MGT RESOURCES LIMITED
NOTICE OF GENERAL MEETING

Please find attached a Notice of Meeting for MGT Resources Limited for the general meeting to be held on 30 June 2016 that seeks shareholder approval for the following resolutions:

- **Resolution 1**: to issue to Auskong International Mining Investment Co., Limited ('Auskong') a total of 60,606,061 Shares on conversion of the Auskong Converting Note in accordance with the Auskong Converting Note Deed.

- **Resolution 2**: if Resolution 1 is not approved by shareholders, to redeem the Auskong Converting Note by transferring to Auskong the Cauldron Energy Limited ('CXU') Placement Shares in accordance with the Auskong Converting Note Deed.

- **Resolution 3 & 4**: to appoint Dr Wenshan Zhang and Mr Christopher Chen as directors of the Company.

There will be a second Notice of Meeting in relation to the proposed conversion of the Cloud Adventurer Limited and Marvel Network Limited Convertible Notes into Preference Shares and Options (as announced to the market on 1st April 2016) in due course, following the execution of final deeds and agreements.

ASX Release

27 May 2016

ASX CODE

MGS

REGISTRY

Computershare

SHARES ON ISSUE

342,157,040

Tin Price: US$15,871/t

Gold Price: US$1,220/oz

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Resources Limited
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2000
Australia

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ABN: 38 131 715 645

MGT Resources Limited
ACN 131 715 645

Notice of General Meeting
to be held on 30 June 2016

and

Explanatory Memorandum
for the Notice of General Meeting

and

Independent Expert's Report

THE INDEPENDENT EXPERT'S REPORT PREPARED BY NEXIA COURT FINANCIAL SOLUTIONS PTY LTD CONCLUDES THAT EACH OF THE PROPOSED TRANSACTIONS ARE FAIR AND REASONABLE TO THE NON-ASSOCIATED SHAREHOLDERS OF THE COMPANY. PLEASE REFER TO THE INDEPENDENT EXPERT'S REPORT SET OUT IN Section E OF THIS NOTICE.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT ABOUT THE ACTION YOU SHOULD TAKE PLEASE CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.

NOTICE OF THE GENERAL MEETING TO BE HELD AT AT MAZARS AUSTRALIA OFFICES, LEVEL 12, 90 ARTHUR STREET, NORTH SYDNEY, NSW 2060 AT 11AM SYDNEY TIME ON 30 JUNE 2016

TO BE VALID, FORMS OF PROXY FOR USE AT THE GENERAL MEETING MUST BE COMPLETED AND RETURNED TO THE COMPANY NO LATER THAN 11AM SYDNEY TIME ON 28 JUNE 2016

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Section A Chairman's Letter

27 May 2016

Dear Shareholder

The Directors of MGT Resources Limited ACN 131 715 645 (**Company**) have convened the General Meeting of Shareholders to be held on 30 June 2016 to obtain the approval of Shareholders in relation to the proposed transactions outlined below (**Proposed Transactions**).

On 24 March 2016, MGT announced that it had entered into an agreement with Auskong International Mining Investment Co., Limited (**Auskong**) to provide $2 million as subscription monies for 16,949,176 shares in Cauldron Energy Limited (**CXU Placement Shares**). Under the agreement, MGT issued to Auskong one unsecured converting note, which, subject to Shareholder approval, converts into 60,606,061 Shares at $0.033 per Share.

The Directors are seeking to obtain the approval of Shareholders:

- **Resolution 1:** to issue to Auskong a total of 60,606,061 Shares on conversion of the Auskong Converting Note in accordance with the Auskong Converting Note Deed.
- **Resolution 2:** if Resolution 1 is not approved by Shareholders, to redeem the Auskong Converting Note by transferring to Auskong the CXU Placement Shares in accordance with the Auskong Converting Note Deed.
- **Resolution 3 & 4**: to appoint Dr Wenshan Zhang and Christopher Chen as directors of the Company.

Notice of General Meeting and accompanying documents

This letter is accompanied by a Notice of General Meeting (Section C), an Explanatory Memorandum (Section D) and an Independent Expert's Report (Section E). The Notice of General Meeting sets out the Resolutions that Shareholders are to consider. The Explanatory Memorandum explains in greater detail the background to the proposed Resolutions.

The Directors appointed Nexia Court Financial Solutions Pty Ltd as the Independent Expert to report on the fairness and reasonableness of the Proposed Transactions to the non-associated shareholders of the Company. The Independent Expert has concluded that each of the Proposed Transactions are fair and reasonable to the non-associated shareholders of the Company. The Independent Expert's Report is contained in Section E .

Shareholders are encouraged to read the enclosed Explanatory Memorandum and Independent Expert's Report closely and in their entirety and to attend the General Meeting and vote on the Resolutions. A proxy form is enclosed to enable any Shareholder who is unable to attend the General Meeting to vote at the meeting.

