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AUDALIA ACHIEVES UPGRADE TO INDICATED RESOURCE (JORC 2012) AT ITS FLAGSHIP VANADIUM MEDCALF PROJECT

ANNOUNCEMENT **15 AUGUST 2014**

Audalia Resources Limited (ASX: ACP) is pleased to announce a significant upgrade in the JORC 2012 resource classification for its Medcalf Project, with 72% of the vanadium deposit now at the higher Indicated category.

- Indicated Resources of 23.0 Mt at 0.47% V_2O_5
- Inferred Resources of 8.8 Mt at 0.40% V_2O_5
- for a total resource of 31.8 Mt at 0.45% V_2O_5.

This compares to the maiden Inferred Resource of 28.5 Mt at 0.50% V_2O_5 announced in 2013.

This new resource equates to contained vanadium pentoxide contents of approximately 108,000 tonnes in the Indicated category and 35,000 tonnes in the Inferred category.

This is an independent mineral resource estimate developed by Ravensgate.

Recent metallurgical testwork by Environmental Process and Mining Consultants Pty Ltd (**EPMC**) of South Africa has reported significantly improved vanadium recovery following metallurgical testwork at Mintek. The best results that have been obtained to date is a flow sheet which yields a metallurgical recovery of 62%.

This confirms the potential for the Medcalf Project to support a viable mining operation, and underpins Audalia's intention to continue development work and undertake a comprehensive prefeasibility study.

Medcalf Project Mineral Resource Estimate

Ravensgate have provided the following summary of their technical report which describes the recently completed mineral resource estimate.

The Medcalf Project is located in the Lake Johnson Mineral Field, 470km east-southeast of Perth and about 220km by road from the port of Esperance. The Medcalf Project is 100% owned and operated by Audalia. The nearest town is Norseman, 200 km to the east-northeast via gravel roads, which is on a railway line linking Kalgoorlie with Esperance. The deposit outcrops atop hills in the Bremer Range, at an elevation of some 400m above sea level, with topographic relief of approximately 100m. Audalia holds 100% ownership of a contiguous package of 13 tenements covering 23.8km^2 around the deposit.

The Medcalf Project is located in the Archaean aged Lake Johnston greenstone belt in the Yilgarn Craton. This belt contains komatiite lava flows, subvolcanic intrusions, mafic volcanic rocks, felsic volcanic rocks, banded iron formation and sedimentary rocks. The deposit is hosted by the Medcalf layered sill, which is a flat lying igneous body which has intruded parallel to the enclosing basalts. The sill is comprised of an upper gabbroic zone, a middle pyroxenite zone, with a lower amphibolite zone. Vanadium and titanium have initially been concentrated in a flat lying pyroxenite unit, which has subsequently been further enriched in these metals through weathering and regolith formation.

The deposit was discovered by Union Miniere in the 1960s. Historic exploration in the 1970s and 1980s by Amoco defined three separate areas of vanadium mineralisation - the Vesuvius, Fuji and Egmont prospects. Following successful ground surveys they drilled 28 holes defining a mineralised body on which they undertook mineralogical, petrographic and metallurgical studies. Since then four companies have explored the ground for a variety of metals but subsequently relinquished it.

Since acquiring the project in 2012, Audalia have conducted two reverse circulation (RC) drilling campaigns, a diamond drilling campaign, several geological mapping programs and geochemical sampling programs, flown aeromagnetic and Lidar surveys, undertaken environmental surveys and commissioned heritage surveys. This intensive work has greatly increased the quality and quantity of exploration data available for resource estimation and mining studies. Audalia has commissioned independent consultants Ravensgate to undertake resource estimation and mining studies which are summarised in this document. Ravensgate determined that the exploration has been conducted in an efficient manner using reliable equipment, proven methods and experienced geologists; quality control measures have been implemented during sampling and analysis to measure sample reliability, and NATA accredited laboratories have been used for chemical and mineral analysis. A site inspection was undertaken in June 2013 by Mr Neal Leggo (Principal Consultant with Ravensgate). This covered the project area, outcrops, the drill sites, diamond core, drill chips, historic costeans, exploration camp and access.

This mineral resource estimate has been prepared in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 Edition (JORC 2012). The 'Checklist of Assessment and Reporting Criteria' has been provided with this report in line with the guidelines of the JORC Code (2012). The mineral resource has been interpolated within geological wireframe the using a 0.20% V_2O_5 lower cut and is tabulated below.

Mineral Resources for the Medcalf Deposit - JORC 2012

Resource Category	Tonnes	V_2O_5 (%)	TiO_2 (%)	Cut-off V_2O_5 (%)
Measured	-			
Indicated	23.0	0.47	8.5	0.2
Inferred	8.8	0.40	8.1	0.2
TOTAL	31.8	0.45	8.4	0.2

The information in this report that relates to the Mineral Resource for the Medcalf Vanadium Project is based on information compiled by Stephen Hyland, who is a director of Ravensgate. Mr Hyland is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Hyland has had sufficient experience that is relevant to the style of mineralisation, 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 Resource and Ore Reserves (JORC Code 2012). Mr Hyland consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

