (excluding GST) for the combined preparation of IGRs for the Spanish River Project and the Halls Peak Project. This fee is not dependent on the findings of this IGR and GJ Exploration will receive no other benefit for the preparation of this IGR.

Effective Date
The base technical information date and the effective date of the IGR is 17 July 2018 (the “Effective Date”). The technical information contained in the IGR has been prepared as at the Effective Date.
Reporting Standards
This Report has been prepared as a technical assessment in accordance with the Australasian Code for Public Reporting of Technical Assessment of Mineral Assets (the “VALMIN Code”, 2015 Edition)\(^1\), which is binding upon Members of the AusIMM and the AIG, as well as the rules and guidelines issued by the ASIC and the ASX Limited (“ASX”) which pertain to Independent Expert Reports.

Where exploration results have been referred to in this report, they were prepared pursuant to the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (“the JORC Code”)\(^2\).

As per Clause 19 of the JORC Code, the reporting of all criteria of Sections 1 and 2 of “Table 1 Report”, are required for significant projects on a “if not, why not” basis. These requirements are included in Appendix 1: JORC Code, 2012 Edition – Table 1 Report - Spanish River Project.

Valuation
This IGR is not a valuation report and does not express an opinion as to the value of the mineral assets or tenements involved, or to the fairness and reasonableness of any transactions between XS Resources and any other party.

Study Terminology
The terminology used in this IGR is consistent with the Glossary of Technical Terms, Abbreviations, and Definitions in Section 11 Glossary of Technical Terms, Abbreviations and Definitions.

Sources of Information
In the course of the preparation of this IGR, the data sourced and provided by XS Resources, and examined in this review, are from the public domain, mainly from the Ministry of Northern Development and Mines, Assessment Files of Ontario and published journals. XS Resources provided GJ Exploration with a digital folder of historical reports and documents. There was no database containing digital data relating to drilling, sampling, assaying or methods of mineral exploration provided by XS Resources for validation. GJ Exploration has made all reasonable endeavours to verify the accuracy and relevance of information, with all information used quoted in Section 10 Bibliography.

Verification and Validation
The technical information in this IGR, as provided by the Company, is taken in good faith by GJ Exploration, as such there has been no recalculation of figures supplied. GJ Exploration has conducted a review and assessment of all the material technical issues including:

- Examination of the historical data made available by the Company in respect of the Spanish River Project.
- Online checking of Project location, tenure, geology and published historical reports using Ministry of Northern Development and Mines (Ontario) and other public information/imagery to the Effective Date.
- Examination and review where appropriate of the key technical risks and opportunities in relation to the mineral assets.

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Due to the early stage of the Project, no site visit was completed for the Spanish River Project for this IGR.

Reliance on Information
GJ Exploration relied upon the accuracy and completeness of the technical and legal information provided by or through XS Resources along with technical reports prepared by consultants, government agencies and previous mineral claim holders, and other relevant published and unpublished data.

XS Resources has confirmed to GJ Exploration that, to its knowledge, the technical information provided by it was complete and not incorrect or misleading in any material respect. GJ Exploration has no reason to believe that any material facts have been withheld. While GJ Exploration has exercised all due care in reviewing the supplied information, GJ Exploration does not accept responsibility for the finding of any omissions or errors contained therein and disclaims liability for any consequences of such errors or omissions.

The diagrams in this report showing the Project Claim blocks and other surface rights dispositions uses GIS data downloaded by GJ Exploration from the Ontario Ministry of Northern Development and Mines Mining Lands Administration System (“MLAS”) system. XS Resources has not supplied GJ Exploration with any digital data or diagrammatic representation of the Claims and is unable to verify the GIS data sourced by GJ Exploration or any diagrammatic representation of the Claims. GJ Exploration takes no responsibility for the accuracy of the diagrammatic representations of the Claims in Figures 2, 3, 7 and 8 of this Report.

This IGR contains statements attributable to third parties. These statements are made or based upon statements made in previous technical reports or journals that are publicly available from either Ontario government sources or public domain published papers. The authors of these reports have not consented to their statements use in this IGR, and these statements are included in accordance with ASIC Corporations (Consents to Statements) Instrument 2016/72.

GJ Exploration’s review and assessment of the mineral assets is based on information supplied by XS Resources, which in turn reflect technical and economic conditions at the Effective Date. These conditions can change rapidly and significantly, and assumptions made in this IGR could be materially different in changed circumstances.

This IGR specifically excludes all aspects of legal issues (see Legal Matters), marketing, commercial and financing matters, land titles and usage agreements, and any other contracts and/or agreements that XS Resources may have entered into.

Matters related to XS Resources potential responsibility for environmental rehabilitation arising from previous mining activity in the Project area have not been examined in this report.

XS Resources was provided a final draft of this report and requested to identify any material errors or omissions prior to its lodgement.

Legal Matters
The legal status, including any native title treaty or agreement process, surface rights restrictions or agreement process, environmental restrictions, permits and local heritage associated with tenure of the XS Resources mineral assets, is subject to a separate Solicitor’s Report elsewhere in the Prospectus. The legal matters have not been independently verified by GJ Exploration. Similarly, GJ Exploration notes that it is not qualified to make legal representation regarding ownership and legal standing of the Claims that comprise the Project. The present status of the Claims is based on information provided by XS Resources or its agents, and the IGR has been prepared on the assumption that XS Resources will have lawful access to the tenure for evaluation and potential development.
Declarations and Consent

VALMIN Code Declaration

The information in this IGR that relates to Technical Assessment and Valuation of Mineral Assets reflects information compiled and conclusions derived by Mr G. J. Chapman, who is a Fellow of the AUSIMM. Mr Chapman is a Director of independent consultants GJ Exploration Pty Ltd and is not an employee of XS Resources.

Mr Chapman has sufficient experience that is relevant to the Technical Assessment of the Mineral Assets under consideration, and to the activity being undertaken to qualify as Practitioners as defined in the 2015 edition of the ‘Australasian Code for the public reporting of technical assessments and Valuations of Mineral Assets’. Mr Chapman consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Competent Persons Statement - JORC Code 2012

The information in this IGR that relates to Exploration Results is based on information compiled by Mr G.J. Chapman as provided by XS Resources. Mr Chapman is a Fellow of the AusIMM. Mr Chapman is a Director of independent consultants GJ Exploration Pty Ltd and is not an employee of XS Resources.

Mr Chapman has sufficient experience that is relevant to the type of deposit and style of mineralisation under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Chapman consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Yours faithfully

Mr Geoffrey Chapman
Director and Consultant

Peer Reviewed by

Mrs Jacqueline Chapman
Director and Consultant
1 Project Overview

The Spanish River Project ("the Project") comprises thirteen (13) unpatented active single cell mining claims and two (2) unpatented active boundary mining claims, forming a contiguous area of 2.97 km². Sections 1.1 to Section 1.5 of this IGR are descriptions of the Project, including location, infrastructure, climate, geography and land use.

All grid coordinates used in this report are in North America grid NAD83 projection unless otherwise stated.

1.1 Location

The Spanish River Project is located in the south-eastern area of the province of Ontario, Canada (Figure 1) approximately 60 kilometres (km) west-south-west of the regional centre of Sudbury and 10 km north of the town of Espanola (Figure 2).

![Figure 1: Project location Ontario Province, Canada](source: Compiled April 2018 by G. Chapman from Mapinfo GIS data (datum: Latitude and Longitude WGS84))

1.2 Access and infrastructure

The city of Sudbury is accessed by daily commercial flights from Canadian regional airports including Toronto and Ottawa international airports.

Access to the Project area has not been accurately determined by this review. Satellite imagery of the area shows unsealed access roads to the north of the Project area that may connect to sealed highways linked to Sudbury.

Historic work reports refer to the Project being accessed by boat and barge from the nearby southern shore of Agnew Lake which has road access to the regional highway.
Figure 2: Spanish River Project location with regional infrastructure

Source: Compiled May 2018 by G. Chapman using Ontario Ministry of Northern Development and Mines; Mining Lands Administration System (MLAS) – Map Viewer
1.3 Climate
The Greater Sudbury area of Ontario has a humid continental climate (Köppen climate classification: Dfb).

The average daily temperatures (1981-2010) range from -8.0°C in January to 24.8°C in July with mean minimum daily temperatures range from -17.9°C in January to 13.4°C in July. Average annual precipitation is 903.3 mm with average annual rainfall of 675.7 mm and average annual snowfall of 263.4 mm. The highest average rainfall month is September with 101.0 mm. On average snowfall is recorded between October to May with the heaviest average snowfalls in December with 63.0 mm.

1.4 Geography
Southern Ontario is described as a landscape of flat plateaus and low, rounded hills, crisscrossed by rivers and lakes.

The Project is located in the Great Lakes and St. Lawrence lowlands. The lowlands fringe the Great Lakes with elevations generally from 150 metres (“m”) above sea level (“ASL”) to 300m ASL. Apart from the Great Lakes the area contains many smaller lakes and rivers.

The Project area covers portions of the northern and southern shores of Agnew Lake and a portion of Agnew Lake. (Figure 3).

The land elevation (Google Earth) ranges from 262m ASL at the shore of Agnew Lake to a peak of approximately 320m ASL in the central area.

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Figure 3: Spanish River Project Claims on Satellite Image

(black: XS Resources; orange not XS Resources)

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3 Government of Canada: http://climate.weather.gc.ca/climate_normals
4 Refer to McCarthy Tetrault LLP Solicitors report dated 30 July 2018 for further information regarding unpatented mining claims and surface rights claims.

1.5 Habitation and land use
Accurate details of land use and habitation on the Project area have not been reviewed for this report.

Google Earth satellite image (29 April 2017) shows the Project area appearing to be mostly forested with some areas of swamp. There appears to be some dwellings and infrastructure on the lake shore covered by surface rights dispositions M-912, M-913 and M-914⁵ (Figure 3).

The Greater Sudbury area, approximately 60 km east-north-east of the Project, is a regional community of population 164,689 (Statistics Canada 2016 census) and is a historic and current mining centre.

2 Tenure
The legal status of the tenure of the Project is subject to a separate Solicitors report elsewhere in this Prospectus.

The Project comprises thirteen (13) unpatented active single cell mining claims and two (2) unpatented active boundary mining claims, forming a contiguous area of 2.97 km², located in the Sudbury Mining Division and the Township/Area of Baldwin. Table 1 summarises information on the claims with the following Annexure I listing the title reservations and Note 1 commenting on the surface dispositions, all sourced from the Solicitors report.⁶

The status of the Claims has been reviewed on 17 July 2018 on the Ontario Ministry of Northern Development and Mines Mining Lands Administration System (MLAS) by G. Chapman as Competent Person for this IGR. The information contained in contained in Table 1 is confirmed as correct at the date of review.

Table 1 Mining Claims Summary

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<th>Current Mining Claim IDs</th>
<th>Claim Status</th>
<th>Claim Type</th>
<th>Location</th>
<th>Claim Township</th>
<th>Expiry</th>
<th>Registered Owner</th>
<th>Reservations</th>
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<td>Active</td>
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<td>Baldwin</td>
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⁵ McCarthy Tetrault LLP Solicitors report dated 30 July 2018
⁶ McCarthy Tetrault LLP Solicitors report dated 30 July 2018
⁷ From GIS evaluation by G. Chapman
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<th>Claim Name</th>
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**Annex I**

**Reservations**

The Unpatented Claims are subject to the following reservations as stated in the public record:

1. 400' surface rights reservation along all lakes and rivers
2. Sand and gravel reserved
3. Peat reserved
4. Other reservations under the Mining Act may apply
5. Including land under water
6. Excluding road
7. Part mining rights only
8. Excluding buildings

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8 Source: McCarthy Tetrault LLP Solicitors report dated 30 July 2018
Notes
(1) Maps of mining claims 107765, 142230, 217388, 236839 and 255469 bear evidence of surface rights dispositions which were not reflected as reservations or easements on mining title. Upon investigation, it was determined that the features found correspond to surface rights dispositions on the banks of Agnew Lake that appear on Plans of Subdivision, M-912 (being parts of Lots 6 & 7, Concession VI, Township of Baldwin), M-913 (being part of Lot 5, Concession VI, Township of Baldwin) and M-914 (being parts of Lots 4 & 5, Concession VI, Township of Baldwin). Google Earth images of the area reveal the presence of houses, roads and power lines in the vicinity of the surface dispositions.

3 Regional Geology
The Spanish River Project area is located in the Proterozoic Southern Province of the Canadian Shield; with the Superior Province to the north-west and the Granville Province to the south-east. Figure 4 shows the Project location in reference to the geological provinces of Ontario.

Figure 4: Geological Provinces of Ontario


Figure 5 is a geological map of the regional geology including the Project location, the location of the Sudbury Igneous Complex (“SIC”) and selected metalliferous (cobalt, copper, gold, lead, nickel, silver, uranium and zinc) mineral occurrences of the region. 10

The eastern part of the Southern Province consists of the Paleoproterozoic Huronian Supergroup (about 2,500 to 2,220 million years (“Ma”) old) which occurs in an area extending from the east shore of Lake Superior, along the north shore of Lake Huron to Sudbury, and beyond, toward Noranda in north-western Quebec. The Huronian Supergroup is subdivided into four stratigraphic groups. The oldest, the Elliot Lake Group, consists of volcanic

9 Source: McCarthy Tetrault LLP Solicitors report dated 30 July 2018
rocks and clastic sedimentary rocks, and contains significant uranium deposits. The three other groups, from bottom to top (oldest to youngest), are the Hough Lake, Quirke Lake and Cobalt Groups. Each is characterised by a sedimentary cycle in which conglomerate, of probable glacial origin, is overlain by mudstone, siltstone and coarse arenite. The Huronian Supergroup rocks are intruded by dikes and sills of the Nipissing gabbro suite (2,219 Ma), (Corfu and Andrews 1986).

The SIC, located to the north-east of the Project area, hosts world class mineral deposits and has a mining history of over 100 years. These deposits have primarily produced nickel and copper sulphides with associated Platinum Group Elements (“PGE”) and precious metals.

Mineral occurrences of the Huronian Supergroup are of smaller tonnage than those hosted by the SIC and formed through different mineralising processes. The Elliot Lake Group is known for significant uranium deposits, several of which have been mined.

![Figure 5: Geology of the Southern Province of the Canadian Shield with Project location and mineral occurrences](Source: Compiled April 2018 by G. Chapman using data from Ontario Geological Survey, Mineral Deposit Inventory (March 2018 update) and, Ontario Geological Survey 2011. 1:250 000 scale bedrock geology of Ontario; Ontario Geological Survey, Miscellaneous Release–Data 126 - Revision 1)

The following description of mineral occurrences in the Southern Province is sourced from Fyon et al (1991) and includes reference to the Spanish River Mine (located on the Project area) as a Volcanogenic Massive Sulphide (“VMS”) style deposit:
"The Base metal, sulphide-rich mineralisation, having some characteristics akin to Phanerozoic VMS deposits (Pearson 1980), occurs within metavolcanic rocks in the lower part of the Huronian Supergroup, between Blind River and Sudbury.

VMS copper mineralisation in the Massey–Agnew Lake area (Figure 6 this document), including the Massey Mine and the Alexander, Bishop and Noranda Shakespeare prospects, occurs associated with silica-rich rocks (Pearson 1980). The silica-rich units are overlain by, interlayered with, or occur in close proximity to, deformed mafic metavolcanic rocks of the Salmay Lake Formation, close to metasedimentary rocks of the McKim and Matinenda formations (Pearson 1980). Mineralisation consists of “net-textured”, massive, blebby, stringer and disseminated chalcopyrite and pyrite (Pearson 1980). Contained metals are copper and iron, with minor cobalt and uranium (Pearson 1980). Precious metal tenors are very low (Pearson 1980). Mineralisation at the Spanish River Mine is associated with elevated uranium concentrations (Pearson 1980).”

VMS deposits (as defined by Galley, Hannington and Jonasson, 2007) are volcanic or volcano-sedimentary associated or hosted massive sulphide deposits that form from metal-enriched fluids associated with seafloor hydrothermal convection. These deposits are major sources of Zn, Cu, Pb, Ag and Au and significant sources of Co, Sn, Se, Mn, Cd, In, Bi, and Te. The deposits can range in size from thousands of tonnes to giant deposits of many millions of tonnes. The descriptions from Pearson (1980) of a mixed volcanic/sedimentary origin are consistent with the VMS deposit style described by Galley et al. (2007).

The Shakespeare nickel-copper deposit is located 20 km west of the Project and is not part of the XS Resources Project area. Mining has been conducted at Shakespeare as recently as 2010 by URSA Major Minerals Incorporated (“URSA Major”). Nine months of production concluding 31 January 2011 produced ore averaging 0.357% nickel (“Ni”), 0.407% copper (“Cu”), 0.025% cobalt (“Co”), and 1.1 gram/tonne (“g/t”) combined PGE and gold (“Au”). Actual tonnages were difficult to confirm from the literature. A feasibility study by Micon International Limited (Jan 2006 and updated in 2008) commissioned by URSA Major, defined a Probable Reserve to a depth of 250m below surface of 11,828,000 tonnes (“t”) grading 0.33% Ni, 0.35% Cu, 0.2% Co, 0.87g/t combined PGE and Au (Bateman, 2013). The host rock for the Shakespeare deposit is interpreted as the upper zone of an intrusive of the Nipissing gabbro suite (Sproule, Sutcliffe, Tracanelli and Lesher, 2007). There is disparity between more recent Sproule et al (2007) geological model for Shakespeare deposit and the Pearson (1980) VMS interpretation. It should be noted there is no evidence of gabbro intrusives being mapped in the Project area, however they are evidenced throughout the regional mapping (Figure 5 and Figure 7).

The deposit style for the Project will need revision relative to current geological theories when a greater amount of data is available. For the purposes of this report the deposit style has been considered as a VMS as per Pearson (1980).

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11 Bateman K.M., 2013
4 Local Geology

4.1 Stratigraphy and Lithology

The Ontario geological mapping data for the region shows the Project area straddles the contact between Precambrian Elliot Lake Group rocks in the south-east of the area, and Precambrian Hough Lake Group, Mississage Formation in the north-west (Figure 7). The Elliot Lake Group comprises mafic, intermediate and felsic metavolcanics with intercalated metasedimentary rocks and epiclastic rocks. The Mississage Formation is dominated by quartz-feldspar sandstone, argillite and conglomerates.

The regional scale mapping indicates major structures through the area with a north-east orientation possibly as splays from the regional Murray (Figure 5) and Creighton fault zones. The local geology is described by A.C.A Howe International Ltd (1967) is as follows:

"The area is underlain by conglomerate, quartzite and greywacke which have been cut by dioritic to gabbroic intrusives. Some "younger granite" is also noted. All rocks are believed to be middle to late Precambrian age."
The sediments are folded into a series of anticlines and synclines the axes of which strikes north-east. These rocks, on the claim group dip north west at between 70° and 80°. Schistosity parallel to the bedding is developed in all three types of sediments.”

The description of the rock units is consistent with the publicly available Ontario geological mapping data for the area. The regional scale mapping indicates major structures through the area with a north-east orientation. This orientation is consistent with the description of the schistosity.

**Figure 7: Local stratigraphy and mineral occurrences**


4.2 Mineralisation

Based on historical reports summarised in Table 2 the Project has been explored and mined for copper with historic trenching, drilling and mining of a zone of sulphide mineralisation.

The mineralisation has been described by Shklanka (1969):

“Stringers and disseminations of chalcopyrite with minor pyrite and pyrrhotite in a silicified shear zone trending N83°E dipping 70°S and up to 75 feet (22.9m) wide in Bruce quartzite and greywacke. Mineralisation forms a near vertical body, 650 feet (198m) deep and plunging about 25°SW, with a
Drill hole geological logs are available for some of the historic drilling. These logs indicate mineralisation is dominated by chalcopyrite, pyrrhotite and pyrite associated with siliceous alteration and quartz veining. Sulphide texture is described as disseminated, splashes, streaks, blebby, stringers and occasionally veined. Sulphide percentages are not recorded in the available drill hole logging.12

No drilling assay files are available in the data provided and no core has been sighted by the author to validate this information. Comments on three drill intercepts are quoted by A.C.A. Howe International Ltd (1969). These are summarised in Table 2 Previous Exploration and Mining.

The descriptions of the mineralised zone indicate it is a shear-controlled zone of silicification preferentially hosted in sediments. Sulphide mineralisation of chalcopyrite, pyrrhotite and pyrite in varying intensities occurs associated with the silicification. This description suggests that the primary VMS origin, as proposed by Pearson (1980) in Fyon et. al. (1991), has undergone some structural modification and potentially overprint by alteration fluids. The deposit style for Spanish River will need revision relative to current geological mineral style modelling when more data are available. For the purposes of this report the deposit style has been considered as VMS as per Pearson (1980).

Southbay Design and Construction Ltd (1996) summarises sampling undertaken on the prospect in 1994. The sampling comprised two samples of mineralisation (two 45-gallon drums) that were submitted to Falconbridge (Lakefield) laboratory for analysis. The samples were collected from existing surface stockpiles or exposures of mineralisation in historic surface workings.

The two samples submitted to Lakefield show copper grades of 1.74% and 8.77% with associated silver values of 3 g/t and 14 g/t respectively. No analysis was conducted for gold or cobalt.

No validation of the location, sample method, sample quality, representivity or analytical techniques can be made and as such these samples cannot be considered representative of the mineralisation at the Project area.

5 Historical Mining

Historical reports indicate a decline was sunk on the Spanish River deposit in 1968 and ore was produced until September 1970.

The mine workings are described by E.E. Matten (1972) as a decline driven into the hillside being 9 x 13 feet (2.8 x 4.0 m) at a -15% (minus 15%) gradient. Further mining is described by the same author:

“The decline intersected the ore zone at 512 feet (156m) with 10 x 14 feet (3.0m x 4.3m) drifts to the east at -130° for a length of 546 feet (166.5m) and to the west at -80° for a total length of 607 feet (185.0m). Two raises, one 432 feet (131.7m) from the east drift and one 297 feet (90.5m) long from the west drift were driven through to surface for ventilation and escapeway. The ore was mined by shrinkage stoping.”