The Directors support the Resolutions contained in the Notice of General Meeting. We recommend that you vote in favour of all Resolutions, full details of which are contained in the Notice of General Meeting.

Yours faithfully

Jonathan Back
Chairman

Section B Glossary

1. Definitions

The following definitions are used in the Chairman's Letter, the Notice of General Meeting and the Explanatory Memorandum:

$1.5 million Auskong Note	means the $1.5 million unsecured converting note under the terms of the Unsecured Convertible Note Deed dated 18 December 2014 and the Deed of Variation dated 5 May 2015, convertible into 50 million Shares at an issue price of $0.03 per Share on or before 10 June 2016.
ASIC	means the Australian Securities & Investments Commission.
Associate	has the meaning given to that term in sections 10 to 17 of the Corporations Act.
ASX	means ASX Limited ACN 008 624 691 or the securities exchange market operated by the ASX, as the context requires.
ASX Listing Rules or Listing Rules	means the official listing rules issued and enforced by the ASX, as amended from time to time.
Auskong	means Auskong International Mining Investment Co., Limited (Hong Kong Company Number 2178046).
Auskong Converting Note	means the $2 million unsecured converting note under the terms of the Auskong Converting Note Deed.
Auskong Converting Note Deed	means the $2 million unsecured converting note deed dated 24 March 2016 between the Company and Auskong International Mining Investment Co., Limited.
Board or **Board of Directors**	means the board of Directors of the Company.
Business Day	means a day which is not a Saturday, Sunday or public holiday in Sydney.
Chairman	means the chairman of the Company, who is currently Mr Jonathan Back.

Company or **MGT**	means MGT Resources Limited ACN 131 715 645.
Constitution	means the constitution of the Company, as amended from time to time.
Corporations Act	means *Corporations Act 2001* (Cth).
CXU	means Cauldron Energy Limited ACN 102 912 783.
CXU Options	means 20 million options in Cauldron Energy Limited exercisable at $0.138 before 31 December 2016.
CXU Placement	means the placement to the Company of 16,949,176 CXU shares for $2 million.
CXU Placement Shares	means 16,949,176 shares in CXU held by the Company.
Directors	means the directors of the Company.
Explanatory Memorandum	means the explanatory memorandum set out in Section D of this document.
General Meeting	means the general meeting of the Company to be held on 30 June 2016 pursuant to the Notice of General Meeting.
Independent Expert	means Nexia Court Financial Solutions Pty Ltd of Level 16, 1 Market Street, Sydney NSW 2000.
Independent Expert's Report	means the expert report prepared by the Independent Expert and set out in Section E of this document.
Notice of General Meeting or **Notice**	means the notice of General Meeting set out in Section C of this document.
Officially Quoted and **Official Quotation**	means, in relation to a Share, officially quoted by the ASX.
Proposed Transactions	has the meaning given in the Chairman's Letter.

Resolution	means a resolution passed by the requisite majority of Shareholders of the Company on a show of hands or by the requisite majority of votes given on a poll.
Share	means a fully paid ordinary share in the issued capital of the Company and Shares means any two or more of them.
Shareholder	means a holder of a Share.

2. Interpretation

For the purposes of interpreting the Chairman's Letter, the Explanatory Memorandum and the Notice of General Meeting:

(a) the singular includes the plural and vice versa;

(b) words importing any gender include both genders;

(c) reference to any statute, ordinance, regulation, rule or other law includes all regulations and other instruments and all consolidations, amendments, re-enactments or replacements for the time being in force;

(d) all headings, bold typing and italics (if any) have been inserted for convenience of reference only and do not define limit or affect the meaning or interpretation of the Chairman's Letter, the Explanatory Memorandum and the Notice of General Meeting;

(e) reference to persons includes bodies corporate and government authorities and in each and every case, includes a reference to the person's executors, administrators, successors, substitutes (including without limitation persons taking by novation and assignment); and

(f) reference to **A$, AU$, Australian Dollars** or **dollars** is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia.

Section C Notice of General Meeting

NOTICE IS HEREBY GIVEN that the General Meeting of the Shareholders of MGT Resources Limited ACN 131 715 645 (**MGT** or the **Company**) will be held at Mazars Australia Offices, Level 12, 90 Arthur Street, North Sydney, New South Wales, 2060 on 30 June 2016 at 11am Sydney time.

Defined terms used in this Notice of General Meeting have the meanings given to them in the Glossary accompanying this Notice of General Meeting.