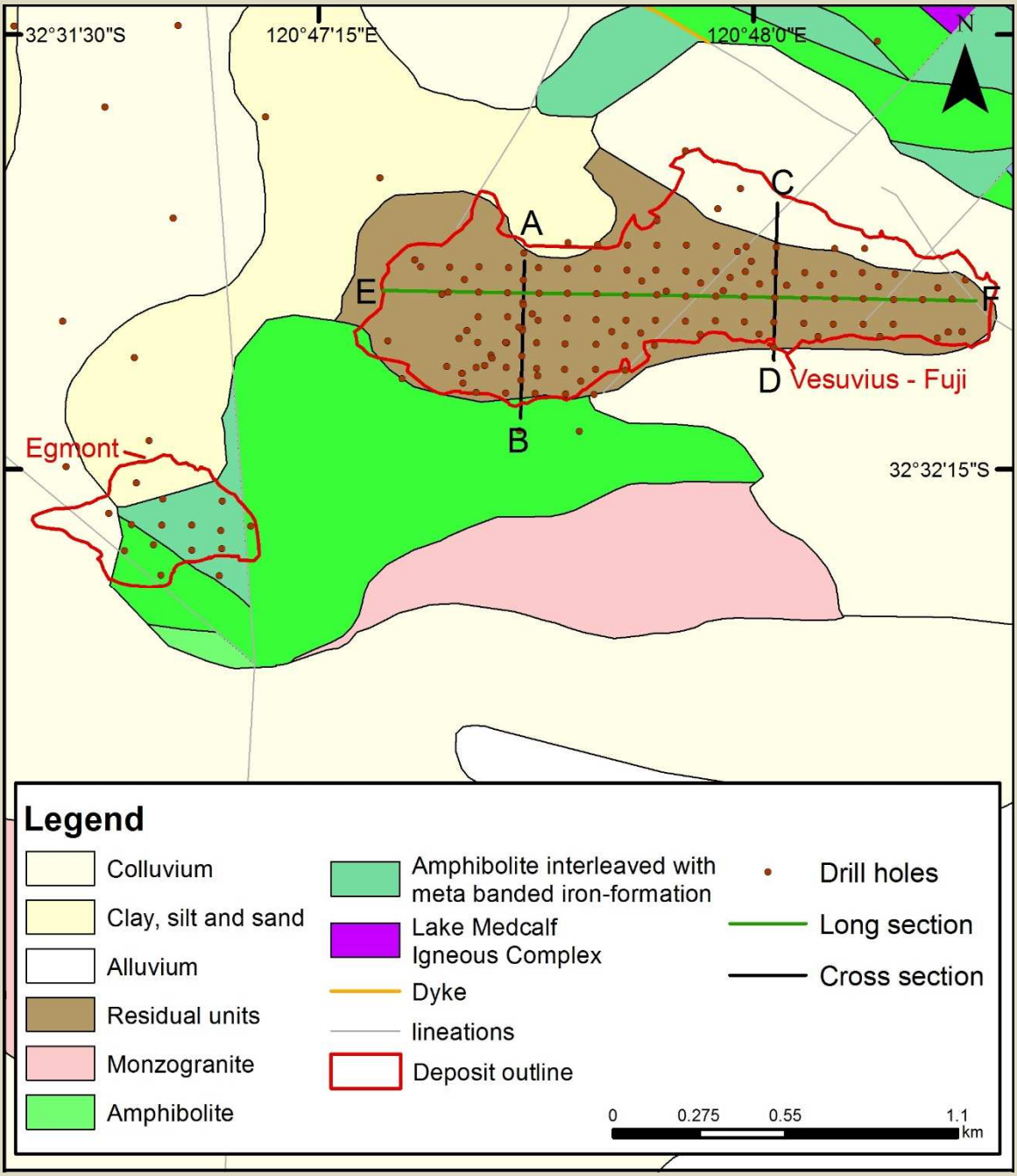

Figure 1: Geological map of the Medcalf deposit with drill collars and resource outline

The new resource estimate described in this report builds upon an earlier block model developed by Ravensgate for the previous resource estimation which was reported under the JORC Code (2004) in February 2013. Significant RC drilling (123 holes for 3546m) and assaying data acquired in 2013 forms the basis for this resource estimation, supported by 2 recent diamond drill holes and some historic drilling data (34 holes for 1523m). 95 additional RC drill holes were available for the updated resource estimate. The majority of recent drilling has been concentrated in the main body of the vanadium mineralisation identified at Vesuvius/Fuji and also the Egmont deposit. The majority of historic drilling was completed in the early 1970s period by Union Miniere and Amoco.

Ravensgate reviewed the QAQC of the drill hole database and particularly the quality of the historic data directly against the new RC drill data and determined it was satisfactory for incorporation into an updated resource estimate. Geological interpretation was undertaken based on logging of drill samples and assay results and is illustrated in the following figures.

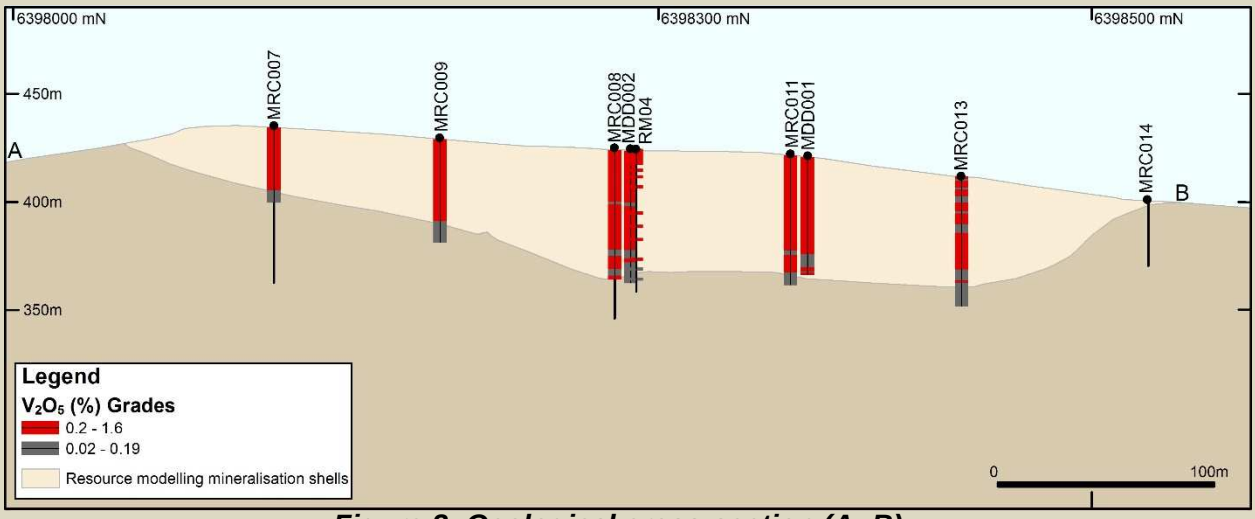

Figure 2: Geological cross-section (A- B)