“Mining operations continued to September 1970, when the production ceased due to high costs and low metal prices. Approximately 115-120 thousand tons* of ore was hoisted and trucked to the Kidd Copper mill” and, “The concentrate produced in the mill was shipped to Mariben Oneida Limited of Japan under contract.” (E.E. Matten, 1972)

---

*Note: the ton measure quoted is not metric tonnes. There is no indication from records if this is long or short tons.

No mine plans or production records have been sighted to determine the extents of mining, ore quality or processing of this material.

6 Previous Exploration
Details of previous exploration are limited to public domain reports. Table 2 summarises details extracted from reports, however there is no data presented that can be considered validated by modern standards (JORC Code 2012).

A review of the Ontario Ministry of Northern Development and Mines Assessment Files Research Imaging (AFRI) database indicates that the work summarised on the public domain documents has been recorded in AFRI as being conducted within the Project area.

A total of 64 holes for 26,993.3 feet (8,227.6m) of drilling are recorded as completed within the Project area principally from 1929 to 1967 with the majority of the work carried out between 1956 and 1967.

Drill logs have been reviewed for all holes drilled in 1956 (16 drill hole logs) and 1962 (seven drill hole logs), however this is limited to geological logging descriptions as no assay data is available. Drilling is referred to as diamond drilling in the logs, however no other details are available, such as core diameter and type of drill rig. Drill hole collar details are available on the MNDM drilling database\textsuperscript{13} for 24 of these drill holes however no other data is available. The available historic hole collar locations are shown in Figure 8 and the drill hole details tabulated in Appendix 2.

An estimate of the Mineral Resource was made in 1967, however this cannot be reported as there is no supporting information of any type to comply with JORC Code 2012 guidelines.

A Time-Domain Electromagnetic, Magnetometer and Very Low Frequency Electromagnetic (VLF-EM) surveys were conducted in 2003 on behalf of Ursa Major Minerals Inc. The survey covered a much larger area than the Project claims but the end of three survey lines appears to extend into the Project near the historic mining area. The survey summary describes the VLF-EM conductor (Conductor I) as “moderate to strong”, “south of a broad magnetic high” and “could be associated with a known copper deposit.” (JVX Ltd, 2003).

Figure 8: Historic Drill collar locations (MNDM Database)

Source: Compiled May 2018 by G. Chapman with data sourced from Google Earth (29-4-2017 image): Mining Claims from Ontario Ministry of Northern Development and Mines Mining Lands Administration System (MLAS) GIS Data as of 07-05-2018; Ontario Ministry of Northern Development and Mines Mining OGS Database System
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<td>Brismil Mines Limited</td>
<td>15 drill holes Totalling 3,258 feet (1075.3 metres)</td>
<td>&quot;Holes 30 to 44 inclusive were drilled to test the possible extent of the mineralised zone, both on strike to the west, and down dip below the -500 foot level.&quot;</td>
<td>None available</td>
<td>A.C.A Howe International Ltd, 1967</td>
<td>No</td>
</tr>
<tr>
<td>1966</td>
<td>Globe Explorations and Mining Co. Ltd</td>
<td>8 drill holes Totalling 2,910.5 feet (887.1 metres)</td>
<td>&quot;Eight holes totalling 2,910 feet were completed. Two of the holes (1,058 feet) were drilled to test Induced Polarisation Anomalies. The balance of the drilling was done on the main zone between lines 6 + 00W and 3 + 00E&quot; (local grid)</td>
<td>None available</td>
<td>A.C.A Howe International Ltd, 1967</td>
<td>No</td>
</tr>
<tr>
<td>1967</td>
<td>Globe Explorations and Mining</td>
<td>6 drill holes Totalling 3,898.8 feet (1188.4 metres)</td>
<td>&quot;One (hole No. 67-1) was spotted to check the thickest part of the mineralised lens at</td>
<td>Three summarised assayed sample intersections reported in text however no</td>
<td>A.C.A Howe International Ltd, 1967</td>
<td>No</td>
</tr>
<tr>
<td>Years</td>
<td>Company</td>
<td>Activity</td>
<td>Description</td>
<td>Results</td>
<td>Source</td>
<td>Verified</td>
</tr>
<tr>
<td>-----------</td>
<td>--------------------------------</td>
<td>---------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------</td>
<td>---------------------------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>1968-1970</td>
<td>Spanish River Mines Ltd</td>
<td>Decline development and mining</td>
<td>Decline and inclined drifts developed, two ventilation shafts sunk. Mining by shrink stoping.</td>
<td>115-120 thousand tons of material reportedly mined from underground workings. Ore trucked to Kidd Copper mill. No records of ore quality or processing.</td>
<td>Matten, E.E.,1972</td>
<td>No</td>
</tr>
<tr>
<td>1994</td>
<td>D.A.H Consulting Services Inc.</td>
<td>Environmental clean-up and surface bulk sample collection</td>
<td>Collection and analysis of two surface samples These are reported as stockpile samples from previous underground mining and therefore their exact pre-mining location is unknown.</td>
<td>Cu range: 1.77% to 8.77% Ag range: 3 g/t and 15 g/t</td>
<td>Southbay Design and Construction Ltd, 1996</td>
<td>Assay certificates and map showing general sample location sighted.</td>
</tr>
<tr>
<td>2003</td>
<td>JVX Ltd for Ursa Major Minerals Inc.</td>
<td>Geophysical survey</td>
<td>Magnetometer, Time Domain Electromagnetic and VLF-EM Surveys conducted over a broad area including some lines extending into the Project area The survey summary describes the VLF-EM conductor (Conductor I) as “moderate to strong”, “south of a broad magnetic high” and “could be associated with a known copper deposit.”</td>
<td>The survey summary describes the VLF-EM conductor (Conductor I) as “moderate to strong”, “south of a broad magnetic high” and “could be associated with a known copper deposit.”</td>
<td>JVX Ltd, 2003</td>
<td>JVX Ltd report sighted</td>
</tr>
</tbody>
</table>
7 Exploration Potential and Risks

Based on the geological setting, historic exploration and mining, the author considers the Project has the potential to host a sulphide mineral deposit with copper as the dominant metal. Other subordinate metals silver, cobalt and uranium may be associated.

Despite this potential further exploration may fail to demonstrate economic mineralisation on the Project due to geological factors, economic factors or the currently unknown extent of previous mining.

8 Exploration Program and Budget

An initial two (2) year exploration program is proposed with the aim of determining the potential for base metals mineralisation on the claims using the previous exploration and mining area as an initial target. The total program cost is estimated at A$675,000.

The Spanish River Project should be considered an early-stage exploration project. Mineralisation has been identified by historic studies, however, Mineral Resources have not been defined according to JORC Code 2012. Despite this potential further exploration may fail to demonstrate economic mineralisation on the Project due to geological factors, economic factors or the currently unknown extent of previous mining. Consequently, mineral exploration is proposed as a staged process with the results from each activity used to ensure the following work is conducted effectively and efficiently. Program details may change during the stages based on the outcomes of preceding work.

Activities and budget proposed are as follows:

Year 1- Preliminary targeting and drilling

- Procurement of relevant permits and approvals to establish access and site preparation for exploration, surveying and drilling.
- Surveying of surface exposures and locations for previous exploration and mining including shafts, portals, and drill hole collars where possible.
- Surface geological mapping and sampling.
- Collation and digitisation of all existing data including previous underground plans, mapping, drill hole locations and logging.
- Data interpretation and drill program design.
- Drill three diamond drill holes in the area of highest potential of intersecting mineralisation. Analyse samples for multi-element suite including base metals, cobalt, precious metals and uranium.
- Assess the potential of downhole geophysical surveys to provide further subsurface targeting.

Results from the first-year program will determine if further exploration is warranted and to what extent it is undertaken.

Year 2- Evaluate extents of mineralisation and broad definition drilling

- Drill broad spaced drill holes along the interpreted strike and plunge of mineralisation with a minimum of two holes per section.
- Collect detailed geological information including geotechnical data and sulphide species analysis.
- Preliminary resource modelling and geostatistical analysis to determine the requirements for resource definition.
The proposed budget is summarised in Table 3. All costs for consultants, assay laboratories, site works and labour are assumed to be included in the total costs for each activity.

This budget should allow for an evaluation of the potential of base metal mineralisation at the Spanish River Project in the initial two-year period.

**Table 3 Proposed Exploration Program and Budget**

<table>
<thead>
<tr>
<th>Exploration Activity</th>
<th>Year 1</th>
<th>Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surveying, collation and digitising historic data.</td>
<td>$30,000</td>
<td></td>
</tr>
<tr>
<td>Land access and work program approvals</td>
<td>$5,000</td>
<td></td>
</tr>
<tr>
<td>Surface mapping and sampling</td>
<td>$20,000</td>
<td></td>
</tr>
<tr>
<td>Interpretation and drill program design</td>
<td>$20,000</td>
<td></td>
</tr>
<tr>
<td>Diamond drill holes with multi-element analysis and technical data collection.</td>
<td>$260,000</td>
<td>$315,000</td>
</tr>
<tr>
<td>Early stage assessment of mineralisation style for geological and extraction understanding.</td>
<td></td>
<td>$10,000</td>
</tr>
<tr>
<td>Preliminary geological modelling and geostatistical analysis</td>
<td></td>
<td>$15,000</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$335,000</strong></td>
<td><strong>$340,000</strong></td>
</tr>
</tbody>
</table>

*All dollars ($) quoted as Australian Dollars*

9 **Conclusions and Recommendations**

XS Resources Limited Spanish River Project comprises thirteen (13) active single cell mining claims and two (2) active boundary mining claims, forming a contiguous area of 2.97 km² located in the Sudbury Mining Division and the Township/Area of Baldwin in the Sudbury District of Ontario, Canada. The Project area covers portions of the northern and southern shores of Agnew Lake and a portion of Agnew Lake. The Project is located in the Sudbury area which hosts world class mineral deposits, primarily copper and nickel, however the Project is not located in the Sudbury Igneous Complex and is therefore not considered prospective for Sudbury-type mafic intrusive deposits.

The Project is interpreted to cover units of the Precambrian Elliot Lake Group and Precambrian Hough Lake Group which are known to host many mineral occurrences and some historic copper, nickel, and uranium mines. The mineralisation previously explored and drilled on the Project has been classified as a VMS-type dominated by copper sulphide mineralisation. Sulphide habit has been logged as disseminated, blebby and stringer mineralisation with chalcopyrite associated with pyrrhotite and pyrite. The interpretation of VMS style mineralisation is consistent with geological descriptions of the Project.

Historic exploration and mining has been conducted on the Project from 1929 to 1970. Exploration is reported to have included surface trenching and drilling with a total of 64 holes for 7,953.2 metres of

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Only some geological logs are available for this drilling with no assay data available.\textsuperscript{17} Mining is reported to include decline development, drift mining and shrink stoping to produce 115 to 120 thousand tons (Note: the ton measure quoted is not metric tonnes; there is no indications from records if this is long or short tons) of copper ore which was then processed off-site. This was mined and processed between 1968 and 1970.\textsuperscript{18}

Based on the geological setting, historic exploration and mining, the Project has the potential to host a sulphide mineral deposit with copper as the dominant metal. Other subordinate metals including silver, cobalt and uranium may be associated. Despite this potential, further exploration may fail to demonstrate economic mineralisation on the Project due to geological factors, economic factors or the currently unknown extent of previous mining.

The proposed exploration program is appropriate based on the potential target and the indications of mineralisation that has been identified by previous exploration and mining. The proposed program is using surface drilling which is appropriate as the extent and accessibility of historic underground workings is not known.

10 Bibliography


\textsuperscript{17} Bromila Mines, 1962; Federal Kirkland Mining Company, 1956; Ontario Ministry of Northern Development and Mines Assessment Files Research Imaging (AFRI) database
\textsuperscript{18} Matten E.E., 1972


Ontario Geological Survey 2011. 1:250 000 scale bedrock geology of Ontario; Ontario Geological Survey, Miscellaneous Release–Data 126 - Revision 1,


## Glossary of Technical Terms, Abbreviations and Definitions

<table>
<thead>
<tr>
<th>Term</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIG</td>
<td>Australian Institute of Geoscientists</td>
</tr>
<tr>
<td>ASL</td>
<td>Above Sea Level</td>
</tr>
<tr>
<td>ASIC</td>
<td>Australian Securities and Investments Commission</td>
</tr>
<tr>
<td>ASX</td>
<td>Australian Securities Exchange</td>
</tr>
<tr>
<td>AusIMM</td>
<td>Australian Institute of Mining and Metallurgy</td>
</tr>
<tr>
<td>Ag</td>
<td>Silver</td>
</tr>
<tr>
<td>Argillite</td>
<td>A name used for group of unusually hard, fine-grained sedimentary rocks, such as shale, mudstone, siltstone, and claystone.</td>
</tr>
<tr>
<td>Au</td>
<td>Gold</td>
</tr>
<tr>
<td>Bi</td>
<td>Bismuth</td>
</tr>
<tr>
<td>Chalcopyrite</td>
<td>Copper bearing sulphide mineral ($CuFeS_2$)</td>
</tr>
<tr>
<td>Cd</td>
<td>Cadmium</td>
</tr>
<tr>
<td>Co</td>
<td>Cobalt</td>
</tr>
<tr>
<td>Conglomerate</td>
<td>A coarse-grained sedimentary rock, the consolidated equivalent of fragments coarser than gravel.</td>
</tr>
<tr>
<td>Cu</td>
<td>Copper</td>
</tr>
<tr>
<td>Decline</td>
<td>A slightly inclined opening which usually starts at the surface. It may be travelled by foot, rubber wheeled or track mounted vehicle.</td>
</tr>
<tr>
<td>Diorite</td>
<td>A dark, coarse-grained intrusive rock formed below the earth’s surface, with a composition of between granite and gabbro</td>
</tr>
<tr>
<td>Disseminated</td>
<td>Small particles of valuable minerals spread quite uniformly throughout the host rock.</td>
</tr>
<tr>
<td>Drift</td>
<td>A horizontal opening which starts from another horizontal opening such as an adit or tunnel</td>
</tr>
<tr>
<td>Epiclastic</td>
<td>A sedimentary rock formed or consisting of fragments of pre-existing rock.</td>
</tr>
<tr>
<td>Fault</td>
<td>A fracture in earth materials, along which the opposite sides has been displaced parallel to the plane of movement</td>
</tr>
<tr>
<td>Fee Simple</td>
<td>An estate in land, a form of freehold ownership. The land is technically owned by the Crown, the holder of fee simple can use the land, exclude others from it, and dispose of it.</td>
</tr>
<tr>
<td>Feldspar</td>
<td>A group of rock forming minerals that are principally crystals of aluminosilicates of potassium, sodium and calcium.</td>
</tr>
<tr>
<td>Felsic</td>
<td>A term used to describe light-coloured igneous rocks with an abundance of light-coloured minerals, especially feldspars and quartz. The silica content is &gt;60% of the rock.</td>
</tr>
<tr>
<td>g/t</td>
<td>Gram per tonne</td>
</tr>
<tr>
<td>Gabbro</td>
<td>A dark, coarse-grained intrusive rock formed below the earth’s surface, and is chemically equivalent to basalt (45 to 55% silica).</td>
</tr>
<tr>
<td>Geophysical</td>
<td>A study of the earth by quantitative physical methods</td>
</tr>
<tr>
<td>GJ Exploration</td>
<td>GJ Exploration Limited – Geological services/ consultancy</td>
</tr>
<tr>
<td>Grade</td>
<td>Quality of element in a specified rock quantity</td>
</tr>
<tr>
<td>Granite</td>
<td>A light coloured intrusive rock formed below the earth’s surface consisting mainly of quartz, feldspar and mica. The silica content is &gt;60% of the rock.</td>
</tr>
<tr>
<td>Greywacke</td>
<td>An old rock name for dark grey sandstone which is rapidly deposited over short distances due to turbidite density currents. The rocks have less quartz and more clay and silt than sandstones.</td>
</tr>
<tr>
<td>Hydrothermal Fluid</td>
<td>Upward flowing fluids originating from igneous or metamorphic geological events.</td>
</tr>
<tr>
<td>Igneous</td>
<td>A rock formed by volcanic or intrusive processes within the Earth’s crust.</td>
</tr>
<tr>
<td>Term</td>
<td>Meaning</td>
</tr>
<tr>
<td>----------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>In</td>
<td>Indium</td>
</tr>
<tr>
<td>Intermediate</td>
<td>An igneous rock with composition between felsic and mafic rock. The silica content is between 55% and 65%.</td>
</tr>
<tr>
<td>Intrusive</td>
<td>Emplacement of magma (molten rock) into pre-existing rock</td>
</tr>
<tr>
<td>JORC Code</td>
<td>Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (Joint Ore Reserves Committee)</td>
</tr>
<tr>
<td>km</td>
<td>Kilometre</td>
</tr>
<tr>
<td>m</td>
<td>Metre</td>
</tr>
<tr>
<td>Ma</td>
<td>Millions of years ago</td>
</tr>
<tr>
<td>Mafic</td>
<td>A term used to describe minerals or rocks that are rich in iron and/or magnesium. Mafic igneous rocks have a high percentage of dark-coloured (mafic) minerals. The silica content is between 45% and 55%</td>
</tr>
<tr>
<td>Meta</td>
<td>A prefix used to indicate the precursor rock type of a metamorphic rock</td>
</tr>
<tr>
<td>Metamorphic rock</td>
<td>A rock altered by temperature and pressure within the earth.</td>
</tr>
<tr>
<td>Metalliferous</td>
<td>Mineral deposits containing or producing metals</td>
</tr>
<tr>
<td>Mineralisation</td>
<td>In economic geology, the presence of valuable elements in a body of rock</td>
</tr>
<tr>
<td>Mn</td>
<td>Manganese</td>
</tr>
<tr>
<td>Ni</td>
<td>Nickel</td>
</tr>
<tr>
<td>NMDM</td>
<td>Ministry of Northern Development and Mines (Ontario, Canada)</td>
</tr>
<tr>
<td>NMR</td>
<td>Ministry of Natural Resources (Ontario, Canada)</td>
</tr>
<tr>
<td>Paleoproterozoic</td>
<td>The time period from 2,500 to 1,600 million years ago. It was during this era that the continents first stabilised.</td>
</tr>
<tr>
<td>Pb</td>
<td>Lead</td>
</tr>
<tr>
<td>PGE</td>
<td>Platinum Group Elements (comprise platinum (Pt), palladium (Pd), iridium (Ir), osmium (Os), rhodium (Rh) and ruthenium (Ru). Also called Platinium Group Metals (PGM).</td>
</tr>
<tr>
<td>Precambrian</td>
<td>The Precambrian is the earliest period of Earth’s history. It spans from the formation of the Earth (about 4.567 billion years ago) to the beginning of the Cambrian Period (about 541 million years ago).</td>
</tr>
<tr>
<td>Pyrrhotite</td>
<td>Iron bearing sulphide mineral (Fe_{1-x}S)</td>
</tr>
<tr>
<td>Pyrite</td>
<td>Iron bearing sulphide mineral (FeS_{2})</td>
</tr>
<tr>
<td>Quartz</td>
<td>A silicon-rich mineral (SiO_{2})</td>
</tr>
<tr>
<td>Quartzite</td>
<td>Metamorphosed sandstone, composed predominantly of quartz</td>
</tr>
<tr>
<td>Resource</td>
<td>A mineral occurrence from which valuable or useful minerals may be recovered about which there is only a broad knowledge, based on relatively few samples or measurements, of the geological character of the deposit.</td>
</tr>
<tr>
<td>Raise</td>
<td>A vertical or inclined excavation that leads from one level, or drift, to another. A raise may also extend to surface.</td>
</tr>
<tr>
<td>Sample</td>
<td>The removal of a small amount of rock pertaining to the deposit which is used to evaluate the presence, and/or estimate the grade of mineralisation and other geological parameters.</td>
</tr>
<tr>
<td>Sandstone</td>
<td>A rock composed of cemented sand grains</td>
</tr>
<tr>
<td>Se</td>
<td>Selenium</td>
</tr>
<tr>
<td>SEDEX</td>
<td>Sedimentary Exhalative mineral deposits, are interpreted to form in submarine sedimentary basins by venting/ action of hydrothermal fluids resulting in base metal concentrations in the sedimentary rocks.</td>
</tr>
<tr>
<td>Term</td>
<td>Meaning</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Sediment(ary)</td>
<td>Rocks formed by the consolidation of sediment deposited at the surface of the earth through action of water, wind, glaciers or organisms.</td>
</tr>
<tr>
<td>Schistosity</td>
<td>A metamorphic rock with a laminar structure like a schist rock (a metamorphosed fine grained sedimentary rock)</td>
</tr>
<tr>
<td>Shear(ed)</td>
<td>Structural deformation of rock by shearing stress under brittle-ductile or ductile conditions at depths in high pressure zones.</td>
</tr>
<tr>
<td>Shrinkage Stoping</td>
<td>A mining method for extracting ore from steeply dipping ore bodies where the orebody is competent to work under and the walls are sufficiently strong to be self-supporting.</td>
</tr>
<tr>
<td>SIC</td>
<td>Sudbury Igneous Complex</td>
</tr>
<tr>
<td>Silicified (silification)</td>
<td>A rock altered by the addition of quartz (SiO₂)/ silica</td>
</tr>
<tr>
<td>Sn</td>
<td>Tin</td>
</tr>
<tr>
<td>Stratigraphy</td>
<td>The branch of geology concerned with the order and relative position of strata and their relationship to the geological timescale</td>
</tr>
<tr>
<td>Stringer</td>
<td>A thin, discontinuous mineral vein or rock layer</td>
</tr>
<tr>
<td>Sulphide</td>
<td>A group of minerals where one or more metals is found in combination with sulphur</td>
</tr>
<tr>
<td>t</td>
<td>Metric Tonne</td>
</tr>
<tr>
<td>Te</td>
<td>Tellurium</td>
</tr>
<tr>
<td>U</td>
<td>Uranium</td>
</tr>
<tr>
<td>Unpatented Claim</td>
<td>The Company has the right to mine the minerals but does not hold title to the property</td>
</tr>
<tr>
<td>VALMIN Code</td>
<td>Australian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets</td>
</tr>
<tr>
<td>Volcanic</td>
<td>Formed by or associated with a volcano</td>
</tr>
<tr>
<td>VMS</td>
<td>Volcanogenic Massive Sulphide</td>
</tr>
<tr>
<td>Zn</td>
<td>Zinc</td>
</tr>
</tbody>
</table>
Appendix 1: JORC Code, 2012 Edition – Table 1 Report - Spanish River Project

