ADDENDUM TO NOTICE OF ANNUAL GENERAL MEETING FOR

MKY CORPORATION LIMITED (ACN 099 247 408)

IN RELATION TO AN ANNUAL GENERAL MEETING

TO BE HELD AT 10.00AM (AEDST) ON 27 NOVEMBER 2008

At the request of the Australian Securities & Investments Commission, shareholders are requested to note the following typographical errors in the attached notice of annual general meeting and explanatory statement issued by MKY Corporation Limited (**MKY** or **Company**).

(a) Section 7.7(d) of the Explanatory Statement on page 10 should have the word "other" removed.

(b) the valuation of options prepared by Stanton Partners included as Annexure B to the Explanatory Statement refers to the acronyms "SM" and "MS". Shareholders should note that these references should all be "SM" as all options will be issued to Stephen McCaughey or his nominee.

Dated this 24TH day of October 2008.

By order of the Board

JK Hobson

Ian Hobson
Company Secretary and Director

MKY CORPORATION LIMITED

ACN 099 247 408

NOTICE OF ANNUAL GENERAL MEETING

TIME:	10 am (AEDST)
DATE:	27 November 2008
PLACE:	The Windsor Hotel 103 Spring Street Melbourne, Victoria

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

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9217 3300.

CONTENTS PAGE

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10 am (AEDST) on Thursday 27 November 2008 at The Windsor Hotel, 103 Spring Street, Melbourne, Victoria.

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

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

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and:

(a) deliver the proxy form:

(i) by hand to the Company's registered office at Suite 6, 245 Churchill Avenue, Subiaco, Western Australia 6008; or

(ii) by post to PO Box 226, Subiaco Western Australia 6904; or

(b) fax the proxy form to the Company on facsimile number (61 8) 9388 3006.

so that it is received not later than 10am (AEDST) on 25 November 2008.

Proxy Forms received later than this time will be invalid.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders will be held at 10 am (AEDST) on 27 November 2008 at The Windsor Hotel, 103 Spring Street, Melbourne, Victoria.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 5pm (WDST) on 25 November 2008.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2008 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution:**

> *"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Company's annual financial report for the financial year ended 30 June 2008."*

2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR ALLAN BLOOD

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

> *"That, for the purposes of clause 6.1(f) of the Constitution and for all other purposes, Mr Allan Blood, a Director who retires by rotation, and being eligible, is re-elected as a Director."*

3. RESOLUTION 3 – RE-APPOINTMENT OF DIRECTOR – MR STEPHEN MCCAUGHEY

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

> *"That, for the purpose of clause 6.1(e) of the Constitution and for all other purposes, Mr Stephen McCaughey, a Director who was appointed on 14 July 2008, retires, and being eligible, is re-appointed as a Director."*

4. RESOLUTION 4 – CHANGE OF COMPANY NAME

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

> *"That, subject to the passing of all other Resolutions, pursuant to Section 157(1) of the Corporations Act and for all other purposes, the name of the Company be changed to "MKY RESOURCES LTD" and all records of the Company be updated accordingly.*

5. RESOLUTION 5 – ISSUE OF OPTIONS TO MR STEVEN MCCAUGHEY

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

> *"That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 45,000,000 Director Options to Mr Steven McCaughey (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

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

6. RESOLUTION 6 – ACQUISITION OF DELMINCO PTY LTD

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

"That, for the purposes of Listing Rules 10.1, 10.11 and 11.1.2, Section 208 of the Corporations Act and Item 7 of section 611 of the Corporations Act, and for all other purposes, Shareholders approve:

(a) *the acquisition by the Company of all of the fully paid ordinary shares in Delminco Pty Ltd (**Delminco**) in consideration for the issue of 50,000,000 fully paid ordinary shares in the Company on the terms and conditions set out in the Explanatory Statement accompanying this Notice; and*

(b) *the subsequent increase in the voting power in the Company of:*

   (i)_ the Vendors from 16.15% to 23.84% as a result of completion of the Acquisition; and

   (ii) the Vendors collectively from 16.15% up to 43.52% by virtue of the conversion of Converting Performance Shares and Options held by Gameday Enterprises prior to completion of the Acquisition; and

   (iii) Australian Energy (and its associates) from 16.15% to 28.4% by virtue of the conversion of Options held by Gameday Enterprises after completion of the Acquisition"

Expert's Report: Shareholders should carefully consider the independent expert's report prepared by Stantons International Securities Pty Ltd for the purposes of Shareholder approval for Resolution 6 required under Listing Rule 10.1 of the ASX Listing Rules and Item 7 of section 611 of the Corporations Act. The independent expert's report comments on the fairness and reasonableness of the transaction to the non-associated Shareholders in the Company.

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

DATED: 16 OCTOBER 2008

BY ORDER OF THE BOARD

IK Hobson

IAN HOBSON
COMPANY SECRETARY

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 10 am (AEDST) on 27 November 2008 at The Windsor Hotel, 103 Spring Street, Melbourne, Victoria.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2008 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

In accordance with amendments to the Corporations Act the Company is no longer required to provide a hard copy of the Company's annual financial report to Shareholders unless a Shareholder has specifically elected to receive a printed copy. These amendments may result in reducing the Company's printing costs.

Whilst the Company will not provide a hard copy of the Company's annual financial report unless specifically requested to do so, Shareholders may view the Company annual financial report on its website at www.mkyresources.com.au.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2008.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR ALLAN BLOOD

Clause 6.1(f) of the Constitution requires that if the Company has three or more Directors, one third (or the number nearest one-third) of those Directors must retire at each annual general meeting, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Company currently has 3 Directors and accordingly Mr Allan Blood must retire.

Mr Allan Blood retires by rotation in accordance with clause 6.1(f) of the Constitution and being eligible, seeks re-election.

A summary of Mr Allan Blood is contained in the 2008 Annual Report.

4. RESOLUTION 3 – RE-APPOINTMENT OF DIRECTOR – STEPHEN MCCAUGHEY

Clause 6.1(d) of the Constitution allows the Directors to appoint at any time a person to be a Director as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Any Director so appointed holds office only until the next following annual general meeting and is then eligible for re-election.

Mr Stephen McCaughey was appointed as managing director of the Company on 14 July 2008 and will retire in accordance with clause 6.1(e) of the Constitution and being eligible, seeks re-election. A summary of Mr Stephen McCaughey is contained below.

Mr Stephen McCaughey is an Exploration Geologist with 19 years experience including 14 years with BHP. Most recently he was Exploration Manager for Aura Energy (**AEE**) where he has led the exploration effort across Australia, Africa and Sweden, and in particular, specific uranium exploration programs.

Mr McCaughey has a broad range of experience, with project experience ranging from strategic project generation and greenfields exploration through to development evaluations, feasibility of brownfields discoveries, joint venture negotiations and project acquisition due diligence.

Mr McCaughey has worked in South America (Chile and Peru), throughout Australia, Africa and Europe and has experience with most mineralization types and provinces. He has a proven track record of exploration success having led the exploration team responsible for several significant Cu-Au discoveries in the Tintaya Cu province of Peru.

Stephen is a first class Honours graduate in geology from Monash University and has an MBA from Melbourne Business School. He has spent time in Strategy Consulting with a top tier consulting firm and in Banking and Finance with one of the major Australian banks, both of which add breadth and depth to his already considerable exploration experience.

5. RESOLUTION 4 – CHANGE OF NAME

The new name proposed to be adopted under Resolution 4 is "*MKY Resources Ltd*". The Directors believe that this new name more accurately reflects the proposed future operations of the Company following its acquisition of Queensland Uranium Pty Ltd in 2007 and its proposed acquisition of Delminco.

6. RESOLUTION 5 - ISSUE OF DIRECTOR OPTIONS

6.1 General

On 1 July 2008 the Company entered into a services agreement with Mr Steven McCaughey pursuant to which Mr McCaughey is engaged as managing director of the Company (**Services Agreement**). Pursuant to the terms of the Services Agreement, the Company agreed to issue to Mr McCaughey, subject to receipt of Shareholder approval and subject to Mr McCaughey serving a minimum of 2 years as managing director of the Company:

(a) 5 million Shares;

(b) 15 million unlisted options, of which:

  (i) 5 million are exercisable at 2 cents each on or before the 31 May 2012;

  (ii) 5 million are exercisable at 4 cents each on or before the 31 May 2012;

  (iii) 5 million are exercisable at 6 cents each on or before the 31 May 2012; and

(c) 30 million unlisted options exercisable at 1 cent each on or before the 31 May 2012 on the following conditions:

  (i) 5 million are exercisable in the event the Company's Share price on ASX remains at 5 cents or greater for a minimum of 60 consecutive days;

  (ii) 5 million are exercisable in the event the Company's Share price on ASX remains at 7.5 cents or greater for a subsequent minimum period of 60 consecutive days;

  (iii) 5 million are exercisable in the event the Company's Share price on ASX remains at 10 cents or greater for a third minimum period of 60 consecutive days; and

  (iv) 15 million are exercisable in the event the Company's Share price on ASX remains at 20 cents or greater for a fourth minimum period of 60 consecutive days.

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

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

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

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

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

The grant of the Director Options to Mr McCaughey requires the Company to obtain Shareholder approval because the grant of Director Options constitutes giving a financial benefit and as Mr McCaughey is a Director, he is a related party of the Company.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Director Options to Mr McCaughey. Approval from Shareholders will be sought after Mr McCaughey has served 2 years with the Company for the issue of the 5 million shares to Mr McCaughey.

6.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of the Director Options:

(a) the related party is Mr Steven McCaughey and he is a related party by virtue of being a Director;

(b) the maximum number of Director Options (being the nature of the financial benefit being provided) to be granted to Mr McCaughey (or his nominee) is 45 million Director Options;

(c) the Director Options will be granted to Mr McCaughey no later than 1 month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Director Options will be issued on one date;

(d) the Director Options will be granted for nil cash consideration, accordingly no funds will be raised;

(e) the terms and conditions of the Director Options are set out in Schedule 1. The Director Options will not vest until Mr McCaughey has served 2 years as managing director of the Company;

(f) the value of the Director Options as determined by Stantons International and the pricing methodology is set out in Schedule 2;

(g) Mr McCaughey does not have a relevant interest in any securities of the Company;

(h) Mr McCaughey was only appointed a Director on 1 July 2008 and accordingly received no remuneration for the past financial year. In accordance with the terms of the Services Agreement, he will receive $300,000 per annum inclusive of superannuation as remuneration from the Company for the current year;

(i) if the Director Options granted to Mr McCaughey are exercised, a total of 45,000,000 Shares would be allotted and issued. This will increase the number of Shares on issue from 545,228,102 to 590,228,102 (assuming completion of the acquisition of Delminco Pty Ltd that no other Options are exercised and no other Shares issued) with the effect that the shareholding of existing Shareholders would be diluted by 7.62%.

The market price for Shares during the term of the Director Options would normally determine whether or not the Director Options are exercised. If, at any time any of the Director Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Director Options, there may be a perceived cost to the Company;

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

	Price	Date
Highest	7.8 cents	2 January 2008
Lowest	1.1 cents	9October 2008
Last	1.1 cents	9 October 2008

(k) the primary purpose of the grant of Director Options to Mr McCaughey is to provide a market linked incentive package in his capacity as Managing Director and for the future performance by him in his role. The Board (other than Mr McCaughey) considered the extensive experience and reputation of Mr McCaughey within the mining industry, the current market price of Shares and current market practices when determining the number and exercise price of the Director Options to be issued to Mr McCaughey. In addition, the Board considers the grant of the Director Options to Mr McCaughey to be reasonable, given the necessity to attract the highest calibre of professionals to the Company whilst maintaining the Company's cash reserves. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Director Options upon the terms proposed;

(l) Mr McCaughey declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 5, recommend that Shareholders vote in favour of Resolution 5. The Board (other than Mr McCaughey) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.

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

7. RESOLUTION 6 – ACQUISITION OF DELMINCO PTY LTD

7.1 Background

On 3 October 2008, the Company announced to ASX that it had entered into the Share Sale Agreement, pursuant to which it had agreed to acquire all of the issued capital of Delminco, the holder of Exploration Permit EPM 15886 and the applicant of EPM 16965, EPM 16963, EPM 16964, EPM 17004, EPM 17005 and EPM 17006.

Delminco is a company controlled by Australian Energy. Gameday Enterprises holds approximately 25.36% of the issued capital of Australian Energy and pursuant to section 608(3) of the Corporations Act is deemed to hold a relevant interest in the shares to be issued to Australian Energy.

Delminco Bauxite Properties

Delminco has 17 properties (both granted and in application stage) covering a total of 1836 square kilometres of area.

Included in these properties are 7 bauxite properties in the Cape York region within the Kendall and Holroyd catchments covering a total of 1210 square kilometres of area prospective for the high grade bauxite for which Cape York is famous.

These properties lie between 50 and 130 kilometres from Aurukun on the west coast of Cape York and abut the Aurukun Bauxite Reserve which lies to the north-west and contacting the Aurukun Bauxite deposit currently being developed by Chalco Australia Ltd, the subsidiary of Chinalco. These properties cover areas where remnant bauxitic laterite weathering profiles are preserved as topographic highs between major drainages.

Regionally some of the topographic high zones have been explored for bauxite and several bauxite deposits were discovered during the 1970's. These topographic highs with residual bauxite horizons are generally characterised by thicker vegetation than other areas as well as characteristic elevated radiometric signatures. The combination of these 3 elements are thought to indicate the likely presence of bauxite.

Delminco Uranium Properties

In addition to the bauxite projects, Delminco also has a number of prospective uranium exploration properties. Three of these projects are in the Palmer and Coleman River areas between Chillagoe and Coen. One property (EPM 15907) is in the same region as the Company's Wally 2 uranium project and prospective for similar types of uranium deposits as Wally 2. This is a region with little, if any, historic exploration for uranium completed over it and a good addition to the current portfolio of uranium projects the Company has in this region.

The remainder of the uranium projects are south of Einasleigh and Georgetown. The areas to the south of Georgetown are generally covering sedimentary sequences on-lapping hot granitic gneisses of the Proterozoic basement and are prospective for sandstone hosted Uranium mineralisation.

Those areas south of Einasleigh cover areas of Devonian sediment, including sandstone, calcareous sediments where there are known uranium occurrences which are associated with particular horizons within the sedimentary package.

7.2 Summary of Agreement

The key terms of the Share Sale Agreement are outlined below:

(a) the consideration payable by MKY to the Vendors for the acquisition of 100% of the shares in Delminco is the issue and allotment of 50,000,000 Shares in MKY to the Vendors which will be escrowed for a period of 12 months from the date of issue in the following proportions:

   (i) Australian Energy – 46,250,000

   (ii) Stuart Foster – 1,875,000; and

   (iii) Ralph Delacey – 1,875,000

(b) settlement of the Acquisition is conditional upon satisfaction of the following conditions precedent:

   (i) completion of due diligence by MKY on Delminco to the absolute and sole satisfaction of MKY;

   (ii) Delminco being free of all liabilities and obligations including the costs of acquiring the tenement and applications, other then the mineral expenditure obligations applied to the tenement and the costs associated with the applications becoming granted tenements;

   (iii) MKY obtaining approval from its board of directors to proceed with the Acquisition;

(iv) MKY obtaining all necessary regulatory and Shareholder approvals to give effect to the Acquisition;

(v) the grant of EPM 16965, EPM 16963, EPM 16964, EPM 17004, EPM 17005 and EPM 17006 by the Queensland Department of Natural Resources and Mines; and

(vi) ASX providing written approval to MKY that MKY does not need to comply with ASX Listing Rule 11.1.3 in respect of the Acquisition,

(together, the **Conditions**).

The Conditions are for the benefit of MKY and must be satisfied or waived by MKY on or before 30 November 2008, otherwise the agreement constituted by the Share Sale Agreement will be at an end.

(c) it is a term of the Share Sale Agreement that Delminco has certain consultancy and director agreements in place; and

(d) the Share Sale Agreement contains standard maintaining status quo, representations and warranties and indemnities given by Delminco in favour of MKY that are typical for a transaction of this nature.

7.3 Proforma Balance Sheet

Set out below an audited Balance Sheet of MKY as at 30 June 2008, adjusted after allowing for administration and other costs for the period July to September 2008 estimated at $150,000 along with a pro-forma consolidated Balance Sheet assuming the following:

(a) The acquisition of Delminco by way of an issue of 50,000,000 Shares at a deemed 1.75 cents per Share (deemed value $875,000); and

(b) The payment of an estimated $50,000 indirect costs relating to the Acquisition.

	MKY (as adjusted) 30 June 2008 $000's	MKY Consolidated Pro-forma 30 June 2008 $000's
Current Assets		
Cash	3,165	3,115
Receivables	14	14
Prepayments	9	9
	3,188	3,138
Non Current Assets		
Fixed assets	13	13
Capitalised exploration costs	1,975	2,850
	1,988	2,863
Total Assets	5,176	6,001
Current Liabilities		
Trade and other payables	303	303
Total Current Liabilities	303	303
Net Assets	4,873	5,698
Equity		
Issued capital	27,183	28,058
Reserves- share option	1,756	1,756
Accumulated losses	(24,066)	(24,116)
Net Equity	4,873	5,698

7.4 Capital Structure

The capital structure of the Company following implementation of all of the Resolutions contained in this Notice is set out below.