1. Resolutions

1.1 Resolution 1: Issue of Shares upon conversion of the Auskong Converting Note

To consider and, if thought fit, to pass the following **ordinary Resolution**:

> *"That, in accordance with ASX Listing Rule 10.11 and section 611, item 7 of the Corporations Act, the Company be permitted and authorised to:*
>
> *(i) issue 60,606,061 Shares to Auskong,*
>
> *in accordance with the Auskong Converting Note Deed, as described in the Explanatory Memorandum (Section D)."*
>
> **Note:** Shareholders should carefully consider the Independent Expert's Report prepared by Nexia Court Financial Solutions Pty Ltd for the purposes of the Shareholder approval required under section 611, item 7 of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the Proposed Transactions to the non-associated Shareholders. The Independent Expert has determined each of the Proposed Transactions are both fair and reasonable to the non-associated Shareholders of the Company.

1.2 Resolution 2: Redemption of Auskong Converting Note*

**This Resolution 2 will not be put if Resolution 1 is passed, refer to the Explanatory Memorandum for further details (Section D).*

To consider and, if thought fit, to pass the following **ordinary Resolution**:

> "*That in accordance with ASX Listing Rule 10.1 and for all other purposes, the Company be permitted and authorised to:*
>
> *(i) redeem the Auskong Converting Note by transferring the CXU Placement Shares to Auskong,*
>
> *in accordance with the Auskong Converting Note Deed, as described in the Explanatory Memorandum (Section D).*"
>
> Note: Shareholders should carefully consider the Independent Expert's Report prepared by Nexia Court Financial Solutions Pty Ltd for the purposes of the Shareholder approval required under section 611, item 7 of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the Proposed Transactions to the non-associated Shareholders. The Independent Expert

has determined each of the Proposed Transactions are both fair and reasonable to the non-associated Shareholders of the Company.

1.3 Resolution 3: Election of Dr Wenshan Zhang as Director

To consider and, if thought fit, to pass the following **ordinary Resolution**:

“That, Dr Wenshan Zhang, having consented to act, be elected as a director of MGT."

1.4 Resolution 4: Election of Christopher Chen as Director

To consider and, if thought fit, to pass the following **ordinary Resolution**:

“That, Christopher Chen, having consented to act, be elected as a director of MGT."

2. Voting exclusion statements

2.1 Resolution 1

In accordance with ASX Listing Rule 10.13.6 and the voting restrictions of item 7 section 611 of the Corporations Act, the Company will disregard any votes cast on Resolution 1 by:

(a) Auskong and its Associates; and

(b) the persons (if any) from whom the acquisition is to be made and their Associates.

However, the Company need not disregard a vote if:

(c) 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

(d) 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.

2.2 Resolution 2

In accordance with the ASX Listing Rule 10.10.1 and 14.11.1, the Company will disregard any votes cast on Resolution 2 by:

(a) Auskong; and

(b) any Associate of Auskong.

However, the Company need not disregard a vote if:

(c) 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

(d) 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.

3. Determination of membership and voting entitlement

The Company has determined, in accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cth), that for a person's entitlement to vote at the General Meeting, a person will be recognised as a member of the Company and the holder of Shares if that person is registered as a holder of those Shares by 11am Sydney time on 28 June 2016.

4. Votes of members

On a show of hands, each member present in person or by proxy (or, in the case of a body corporate, by a representative) at the General Meeting shall have one vote.

On a poll, every member present in person or by attorney or by proxy (or, in the case of a body corporate, by a representative) shall have one vote for each Share held by him, her or it, provided that all Shares are fully paid.

5. Proxies

Please note that:

(a) a member entitled to attend and vote at the General Meeting is entitled to appoint no more than two proxies;

(b) an instrument appointing a proxy must be in the form of the proxy form attached to this Notice of General Meeting;

(c) where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. If a member appoints two proxies, neither person may vote on a show of hands and on a poll, each person may only exercise the voting rights for the portion of votes the person holds;

(d) a proxy may be a member of the Company;

(e) a proxy need not be a member of the Company;

(f) a proxy form may specify the manner in which the proxy is to vote in respect of a particular Resolution and, where a proxy form so provides, the proxy is not entitled to vote on the Resolution except as specified in the proxy form;

(g) a proxy has the authority to vote on the member's behalf as he or she thinks fit, on any motion to adjourn the General Meeting, or any other procedural motion, unless the member gives a direction to the contrary;

(h) a valid proxy form will be deemed to confer authority to demand or join in demanding a poll;

(i) to be valid, a proxy form must be signed by the member or the member's attorney or, if the member is a corporation, executed in accordance with the corporation's constitution and the Corporations Act (and may be signed on behalf of the corporation by its attorney); and

(j) to be valid, a proxy form and the power of attorney or other authority (if any) under which it is signed (or an attested copy of it) must be received by no later than 11am Sydney time on 28 June 2016.

by the Company's share registry:

	- by mail:	Computershare Investor Services Pty Limited GPO Box 242 Melbourne Victoria 3001 Australia
or	- by facsimile:	(within Australia) 1800 783 447 (outside Australia) +61 3 9473 2555
or	- online	https://www.investorvote.com.au/Login

By order of the Board:

Jacqueline Butler
Company Secretary

Dated: 27 May 2016
Sydney

Section D Explanatory Memorandum

1. Introduction

This Explanatory Memorandum contains the information needed for the Shareholders to assess Resolutions 1 through 4 to be put to them at the General Meeting of MGT on 30 June 2016. A Notice of General Meeting accompanies this document.