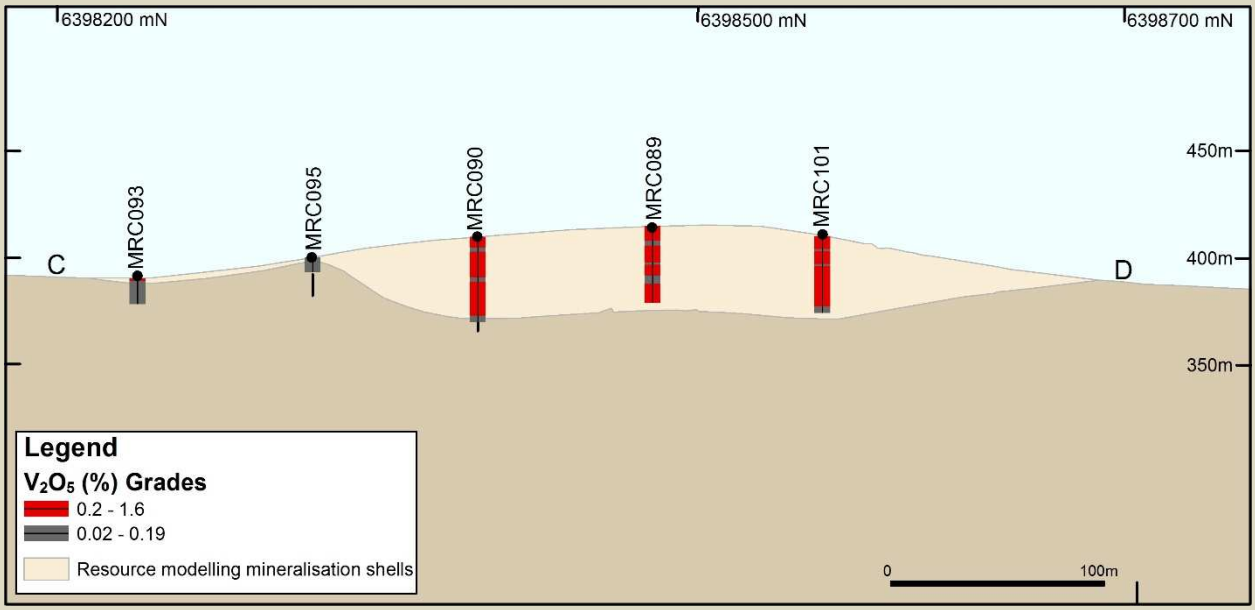

Figure 3: Geological cross-section (C - D)

The mineral resource estimation utilised MineSight® software. A three-dimensional geological and mineralisation interpretation of drill hole assay data developed a wireframe encapsulating the mineralisation utilising a 0.2% V2O5 cut-off. The vanadium and titanium mineralisation is quite consistent down hole and between holes in all directions, thus wireframe solids with relatively simple shapes were interpreted. These are illustrated in a series of figures.

Samples were composited to 2m lengths. Statistical analysis showed the population in mineralisation domain to have a low coefficient of variation and therefore no top-cuts were required. A detailed geostatistical analysis was undertaken for both V_2O_5 and TiO_2 which underpinned the ordinary kriging interpolation technique used for grade interpolation. This algorithm assigns grades into each block of a 3D block model of the deposit utilising the grades from neighbouring drill holes.

A contiguous block model was constructed covering the 3 prospects using a 20mN by 20mE by 2mRL parent block size with no sub celling. Hard boundaries were applied to all estimation domains. Data validation checks were undertaken on the input data. . The data was found to be adequate. A variographic study of the domained assay data was undertaken calculating down hole semi-variograms, which was used to assign appropriate search distances and interpolation parameters. Gr ades for V_2O_5 and TiO_2 were interpolated into the block model using a single search pass. A validation exercise showed good correlation between the input data and the interpolated block grades.

Bulk dry density determinations on 32 drill core samples were averaged to determine appropriate bulk densities for the Medcalf deposit: 2.30t/m3 for weathered regolith mineralisation zones (shallow ore), 2.38t/m3 for saprolite mineralisation zones (deeper ore). These values were assigned to blocks in the model and used in the calculation of tonnage for each block.

The mineralised domains have demonstrated sufficient continuity in both geological and grade continuity to support the definition of the Mineral Resource under the JORC Code (2012). Ravensgate utilised a mathematical threshold based methodology to assign a relative confidence level of the estimate for every block within the block model. This process resulted in Ravensgate assigning an Indicated resource classification to the majority of the deposit. Inferred Resources are defined on the margins of the deposits and where drilling spacing was inadequate for Indicated classification. Inferred Resources make up approximately 28% of the total resource.