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

<table>
<thead>
<tr>
<th>Criteria</th>
<th>JORC Code explanation</th>
<th>Commentary</th>
</tr>
</thead>
</table>
| **Sampling techniques**       | • Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.  
  • Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.  
  • Aspects of the determination of mineralisation that are Material to the Public Report.  
  • In cases where ‘industry standard’ work has been done this would be relatively simple (eg ‘reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay’). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. | All data presented herein are from past exploration activities prior to XS Resources involvement and have been obtained from open file public records.  
**Samples Baldwin Prospect to Lakefield Research 1994**  
Two samples described as being collected from previously mined stockpiles derived from the previous underground mining operation. Samples are described as being collected in two x 45-gallon drums and weighing approximately 800lbs (363 kilograms). The sample assay certificates are labelled “Average” and “High Grade”. Without further information on the selection of these samples they should not be considered representative of the overall mineralisation present on the Project. |
| **Drilling techniques**       | • Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). | Drilling of 64 drill holes has reportedly been conducted in the Project area during 1929, 1956-1957 1962-1963, 1965-1967 by different companies.  
Drilling is referred to as diamond drilling in these logs however no other details are available, such as core diameter and type of drill rig. |
| **Drill sample recovery**     | • Method of recording and assessing core and chip sample recoveries and results assessed.  
  • Measures taken to maximise sample recovery and ensure | There are no records of sample recovery for any of the previous drilling.  
Geological logging of core refers to lost core in places. |
<table>
<thead>
<tr>
<th>Criteria</th>
<th>JORC Code explanation</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>representative nature of the samples.</strong></td>
<td>Geological logs are available for 23 drill holes from 1956-1957 and 1962-1963. Logs are either hand written or typed and contain descriptions of the lithology, mineralisation and structure. The information collected would allow interpretation of geological features at an exploration stage.</td>
</tr>
<tr>
<td>Logging</td>
<td><strong>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>The total length and percentage of the relevant intersections logged.</strong></td>
<td></td>
</tr>
<tr>
<td>Sub-sampling techniques and sample preparation</td>
<td><strong>If core, whether cut or sawn and whether quarter, half or all core taken.</strong></td>
<td>No results presented</td>
</tr>
<tr>
<td></td>
<td><strong>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Whether sample sizes are appropriate to the grain size of the material being sampled.</strong></td>
<td></td>
</tr>
<tr>
<td>Quality of assay data and laboratory tests</td>
<td><strong>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</strong></td>
<td></td>
</tr>
<tr>
<td>Surface Sampling</td>
<td>Copies of assay certificates from Lakefield Research for two surface samples. No information regarding analytical techniques or QAQC provided.</td>
<td></td>
</tr>
<tr>
<td>Criteria</td>
<td>JORC Code explanation</td>
<td>Commentary</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>---------------------------------------------------------------------------------------</td>
<td>------------</td>
</tr>
</tbody>
</table>
| Verification of sampling and assaying        | • The verification of significant intersections by either independent or alternative company personnel.  
• The use of twinned holes.  
• Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.  
• Discuss any adjustment to assay data. |            |
| Location of data points                      | • Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.  
• Specification of the grid system used.  
• Quality and adequacy of topographic control. |            |
| Data spacing and distribution                | • Data spacing for reporting of Exploration Results.  
• Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.  
• Whether sample compositing has been applied. | Not relevant |
| Orientation of data in relation to geological structure | • Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.  
• If the relationship between the drilling orientation and the | No information available |

**Drilling**

Drill hole collar coordinates are shown in local grid on the available geological logging sheets. The local grid was based on baselines through the area. Hand drawn maps attached to geological logging reports show hole collar locations and traces for holes. Accuracy of the local grid coordinates is not known. The local grid has not be rectified to the NAD83 projection.

Geology logs of 23 drill holes include downhole survey orientations. Some orientations show collar bearing and dip measurements and down hole measurements at between 50 and 150 foot (approximately 15 and 46 metre) intervals downhole. No information is provided on the type of survey tool used.

No records are available for the remaining (41) drill holes.

**Surface samples (1994)**

General location indicated from maps (Southbay Design and Construction Ltd, 1996). Coordinates of map sample location is Lat: 46.3621 Long: -81.7554. These are reported as stockpile samples from previous underground mining and therefore their exact pre-mining location is unknown.
<table>
<thead>
<tr>
<th>Criteria</th>
<th>JORC Code explanation</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sample security</td>
<td>The measures taken to ensure sample security.</td>
<td>No information provided for drilling or surface samples</td>
</tr>
<tr>
<td>Audits or reviews</td>
<td>The results of any audits or reviews of sampling techniques and data.</td>
<td>No information provided.</td>
</tr>
</tbody>
</table>

**Section 2 Reporting of Exploration Results**

(Criteria listed in the preceding section also apply to this section.)

<table>
<thead>
<tr>
<th>Criteria</th>
<th>JORC Code explanation</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mineral tenement and land tenure status</td>
<td>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</td>
<td>Unpatented mining claims located in the province of Ontario, Canada, Sudbury District Division 70. Status: Active. Holder: Siemieniuk, Steven Edward (100%). Details of licences see Table 1 of this document and the Solicitors report located elsewhere in the Prospectus. Several of the Project claims are also covered by surface rights dispositions M-912, M-913 and M-914. Further details can be found in the Solicitors report elsewhere in this prospectus. Other reservations over the Claim blocks are listed Section 2 of this report and in the Solicitors report elsewhere in the Prospectus</td>
</tr>
<tr>
<td></td>
<td>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</td>
<td></td>
</tr>
<tr>
<td>Exploration done by other parties</td>
<td>Acknowledgment and appraisal of exploration by other parties.</td>
<td>The following summary of work is from a summary documented by A.C.A Howe International Ltd, 1967</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• The first work on this property is thought to be in 1929 when trenching of the surface showings and nine holes totaling 5,665 feet (1,726.7 metres) of drilling was done in the north-east quarter of the south half of Lot 7, Concession VI, Baldwin Township. The operator is unknown</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 1956 to 1957; holes 11 to 29 inclusive were completed for an additional 7,321 feet (2,231.4 metres) of diamond drilling. Federal Kirkland Mining Company</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 1962-63: Seven holes, were drilled to test the continuity of the main mineralised, zone. Total, 3,940 feet (1200.9 metres). Brismil Mines Ltd.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 1965: Holes 30 to 44 inclusive were drilled 3,258 feet (1075.3 metres) of drilling was</td>
</tr>
</tbody>
</table>

145
### Criteria | JORC Code explanation | Commentary
--- | --- | ---

completed Brismil Mines Ltd.
- 1966: Eight holes totaling 2,910.5 feet (887.1 metres) were completed. Globe Explorations and Mining Co. Ltd.
- 1967: Six diamond drill holes totaling 3,898.8 feet (1,188.4 metres) were drilled. Globe Explorations and Mining Co. Ltd.

The following summary of work is from a summary by E.E. Matten, 1972.
- 1967: Estimate of Mineral Resource (not reportable)

The following summary of work is from Southbay Design and Construction Ltd, 1996

The work completed by other parties cannot be fully appraised as no detailed records are available beyond geology logging for 23 drill holes and reports describing the works undertaken. A concise summary of exploration history has been compiled by A.C.A. Howe International Ltd (1967) and the mining operation described by Matten (1972).

### Geology
- Deposit type, geological setting and style of mineralisation.

The Spanish River (Baldwin) mineralisation has been classified by Fyon et. al. (1991) after Pearson (1980) as VMS mineralisation associated with silica rich rocks. The silica-rich units are overlain by, interlayered with, or occur in close proximity to, deformed mafic metavolcanic rocks. Mineralisation consists of "net-textured", massive, blebby, stringer and disseminated chalcopyrite and pyrite (Pearson 1980). Contained metals are copper and iron, with minor cobalt and uranium (Pearson 1980). Precious metal tenors are very low (Pearson 1980). Mineralisation at the Spanish River Mine is associated with elevated uranium concentrations (Pearson 1980).

### Drill hole Information
- A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:
  - easting and northing of the drill hole collar
  - elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar
  - dip and azimuth of the hole
  - down hole length and interception depth
  - hole length.

- If the exclusion of this information is justified on

Drill hole collar coordinates for 24 drill holes reported in datum NAD83 Z17 were sourced from Ontario Ministry of Northern Development and Mines Mining OGS Database System. The accuracy of these hole locations is not known. The remaining drill holes reported to occur on the Project area are not recorded in the MNDM database.

Hole details for the available drill holes are shown in Appendix 2.
<table>
<thead>
<tr>
<th>Criteria</th>
<th>JORC Code explanation</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</td>
<td></td>
</tr>
</tbody>
</table>

**Data aggregation methods**

- In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g., cutting of high grades) and cut-off grades are usually Material and should be stated.
- Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated, and some typical examples of such aggregations should

No results reported
<table>
<thead>
<tr>
<th>Criteria</th>
<th>JORC Code explanation</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Criteria</strong></td>
<td>be shown in detail.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• The assumptions used for any reporting of metal equivalent values should be clearly stated.</td>
<td></td>
</tr>
<tr>
<td><strong>Relationship between mineralisation widths and intercept lengths</strong></td>
<td>These relationships are particularly important in the reporting of Exploration Results.</td>
<td>No results reported</td>
</tr>
<tr>
<td></td>
<td>• If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg ‘down hole length, true width not known’).</td>
<td></td>
</tr>
<tr>
<td><strong>Diagrams</strong></td>
<td>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</td>
<td>No accurate maps or cross sections available relating to drilling or sample collection. Drilling hole collar locations for historic drilling have been shown on Figure 8 with data sourced from Ontario Ministry of Northern Development and Mines Mining OGS Database System.</td>
</tr>
<tr>
<td><strong>Balanced reporting</strong></td>
<td>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</td>
<td>Reporting of all exploration results is not possible due to lack of data. Results of two samples of mineralisation are supported by copies of assay certificates however these samples should not be considered representative of mineralisation.</td>
</tr>
<tr>
<td><strong>Other substantive exploration data</strong></td>
<td>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</td>
<td>Geological observations have been sourced from historic reports by other authors.</td>
</tr>
<tr>
<td><strong>Further work</strong></td>
<td>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of XS Resources plans an exploration program over the next two years to spend approximately A$675,000. This includes the following distinct phases of work:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Initial site establishment, including permitting, access, and surveying surface</td>
<td></td>
</tr>
<tr>
<td>Criteria</td>
<td>JORC Code explanation</td>
<td>Commentary</td>
</tr>
<tr>
<td>----------</td>
<td>-----------------------</td>
<td>------------</td>
</tr>
</tbody>
</table>
| possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. | exposures, previous exploration and old mine workings | • Surface geological mapping and sampling, collation and digitisation of all existing data (including previous underground plans, mapping, drill hole locations and logging), data interpretation and drill program design.  
• In Year 1 drill three diamond drill holes in the area of highest potential of intersecting mineralisation. Analyse samples for multi-element suite including base metals, cobalt, precious metals and uranium  
• Subject to the results from the Year 1 program, in Year 2 drill broad spaced drill sections with a minimum two drill holes per section, along the strike and plunge of the mineralisation.  
• Assessment of the drilling information includes; collecting detailed geological information, geotechnical data, sulphide species analysis and assessing the potential of downhole geophysical surveys to provide further subsurface targeting.  
• Preliminary resource modelling and geostatistical analysis to determine the requirements for resource definition. |
## Appendix 2: Drill hole Details

<table>
<thead>
<tr>
<th>MNDM Hole ID</th>
<th>Company Hole ID</th>
<th>Easting NAD83Z17</th>
<th>Northing NAD83Z17</th>
<th>Dip (degrees)</th>
<th>Azimuth (degrees)</th>
<th>Overburden Depth (m)</th>
<th>Total Length (m)</th>
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</tr>
</tbody>
</table>
27 July 2018

The Directors
XS Resources Limited
c/o Level 2, 50 Kings Park Road
West Perth WA 6005

Dear Sirs

SOLICITOR’S REPORT ON NSW TENEMENTS

1. INTRODUCTION

This report is prepared for inclusion in a prospectus (Prospectus) for issue by XS Resources Limited (ACN 624 766 114) (XS Resources) to be lodged with the Australian Securities and Investments Commission for an Offer of 22,500,000 Shares at an issue price of $0.20 per Share to raise $4,500,000.

The report relates to the mining tenements in which XS Resources will hold an interest (Tenements) subject to settlement occurring pursuant to the Option Agreement between XS Resources Ltd and SOC1 Pty Ltd dated 29 May 2018 and the Sugec Option Agreement between XS Resources Ltd and Sugec Resources Limited dated 29 May 2018. Each schedule to this report (Schedule) provides details in relation to the Tenements: Schedule 1 contains a Tenement Schedule and notes, which provides an overview of the Tenements; and Schedule 2 contains details on Aboriginal Heritage Sites and environmental “exempted areas”.

At the date of this report:

(a) SOC1 Pty Ltd (ACN 158 330 646) (SOC1) holds a 100% interest in EL 4474, which is subject to the Option Agreement;

(b) Sugec Resources Limited (ACN 162 033 098) (Sugec) holds a 100% interest in EL 7679, which is subject to the Sugec Option Agreement; and

(c) there are no encumbrances registered against the Tenements.

2. OPINION

Based on our searches and enquiries, and subject to the assumptions and qualifications set out below, we confirm at the date of the searches stated in section 3 of this report that:

(a) the details of the Tenements referred to in the Schedule are accurate as to the status and registered holder of the Tenements;

(b) unless otherwise specified in this report, the Tenements are in good standing, and all applicable rents and levies have been paid;
(c) there are no encumbrances or dealings registered against any of the Tenements;

(d) none of the Tenements are subject to any unusual conditions of a material nature other than as disclosed below; and

(e) subject to the comments below relating to standard administrative authorisations, which are normally applied for at the time of finalising the details of individual exploration programs, or as otherwise detailed in this Prospectus, there are no legal, regulatory or contractual impediments to the licence holders undertaking the proposed exploration on the Tenements as detailed elsewhere in the Prospectus.

3. SEARCHES

For the purpose of this report, we have obtained and reviewed:

(a) on 19 April 2018, searches of the Tenements in the mining tenement register (Register) maintained by the Division of Resources and Energy of the NSW Department of Industry (DRE) under the Mining Act 1992 (NSW) and Mining Regulation 2016 (NSW) (Mining Act);

(b) on 7 May 2018, summary searches of the NSW Tenements on the ‘MinView’ online system maintained by the DRE;

(c) on 19 April 2018, searches of the native title register maintained by the National Native Title Tribunal; and

(d) on 24 May 2018 searches of the Aboriginal Heritage Information Management System maintained by the Office of Environment and Heritage (NSW).

4. ASSUMPTIONS AND QUALIFICATIONS

In preparing this report:

(a) we have assumed the accuracy and completeness of results of the searches of the registers maintained by the various government agencies;

(b) we have been advised that there are no contracts, agreements or arrangements relating to the Tenements other than the Option Agreement and the Sugec Option Agreement;

(c) where any agreement, dealing or act (including disturbing the land for exploration) affecting the Tenements requires an authorisation, approval, permission or consent (Authorisation) under the Mining Act, or any other relevant legislation, we have assumed that Authorisation has been or will be granted in due course;

(d) where any dealing in the Tenements has been lodged for registration but is not yet registered, we express no opinion as to whether the registration will be effected, or the consequences of non-registration;

(e) we have assumed that SOC1 and Sugec have complied with all applicable provisions of the Mining Act and all other legislation relating to the Tenements; and

(f) we have not researched the underlying land tenure in respect of the Tenements to determine if:

   (i) native title rights have or have not been extinguished, or the extent of any extinguishment; or

   (ii) the Tenements encroach on any private land in which the rights to minerals have been reserved to the owner of the land.
5. **TENEMENT SCHEDULE**

Schedule 1 sets out a brief description of the Tenements and a summary of any encumbrances. In relation to Schedule 1, we make the following comments:

(a) the area of each Tenement is described by units, given by one minute of latitude by one minute of longitude on the earth’s surface. In the general location of the Tenements each unit is approximately 3 sq km. It is not possible to verify the areas of the Tenements without conducting a survey; and

(b) the area of each Tenement might be reduced by the existence of pre-existing mining tenements or National Parks situated within the boundaries of the relevant Tenement and a subsequent requirement that the area of the earlier mining tenement is excised from the grant of the Tenement.

6. **BACKGROUND ON EXPLORATION LICENCES IN NSW**

The Tenements comprise two exploration licences (prefix EL) granted under the Mining Act. The ELs are for Group 1 Minerals, comprising metallic minerals.

(a) **Rights of a holder of an EL**

The rights of a holder of an EL are subject to compliance by that holder with the provisions of the Mining Act and the terms and conditions of the licence.

An EL gives the holder the exclusive right to explore for minerals over a specific area of land. The holder of an EL may, in accordance with the terms and conditions of the EL and subject to the Mining Act, conduct exploration activities on the land specified in the EL for the group of minerals specified in the licence.

An EL does not permit mining, and an EL holder will not necessarily be permitted to mine in the future if a discovery is made.

(b) **Term and transfer**

An EL may be granted for up to six years, and may be extended by successive periods of up to six years, on application by the holder. Generally, however, ELs are granted and renewed for periods of three years, depending in each case on the proposed work program and other factors. An EL may be transferred to another person upon approval by the Minister for Resources (Minister). In approving a transfer, the Minister may impose amended or additional conditions on the holder of the EL.

(c) **Renewal**

An EL will not usually be renewed over more than half the number of units comprising the original EL unless the Minister is satisfied that special circumstances exist, including that the conditions of the licence have been satisfactorily complied with, the full area of the EL has been effectively explored, and the proposed work program satisfactorily covers the full area to be renewed.

Provided the conditions of the Tenements continue to be met, we do not see any reason why the Minister would not grant a renewal of all of the units comprising the Tenements for further periods of three years.

(d) **Conditions**

Each of the Tenements are subject to standard conditions that must be complied with, including annual expenditure to meet the proposed work program, payment of government fees, and the requirement to lodge annual technical reports. Standard conditions also stipulate that a tenement holder obtain the consent of an officer of the DRE prior to conducting any ground disturbing work, and include basic environmental and rehabilitation conditions, such as the removal of all waste, capping of drill holes, etc.
Holders must also comply with the Exploration Codes of Practice, including the Environmental Management Code, the Rehabilitation Code, which requires the holder to rehabilitate, level, re-grass, reforest or contour land that has been damaged or adversely affected by exploration activities, and the Community Consultation Code. A Review of Environmental Factors and an Agricultural Impact Statement may be required for surface-disturbing exploration activities such as drilling.

The Tenements are subject to a change of control condition, requiring prior written approval of the Minister for a change of effective control of the licence holder. The Minister’s approval is not required where the change of effective control of the licence holder occurs “as a result of the acquisition of shares or other securities on a registered stock exchange”.” See section 9 of this report for further details.

Failure by the holder of an EL to comply with these conditions may render the EL liable to cancellation.

(e) Environmental and planning legislation

Licence holders may also be required to obtain approvals under and comply with environmental and planning and other legislation, including:

(i) Environmental and Planning Assessment Act 1979 (NSW);
(ii) Protection of the Environment Operations Act 1997 (NSW); and

(f) Access agreements

Prior to commencing exploration activities on private land, an access agreement must be entered into with the owner or occupier of the land. Compensation is payable for any loss or damage caused by the activities.

There are currently no access agreements in place.

(g) Exempted areas

Under section 30 of the Mining Act the holder of an EL must obtain the consent of the Minister before exploration activities may be conducted in an “exempted area”, which includes State Forests, State Conservation Areas and Crown Land. See section 7 of this report for further details.

(h) Annual rents and levies

An annual rental and an administrative levy are payable, based on the size of the EL. ELs are also subject to expenditure requirements in accordance with work programs approved by the DRE. These rental, levy and expenditure requirements are set out in Schedule 1. Payment of rentals and levies are currently up to date. Failure to comply with expenditure requirements may render the EL liable to cancellation.

7. ENVIRONMENTAL “EXEMPTED AREAS”

Most of EL4474 and a significant portion of EL 7679 comprise “exempted areas” under section 30 of the Mining Act, including Armidale Shire Nature Reserve, Crown Land, the Styx River State Forest and the Oxley Wild Rivers State Conservation Area, as shown on the map in Schedule 2.

Obtaining the consent of the Minister for exploration activities to be conducted in an “exempted area” will require environmental assessment of any proposed ground-disturbing
exploration activities. The assessment will be undertaken by the DRE in consultation with the relevant government department. It would also be expected that such consent would only be granted or denied in consultation with the relevant government department and, if granted, subject to the terms of an access agreement reached with that department in addition to any owner or occupier access agreement described in section 6(f) of this report.

8. STRATEGIC AGRICULTURAL LAND

A strip of land in the west of EL 7679 is strategic agricultural land, as shown on the map in Schedule 2. Exploration activities must be assessed for their impact on the land, and mining activities must undergo a “gateway” assessment process by a panel of experts. Some ground disturbing activities may be restricted as a result of the gateway assessment.

9. MINISTER’S CONSENT FOR TRANSFER AND CHANGE OF CONTROL

As detailed elsewhere in the Prospectus and outlined in section 1 of this report, XS Resources proposes to acquire the Tenements as follows:

(a) EL 4474 will be acquired through the purchase of the shares in SOC1 Pty Ltd under the Option Agreement; and

(b) EL 7679 will be acquired from Sugec Resources Limited under the Sugec Option Agreement.

The Minister’s approval has been sought for the change of effective control of SOC1 Pty Ltd in relation to EL 4474 and for the transfer of EL 7679. The applications for Ministerial consent were made on 26 July 2018 and relevant information provided with the application. To the best of Resources Legal’s knowledge, there is no reason why the Minister’s approval will not be granted in due course.

10. ROYALTIES

Tenement holders must pay royalties to the NSW government on minerals (including material containing minerals) obtained from a mining tenement. Royalties are payable quarterly and must be accompanied by a royalty return in the approved form. The holder of a mining tenement must provide a quarterly production report commencing at the expiration of the first quarter during which any mineral is produced or obtained from that mining tenement.