In addition, the Independent Expert's Report has been provided which contains an analysis of whether the issues pursuant to Resolutions 1 and 2 are fair and reasonable for Shareholders. The Independent Expert has concluded that each of the Proposed Transactions is fair and reasonable for the Shareholders. A full copy of the Independent Expert's Report is set out in Section E of this Report.

This Explanatory Memorandum, as well as the Notice of General Meeting and Independent Expert's Report, should be read carefully and in their entirety.

2. Resolution 1 - Issue of Shares upon conversion of the Auskong Converting Note

2.1 Background

The Company announced to the market on 24 March 2016 that the Company entered into an agreement whereby the Company issued a $2 million unsecured redeemable converting note to Auskong convertible into 60,606,061 Shares at $0.033 per Share. The $2 million received was used to purchase 16,949,176 fully paid ordinary shares in Cauldron Energy Limited and 20 million options in Cauldron Energy Limited exercisable at $0.138 before 31 December 2016. Accordingly, the Company acquired the CXU Placement Shares and CXU Options on 30 March 2016.

In addition, Auskong has confirmed its intention to convert the $1.5 million Auskong Note prior to 10 June 2016. Accordingly, Auskong will be issued with an additional 50 million Shares prior to the date of the General Meeting. As at the date of the General Meeting, Auskong will hold 134 million Shares.

If Shareholders approve, the Auskong Converting Note will convert to 60,606,061 Shares in accordance with Resolution 1.

In the event that Resolution 1 is approved by Shareholders, Resolution 2 will not be put to Shareholders. However, in the event that Resolution 1 is not approved by Shareholders, the Company seeks Shareholders approval pursuant to ASX Listing Rule 10.1 in order for Auskong to redeem the Auskong Converting Note for the redemption amount, which in accordance with the Auskong Converting Note Deed, is the CXU Placement Shares.

Auskong's voting power will increase from 34.17% to a maximum of 42.98% on conversion of the Auskong Converting Note (on the basis that Auskong has been issued the Shares pursuant to the $1.5 million Auskong Note on or before 10 June 2016, but no other Shares are issued).

Due to its voting power currently exceeding 30%, Auskong would be considered a person whose relationship with the Company is, in ASX's opinion, such that approval, pursuant to Listing Rule 10.11, should be obtained.

Therefore, in relation to Resolution 1, the Company is seeking the approval of Shareholders pursuant to item 7, section 611 of the Corporations Act and ASX Listing Rule 10.11 for the issue of 60,606,061 Shares to Auskong on conversion of the Auskong Converting Note held by Auskong.

The terms of the Auskong Converting Note Deed are set out in paragraph 2.2 below.

2.2 Auskong Converting Note Deed

Pursuant to the Auskong Converting Note Deed, the Auskong Converting Note is subject to the following terms and conditions:

(a) the Auskong Converting Note is redeemable:

(i) by Auskong, on the occurrence of an event of default at anytime by giving notice. Events of default include events of insolvency, and the Company breaching certain terms of the Auskong Converting Note Deed and not remedying that breach, or

(ii) if, in the event that Shareholder approval pursuant to Resolution 1 is not obtained, then within 20 Business Days of 30 June 2016, the Company must redeem the Auskong Converting Note by payment of the redemption amount to Auskong.

(b) the redemption amount payable to Auskong on redemption of the Auskong Converting Note is:

(i) if the Company obtains Shareholder approval pursuant to Resolution 2, the CXU Placement Shares; or

(ii) if the Company does not obtain Shareholder approval pursuant to Resolution 2, then a receiver, or receiver or manager (or analogous person) is to be appointed by Auskong exercising its power of sale under the Auskong Converting Note Deed and selling the CXU Placement Shares (and not in respect of any other assets of the Company) to an unrelated third party on arm's length commercial terms and conditions and distributing the cash proceeds to Auskong in accordance with its legal entitlements.

(c) if Shareholder approval pursuant to Resolution 1 is obtained, and if the Auskong Converting Note is not otherwise redeemed, it will automatically convert into 60,606,061 Shares on the date that the Shareholder approval is obtained;

(d) the Auskong Converting Note is unsecured;

(e) the Auskong Converting Note bears nil interest; and

(f) any Shares in the Company that are issued and allotted pursuant to the conversion of the Auskong Converting Note rank pari passu in all respects with other Shares on issue at the date of the issue and allotment.