Shares	**Number**
Current issued Shares	495,228,102
Acquisition of Delminco Pty Ltd (Resolution 6)	50,000,000
Total Shares	**545,228,102**
Options	
Current issued Options[1]	52,800,000
Grant of Options (Resolution 5)	45,000,000
Total Options	**97,800,000**
Converting Performance Shares on issue	**100,000,000**

1. 12,800,000 options exercisable at 1 cent on or before 31 December 2008 and 40,000,000 options exercisable at 2.5 cents each on or before 31 December 2008.

7.5 ASX Listing Rule 10.1

ASX Listing Rule 10.1 provides (inter alia) that an entity (or any of its subsidiaries) must not acquire a substantial asset from, or dispose of a substantial asset to, a related party or a substantial shareholder if the holder has (or had in the last 6 months) a relevant interest in at least 10% of the shares of the Company.

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

For the purposes of ASX Listing Rule 10.1, Delminco and Australian Energy are a related party of the Company as Delminco is controlled by Australian Energy. Gameday Enterprises holds approximately 25.36% of the issued capital of Australian Energy. Pursuant to Section 608(3) of the Corporations Act, Gameday Enterprises is deemed to hold a relevant interest in the Shares held by Australian Energy. Gameday Enterprises is controlled by Ferrara Holdings Pty Ltd as trustee for the Jackson Family Trust which is controlled by Mr Allan Blood (a Director). Further, Gameday Enterprises holds approximately 16% of the Shares of the Company. The issue of 50,000,000 Shares represents approximately 10% of the equity interests of the Company. The Acquisition therefore requires Shareholder approval for the purpose of ASX Listing Rule 10.1.

ASX Listing Rule 10.1 provides that shareholder approval sought for the purpose of ASX Listing Rule 10.1 must include a report on the proposed acquisition from an independent expert.

The Independent Expert's Report prepared by Stantons International sets out a detailed examination of the Acquisition contemplated by Resolution 6 to enable Shareholders to assess its merits. The Independent Expert's Report concludes that the Acquisition is **fair and reasonable** to the non-associated Shareholders of the Company.

7.6 ASX Listing Rule 10.11 and Section 208 of Corporations Act

A summary of ASX Listing Rule 10.11 and Section 208 of the Corporations Act is contained in Section 6.1.

If Resolution 6 is passed, Shares will be issued to Australian Energy (a Vendor), which is a related party of the Company, because it is controlled by Gameday Enterprises which in turn is controlled by Mr Allan Blood, a Director.

It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances. The Directors consider that the Acquisition is on arm's length terms but as a matter of prudence are seeking Shareholder approval for the purposes of section 208 of the Corporations Act.

Accordingly, approval for the issue of Shares to Australian Energy as a Vendor of the Acquisition is required pursuant to ASX Listing Rule 10.11 and Section 208 of the Corporations Act.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Shares to Australian Energy as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the issue of Shares to Australian Energy will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1. Further, approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Shares to the Vendors other than Australian Energy as approval is being sought for the purposes of Item 7 of section 611 of the Corporations Act which is an exception to ASX Listing Rule 7.1.

For the purposes of ASX Listing Rule 10.13 and Sections 217 to 227 of the Corporations Act, the following information is provided in relation to Resolution 6 in respect of the issue of Shares to Australian Energy:

(a) the maximum number of Shares to be issued by the Company to Australian Energy is 46,250,000;

(b) the allottee of the Shares will be Australian Energy:

(c) the Shares will be issued no later than one month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that allotment will occur on one date, being completion of the Acquisition;

(d) Australian Energy is a related party of the Company as Mr Blood (a Director) indirectly controls Australian Energy through the shareholding of Gameday Enterprises Ferrara Holdings Pty Ltd and Romell Investments Pty Ltd in Australian Energy, each of which are controlled by Mr Blood. Australian Energy controls Delminco as it holds approximately 92.5% of the shares in Delminco;

(e) the Shares will rank equally with existing Securities on issue;

(f) no funds will be raised from the issue of the Shares as they are being issued or nil cash consideration in part consideration for the acquisition of Delminco;

(g) Mr Allan Blood and his associates hold the following interests in the Company all of which are held in the name of Gameday Enterprises:

(i) 80,000,000 Shares;

(ii) 40,000,000 unlisted options; and

(iii) 100,000,000 converting performance shares.

(h) Mr Allan Blood received an annual remuneration of $60,000 from the Company for the financial year ended 30 June 2008 and will receive the same amount for the current year;

(i) the trading history of the Shares on ASX is set out in Section 6.2;

(j) the purpose of the issue of Shares is for the Company to acquire all of the issued capital in Delminco. The non associated Directors consider that the Acquisition is on arms length terms but for the avoidance of doubt, seek Shareholder approval for the Acquisition; and

(k) Mr Allan Blood declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 6, recommend that Shareholders vote in favour of Resolution 6. The Board (other than Mr Allan Blood) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.

7.7 ASX Listing Rule 11.1.2

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the scale of its activities, it must provide full details to ASX as soon as practicable. ASX Listing Rule 11.1.2 provides that, if ASX requires, the entity must get the approval of Shareholders and must comply with any requirements of ASX in relation to the Notice of Meeting.

The Company has retained and will continue to retain, its interest in its table top business but over the last couple of years has diversified into other areas. In 2007, the Company acquired Queensland Uranium Pty Ltd, the holder of tenements prospective for uranium in Queensland. If the Acquisition completes, the Company will hold additional tenements in Queensland and proposes to work with interested joint venture parties on the Delminco tenements.

As a result of the Company's change in focus to include mining exploration, ASX has indicated to the Company that the Company needs to obtain Shareholder approval pursuant to ASX Listing Rule 11.1.2 for the Acquisition.

For this reason, the Company is seeking Shareholder approval for the Company to change the scale of its activities under ASX Listing Rule 11.1.2.

7.6 Item 7 of Section 611 of the Corporations Act

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

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

(b) from a starting point above 20% and below 90%.

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

The "associate" reference includes a reference to a person whom a primary person is acting in concert or proposes to act in concert.

A person has a relevant interest in securities if they:

(a) are the holder of the securities;

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

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

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

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

For the purpose of preparing this Explanatory Statement, an assumption has been made that the Vendors are associates of each other as defined in the Corporations Act. This does not mean that the Vendors will remain associates in the future. Accordingly, the Vendors will each hold a relevant interest in all of the Shares issued to them collectively at completion of the Share Sale Agreement and the Shares that the Vendors already hold in the Company as at completion of the Share Sale Agreement.

Pursuant to the terms of the Share Sale Agreement, the Company has agreed to allot and issue a total of 50,000,000 Shares to the Vendors (or their nominees). Gameday Enterprises (an entity controlled by Mr Allan Blood and associated with Australian Energy) currently holds 80,000,000 Shares (representing approximately 16% of the Company). The issue of an additional 50,000,000 Shares will result in the Vendors having a relevant interest in approximately 23.85% of the Shares of the Company as at completion of the Share Sale Agreement.

Additionally, Gameday Enterprises holds 40,000,000 Options and 100,000,000 converting performance shares which convert into 100,000,000 Shares and 50,000,000 Options if certain milestones are met on or before 31 October 2008 (**Converting Performance Shares**). If all Options held by Gameday Enterprises are exercised and Converting Performance Shares converted into Shares and Options (and those Options are exercised) prior to completion of the Acquisition and no other Options currently on issue are exercised, the Vendors (collectively) could have an interest in 320,000,000 Shares or approximately 43.52% of the Company and Gameday Enterprises (and its associates) could have an interest in approximately 43.01% of the Company.

Accordingly Shareholder approval under Item 7 of Section 611 of the Corporations Act is required.

Gameday Enterprises is controlled by Ferrara Holdings Pty Ltd as trustee for the Jackson Family trust. Ferrara Holdings Pty Ltd is an entity controlled by Mr Allan Blood. Gameday Enterprises holds approximately 25.36% of the issued capital of Australian Energy. Accordingly, Ferrara Holdings Pty Ltd and Mr Allan Blood will be deemed to have a relevant interest in the Shares that Gameday Enterprises and Australian Energy hold.

Australian Energy's relevant interest in Shares after issue of the securities pursuant to this Notice (and assuming conversion of Converting Performance Shares and Options held by Gameday Enterprises is set out below:

Shareholders	Current Share-holding	% of issued Shares	No. Shares after completion of the Acquisition	% of issued Shares after completion of the Acquisition	No. Shares if Options held by Gameday Enterprises are exercised	% issued capital after Options exercised	No. Shares held if converting performance shares held by Gameday Enterprises are converted and all options exercised	% of issued capital if converting performance shares converted and all options converted
Australian Energy/ Gameday Enterprises and associates	80,000,000	16.15	126,250,000	23.16	166,250,000	28.4%	316,250,000	43.01%
Other Vendors	Nil	Nil	3,750,000	0.69	3,750,000	0.64%	3,750,000	0.51%
Non associated Shareholders	415,228,102	83.85	415,228,102	76.16	415,228,102	70.95%	415,228,102	56.48%
Total	**495,228,102**	**100**	**545,228,102**	**100**	**585,228,102**	**100%**	**735,228,000**	**100%**

Notes:

1 Assumes no conversion of any other Options on issue.

2 Assumes no other Shares are issued by the Company.

Information is required to be provided to Shareholders under ASIC Policy Statement 74 and the Corporations Act. Shareholders are also referred to the independent expert's report prepared by Stantons International Corporate Pty Ltd.

For the purposes of the Corporations Act, the following information is disclosed:

Identity of persons who will hold a relevant interest in the Shares to be allotted and issued.

Also set out below are the matters required to be disclosed in accordance with Item 7 of Section 611 of the Corporations Act being:

(a) Identity of persons who will hold a relevant interest in the Shares to be allotted and issued:

Australian Energy will be allotted the Shares.

Gameday Enterprises holds approximately 25.36% of the Shares in Australian Energy and therefore is deemed (for the purposes of the Corporations Act) to have a relevant interest in the Shares that are issued to Australian Energy.

Gameday Enterprises also holds 40,000,000 Options and 100,000,000 Converting Performance Shares.

Gameday Enterprises is controlled by Ferrara Holdings Pty Ltd as trustee for the Jackson Family Trust. Mr Allan Blood controls Ferrara Holdings Pty Ltd.

Accordingly, Gameday Enterprises, Ferrara Holdings Pty Ltd and Mr Allan Blood will be deemed to have a relevant interest in the Shares that Australian Energy is issued in consideration for the Acquisition.

(b) *Shares to which the allottee will be entitled immediately before and after the allotment*

As at the date of this Notice, Australian Energy does not hold any Shares in the Company.

The maximum number of securities that may be issued to Australian Energy is 46,250,000 Shares.

After completion of the Acquisition, Australian Energy will hold 46,250,000 Shares.

(c) *the maximum extent of the increase in the relevant allottee's voting power in the Company that would result from the Acquisition and the maximum extent of the increase assuming the conversion of Converting Performance Shares and exercise of Options:*

As at the date of this Notice, Australian Energy has a relevant interest in 80,000,000 Shares, 50,000,000 Options and 100,000,000 Converting Performance Shares (held by Gameday Enterprises).

The maximum number of securities that may be issued to the Vendors as part of the Acquisition (collectively) is 50,000,000 Shares. An assumption has been made that the Vendors are associates of each other as defined in the Corporations Act as at completion of the Share Sale Agreement. This does not mean that they will remain associates in the future.

Accordingly, the Vendors will each hold a relevant interest in the Shares issued to them collectively at completion of the Share Sale Agreement and the Shares currently held by the Vendors as at completion of the Share Sale Agreement.

Accordingly, immediately after completion of the Acquisition (and assuming no conversion of Converting Performance Shares or exercise of Options), Australian Energy (and its associates) will have a relevant interest in 130,000,000 Shares (or 23.85% of the Company).

If prior to completion of the Acquisition, the Options held by Gameday Enterprises are exercised and the Converting Performance Shares are converted (and those Options exercised) but no other Options currently on issue are exercised or Shares issued, at the completion of the Acquisition, the Vendors (collectively) would hold 320,000,000 Shares (or approximately 43.52% of the Company).

If after completion of the Acquisition, the Options held by Gameday Enterprises are exercised but no other Options are exercised and no additional Shares are issued, Australian Energy and its associates would hold 166,250,000 Shares (or approximately 28.4% of the Company). (Note that this assumes that at the time of exercise of the Options, Australian

Energy and Gameday Enterprises are not associated with the other 2 Vendors),

(d) *the voting power that the allottee would have as a result of the Acquisition and the voting power of the Converting Performance Shares are converted and exercise of Options:*

Assuming completion of the Acquisition and no other Options are exercised, the voting power of Australian Energy and its associates will be 23.16% and the Vendors collectively, 23.85% immediately after completion of the Acquisition.

If prior to completion of the Acquisition, the Options held by Gameday Enterprises are exercised and the Converting Performance Shares are converted (and those Options exercised) but no other Options on issue are exercised or Shares issued, the Vendors collectively at completion of the Acquisition would hold 320,000,000 Shares or approximately 43.52% of the Company and individually, as shown in the table above.

If after completion of the Acquisition, the Options held by Gameday Enterprises are exercised but no other Options are exercised and no additional Shares are issued, Australian Energy and its associates would hold 166,250,000 Shares (or approximately 28.4% of the Company). (Note that this assumes that at the time of exercise of the Options, Australian Energy and Gameday Enterprises are not associated with the other 2 Vendors),

the maximum extent of the increase in the voting power of the allottee that would result from the Acquisition and assuming conversion of Converting Performance Shares and exercise of Options:

Assuming completion of the Acquisition and no other Options are exercised, the maximum extent of the increase in the voting power of the Vendors collectively will be from 16.15% to 23.85% and individually, as indicated in the table above immediately on completion of the Acquisition.

Assuming completion of the Acquisition and exercise of the Options and conversion of the Converting Performance Shares held by Gameday Enterprises (and exercise of those Options) prior to completion of the Acquisition but no other Options are exercised or Shares issued, the Vendors interest collectively as at the time of completion of the Acquisition will increase from 16.15% to 43.52% and individually, as indicated in the table above.

If after completion of the Acquisition, the Options held by Gameday Enterprises are exercised but no other Options are exercised and no additional Shares are issued, Australian Energy and its associates interest in the Company would increase from 16.15% to approximately 28.4% of the Company.

the voting power that the allottee would have as a result of the Acquisition and assuming the conversion of Converting Performance Shares and exercise of Options:

Assuming completion of the Acquisition and no other Options are exercised, the voting power of the Vendors collectively will be 23.85% and Australian Energy individually, 23.16%.

Assuming completion of the Acquisition and exercise of the Options and conversion of the Converting Performance Shares held by Gameday Enterprises (and exercise of those Options) prior to completion of the Acquisition but no other Options are exercised or Shares issued, the Vendors interest collectively will increase from 16.15% to 43.52%.

If after completion of the Acquisition, the Options held by Gameday Enterprises are exercised but no other Options are exercised and no additional Shares are issued, Australian Energy and its associates interest in the Company would increase from 16.15% to approximately 28.4% of the Company.

7.7 *Other Required Information*

The following further information is disclosed:

(a) it is proposed that the Company will proceed with exploration on its existing tenements, work with interested joint venture parties on the Delminco tenements and continue to develop its current table top business and consider other acquisitions and new business opportunities as they arise;

(b) whilst there is no immediate plans for capital raisings, the Company will be required to raise sufficient capital to fund its existing and future operations;

(c) there is no current intention to change the employment policies of the Company, although it is recognised that additional employees may be required in the future as the Company's operations expand; and

(d) there is no current intention to redeploy any other fixed assets of the Company or to change the Company's existing policies in relation to financial matters or dividends. At present, the Company does not pay a dividend. The dividend policy of the Company will be assessed in accordance with the future profitability of the business.

7.8 Directors' Recommendations

The existing Directors (other than Mr Blood who has a material personal interest in the outcome of the Resolution) recommend that Shareholders vote in favour of the Resolutions as they consider the proposed Acquisition to be in the best interests of Shareholders. Shareholders should read this Memorandum in full, including the Independent Expert's Report referred to below to form an opinion on the merits of the Acquisition.

7.9 Independent Expert's Report

The Independent Expert's Report prepared by Stantons International sets out a detailed examination of the proposed Acquisition to enable Shareholders to assess the merits and decide whether to approve the Acquisition.

To the extent that it is appropriate, the Independent Expert's Report sets out further information with respect to the proposed Acquisition and concludes that the Acquisition is fair and reasonable to the non associated Shareholders of the Company.

Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

7.10 Pro-Forma Consolidated Balance Sheet

Set out in Section 7.3 is a pro forma statement of financial position of the Company showing the expected financial position of the Company on completion of the Acquisition.

8. ENQUIRIES

Shareholders are required to contact the Mr Ian Hobson, Company Secretary on (+61 8) 9217 3300 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

$ means Australian dollars.

Acquisition means the acquisition by the Company of all the issued capital of Delminco from the Vendors.

AEDST means Eastern Daylight Standard Time as observed in Melbourne, Victoria.

Annual General Meeting means the meeting convened by the Notice of Meeting.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Australian Energy means Australian Energy Company Limited (ACN 111 848 983).

Board means the current board of directors of the Company.

Business Day means any day other than a Saturday, Sunday or public holiday in the State of Western Australia.

Company means MKY Corporation Limited (ACN 099 247 408).

Converting Performance Shares means the converting performance shares currently on issue that converts to 100,000,000 Shares and 50,000,000 Options in certain milestones are satisfied on or before 31 December 2008.

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Delminco means Delminco Pty Ltd (ACN 010 489 924).