Royalty rates for Group 1 Minerals, comprising metallic minerals, are generally 4% of the value of the mineral recovered.4

11. REHABILITATION SECURITIES

The holder of a Tenement is required to lodge a security by way of a cash deposit or banker’s undertaking for the performance of its rehabilitation and other obligations arising under the Tenement. The security for each of the Tenements is $10,000.

12. NATIVE TITLE

(a) Background

Native title or claims for native title exist over parts of NSW.

The existence of a lodged claim does not necessarily mean that native title exists over the area claimed, nor does the absence of a claim necessarily indicate that no native title exists in an area. The existence of native title will be established under the determination of claims by the Federal Court.

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4 Section 73, Mining Regulation 2016 (NSW)
The grant of a mining tenement is a ‘Future Act’ for the purposes of the *Native Title Act 1993* (Cth) (*NTA*)\(^5\). A Future Act is an activity or development on land or waters that affects native title. Native title claimants gain the “right to negotiate” in relation to the grant of certain mining tenements if their native title claim is registered at the time the government issues a notice, known as a section 29 notice, stating it intends to do the act, in this case grant the mining tenement, or if their claim becomes registered within four months after that notice.

(b) **Right to negotiate**

The right to negotiate applies in the main to the grant of a mining lease and describes a process whereby the tenement applicant and native title claimant must negotiate in good faith to attempt to resolve any potential concerns the native title claimants may have arising from the mining lease application or its grant. If the parties cannot reach agreement as to the terms of grant, a negotiation party may apply to the National Native Title Tribunal (*NNTT*) to make a determination as to whether the grant may proceed (and if so, on what conditions).

The right to negotiate process does not necessarily have to be followed in locations where an Indigenous Land Use Agreement (*ILUA*) has been negotiated with the relevant Aboriginal people and registered with the NNTT. In such cases the procedures set out in the ILUA must be followed for the ML to be granted.

(c) **Searches**

Searches conducted on 19 April 2018 in the register maintained by the NNTT showed that neither of the Tenements overlaps with a registered native title claim. The searches also showed that none of the Tenements is subject to a registered ILUA.

(d) **Effect of native title on the Tenements**

XS Resources is not required to obtain Ministerial consent with respect to native title to carry out its proposed exploration activities on the Tenements.

The grant of a mining lease over land where native title has not been extinguished is also subject to the right to negotiate process.

The DRE has published guidelines on the evidence required to demonstrate extinguishment of native title. Native title has been wholly extinguished over much of NSW, including through the grant of freehold estates, leases in perpetuity for grazing purposes under the *Western Lands Act 1901*, and the establishment of public works.

(e) **Compensation**

The Mining Act makes mining tenement holders liable for any native title compensation that may be payable as a result of the grant of the mining tenement\(^6\). If the existence of native title is proven over any of the land subject to the Tenements, and the native title holders make an application to the Federal Court for compensation, the Tenement holder may be liable to pay any compensation awarded.

13. **ABORIGINAL HERITAGE**

(a) **Commonwealth**

The *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth) (*Commonwealth Heritage Act*) is aimed at the preservation and protection of any Aboriginal areas and objects that may be located on the Tenements.

Under the Commonwealth Heritage Act, the Minister for Aboriginal Affairs may make interim or permanent declarations of preservation in relation to significant Aboriginal areas or

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\(^5\) Section 233, *Native Title Act 1993* (Cth)

\(^6\) Section 281B *Mining Act 1992* (NSW)
objects, which can affect exploration activities. Compensation is payable by the Minister to a person who is, or is likely to be, affected by a permanent declaration of preservation.

(b) New South Wales

Under the *National Parks and Wildlife Act 1974 (NSW)* (*NSW Heritage Act*), land containing Aboriginal objects or sites may be reserved as an “Aboriginal area” for the purpose of identifying, protecting and conserving such objects or sites. It is unlawful to prospect or mine for minerals in an Aboriginal area unless expressly authorised by an Act of Parliament or, among other things, an authority issued under the Mining Act. Subject to this exception, the NSW Heritage Act excludes the application of the Mining Act to lands in an Aboriginal area.

The NSW Heritage Act also authorises the Minister to declare a place that is or was of special significance to Aboriginal culture to be an ‘Aboriginal place’ and makes it an offence knowingly to destroy, deface or damage, or knowingly to permit the destruction, defacement of or damage to, an Aboriginal object or “Aboriginal place” without the consent of the Director-General.

(c) Heritage surveys

To satisfy the obligations under the relevant Heritage Act, tenement holders commonly undertake Aboriginal heritage surveys, which involve the relevant traditional owners and as necessary, an archaeologist or anthropologist walking the land, identifying sites and discussing the impact of proposed exploration activity. The costs of a heritage survey are met by the tenement holder.

(d) Heritage searches

We obtained and reviewed searches of the Aboriginal Heritage Information Management System maintained by the Office of Environment and Heritage (NSW) on 24 May 2018. The searches show that the Tenements contain eight known Aboriginal sites. The sites are all located in the vicinity of the Oxley Wild Rivers National Park, as shown on the map in Schedule 2. The Company will review the location of each site when planning its exploration programs so as to ensure that activities near Aboriginal sites meet the requirements of the Commonwealth Heritage Act and the NSW Heritage Act.

There are currently no Aboriginal heritage agreements or arrangements in place affecting the Tenements.

14. CONSENT

This report is made on 27 July 2018 and speaks only to the laws in force on that date. Resources Legal Pty Ltd has consented to the inclusion of this report in the Prospectus in the form and context in which it is included and has not withdrawn that consent prior to the lodgment of the Prospectus with ASIC.

15. DISCLOSURE OF INTEREST

Resources Legal Pty Ltd will be paid normal and usual professional fees for the preparation of this report and related matters, as set out elsewhere in the Prospectus.

Yours faithfully

Daven Timms
Director Principal
Resources Legal Pty Ltd
### SCHEDULE 1*
**TELEMEMENTS**

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<td>32 / 128</td>
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<td>$2,020 pa</td>
<td>$40,000 ²</td>
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**Notes**

*Information in this Schedule 1 was obtained from searches of the Register maintained by DRE on 19 April 2018 and searches of MinView on 7 May 2018.

1. One unit is the area bounded by one minute of latitude by one minute of longitude. As shown on the tenement maps contained in the Prospectus, portions have been excised from some of the units in the licences.

2. The annual tenement rental is $60 per unit. The annual administrative levy is 1% of the security deposit (1% of $10,000 = $100 pa for each tenement).

3. Proposed expenditure is proposed to be met through XS Resources conducting current work programs that have been approved by the DRE.

4. The proposed work program on EL 4474 for the 12 months to January 2019 includes five drill holes, for proposed total expenditure of $140,000.

5. The proposed work program on EL 7679 for the 12 months to January 2019 includes one drill hole and geophysical surveys, for proposed total expenditure of $40,000.
SCHEDULE 2

MAP OF ABORIGINAL HERITAGE SITES
AND ENVIRONMENTAL “EXEMPTED” AREAS

Aboriginal Heritage Site details:

- Oakey Fire Trail a - Art (pigment or engraved);
- Oakey Fire Trail b - Artefact;
- Crayfish Creek Henry River – Ceremonial ring (stone or earth);
- Crown Road #1 – Artefact;
- Crown Road #2 – Artefact;
- Halls Peak – Modified tree (carved or scarred);
- Halls Peak #2 – Ochre quarry;
- Duvals Fire Trail – Artefact.
July 30, 2018

XS Resources Limited
Level 2, 50 Kings Park Road
West Perth 6005
Australia

Attn: Michael Fry:

Dear Sirs/Mesdames:

Re: Review of Certain Matters regarding the Spanish River Property, Ontario

This report is prepared for inclusion in a prospectus (Prospectus) for issue by XS Resources Limited (ACN 624 766 114) (XS) to be lodged with the Australian Securities and Investments Commission for an offer of 22,500,000 shares at an issue price of $0.20 per share to raise $4,500,000.

We have been asked (i) to opine on certain matters regarding the status and ownership of the unpatented mining claims referred to as the Spanish River Property, as is more accurately described in Schedule “A” hereto, which XS (or its nominee) will hold the 100% interest subject to settlement occurring pursuant to the Spanish River Acquisition Agreement, and (ii) to provide information on the rights and obligations associated with unpatented mining claims constituting the Spanish River Project in the Province of Ontario.

1. Title Opinion

1.1 Assumptions and Reliances

In conducting the searches and in giving the opinions contained in this Section 1, we have assumed: (i) the authenticity of all documents submitted to us for review; (ii) the conformity with originals of all documents submitted or presented to us as copies; (iii) that none of the documents submitted to us for review have been modified, amended, surrendered or terminated, except as indicated by the public record; (iv) the identity and capacity of all individuals acting or purporting to act as public officials; (v) the genuineness and authenticity of all signatures on all documents submitted or presented to us; (vi) the accuracy and completeness of the records maintained by any office of public record; (vii) that all transfers, conveyances, leases, licences, claims, permits, options and agreements pursuant to which the recorded holder of an Unpatented Claim (an “Owner”) purported to have acquired an interest
have been duly authorized, executed and delivered by all parties thereto and remain in full force and effect, in good standing and are enforceable on their respective terms; and (viii) that except as otherwise provided herein, all consents, approvals, permits, authorizations or filings as may be required under any applicable statute, rule or regulation and all necessary corporate action in respect of:

(a) the execution, delivery and due authorization of any transfers, conveyances, leases, licences, claims, permits, options and agreements pursuant to which any Owner purports to have acquired an interest in the Unpatented Claims (the "Owner Interests"); and

(b) the completion of the transactions contemplated therein,

have been obtained or taken, as applicable; and (ix) that each corporation or company which is or has been the owner of any interest in any of the Owner Interests was, at the time it acquired, held or, as applicable, transferred such interest:

(a) duly incorporated and validly existing in its jurisdiction of incorporation;

(b) entitled to own, and had the corporate capacity to own an interest in real property in the Province of Ontario;

(c) not dissolved, voluntarily or involuntarily; and

(d) not in violation of any laws of the Province of Ontario.

1.2 Scope of Enquiry

In connection with the opinions expressed below we have: (i) examined copies of the Active Mining Claim Abstract current to July 13, 2018 (the "date of currency") maintained by the Mining Recorder’s Office of the Ontario Ministry of Energy, Northern Development and Mines (the "Ministry") for each of the Unpatented Claims (the "Record"). No other searches or registries have been searched for the purposes of any opinions delivered in this letter.

We have not made any inquiries in respect of the legal right of the Owner to grant interests in respect of the Owner Interests or to grant access to and from the Owner Interests.

Except as indicated above, we have made no other enquiries with respect to the opinions expressed herein, and accordingly, except as specifically provided below, we express no opinion in respect of, without limitation, the validity, assignability or enforceability of any of the instruments pursuant to which an Owner acquired any Owner Interests, searched corporate escheats of any current or prior owners of any Owner Interests the assignability or enforceability of any other instrument registered on title, nor have we made any enquiries of authorities in respect of, without limitation, taxes, building and zoning compliance, utilities, unregistered easements, conservation and environmental matters, and any filings, fees, assessments, payments or work commitments in respect of the Unpatented Claims.

1.3 Applicable Laws

The opinions expressed below are restricted to the laws of the Province of Ontario and the laws of Canada applicable therein.
1.4 Opinions

Based and relying on the foregoing and subject to the qualifications outlined below, we are of the opinion that as of the date of this opinion letter effective as 10:00 a.m. Eastern Standard Time: the recorded holder of the unpatented staked mining claims set out in Schedule A (the "Unpatented Claims") is Steven Edward Siemieniuk (license holder 303652). All of the Unpatented Claims are active.

1.5 Qualifications

This opinion is subject to the following assumptions, qualifications and restrictions:

(a) Title to the Owner Interests may be subject to any lien in favour of architects, engineers, suppliers of materials, workmen and contractors or subcontractors which might result from improvements made on the Owner Interests which have not been filed or registered in accordance with applicable law or which written notice has not at the time been duly given in accordance with applicable law or which relate to obligations not at the time due or delinquent.

(b) Title to the Owner Interests may be subject to undetermined or inchoate liens and charges incidental to current construction or current operation which have not been filed or registered in accordance with applicable law or which written notice has not at the time been duly given in accordance with applicable law or which relate to obligations not at the time due or delinquent.

(c) Title to the Owner Interests may be subject to any lien in favour of a government body or of legal persons established in the public interest under special provisions of law or any other claim which may give rise to a lien existing on the date hereof but not yet registered or any other claim which by law is exempt from registration.

(d) Our opinion is qualified to the extent of our reliance upon the accuracy of the content of any document not prepared by us referred to in the present opinion or its schedules.

(e) Our opinion is qualified to the extent of any transfers, assignments, agreements or other encumbrances or rights, title or interests affecting any of the Owner Interests that is unregistered as of the date of currency.

(f) We have assumed the compliance with the laws and regulations governing all registrations or recordings pursuant to all relevant public systems of registration or recording in respect of the Owner Interests, and the accuracy and completeness of those that we have reviewed.

(g) This opinion is strictly limited to subject matters expressly covered hereby and more particularly registrations at the Mining Recorder’s Office of the Ministry.

(h) The rights and interest of the owners in and to the Owner Interests are in addition to any other matter referred to herein, subject to the reservations and exceptions contained in the Mining Act (Ontario) (and the regulations pursuant thereto as they relate to the Owner Interests).
(i) No investigation has been made of the original application for filing in respect of, or the location of the boundaries of, the Unpatented Claims or the existence of any interest in the Unpatented Claims, or the lands subject to the Unpatented Claims, other than as recorded or noted on the Records as of the date of currency.

(j) We have assumed that the Records, and all documents or instruments noted on the Records, are the only documents pertaining to title to the Unpatented Claims and our opinion is qualified to the extent of any unrecorded transfers, assignments, agreements or other unrecorded encumbrances or rights, title or interests affecting the Unpatented Claims or the recorded holders' interest therein or thereto.

(k) No examination of the ground was made to determine if the Unpatented Claims have been validly staked or assessment work carried out in compliance with the provisions of the Mining Act (Ontario) and the regulations thereunder.

(l) The recorded interest of each of the recorded holders in and to each of the Unpatented Claims is subject to the reservations and exceptions contained in any statute, regulation or order-in- council, including the Mining Act (Ontario) and the regulations pursuant thereto, including those noted on the Records and to statutory priorities and preferences and liens, encumbrances or other charges which are extent and are still within the time for recording, or which are valid without recording, in the Mining Recorders Office of the Ministry.

2. Information on the rights and obligations associated with unpatented mining claims in the Province of Ontario

2.1 Unpatented Mining Claims

An unpatented mining claim provides the holder thereof with (subject to the statements that follow) the exclusive right to explore for minerals (other than hydrocarbons and aggregate materials) within the claim boundaries; the exclusive right to apply for a mining lease over the land covered by the claim; and the right to enter upon, use and occupy parts of the surface of such claim as are necessary for the efficient exploration of such minerals. Most physical activities on an unpatented mining claim require the holder of such claim to have either filed an approved Exploration Plan or applied for and obtained an Exploration Permit. In either case, the holder of an unpatented mining claim will often be required to undertake consultation activities with any Indigenous groups whose rights might be impacted by the activities contemplated in the Exploration Plan or Exploration Permit.

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1 Schedule B-1 lists the activities for which an Exploration Plan is required as of the date hereof and Schedule B-2 lists the activities for which an Exploration Permit is required as of the date hereof.

2 Consultation is a process mandated by Canada's Constitution, aimed at reconciling and balancing the customs and rights of Indigenous Peoples with contemplated actions of the Crown that might infringe those customs and rights. Certain aspects of this obligation are frequently delegated to those applying for approvals from the Crown. The required content of Consultation can vary from light (which may require little more than notification of proposed activities on the land to Indigenous Groups) to deep (which may require amending exploration programs to mitigate potential impacts to the rights of Indigenous groups or providing benefits to Indigenous groups to offset impacts to rights). In many cases, Crown actions (such as approving an Exploration Plan or issuing an Exploration Permit) are not valid until the Crown has discharged its duty to consult. McCarthy Tétrault LLP can provide assistance.
An unpatented mining claim does not provide the holder thereof with surface rights, but rather the right to enter upon, use and occupy parts of the surface of such claim as are necessary for the efficient exploration of such minerals. The holder’s right to use of the surface of a mining claim can be restricted in certain circumstances. Additionally, an unpatented mining claim does not confer on the holder any rights of access to the claim from other lands. While there is a presumption at law that a mining rights holder must be afforded the right to access his or her rights, rights of access must still be negotiated with neighbouring landholders. Where such negotiations fail, the holder may bring the matter to the Mining and Lands Tribunal to adjudicate whether, and the grounds upon which, such access rights will be granted.

An unpatented mining claim does not confer upon the holder thereof the right to take, remove or otherwise dispose of any minerals found in, upon or under the claim. In order to remove or dispose of minerals, the holder of a mining claim needs to obtain a mining lease from the Ministry. A holder of an unpatented mining claim is entitled to a lease if such holder is in compliance with the Mining Act (Ontario) and submits an application for a lease with all prescribed information included. A Mining lease is issued with a 21-year term and is renewable as of right (provided that the holder has complied with its obligations under the Mining Act (Ontario) and the terms of the lease) for further 21-year terms. The Minister is prohibited from renewing a lease unless the production of minerals has occurred continuously for more than one year since the issuance or last renewal of the lease or the holder has demonstrated to the satisfaction of the Minister that it has made a reasonable effort to bring the property into production.

2.2 Requirements to Maintain the Tenements in Good Standing

In order to keep an unpatented mining claim in good standing under the Mining Act (Ontario), the holder thereof must, each year prior to the anniversary date of the claim, perform no less than (i) C$400 of work per single-cell mining claim or C$200 of work per boundary-cell mining claim of the type prescribed under the Mining Act (Ontario) ("assessment work") and submit a report of the assessment work completed with the provincial Mining Recorder, in the prescribed form. Excess amounts of assessment work incurred in a year may be applied to the requirements in future years and may also be applied to contiguous unpatented mining claims. A holder may make a payment in lieu of incurring assessment work to keep an unpatented mining claim in good standing (at the rate of C$400 per single-cell mining claim or C$200 per boundary-cell mining claim per year) except in respect of the first year that assessment work is due. Note that there is no assessment work requirement for the first year after staking and recording of an unpatented mining claim.

in developing consultation plans and determining the level of consultation required in the circumstances.

3 Unpatented mining claims exclude surface rights over a width of 120m from the high water mark of any body of water on a mining claim and 90m from the outer limit of any right of way on a highway or road constructed or maintained by the Ministry of Transportation. The Minister may reserve further surface rights in an unpatented mining claim. In some cases, surface rights may even have been disposed of prior to the staking and recording of a mining claim (as was the case with some of the Unpatented Mining Claims).

4 Section 52(1) of the Mining Act (Ontario) permits a holder of a mining claim to remove minerals from a claim for testing purposes, but does not permit the ore to be milled or refined until the holder obtains a mining lease.
2.3 Conversion of Legacy Claims

On April 10, 2018, the Province of Ontario’s mining lands administration systems moved from ground staking and paper map staking to online staking and registration of mining claims. As part of that process, all unpatented mining claims staked and recorded under the former system were converted into new provincial grid cell-based claims. Converted unpatented mining claims are divided into two main categories: single-cell mining claims, in which a single claim occupies all of the land open for claim registration within one cell on the provincial grid, and boundary cell mining claims where two or more legacy claims are located in the same provincial grid-cell. If one holder holds all of the boundary claims within a single provincial grid cell, the holder can apply to convert the boundary claims into a cell claim. A boundary claim provides a holder thereof the same rights as does a cell claim, except the boundary claim only confers such rights on a portion of the Provincial grid cell. As legacy mining claims do not often perfectly coincide with the cells on the provincial grid, a number of claims have a different size and shape after the conversion than they had beforehand. In some instances (as is the case for the Unpatented Claims), the aggregate quantity of assessment work required to keep in good standing the mining claims that comprised the legacy mining claim is greater than was the assessment work required to keep the legacy mining claim in good standing.

Yours truly,

McCarthy Tétrault LLP

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5 Boundary claims may also exist where one or more legacy mining claim and one or more areas removed from staking are located within the same grid cell.
## Schedule A
Unpatented Mining Claims

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<th>Current Mining Claim IDs</th>
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<th>Claim Type</th>
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<th>Registered Owner</th>
<th>Reservations</th>
<th>Work Req't</th>
<th>Work Filed</th>
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<td>Active</td>
<td>Single Cell Mining Claim</td>
<td>Baldwin</td>
<td>Sep 1/19</td>
<td>Steven Edward Siemieniuk</td>
<td>See Annex I (1)</td>
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<td>$0</td>
</tr>
<tr>
<td>292047</td>
<td>Active</td>
<td>Single Cell Mining Claim</td>
<td>Baldwin</td>
<td>Sep 1/19</td>
<td>Steven Edward Siemieniuk</td>
<td>See Annex II</td>
<td>$400</td>
<td>$0</td>
</tr>
<tr>
<td>Current Mining Claim IDs</td>
<td>Status</td>
<td>Claim Type</td>
<td>Claim Township</td>
<td>Expiry</td>
<td>Registered Owner</td>
<td>Reservations</td>
<td>Work Req't</td>
<td>Work Filed</td>
</tr>
<tr>
<td>-------------------------</td>
<td>--------</td>
<td>-----------------------------</td>
<td>----------------</td>
<td>---------</td>
<td>--------------------------</td>
<td>--------------</td>
<td>------------</td>
<td>------------</td>
</tr>
<tr>
<td>217389⁶</td>
<td>Active</td>
<td>Boundary Cell Mining Claim</td>
<td>Baldwin</td>
<td>Sep 1/19</td>
<td>Steven Edward Siemieniuk</td>
<td>See Annex I</td>
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<td>$0</td>
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<td>236837⁷</td>
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<td>Boundary Cell Mining Claim</td>
<td>Baldwin</td>
<td>Sep 1/19</td>
<td>Steven Edward Siemieniuk</td>
<td>See Annex I</td>
<td>$200</td>
<td>$0</td>
</tr>
</tbody>
</table>

⁶ Cell claim is split between 217389 and 228067 (held by Ursa Major Minerals Incorporated)

⁷ Cell claim is split between 236837 and 107940 (held by Ursa Major Minerals Incorporated)
Annex I
Reservations

The Unpatented Claims are subject to the following reservations as stated in the public record:

1. 400 surface rights reservation along all lakes and rivers
2. Sand and gravel reserved
3. Peat reserved
4. Other reservations under the Mining Act may apply
5. Including land under water
6. Excluding road
7. Part mining rights only
8. Excluding buildings

Notes

(1) Maps of mining claims 107765, 142230, 217388, 236839 and 255469 bear evidence of surface rights dispositions which were not reflected as reservations or easements on mining title. Upon investigation, it was determined that the features found correspond to surface rights dispositions on the banks of Agnew Lake that appear on Plans of Subdivision, M-912 (being parts of Lots 6 & 7, Concession VI, Township of Baldwin), M-913 (being part of Lot 5, Concession VI, Township of Baldwin) and M-914 (being parts of Lots 4 & 5, Concession VI, Township of Baldwin). Google Earth images of the area reveal the presence of houses, roads and power lines in the vicinity of the surface dispositions.
Schedule B-1  
Prescribed Activities Requiring an Exploration Plan

The following activities are prescribed under Ontario Regulation 308/12: *Exploration Plans and Exploration Permits* as requiring an approved Exploration Plan prior to conducting the activity:

1. Any geophysical surveys that require the use of a generator to be carried out.

2. Mechanized drilling for the purpose of obtaining rock or mineral samples, if the assembled weight of the drill and its associated equipment, excluding drill rods, casings and bits, does not exceed 150 kilograms.