2.3 Approval under item 7 of section 611 of the Corporations Act

(a) **Relevant interests**

Pursuant to section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a 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:

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

(ii) from a starting point that is above 20% to below 90%.

The voting power of a person in a company 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.

A person has a relevant interest in securities if they:

(iii) are the holder of the securities;

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

(v) have the 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.

(b) **Exception to the section 606 prohibition**

Item 7 of section 611 of the Corporations Act provides an exception to the prohibition under section 606 of the Corporations Act. This exception provides that a person may acquire a relevant interest in a company's voting shares with shareholder approval.

In order for the exemption of item 7 of section 611 of the Corporations Act to apply, shareholders must be given all information known to the person making the acquisition and their Associates or the Company, that was material to the decision on how to vote on the resolution, including:

(i) the identity of the person proposing to make the acquisition and their Associates;

(ii) the maximum extent of the increase in that person's voting power in the company that would result from the acquisition;

(iii) the voting power that person would have as a result of the acquisition;

(iv) the maximum extent of the increase in the voting power of each of that person's Associates that would result from the acquisition; and

(v) the voting power that each of that person's Associates would have as a result of the acquisition.

For responses on these matters, see paragraph 2.4.

(c) **Why Shareholder approval is required**

As at the date of the General Meeting, Auskong will hold 134 million Shares in the Company which comprises 34.17% of the Company's undiluted issued share capital. As at the date of this Notice, Auskong's Associates hold nil Shares in the Company.

Upon the conversion of the Auskong Converting Note, Auskong will hold a total of 194,606,061 Shares in aggregate comprising 42.98% of the Shares on issue, if Auskong converted the $1.5 million Converting Note on or before 10 June 2016 and no other Shares are issued.

This increase in Auskong's relevant interest in the Company from a starting point that is above 20% to below 90% is prohibited under section 606 of the Corporations Act. However, such issue would be permitted if prior Shareholder approval is granted for the issue of 60,606,061 Shares upon conversion of the Auskong Converting Note in accordance with the terms of Resolution 1.

2.4 Information for Shareholders under item 7 of section 611 of the Corporations Act

The following information is provided to Shareholders for the purposes of Resolution 1 and to meet the requirements under the Corporations Act in respect of obtaining Shareholder approval for item 7 of section 611 of the Corporations Act:

(a) Auskong is the person proposing to make the acquisition (that is, the person who will be issued with 60,606,061 Shares);

(b) if Auskong is issued with 60,606,061 Shares, the maximum extent of the increase in Auskong's voting power in the Company will be from 34.17% to 42.98%;

(c) on completion of the conversion of the Auskong Converting Note in accordance with the terms of the Auskong Converting Note Deed, Auskong will have voting power of 42.98% in the Company;

(d) if Auskong converts the Auskong Converting Note, the maximum extent of the increase in the voting power of Auskong's Associates will be nil; and

(e) on completion of conversion of the Auskong Converting Note, each of Auskong's Associates would have a voting power of nil.

2.5 Information for Shareholders required by RG 74

For the purposes of Resolution 1, further information required by ASIC Regulatory Guide 74 (**RG 74**) is set out in the following paragraphs:

(a) *an explanation of the reasons for the proposed acquisition*

The Shares will be issued to Auskong in accordance with the terms of the Auskong Converting Note Deed, a summary of which is set out in paragraph 2.2.

(b) *when the proposed acquisition is to occur*

The Auskong Converting Note automatically converts on the date that Shareholder approval is obtained.

(c) *the material terms of the proposed acquisition*

This information is set out in detail in paragraph 2.2.

(d) *details of the terms of any other relevant agreement between the acquirer and the target entity or vendor (or any of their associates) that is conditional on (or directly or indirectly depends on) members' approval of the proposed acquisition*

There is no other contract or proposed contract between Auskong or any of its Associates and the Company which is conditional upon, or directly or indirectly dependent on the allotment of the Shares to Auskong pursuant to the Auskong Converting Note Deed.

(e) *a statement of the acquirer's intentions regarding the future of the target entity if members approve the acquisition and, in particular:*

(i) *any intention to change the business of the entity*

Auskong has no present intention to change the business of the Company and supports MGT's future announced strategy of Uranium exploration.

(ii) *any intention to inject further capital into the entity*

Auskong has no present intention to inject any further capital into the Company as at the date of this Notice, other than pursuant to Resolution 1.

(iii) *the future employment of present employees of the entity*

Auskong has no present intention to make any changes to the employment arrangements of the present employees of the Company.