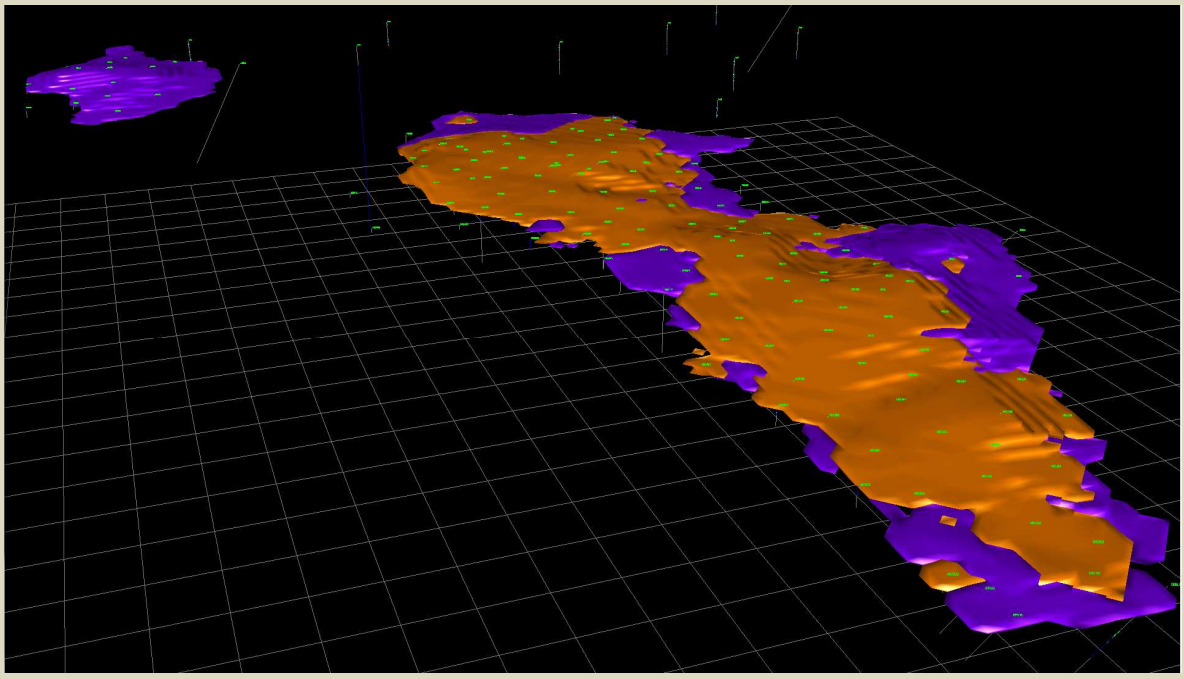

Figure 4: Medcalf Resource Model coloured by Resource Category – Oblique View, Orange = Indicated, Purple = Inferred.

Two PQ diamond drill holes provided lithology and regolith characterisation, as well as representative samples for use in preliminary metallurgical test work. Metallurgical and mineralogical assessment has revealed the oxidised ore is dominated by hematite, goethite and kaolinite with ilmenite, and minor diaspore, gibbsite, anatase, rutile, magnetite, quartz and mica. None of the typical vanadium minerals are present. Vanadium is present in the ore as microscopic and submicroscopic constituents of hematite and goethite. Titanium is present primarily within the mineral ilmenite and to a lesser extent rutile.

A number of metallurgical testwork programs have been undertaken, initially at Bureau Veritas laboratories in Perth and subsequently at Mintek laboratories in South Africa. Environmental Process and Mining Consultants Pty Ltd (EPMC) have been commissioned to organise the testwork and develop an appropriate and effective metallurgical flow sheet. Studies have entailed mineralogical characterisation, XRD analysis, Saturated Magnetic Analyser determinations, QEMSCAN analysis, SEM/EDS analysis, bench scale magnetic separation tests using laboratory wet high intensity magnetic separator, gravity shaking table, flotation and roach leach test work. Mintek have researched and trial a variety of flowsheets to treat the Medcalf ore and have consistently found ways to improve the recoveries. The best results that Mintek have obtained from their work to date is a flow sheet which yields a metallurgical recovery of 62%. This is in Ravensgate's opinion adequate to achieve reasonable expectations of economic metallurgical treatment of the Medcalf mineralisation.

The metallurgical study has, as yet, not been fully documented as the work is in progress. Further test work has been commissioned and is about to start, with a 50kg ROM composite sample of Medcalf core having just been dispatched to a specialised metallurgical laboratory in Germany.

Ravensgate has undertaken an open pit optimisation analysis of the Medcalf deposit based on the 2014 block model and associated geological estimate. This analysis considered all imports which impact on the economics of open pit mining including the resource, metallurgical inputs such as recoveries, mining factors such as dilution and ore loss, geotechnical factors which determine overall pit slope angles and the various operating costs. Capital costs were excluded.

Gemcom Whittle pit optimisation software was used in conjunction with Datamine software for the mining model preparation and actual optimisation runs. The pit optimisation produced 25 nested pit shells, with each shell representing the optimal pit outline for a given metal price (all other parameters remaining constant). All the pit shells were evaluated using the base case metal price.

These mineral resource estimates have been developed on the assumption of an open pit mining method, with on-site mineral processing producing a vanadium concentrate for shipment through the port of Esperance. This assumption is supported by preliminary internal scoping studies conducted by Ravensgate for Audalia.

Authorised by:

Dato Soo Kok Lim
Executive Chairman

Competent Person's Statement

The information in this report that relates to the Mineral Resource for the Medcalf Vanadium Project is based on information compiled by Stephen Hyland, who is a director of Ravensgate. Mr Hyland is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Hyland has had sufficient experience that is relevant to the style of mineralisation, 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 Resource and Ore Reserves (JORC Code 2012). Mr Hyland consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

JORC Code, 2012 Edition – Table 1 – Medcalf Project Mineral Resource 2014

Section 1 Sampling Techniques and Data

Criteria	Explanation	Comment
Sampling techniques	*Nature and quality of sampling.*	A total of 123 RC (3546m), 34 RAB (1824m) and 10 diamond (1574m) holes have been drilled to test the deposit during 7 exploration phases between 1971 and 2013. Most holes were shallow and drilled vertically. No other sampling techniques were utilised for the resource estimate, although exploration has involved soil, rock chip and costean sampling. Sampling quality is discussed in subsequent sections of Table 1. Deeper parts of the deposit below the mineral resource were tested by historic diamond drilling. 2 recent diamond holes provided for metallurgical, geotechnical, geochemical and density test work.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	Audalia undertook two programs of RC drilling and one program of PQ diamond drilling using equipment, methodologies typical for the West Australian exploration industry and adequate to ensure reliable data sufficient for mineral resource estimation. All aspects were supervised by experienced geologists, experienced sub-contractors were used for drilling on survey while samples were analysed at NATA accredited laboratories. Sampling was carried out under typical protocols and QAQC procedures as per normal industry practice. These aspects are described in further detail below.
	Aspects of the determination of mineralisation that are Material to the Public Report.	All material aspects are described in various sub-sections below.
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).*	The resource estimate is largely developed from RC drill samples (66%) with some historic RAB samples (34%). No diamond drilling assays were used for the modelling. Historic drilling (34 RAB holes for 1824m) undertaken in 1970's by Union Miniere and Amoco. Two programs of RC drilling were undertaken by Audalia in 2013 – 123 holes for 3546m. The drilling was undertaken by Top Drill of Kalgoorlie, using a truck mounted 685 Schramm reverse circulation drill rig for the first program and a track mounted 450 Schramm reverse circulation drill rig for the 2nd program. Specifications of