3. Line cutting, where the width of the lines does not exceed 1.5 metres.

4. Mechanized surface stripping where,
   
   (a) a single location is to be stripped and the total area to be stripped does not exceed 100 square metres, or
   
   (b) two or more locations are to be stripped and the edges of a location where stripping is to be carried out are within 200 metres of the edges of another location, and the aggregate of the area of the locations to be stripped does not exceed 100 square metres.

5. Pitting and trenching where,
   
   (a) a single pit or trench is to be dug and the total volume of the pit or trench to be dug exceeds one cubic metre but does not exceed three cubic metres, or

   (b) two or more pits or trenches are to be dug and the edges of a pit or trench are within 200 metres of the edges of another pit or trench and the aggregate of the volume of the pits or trenches exceeds one cubic metre but does not exceed three cubic metres.
Schedule B-2
Prescribed Activities Requiring an Exploration Permit

The following activities are prescribed under Ontario Regulation 308/12: Exploration Plans and Exploration Permits as requiring an Exploration Permit prior to conducting the activity:

1. Mechanized drilling for the purpose of obtaining rock or mineral samples, if the assembled weight of the drill and associated equipment, excluding drill rods, casings and bits, is greater than 150 kilograms.

2. Mechanized surface stripping where,
   (c) a single location is to be stripped and the total area to be stripped exceeds 100 square metres but is less than the threshold for advanced exploration as set out in Ontario Regulation 240/00 (Mine Development and Closure under Part VII of the Act) made under the Act, or
   (d) two or more locations are to be stripped and the edges of a location where stripping is to be carried out are within 200 metres of the edges of another location and the aggregate of the total area to be stripped exceeds 100 square metres but is less than the threshold for advanced exploration as set out in Ontario Regulation 240/00 (Mine Development and Closure under Part VII of the Act) made under the Act.

3. Line cutting, where the width of the lines cut is 1.5 metres or more.

4. Pitting and trenching where,
   (a) there is a single pit or trench and the total volume of the pit or trench exceeds three cubic metres but is below the threshold for advanced exploration as set out in Ontario Regulation 240/00 (Mine Development and Closure under Part VII of the Act) made under the Act, or
   (b) there are two or more pits or trenches and the edges of a pit or trench are within 200 metres of the edges of another pit or trench and the aggregate of the total volume of the pit or trench exceeds three cubic metres but is below the threshold for advanced exploration as set out in Ontario Regulation 240/00 (Mine Development and Closure under Part VII of the Act) made under the Act.
9. Investigating Accountant’s Report
6 September 2018

The Directors
Ground Floor, 20 Kings Park Road
WEST PERTH
WA, 6005

Dear Directors

INVESTIGATING ACCOUNTANT’S REPORT

1. Introduction

BDO Corporate Finance (WA) Pty Ltd (‘BDO’) has been engaged by XS Resources Limited (‘XS’ or ‘the Company’) to prepare this Investigating Accountant’s Report (‘Report’) in relation to the historical financial information and pro forma historical financial information of XS, for the Initial Public Offering (‘IPO’) of shares in XS, for inclusion in the Prospectus.

Broadly, the Prospectus will offer 22,500,000 Shares at an issue price of $0.20 each to raise $4,500,000 before costs (‘the Offer’).

Expressions defined in the Prospectus have the same meaning in this Report. BDO holds an Australian Financial Services Licence (AFS Licence Number 316158).

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

2. Scope

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

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

You have requested BDO to review the following historical financial information (together the ‘Historical Financial Information’) of XS included in the Prospectus:

- the audited historical Statement of Profit or Loss and Other Comprehensive Income, Statement of financial position, equity and cash flow for XS for the period from incorporation to 31 March 2018; and


The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the company’s adopted accounting policies. The Historical Financial Information has been extracted from the financial report of XS for the period from incorporation to 31 March 2018, which was audited by BDO Audit (WA) Pty Ltd (‘BDO Perth’) in accordance with the Australian Auditing Standards. BDO Perth issued an unmodified audit opinion on the financial report.

The Historical Financial Information has been extracted from the financial report of SOC1 for the years ended 31 December 2015, 31 December 2016 and 31 December 2017, which was audited by BDO Perth in accordance with the Australian Auditing Standards. BDO Perth issued an unmodified audit opinion on the financial report.

**Pro Forma Historical Financial Information**

You have requested BDO to review the following pro forma historical financial information (the ‘Pro Forma Historical Financial Information’) included as appendices to our Report:

- the pro forma historical Statement of Financial Position as at 31 March 2018.

The Pro Forma Historical Financial Information has been derived from the historical financial information of XS and SOC1, after adjusting for the effects of the subsequent events described in Section 6 of this Report and the pro forma adjustments described in Section 7 of this Report. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Section 7 of this Report, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the Pro Forma Historical Financial Information does not represent the company’s actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information has been compiled by XS to illustrate the impact of the events or transactions described in Section 6 and Section 7 of this Report on XS’ financial position as at 31 March 2018. As part of this process, information about XS’ financial position has been extracted from XS’ financial statements for the period from incorporation to 31 March 2018.

**3. Directors’ responsibility**

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

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

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

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

5. Conclusion

Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in the Appendices to this Report, is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

Pro Forma Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information as described in the Appendices to this Report, is not presented Fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

6. Subsequent Events

The pro-forma statement of financial position reflects the following events that have occurred subsequent to the period ended 31 March 2018:

- The Company has received further seed capital applications and funds totaling $170,000 through the issue of 1,700,000 shares at $0.10 per share. The cost of this raising was $24,000 which has been offset against contributed equity;

- On 18 June 2018, the Company incorporated its wholly-owned subsidiary, XS Resources Canada Corporation, a Canadian registered company, incorporated for the purpose of acquiring the Spanish River Project. The cost of incorporating this subsidiary was approximately $1,490, which has been expensed through accumulated losses; and

- Prior to XS’ acquisition of SOC 1, SOC 1’s loan of $396,536 from its parent company Force Commodities Limited (‘Force’) was converted to equity, resulting in the issue of 396,536 ordinary shares at $1 each. The share capital of SOC1 is eliminated on acquisition by XS as shown in the pro-forma adjustments set out below in section 7.

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

The pro forma historical Statement of Financial Position is shown in Appendix 2. This has been prepared based on the financial statements as at 31 March 2018, the subsequent events set out in Section 6, and the following transactions and events relating to the issue of Shares under this Prospectus:

- The issue of 22,500,000 Shares at an offer price of $0.20 each to raise $4.5 million before costs, pursuant to the Prospectus;
- The cash costs of the Offer are estimated to be $616,439. The costs directly attributable to the capital raising are $410,000 which are to be offset against contributed equity, with the remaining $206,439 being expensed through accumulated losses;
- The Company will also issue 4 million shares to the lead manager, GTT Ventures Pty Ltd (‘Lead Manager’), for services relating to the capital raising (‘Lead Manager Shares’). As such, we have treated this as a capital raising cost, to be offset against contributed equity;
- The Company will also issue 3 million options to the Lead Manager, which are exercisable at $0.30 over a three year period (‘Lead Manager Options’). The Lead Manager Options have been valued at $327,000 using the Black Scholes option pricing model. We consider these options to be issued for services provided in relation to the capital raising, therefore we have offset the value of these options against contributed equity;
- On 6 March 2018, XS signed a binding heads of agreement for the acquisition of the Spanish River Project. Pursuant to the terms of the acquisition agreement, XS must pay the following on completion of the IPO and upon the following conditions being met:
  - Issue $50,000 worth of fully paid ordinary shares in XS at an issue price of $0.20 per share;
  - Issue CAD$50,000 worth of fully paid ordinary shares in XS at an issue price being the volume weighted average price for the shares for the 15 trading days preceding the date which is 12 months from the date of the Heads of Agreement (i.e. 6 March 2019), utilising the exchange rate on the date preceding the date of issue (‘Deferred Consideration Shares’). We have not adjusted the pro forma statement of financial position to reflect the issue of the Deferred Consideration Shares as we do not have a reasonable basis to assume this condition will be met;
  - Issue CAD $10,000 worth of fully paid ordinary shares in XS at an issue price being the volume weighted average price for the shares for the 15 trading days preceding the date of issue, utilising the exchange rate on the date preceding the date of issue for every 10 million tonnes of copper delineated as Measured and Indicated within the first JORC compliant resource publicly announced by XS for the project within 5 years of listing on ASX (‘Milestone Shares’). We have not adjusted the pro forma statement of financial position to reflect the issue of the Milestone Shares as we do not have a reasonable basis to assume this condition will be met; and
  - Pay a net smelter royalty equal to 2% of net smelter returns of any mineral products mined and sold from the Project (‘Net Smelter Royalty’). We have not adjusted the pro forma statement of financial position to reflect the payment of
the Net Smelter Royalty as based on the current status of the project, we do not have a reasonable basis to assume that it will reach production.

- Subsequent to balance date, the Company amended the Spanish River acquisition agreement by way of a deed of amendment, whereby the $2,535 of capitalised acquisition costs are refundable. This has therefore been reflected as a trade and other receivable and is included as a subsequent event in the pro forma statement of financial position;

- Pursuant to an option agreement with Force, XS has agreed to acquire 100% of the issued capital of SOC1, the owner of the Halls Peak Project. We have adjusted the pro-forma statement of financial position to reflect the following consideration which is payable by XS:
  
  o Payment of a non-refundable option fee of $25,000;
  
  o Payment of a total of $135,000 on completion plus a further $10,000 by way of a reimbursement of a NSW Mines Department security deposit; and
  
  o Issue of 1,250,000 ordinary shares in XS at the IPO price being $0.20, for a total value of $250,000.

We note that XS (or any acquirer of the project from XS) must issue a further 1,250,000 ordinary shares in XS at the IPO price being $0.20 if it achieves product sale from the Halls Peak Project of an amount exceeding $2 million. We have not adjusted the pro-forma balance sheet to reflect this potential future payment as based on the current stage of the project, we do not have a reasonable basis to assume that this condition will be met;

- We have accounted for the acquisition of SOC1 as an asset acquisition as we do not consider SOC1 to be a business per the guidelines of AASB 3: Business Combinations. As such, we have eliminated the equity of SOC1 in assessing the pro-forma financial position of the Company;

- The Company has also agreed to acquire EL7679 for a total of $15,800 which includes the security deposit paid to the NSW Mines Department. We note that the Company also paid an option fee of $1 to acquire this option;

- The Company will also issue a total of 9 million options to its directors (3 million options to each of Mr Chris Zielinski, Mr Andrew Haythorpe and Mr Michael Fry) with an exercise price of $0.30 and an expiry date of 1 July 2021 (‘Director Options’). The Director Options have been valued at $999,000 using the Black Scholes option pricing model;

- XS will also issue 2 million shares to brokers, (other than the Lead Manager) for services provided in relation to the capital raising. We consider these costs to be directly attributable to the capital raising and have therefore offset the value of these shares against contributed equity;

- The Company will also issue 4 million options to brokers, (other than the Lead Manager) for services provided in relation to the capital raising. These options are exercisable at $0.30 within a three year period and have been valued at $436,000 using the Black Scholes option pricing model. We consider these costs to be directly attributable to the capital raising and have therefore offset the value of these options against contributed equity;

- Upon listing, the Company will also issue 250,000 shares, valued at $50,000 based on the IPO price of $0.20 per share to Mr Michael Fry; and
• Upon listing, in accordance with the agreements between the Company and the Directors, the Company will make the following one off cash payments:
  o An amount of $13,140 to Mr Zielinski; and
  o An amount of $9,855 to Mr Haythorpe.

8. Independence

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the offer other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received. BDO is the auditor of XS and from time to time, BDO also provides XS with other professional services for which normal professional fees are received.

9. Disclosures

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

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

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

Yours faithfully

BDO Corporate Finance (WA) Pty Ltd

Adam Myers
Director
APPENDIX 1
XS RESOURCES LIMITED
HISTORICAL STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

<table>
<thead>
<tr>
<th></th>
<th>Audited for the period from incorporation to 31-Mar-18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Statement of Profit or Loss and Other Comprehensive Income</strong></td>
<td>$</td>
</tr>
<tr>
<td>Revenue</td>
<td>8</td>
</tr>
<tr>
<td>Interest income</td>
<td>8</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
</tr>
<tr>
<td>Audit expense</td>
<td>(6,000)</td>
</tr>
<tr>
<td>Legal fees</td>
<td>(10,000)</td>
</tr>
<tr>
<td>Loss from continuing operations before tax</td>
<td>(15,992)</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>-</td>
</tr>
<tr>
<td>Loss from continuing operations after tax</td>
<td>(15,992)</td>
</tr>
<tr>
<td>Other comprehensive income, net of tax</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Loss for the period</strong></td>
<td>(15,992)</td>
</tr>
</tbody>
</table>

This historical statement of profit or loss and other comprehensive income shows the historical financial performance of Company and is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 3 and the prior year financial information set out in Appendix 4. Past performance is not a guide to future performance.
APPENDIX 2
XS RESOURCES LIMITED
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<table>
<thead>
<tr>
<th>Statement of financial position</th>
<th>Notes</th>
<th>Audited XS Resources at 31-Mar-18</th>
<th>Audited SOC 1 at 31-Dec-17</th>
<th>Subsequent events</th>
<th>Pro-forma adjustments 4.5m</th>
<th>Pro forma after Offer 4.5m</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT ASSETS</td>
<td></td>
<td>$257,483</td>
<td>$10,000</td>
<td>$147,045</td>
<td>$3,674,766</td>
<td>$4,076,759</td>
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<td>Cash and cash equivalents</td>
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<td>-</td>
<td>144,510</td>
<td>3,674,766</td>
<td>4,076,759</td>
</tr>
<tr>
<td>Trade and other receivables</td>
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<td>-</td>
<td>10,000</td>
<td>2,535</td>
<td>-</td>
<td>12,535</td>
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<tr>
<td>TOTAL CURRENT ASSETS</td>
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<td>10,000</td>
<td>147,045</td>
<td>3,674,766</td>
<td>4,089,294</td>
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<tr>
<td>NON CURRENT ASSETS</td>
<td></td>
<td>2,535</td>
<td>-</td>
<td>(2,535)</td>
<td>475,800</td>
<td>475,800</td>
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<tr>
<td>Acquisition Costs</td>
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<td>2,535</td>
<td>-</td>
<td>(2,535)</td>
<td>475,800</td>
<td>475,800</td>
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<tr>
<td>TOTAL NON CURRENT ASSETS</td>
<td></td>
<td>2,535</td>
<td>-</td>
<td>(2,535)</td>
<td>475,800</td>
<td>475,800</td>
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<tr>
<td>TOTAL ASSETS</td>
<td></td>
<td>260,018</td>
<td>10,000</td>
<td>144,510</td>
<td>4,150,566</td>
<td>4,565,094</td>
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<tr>
<td>CURRENT LIABILITIES</td>
<td></td>
<td>46,000</td>
<td>-</td>
<td>-</td>
<td>16,000</td>
<td>16,000</td>
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<tr>
<td>Trade and other payables</td>
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<td>16,000</td>
<td>-</td>
<td>-</td>
<td>16,000</td>
<td>16,000</td>
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<td>Seed refunds payable</td>
<td>30</td>
<td>30,000</td>
<td>-</td>
<td>-</td>
<td>30,000</td>
<td>30,000</td>
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<tr>
<td>TOTAL CURRENT LIABILITIES</td>
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<td>46,000</td>
<td>-</td>
<td>-</td>
<td>16,000</td>
<td>16,000</td>
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<tr>
<td>NON CURRENT LIABILITIES</td>
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<td>396,536</td>
<td>(396,536)</td>
<td>-</td>
<td>396,536</td>
<td>(396,536)</td>
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<tr>
<td>Loan from parent</td>
<td>5</td>
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<td>396,536</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
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<td>TOTAL NON CURRENT LIABILITIES</td>
<td></td>
<td>-</td>
<td>396,536</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL LIABILITIES</td>
<td></td>
<td>46,000</td>
<td>396,536</td>
<td>-</td>
<td>46,000</td>
<td>-</td>
</tr>
<tr>
<td>NET ASSETS/(LIABILITIES)</td>
<td></td>
<td>214,018</td>
<td>(386,536)</td>
<td>541,046</td>
<td>4,150,566</td>
<td>4,519,094</td>
</tr>
<tr>
<td>EQUITY</td>
<td></td>
<td>230,010</td>
<td>100</td>
<td>542,536</td>
<td>3,280,364</td>
<td>4,053,010</td>
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<tr>
<td>Share capital</td>
<td>6</td>
<td>230,010</td>
<td>100</td>
<td>542,536</td>
<td>3,280,364</td>
<td>4,053,010</td>
</tr>
<tr>
<td>Reserves</td>
<td>7</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,762,000</td>
<td>1,762,000</td>
</tr>
<tr>
<td>Accumulated losses</td>
<td>8</td>
<td>(15,992)</td>
<td>(386,636)</td>
<td>(1,490)</td>
<td>(891,798)</td>
<td>(1,295,916)</td>
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<tr>
<td>TOTAL EQUITY</td>
<td></td>
<td>214,018</td>
<td>(386,536)</td>
<td>541,046</td>
<td>4,150,566</td>
<td>4,519,094</td>
</tr>
</tbody>
</table>

The cash and cash equivalents balance above does not account for working capital movements over the period from 1 April 2018 until completion. We have been advised that the current cash position of XS prior to the Offer is $229,988.

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

The Historical Statement of Cash Flows show the historical cash flows of XS and are to be read in conjunction with the notes to and forming part of the Historical Financial Information set out in Appendix 4.

### Statement of Cash Flows

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audited for the period from incorporation to</td>
<td></td>
</tr>
<tr>
<td>31-Mar-18</td>
<td>$</td>
</tr>
<tr>
<td><strong>CASH FLOW FROM OPERATING ACTIVITIES</strong></td>
<td></td>
</tr>
<tr>
<td>Receipts from customers</td>
<td>$8</td>
</tr>
<tr>
<td>Net cash flows from operating activities</td>
<td>$8</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td></td>
</tr>
<tr>
<td>Payment for Spanish River Project</td>
<td>($2,535)</td>
</tr>
<tr>
<td>Net cash flows from investing activities</td>
<td>($2,535)</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM FINANCING ACTIVITIES</strong></td>
<td></td>
</tr>
<tr>
<td>Proceeds from members contributions, net of costs</td>
<td>$260,010</td>
</tr>
<tr>
<td>Net cash flows from financing activities</td>
<td>$260,010</td>
</tr>
<tr>
<td><strong>Net (decrease) / increase in cash and cash equivalents</strong></td>
<td>$257,483</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of period</td>
<td>$-</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the period</td>
<td>$257,483</td>
</tr>
</tbody>
</table>

The Historical Statement of Cash Flows show the historical cash flows of XS and are to be read in conjunction with the notes to and forming part of the Historical Financial Information set out in Appendix 4.
NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared for use by the directors and members of the Company. The financial report has been prepared for the purpose of the preparation of the Investigating Accountants Report for inclusion in a prospectus. The directors have determined that the Company is not a reporting entity. XS Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the director’s report.

The financial report has been prepared in accordance with the recognition and measurement requirements specified by all Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards:

AASB 101: Presentation of Financial Statements
AASB 107: Cash Flow Statements
AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors
AASB 1048: Interpretations and Application of Standards
AASB 1054: Australian Additional Disclosures

Compliance with the recognition and measurement requirements of Australian Accounting Standards results in compliance with recognition and movement requirements of International Financial Reporting Standards ("IFRS").

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

a) Basis of preparation of the financial report

Historical Cost Convention
The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Comparative information
This report presents the financial information for the period ended 31 March 2018. Given the Company was incorporated on 31 March 2018 there are no comparatives for this reporting period.
**Functional and presentation currency**
The functional currency of the Company is measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Australian dollars, which is the entity’s functional currency.

**b) Going concern**
The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Company has incurred a net loss of $15,992 and experienced net cash outflows from investing activities of $2,535 and net cash inflows from financing activities of $260,010 for the period ended 31 March 2018.

The ability of the Company to continue as a going concern as a going concern is dependent upon the success of the fundraising under the prospectus or alternatively, financial support from its shareholder.

The Directors believes that the Company will continue as a going concern. As a result, the financial report has been prepared on a going concern basis which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

Should the Company not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

**c) New, revised or amending Accounting Standards and Interpretations adopted**
The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the Company from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

**d) Cash and cash equivalents**
Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

**e) Trade and other payables**
Trade and other payables represent the liabilities at the end of the reporting period for goods and services received by the Company that remain unpaid.
Trade payables are recognised at their transaction price. Trade payables are obligations on the basis of normal credit terms.

f) Issued Capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

g) Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

h) Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

i) Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The
judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial period are discussed below.