Director Options means the options proposed to be issued pursuant to Resolution 5 and on the terms contained in Schedule 1.

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

Gameday Enterprises means Gameday Enterprises Pty Ltd (ACN 103 196 327).

Notice of Meeting or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Statement.

Option means an existing Option to acquire a Share in the Company.

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

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

Shareholder means a holder of a Share.

Share Sale Agreement means the agreement between the Company and the Vendors in respect of the Acquisition, a summary of which is contained in Section 6.2 of the Explanatory Statement.

Stantons International means Stantons International Securities Pty Ltd.

Vendors mean Ralph DeLacey, Stuart Foster and Australian Energy.

WDST means Western Daylight Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF DIRECTOR OPTIONS

The Director Options entitle the holder to subscribe for Shares on the following terms and conditions:

(a) Each Director Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Director Option, the Optionholder must exercise the Director Options in accordance with the terms and conditions of the Director Options.

(b) The Director Options will expire at 5:00 pm (WST) on 31 May 2012 (**Expiry Date**). Any Director Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) The amount payable upon exercise of each Director Option (**Exercise Price**) and the vesting conditions of the Director Options are set out below. The Director Options will not vest until Mr McCaughey has served 2 years as managing director of the Company.

(i) 15 million unlisted options, of which:

(A) 5 million are exercisable at 2 cents each on or before the 31 May 2012;

(B) 5 million are exercisable at 4 cents each on or before the 31 May 2012;

(C) 5 million are exercisable at 6 cents each on or before the 31 May 2012; and

(ii) 30 million unlisted options exercisable at 1 cent each on the following conditions:

(A) 5 million are exercisable in the event the Company's Share price on ASX remains at 5 cents or greater for a minimum of 60 consecutive days;

(B) 5 million are exercisable in the event the Company's Share price on ASX remains at 7.5 cents or greater for a subsequent minimum period of 60 consecutive days;

(C) 5 million are exercisable in the event the Company's Share price on ASX remains at 10 cents or greater for a third minimum period of 60 consecutive days; and

(D) 15 million are exercisable in the event the Company's Share price on ASX remains at 20 cents or greater for a fourth minimum period of 60 consecutive days.

(d) The Director Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.

(e) An Optionholder may exercise their Director Options by lodging with the Company, before the Expiry Date:

(i) a written notice of exercise of Director Options specifying the number of Director Options being exercised; and

(ii) a cheque or electronic funds transfer for the Exercise Price for the number of Director Options being exercised;

(**Exercise Notice**).

(f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.

(g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Director Options specified in the Exercise Notice.

(h) The Director Options are not transferable.

(i) All Shares allotted upon the exercise of Director Options will upon allotment rank pari passu in all respects with other Shares.

(j) The Company will not apply for quotation of the Director Options on ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Director Options on ASX within 10 Business Days after the date of allotment of those Shares.

(k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

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

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

SCHEDULE 2 – VALUATION OF DIRECTOR OPTIONS

Stantons International Securities

ABN 42 128 908 289
LEVEL 1, 1 HAVELOCK STREET
WEST PERTH WA 6005, AUSTRALIA
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204
www.stantons.com.au

8 October 2008

The Directors
MKY Corporation Limited
Suite 6, 245 Churchill Avenue
SUBIACO WA 6010

Dear Sirs

At the request of Ian Hobson on behalf of MKY Corporation Limited ("MKY or Company") received on 8 October 2008, Stantons International Securities Pty Ltd hereby set out our technical valuation range of 45,000,000 share options issued to the Director, Mr Stephen McCaughey ('MS") following shareholder approval on or around 30 November 2008. The terms of the various share options are as follows:

- All share option cannot vest before MS has served two years as Managing Director of MKY (refer other vesting conditions in relation to the share options exercisable at 1 cent each). SM was appointed the Managing Director effective 14 July 2008 and thus all share options to be granted to SM cannot vest until 14 July 2010;
- 5,000,000 share options exercisable at 2 cents each before 31 May 2012 ("2 cent Options");
- 5,000,000 share options exercisable at 4 cents each before 31 May 2012 ("4 cent Options");
- 5,000,000 share options exercisable at 6 cents each before 31 May 2012 ("6 cent 'Options");
- 30,000,000 1 cent share options – Exercisable at 1 cent each by 31 May 2012. Exercise of the 1 cent options is subject to the following additional vesting criteria being met (in addition to the 2 year term noted above):
    - 5,000,000 of the 1 cents options may be exercised after 14 July 2010 provided the price of the shares traded on the ASX is at 5 cents or greater for a subsequent minimum period of 60 consecutive days ("1 cent- 5 vest options")
    - 5,000,000 of the 1 cents options may be exercised after 14 July 2010 provided the price of the shares traded on the ASX is at 7.5 cents or greater for a second subsequent minimum period of 60 consecutive days ("1 cent-7.5 vest options")
    - 5,000,000 of the 1 cents options may be exercised after 14 July 2010 provided the price of the shares traded on the ASX is at 10.0 cents or greater for a third subsequent minimum period of 60 consecutive days ("1 cent-10 vest options")
    - 15,000,000 of the 1 cents options may be exercised after 14 July 2010 provided the price of the shares traded on the ASX is at 20.0 cents or greater for a fourth subsequent minimum period of 60 consecutive days (1 cent- 20 vest options").

Valuation of the share options

In arriving at the above mentioned valuations of the share options, we have used the following assumptions (in addition to the exercise prices and vesting terms noted above):

Assumptions

1. The Black Scholes Option Valuation methodology has been used.

2. The date of the valuations for the share options has been set as at 7 October 2008. However for A-IFRS purposes the share options will need to be re-valued immediately following shareholder approval that is expected to occur on or around 30 November 2008. In calculating the time to expiry, we have assumed the share options will be granted on 30 November 2008.

3. The market price of a MKY share as at 7 October 2008 was approximately 1.5 cents.

4. A risk free rate is approximately 6.5%.

5. No dividends are payable before expiry date.

6. We have assumed a volatility of 100% as being reasonable. Over the past 7 months to 7 October 2008, the shares in MKY listed on the ASX have traded between 1.4 cents and 3.5 cents for a volatility of approximately 150%. However following the share market correction overt the since June 2008, the shares in MKY have traded between 1.4 cents and 2.4 cents for a volatility factor of approximately 72%.

7. All 45,000,000 of the share options have vesting conditions, firstly, in that they cannot vest until a certain period of time has elapsed from the date of the grant (not before 14 July 2010) and secondly 30,000,000 of the share options have a market related condition in that they cannot vest until the share price has reached a predetermined level. In terms of the AIFRS Accounting Standard on Share Based payments, where there are market conditions, the fair value of the share options is first determined using a recognised option valuation model and a discount is then applied to take into account the probability of the option being exercised. The share options vest as noted above in the opening paragraph above. On the assumption that there was a 100% probability that vesting condition 2 would be achieved, then no discount would be applied to the value determined under the Black Scholes model. On the assumption that there was a 0% probability that vesting condition 2 would be achieved, then a 100% discount would be applied to the value determined under the Black Scholes model.

Option	No. of Options	Exercisable By	Deemed share price 6 October 2008 (cents)	Vesting Condition 2- exercisable provided the price of shares on the ASX is above the following prices at the time of the exercise (in cents)	No. of times the vesting price is greater than share price as at 6 October 2008	Discount for exercise price barrier applied to fair value based on Black Scholes Valuation (%)
1 cent-5 vest options	5,000,000	31 May 2012	1.5	5	3.33	50
1 cent- 7.5 vest options	5,000,000	31 May 2012	1.5	7.5	5.00	80

1 cent- 10 vest options	5,000,000	31May 2012	1.5	10.0	6.67	95
1 cent – 20 vest options	15,000,000	31 May 2012	1.5	20	13.33	99.5

8. As noted above, based on the 7 October 2008 share price of 1.5 cents per share and the price per share set out in vesting condition 2, vesting condition 2 will only be met if the share price is between 3.33 and 13.33 times the current price for the different classes of 1 cent share options. The determination of the probability and therefore discount to apply is somewhat subjective as we cannot predict the future prospects of the Company or the market. For purposes of our valuation, we have estimated the discount to apply to the values arrived at under the Black Scholes model for the probability of the 1 cent share options being exercised is 50% for the share options with a minimum 5 cent market price, 80% for the share options with a minimum 7.5 cent market price, 95% for the share options with a minimum 10 cent market price and 99.5% for the share options with a minimum of 20 cents market price (all market prices for at least 60 consecutive trading days as noted on ASX).

9. The valuations noted below are not necessarily the market prices that the share options could be traded at and it is not automatically the market prices for taxation purposes. The director (MS) who is to receive the share options should seek his own tax advice as to the tax treatment of receiving share options in MKY and the value for taxation purposes.

10. The vesting condition relating to the minimum two years from 14 July 2008 is not a share based market condition and thus no discount is applied to the term vesting condition. The Directors' of MKY will need to determine the probability of whether the two year vesting term will be met and thus account for the 2 cent, 4 cent and 6 cent share options over the expected vesting term.

11. Arguably, a discount could be applied to the valuations arrived at to reflect the unlisted status of the share options. It is acceptable practice that a discount could be applied to the share options for the unlisted status of the share options of between 20% and 50%. As the share options will be re-valued again following shareholder approval, no discount has been applied for the purpose of valuing the share options for disclosure in the Explanatory Memorandum to Shareholders of October 2008.

Based on the above assumptions (after discounting where appropriate for market based conditions) the values determined using the Black Scholes model, the theoretical values of the various classes of share option are as follows:

2 cent share options	**0.959 cents**
4 cent share options	**0.765 cents**
6 cent share options	**0.648 cents**

Market Based 1 cent Options	Vesting Condition 2	Black Scholes valuation before discount for exercise price barrier (cents per share)	Final valuation after discount for exercise price barrier but before any discount for unlisted status (cents per share)
1 cent -5 vest options	5.0 cents	1.128	**0.564**
1 cent- 7.5 vest options	7.5 cents	1.128	**0.225**
1 cent- 10 vest options	10.0 cents	1.128	**0.056**
1 cent-20 vest options	20.0 cents	1.128	**0.005**

Yours faithfully
STANTONS INTERNATIONAL SECURITIES PTY LTD

John Van Dieren FCA
Director

PROXY FORM

APPOINTMENT OF PROXY
MKY CORPORATION LIMITED
ACN 099 247 408

ANNUAL GENERAL MEETING

I/We ______________________________

being a member of MKY Corporation Limited entitled to attend and vote at the Annual General Meeting, hereby

Appoint ______________________________

Name of proxy

OR

☐ Mark this box if you wish to appoint the Chair of the Annual General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the Annual General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the Annual General Meeting to be held at 10am (AEDST), on 27 November 2008 at The Windsor Hotel, 103 Spring Street, Melbourne, Victoria, and at any adjournment thereof.

If no directions are given, the Chair will vote in favour of all the Resolutions.

Voting on Business of the Annual General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Adoption of remuneration report	☐	☐	☐
Resolution 2 – Re-election of Director – Mr Allan Blood	☐	☐	☐
Resolution 3 – Re-appointment of Director – Mr Stephen McCaughey	☐	☐	☐
Resolution 4 – Change of Company Name	☐	☐	☐
Resolution 5 – Issue of Options to Mr Steven McCaughey	☐	☐	☐
Resolution 6 – Acquisition of Delminco Pty Ltd	☐	☐	☐

OR

☐ If the Chair of the Annual General Meeting is appointed as your proxy, or may be appointed by default, and you do **not** wish to direct your proxy how to vote as your proxy in respect of Resolutions 1 to 3 please place a mark in this box.

By marking this box, you acknowledge that the Chair of the Annual General Meeting may exercise your proxy even if he has an interest in the outcome of Resolutions 1 to 6 and that votes cast by the Chair of the Annual General Meeting for Resolutions 1 to 6 other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on Resolutions 1 to 6 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 1 to 6.

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

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

Signed this   day of   2008

By:

Individuals and joint holders	**Companies (affix common seal if appropriate)**
Signature	Director
Signature	Director/Company Secretary
Signature	Sole Director and Sole Company Secretary

MKY CORPORATION LIMITED
ACN 099 247 408

Instructions for Completing 'Appointment of Proxy' Form

1. A member entitled to attend and vote at an Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.

2. Where a member's holding is in one name the holder must sign. Where the holding is in more than one name, all members should sign.

3. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under a power of attorney, the power of attorney must be lodged in like manner as this Proxy Form.

4. Corporate members should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:

   - 2 directors of the company;
   - a director and a company secretary of the company; or
   - for a proprietary company that has a sole director who is also the sole company secretary – that director.

   For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

5. Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.

6. To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

   (a) post to MKY Corporation Limited, PO Box 226, Subiaco, Western Australia, 6904; or

   (b) by hand to MKY Corporation Limited, Suite 6, 245 Churchill Avenue, Subiaco, Western Australia, 6008; or

   (c) facsimile to the Company on facsimile number +61 8 9388 3006,

   so that it is received not later than 10am (AEDST) on 25 November 2008.

   Proxy forms received later than this time will be invalid.

Stantons International Securities

LEVEL 1, 1 HAVELOCK STREET
WEST PERTH WA 6005, AUSTRALIA
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204
www.stantons.com.au

24 October 2008

The Directors
MKY Corporation Limited
6 Powlett Street
EAST MELBOURNE VIC 3002

Dear Sirs

Re: MKY CORPRATION LIMITED ("MKY" OR "THE COMPANY") (ABN 71 099 247 408) ON THE PROPOSAL TO ACQUIRE BAUXITE PROSPECTS IN THE LOWER CAPE YORK PENINSULAR AREA OF QUENSLAND AUSTRALIA AND SEVERAL URANIUM PROSPECTS BY ACQUIRING ALL OF THE SHARES IN DELMINCO PTY LTD. MEETING PURSUANT TO SECTION 611 (ITEM 7) OF THE CORPORATIONS ACT 2001 AND AUSTRALIAN SECURITIES EXCHANGE ("ASX") LISTING RULE 10.11

At the request of the Australian Securities & Investments Commission, we have been asked to clarify the concept of "fair" and "reasonable" as described in paragraph 1.7 (page 4) in relation to the above mentioned report (dated the 8 October 2008).

The concept of "fairness" is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in the above mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the "target" and irrespective of whether the consideration is scrip or cash.

An offer is "reasonable" if it is fair. An offer may also be reasonable, if despite not being "fair", where there are sufficient grounds for security holders to accept the offer in the absence of any higher bid before the close of the offer.

Yours faithfully
STANTONS INTERNATIONAL SECURITIES PTY LTD

J P Van Dieren - FCA
Director

Stantons International Securities

LEVEL 1, 1 HAVELOCK STREET
WEST PERTH WA 6005, AUSTRALIA
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204
www.stantons.com.au

8 October 2008

The Directors
MKY Corporation Limited
6 Powlett Street
EAST MELBOURNE VIC 3002

Dear Sirs

Re: MKY CORPRATION LIMITED ("MKY" OR "THE COMPANY") (ABN 71 099 247 408) ON THE PROPOSAL TO ACQUIRE BAUXITE PROSPECTS IN THE LOWER CAPE YORK PENINSULAR AREA OF QUEENSLAND AUSTRALIA AND SEVERAL URANIUM PROSPECTS BY ACQUIRING ALL OF THE SHARES IN DELMINCO PTY LTD. MEETING PURSUANT TO SECTION 611 (ITEM 7) OF THE CORPORATIONS ACT 2001 AND AUSTRALIAN SECURITIES EXCHANGE ("ASX") LISTING RULE 10.11

1. Introduction

1.1 We have been requested by the Directors of MKY to prepare an Independent Expert's Report to determine the fairness and reasonableness relating to the proposal to issue securities by MKY to acquire 100% of the issued capital of Delminco Pty Ltd ('Delminco") that has or is acquiring interests in various bauxite tenements (one granted tenement and six applications) in the Lower Cape York Peninsular area in Queensland as noted below and in resolution 6 in the Notice of Meeting of Shareholders and Explanatory Statement to Shareholders of MKY of October 2008. Delminco also has applications on another 10 tenements in Northern Queensland of which two are competing applications with another party. The other tenements (applications) are mainly but not exclusively prospective for uranium however we have been advised that the more significant prospective tenement areas (applications in the main) relate to the bauxite tenements.

Executive Summary
In our opinion, taking into account the factors noted elsewhere in this report including the factors (positive, negative and other factors) noted in section 9 of this report, the proposals as outlined in paragraph 1.2 and resolution 6 may on balance be considered to be fair and reasonable.

1.2 It is proposed that MKY will acquire a 100% of the shares in Delminco a company that is 92.5% owned by Australian Energy Company Limited ("AEC") that is associated with Mr Allan Blood a Director of MKY (refer section 7.6 of the Explanatory Statement to Shareholders on ownership of Delminco and the association of Mr Alan Blood). For the purpose of this report the proposed acquisition of Delminco is known as the Acquisition.

The purchase consideration to acquire 100% of the issued capital of Delminco is 50,000,000 ordinary shares in MKY ("Shares"). The Vendors of the shares in Delminco are:

- AEC - 92.5%
- Ralph de Lacey - 3.75%
- Stuart Foster – 3.75%

In addition, there are five other resolutions being put to the shareholders. Resolution 1 relates to the adoption of the Remuneration Report included in the 2008 Annual Report, resolution 2 relates to the re-election of Mr Allan Blood as a director, resolution 3 relates to the re-appointment of Mr Stephen McCaughey ("SM") as a director, resolution 4 relates to the change of name to MKY Resources Limited and resolution 5 relates to the proposal to issue 45 million share options to SM. We are not reporting on the merits or otherwise of resolutions 1 to 5. The Explanatory Statement also notes that 5,000,000 shares will be issued to SM subject to a future shareholder meeting in approximately two years time.