Criteria	Explanation	Comment
		the rig are hole diameter 5.5 inch, Sullair 350psi/1150cfm on-board compressor, rig mounted Sandvik cone-splitter and cyclone.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	Historical RAB drilling – No documentation was available. 2013 RC programs - Sample weights of the bags were checked in the field by the logging geologist. All drilling was dry, above the water table. Consistent sample bag weights were obtained for the vast majority of RC samples. 2013 diamond program – Core recoveries were ≥98% with no core loss issues; PQ size used.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	Depths are checked against the depth given on the core blocks and rod count is routinely carried out by the drillers. RC samples were visually checked for recovery, moisture and contamination.
	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.	The entire resource is defined by RC drilling, which had high recoveries. The nature of the vanadium mineralisation (microscopically disseminated in regolith minerals) and the consistency of the mineralised intervals are considered to preclude any issue of sample bias due to material loss or gain.
Logging	*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.*	Historical RAB drilling – No documentation was available. Historical diamond drilling - generally only geological log and assay results available. No geotechnical logs. 2013 RC programs - A geologist was logging at the rig for all RC drilling on paper, subsequently digitised along with survey, assay and QAQC data.

Criteria	Explanation	Comment
		2013 diamond drill holes full detailed logging including lithological, structural, recovery, geotechnical (RDQ, number of fractures and weathering), geometallurgical characterisation.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	Logging of the RC or diamond samples recorded lithology, structure, mineralisation, colour and other features of the sample. Core was photographed in wet and dry form.
	The total length and percentage of the relevant intersections logged.	All recent drill holes were logged in full. Logging is fairly complete for the historical drilling.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	The core cut in half using a diamond blade saw and half was sent to the laboratory for analysis.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	RC samples were collected on the rig using a cyclone mounted rotary splitter. All samples within the mineralised zones were dry.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Limited documentation is available for the historic drilling. Audalia used NATA accredited commercial laboratories (Intertek Genalysis) where sample preparation follows industry best practice sample preparation involving oven drying, followed by coarse crushing of the samples followed by pulverising of the entire sample.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	No QAQC done on the historic RAB drilling. 2013 drilling programs - Field QC procedures involve the use of field duplicates at a insertion rate of 1:50. No CRM samples were inserted by Audalia for any drilling program.

Criteria	Explanation	Comment
	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.	Field duplicates were taken on 2m composites for RC using a riffle splitter. The 2013 diamond program twinned 2 RC drill holes. All drill holes supported the location of the geological intervals intersected in the RC drill holes (assays for these 2 diamond holes were samples at 1m intervals and on geological contact, were appropriate and were used for density testing and metallurgical drill holes).
	Whether sample sizes are appropriate to the grain size of the material being sampled.	The sample sizes are considered to be appropriate to correctly represent the mineralisation, given the thickness and consistency of the intersections, the sampling methodology and percent value ranges for the primary elements of interest (V and Ti).
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	Audalia used NATA accredited commercial laboratories (Intertek Genalysis) which follow industry best practice. The method of analysis is not recorded in the database. Each of the 123 samples from the 2 PQ core holes were analysed by X-Ray Fluorescence (XRF) and for Loss on Ignition (LOI) at 1000℃ by gravimetric analysis at Bureau Veratas in Perth.
	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.	The sample intervals that had magnetic susceptibility measurement made using Saturated Magnetic Analyser (Satmagan) analysis at Bureau Veratas in Perth. No geophysical tools were used to determine any element concentrations used in this resource estimate.
	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.	No Independent umpire laboratory check campaigns have been carried out. Field duplicates for samples reveals that precision of samples is within acceptable limits for the 2013 drilling campaigns. Repeat or duplicate analysis for samples reveals that precision of samples is within acceptable limits. QAQC results were not available for the historic data.

Criteria	Explanation	Comment
Verification of sampling and assaying	*The verification of significant intersections by independent or alternative company personnel.*	Ravensgate consultant geologists have visually verified significant intersections in the RC and diamond as part of the resource estimation process.
	The use of twinned holes.	Two diamond holes were used to twin the RC drill holes. The results generally confirmed the initial intersection geology and the mineralisation. The diamond cores were also used for density and metallurgical testing. No RAB drill holes have been twinned.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Primary data was collected using paper logs. The logs were then transferred into MS Excel spreadsheet and checked. Data was trafered from an assortment of MS Excel files to MineSight® block modelling software. Checks by Ravensgate were completed to ensure the data was correctly entered. Ravensgate has transferred the MS Excel spread sheets into an MS Access database which will include associated meta-data and QAQC data.
	Discuss any adjustment to assay data.	No adjustments or calibrations were made to any assay data used in this estimate.
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.*	The collars of holes drilled by Audalia where picked up by Cardno survey contractors using the DGPS equipment and calibrated using several existing state survey control points. The historic drill holes were not able to be picked up as the collars could no longer be located in the field. The accuracy of the historic hole collars is expected to be poor (>10m error). No down hole survey orientation data was collected during drilling operations, due to the short length of the holes. Straight hole paths were assumed for all drill holes and given the wide spacing, short length (<60m) and vertical angle this is acceptable to the CP.
	Specification of the grid system used.	The grid system currently in use is MGA_GDA94, zone 51.

Criteria	Explanation	Comment
	Quality and adequacy of topographic control.	Topographic surface that is a combination of an airbourne LIDAR survey undertaken in 2013 and DGPS survey of drill collars.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	A variety of drill spacings is present across the resource areas. A detailed description is provided in subsequent section titled 'Drill hole Information'.
	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.	The mineralised domains have demonstrated sufficient continuity in both geological and grade continuity to support the definition of Mineral Resource and the classification applied under the 2012 JORC code.
	Whether sample compositing has been applied.	Samples have been composited to 2m metre length. Most of the RC drilling was sampled at 2m intervals. No residual composites were produced.
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.*	All drill holes have been orientated at right angles to the flat lying deposits by drilling vertical holes. This has resulted in the direction of maximum variation in grades having the closer spaced sampling interval of 2m down hole. Ravensgate consider the orientation of data to have been optimised in relationship to geological structure.
	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 orientation based sampling bias has been identified in the data at this point.
Sample security	*The measures taken to ensure sample security.*	Samples were stored on site until Audalia personnel transported the samples to laboratories in Perth. Samples were always in the control of Audalia personnel or direct contractors.