Valuation of share based payment transactions

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

<table>
<thead>
<tr>
<th>NOTE 2. CASH AND CASH EQUIVALENTS</th>
<th>Audited as at 31-Mar-18 $</th>
<th>Pro-forma after Offer $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>257,483</td>
<td>4,076,759</td>
</tr>
</tbody>
</table>

Adjustments to arise at the pro-forma balance:
- Audited balance of XS Resources at 31 March 2018: 257,483
- Audited balance of SOC1 at 31 December 2017: 0

Subsequent events:
- Cash received from seed fundraising: 170,000
- Capital raising cost in relation to seed raising: (24,000)
- Payment of incorporation costs for XS Resources Canada Corporation: (1,490)

Pro-forma adjustments:
- Proceeds from shares issued under this Prospectus: 4,500,000
- Capital raising costs: (616,439)
- Payment of non-refundable option fee: (25,000)
- Payment for acquisition of SOC1 including reimbursement of security deposit: (145,000)
- Payment for the acquisition of EL7679 including the NSW Mines Department security deposit: (15,800)
- One off cash payment to the Directors on listing: (22,995)

Pro-forma Balance: 4,076,759

We note that the total cash costs of the seed raising and the Offer is $640,439 as stated in section 1.6 of the Prospectus.

<table>
<thead>
<tr>
<th>NOTE 3. TRADE AND OTHER RECEIVABLES</th>
<th>Audited as at 31-Mar-18 $</th>
<th>Pro-forma after Offer $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other receivables</td>
<td>-</td>
<td>12,535</td>
</tr>
</tbody>
</table>

Adjustments to arise at the pro-forma balance:
- Audited balance of XS as at 31 March 2018: 0
- Audited balance of SOC1 as at 31 December 2017: 10,000

Subsequent events:
- Refundable amount on acquisition of Spanish River Project following amendment to the acquisition agreement subsequent to balance date: 2,535

Pro-forma Balance: 12,535
### NOTE 4. ACQUISITION COSTS

<table>
<thead>
<tr>
<th></th>
<th>Audited as at 31-Mar-18 $</th>
<th>Pro-forma after Offer $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition costs</td>
<td>2,535</td>
<td>475,800</td>
</tr>
</tbody>
</table>

**Adjustments to arise at the pro-forma balance:**
- Audited balance of XS as at 31 March 2018: 2,535
- Audited balance of SOC 1 as at 31 December 2017: -

**Subsequent events:**
- Amendment to the acquisition agreement subsequent to balance date: (2,535)

**Pro-forma adjustments:**
- Uplift to exploration and evaluation assets on acquisition: 475,800

**Pro-forma Balance:** 475,800

---

### NOTE 5. LOAN FROM PARENT

<table>
<thead>
<tr>
<th></th>
<th>Audited as at 31-Mar-18 $</th>
<th>Pro-forma after Offer $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan from parent</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Adjustments to arise at the pro-forma balance:**
- Audited balance of XS as at 31 March 2018: -
- Audited balance of SOC 1 as at 31 December 2017: 396,536

**Subsequent events:**
- Conversion of loan from parent: (396,536)

**Pro-forma Balance:** -
### NOTE 6. SHARE CAPITAL

<table>
<thead>
<tr>
<th></th>
<th>Audited 31-Mar-18</th>
<th>Pro-forma after Offer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>$230,010</td>
<td>$4,053,010</td>
</tr>
</tbody>
</table>

**Adjustments to arise at the pro-forma balance:**

<table>
<thead>
<tr>
<th>Number of shares</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully paid ordinary share capital of XS at 31 March 2018</td>
<td>2,300,100</td>
</tr>
<tr>
<td>Fully paid ordinary share capital of SOC 1 at 31 December 2017</td>
<td>100</td>
</tr>
</tbody>
</table>

**Subsequent Events:**

<table>
<thead>
<tr>
<th>Number of shares</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conversion of SOC 1's loan from its parent company to equity</td>
<td>396,536</td>
</tr>
<tr>
<td>Issue of shares for seed fundraising</td>
<td>1,700,000</td>
</tr>
<tr>
<td>Capital raising costs in relation to seed raising</td>
<td>- (24,000)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of shares</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,096,536</td>
<td>542,536</td>
</tr>
</tbody>
</table>

**Pro-forma adjustments:**

<table>
<thead>
<tr>
<th>Number of shares</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elimination of SOC 1's equity</td>
<td>(396,636)</td>
</tr>
<tr>
<td>Issue of shares to the vendors of the Spanish River Project</td>
<td>250,000</td>
</tr>
<tr>
<td>Issue of shares to Force Commodities Limited on completion of the IPO</td>
<td>1,250,000</td>
</tr>
<tr>
<td>Issue of Shares pursuant to the Public Offer</td>
<td>22,500,000</td>
</tr>
<tr>
<td>Costs of the Offer</td>
<td>- (410,000)</td>
</tr>
<tr>
<td>Shares issued to Mr Michael Fry on listing</td>
<td>250,000</td>
</tr>
<tr>
<td>Issue of 3 million Lead Manager Shares treated as a capital raising cost</td>
<td>4,000,000</td>
</tr>
<tr>
<td>Issue of 2 million shares to Brokers (other than the Lead Manager)</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Issue of 3 million Lead Manager Options treated as a capital raising cost</td>
<td>- (327,000)</td>
</tr>
<tr>
<td>Issue of 4 million options to Brokers (other than the Lead Manager)</td>
<td>- (436,000)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of shares</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>29,853,364</td>
<td>3,280,364</td>
</tr>
</tbody>
</table>

**Pro-forma Balance**

<table>
<thead>
<tr>
<th>Number of shares</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>34,250,100</td>
<td>4,053,010</td>
</tr>
</tbody>
</table>

---

### NOTE 7. RESERVES

<table>
<thead>
<tr>
<th></th>
<th>Audited 31-Mar-18</th>
<th>Pro-forma after Offer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserves</td>
<td>$-</td>
<td>$1,762,000</td>
</tr>
</tbody>
</table>

**Adjustments to arise at the pro-forma balance:**

<table>
<thead>
<tr>
<th>Number of shares</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audited balance of XS as at 31 March 2018</td>
<td>-</td>
</tr>
<tr>
<td>Audited balance of SOC 1 as at 31 December 2017</td>
<td>-</td>
</tr>
</tbody>
</table>

**Pro-forma adjustments:**

<table>
<thead>
<tr>
<th>Number of shares</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issue of 3 million Lead Manager Options</td>
<td>327,000</td>
</tr>
<tr>
<td>Issue of 4 million options to Brokers (other than the Lead Manager)</td>
<td>436,000</td>
</tr>
<tr>
<td>Issue of 9 million Director Options</td>
<td>999,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of shares</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,762,000</td>
<td></td>
</tr>
</tbody>
</table>

**Pro-forma Balance**

<table>
<thead>
<tr>
<th>Number of shares</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,762,000</td>
<td></td>
</tr>
</tbody>
</table>
The options to be issued pursuant to the Offer have been valued using the Black Scholes option pricing model, with the key inputs and assumptions set out below.

<table>
<thead>
<tr>
<th>Options to be Issued</th>
<th>Director Options</th>
<th>Lead Manager Options</th>
<th>Other Broker Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of options</td>
<td>9,000,000</td>
<td>3,000,000</td>
<td>4,000,000</td>
</tr>
<tr>
<td>Underlying share price ($)</td>
<td>0.200</td>
<td>0.200</td>
<td>0.200</td>
</tr>
<tr>
<td>Exercise price ($)</td>
<td>0.300</td>
<td>0.300</td>
<td>0.300</td>
</tr>
<tr>
<td>Life of the Options (years)</td>
<td>3.07</td>
<td>3.00</td>
<td>3.00</td>
</tr>
<tr>
<td>Expected dividends (%)</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Expected volatility</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Risk free rate</td>
<td>2.16%</td>
<td>2.16%</td>
<td>2.16%</td>
</tr>
<tr>
<td>Value per option ($)</td>
<td>0.111</td>
<td>0.109</td>
<td>0.109</td>
</tr>
<tr>
<td>Value per tranche ($)</td>
<td>999,000</td>
<td>327,000</td>
<td>436,000</td>
</tr>
</tbody>
</table>

**NOTE 8. ACCUMULATED LOSSES**

<table>
<thead>
<tr>
<th></th>
<th>Audited 31-Mar-18</th>
<th>Pro forma after Offer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated losses</td>
<td>(15,992)</td>
<td>(1,295,916)</td>
</tr>
<tr>
<td>Audited balance of XS as at 31 December 2017</td>
<td>(15,992)</td>
<td>(15,992)</td>
</tr>
<tr>
<td>Audited balance of SOC 1 at 31 December 2017</td>
<td>(386,636)</td>
<td>(386,636)</td>
</tr>
</tbody>
</table>

**Subsequent events:**

- Incorporation costs for XS Resources Canada Corporation | (1,490) | (1,490) |

**Pro-forma adjustments:**

- Elimination of accumulated losses of SOC 1 | 386,636 |
- Costs of the Offer not directly attributable to the capital raising | (206,439) |
- Shares issued to Mr Michael Fry on listing | (50,000) |
- Issue of 9 million Director Options | (999,000) |
- One off payment to the Directors | (22,995) |

|                      | (891,798) | (1,295,916) |

**Pro-forma Balance**

|                      | (1,295,916) |

**NOTE 9: ACCOUNTING FOR THE ACQUISITION OF SOC 1**

A summary of the details with respect to the Acquisition as included in our Report is set out below. These details have been determined for the purpose of the pro-forma adjustments as at 31 December 2017 and will require re-determination based on the identifiable assets and liabilities as at the successful acquisition date, which may result in changes to the value as disclosed below.

The acquisition is not deemed to be a business combination as neither XS or SOC 1 is considered to be a business under AASB 3: Business Combinations. Therefore, we consider this to be an asset acquisition and it is therefore accounted for under AASB 2: Share Based Payments, whereby XS is deemed to have issued shares to the vendors of SOC 1 in exchange for the net assets acquired.

The primary asset of SOC 1 are exploration assets which have been revalued to reflect the excess of the purchase consideration over the book value of the net assets acquired.
NOTE 9: NEW AASB ACCOUNTING STANDARDS – AASB 16: LEASES, AASB 9: FINANCIAL INSTRUMENTS AND AASB 15: REVENUE FROM CONTRACTS WITH CUSTOMERS

We have assessed the impact of new AASB standards on the Historical Financial Information and Pro-Forma Financial Information and do not consider them to have a material impact on the financial information presented in our Report.
## The Historical Statements of Profit or Loss and Other Comprehensive Income

The Historical Statements of Profit or Loss and Other Comprehensive Income show the historical financial performance of Imaging and are to be read in conjunction with the notes to and forming part of the Historical Financial Information set out in Appendix 4. Past performance is not a guide to future performance.

### Historical Statement of Profit or Loss and Other Comprehensive Income

<table>
<thead>
<tr>
<th>Statement of Profit or Loss and Other Comprehensive Income</th>
<th>Audited for the year ended 31-Dec-17 $</th>
<th>Audited for the year ended 31-Dec-16 $</th>
<th>Audited for the year ended 31-Dec-15 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other revenue</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ASIC Fees</td>
<td></td>
<td></td>
<td>243</td>
</tr>
<tr>
<td>Australian Stock Exchange Fees</td>
<td>498</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Exploration costs expensed</td>
<td>6,268</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Impairment expense</td>
<td>261,264</td>
<td>112,104</td>
<td>829,601</td>
</tr>
<tr>
<td>Total expenses</td>
<td>268,030</td>
<td>112,104</td>
<td>829,844</td>
</tr>
<tr>
<td>Loss from continuing operations before income tax</td>
<td>268,030</td>
<td>112,104</td>
<td>829,844</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loss from continuing operations after income tax</td>
<td>268,030</td>
<td>112,104</td>
<td>829,844</td>
</tr>
<tr>
<td>Other comprehensive income, net of tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net Loss for the period</td>
<td>268,030</td>
<td>112,104</td>
<td>829,844</td>
</tr>
</tbody>
</table>
The Historical Statement of Cash Flows show the historical cash flows of XS and are to be read in conjunction with the notes to and forming part of the Historical Financial Information set out in Appendix 4.
10. Management and Corporate Governance

10.1 Directors and key personnel

(a) Christopher Zielinski – Non-Executive Chairman

Mr Zielinski is a corporate lawyer with over 10 years’ experience. He is a director in the West Australian corporate law firm, Nova Legal. Mr Zielinski primarily works in mergers and acquisitions, capital raisings, regulatory compliance and commercial transactions with particular experience in the resources and technology sectors. Mr Zielinski graduated from the University of Notre Dame (Fremantle) with degrees in Law and Commerce (Finance), is a Member of the Australian Institute of Company Directors and an Associate of the Governance Institute of Australia. Mr Zielinski is currently a non-executive director of ASX listed Caeneus Minerals Ltd (ASX:CAD) and Baraka Energy & Resources Ltd (ASX:BKP).

(b) Andrew Haythorpe – Non-Executive Director

Mr Haythorpe has 30 years’ experience in geology, funds management, mining analysis and has been a Director and Chairman of a number of TSX and ASX listed companies. Since 1999, Mr Haythorpe has been involved in over A$300 million of mergers and acquisitions and capital raisings in mining and technology companies listed on the TSX and ASX. He is currently a director of Accelerate Resources (ASX:AX8) and director and advisor to several unlisted companies. Mr Haythorpe was previously a non-executive director of Petratherm Resources and Chairman of Wangle Technologies (ASX:WGL).

Prior to 1999, Mr Haythorpe was a Global Energy and Resources Fund Manager and Analyst at Bankers Trust and gained his initial experience as an analyst at Suncorp (now a Top 20 ASX listed Company with some A$96 billion in assets) and then at County Natwest and Hartley Poynton where he later became a director.

Mr Haythorpe has a Bachelor of Science (Hons) from James Cook University, Australia and is a Member of the Australian Institute of Company Directors (MAICD) and a Fellow of the Australian Minerals Institute (FAusIMM).

(c) Michael Fry – Executive Director

Mr Fry is an experienced company manager across a broad range of industry sectors. Mr Fry has a background in accounting and corporate advice having worked with KPG (Perth, Manchester), Deloitte Touche Tohmatsu (Melbourne), and boutique corporate advisory practice Troika Securities Ltd (Perth). Mr Fry is currently the Chief Financial Officer and Company Secretary at Force Commodities Limited (ASX:4CE) and Globe Metals & Mining Limited (ASX:GBE), and a director, Chief Financial Officer and Company Secretary of Winmar Resources Limited (ASX:WFE) and VDM Group Limited (ASX:VMG). Mr Fry previously served as Director, Chief Financial Officer and Company Secretary at Swick Mining Services Limited (ASX: SWK) (2006-2011) and Cougar Metals NL (ASX:CGM) (2006-2008, 2011-2017).

(d) Anna MacKintosh – Company Secretary

Mrs MacKintosh, B.Com (UWA) CPA serves as company secretary at Marquee Resources Limited (ASX:MQR), Tao Commodities Limited (ASX:TAO) and XS Resources Limited. Mrs MacKintosh has over 26 years commercial experience including 11 years with BHP, 10 years with AFSL holder Kirke Securities Limited as its Compliance Manager, Finance Manager and Responsible Executive. Mrs MacKintosh has previously served as Chief Financial Officer and Company Secretary for Kalia Limited (ASX:KLM) (2009-2018) formerly GBE Energy Limited, Applabs Technologies Limited (ASX:ALA) and XV汀 Limited (ASX:XVT) and as Financial Controller for Force Commodities Limited (ASX:4CE).
10.2 Management and Consultants

The Company is aware of the need to have sufficient management to properly supervise its business and the Board will continually monitor the management roles in the Company. As the business and the Company, 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 the Company’s business.

10.3 ASX Corporate Governance Council Principles and Recommendations

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

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

In light of the Company’s size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company’s activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company’s main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company’s full corporate governance policies are available in a dedicated corporate governance information section of the Company’s website (www.xsresources.com.au).

10.4 Board of directors

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

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

Consistent with these goals, the Board assumes the following responsibilities (amongst others):

(a) approving the strategic direction, policies and budgets of the Company;
(b) making sure the necessary resources (financial and human) are available to the Company and its senior executives to meet its objectives;
(c) overseeing management’s performance and progress of the Company’s strategic plan;
(d) approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
(e) ensuring that Company’s obligations to Shareholders are understood and met; and
(f) ensuring that a sound system of risk management and internal controls are in place.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors’ participation in the Board discussions on a fully-informed basis.
10.5 Composition of the Board
Election of Board members is substantially the province of the Shareholders in general meeting.

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

10.7 Independent professional advice
Subject to the Chairman’s approval, the Directors, at the Company’s expense, may obtain independent professional advice on issues arising in the course of their duties.

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

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

The total maximum remuneration of non-executive Directors was initially set by the initial shareholder and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors’ remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed $500,000 per annum.

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

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

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

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

10.11 Securities Trading policy
The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors, executives, employees and contractors). The policy generally provides that the written acknowledgement of the Chair (or the Board in the case of the Chairman) must be obtained prior to trading.
10.12 External audit

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

10.13 Audit committee

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

10.14 Departures from Recommendations

Following admission to the Official List of ASX, the Company will be required to report any departures from the Recommendations in its annual financial report.

The Company’s compliance and departures from the Recommendations as at the date of this Prospectus are set out on the following pages.

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Current Practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 A listed entity should disclose:</td>
<td>Satisfied. The functions reserved for the Board and delegated to senior executives have been established.</td>
</tr>
<tr>
<td>(a) the respective roles and responsibilities of its board and management; and</td>
<td></td>
</tr>
<tr>
<td>(b) those matters expressly reserved to the board and those delegated to management.</td>
<td></td>
</tr>
<tr>
<td>1.2 A listed entity should:</td>
<td>Satisfied. Appropriate checks have been undertaken.</td>
</tr>
<tr>
<td>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</td>
<td></td>
</tr>
<tr>
<td>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</td>
<td></td>
</tr>
<tr>
<td>1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</td>
<td>Satisfied. Agreements in place.</td>
</tr>
<tr>
<td>1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</td>
<td>Satisfied. This practice is in place.</td>
</tr>
<tr>
<td>Recommendation</td>
<td>Current Practice</td>
</tr>
<tr>
<td>----------------</td>
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</tr>
<tr>
<td><strong>1.5</strong> A listed entity should:</td>
<td>(a) Satisfied.</td>
</tr>
<tr>
<td>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity’s progress in achieving them;</td>
<td>(b) The Company’s Diversity Policy is available on the Company’s website.</td>
</tr>
<tr>
<td>(b) disclose that policy or a summary of it; and</td>
<td>(c) Not satisfied. The measurable objectives are yet to be established.</td>
</tr>
<tr>
<td>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity’s diversity policy and its progress towards achieving them and either:</td>
<td>(i) Board – 100% men; senior executives – 66.7% men; whole organisation – 80% men. “Senior Executive” is defined in the Diversity Policy as “the employees of XS Resources who manage XS Resources pursuant to the directions and delegations of the Board.”</td>
</tr>
<tr>
<td>(i) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined “senior executive” for these purposes); or</td>
<td>(ii) Not applicable.</td>
</tr>
<tr>
<td>(ii) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.</td>
<td></td>
</tr>
<tr>
<td><strong>1.6</strong> A listed entity should:</td>
<td>(a) Satisfied.</td>
</tr>
<tr>
<td>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</td>
<td>(b) Not satisfied. No evaluations have been undertaken to date.</td>
</tr>
<tr>
<td>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</td>
<td></td>
</tr>
<tr>
<td><strong>1.7</strong> A listed entity should:</td>
<td>(a) Satisfied.</td>
</tr>
<tr>
<td>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</td>
<td>(b) Not satisfied. No evaluations have been undertaken to date as the Company was only recently incorporated and senior executives recently appointed.</td>
</tr>
<tr>
<td>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</td>
<td></td>
</tr>
<tr>
<td><strong>2.1</strong> The board of a listed entity should:</td>
<td>(a) Not Satisfied. In the Board’s view, a formal Nomination Committee is not necessary at this time due to the small size of the Company and the nature of its operations. The role of the Committee is undertaken by the full Board.</td>
</tr>
<tr>
<td>(a) have a nomination committee which:</td>
<td>(b) Satisfied. The Board has a Nomination Charter that sets out the guidelines to be followed to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</td>
</tr>
<tr>
<td>(i) has at least three members, a majority of whom are independent directors; and</td>
<td></td>
</tr>
<tr>
<td>(ii) is chaired by an independent director, and disclose:</td>
<td></td>
</tr>
<tr>
<td>(i) the charter of the committee;</td>
<td></td>
</tr>
<tr>
<td>(ii) the members of the committee; and</td>
<td></td>
</tr>
<tr>
<td>(iii) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</td>
<td></td>
</tr>
<tr>
<td>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</td>
<td></td>
</tr>
</tbody>
</table>
2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

Satisfied. Board skills matrix as follows.

<table>
<thead>
<tr>
<th>Director</th>
<th>Capital Markets</th>
<th>Resource Industry</th>
<th>Mining/Geology</th>
<th>Finance/Accting</th>
<th>Listed Coy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Christopher Zielinski</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Michael Fry</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Andrew Haythorpe</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
</tbody>
</table>

The Board has undertaken a review of the mix of skills and experience on the Board in light of Company’s principal activities and direction. The Board considers the current mix of skills and experience of members of the Board is sufficient to meet the requirements of the Company.

2.3 A listed entity should disclose:
(a) the names of the directors considered by the board to be independent directors;
(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
(c) the length of service of each director.

(a) The Board has assessed the independence status of its Directors with reference to the independence factors described in Box 2.3 of the Recommendations and has determined the following:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Independence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Christopher Zielinski</td>
<td>Non-Executive Chairman</td>
<td></td>
</tr>
<tr>
<td>Michael Fry</td>
<td>Executive Director</td>
<td></td>
</tr>
<tr>
<td>Andrew Haythorpe</td>
<td>Non-Executive Director</td>
<td></td>
</tr>
</tbody>
</table>

(b) All Directors have been in office since incorporation on 2 March 2018.

2.4 A majority of the board of a listed entity should be independent directors.

Satisfied.

2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

Satisfied.