1.3 Under Section 606 of The Corporations Act ("TCA"), a person must not acquire a relevant interest in issued voting shares in a company if because of the transaction, that persons or someone else's voting power in the company increases:

(a) From 20% or below to more than 20%; or
(b) From a starting point that is above 20% and below 90%.

Under Section 611 (Item 7) of TCA, Section 606 does not apply in relation to any acquisition of shares in a company approved by resolution passed at a general meeting at which no votes were cast in favour of the resolution by the acquirer or the disposer or their respective associates. An independent expert is required to report on the fairness and reasonableness of the transaction pursuant to a Section 611 (Item 7) meeting.

If the acquisition of Delminco proceeds, the interests of Allan Blood will be associated with approximately 23.16% of the expanded ordinary issued capital of MKY before the exercise of any share options and ignoring the 100 million Performance Shares that were issued to Gameday Enterprises Pty Ltd ("Gameday") a company associated with Allan Blood (issued as part consideration to acquire uranium tenements by acquiring all of the issued capital of Queensland Uranium Pty Ltd ("QUPL") in April 2007. If the Performance Hurdles are met each Performance Share will convert to one ordinary share and for each two new ordinary shares, an attaching share option exercisable at 2.5 cents each, on or before 31 December 2008 will be issued. The Performance Hurdles in relation to the Palmer River Uranium Project can be summarised as the carrying out of an exploration programme over the granted Uranium Tenement, the Applications and any future Tenements applied for or acquired where MKY holds greater than 51% and for that exploration programme to cover a minimum of 150 metres of trenching, 750 metres of drilling and 150 minimum assay samples. For the Performance Hurdles to be met, the exploration programme must achieve a minimum mean average assay of 2,000 parts per million on more than 25% of representative trench samples and/or drill samples assayed. The above Performance Hurdles must be achieved within eighteen months from settlement of the QUPL Acquisition (that was settled in April 2007).

Gameday is controlled by Ferrara Holdings Pty Ltd as trustee for the Jackson Family Trust and Ferrara Holdings Pty Ltd is controlled by Mr Allan Blood. AEC is a company in which Allan Blood is chairman. There are 153,576,516 shares on issue in AEC and the shareholding of AEC includes Ferrara Holdings Pty Ltd, 20,050,001 shares, Gameday 38,950,000 shares and Romell Investments Pty Ltd 1,000,000 shares. All such companies are deemed to be associated or under the control of Allan Blood. The indirect shareholding interests' of Allan Blood in AEC thus approximates 39.07%. AEC owns 92.5% of the issued capital of Delminco so that indirectly the interests of Alan Blood own approximately 36.14% of Delminco. The interests of AEC, Gameday and Allan Blood for the purposes of this report are known as the Allan Blood Group.

In the absence of any other share issues but assuming the Gameday Group is issued ordinary shares in MKY on the conversion of the 40,000,000 Share Options it owns and ordinary shares issued on the conversion of 100,000,000 Performance Shares (assumes Performance Hurdles are met) and the conversion of 50,000,000 share options granted to the Gameday Group as a result of the conversion of the Performance Shares, the Allan Blood Group may increase its shareholding interest to as high as approximately 43.01%.

1.4 The Company has considered that there may be a related party transaction under ASX Listing Rule 10.1 as the Acquisition involves issuing shares to a company associated with the MKY director Allan Blood and ASX Listing Rule 10.11 requires shareholders to approve transactions involving transactions with directors where the value of the transaction represents more than 10% of the audited net assets of the company. In this case the Acquisition would represent more than 10% of the audited net assets of MKY.

1.5 Therefore a notice prepared in relation to a meeting of shareholders convened for the purposes of Section 611 (Item 7) of TCA must be accompanied by an Independent Expert's Report stating whether the Acquisition noted under resolution 6 is fair and reasonable. To assist shareholders in making a decision on the Acquisition, the directors have requested that Stantons International Securities Pty Ltd prepare an Independent Expert's Report, which must state whether, in the opinion of the Independent Expert, the Acquisition is fair and reasonable to the non-associated shareholders of MKY (not associated with the Allan Blood Group).

1.6 Apart from this introduction, this report considers the following:

- Summary of opinion
- Implications of the proposals
- Corporate history and nature of business of MKY
- Future direction of MKY
- Basis of valuation of MKY securities
- Value of consideration
- Basis of valuation of Delminco
- Conclusion as to fairness
- Reasonableness of the offer
- Conclusion as to reasonableness
- Sources of information
- Appendix A and Financial Services Guide

1.7 In determining the fairness and reasonableness of the acquisition of Delminco whose only significant assets are interests in a granted tenement and six tenement applications on bauxite prospects in the Lower Cape York area in Queensland ("Bauxite Project") (it also has applications for other tenements that mainly relate to uranium prospectivity), we have had regard for the definitions set out by the Australian Securities and Investments Commission ("ASIC") in its Regulatory Guide 111, "Contents of Expert Reports". Regulatory Guide 111 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness). It also states that, where an acquisition of shares by way of an allotment is to be approved by shareholders pursuant to Section 611 (Item 7) of TCA, it is desirable to commission a report by an independent expert stating whether or not the proposal is fair and reasonable, having regards to the proposed allottee (in this case the Allan Blood Group) and whether a premium for potential control is being paid by the allottee.

Accordingly, our report relating to the issue of shares to the Allan Blood Group as part of the Delminco acquisition is concerned with the fairness and reasonableness of the proposals with respect to the existing non-associated shareholders of MKY (not associated with the Allan Blood Group) and whether the Allan Blood Group is paying a premium for a potential increase in control.

1.8 In our opinion, taking into account the factors noted elsewhere in this report including the factors (positive, negative and other factors) noted in section 9 of this report, the proposals as outlined in paragraph 1.2 and resolution 6 may on balance be considered to be fair and reasonable.

1.9 As noted elsewhere in this report, the shares in the Company have traded over the past month to 7 September 2008 (the date we were noted of the preliminary proposal to acquire Delminco) at between 1.6 cents and 2.0 cents. Between 19 March 2008 (the date the Company announced to the market of a proposed bauxite acquisition in Queensland but no acquisition price announced), and 3 October 2008 (the date of the details of the proposal with AEC involving Delminco were announced to the market) the shares have traded between 1.2 cents and 3.5 cents. The last sale on 8 October 2008 was 1.2 cents.

1.10 The opinions expressed above must be read in conjunction with the more detailed analysis and comments made in this report, including the October 2008 Independent Technical Valuation Report ("Valuation Report") on the bauxite tenements (one granted and seven applications pertaining to the Bauxite Project owned by Delminco prepared by Andrew White and Associates ("Andrew White"), a copy of which is attached as an appendix to the Notice of Meeting.

2. Implications of the Proposals

2.1 As at 8 October 2008, there were 495,228,102 ordinary fully paid shares on issue in MKY. The significant fully paid shareholders as at 23 September 2008 based on the top 20 shareholders list were believed to be:

	No. of fully paid shares	% of issued fully paid shares
Gameday Enterprises Pty Ltd	80,000,000	16.15
Mr M C Newman	8,630,000	1.74
Mr A Fitzpatrick	6,666,670	1.35
National Nominees Pty Ltd	5,912,684	1.19
Citicorp Nominees Pty Ltd	5,500,000	1.12
Mr T Allright	5,200,000	1.05
	111,909,354	22.60

The top 20 shareholders at 23 September 2008 owned approximately 32.95% of the ordinary issued capital of the Company.

2.2 If the Acquisition is completed by acquiring 100% of the issued capital of Delminco, the Allan Blood Group would increase its ordinary shareholding interest from 80,000,000 ordinary shares to 126,250,000 ordinary shares representing an approximate 23.16% interest in the expanded capital of the Company (before the exercise of any share options). Prior to the issue of any shares to raise further working capital there would be a total of 545,228,102 ordinary shares on issue. As at 6 October 2008 there are 40,000,000 share options outstanding exercisable at 2.5 cent each, on or before 31 December 2008 (unlisted) owned by Gameday (associated with Allan Blood) and 12,800,000 listed share options exercisable a 1 cent each, on or before 31 December 2008. In the event that the 40,000,000 Share Options issued to Gameday are exercised by the payment by Gameday to MKY of $1,000,000, then the Allan Blood Group's shareholding interest increases to approximately 27.93%. If the 100,000,000 Performance Shares are converted to ordinary shares (by the performance conditions being met), then the Allan Blood Group's ordinary shareholding interest increases to approximately 38.30%. If the 50,000,000 free attached share options issued on conversion of the Performance Shares are exercised Gameday will pay MKY $1,250,000 and the Allan Blood Group's ordinary shareholding interest may increase to approximately 43.01%. If the existing 12,800,000 share options are exercised, then the Allan Blood Group's shareholding interest would reduce. The maximum percentage of the Allan Blood Group would reduce to approximately 42.28%.

2.3 The current Board of Directors is not expected to change in the near future as a result of the acquisition of the Acquisition.

3. Corporate History and Nature of Business

3.1 MKY is listed on the ASX. On 31 January 2006, Mr Manfred Holzman of Holzman Associates was appointed as Voluntary Administrator of the Company by the then directors of MKY pursuant to Section 436A of the Corporations Act ("TCA"). At a meeting held on 27 April 2006 ("Meeting"), the Administrator recommended to the creditors of the Company that it was in the best interests of creditors to enter into a Deed of Company Arrangement ("DOCA"). At the Meeting the creditors resolved that the Company execute a Deed of Company Arrangement ("DOCA"). Subsequent to 27 April 2006, MKY, the Administrator and Anglo Pacific Ventures Pty Ltd ("Anglo") entered into a DOCA. Under the DOCA, Anglo agreed to pay $500,000 to a Creditors Trust Fund under a Creditors Trust Deed.

3.2 As part of the DOCA and recapitalisation proposal put forward by Anglo, the shareholders were asked to approve the following:

(a) the issue and allotment of 120,000,000 shares at an issue price of 0.25 cents per share, to raise $300,000 for working capital;
(c) the issue of 40,000,000 share options for a total consideration of $1,000 with each option exercisable at 1 cent each on or before 31 December 2008;

(d) the issue and allotment of 140,000,000 shares at an issue price of not less than 1 cent per share to raise up to $1,400,000 for working capital;
(e) the transfer of such assets of the Company as are capable of being assigned to the Trustee pursuant to Listing Rule 11.2 of the ASX and the terms of the DOCA;
(f) the election of Messrs, Hugh Warner, Ian Hobson and Michael Pollak as Directors of the Company (Michael Pollack resigned in November 2006);
(g) obtaining Section 195 (of the Corporations Act) approval to allow the completion of all of the proposals included in the Notice;
(h) adoption of a new Constitution;
(i) the name of the Company (was McKinley Corporation Limited) to be changed to MKY Corporation Limited; and
(j) the issue and allotment of 20,000,000 shares at 1 cent each to raise a gross $200,000.

All of the above were completed and the Company ceased to be in Administration and was re-quoted on to the ASX on 21 September 2006 (after raising a total of $1,901,000). After paying out costs, the net proceeds approximated $1,188,000 and the Company had certain plant and equipment with a face value of $122,130. The interests in the CLB Business Assets which comprise the Australian rights and intellectual property in relation to the Creatable Media Business including the tabletops held in storage and owned by the Company have not been independently valued. The directors have committed working capital to continue the business, although it is expected that the future emphasis of the Company will be in the mineral and exploration industry. The Company in April 2007 completed the acquisition of QUPL and since that date the primary focus has been on uranium exploration. In March 2008, the Company announced the proposal to acquire bauxite potential interests and the proposed acquisition of Delminco relates to the bauxite proposal.

4. Future Directions of MKY

4.1 We have been advised by the directors and management of MKY that:

- There are no proposals currently contemplated either whereby MKY will acquire any further properties or assets from the Allan Blood Group (however MKY will issue ordinary shares to the Allan Blood Group as outlined above in relation to the Acquisition) or where MKY would transfer any of its property or assets to the Allan Blood Group;
- The composition of the Board will not change in the short term;
- The Company may seek to raise further working capital either by way of share issues;
- No dividend policy has been set and it is not proposed to be set until such time as the Company is profitable and has a positive cash flow; and
- The Company will endeavour to enhance the value of its interests in the CLB Business Assets, undertake further exploration on the Palmer River Uranium Project owned by QUPL and seek to exploit the Bauxite Project being acquired.

5. Basis of Valuation of MKY Securities

5.1 Shares

5.1.1 In considering the proposals to acquire Delminco, we have sought to determine if the considerations payable by MKY to AEC (and the minority interests in Delminco) are fair and reasonable to the existing non-associated shareholders of MKY.

5.1.2 The offer would be fair to the existing non-associated shareholders if the value of the shares in Delminco (that has the interests in the Bauxite Project) being acquired by MKY are greater than the implicit value of the securities in MKY being offered as consideration. Accordingly, we have sought to determine a theoretical value that could reasonably be placed on MKY securities for the purposes of this report.

5.1.3 The valuation methodologies we have considered in determining a theoretical value of an MKY share (and also a Delminco share) are:

- Capitalise maintainable earnings/discounted cash flow;
- Takeover bid - the price at which an alternative acquirer might be willing to offer;
- Adjusted net backing and windup value; and
- The market price of MKY shares.

5.2 Capitalise maintainable earnings and discounted cash flows.

5.2.1 Due to MKYs current operations, a lack of profit history arising from business undertakings and the lack of a reliable future cash flow from a current business activity, we have considered these methods of valuation not to be relevant for the purpose of this report.

5.3 Takeover Bid

5.3.1 It is possible that a potential bidder for MKY could purchase all or part of the existing shares, however no certainty can be attached to this occurrence. To our knowledge, there are no current bids in the market place and the directors of MKY have formed the view that there is unlikely to be any takeover bids made for MKY in the immediate future. However, if the agreement to acquire Delminco is consummated, the Allan Blood Group will increase its control to approximately 23.16% of the expanded ordinary issued capital of MKY before the conversion of 100 million Performance Shares and the exercise of any outstanding share options (and up to 43.01% if all Performance Shares are converted to ordinary shares and all 40,000,000 Share Options owned by Gameday are exercised into ordinary shares).

5.4 Adjusted Net Asset Backing

5.4.1 We set out below an unaudited Balance Sheet of MKY as at 30 June 2008, adjusted after allowing for administration and other costs for the period July to September 2008 estimated at $150,000 along with a pro-forma consolidated Balance Sheet assuming the following:

- The acquisition of Delminco by way of an issue of 50,000,000 ordinary Shares at a deemed 1.75 cents per share (deemed value $875,000); and
- The payment of an estimated $50,000 indirect costs relating to the Acquisition.

	MKY (as adjusted) 30 June 2008 $000's	MKY Consolidated Pro-forma 30 June 2008 $000's
Current Assets		
Cash	3,165	3,115
Receivables	14	14
Prepayments	9	9
	3,188	3,138
Non Current Assets		
Fixed assets	13	13
Capitalised exploration costs	1,975	2,850
	1,988	2,863
Total Assets	5,176	6,001
Current Liabilities		
Trade and other payables	303	303
Total Current Liabilities	303	303
Net Assets	4,873	5,698
Equity		
Issued capital	27,183	28,058
Reserves- share option	1,756	1,756
Accumulated losses	(24,066)	(24,116)
Net Equity	4,873	5,698

5.4.2 Based on the book values, this equates to a value per fully paid ordinary share post the Acquisition (545,228,102 ordinary shares on issue) of approximately 1.04 cents (ignoring the value, if any, of non-booked tax benefits). If the 8 October 2008 share price of 1.2 cents was used to value the 50,000,000 shares to be issued to acquire Delminco, the net assets would approximate $5,423,000 or 0.99 cents per share. The book net tangible asset backing as at 30 June 2008 (as adjusted) equates to approximately 0.98 cents (495,228,102 ordinary shares on issue).

5.4.3 We have accepted the amounts for all current assets and non current assets. We have been assured by the management of MKY that they believe the carrying value of all current assets, fixed assets and liabilities at 30 June 2008 (as adjusted) are fair and not materially misstated.

5.4.4 We note that the market has been informed of all of the current projects, joint ventures and farm in/farm out arrangements entered into between MKY and other parties, including the Allan Blood Group. We also note it is not the present intention of the Directors of MKY to liquidate the Company and therefore any theoretical value based upon wind up value or even net book value (as adjusted), is just that, theoretical. The shareholders, existing and future, must acquire shares in MKY based on the market perceptions of what the market considers an MKY share to be worth.

The market has either generally valued the vast majority of junior technology, industrial and mineral exploration companies at significant discounts or premiums to appraised technical values and this has been the case for a number of years although we also note that there is an orderly market since being re-quoted on 21 September 2006 for MKY shares and the market is kept fully informed of the activities of the Company. Furthermore, for accounting purposes under Australian Equivalents to International Accounting Standards ("A-IFRS"), the consideration for the issue of MKY shares to acquire 100% of Delminco will be booked at the fair value of Delminco (in effect mainly the fair value of the Bauxite Project) or at the share price of an MKY share at the date of acquisition and not any perceived technical value. Accordingly, for the reasons outlined above, we believe that for the purpose of this report, it is not appropriate to use any technical value of an MKY share in assessing whether the proposal to acquire Delminco is fair and reasonable. We believe a pre-announcement market-based approach is a more suitable basis of assessing whether the proposed Acquisition is fair and/or reasonable. In the case of Delminco, the pre announcement price has been taken as prior to 3 October 2008.