Criteria	Explanation	Comment
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	Ravensgate has undertaken an independent review of the QAQC data. No audits have been conducted.

Section 2 Reporting of Exploration Results

Criteria	Explanation	Comment
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.*	Audalia owns the Medcalf project 100% that comprises of P63/1528-33 and P63/1560-61 and E63/1068, E63/1405-06, E63/1133-34. All licences are in good standing. No security or legal issues have been noted. Rehabilitation of the previous year's drilling is currently being completed.
	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.	Ravensgate are aware that potential impediments to obtaining a licence to operate in the area exist. The nearest significant mining operations to the project area are underground nickel mines located some 50 km to the north. The nearest open cut mines are located some 100 km to the west-northwest.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	The Medcalf layered basic intrusion was identified by Union Miniere in the 1960's and they undertook gridding, geological mapping, ground magnetics, soil sampling, costeaning, induced polarisation and resistivity geophysical surveys. A drilling program followed up encouraging geochemical anomalies with seven percussion holes totalling 400 m and two diamond holes totalling 430m drilled with some success, however the project tenements were later surrendered. In 1978, Amoco was granted exploration title and commenced with a program of detailed geological mapping (1:2400 scale), geochemical sampling, geological work and ground magnetic surveys. The deposit was broadly delineated by RAB drilling 28 vertical holes for 1,523m. Drill samples were subjected to detailed mineralogical and petrographic studies by a number of consultants which included some electron microprobe analysis. Ore samples were submitted for metallurgical test work, primarily wet magnetic

Criteria	Explanation	Comment
		separation tests (Harris 1982). Cyprus drilled a deep diamond 1km west of the current resource area to test the down plunge extensions of Medcalf sill for platinum-bearing potential in 1986. No pyroxenite was intersected. Arimco drilled three diamond holes to a maximum depth of 43m to obtain material for metallurgy in 1996. Unfortunately their reports are insufficiently detailed to locate the precise positions of the drill collars. Separation test work was undertaken. Lionore explored the area in 2005 to 2006 primarily targeting basemetals. MLTEM geophysical survey. A diamond hole was drilled to test a TEM anomaly. Norilsk briefly explored the area for nickel in 2010 but did no drilling. In all 44 historic holes have been drilled.
Geology	*Deposit type, geological setting and style of mineralisation.*	The Medcalf deposit is hosted by a layered igneous intrusion which was emplaced into the predominantly tholeiitic basalt sequence of the Maggie Hays Formation in the lower part of the Lake Johnston Greenstone belt (~2.9 Ga). The host intrusion is a layered basic sill of the gravity differentiated type. It is comprised of an upper gabbroic zone, a middle pyroxenite zone, with a lower amphibolite zone in the footwall. Three separate zones of vanadium mineralisation have been identified within the project area and named the Vesuvius, Fiji and Egmont prospects. In the Medcalf deposit vanadium and titanium have been concentrated in a pyroxenite unit, which has subsequently been enriched in these metals through weathering and regolith formation. The Medcalf deposit is located within the Gordon anticline, a regional northwest trending anticlinal structure. The Medcalf layered sill has been intruded low in the greenstone succession and mapping places it in the hinge zone of a major, gently north plunging anticline. The host sill and volcanics have been metamorphosed to the almandine amphibolite facies of regional metamorphism. In the mineralised area the magnetite-rich sequence is deeply weathered, with +60m of saprolite showing vertical zonation of weathering minerals due to progressive weathering. The primary mineralisation is the result of gravity accumulations of oxide phases within the pyroxenite zone of the sill. Primary magnetite rich igneous rocks are extensively weathered and show progressive loss of calcium, sodium, magnesium, silica and sulphur. Mafic and ultramafic mineral assemblages with abundant magnetite and ilmenite in unweathered rocks weather to kaolinite, hematite, goethite and minor clays, while ilmenite remains largely unaffected by weathering. Vanadium and titanium were essentially immobile during weathering and thus preferentially enriched through the removal of other

Criteria	Explanation	Comment
		rock constituents. Vanadium is present in the samples as microscopic and submicroscopic constituents of hematite, goethite and several other iron minerals.
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:*	The historic drilling that defines the extent of the mineralisation at Medcalf was variably spaced on a ~50 to +120m grid pattern orientated 045°. In 2013, Audalia conducted a 28 hole RC drilling program spaced approximately 80 x 160m on a regular east-west and north-south oriented grid, followed up by a 95 hole program which closed the drilling pattern to a relatively uniform 80m x 80m pattern for the majority of the main deposit area (Fuji and Vesuvius). A similar 80m x 80m pattern was also drilled covering the smaller Egmont area. As a Mineral resource has been determined, a detailed tabulation of every drill hole is not required in this public release, but has been presented in an appendix to the underlying detailed report prepared by Ravensgate.
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.*	Discussion of data aggregation methods are not considered applicable because a Mineral Resource was reported in 2013.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No assumptions have been used for the reporting of metal equivalents, as no of metal equivalents values have been used. Individual grades for titanium and vanadium have been reported.
Relationship between	*These relationships are particularly important in the reporting of Exploration Results.*	Not applicable because a Mineral Resource was reported in 2013.

Criteria	Explanation	Comment
mineralisation widths and intercept lengths	*If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*	The mineralisation at Medcalf is sub-horizontal. All drill holes were vertical and therefore all intercept the ore body at close to 90°.
	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').	True width is stated because all drill holes are at approximately 90°to the orebody.
Diagrams	*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.*	Appropriate maps and sections have been provided in the body of this release and the underlying report.
Balanced reporting	*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.*	Not applicable because a Mineral Resource is being reported.
Other substantive exploration data	*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;*	Refer to Section 3 of this table.

Criteria	Explanation	Comment
	potential deleterious or contaminating substances.	
Further Work	*The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*	Currently, metallurgical testwork and environmental permitting activities are being focused on as these are key to the project development pathway. Audalia have proposed to conduct significant further exploration on the project tenements looking for additional vanadium resources to those defined at Vesuvius, Fuji and Egmont deposits. Drilling is proposed to commence as soon as environmental clearance is obtained. Further RC drilling will be undertaken at an appropriate time in order to upgrade the mineral resource category to Measured and Indicated. Further diamond drilling will be undertaken to provide further metallurgical samples and other data as required.
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	The extents of the mineralisation are well defined providing limited opportunity for possible extensions of the mineralisation to be discovered. An exploration program has been designed to test for new deposits within the project tenements, focused on a significant correlation between aeromagnetic features and vanadium mineralisation.