2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

Satisfied.
### Recommendation vs. Current Practice

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Current Practice</th>
</tr>
</thead>
</table>
| **3.1** A listed entity should:  
(a) have a code of conduct for its directors, senior executives and employees; and  
(b) disclose that code or a summary of it.  | Satisfied.  
The Company’s Code of Conduct Policy is available on the Company’s website. |
| **4.1** The board of a listed entity should:  
(a) have an audit committee which:  
(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and  
(ii) is chaired by an independent director, who is not the chair of the board, and disclose:  
(i) the charter of the committee;  
(ii) the relevant qualifications and experience of the members of the committee; and  
(iii) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or  
(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.  | (a) Not Satisfied.  
The full Board undertakes the responsibilities of an Audit committee.  
(b) The Board has not established an audit committee as the role of the Audit committee is being undertaken by full Board whilst the Board consists of only 3 members.  
The Audit and Risk Committee Charter is available on the Company’s website. |
| **4.2** The board of a listed entity should, before it approves the entity’s financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.  | Satisfied. This practice is in place. |
| **4.3** A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.  | Satisfied. This practice is in place. |
| **5.1** A listed entity should:  
(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and  
(b) disclose that policy or a summary of it.  | Satisfied.  
The Company’s Continuous Disclosure and Communications Policy is available on the Company’s website. |
| **6.1** A listed entity should provide information about itself and its governance to investors via its website.  | Satisfied.  
Information about the Company and its governance is available on the Company’s website. |
| **6.2** A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.  | Satisfied.  
The Company’s Continuous Disclosure and Communications Policy is available on the Company’s website. |
| **6.3** A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.  | Satisfied.  
The Company’s Continuous Disclosure and Communications Policy is available on the Company’s website. |
<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Current Practice</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>6.4</strong></td>
<td><strong>Current Practice</strong></td>
</tr>
<tr>
<td>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</td>
<td>Satisfied.</td>
</tr>
</tbody>
</table>

| **7.1** | **Current Practice** |
| The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (i) the charter of the committee; (ii) the members of the committee; and (iii) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity’s risk management framework. | (a) Not satisfied. The Board has not established a risk committee as the role of the Risk committee is being undertaken by the full Board whilst the Board consists of only 3 members. The Audit and Risk Committee Charter is available on the Company’s website. (b) The Company has established policies for the Board’s oversight and management of material business risks. |

| **7.2** | **Current Practice** |
| The board or a committee of the board should: (a) review the entity’s risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place. | (a) Satisfied. (b) Satisfied. |

| **7.3** | **Current Practice** |
| A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes. | (a) The Company does not have an internal audit function. (b) The Board continually assesses, evaluates and, where necessary improves the effectiveness of its risk management and internal control processes. |

| **7.4** | **Current Practice** |
| A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. | The Company does not have material exposure to these risks. |

<p>| <strong>8.1</strong> | <strong>Current Practice</strong> |
| The board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (i) the charter of the committee; (ii) the members of the committee; and (iii) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive. | (a) Not satisfied. The Board has not established a remuneration committee as the role of the remuneration committee is being undertaken by full Board whilst the Board consists of only 3 members. The Remuneration and Nomination Charter is available on the Company’s website. (b) The processes the Company employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive is set out in the Company’s Remuneration Policy. |</p>
<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Current Practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</td>
<td>Satisfied. The structure of Director’s remuneration is disclosed in the Prospectus.</td>
</tr>
</tbody>
</table>
| 8.3 A listed entity which has an equity-based remuneration scheme should:  
(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and  
(b) disclose that policy or a summary of it. | (a) Satisfied  
(b) Satisfied. Refer to the Company’s Employee Share Option Plan for further details. |
11. Material Contracts

Set out below is a summary of the contracts to which the Company is a party that may be material or otherwise may be relevant to a potential investor in the Company. The whole of the provisions of the contracts are not repeated in this Prospectus and below is summary of the material terms only.

11.1 SOC1 Pty Ltd Option Agreement (to acquire EL4474)

The Company entered into an option agreement with Force Commodities Limited (Force) and SOC1 Pty Ltd (SOC1) on 29 May 2018 to acquire all of the issued share capital in SOC1 Pty Ltd, the holder of exploration licence EL4474 which forms part of the Halls Peak Project.

Pursuant to the SOC1 Option Agreement, Force granted the Company an option, in consideration of payment of $25,000, to purchase all of the issued share capital in SOC1. The option to purchase was exercised by the Company on 17 July 2018 pursuant to a notice in which the parties agreed to extend the option expiry date and the Company exercised the option to purchase. The parties further amended the SOC1 Option Agreement by way of deed of amendment dated 14 August 2018.

The conditions precedent to the completion of the sale of the shares pursuant to the amended SOC1 Option Agreement include:

(a) the Company receiving written confirmation from ASX that it will be admitted to the Official List of the ASX subject to conditions which the Company is capable of satisfying;

(b) Force providing an executed restriction agreement to the Company in respect of the consideration shares; and

(c) all of the conditions in the Sugec Option Agreement being satisfied or waived. (See Section 11.2 for details of the Sugec Option Agreement.)

The conditions precedent must be satisfied or waived (by the Company) by 31 December 2018 (or such later date as the parties may agree in writing).

At completion of the SOC1 Option Agreement, in return for:

(a) duly executed and completed transfers for the shares in SOC1; and

(b) all mining information in relation to EL4474; and

(c) the records of SOC1;

the Company must:

(a) pay Force $135,000 by way of reimbursement of funds previously expended on EL4474;

(b) reimburse Force for the $10,000 security deposit paid by Force in relation to EL4474; and

(c) issue $250,000 worth of shares in the Company (at $0.20) to Force (or its nominee).

If the Company, or SOC1 or any entity that the Company or SOC1 transfer an interest in EL4474 into, effect sales of any products mined or recovered from EL4474 of not less than $2,000,000, the Company shall (subject to any necessary shareholder approvals), issue $250,000 worth of shares at $0.20 to Force.

Notwithstanding that EL4474 may remain legally registered in SOC1’s name following completion, the parties agree that the Company is entitled to exclusive possession and unfettered access to EL4474 on and from completion to undertake all and any activities that the Company requires. Further, all rights associated with EL4474 will be exercised by the Company in SOC1’s name and will be held on trust by SOC1 as bare trustee for the Company.
The SOC1 Option Agreement otherwise contains provisions considered standard for an agreement of this type.

11.2 **Sugec Resources Limited Option Agreement (to acquire EL7679)**

The Company entered into an option agreement with Sugec Resources Pty Ltd (Sugec) on 29 May 2018 to acquire EL7679 which forms part of the Halls Peak Project.

Pursuant to the Sugec Option Agreement, Sugec granted the Company an option, in consideration of payment of $1, to purchase exploration licence EL7679. The option to purchase was exercised by the Company on 17 July 2018 pursuant to a notice in which the parties agreed to extend the option expiry date and that the Company exercised the option to purchase. The parties further amended the Sugec Option Agreement by way of deed of amendment dated 14 August 2018.

The conditions precedent to the completion of the sale of the shares under the amended Sugec Option Agreement include:

(a) the Company receiving written confirmation from ASX that it will be admitted to the Official List of the ASX subject to conditions which the Company is capable of satisfying; and

(b) all of the conditions in the SOC1 Option Agreement being satisfied or waived (see Section 11.1 for details of the SOC1 Option Agreement).

The conditions precedent must be satisfied or waived (by the Company) by 31 December 2018 (or such later date as the parties may agree in writing).

At completion of the Sugec Option Agreement, in return for:

(a) possession and use of the mining information in relation to EL7679;

(b) the original instrument of title of EL7679;

(c) a duly executed and registrable transfers for EL7679 to the Company (or its nominee); and

(d) a tax invoice in respect of the acquisition of EL7679 and the mining information;

the Company must:

(a) pay Sugec $5,800.36 by way of reimbursement of funds previously expended on EL7679; and

(b) pay Sugec an amount equal to the $10,000 security deposit.

Notwithstanding that EL7679 may remain legally registered in Sugec’s name following completion, the parties agree that the Company is entitled to exclusive possession and unfettered access to EL7679 on and from completion to undertake all and any activities that the Company requires. Further, all rights associated with EL7679 will be exercised by the Company in Sugec’s name and will be held on trust by Sugec as bare trustee for the Company.

The Sugec Option Agreement otherwise contains provisions considered standard for an agreement of this type.

11.3 **Spanish River Acquisition Agreement – (to acquire the Spanish River Project)**

The Company entered into a Heads of Agreement with Mr Perry English and Mr Steven Siemieniuk (together, the Vendor) on 6 March 2018 and two deeds of amendment to the heads of agreement dated 30 July 2018 and 17 August 2018 (together, the Spanish River Acquisition Agreement). Pursuant to the Spanish River Acquisition Agreement, the Company (via its wholly owned subsidiary, XS Resources Canada Corporation) has agreed to purchase:
(a) thirteen (13) unpatented single cell mining claims and two (2) unpatented boundary cell mining claims in Ontario, Canada (Claims) known as the Spanish River Project; and

(b) all technical information and documents relating to the Claims (Technical Information).

The material terms of the Spanish River Acquisition Agreement are set out below.

The acquisition of the Claims and the Technical Information is subject to the following conditions precedent:

(a) the Company conducting due diligence investigations to its’ satisfaction on the Claims;

(b) the Vendors obtaining all necessary approvals and consents from the relevant government authorities and regulators in respect of the transfer of the Claims to the Company; and

(c) the Company receiving written confirmation that it will be admitted to the Official List of the ASX on such conditions that the Company reasonably considers are capable of being satisfied.

Subject to the satisfaction of the conditions precedent, the Company is to pay the Vendor the following consideration:

(a) CAD$50,000 worth of Shares in the Company at an issue price of AUD$0.20 per Share based on an exchange rate of CAD$1=AUD$1 contemporaneously with the issue of the other Shares under the Prospectus;

(b) CAD$50,000 worth of Shares in the Company (calculated at an issue price per share being the volume weighted average price for the Shares for the 15 trading days preceding the date which is 12 months from the date of the Spanish River Agreement and utilising the exchange rate on the day preceding the date of issue of the Shares). The Shares are to be issued within 5 days of the first anniversary of the Spanish River Acquisition Agreement;

(c) CAD$10,000 worth of fully paid Shares in the Company (calculated at an issue price per share being the volume weighted average price for the Shares for the 15 trading days preceding the date of issue of the Shares) for every ten million pounds of contained copper delineated as Measured and Indicated with the first JORC compliant resource in the Claims which is publicly announced by the Company within 5 years from completion of the Spanish River Acquisition Agreement. These Shares are to be issued within 60 days of the public announcement; and

(d) a net smelter royalty of 2% of net smelter returns on any mineral products mined and sold from the Claims.

The Company (via its wholly owned subsidiary, XS Resources Canada Corporation) has an option to buy back one half of the net smelter royalty for CAD$1,000,000. In addition, the Company has a first right of refusal in respect of the sale, transfer or disposition of the Vendors’ interest in the net smelter royalty, subject to certain conditions.

The Spanish River Acquisition Agreement otherwise contains provisions considered standard for an agreement of this type.

11.4 Employment Contract – Executive Director (Michael Fry)

The Company entered into an employment agreement with Mr Michael Fry for his appointment as Executive Director.

The material terms of the agreement are as follows:

(a) the engagement of Mr Fry commences upon the Company being listed on ASX;
(b) the Company will pay Mr Fry an annual director’s fee of $120,000 plus superannuation with effect from the date of the Company’s admission to the Official List;

(c) the Company will issue Mr Fry (or his nominee) 250,000 Shares in the Company and 3,000,000 options with an exercise price of 30c and an expiry date of 1 July 2021;

(d) Mr Fry is to be insured under the Company’s directors’ and officers’ liability insurance policy;

(e) Mr Fry must keep the Company’s confidential information confidential and is required to disclose any interests and matters which affect his independence or give rise to a conflict of personal interests and duties as executive director;

(f) Mr Fry’s duties include:

(i) adopting a leadership role in the conduct of the responsibilities of the Company and lead and manage the Company;

(ii) ensure the Company has in place appropriate and adequate corporate governance policies and monitor compliance with those policies;

(iii) attend Board and committee meetings;

(iv) ensure the Board meets regularly and has adequate information to ensure that the Board is kept properly informed of the financial position and performance of the Company;

(v) monitor management and assessment of the Company’s financial position and performance and the detection and assessment of material adverse developments;

(vi) developing organisational, strategic corporate, business, marketing and operational plans for the Company; and

(vii) meeting quarterly deadlines and ensuring quarterly board papers and project reports are produced on time.

The agreement otherwise contains provisions considered standard for an agreement of this type.

11.5 Non-Executive Letter of Appointment – Non-Executive Director (Andrew Haythorpe)

The Company has entered into a letter agreement with Mr Andrew Haythorpe for his appointment as a non-executive director.

The material terms of the agreement are as follows:

(a) the engagement of Mr Haythorpe commenced on 2 March 2018;

(b) the Company will pay Mr Haythorpe (or his nominee) an annual director’s fee of $36,000 plus superannuation with effect from the date of the Company’s admission to the Official List;

(c) the Company will pay Mr Haythorpe (or his nominee) a one off payment of $9,000 (plus superannuation) upon the date of the Company’s admission to the Official List;

(d) the Company will issue Mr Haythorpe (or his nominee) 3,000,000 options with an exercise price of 30c and an expiry date of 1 July 2021;

(e) Mr Haythorpe is to be insured under the Company’s directors’ and officers’ liability insurance policy;

(f) Mr Haythorpe must keep the Company’s confidential information confidential and is required to disclose any interests and matters which affect his
independence or give rise to a conflict of personal interests and duties as non-executive director;

(g) Mr Haythorpe’s duties include:

(i) adopting a leadership role in the conduct of the responsibilities of the Company and lead and manage the Company;

(ii) ensure the Company has in place appropriate and adequate corporate governance policies and monitor compliance with those policies;

(iii) attend Board and committee meetings;

(iv) ensure the Board meets regularly and has adequate information to ensure that the Board is kept properly informed of the financial position and performance of the Company; and

(v) monitor management and assessment of the Company’s financial position and performance and the detection and assessment of material adverse developments.

The agreement otherwise contains provisions considered standard for an agreement of this type.

11.6 Non-Executive Letter of Appointment – Non-Executive Chairman (Christopher Zielinski)

The Company has entered into a letter agreement with Mr Christopher Zielinski for his appointment as a non-executive chairman.

The material terms of the agreement are as follows:

(a) the engagement of Mr Zielinski commenced on 2 March 2018;

(b) the Company will pay Mr Zielinski (or his nominee) an annual director’s fee of $48,000 plus superannuation with effect from the date of the Company’s admission to the Official List;

(c) the Company will pay Mr Zielinski (or his nominee) a one off payment of $12,000 (plus superannuation) upon the Company’s successful listing on ASX.

(d) the Company will issue Mr Zielinski (or his nominee) 3,000,000 options with an exercise price of 30c and an expiry date of 1 July 2021;

(e) Mr Zielinski is to be insured under the Company’s directors’ and officers’ liability insurance policy;

(f) Mr Zielinski must keep the Company’s confidential information confidential and is required to disclose any interests and matters which affect his independence or give rise to a conflict of personal interests and duties as non-executive director;

(g) Mr Zielinski’s duties include:

(i) adopting a leadership role in the conduct of the responsibilities of the Company and lead and manage the Company;

(ii) ensure the Company has in place appropriate and adequate corporate governance policies and monitor compliance with those policies;

(iii) attend board and committee meetings;

(iv) ensure the Board meets regularly and has adequate information to ensure that the Board is kept properly informed of the financial position and performance of the Company; and

(v) monitor management and assessment of the Company’s financial position and performance and the detection and assessment of material adverse developments.
The agreement otherwise contains provisions considered standard for an agreement of this type.

11.7 **Company Secretarial Mandate – Anna MacKintosh**

The Company has entered into a mandate with Mrs Anna MacKintosh in respect of her appointment as company secretary, and for the provision of financial and company secretarial services by Mrs MacKintosh.

The material terms of the mandate are as follows:

(a) the commencement date of the mandate is 1 April 2018;

(b) the services to be provided by Mrs MacKintosh include:

(i) managing and preparing the management accounts for the Company and its subsidiaries;

(ii) accounts payable and payroll functions;

(iii) preparing annual and half year financial accounts and co-ordinating the external audit of the Company;

(iv) ensuring the Company comply with its constitution and reporting requirements to ASX;

(v) co-ordinating, organising and attending board and shareholder meetings; and

(vi) preparation, review and lodgement of announcements pursuant to ASX Listing Rules.

(c) Mrs MacKintosh is to be paid $5,000 per month in arrears on the last day of the month upon ASX listing of the Company and until then, $2,500 per month, plus, reasonable expenses incurred; and

(d) The mandate continues until one party gives 90 days’ notice to the other of its intention to terminate.

The agreement otherwise contains provisions considered standard for an agreement of this type.

11.8 **Lead Manager Mandate and Seed Raising Fees – GTT Ventures Pty Ltd**

(a) Pursuant to the Lead Manager Mandate the Company has engaged GTT as Lead manager and broker to the Offer (Capital Raising Services); and

(b) Corporate advisor to the Company for a minimum period of 18 months from the date of completion of the acquisition of the assets relevant for the initial public offer (Corporate Advisory Services).

The material terms of the Lead Manager Mandate are as follows:

(a) GTT will provide the Capital Raising Services in consideration for the following fees:

(i) a management fee of 1% (exclusive of GST) of the value of any shares under the Offer that are taken up by GTT (or its nominees), or by parties introduced or provided by GTT (being $45,000 in the event that the Minimum Subscription is raised);

(ii) a capital raising fee of 5% (exclusive of GST) of the value of any shares under the Offer that are taken up by GTT (or its nominees), or by parties introduced or provided by GTT (being $225,000 in the event that the Minimum Subscription is raised);

(iii) a lead broker fee of $50,000 (plus GST);
(iv) 4,000,000 fully paid ordinary Shares in the Company (to be issued in accordance with the allocations set out in Section 1.10); and

(v) 3,000,000 options with an exercise price of $0.30 which expire in 3 years (in accordance with the allocations set out in Section 1.10).

(b) GTT will provide the Corporate Advisory Services for a monthly retainer of $15,000 for 18 months (being a total of $270,000).

(c) The Company must pay GTT's reasonable disbursements, including legal fees, accommodation and travelling expenses relating to its services provided that the aggregate of all fees does not exceed $500 without prior consent of the Company.

(d) The Company has indemnified GTT for any loss it suffers arising out of the provision of the Corporate Advisory Services.

(e) The Lead Manager Mandate will terminate after 18 months from date of completion of the acquisition of the assets relevant for the IPO unless extended by agreement between the parties. The Lead Manager Mandate can be terminated by GTT if the Company breaches the agreement, becomes insolvent or its representations or warranties are untrue.

The parties acknowledge that the Company intends to issue 2,000,000 Shares and 4,000,000 Options to unrelated third party brokers (who are not GTT) to assist the Company and GTT in raising funds under the Offer. GTT will not receive any financial benefit or fee in respect of these Shares and Options issued to third party brokers.

The agreement otherwise contains provisions considered standard for an agreement of this type.

Seed Funding Fee - GTT Ventures Pty Ltd

On or about 21 March 2018, the Company requested GTT to secure seed funding of $400,000 on behalf of the Company and agreed to pay GTT a fee of 6% (plus GST) on the seed funds raised.

The Company has paid GTT a fee of $24,000 (plus GST) in respect of the $400,000 seed funds raised.

11.9 Independent Contractor Agreement

The Company entered into an independent contractor agreement with Mr Perry English for Mr English on 6 March 2018 to provide field management services and logistics support to the Company in relation to the Spanish River Project.

The material terms of the contractor agreement are as follows:

(a) the effective date of the contractor agreement is 1 March 2018 and expires on 28 February 2020 unless otherwise agreed between the parties;

(b) the services that Mr English will provide to the Company include:

(i) supervision of persons and service providers connected with field exploration;

(ii) sourcing, negotiating and vetting drilling tenders or quotes;

(iii) procurement of all exploration supplies; and

(iv) performance review of all persons and service providers connected with field exploration;

(c) in consideration of providing the contractor services to the Company on a full time basis, the Company is to pay Mr English CAD$4,000 per month, inclusive of all taxes;

(d) the Company will reimburse Mr English for his expenses relating to the Company’s activities which are incurred with the Company’s prior approval;
Mr English must keep the Company’s confidential information confidential and must ensure that any person engaged by him shall keep the Company’s confidential information confidential also; and

the Company may terminate the contractor agreement at any time without notice and Mr English may terminate the contractor agreement by giving the Company 7 days’ written notice.

The agreement otherwise contains provisions considered standard for an agreement of this type.

11.10 Deeds of Access, Insurance and Indemnity

The Company has entered into deeds of access, insurance and indemnity with each of the Directors (Deeds).

The material terms of the Deeds are as follows:

(a) the Company undertakes to maintain certain documents on behalf of each Director and to provide the Director with access to those documents whilst they are a Director and for 7 years after they cease to be a Director;

(b) the Director must keep the Company’s documents confidential unless disclosure is required by law or to the Director’s legal advisers;

(c) the Company will indemnify the Directors against any liability incurred by the Director as a Director of the Company or a related body corporate;

(d) the Company will indemnity the Directors for, or lend or advance money to a Director for, their legal costs reasonably incurred in defending an action for liability incurred as a Director of the Company, unless the costs are incurred by the Director in defending proceedings brought against the Director by the Company or a related body corporate;

(e) the Company will maintain an insurance policy in relation to any liability incurred by the Directors in the Director’s capacity as an officer of the Company except for:

   (i) liability caused by a wilful breach of a Directors’ duty;

   (ii) improper use of the Directors’ position or improper use of information to gain an advantage for themselves; or

   (iii) improper use of the Directors’ position or improper use of information to cause detriment to the Company.

The Deeds otherwise contain provisions considered standard for agreements of this type.

11.11 Escrow Agreements

See Section 1.9 for details of the Shares and Options which the Company anticipates will be subject to escrow. The Company proposes to enter into escrow agreements with each of the relevant holders of the Shares and Options which will be subject to ASX imposed escrow as a result of the ASX Listing Rules.