5.5 Market Price of MKY Fully Paid Ordinary Shares

5.5.1 We set out below a summary of the fully paid share prices of MKY since 1 March 2008 to the date immediately prior to the announcement of the details of the consideration to acquire the Bauxite Project (via acquiring all of the shares in Delminco).

2008	**High Cents**	**Low Cents**	**Last Sale Cents**	**Volume Trade (000's)**
March	2.5	1.6	2.2	21,565
April	2.1	1.6	1.6	19,341
May	2.8	1.6	2.5	53,165
June	3.5	2.2	2.2	55,551
July	2.4	1.7	1.7	30,641
August	2.1	1.6	1.7	15,828
September	2.1	1.4	1.5	12,044
October (to 3rd)	1.6	1.4	1.5	2,357

5.5.2 Generally, the market is a fair indicator of what a share is worth, however the theoretical technical value based on the underlying value of assets and liabilities may be lower or higher. In the case of MKY, current liquidity is reasonable however the Company will eventually need to undertake a capital raising of some significance.

It is noted that over the past several years, the vast majority of mineral exploration companies listed on the ASX are trading at significant discounts or premiums to appraised technical values and in some cases have traded at a discount to cash asset backing. In the case of MKY, the monthly volume of trades on the ASX is large enough to argue that an orderly market exists for the Company's shares. The "market" arguably is fully informed of the Company's activities. It is our opinion that it is appropriate to use a range of recent pre-announcement trading market values as fair values to attribute to the 50,000,000 ordinary shares (to be restricted for at 12 months) to be issued to the Vendors of which AEC will receive 46,250,000 shares.

5.5.3 The future value of an MKY share will depend upon, inter alia:

- The future commercialisation of the CLB Business Assets, the successful exploitation of the Palmer River Uranium Project and the successful exploitation of the Bauxite Project (if acquired by acquiring all of the shares in Delminco);

- The state of the uranium, bauxite and base metal markets (and prices) in Australia and overseas;
- The state of Australian and overseas stock markets;
- Membership of the Board;
- General economic conditions; and
- Liquidity of shares in MKY.

5.5.4 We thus consider the fair value of an MKY share for the purposes of this report to lie in the range of 1.4 cents and 2.1 cents in the absence of the Acquisition and have used the mid point between such prices of 1.75 cents as the preferred pre announcement fair value of the ordinary shares to be issued. For the purposes of this report, we have considered that it is appropriate to use a range of prices for the MKY ordinary shares in determining our opinion on fairness. The Directors will need to consider the accounting standards in determining the final price attributable to the 50,000,000 ordinary shares to be issued to acquire Delminco.

5.5.5 The above values apply to the 50,000,000 ordinary shares to be issued to the Vendors that includes AEC. Arguably the ordinary shares to be issued to the Vendors have a lesser value, as they will be restricted from trading for a period of 12 months. A discount of 10% to 20 % per annum is commonly applied to shares that have a restriction on trading. However we have not applied a discount to the 50,000,000 ordinary Shares to be issued. It is noted that the Directors of MKY considered that the fair value of MKY shares at the time of discussions with Allan Blood was in the range of 1.6 cents to 2.0 cents.

6. Value of Consideration

6.1 Based on pre announcement share prices the consideration range would be:

	Low $	Preferred $	High $
50,000,000 ordinary shares at pre-announcement prices	700,000	875,000	1,050,000
Share price assumed to be	1.4 cents	1.75 cents	2.1 cents
If the post announcement share prices are used (after 3 October 2008), the consideration would be:			
50,000,000 ordinary shares	600,000	750,000	800,000
Share price assumed to be	1.2 cents	1.5 cents	1.6 cents

If we used the range of fair values pre 3 October 2008, the consideration for the shares would lie in the range of $700,000 and $1,050,000. It is noted that the Directors at the time of negotiation of the acquisition with Allan Blood allocated around 1.6 cents to 2 cents to the 50,000,000 ordinary shares. The non related Directors considered the value of the consideration to be in the range of $800,000 to $1,000,000.

7. Basis of Valuation of Delminco (and interests in the Bauxite Project)

7.1 The usual approach to the valuation of an asset is to seek to determine what an informed, willing but not anxious buyer would pay to an informed, willing but not anxious seller in an open market.

7.2 Delminco is an unlisted company and therefore valuing the shares on a takeover basis and on a market based approach are not that relevant. There are no indications that other parties wished to acquire all of the shares in Delminco other than MKY and the shares in Delminco are privately held and not traded.

7.2 The Company has commissioned Andrew White and Associates (author of the Valuation Report is Andrew White) to prepare a Valuation Report of the Palmer River project owned by Delminco. The Andrew White Valuation Report of October 2008 should be read in its entirety and a full copy of the Andrew White Valuation Report is attached as an Appendix to the Notice and forms part of the Explanatory Statement to Shareholders. The Valuation Report ascribes a range of values to the interests to the Bauxite Project and for the purposes of our report we have used the low, high and mid range market valuations referred to in the Andrew White Valuation Report.

7.3 As the only significant asset of Delminco is its interest in the Bauxite Project the most suitable methodology is to value the shares in Delminco on an asset backing basis using fair values for the assets.

7.4 We have used and relied on the Andrew White Report on the Bauxite Project and have satisfied ourselves that:

- Alexander White and Associates is a suitably qualified geological consulting firm and has relevant experience in assessing the merits of mineral projects and preparing mineral asset valuations (also the author of the report, Alexander White is suitably qualified and experienced);
- Alexander White is independent from MKY and Delminco; and
- Alexander White has employed sound and recognised methodologies in the preparation of the valuation report on the Bauxite Project.

7.5 Andrew White has provided a range of market values of the interests in the Bauxite Project. Andrew White has ascribed a range of values to the Bauxite Project as follows:

	Low $	Preferred $	High $
Lower Cape York Bauxite Project (one granted tenement and 6 Applications for Tenements)	660,000	1,200,000 to 2,150,000	3,500,000

7.6 We have been advised that all other Delminco assets will be converted to cash and the cash will be used to repay part of the liabilities of Delminco that is, in the main amounts due to AEC. It has been agreed that as at the date that MKY acquires all of the share capital of Delminco, the liabilities of Delminco will be nil. Thus the net fair value of Delminco is in the range noted above under paragraph 7.5.

8. Conclusion as to Fairness

8.1 The proposal to acquire the shares in Delminco that has as its only significant asset the Bauxite Project for the consideration noted in paragraph 1.2 is believed fair to MKY's non-associated shareholders if the value of the consideration offered is equal to or less than the value of the shares in Delminco (Bauxite Project) being acquired.

8.2 Due to the nature of the business of Delminco, valuations are dependent upon the value placed on the mineral interests of Delminco. The valuation of mineral interests and valuing future profitability and cash flows is extremely subjective as it involves assumptions regarding future events that are not capable of independent substantiation.

8.3 We have examined below the values attributable to the shares proposed to be issued and the value of the consideration offered by MKY to the Delminco Vendors (including AEC).

	Low $	Preferred $	High $
Assessed value of Delminco based on independent valuation of mineral interests (Bauxite Project)	660,000	1,200,000 to 2,150,000	3,500,000
Value of consideration payable by MKY using a pre-announcement market based approach (refer below) Payable by MKY (refer paragraph 6.1)	800,000	875,000	1,050,000

The actual consideration to the Vendors is 50,000,000 ordinary shares with a pre 4 October 2008 value of say 1.75 cents per share for a consideration of $875,000. On a post announcement basis the consideration lies in the range of $600,000 to $800,000.

It is noted that there are several contracts in place entered into by Delminco. There is an agreement with Stuart Foster ("Foster") (a 3.75% shareholder in Delminco) to employ Foster as a Mineral Exploration Consultant for a period of two years from 7 April 2007 at a agreed fee of $140,000 for the two year period. Bonus payments (unspecified) can also be made in that period. Approximately $52,500 has yet to be paid. The contract can be terminated. In addition, there is a contract with NQ Mining Enterprises Pty Ltd and Ralph De Lacey (a 3.75% shareholder in Delminco and a director of Delminco) to engage NQ Mining as a consultant for a two year period effective from January 2007 for a total sum of $400,000 plus GST. Approximately $50,000 plus GST has yet to be paid. Delminco also via contracts with Randall Wynn and George Ryan (Directors of Delminco) have agreed to pay Directors fees of $30,000 per annum ($2,500 per month) to each Director.

8.4 **On a pre-announcement market value approach, the proposed Acquisition (in effect acquiring an interest in one granted tenements and 6 application for tenements in the Bauxite Project and up to 10 other applications for non bauxite tenements) by way of the issue of 50,000,000 shares as outlined in resolution 6 to the Notice is considered on balance to be fair.** The shares to be issued to the Vendors of Delminco (including AEC that is associated with Allan Blood) for the acquisition of Delminco are likely to be classified as 'restricted securities' by the ASX and escrowed from trading for a period of 12 months.

8.5 As noted above, the shares in the Company have traded post the 3 October 2008 announcement at between 1.2 cents and 1.6 cents (closing sale price on 8 October 2008 at 1.2 cents). If these prices were ascribed to the 50,000,000 ordinary shares, the deemed cost of the consideration would be in the range of $600,000 to $800,000.

9. Reasonableness of the Offer

9.1 We set out below some of the advantages and disadvantages and other factors pertaining to the proposed Acquisition.

Advantages

9.2 The Company has very few remaining business activities having come out of Administration in 2007 and the only mineral asset is the Palmer River Uranium Project. By diversifying into another mineral (bauxite potential) MKY increases diversity and risk. The Acquisition if successful could lead to potential bauxite mining operations or the ability for MKY to on-sell or farm-out the Bauxite Project to another mining company at a profit.

9.3 The Company may be able to raise further funds by way of share equity as a result of acquiring the Bauxite Project.

9.4 On an asset backing approach, the consideration proposal is minimal (probably below $500,000 for the 50,000,000 ordinary shares only) and below the market value (pre announcement) approach. The Company has only a small interest in the CLB Business Assets and the Palmer River Uranium Project. In effect the main asset of MKY is its cash and the Palmer River Uranium Project. The net cash asset backing approximates 0.57 cents per share.

9.5 Andrew White has ascribed a range of values to the Bauxite Project that in the main is in excess of the consideration payable.

Disadvantages

9.6 The number of fully paid ordinary shares on issue initially rises by 50,000,000 to 545,228,102 (before exercise of any existing share options and any conversion of Performance Shares). This represents an approximate 10.09% increase in the ordinary shares of the Company. If all 12,800,000 1 cents share options, are exercised and 40,000,000 Share Options issued to Gameday are exercised and all Performance Shares (performance conditions need to be met) converted to ordinary shares and then the 50,000,000 share options issued on conversion of the Performance Shares to ordinary shares are exercised, the number of ordinary shares increases to 748,028,102.

9.7 Currently, the Allan Blood Group owns 80,000,000 shares in the Company (16.15%) and if resolution 6 is passed, the Allan Blood Group will obtain a shareholding interest of approximately 23.16% and possibly up to approximately 43.01%. This is a potentially a significant interest and can lead to an "overhang" in the market. The Allan Blood Group is paying a premium for control in that it is receiving consideration post the 3 October 2008 announcement of between say $600,000 and $800,000 (refer paragraph 6.1) but is giving up an asset deemed to be currently valued at between $660,000 and $3,500,000 (preferred value $1,200,000 to $2,150,000) per the Andrew White Valuation Report.

9.8 MKY may need to raise further significant working capital to spend on exploration and evaluation of the Palmer River Uranium Project and the Bauxite Project although cash reserves currently are reasonable. It is estimated that an initial program relating to the Bauxite Project will cost $450,000 and than a possible $1,350,000. The number of shares that may be issued to raise additional capital is not yet ascertained however any future capital raisings will further dilute the current non associated shareholders interests in MKY.

Other Factors

9.9 In general terms, investments in listed mineral exploration companies are high risk and for those shareholders who consider that the proposed Acquisition (acquisition of Delminco) from the Vendors is a risk worth taking, then the proposed Acquisition under resolution 6 may be reasonable.

9.10 The Bauxite Project may not turn out to be commercially viable and thus losses may be incurred.

Other Factors

9.11 Delminco has contract obligations as noted in paragraph 8.3 of this report.

10. Conclusion as to Reasonableness

10.1 After taking into account the factors referred to in 9 above and elsewhere in this report, we are of the opinion that the proposed Acquisition as noted in paragraph 1.2 and resolution 6 in the Notice may be considered, on balance, to be fair and reasonable to the non-associated shareholders of MKY.

11. Sources of Information

11.1 In making our assessment as to whether the proposed Acquisition as noted in paragraph 1.2 is fair and reasonable, we have reviewed relevant published available information and other unpublished information of the Company, the Bauxite Project and Delminco that is relevant to the current circumstances. In addition, we have held discussions with the management of MKY about the present and future operations of the Company. Statements and opinions contained in this report are given in good faith but in the preparation of this report, we have relied in part on information provided by the directors and management of MKY.

11.2 Information we have received includes, but is not limited to:

- Draft Notice's of MKY and draft Explanatory Statements to Shareholders prepared in September and October 2008;
- Discussions with management and directors of MKY;
- Details of historical market trading of MKY ordinary fully paid shares recorded by ASX for the period 1 March 2008 to 8 October 2008 (to 2.30 am);
- Shareholding details of MKY as supplied by the Company's share registry as at 23 September 2008;
- Un-audited balance sheet of MKY as at 30 June 2008;
- Announcements made by MKY to the ASX to 6 October 2008;
- The Share Sale Agreement between MKY and the Delminco Vendors;
- The Independent Valuation Report of Andrew White of October 2008;
- The cash flow forecasts of MKY for 2008;

- Un-audited accounts of Delminco for the year ended 30 June 2008; and
- Delminco contact with NQ Mining Enterprises Pty Ltd and Ralph De Lacey and a contract with Foster, along with Directors contacts with Ryan and Wynn.

11.3 Our report includes Appendix A and our Financial Services Guide attached to this report.

Yours faithfully
STANTONS INTERNATIONAL SECURITIES PTY LTD

J P Van Dieren - FCA
Director

APPENDIX A

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities Pty Ltd dated 8 October 2008, relating to the issue of 50,000,000 ordinary shares as consideration for all of the shares in Delminco as outlined in paragraph 1.2 of the report and resolution 6 in the Notice of Meeting to Shareholders of October 2008.

At the date of this report, Stantons International Securities Pty Ltd does not have any interest in the outcome of the proposal. There are no relationships with MKY, Delminco, AEC and the other Vendors other than acting as an independent expert for the purposes of this report. There are no existing relationships between Stantons International Securities Pty Ltd and the parties participating in the transaction detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated at $15,000. The fee is payable regardless of the outcome. With the exception of the fee, neither Stanton Partners Corporate Pty Ltd nor John P Van Dieren have received, nor will, or may they receive, any pecuniary or other benefits, whether directly or indirectly, for or in connection with the making of this report.

Stantons International Securities Pty Ltd does not hold any securities in MKY. There are no pecuniary or other interests of Stantons International Securities Pty Ltd that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities Pty Ltd and Mr J Van Dieren have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice. Stanton Partners Corporate Pty Ltd a predecessor firm to Stantons International Securities Pty Ltd in 2007 prepared an independent expert's report on the then proposal for MKY to acquire 100% of the issued capital of QUPL.

QUALIFICATIONS

We advise Stantons International Securities Pty Ltd is the holder of an Investment Advisers Licence (no 319600) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions that involve securities. A number of the directors of Stantons International Pty Ltd are the directors of Stantons International Securities Pty Ltd. Stantons International Pty Ltd and Stantons International Securities Pty Ltd have extensive experience in providing advice pertaining to mergers, acquisitions and strategic for both listed and unlisted companies and businesses.

Mr John P Van Dieren, FCA, the person responsible for the preparation of this report, has extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuation and financial aspects thereof, including the fairness and reasonableness of the consideration offered.

The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the task they have performed.

DECLARATION

This report has been prepared at the request of the Directors of MKY in order to assist them to assess the merits of the acquisition of all of the shares in Delminco (outlined in resolution 6) to which this report relates. This report has been prepared for the benefit of MKY's shareholders and does not provide a general expression of Stantons International Securities Pty Ltd's opinion as to the longer term value of MKY, QUPL, the Palmer River Project, Delminco and the Bauxite Project. Stantons International Securities Pty Ltd does not imply, and it should not be construed, that is has carried out any form of audit on the accounting or other records of MKY and its existing subsidiaries, Delminco or the ownership of the bauxite tenements and application for tenements comprising the Bauxite Project. Neither the whole nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities Pty Ltd to the form and context in which it appears.

DISCLAIMER

This report has been prepared by Stantons International Securities Ltd with due care and diligence. However, except for those responsibilities, which by law cannot be excluded, no responsibility arising in any way whatsoever for errors or omission (including responsibility to any person for negligence) is assumed by Stantons International Securities Pty Ltd, Stantons International Pty Ltd, their directors, employees or consultants for the preparation of this report.