Section 3 Estimation and Reporting of Mineral Resources

Criteria	Explanation	Comment
Database integrity	*Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.*	Logging and sample record data was collected in the field on paper logs by Audalia contract geologists. Data was subsequently input into MS Excel worksheets by Audalia contract geologists. Data was received from the analytical laboratory as electronic files. Data transfer was electronic via email or USB. Sample numbers were unique and pre-numbered bags were used. Historical data was transcribed from hardcopy printouts preserved in government records, into Excel files. The combined data was transferred into MineSight® software for validation and analysis. A programme is underway to transfer all data including meta-data into a MS Access database by Ravensgate, combining the data into a single database, enabling further validation and preserving its integrity, but this has not been accomplished at the time of the resource estimate.
	Data validation procedures used.	Ravensgate completed a check of the database for missing coordinates, duplicate assay, collar, geology and survey intervals, duplicated drill holes and missing assays and surveys. A visual validation was undertaken by displaying the data in 3 dimensions on computer screen using MineSight® software.
Site visits	*Comment on any site visits undertaken by the Competent Person and the outcome of those visits.*	Ravensgate carried out an independent site visit to the Medcalf deposit on the 11^{h} - 14th June 2013. Mr Neal Leggo (Consultant Geologist with Ravensgate), inspected the project area, outcrops, drill sites, RC drill samples and diamond drill core. During this time, notes and photos were taken and discussions were held with site personnel regarding the geology and field procedures. The 2013 diamond core was logged and photographed prior to being transported off site.
	If no site visits have been undertaken indicate why this is the case.	A site visit by an independent geologist was undertaken under the direction of the Competent Person.

Criteria	Explanation	Comment
Geological interpretation	*Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.*	The confidence in the geological interpretation is good. The geological setting has been clearly established as a gravity differentiated layered igneous intrusion emplaced within a mafic volcanic sequence within an Archaean greenstone belt. Vanadium and titanium have been concentrated in a flat lying pyroxenite unit, which has subsequently been enriched in these metals through weathering and regolith formation. Three separate zones of vanadium mineralisation have been identified within the project area and named the Vesuvius, Fiji and Egmont prospects.
	Nature of the data used and of any assumptions made.	Data mainly comprises geological logging and geochemical analysis of drill chips and drill core. No assumptions on the data have been made.
	The effect, if any, of alternative estimation interpretations on Mineral Resource estimation	The deposit is flat and tabular in geometry, with geochemical boundaries defining the mineralised domains within a host intrusive body. Both primary and secondary geological processes contribute to this flat tabular geometry and therefore reinforce the location of mineralised zones and directions of grade continuity.
	The use of geology in guiding and controlling Mineral Resource estimation.	Experience modelling similar deposits was utilised in guiding and controlling the estimation. One mineralisation domain was created to constrain the Mineral Resource consisting of mineralised envelopes (wireframes). The mineralised envelopes were based on a nominal 0.2% V2O5 lower cut-off, using maximum of 4m (2 samples) of internal dilution. The mineralised zone wireframes were extrapolated past the last drill hole guided and controlled by the geological interpretation.
	The factors affecting continuity both of grade and geology.	Both primary and secondary geological processes contribute to this flat tabular geometry. These factors have been addressed via the resource estimation process applied.
Dimensions	*The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below*	The Medcalf mineralised zone forms an oblong flat lying body which strikes east northeast with a very minor dip of 1 to 2 degrees towards the north. The main Vesuvius/Fuji deposit forms an elongate sheet approximately 1,600m long, 300-500m across and from 5 to 50m thick.

Criteria	Explanation	Comment
	surface to the upper and lower limits of the Mineral Resource.	
Estimation and modelling techniques	*The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.*	Grade estimation using ordinary kriging was completed for V2O5 and TiO2, which used calculation parameters based upon localised geostatistical and associated variography studies. Drill hole sample data was flagged using domain codes generated from 3D mineralisation domains and geological surfaces. Sample data was composited per element to a 2m down-hole length. Intervals with no assay were excluded from the compositing routine. The influence of extreme grade values were examined utilising top cutting analyst tools (grade histograms; log probably plots and coefficients of variation). A 0.2% V2O5 cut-off was used to interpret wireframes of mineralisation. Grade continuity was measured using geostatistical techniques. Variograms were modelled. Estimation search ellipsoids were constrained by the V2O5 search ellipsoid.
	The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.	No previous mining activity has taken place on these deposits. Historic resource estimates were simplistic and based on the historic data and are considered unreliable and not worthy of comparison to the current estimate. Ravensgate undertook a resource estimate in 2013 using similar methods but based on much less data. This estimate produced a similar tonnage and grade.
	The assumptions made regarding recovery of by-products.	The project is primarily focused on vanadium, however the deposit is also enriched in titanium and this element has been determined for all samples (TiO2 analysis). The mineral resource estimate has incorporated a titanium grade in addition to vanadium grade. This assumes that a titanium product can be recovered from the ore through a metallurgical process. It is not anticipated that any other by-products could be produced and no assumptions were made or any other potential by-products.
	Estimation of deleterious elements or other non-grade variables of economic	No deleterious or non-ore elements were estimated.