The escrow agreements will be on ASX standard terms as set out in Appendix 9A of the ASX Listing Rules.
12. Additional Information

12.1 Rights attaching to Shares

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company’s registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

(i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
(ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
(iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder’s name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

The Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair
upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

(e) Shareholder liability

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) Transfer of Shares

Subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules, the Shares are freely transferable.

(g) Variation of rights

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) Alteration of Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

12.2 Options

The Options to be issued to the Directors, Lead Manager and other brokers (see Section 1.7 and 11 for details) entitle the holder to subscribe for Shares on the following terms and conditions:

(a) No monies will be payable for the issue of the Options.

(b) Each Option carries the right to subscribe for one Share.

(c) The Options are exercisable at any time until 5.00pm (WST) on 31 August 2021 (Expiry Date).

(d) The exercise price of each Option is $0.30 (Exercise Price).

(e) Options may be exercised in whole or in part. An exercise of only some of the Options shall not affect the rights of the party holding the Option (Option Holder) to the balance of the Options held by the Option Holder.

(f) An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date, and will cease to carry any rights or benefits.

(g) The Options are exercisable at any time on or prior to the Expiry Date (Exercise Period).

(h) The Options may be exercised during the Exercise Period by a holder delivering to the Company’s registered office a notice (in a form prescribed by the Company from time to time) stating that the number of Options to be exercised (Notice of Exercise) and a payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (Exercise Date).

Within 15 Business Days after the later of the following:

(i) the Exercise Date; and

(ii) when excluded information in respect to the Company (as defined in Section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

(i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

(ii) if required, give ASX a notice that complies with Section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy Section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

(iii) if admitted to the Official List of ASX at the time, apply for Official Quotation on ASX of Shares issued pursuant to the exercise of the Director Options. If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy Section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

Options may be exercised into Shares to be held in the name of the Option Holder’s nominees.

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

The Options shall not be transferred or assigned by the holder except with the prior written consent of the Company and subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

Options shall not be quoted on ASX.

If at any time the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of an Option are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.

The holders of an Option may only participate in new issues of securities to holders of ordinary shares in the Company if the Option has been exercised and Shares issued in respect of the Option before the record date for determining entitlements to the issue.

There will be no change to the exercise price of the Option or the number of Shares over which an Option is exercisable in the event of the Company making a pro rata issue of shares or other securities to the holders of ordinary shares in the Company (other than a bonus issue).

If there is a bonus issue (Bonus Issue) to the holders of ordinary Shares in the Company, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the
Option had been exercised before the record date for the Bonus Issue (Bonus Shares). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other Shares of that class on issue as the date of issue of the Bonus Shares.

12.3 Employee Share Option Plan

The Company has adopted an Employee Share Option Plan (Plan). The purpose of the Plan is to:

(a) assist in the reward, retention and motivation of eligible participants;
(b) link the reward of eligible participants to performance and the creation of Shareholder value;
(c) align the interests of eligible participants more closely with the interests of Shareholders by providing an opportunity for eligible participants to receive Shares;
(d) provide eligible participants with the opportunity to share in any future growth in value of the Company; and
(e) provide greater incentive for eligible participants to focus on the Company's longer term goals.

The Plan will continue until terminated or amended by a resolution of the Board.

Pursuant to the Plan, the Board may make an offer to apply for Options in the Company to eligible participants in consideration of the eligible participant's length of service in the Company, contribution or potential contribution to the Company.

Eligible Participants are defined in the Plan as:

(a) a Director (whether executive or non-executive) of the Company or a related company;
(b) a full or part time employee of the Company or a related company;
(c) a casual employee or contractor of the Company (or a related company).

The offer to apply for Options, if accepted by the eligible participant, obliges the Company to grant the Options specified in the offer to the eligible participant. The eligible participant may then exercise the Options, (subject to the terms of the offer and the Plan) by providing the Company with a notice and paying to the company the exercise price for the Options. The Company will (subject to the terms of the Offer and the Plan), issue the relevant Shares to the eligible participant.

12.4 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

12.5 Interests of Directors

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

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

and no amounts have been paid or agreed to be paid (in cash or securities or otherwise) and no benefits have been given or agreed to be given to any Director.
The interests of the Directors in the Securities of the Company as at the date of this Prospectus are set out in Sections 1.15 above.

12.6 Interests and Consents of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

(a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;

(b) promoter of the Company; or

(c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the two years before lodgement of this Prospectus with ASIC, any interest in:

(a) the formation or promotion of the Company;

(b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or

(c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or securities or otherwise) and no benefits have been given or agreed to be given to any Director:

(a) to induce him to become, or to qualify him as, a Director; or

(b) for services rendered by him in connection with the formation or promotion of the Company or the Offer.

Each of the parties referred to in this Section:

(a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and

(b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Mr Chapman of GJ Exploration Pty Ltd has acted as Independent Geologist and has prepared the Geologist’s Reports which are included in Section 6 of this Prospectus. The Company estimates it will pay GJ Exploration Pty Ltd a total of $14,800 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, GJ Exploration Pty Ltd has not received any fees from the Company for any other services. GJ Exploration Pty Ltd has given its written consent to being named as the Independent Geologist in this Prospectus, the inclusion of the Geologist’s Reports in Section 6 of this Prospectus in the form and context in which the report is included, and the inclusion of statements contained in the Chairman’s Letter in Section 2, Investment Overview in Section 1 and Section 4.2 of this Prospectus in the form and context in which those statements are included. GJ Exploration Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

McCarthy Tetrault has acted as the Company’s Canadian legal advisers and has prepared the Canadian Legal Report on the Project which is included in Section 8 of this Prospectus. The Company estimates it will pay McCarthy Tetrault a total of $19,971 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, McCarthy Tetrault has not received fees from the Company for any
other services. McCarthy Tetrault has given its written consent to being named as the Company’s in-country solicitors in this Prospectus and to the inclusion of the Legal Report on the Project in Section 8 of this Prospectus in the form and context in which the information and report is included. McCarthy Tetrault has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Resources Legal has acted as the Company’s New South Wales legal advisers and has prepared the New South Wales Legal Report on the Project which is included in Section 7 of this Prospectus. The Company estimates it will pay Resources Legal a total of $6,810 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, Resources Legal has not received fees from the Company for any other services. Resources Legal has given its written consent to being named as the Company’s New South Wales solicitor’s in this Prospectus and to the inclusion of the New South Wales Legal Report on the Project in Section 7 of this Prospectus in the form and context in which the information and report is included. Resources Legal has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

BDO Corporate Finance (WA) Pty Ltd has acted as Investigating Accountant and has prepared the Investigating Accountant’s Report which is included in Section 9 of this Prospectus. The Company estimates it will pay BDO Corporate Finance (WA) Pty Ltd a total of $20,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, BDO Corporate Finance (WA) Pty Ltd has not received fees from the Company for any other services. BDO Corporate Finance (WA) Pty Ltd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant’s Report in Section 9 of this Prospectus in the form and context in which the information and report is included. BDO Corporate Finance (WA) Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Nova Legal has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Nova Legal $140,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with ASIC, Nova Legal has received no fees from the Company in respect of any other services. Nova Legal has given its written consent to being named as the solicitors to the Company in this Prospectus. Nova Legal has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

GTT Ventures Pty Ltd will be paid fees for lead manager services in relation to this Prospectus as set out in Section 11.8 pursuant to the Lead Manager Mandate. GTT has provided corporate advisor and lead manager services to the Company under the Mandate described in Section 11.8 and fees of $15,000 per month (ex GST) for corporate advisory services for a period of 18 months are payable for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, the GTT has received fees totalling $24,000 (excluding GST) the Company in respect of the seed capital raising services. GTT has given, and has not withdrawn its consent to being named as Lead Manager to the Company in this Prospectus. GTT has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name.

Auto mic Registry Services Pty Ltd has been appointed to conduct the Company’s share registry functions and to provide administrative services in respect to the processing of Applications received pursuant to this Prospectus, and are paid for these services on standard industry terms and conditions. References to Automic Registry Services Pty Ltd appear for information purposes only. Automic Registry Services Pty Ltd have not been involved in, authorised or caused the issue of this Prospectus.

BDO Audit (WA) Pty Ltd has given its written consent to being named as the auditor for the Company in this Prospectus in the form and context in which it is included and to the inclusion of the Company’s audited financial statements and to statements by BDO Audit (WA) Pty Ltd in its capacity as the auditor in relation to those audited financial statements. References to BDO Audit (WA) Pty Ltd appear for information purposes only. BDO Audit
(WA) Pty Ltd have not been involved in, authorised or caused the issue of this Prospectus and has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

12.7 Expenses of the Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately $640,439 and are expected to be applied towards the items set out in the table below:

<table>
<thead>
<tr>
<th>Item of Expenditure</th>
<th>Minimum Subscription ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASIC fees</td>
<td>3,206</td>
</tr>
<tr>
<td>ASX fees</td>
<td>74,251</td>
</tr>
<tr>
<td>Broker and Lead Manager Commission*</td>
<td>294,000</td>
</tr>
<tr>
<td>Broker and Lead Manager Fees</td>
<td>50,000</td>
</tr>
<tr>
<td>Legal Fees</td>
<td>140,000</td>
</tr>
<tr>
<td>Independent Geologists Fees</td>
<td>14,800</td>
</tr>
<tr>
<td>Legal Report on Halls Peak Project Fees</td>
<td>6,810</td>
</tr>
<tr>
<td>Legal Report on Spanish River Project Fees</td>
<td>19,971</td>
</tr>
<tr>
<td>Investigating Accountant’s Fees</td>
<td>20,000</td>
</tr>
<tr>
<td>Share Registry Fees</td>
<td>2,400</td>
</tr>
<tr>
<td>Printing and Distribution</td>
<td>5,000</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>10,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>640,439</td>
</tr>
</tbody>
</table>

12.8 Continuous disclosure obligations

Following admission of the Company to the Official List, the Company will be a “disclosing entity” (as defined in Section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

Price sensitive information will be publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

12.9 Electronic Prospectus

Pursuant to ASIC Regulatory Guide 107, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard
copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at www.xsresources.com.au.

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

12.10 Financial Forecasts

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

12.11 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will apply to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

12.12 Privacy statement

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

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

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

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

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Christopher Zielinski
Non-Executive Chairman
For and on behalf of
XS Resources Limited
14. Glossary

Where the following terms are used in this Prospectus they have the following meanings:

$ means an Australian dollar.

**Acquisition Agreements** means the SOC1 Option Agreement, the Sugec Option Agreement and the Spanish River Acquisition Agreement.

**Applicant** means a person who submits an Application Form.

**Application** means a valid application for Shares.

**Application Form** means the application form attached to or accompanying this Prospectus relating to the Offer.

**Application Monies** means the funds received from Applicants.

**ASIC** means Australian Securities & Investments Commission.

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

**ASX Listing Rules** means the official listing rules of ASX.

**Board** means the board of Directors as constituted from time to time.

**CAD$** means a Canadian dollar.

**Canadian Legal Report** means the solicitor's report completed by McCarthy Tétrault on the Spanish River Project as set out in Section 8.

**Claims** mean the thirteen (13) unpatented single cell mining claims and the two (2) unpatented boundary cell mining claims in Ontario, Canada to be purchased from Mr Siemieniuk and Mr English pursuant to the Spanish River Acquisition Agreement.

**Closing Date** means the closing date of the Offer as set out in the indicative timetable in the Investment Overview in Section 1.4 of this Prospectus (subject to the Company reserving the right to extend the Closing Date or close the Offer early).

**Company or XS Resources** means XS Resources Limited (ACN 624 766 114).

**Constitution** means the constitution of the Company.

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

**Directors** means the directors of the Company at the date of this Prospectus.

**Exposure Period** means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.

**Force** means Force Commodities Limited (ACN 145 184 667).

**GTT** means GTT Ventures Pty Ltd (ACN 601 029 636), the lead manager of the Offer.

**Halls Peak Project** means exploration licence EL4474 and exploration licence EL7679, both in New South Wales, as set out in the Independent Geologist’s Report in Section 6.

**Independent Geologist’s Reports or Reports** means the two reports prepared by GJ Exploration Pty Ltd in relation to the Projects in Section 6.

**Investigating Accountant’s Report** means the report prepared by BDO Corporate Finance (WA) Pty Ltd in Section 9.

**JORC** means the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves.

**Lead Manager** means GTT.

**Lead Manager Mandate** means the corporate advisor and lead manager mandate entered into between the Company and the Lead Manager on the terms set out in Section 11.8.
Licences means the exploration licences comprising the Halls Peak Project, being EL4474 and EL7679.

Minimum Subscription means $4,500,000 via the offer of 22,500,000 Shares at an issue price of $0.20 per Share.

New South Wales Legal Report means the solicitor’s report completed by Resources Legal on the Halls Peak Project as set out in Section 7.

Offer means the offer of 22,500,000 Shares at $0.20 per Share pursuant to this Prospectus as set out in Section 3 of this Prospectus.

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Plan means the Company’s Employee Share Option plan, the terms of which are set out in Section 12.3.

Projects means the Halls Peak Project and Spanish River Project as set out in the Independent Geologist’s Reports in Section 6.

Prospectus means this prospectus.

Section means a section of this Prospectus.

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

Shareholder means a holder of Shares.

SOC1 Option Agreement means the agreement between Force Commodities and SOC1 Pty Ltd and the Company dated 29 May 2018 amended by deeds dated 17 July 2018 and 14 August 2018 as summarised in Section 11.1.

SOC1 means SOC1 Pty Ltd (ACN 158 330 646) the owner of EL4474.

Spanish River Project means the thirteen (13) unpatented single cell mining claims and two (2) unpatented boundary mining claims in Ontario, Canada as set out in the Independent Geologist’s Reports in Section 6.

Spanish River Acquisition Agreement means the agreement between the Company and Mr English and Mr Siemieniuk to acquire the Claims comprising the Spanish River Project dated 6 March 2018 and the deeds of amendment dated 30 July 2018 and 17 August 2018 summarised in Section 11.3.

Sugec Option Agreement means the agreement between Sugec Resources Pty Ltd and the Company dated 29 May 2018 amended by deeds dated 29 May 2018 and 14 August 2018 as summarised in Section 11.2.

Sugec or Sugec Resources Pty Ltd means Sugec Resources Pty Ltd (formerly Sugec Resources Limited) (ACN 162 033 098) the owner of EL7679.

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

Geological terms used in this Prospectus have the meaning set out in the Independent Geologist’s Reports in Section 6.
Option A: Apply Online and Pay Electronically (Recommended)

Apply online at: https://automic.com.au/xsresourceslimited.html

- Pay electronically: Applying online allows you to pay electronically, for Australian residents through BPAY®. Overseas Applicants in permitted jurisdictions can also pay electronically through an electronic funds transfer.
- Get in first, it’s fast and simple: Applying online is very easy to do, it eliminates any postal delays and removes the risk of it being potentially lost in transit.
- It’s secure and confirmed: Applying online provides you with greater privacy over your instructions and is the only method which provides you with confirmation that your Application has been successfully processed.

To apply online, simply scan the barcode to the right with your tablet or mobile device or you can enter the URL above into your browser.

Option B: Standard Application and Pay by Cheque

Enter your details below (clearly in capital letters using pen), attach cheque and return in accordance with the instructions on the reverse.

1. Number of Shares applied for
   Application payment (multiply box 1 by $0.20 per Share)
   Applications must be for a minimum of 10,000 Shares (A$2,000), and thereafter in multiples of 1,000 Shares ($200).

2. Applicant name(s) and postal address: refer to naming standards for correct form of registrable title(s) overleaf
   Name of Applicant 1
   Name of Applicant 2 or <Account Designation>
   Name of Applicant 3 or <Account Designation>
   Postal address
   Unit / Street Number / Street name or PO Box
   Suburb/Town
   State
   Postcode
   Country and ZIP Code (if outside Australia)

3. Contact details
   Telephone Number
   Email Address
   By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible).

4. CHESS Holders Only – Holder Identification Number (HIN)
   X
   Note: if the name and address details in sections 2 do not match exactly with your registration details held at CHESS, any Shares issued as a result of your Application will be held on the Issuer Sponsored subregister.

5. TFN/ABN/Exemption Code
   Applicant 1
   Applicant #2
   Applicant #3
   If NOT an individual TFN/ABN, please note the type in the box
   C = Company; P = Partnership; T = Trust; S = Super Fund
YOUR PRIVACY
Automic Pty Ltd (ACN 152 260 814) trading as Automic advises that Chapter 2C of the Corporation Act 2001 requires information about you as a Securityholder (including your name, address and details of the Securities you hold) to be included in the public register of the entity in which you hold Securities. Primarily, your personal information is used in order to provide a service to you. We may also disclose the information that is related to the primary purpose and it is reasonable for you to expect the information to be disclosed. You have a right to access your personal information, subject to certain exceptions allowed by law and we ask that you provide your request for access in writing (for security reasons). Our privacy policy is available on our website – www.automic.com.au

CORRECT FORMS OF REGISTRABLE TITLE
Note that ONLY legal entities can hold Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person.

<table>
<thead>
<tr>
<th>Type of Investor</th>
<th>Correct Form of Registration</th>
<th>Incorrect Form of Registration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>Mr John Richard Sample</td>
<td>J R Sample</td>
</tr>
<tr>
<td>Joint Holdings</td>
<td>Mr John Richard Sample &amp; Mrs Anne Sample</td>
<td>John Richard &amp; Anne Sample</td>
</tr>
<tr>
<td>Company</td>
<td>ABC Pty Ltd</td>
<td>ABC P/L or ABC Co</td>
</tr>
<tr>
<td>Trusts</td>
<td>Mr John Richard Sample</td>
<td>John Sample Family Trust</td>
</tr>
<tr>
<td>Superannuation Funds</td>
<td>Mr John Sample &amp; Mrs Anne Sample</td>
<td>John &amp; Anne Superannuation Fund</td>
</tr>
<tr>
<td>Partnerships</td>
<td>Mr John Sample &amp; Mr Richard Sample</td>
<td>John Sample &amp; Son</td>
</tr>
<tr>
<td>Clubs/Unincorporated Bodies</td>
<td>Mr John Sample</td>
<td>Food Health Club</td>
</tr>
<tr>
<td>Deceased Estates</td>
<td>Mr John Sample</td>
<td>Anne Sample (Deceased)</td>
</tr>
</tbody>
</table>

INSTRUCTIONS FOR COMPLETING THE APPLICATION FORM
YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

This is an Application Form for Shares in XS Resources Limited (ACN 624 766 141) (“Company”), made under the terms set out in the Prospectus dated 10 September 2018. The expiry date of the Prospectus is the date which is 13 months after the date of the Replacement Prospectus.

The Prospectus contains important information relevant to your decision to invest and you should read the entire Prospectus before applying for Shares. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus and any supplementary prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary prospectus (if applicable) and an Application Form, on request and without charge.

1. Shares applied for & payment amount - Enter the number of Shares you wish to apply for. Your Application must be for a minimum of 10,000 Shares (%2,000). Next, enter the amount of the Application Monies payable. To calculate this amount, multiply the number of Shares applied for by the offer price, which is A$0.20 per Share.

2. Applicant name(s) and postal address - Note that ONLY legal entities can hold Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person. You should refer to the table above for the correct forms of registrable title(s). Applicants using the wrong form of names may be rejected. Next, enter your postal address for the registration of your holding and all correspondence. Only one address can be recorded against a holding.

3. Contact Details - Please provide your contact details for us to contact you between 9.00am AEST and 5.00pm AEST should we need to speak to you about your Application. In providing your email address you elect to receive electronic communications. You can change your communication preferences at any time by logging in to the Investor Portal accessible at https://investor.automic.com.au/#/home

4. CHESS Holders - If you are sponsored by a stockbroker or other participant and you wish to hold Securities allotted to you under this Application on the CHESS subregister, enter your CHESS HIN. Otherwise leave the section blank and on allotment you will be sponsored by the Company and a “Securityholder Reference Number” (SRN) will be allocated to you.

5. TFN/ABN/Exemption - If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details. Collection of TFN’s is authorised by taxation laws but quotation is not compulsory and it will not affect your Application.

6. Payment - Payments for Applications made through this Application Form can only be made by cheque. Payment can be made by both BPAY and EFT but only by making an online Application, which can be accessed by following the web address provided on the front of the Application Form. Do not forward cash with this Application Form as it will not be accepted.

Your cheque must be made payable to “XS Resources Share Offer” 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 Application may be rejected if your cheque is dishonoured.

DECLARATIONS
BY SUBMITTING THIS APPLICATION FORM WITH THE APPLICATION MONIES, YOU DECLARE THAT:
- you have received a paper or electronic copy of the Prospectus that accompanies this Application Form and have read the Prospectus in full and agree to be bound by the terms and conditions of the offer as declared in the Prospectus;
- all details and statements made on the form are complete and accurate;
- where information has been provided about another individual, that individual’s consent has been obtained to transfer the information to the Company;
- the Company and their respective officers and agents are authorised to do anything on your behalf (including the completion and execution of documents) to enable the Shares to be allocated to you;
- you agree to be bound by the constitution of the Company;
- neither the Company nor any person or entity guarantees any particular rate of return on the Shares, nor do they guarantee the repayment of capital.

LODGEMENT INSTRUCTIONS
The Offer opens at 9.00am (WST) on 23 September 2018 and is expected to close at 5.00pm (WST) on 6 November 2018. The Company may elect to extend the Offer or close it (after the Offer is open) at any earlier date and time, without further notice. Applicants are therefore encouraged to submit their Applications as early as possible. Completed Application Forms and cheques must be:

<table>
<thead>
<tr>
<th>POSTED TO:</th>
<th>DELIVERED TO (during business hours only - 9am to 5pm (AEST)):</th>
</tr>
</thead>
<tbody>
<tr>
<td>XS Resources Limited</td>
<td>XS Resources Limited</td>
</tr>
<tr>
<td>C/- Automic</td>
<td>C/- Automic</td>
</tr>
<tr>
<td>PO Box 2226</td>
<td>Level 29, 201 Elizabeth Street</td>
</tr>
<tr>
<td>STRAWBERRY HILLS NSW 2012</td>
<td>SYDNEY NSW 2000</td>
</tr>
</tbody>
</table>

Your Application Form must be received by Automic no later than 5.00pm (WST) 6 November 2018.

If you have any enquiries in respect of this Application, please contact Automic by either phone on 1300 288 664 or at corporate.actions@automic.com.au.