DECLARATION AND INDEMNITY

Recognising that Stantons International Securities Pty Ltd may rely on information provided by MKY and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities Pty Ltd experience and qualifications), MKY has agreed:

a) To make no claim by it or its officers against Stantons International Securities Pty Ltd (and Stantons International Pty Ltd) to recover any loss or damage which MKY may suffer as a result of reasonable reliance by Stantons International Securities Pty Ltd on the information provided by MKY; and

(b) To indemnify Stantons International Securities Pty Ltd (and Stantons International Pty Ltd) against any claim arising (wholly or in part) from MKY or any of its officers providing Stantons International Securities Pty Ltd any false or misleading information or in the failure of MKY or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities Pty Ltd.

A draft of this report was presented to MKY directors for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.

LEVEL 1, 1 HAVELOCK STREET
WEST PERTH WA 6005, AUSTRALIA
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204
www.stantons.com.au

FINANCIAL SERVICES GUIDE
FOR STANTONS INTERNATIONAL SECURITIES PTY LTD
Dated 8 October 2008

1. Stantons International Securities Pty Ltd ACN 128 908 289 ("SIS" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. Financial Services Guide

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

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No: 319600;
- remuneration that we and/or our staff and any associated receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. Financial services we are licensed to provide

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

- Securities (such as shares and options)

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

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

4. General Financial Product Advice

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

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

5. Benefits that we may receive

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

Except for the fees referred to above, neither SIS, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. Associations and relationships

SIS is ultimately wholly owned by Stantons International Pty Ltd a professional advisory and accounting practice. Our directors may be directors in Stantons International Pty Ltd and Stantons International Services Pty Ltd.

From time to time, SIS, Stantons International Pty Ltd and Stantons International Services Pty Ltd and/or their related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

9. Complaints resolution

9.1 Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stantons International Securities Pty Ltd
Level 1
1 Havelock Street
WEST PERTH WA 6005

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaints within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

9.2 Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited ("FOSL"). FOSL is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOSL are available at the FOSL website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited
PO Box 3
MELBOURNE VIC 8007

Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399

10. Contact details

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

Andrew White and Associates

(AH & EM White Trading As,
ABN 91 310 805 797)

Consulting Geologists and Management Consultants

3666 Moggill Road
Moggill,Qld, Australia 4070

VALUATION

DELMINCO PTY LTD BAUXITE EXPLORATION PERMITS (APPLICATIONS AND GRANTED PERMITS)

LOWER CAPE YORK PENINSULA

for
MKY LIMITED

October 2008

by

Dr Andrew H White

Andrew H White BSc(Hons)., PhD., FAIG, FSEG, GAICD.

Phone (61)(0) 7 3202 6526
Mobile (61) 041 111 0513
Facsimile (61) (0) 7 3202 6641

Summary

Delminco's Exploration Permits for Minerals (applications and granted permit) in Cape York are certainly prospective for bauxite, but potential bauxite occurrence, quality and quantity in Delminco's EPMs may only be determined by exploration drilling.

Bauxite is the main ore for aluminium, therefore the bauxite to aluminium process is briefly reviewed, together with an explanation of the character of bauxite and how this impacts its value as an ore. A scenario using the cost of reconnaissance drilling, followed by sufficient drilling to scope inferred bauxite resources is used as a basis for valuing the Delminco EPMs.

A range of value for the EPMs of $900,000 to $3,600,000 is derived using this scenario. An Expected Value of $1,200,000 is derived using two possible scenario of discovery and very approximate capital and operating cost estimates. The value of the EPMs is considered to lie in the range $1,200,000 and $2,150,000 in the present market conditions, specifically with respect to bauxite. The values obtained do not take into account the possible discounting effects of issues of Native Title compensation, Wild Rivers legislative restrictions or logistics related to exploitation of any bauxite discovered in the EPMs.

Table of Contents

Aluminium and bauxite

Aluminium is the third most abundant element in the Earth's crust, but its use as a light metal was only possible after development of refining and smelting techniques in the early part of the 20th Century. Almost exclusively, the ore of aluminium is bauxite. Bauxite is refined, again almost exclusively, in a process known as the Bayer process to alumina (aluminium oxide). Alumina is reduced to the metal in reduction furnaces by the Hall-Heroult process.

The aluminium industry is dominated by a few large players (Rio Tinto, Alcoa, Rusal, Chalco, BHP-Billiton,) and is characterised by vertical integration, that is, each player mines bauxite, refines bauxite to alumina, and smelts alumina to aluminium metal. The industry is very capital intensive and energy (electricity) consuming. There is little open market, arms-length trade of bauxite, as most bauxite trade is subject to long term supply agreements between producer and refiner. Alumina trade is more vigorous and open to market forces, with considerable trade between refiners and smelters, partly because not all refineries are totally committed to particular smelters and partly because not all smelters are wholly owned by or tied to alumina refiners. There is also opportunistic alumina trade between refiners dictated by issues of production and transport, to enable timely deliveries to smelters.

By and large, aluminium supply is in balance with demand, and when stockpiles grow due to slowing economic growth, producers tend to shut old smelters down to control supply of metal. It is rare for refineries to shut down, but production rates may be held or slowed, causing a flow-on effect that reduces demand for bauxite. When demand increases, there is commonly an interval of time before new production can be brought on-stream. Because of the capital intense nature of the business, producers are also normally reluctant to bring new production on-stream that might upset the supply demand balance when economic growth slows.

China has emerged as the largest alumina refiner. Bauxite trade is now greatly affected by Chinese demand (Figure 1) and forecasts that China's imports of bauxite will increase from around 10mt in 2007 to 20mt in 2008. China has been importing about 7 million tonnes per annum of medium grade bauxite from Indonesia, but there are concerns that Indonesia may place restrictions on future bauxite exports (and clamp down on illegal bauxite mining), and as a consequence Chinese importers are examining other sources of supply.

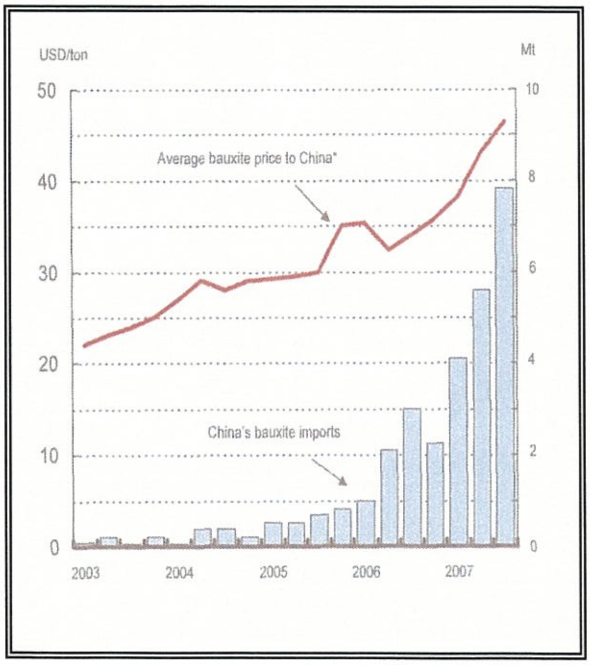

Figure 1. Bauxite prices (source Rio Tinto)

There is a limited capacity to rapidly increase export of bauxite from any source. There is also a forecast rapid increase in refining capacity in China, compounding a demand for bauxite. As a result, there is renewed interest in bauxite resources in Australia apart from the existing exports from Weipa.

Bauxite

Bauxite is a mixture of minerals, commonly a mixture of gibbsite, boehmite, kaolinitic clays, and hydrated ferruginous oxides and hydroxides (generally described as goethite). Most bauxites contain anatase in amounts up to 3% TiO_2, and a host of trace elements, including gold. Phosphorous and vanadium traces may present metallurgical problems in refining alumina, and germanium is sometimes commercially extracted from bauxite during the refining process.

The range of bauxite composition varies very widely in alumina content in commercial bauxites, from very high grades containing >60% Al_2O_3, to the Darling Ranges bauxites in south western Western Australia, which contain around 35% Al_2O_3. The combined silica content of bauxite is critically important (explained in more detail below), and bauxites with > 8% combined silica are currently regarded as uneconomic, unless their gibbsite and total alumina contents are very high. The Darling Ranges bauxites are characterised by low combined silica (~ 1%), and their proximity to the coast combined with the fact that their alumina mineralogy is almost entirely gibbsite makes them economic, although their total alumina content is low.

Bauxite forms as a consequence of lateritic weathering. The product of lateritic weathering is the so-called laterite profile (Figure 2), which may vary in thickness from less than a meter to more than 100 meters depending on rainfall. A complete laterite profile has the following components:

- An upper pisolitic, nodular and/or earthy layer dominated by iron hydroxides, alumina oxides and quartz,
- An underlying layer composed of aluminous clay (kaolin), iron oxides (mainly hematite and geothite) and minor bauxite minerals. This layer has a gross mottled appearance due to the occurrence of red iron oxides/hydroxides in a pale kaolinitic matrix and is called the mottled layer.
- The basal component of the laterite profile, the pallid zone, in which silicates have been uniformly altered to kaolin so that the only minerals in the layer are quartz, kaolin and any remnant spinels such as anatase that have not succumbed to weathering.

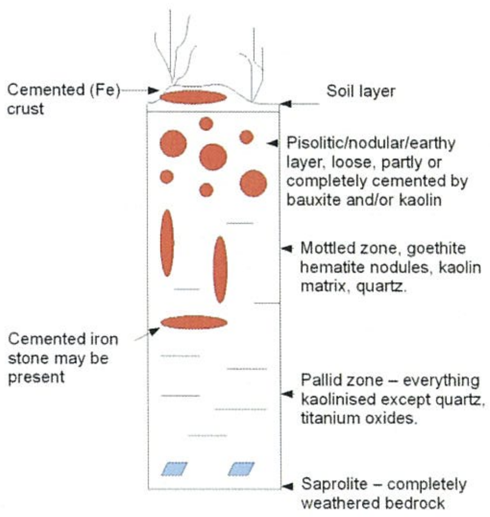

Figure 2. Cartoon of a laterite profile.

Preservation of a laterite profile depends on whether subsequent epeirogeny or sea-level change has led to erosion of the profile.

Bauxite in Cape York:

Bauxite was discovered at Weipa on the west coast of Cape York in 1956. The discovery was followed by exploration for bauxite in Cape York north of the Kendall River over a period of 15 years, and involved several competing companies (including Comalco, Alcan, Tipperary Land Corporation, HA Bauxite, and CSR). This exploration defined the extent of the major continuous bauxite occurrences, and also found several smaller deposits. Only the deposits at Weipa, Andoom and more recently, Ely, have been exploited. Work is now under way to assess the feasibility of exploiting the other remaining major deposits, between Weipa and Aurukun, on the south bank of the Embley River (Figure 3).

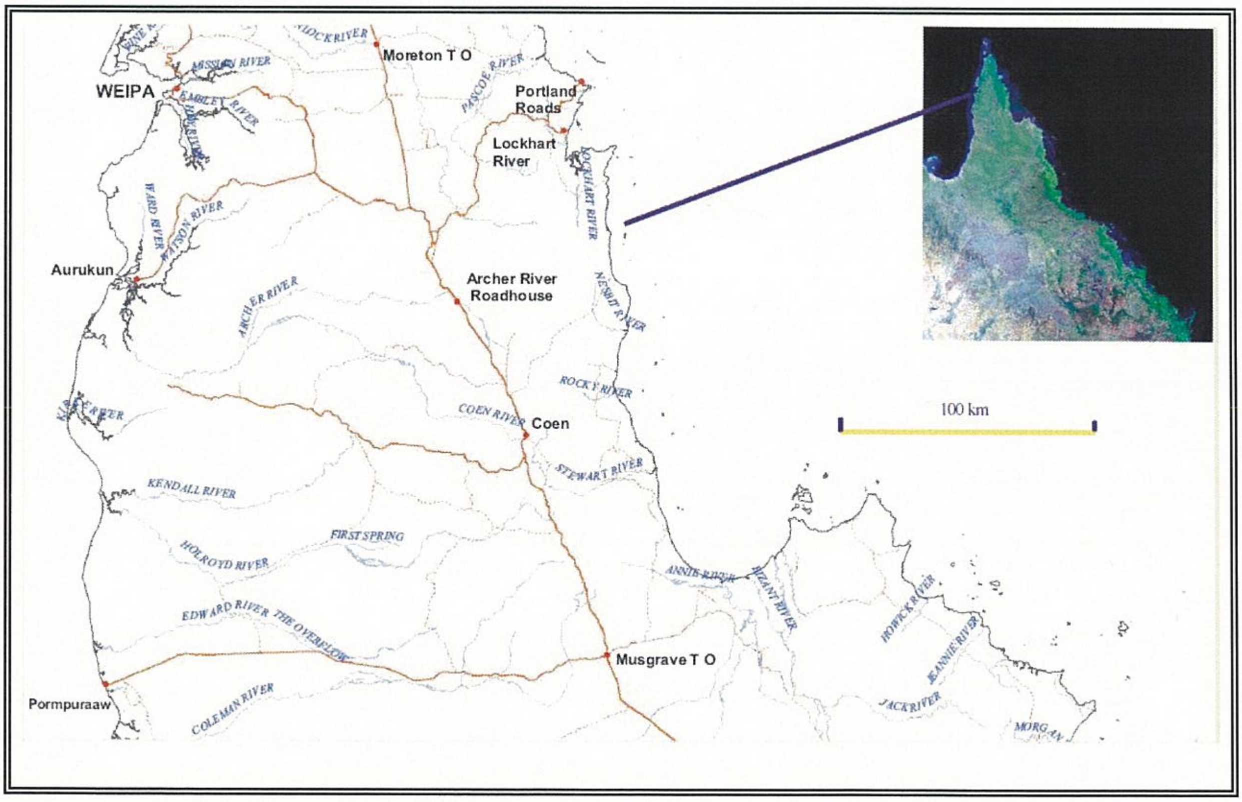

Figure 3. Local map of part of Cape York.

Bauxite exports from Queensland have been limited to exports from RioTinto-owned or operated mines through the port of Weipa. For several decades following the development of the Weipa deposits, opportunities to sell bauxite from other sources on Cape York were overwhelmed by exploitation of the high grade Weipa reserves. Weipa now exports about 18 million tonnes per annum of beneficiated bauxite, and Riotinto recently approved expenditure on a feasibility study of the proposal to mine bauxite from the large, high grade Pera Head deposits south of the Embley River at Weipa. These deposits are presently have no access to a port, nor is there any infrastructure to facilitate production. If approved for development production from Pera Head will lift export of bauxite from Weipa Port to around 35 million tonnes per year.

Geology of Cape York:

A meridional Proterozoic and Palaeozoic basement ridge of metamorphic and igneous rocks crops out along the eastern third of Cape York Peninsula. The Mesozoic Carpentaria Basin laps onto the western side of the ridge, and superimposed on the Carpentaria Basin sediments are Cainozoic sediments of the Karumba Basin (Fig 4). The Carpentaria and Karumba basins formed as a result of gentle downwarping of the continental crust. Jurassic to Recent fluvial and marine clastic sediments derived from the basement ridges east and west of the basins have been deposited during several sedimentary cycles in these basins. The Karumba Basin sequence reaches a maximum

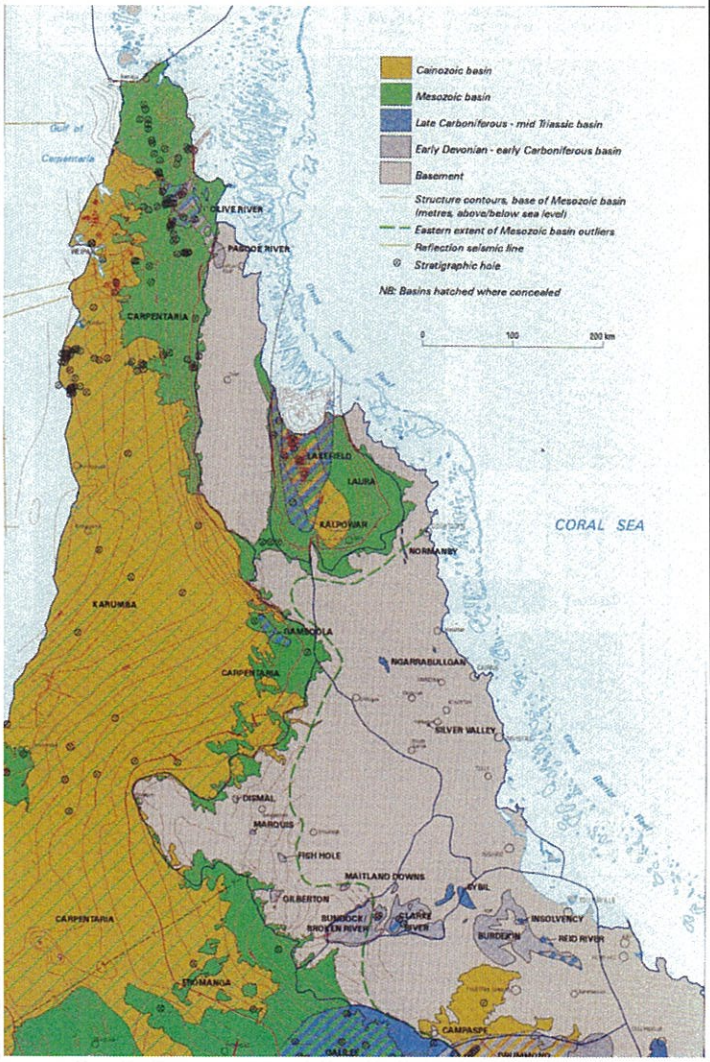

Figure 4. Cape York solid geology (From Withnall et al., 1997)

thickness of 600m offshore, and consists of coarse sands, clayey (kaolinitic) quartzose sands, arkose, granule/pebble conglomerate and sandy clays onshore, together with marls, coral and shell debris banks offshore.