(iv) *any proposal where assets will be transferred between the entity and the acquirer or vendor or their associates*

Auskong has no present intention to transfer any assets between the Company and Auskong or any person associated with Auskong.

(v) *any intention to otherwise redeploy the fixed assets of the entity*

Auskong has no present intention to redeploy the fixed assets of the Company.

(f) *any intention of the acquirer to significantly change the financial or dividend distribution policies of the entity*

Auskong has no present intention to change significantly the financial or dividend policies of the Company.

(g) *the interests that any director has in the acquisition or any relevant agreement disclosed under RG 74.25(d)*

None of the Directors are a related party or Associate of Auskong or has an interest in Resolution 1 (other than as non-associated Shareholders).

(h) *the following details about any person who is intended to become a director if members approve the acquisition:*

There is no right to nominate a director.

2.6 Current and proposed interests in the Company

At the date of this Notice, Auskong holds 134 million Shares in the Company.

The capital structure of the Company is set out in the table below:

Auskong International Mining Investment Co., Limited	Number of Shares to be held by Auskong	Voting power as a %
Number of shares that will be held as at the date of General Meeting	134 million	34.17%
Total maximum Shares held by Auskong if Resolution 1 is passed	194,606,061	42.98%

*The total number of Shares on issue if Resolution 1 is passed is 452,763,101 Shares.

2.7 Independent Expert's Report

In accordance with the requirements of RG 74, the Directors engaged the Independent Expert to prepare and provide the Independent Expert's Report which contains an analysis of whether the proposed issue of the Shares to Auskong is fair and reasonable for non-associated Shareholders.

The Independent Expert has concluded that the proposed issue of the Shares to Auskong is fair and reasonable to the non associated Shareholders. For a summary of the Independent Expert's findings please refer to pages 3-5 of the Independent Expert Report.

The Independent Expert has given, and not before the date of the Notice withdrawn, its consent to the inclusion of the Independent Expert Report in Section E of this document and to the references to the Independent Expert Report in this Explanatory Memorandum being made in the form and context in which each such reference is included.

2.8 Advantages and disadvantages

The Board is of the opinion that the benefits of the conversion of the Auskong Converting Note proposed to be undertaken by the Company may include that:

(a) it will enable the conversion of the Auskong Converting Note which means the Company will retain the CXU Placement Shares and will maintain exposure to uranium assets through the investment in the CXU Placement Shares; and

(b) Auskong is supportive of the Company's management and its current operating plan. There has no indication from Auskong that it intends to change the Company's business as conducted by the current management.

Potential disadvantages of the conversion of the Auskong Converting Note includes that Auskong will hold 42.98% voting power on conversion of the Auskong Converting Note providing Auskong with significant influence over the Company. As a result, Auskong will be in a position of some influence where Auskong may be able to obstruct the decisions and operations of the Company.

2.9 ASX Listing Rule 10.11

Under ASX Listing Rule 10.11, the Company must not issue or agree to issue Shares to certain parties without the approval of Shareholders (except in certain circumstances which are not relevant here).

Under ASX Listing Rule 10.11.2, Auskong is a person whose relationship with the Company is, in ASX's opinion, such that approval should be obtained.

For the purposes of Resolution 1, pursuant to ASX Listing Rule 10.13, the following information is provided regarding ASX Listing Rule 10.11 approval:

(a) **ASX Listing Rule 10.13.1**: *Name of person*

Auskong International Mining Investment Co., Limited (Hong Kong Company Number 2178056).

(b) **ASX Listing Rule 10.13.2:** *Maximum number of securities to be issued to the person*

60,606,061 Shares

(c) **ASX Listing Rule 10.13.3:** *Date by which the securities are to be issued*

If Shareholders approve Resolution 1, the Auskong Converting Note automatically converts on the date that Shareholder approval is obtained.

(d) **ASX Listing Rule 10.13.4**: *Nature of relationship*

Auskong will hold 134 million ordinary shares in the Company at the date of the General Meeting and therefore is the Company's largest Shareholder.

(e) **ASX Listing Rule 10.13.5:** *Issue price of the securities and a statement of terms of issue*

The Shares to be issued to Auskong have an issue price of $0.033 per Share.

The Company will apply to the ASX to have the Shares issued to Auskong Officially Quoted and these Shares will rank equally with all the other Shares on issue. In all other respects, the rights and entitlements of Auskong in respect of the Shares issued to it will be identical to the rights and entitlements of the holders of existing issued Shares.

(f) **ASX Listing Rule 10.13.6:** *A voting exclusion statement*

A voting exclusion statement is included in Section C at clause 2.1 of this Notice.

(g) **ASX Listing Rule 10.13.6A:** *Intended use of the funds*

No funds will be raised by the issue of the Shares to Auskong. Through Auskong converting the Auskong Converting Note to Shares, the Company will maintain its exposure to uranium assets through the investment in Cauldron Energy Limited.