Criteria	Explanation	Comment
	significance (eg sulphur for acid mine drainage characterisation).	
	In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.	The following parameters were adopted based on this analysis: a block size of 20mN x 20mE x 2mRL and minimum and maximum number of samples of 6 and 16 respectively ; A distribution adjustment technique such as block discretisation was not deemed beneficial for producing a better block model estimate. The primary search used in the Ordinary Kriging algorithm interpolation runs was generally 120m east-west, 100m north-south and 20m vertically. The typical secondary search ellipsoid dimensions of 100m (major), 80m (semi-major) and 10m (minor). These search ellipsoid parameters were derived after a review of the variography modelling. Only one interpolation pass to be carried out for estimating the block grades for both V2O5 and TiO2.
	Any assumptions behind modelling of selective mining units.	The block size was chosen to represent a volume approaching a large selective mining unit typical of V2O5 deposits. The block size chosen for this study was reviewed carefully with respect to the observed spatial variability of the highest grade zones as well as the highly variable topography which affects the weathering / oxidation state material geometries which is interpreted to be significantly related to the topography. The dimensions of the blocks were set at 20m east x 20m north x 2.0m RL. In total 200 block model benches were used to cover the elevation range of 80-480m RL.
	Any assumptions about correlation between variables.	Statistical analysis software was used to determine relationship between the elements. Little relationship was found between the elements.
	Description of how the geological interpretation was used to control the resource estimates.	Refer to Estimation and Modelling Techniques section above. All blocks within the mineralisation wireframes were estimated. Hard boundaries were applied.
	Discussion of basis for using or not using grade cutting or capping.	Statistical analysis showed the populations in each domain to generally have a low coefficient of variation; therefore no top-cuts were needed.

Criteria	Explanation	Comment
	The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	Model validation was carried out graphically and statistically to ensure that the block model grades accurately represent the input drill hole data. A number of methods were employed to validate the block model including: global mean comparison; visual comparison; trend plot comparison. Cross sections were viewed on-screen and showed a good comparison between the drill hole data and the block model grades. A volume comparison between the volume of the block model cells within each mineralised zone and the volume of the corresponding wireframe. The results were in acceptable limits. No mining has taken place; therefore no reconciliation data is available.
Moisture	*Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	The tonnages are estimated on a dry basis.
Cut-off parameters	*The basis of the adopted cut-off grade(s) or quality parameters applied.*	A nominal cut-off of 0.2% V2O5 was used to define the mineralised envelope based on a change of population on a probability plot.
Mining factors or assumptions	*Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution.*	A conceptual scoping study has been completed by Ravensgate (for internal purposes) which included a pit optimisation and mining study, and incorporated available metallurgy and environmental studies. Mining of the deposits is anticipated to be by open pit mining methods involving mechanised mining techniques. The similar geometry and rock types are likely to make them amenable to mining methods currently employed in operations on similar deposits in the area. No other assumptions on mining methodology have been made.
Metallurgical factors or assumptions	*The basis for assumptions or predictions regarding metallurgical amenability.*	A number of metallurgical testwork programs have been undertaken, initially at Bureau Veritas laboratories in Perth and subsequently at Mintek laboratories in South Africa. Environmental Process and Mining Consultants Pty Ltd (EPMC) have been commissioned to organise the testwork and develop an appropriate and effective metallurgical flow sheet. Studies have entailed mineralogical characterisation, XRD analysis, Saturated Magnetic Analyser determinations,

Criteria	Explanation	Comment
		QEMSCAN analysis, SEM/EDS analysis, bench scale magnetic separation tests using laboratory wet high intensity magnetic separator, gravity shaking table, flotation and roach leach test work. They have researched and trial a variety of flowsheets to treat the Medcalf ore and have consistently found ways to improve the recoveries. The best results obtained from their work to date is a flow sheet which yields a metallurgical recovery of 62%. This is considered adequate to achieve reasonable expectations of economic metallurgical treatment of the Medcalf mineralisation.
Environmental factors or assumptions	*Assumptions made regarding possible waste and process residue disposal options.*	It has been assumed that the environmental concerns stemming from the project will be overcome using control measures typical of the West Australian mining industry. Significant environmental surveys and assessments have already been undertaken on the project and several rounds of discussions have been held with the State government regulators and also with appropriate NGOs. Botanical surveys identified several populations of a Threatened Flora species growing on the deposit area. Environmental surveys and assessments will form a part of a prefeasibility study.
Bulk density	*Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.*	Bulk density has been estimated from density measurements carried out on PQ size diamond core samples: 32 samples were selected from the 2 core hole for bulk density measured prior to any compositing or sample preparation. The samples represented a cross section of the entire drill hole including all lithology types present. The bulk densities ranged from 1.60 to 2.81 for MDD01 and 1.45 to 3.40 for MDD02. The average bulk density of core pieces tested was 2.21 and 2.41 for holes MDD01 and MDD02 respectively.
	The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.	Bulk density has been measured by techniques that would adequately account for void space - coating the rock in wax to cover the pore spaces; then weighting the waxed rock in air and weighting again suspended in water. The difference between the use of wax to seal the core and the not using wax was approximately 3%.

Criteria	Explanation	Comment
	Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	Bulk density has been set to 2.30t/m3 for near surface mineralised and 2.38t/m3 for deeper saprolite material. The density data was spatially domained by rock type and an average bulk density was applied.
Classification	*The basis for the classification of the Mineral Resources into varying confidence categories.*	Estimation parameters including kriging variance, pass number, number of samples informing the block cell and drill spacing were considered during the classification process.
	Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).	The input data is comprehensive in its coverage of the mineralisation and does not favour or misrepresent in-situ mineralisation. The definition of the mineralised zones where relatively constant from section to section and based on a good level of geological understanding producing a robust model of mineralised domains. The validation of the block model shows good correlation of the input data to the estimated grades.
	Whether the result appropriately reflects the Competent Person's view of the deposit.	The Mineral Resource estimate appropriately reflects the view of the Competent Person.
Audits or reviews	*The results of any audits or reviews of Mineral Resource estimates.*	This resource report has been peer reviewed by Neal Leggo, consultant geologist with Ravensgate. No audits of the resource estimation have been undertaken.
Discussion of relative accuracy/ confidence	*Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person.*	The relative accuracy of the Mineral Resource estimate is reflected in the reporting of the Mineral Resource into the Indicated and Inferred categories as per the guidelines of the JORC Code 2012. Approximately 10% of the inferred material has been extrapolated. This extrapolated material is located on the outer rim margins of the deposit. Preparation of this resource report has been by a consultancy which is fully independent from Audalia. Preparation of this report has incorporated a peer review process as part of Ravensgate's

Criteria	Explanation	Comment
		QA procedures. This report has included an independent QAQC review of the drill data collected by Audalia.
	The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation.	This statement relates to a global estimate of tonnes and grade.
	These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	No production data is available because no mining has taken place.