The bauxite has formed as a result of deep lateritic weathering of the Karumba Basin sediments where they occur along the western side and north eastern tip of Cape York Peninsula. Isotopic studies suggest that the lateritic profile was developed during an interval of temperate monsoonal conditions (Bird et al., 1989). The surface of the laterite profile was a gently undulating peneplain which still forms a more or less continuous blanket a few metres above present sea level along the coast north and south of Weipa.

The profile is dissected by the modern rivers draining into the Gulf. Inland, the elevation of the laterite profile surface rises to about 100m above sea level 50 km from the coast, where the profile occurs as large, low-elevation mesa like remnants of the formerly continuous horizon. The laterite profile was dissected probably as a result of sea level fall from the level pertaining when the bauxite was formed.

Quaternary barrier dunes, mangrove swamps and sabkha muds, beach rock and eolian sands occur along the coastal fringe of the Gulf of Carpentaria. These sediments result from the current wave-dominated coastal progradation of clastic detritus derived from the adjacent basement, Mesozoic and Cainozoic rocks.

Description of the laterite profile and the bauxite:

The laterite profile is covered by an overburden up to 2m thick of sandy soil. Where it is completely preserved, the laterite profile consists of an upper dominantly pisolitic layer up to 12m thick, overlying a mottled zone consisting of ironstone nodules in a kaolinitic matrix, and a lower pallid zone dominated by kaolin and quartz sand. Locally, the top of the pisolitic layer is a cemented crust up to a metre thick, and in many areas the base of the pisolitic layer is marked by a cemented ironstone layer, again up to a metre thick. From the coast inland for about 35km the pisolitic layer is dominantly bauxite, but grades laterally inland and to the north and south into cemented pisolitic ferruginous laterite, "buckshot" or limonitic laterite and siliceous laterite.

Most of the bauxite is strongly pisolitic and uncemented. The pisolites range from less than 1mm to 20mm in diameter. The bauxite is mostly pale red/pink to light brown in colour, but locally where gibbsite is the dominant mineral the bauxite can be cream, whitish or pink. The pisolites occur in a sparse, sandy matrix of loose, earthy bauxite. The thin, moderately cemented surface bauxite and the thick, loose pisolitic zone constitute the main ore zone of the bauxite. Below this zone the bauxite grades rapidly into nodular, high iron bauxite which varies from loose and friable to partly cemented.

Mineralogy of the bauxite:

The mineralogy of the Cape York bauxites has been described by Evans (1965, 1975) and MacGeehan (1972). The main minerals in the bauxite are gibbsite, boehmite, hematite, anatase, kaolinite, and quartz. The top 0.25m to 1.5m of the bauxite are enriched in boehmite and quartz, whereas the main part of the bauxite consists of gibbsite with constant quantities of quartz, hematite and kaolin. The gibbsite content decreases sharply and the kaolin, quartz, hematite and goethite contents increase sharply below the main gibbsite layer. Anatase remains fairly constant throughout the bauxite province.

Economics

Bauxite and alumina prices:
Bauxite from Weipa is beneficiated by washing over screens, to remove some of the clayey matrix in the ore and thus lower the reactive silica content, and then blended from stockpiles to achieve shipping grades. Currently bauxite is selling for around US$40-$45 per tonne FOB Australia (Weipa). Bauxite exported for alumina refining is generally of high grade (>55% Al_2O_3 , <5.5% combined silica). Refining to alumina involves an order of value adding - the spot price of alumina in China and India has ranged from US$430/ tonne to US$618/tonne in the last twelve months. Average operating costs are probably around US$160- $200/ tonne of alumina.

The value of bauxite relates to the Bayer process of refining bauxite to alumina, and the cost of getting the bauxite to the refinery. In the Bayer process, bauxite is fed into a caustic solution at elevated temperature and pressure, to dissolve the gibbsite and boehmite. Silica in the bauxite as quartz (SiO2), titanium oxides and the iron hydroxides do not dissolve at temperatures less than 200°C, and are left as a residue of red mud after decantation of the liquor. Any silica present as silicates (usually clays, and referred to in bauxite analyses as "combined silica") combines with the caustic solution to form sodium silicate gel, and the caustic solution involved in this reaction is lost to the process. This loss of caustic is a key cost in refining, which is why reactive silica content in bauxite is of major economic importance. Initial bauxite analyses normally report percent total SiO2, which is the sum of the inert quartz and silica contained in silicates.

The pregnant caustic liquor is seeded with alumina crystals and on controlled cooling, alumina hydrate is precipitated which is calcined at 900 to 1000°C to pure alumina. The caustic solution is recycled. The main operating costs in alumina refining are energy for heating the solution and sodium hydroxide lost in combining with silicates. About one tonne of caustic is consumed for every 13 tonnes of alumina produced, and the process requires about 25 to 27 gigajoules of gas per tonne of alumina (depending on the nature of the bauxite).

Pure gibbsite dissolves in caustic solution at 140°C and around 3 atm, but boehmite does not readily dissolve at temperatures less than 200°C, and diaspore does not dissolve below 300°C. Therefore, in general, bauxites that have a high gibbsite consent are more valuable than bauxites composed mostly of boehmite.

Bauxite with a very low (~<1.0%) reactive silica content may be of considerable value even if the alumina content is relatively low grade, provided the cost of transport to the refinery is low. Hence low grade bauxites (~35% Al2O3) are mined in Western Australia because they are <50km from the refineries, and the reactive silica content is very low, around 1%.

Bauxite in the Kendall and Holroyd river catchments on Cape York.

Delminco has applied for 8 Exploration Permits for Minerals (referred to herein as the Delminco EPMs) totalling 504 subblocks in the Kendall and Holroyd river catchments on western Cape York (see table of tenements, below). Of these applications, one (EPM 15886) has been granted, and the others have no competing applications. Delminco has also applied for 2 other EPMs (17316 and 17317), but there is another applicant for these areas and this applicant has priority of application. The EPMs cover remnants of a laterite weathering surface that have significant areal extent.

MacGeehan (1972) reported on bauxite exploration carried out in the Kendall River catchment over the period 1969-1971. Rio Tinto (Lilley, et al, 2005) carried out reconnaissance drilling in a large area of the Holroyd and Kendall river deltas looking for bauxite beneath modern sedimentary cover, but concluded that the bauxitised upper level of the laterite surface had been removed by erosion in this area. MacGeehan found three bauxite deposits as the result of persistent exploration of the uplands along the watershed between the Archer River and the Kendall River, and it is on his work that much of the interpretation for this valuation depends.

EPM	NAME	LOCATION	Blocks	Status	Date	EA Number
15886	Pretender Creek	64k WSW Coen	32	Notification	27-Jun-07	MIC200465906 *
16965	Pretender Creek E	65km WSW of Coen	24	Application	No	
16963	Pretender Creek C	50km WSW of Coen	98	Application	No	
16964	Pretender Creek D	60km W of Coen	50	Application	No	
17004	Kendall River A	130km SW of Coen	100	Application	No	
17005	Kendall River B	120km SW of Coen	100	Application	No	
17006	Archer River	125km WSW of Coen	100	Application	No	

Table 1. List of Delminco EPMs for bauxite, Cape York.

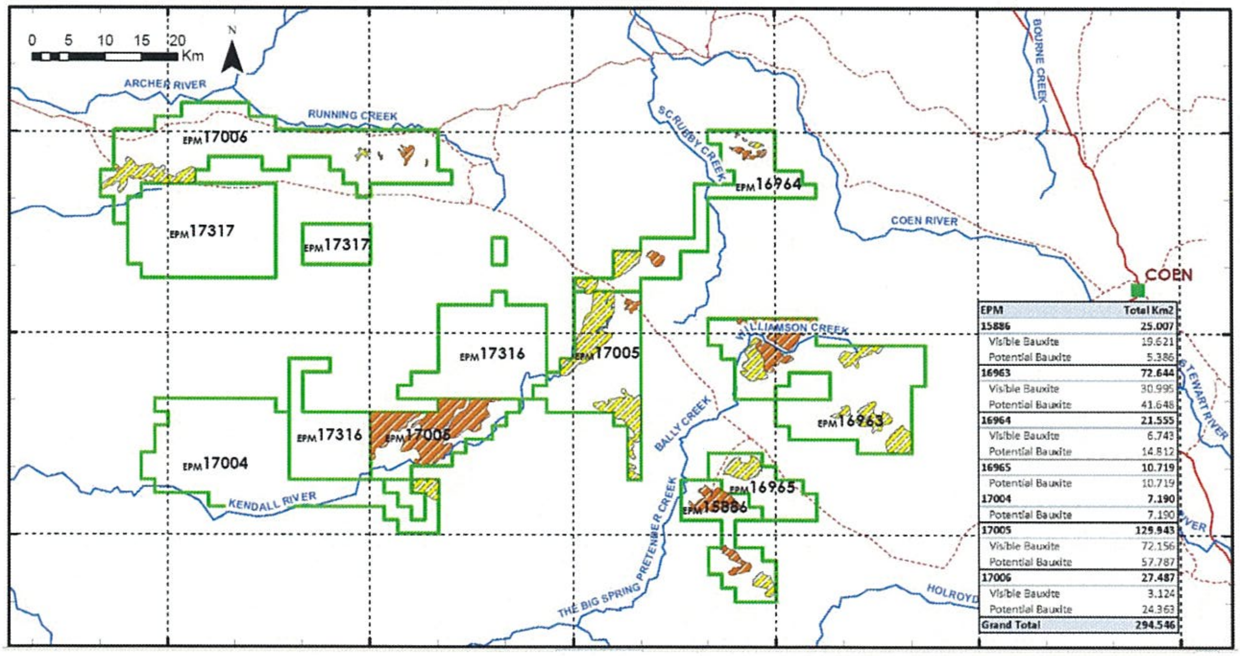

Figure 5. Map showing location of Delminco EPMs for bauxite, with Delminco's comments on prospectivity assessed by helicopter reconnaissance. (Source Delminco Pty Ltd)

MacGeehan reported that in most of the area considered, the surface is covered by "incipient bauxitisation or coarse rudimentary pseudo-pisolitic tubular and concretionary structures" in a matrix of partly altered arkosic sediment which forms a discontinuous crust. The bauxite deposits found by MacGeehan are actually beneath this surface crust. They were found by drilling on a 3km grid to obtain information on the stratigraphy, and subsequently using the stratigraphic information to close in on bauxite-prospective zones with further drilling on a ~300m grid. This drilling established small zones of bauxite deposits typically with thicknesses ranging from 1.2 to 2.3m, depending on the choice of reactive silica cut-off, bordered by zones where the upper part of the profile preserved below the surface crust was partly bauxitised with pisolites of gibbsite.

Pacminex drilled a number of shallow holes (maximum depth 11m) along the crest of the interfluves south of the area drilled by MacGeehan (Reboul, 1972), partly in areas covered by Delminco's EPM application 17008. No bauxite was found in this program. Drill holes were spaced at 3km, but there is no mention in Reboul's report of a search for arkosic layers especially where the depth to water table appeared greater. Neither was there any follow-up of several holes that intersected the partly bauxitised zones that MacGeehan claimed surrounded the bauxite deposits that he found with more closely spaced drilling. It is concluded that Pasminex' work was not as thorough as MacGeehan's and bauxite potential still remains to be tested in Delminco's application using MacGeehan's search criteria. To this end, the occurrence of partly bauxitised zones reported by Reboul (op cit) is encouraging.

Other indicators of bauxite mineralisation:

Radiometrics.

The author has observed that bauxites at Weipa are up to three times normal background radiation, therefore zones of anomalously high uranium and thorium radiation detected by airborne radiometric surveys may be a guide to bauxite mineralisation. Unfortunately there are indications that the partly bauxitised "ironstone" crust that is very extensive over northern Cape York is also weakly radioactive, and therefore radioactivity is not a unique indicator of bauxitisation. Another limitation to the use of radiation levels as a pathfinder to bauxitisation is that non-radioactive soil cover of less than a metre thickness acts as a highly effective shield to radiation escaping from the underlying material.

Vegetation.

Vegetation is potentially an indicator of bauxite; the bauxite deposits found by McGeehan are covered by a different, denser vegetation as seen on satellite imagery than areas which were found by drilling not to contain bauxite.

Topography.

MacGeehan's report indicates that the upland topographic plateaux (flat interfluve surfaces at elevations up to 100m above sea level, that have not been dissected by stream erosion), were key target areas for bauxite occurrence, although not all plateau remnants contained bauxite. Rio Tinto's exploration of the Holroyd and Kendall river deltas led Lilley et al to construct detailed topographic profiles from which these authors concluded, as did MacGeehan two decades previously, that bauxite only occurs in remnants of the original laterite profile preserved in the topographically higher watersheds between the rivers.

Other Economic Factors impacting on Mineral Development in Cape York

Logistics and infrastructure:

The area covered by Delminco's EPMs is typical of much of Cape York Peninsula, being woodland savannah. In the lower part of the river deltas towards the coast, the vegetation and land form change to grassland and tidal flat. The region is accessible only during the dry season, depending on late or early rains, generally from about May to late November. A road accessible for most of the year connects Weipa to the Peninsula Development Road. The town of Weipa with its airport and major bulk export port service the mining and export of bauxite for Comalco Ltd, and Coen is a small town servicing the local community. There is an all weather airstrip 20km north of Coen. Station tracks accessible during the dry season provide some access to the Delminco EPMs.

Cape York still comprises one of the least developed, most remote frontiers in Australia. There is a seasonal restriction of access due to the wet season. It lacks any infrastructure except for the Peninsula Development Road (which is not all-weather), a few airstrips, a microwave telephone network, and local infrastructure (power, water, sewage) at Weipa, the Scherger Air Force base, and the Indigenous communities scattered along the coastal fringe of the Cape. Weipa is the main service centre for the Cape, otherwise supplies and services come from mainly from Cairns, 800km by road from Weipa. Explorers, miners, cattle stations, residents and would-be developers are confronted by logistical problems of access on an annual basis that do not affect the southern two thirds of Australia. During the wet season access to most areas is restricted to air (where there are all-weather airstrips) or sea access.

There is no power distribution grid, no land line communication grid, very few sealed roads, and imposed on the whole region is a monsoonal climate that delivers rain for 3-4 months of the year, and lots of it, so that the rivers flood and the land especially the low lying areas are water-logged and impassable.

Future developments:

Northwest of the Delminco EPMs, Chalco is investigating the development a major bauxite mine and port to ship bauxite from deposits south of Weipa to a planned alumina refinery on Queensland's east coast. This proposed development has the potential to result in availability of port facilities closer to Delminco's EPMs than Weipa, and could make a significant difference to the economics of bauxite mining in the Kendall River catchment. The unknowns with respect to this possible development are timing of port construction, permitting for access to the port across mining leases held by a third party, and port access itself if the port is privately owned. One major barrier to any mining in the Kendall River area is that the Archer River lies between the prospective areas and any proposed port between the Archer River and Weipa, and bridging this river imposes a major infrastructure cost.

Native Title:

Native Title considerations have not been addressed in this valuation. The Delminco EPMs lie within areas of granted Native Title or are under Native Title claim, however it is highly significant that Delminco have already reached an agreement with the Native Title owners with respect to EPM15886.

Wild Rivers Legislation:

The Queensland Government has progressively been restricting access to rivers and their tributaries under the Wild Rivers Act (2005), which prohibits or renders very difficult, access to rivers and their tributaries in Cape York and north west Queensland. The legislation reflects pressures from the Wilderness Society to restrict activities such as mining in the more remote parts of the state. The final effects of this legislation on proposed exploration and mining have yet to be tested. The areas covered by the Delminco EPMs will be affected by the Wild Rivers Legislation.

Assessment and Valuation of Delminco bauxite EPMs:

The purpose of this report is to provide an independent technical assessment and technical valuation of the exploration prospects reviewed herein. The report has been prepared generally in keeping with the Valmin Code (2005) of the Australasian Institute of Mining and Metallurgy. One of the most important elements of the Valmin Code is that whatever approach to valuation is used, it should be transparent, and by inference the reasoning and methodology behind a valuation should be explained so that it is comprehensible to an investor, and provide for that investor a basis for assessment of risk.

As defined in the Valmin Code value is **Value** is the **Fair Market Value** of a Mineral or Petroleum Asset or Security. It is the amount of money (or the cash equivalent of some other consideration) determined by the Expert in accordance with the provisions of the VALMIN Code for which the Mineral or Petroleum Asset or Security should change hands on the Valuation Date in an open and unrestricted market between a willing buyer and a willing seller in an "arm's length" transaction, with each party acting knowledgeably, prudently and without compulsion.

Value is usually comprised of two components, the underlying or 'Technical Value' of the Mineral or Petroleum Asset or Security, and a premium or discount relating to market, strategic or other considerations. Value should be selected as the most likely figure from within a range after taking account of Risk and the possible variation in ore grade, metallurgical recovery, capital and operating costs, commodity prices, exchange rates and the like.

Value is both time and circumstance specific; asset values and market premiums or discounts change as overall market conditions and commodity prices and exchange rates and their future projections change, while the value of a specific asset at a particular point in time can be dependent upon the nature of the interests of the actual or potential stakeholder.