2.10 ASX Listing Rule 7.2

ASX Listing Rule 7.1 provides that a company must not issue equity securities, or agree to issue equity securities (which includes shares and options) without the approval of shareholders if the number of equity securities to be issued in any 12 month period (including equity securities issued on the exercise of any convertible securities) exceeds 15% of the issued capital of the company preceding the issue.

ASX Listing Rule 7.2, Exception 16 provides that Shareholder approval under ASX Listing Rule 7.1 is not required if approval is obtained for the purposes of item 7 of section 611 of the Corporations Act.

2.11 Recommendation of the Directors

The Directors unanimously approved the proposal to put Resolution 1 to Shareholders for their approval.

The Board has carefully considered the advantages and disadvantages and evaluated their relative weight in the circumstances of the Company. The Board unanimously believes that the sum of the advantages outweighs the sum of the disadvantages and that the conversion of the Auskong Converting Note is in the best interests of existing Shareholders as a whole for the reasons set out in this Explanatory Memorandum and the Independent Expert's Report.

All the directors intend to vote in favour of Resolution 1 and recommend Shareholders vote in favour of Resolution 1.

3. Resolution 2 - Redemption of Auskong Converting Note

Resolution 2 will not be put if Resolution 1 is passed.

3.1 ASX Listing Rule 10.1

For the purposes of the Resolution 2, pursuant to ASX Listing Rule 10.1, the following information is provided:

ASX Listing Rule 10.1 provides that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, inter alia, a related party or a substantial holder (if the person and the person's associates have a relevant interest, or had a relevant interest at any time in the six months before the transaction, in at least 10% of the total votes attached to the voting securities) or an associate of them.

Under ASX Listing Rule 10.2, an asset is substantial if the value of the asset, or the value of the consideration being paid for it is, or in ASX's opinion it is, 5% or more of the Company's equity interests as set out in the latest accounts lodged with ASX.

Under the Auskong Converting Note Deed, the value of the CXU Placement Shares is $2 million. The equity interests of the Company as set out in the latest accounts given to the ASX, namely the financial report for the half-year ended 31 December 2015, were negative. Accordingly, the CXU Placement Shares are a substantial asset for the purposes of ASX Listing Rule 10.1. The purpose of ASX Listing Rule 10.1 is to ensure that a person of influence cannot benefit from a significant acquisition or disposal involving the listed entity.

For the purposes of ASX Listing Rule 10.1, Auskong is a substantial holder.

Accordingly, shareholder approval is being sought for the purposes of ASX Listing Rule 10.1.

In accordance with Listing Rule 10.10.1 a voting exclusion statement is included in Section C at clause 2.2 of this Notice.

3.2 Independent Expert's Report

Under ASX Listing Rule 10.10.2, Shareholder approval for the purposes of ASX Listing Rule 10.1 must include a report on the proposed acquisition from an independent expert stating the expert's opinion as to whether or not the acquisition of the CXU Placement Shares by Auskong in redeeming the Auskong Converting Note is fair and reasonable to the existing Shareholders whose votes are not to be disregarded.

The Independent Expert has concluded that the potential acquisition of the CXU Placement Shares by Auskong is fair and reasonable to the non-associated existing Shareholders.

3.3 Recommendation of the Directors

The Directors unanimously approved the proposal to put Resolution 2 to Shareholders for their approval.

The Board has carefully considered the advantages and disadvantages and evaluated their relative weight in the circumstances of the Company. The Board unanimously believes that the sum of the advantages outweighs the sum of the disadvantages and that the transfer of the CXU Shares to Auskong on redemption of the Auskong Converting Note is in the best interests of existing Shareholders as a whole for the reasons set out in this Explanatory Memorandum and the Independent Expert Report.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2.

The Directors advise that each of them proposes to vote in favour of Resolution 2 in the event that Resolution 2 is put to Shareholders.

4. Resolutions 3 and 4 - Appointment of Directors

Resolutions 3 and 4 are put to the Shareholders to consider the appointment of each of Dr Wenshan Zhang and Christopher Chen as non-executive Director and executive Director respectively.

4.1 Resolution 3 - Appointment of Dr Wenshan Zhang

A brief summary of Dr Wenshan Zhang's qualifications and experience is set out below:

Dr Zhang holds a Post-Doctoral Degree in Geological Science from the Institute of Geological Science and Environmental Engineering, Central South University (CSU), Hunan Province, China. He has conducted Post-Doctoral Research in Metallurgical Engineering and Geological Engineering at CSU. He is presently a Professor of Geology and Mineral Exploration at CSU.