Valuation of properties in the early stages of exploration where mineral resources or ore reserves have yet to be identified is highly subjective, as compared to the more rigorous approach of discounted cash flow valuation that is normally used to value known resources or reserves. For exploration properties it is necessary to consider not only the impact of such values as location, infrastructure requirements, obtaining title to mining rights, compensation, royalties, markets and environmental issues on possible production, but also the probability or otherwise of finding economic resources and reserves.

There are several approaches used to value exploration properties, but whichever approach or combination of approaches is used, "all approaches ultimately rely on the bias of the evaluating expert and involve a considerable measure of "trust me", no matter how the steps to valuation are justified" (Pyper, 1996). These approaches to valuing exploration properties include the past expenditure method (which involves taking previous expenditure on the properties multiplied by a "prospectivity enhancement multiplier" that to some extent reflects the market's enthusiasm for a particular prospect type and is a subjective multiplier selected on the basis of the valuer's experience and understanding of market conditions), the joint venture terms method, and estimation of Expected Value. A variant of the joint venture terms method used herein is based on the terms of what a prudent investor would reasonably pay for a joint venture to explore and earn an interest in the EPMs, under current market conditions.

Contemporary joint venture valuation:

If the Delminco EPMs contained known bauxite, valuation could be based on the following joint venture entered by other parties: In March, 1997 the Chiping Xinfa Huayu Alumina Co Ltd (Xinfa) was reported as having purchased a 17.5% interest in bauxite tenements held by Cape Alumina Pty Ltd for A$4.625 million. At the time of this transaction, Cape Alumina P/L had announced that these tenements contained inferred and indicated resources of 54 million tonnes of raw bauxite with an average beneficiated grade of 52.9% Al_2O_3, 12.8% total SiO_2.

This places a convenient contemporary value on on the raw bauxite of A$0.08 per tonne without allowing for any untested prospectivity. These bauxites are potentially of economic grade, situated approximately 60km from the west coast of Cape York, and the value is irrespective of factor in the economic viability or otherwise of the bauxite, such as logistics and costs of production, etc.

Assessment of Delminco's EPMs

The first question to address in valuation therefore is whether or not the Delminco EPMs contain known bauxite. A search of previous recorded exploration indicates that there is no known bauxite in the Delminco EPMs. The author was unable to visit the prospects owing to the facts that all but one of the EPMs had not yet been granted and Cultural Heritage Clearance had not yet been obtained with the Native Title owners. However, the author previously had the opportunity to compare exploration results with MacGeehan in the early 1970s and conducted bauxite exploration immediately to the north of the Kendall River catchment at this time, and is well versed with assessing bauxite occurrence in the region.

Figure 6. Typical bauxitised laterite crust, developed on surface, EPM15886. Economic bauxite may occur below this crust.

Delminco carried out a low level helicopter reconnaissance of the EPMs in 2007, and reported visible "bauxite" over an estimated 155 square kilometres and "potential bauxite" over an additional 139 square kilometres. Figure 6, taken during a helicopter reconnaissance of EPM15886, shows the typical bauxitic crust that MacGeehan described in 1972. However, taking MacGeehan's finding that high grade, potentially economic bauxite occupies more restricted areas beneath this crust and must be found by systematic drilling, the areas described as "visible bauxite" must for the moment be taken to indicate only that the laterite profile has not been removed by erosion. Until drilling is carried out, the presence of bauxite therefore can only be surmised from the other potential indicators described above, vegetation, radiometrics and topography.

Vegetation

Figure 7 (from GoogleEarth) illustrates vegetation types detected by satellite imagery and accessible on GoogleEarth. This image of part of the Kendall River catchment shows the relatively dense woodland savannah that covers bauxite discovered by MacGeehan in 1971. Figure , also a Google Earth image, illustrates the distribution of Delminco's EPMs and coincident vegetation types, and also shows that comparable vegetation occurs in parts of the Delminco EPMs.

Figure 7. GoogleEarth image of part of the laterite surface showing dense vegetation south of an escarpment south of Running Creek (tributary of Archer River) covering preserved laterite surface, and sparse vegetation north of the escarpment where deeper sections of the laterite profile have been exposed by erosion.

Radiometrics

Unfortunately, airborne radiometric data is only available for the EPMs in the Ebagoola 1:250,000 sheet area, namely EPM 15886, 16963, 16964, 16965 and 17005 (east). EPMs 17004, 17005 (west), and 17006 are not covered by airborne radiometric surveys. Radiometric imagery over the EPMs on the Ebagoola Sheet contain significant uranium and thorium anomalies in EPM 15886, that are of sufficient intensity to strongly suggest the presence of bauxite as the radioactive source. Weaker uranium and thorium anomalies coincide with areas defined as "visible bauxite" in EPM 16963, and "possible bauxite" in EPM 16963, 16964, 16965 and 17005 (east). Radiation is readily shielded by soil cover, so the lower radiation level of these anomalies could be due to thicker soil cover or only incipient bauxite development. At present they can only be taken as a feature of interest to be investigated by further exploration.

Figure 8 shows that Delminco's EPMs are mostly south west of the escarpment, and contain areas that appear dark green due to dense vegetation (woodland savannah). These areas are interpreted to be preserved remnants of the laterite profile, and are prospective for bauxite.

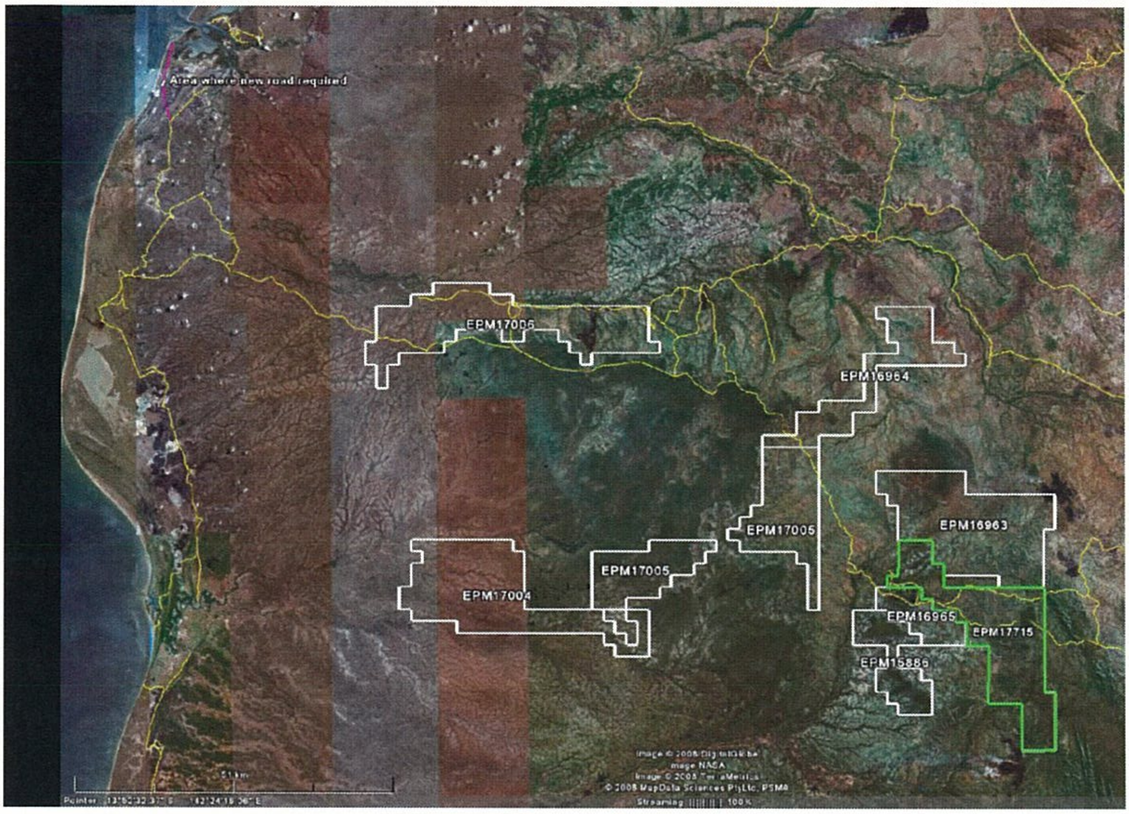

Figure 8. GoogleEarth image showing Delminco EPMs with respect to vegetation. Patches of dense vegetation (dark green) in EPMs 15886, 16963, 16964, 17005 and 17715 indicates laterite preserved.

Interpretation:

The visible laterite surface (crust), the radiometric anomalies, vegetation and topography together indicate that the Delminco EPMs contain areas that are prospective for bauxite. Delminco has estimated that the prospective areas in the EPMs amount to 294 square kilometres. MacGeehan's work indicates that the presence or otherwise of bauxite in this prospective area may only be determined by drilling.

Delminco's EPMs are certainly prospective for bauxite, but potential bauxite occurrence, quality and quantity may only be determined by exploration drilling. The cost of doing this probably forms the best basis for valuation. The outcome of such exploration drilling could be either discovery of economic bauxite deposits, or bauxite deposits that currently are uneconomic but may become so in the future, or no bauxite.

MacGeehan explored a similar area for bauxite in 1971, with prospectivity closely resembling that of the Delminco EPMs, to discover "in the region of 200 million tons of pisolitic aluminous laterite". Within this mineralisation, drilling totalling 4000m identified including three bauxite deposits, described as small, high grade pockets that contain "in the order of 16 million short tons (equivalent to ~14.5mt) of ore averaging 52% Total Al2O3, 10.4% Reactive SiO2" using a 12% reactive silica cut-off (MacGeehan, 1972).

Valuation

Prudent expenditure approach

A prudent entry to testing the Delminco EPMs would be to first carry out a reconnaissance drilling program, followed by a program of more detailed drilling. The reconnaissance program could involve providing drill access, drilling a total of 1000m aircore holes, assays and field support, and such a program would cost about $450,000 including overheads. Although there is a wide range of possible terms that might apply to a joint venture in this situation, it would be reasonable to expect in the present market that by making such expenditure on reconnaissance of the prospects, an incoming joint venturer would be likely to secure the right to earn around 50% of the prospects upon expenditure of a substantially larger sum to scope any bauxite discoveries made during the reconnaissance, by further drilling, sampling and assaying.

If a discovery is made, an additional $1,350,000 (approximately) would be required to scope inferred resources. In other words, it is reasonable to expect that these prospects could attract expenditure of $450,000, together with an undertaking to spend perhaps an additional $1,350,000 for to earn a 50% interest in the EPMs. At this point (taking into account the renewed market interest in bauxite and the apparent prospectivity of the EPMs), a reasonable value for the prospects ranges from a minimum of $900,000 (= 2 x $450,000, based on the expected minimum expenditure commitment from an incoming investor by way of a joint venture) and a possible maximum value of $3,600,000 (= 2x ($450,000 + $1350,000), based on the expected expenditure required to find and scope bauxite discovery in the EPMs). A median value of $2,150,000 is the preferred value in present market conditions using this approach to valuation.

Expected Value approach

An alternative method of valuation is estimation of Expected Value (EV). This method assigns probabilities to a range of hypothetical outcomes for exploration (outcomes derived from consensus expert opinions based on available data on prospectivity). Using estimates for capital and operating costs, and assuming prices according to current or forecast market conditions, the method derives a range of hypothetical net present values for the prospect(s), factored by the probability assigned to each outcome.

For example, a possible scenario might be as follows: the probability of finding 30 million tonnes of bauxite in Delminco's EPMs is assumed to be 5%, capital expenditure for a very rudimentary mining, screening and washing operation producing 3 million tonnes per year, trucking with road trains to the coast and loading on barges that deliver the bauxite to larger vessels offshore is estimated at $40million, operating costs per tonne are estimated at $35 per tonne, and price received is $45 per tonne FOB. The net present value (NPV) of the Earnings Before Interest, Tax and Depreciation and Amortisation (EBITDA) for such an operation at 10% is $24 million, times the probability of 0.5% provides an Expected Value of $1,200,000. For a 20 million tonne discovery the NPV at 10% of EBITDA is $13.2 million, with a probability of discovery of 5%, the EV is $660,000, but with a higher probability of 10% for discovery of the smaller tonneage, the EV is $1,200,000. The EV's obtained thus using very rudimentary estimates for capital and operating costs are still within the range of values derived by the postulated joint venture approach used above, lending support to the justification of these values.

Postulated contemporary joint venture approach

Finally, another approach to valuation is to consider the initial value of a discovered resource. If it is postulated that a 20 million tonne discovery is the likely outcome of exploration of Delminco's EPMS (a feasible outcome of exploration, based on the results of MacGeehan's work in similar terrain), using the value of $0.08 per tonne of resource derived from the joint venture described above between Cape Alumina and Xinfa, 20 million tonnes of bauxite places a value of $1,600,000 on the EPMs.

Valuation: Conclusions

The value of the Delminco EPMs in the current market situation is concluded to range from $660,000 to $3,500,000, but several values were obtained in the range $1,200,000 (EV for a 20 million tonne discovery) to $2,150,000 (median value derived from exploration expenditure likely to find a bauxite resource in the EPMs). The values obtained do not take into account the possible discounting effects of issues of Native Title compensation, Wild Rivers legislative restrictions, or logistics related to exploitation of any bauxite discovered in the EPMs.

Statement of capability

This Valuation Report has been prepared by Andrew White and Associates (AWA) with the principal consultant engaged in the current review being Dr Andrew White.

Dr Andrew White (BSc(Hons) Geology, PhD, FAIG, FSEG, GAICD), is principal consultant of Andrew White and Associates, Geological and Management Consultants, and has more than 45 years experience in exploration, project evaluation and management for a range of metalliferous and non metallic minerals. He has extensive experience in Australia, Indonesia and Brazil specific to bauxite, including exploration, resource assessment, feasibility study, project development and due diligence reviews of bauxite deposits and production operations. In the context of this report Dr White has been closely associated with exploration, project development and mining on Cape York for over 35 years. He has wide experience in resource estimation and the audit and review of estimates.

Statement of independence

AWA is independent of all parties involved with the Delminco prospects described in this report. AWA will receive a professional fee based on standard rates plus reimbursement of out-of pocket expenses for the preparation of this valuation. The payment of these fees is not contingent on the success or ótherwise of the proposed sale of tenements pursuant to the prospectus within which this report is contained. AWA has no other business relationship with MKY or its associates and has had no such relationships within the previous 2 years. AWA has no pecuniary or other interests in MKY, its assets or proposed listing, that could be regarded as being capable of affecting the independence of AWA or the undersigned.

Limitations and consent

This report has been based on data, reports and other information made available by MKY and

Delminco Pty Ltd, its consultants and contractors or otherwise obtained through publicly available sources. A draft copy of this report has been provided to MKY for comment as to errors of fact, omissions or incorrect assumptions. AWA has no reason to believe that the information provided by MKY or its consultants or contractors is misleading or that any material facts have been withheld.

The opinions expressed herein are made in good faith and AWA believes that any assumptions or interpretations are reasonable.

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

This report is provided to MKY solely for the purpose of assisting shareholders in assessing the value of the exploration tenements listed on page to be acquired from the Vendor, and should not be used or relied upon for any other purpose. This valuation does not constitute a full technical audit but rather it seeks to provide an independent overview and valuation of the tenements. Neither the whole or any part of this valuation report, nor any reference thereto, may be included in, or with, or attached to any document or used for any purpose without AWA's written consent to the form and context in which it appears.

AWA has consented to the annexure of its valuation to Stanton's Independent Expert Report and attached to MKY's Explanatory Memorandum document dated on or about 10th October, 2008, in the form and and context in which it appears and has not withdrawn its consent prior to the issue of the Explanatory Memorandum.

Bibliography

Bird, M.I., Chivas, A.R., and Andrew, A.S., 1989. A stable-isotope study of lateritic bauxites. Geochim. Cosmochim. Acta, 53:1411-1420.

Evans, H.J., 1965. Bauxite deposits of Weipa. In 8th Commonwealth Mining and Metallurgical Congress, McAndrew, J (Ed). **1.** 396-401.

Evans, H.J., 1975. Weipa Bauxite Deposit. In: Economic Geology of Australia and Papua New Guinea. Aus I M M Monograph 5., pp 959-964.

Lilley, G.j., Hartshorn, R., Sands, G.K., 2005. EPM 13949-13957, Final or End of Tenure Report, Cape York Project, Holroyd Special SD54-11, Qld. Rio Tinto Exploration Pty Ltd, ER 27187, Qdex, Qld Dept Mines and Energy unpubl report.

MacGeehan, P., 1972. A-P 549M, Final or End of Tenure Report. CR 4244, Open file report, Qdex, Qld Dept of Mines and Energy Unpubl report.

Pyper, R.M., 1996. Independent Geologist's Report: Valuation of Mining Tenements. Cardia Mining NL Prospectus, for Issue of Shares and Listing on the Australian Stock Exchange.

Reboul, B., 1972. Final or End of Tenure Report, A-P's 874, 924,925, 926 and 927. Cape York. CR 4220, Open File Report, Qdex, Qld Dept Mines and Energy Unpubl report.

The VALMIN Code, 2005. www.aig.org.au/files/valmin/122005.pdf

Withnall, I.W., Draper, J.J., Mackenzie, D.E., Knutson, J., Blewett, R.S., Hutton, L.J., Bultitude, R.J., Wellman, P, McConachie, B.A., Bain, J.H.C., Donchak, P.J.T., Lang, S.C., Domagala, J., Symonds, P.A., Rienks, I.P. 1997. Review of Geological Provinces and Basins of North Queensland. In North Queensland Geology, Bain, J.H.C., Draper, J.J., (Eds). AGSO Bull. 240.