Prior to this, Dr Zhang was President of Donia Resources Co., Limited, Beijing, China where he was responsible for exploration of overseas operations in Canada, Laos and Ethiopia from 2010-2013. From 2005 to 2009 he was Senior Geologist and Manger of the Business Development Department, Vale, Shanghai, China where he was responsible for technical support of iron ore and coal projects. He has also worked as a Senior Geologist for Anglo American Group, Beijing, China from 2002-2005 evaluating Ni-Cu sulphide mineral projects and other base metals.

4.2 Resolution 4 - Appointment of Christopher Chen

Christopher Chen has been appointed as the Chief Operating Officer of the Company.

The Company entered into an Employment Agreement with Christopher on 1 February 2016.

A summary of the terms of the Employment Agreement are as follows:

(a) Total remuneration of $119,520 per annum, being:

(i) fixed basic salary of $96,000 per annum;

(ii) car allowance of $14,400 per annum; and

(iii) superannuation of $9,120 per annum (which is 9.5% of fixed basic salary),

(b) The Employment Agreement became effective on 1 February 2016 and continues on an ongoing basis, subject to the right of either the Company or Christopher Chen terminating the agreement; and

(c) Christopher Chen or the Company may terminate his employment on one months' written notice or by the Company making a payment of one month remuneration in lieu of such notice.

A brief summary of Christopher Chen qualifications and experience is set out below:

Mr Chen has a M.A. in Administration from Central Queensland University. He worked for Otis Elevator Company, Tianjin, China, as Project Coordinator in 2002 and was sent to Egypt to work for Electricity de France (EDF) on their Suez Canal and the Port Said Power Plants. Mr Chen returned to Australia in 2006 and was working as Business Banking Associate for Commonwealth Bank Australia (CBA). Chris left CBA in 2009 and has been involved in commodity trading and Financial Services to small and medium size companies in the resource sector and is now based in Beijing, China.

4.3 Recommendation of the Directors

Each of the Directors recommend that Shareholders vote for Resolutions 3 and 4.

Section E Independent Expert's Report

MGT Resources Limited
Issue of shares to Auskong International Mining Investment Co., Limited in satisfaction of convertible note

Independent Expert's Report
and Financial Services Guide

24 May 2016

In our opinion

- **the Proposed Transaction is fair and reasonable to the non-associated shareholders**
- **the Security Transaction is fair and reasonable to the non-associated shareholders.**

nexia australia

the next solution

FINANCIAL SERVICES GUIDE

Dated: 24 May 2016

What is a Financial Services Guide ("FSG")?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by Nexia Court Financial Solutions Pty Ltd ABN 88 077 764 222, Australian Financial Services Licence Number 247300 ("NCFS").

This FSG includes information about:

- NCFS and how they can be contacted
- the services NCFS is authorised to provide
- how NCFS are paid
- any relevant associations or relationships of NCFS
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that NCFS has in place.

Where you have engaged NCFS we act on your behalf when providing financial services. Where you have not engaged NCFS, NCFS acts on behalf of our client when providing these financial services and are required to provide you with a FSG because you receive a Report or other financial services from NCFS.

Financial Services that NCFS is authorised to provide

NCFS holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for securities and interests in managed investment schemes, including investor directed portfolio services, to retail clients.

We provide financial product advice when engaged to prepare a Report in relation to a transaction relating to one of these types of financial products.

NCFS's responsibility to you

NCFS has been engaged by the independent directors of MGT Resources Limited ("MGTR" or the "Client") to provide general financial product advice in the form of an independent expert's report to be included in the notice of meeting and explanatory memorandum ("Document') sent to MGTR shareholders dated on or about 24 May 2016 ("Report").

You have not engaged NCFS directly but have received a copy of the Report because you have been provided with a copy of the Document. NCFS or the employees of NCFS are not acting for any person other than the Client.

NCFS is responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As NCFS has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Scheme.

Fees NCFS may receive

NCFS charges fees for preparing Reports. These fees will usually be agreed with, and paid by, the Client, Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay NCFS $12,500 (excluding GST and out of pocket expenses) for preparing the Report. NCFS and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of this Report.

Referrals

NCFS does not pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and Relationships

Through a variety of corporate and trust structures NCFS is controlled by and operates as part of the Nexia Court & Co Partnership. NCFS's directors and authorised representative may be partners in the Nexia Court & Co Partnership. Mr Brent Goldman, authorised representative of NCFS and partner in the Nexia Court & Co Partnership, has prepared this Report. The financial product advice in the Report is provided by NCFS and not by the Nexia Court & Co Partnership.

From time to time NCFS, the Nexia Court & Co Partnership and related entities (Nexia entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

In January 2014, an Independent Expert Report was prepared for the Client by NCFS for a fee of $15,000. No other work has been prepared by NCFS or Nexia Court & Co Partnership over the past two years.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the Proposed Transaction.

Complaints Resolution

If you have a complaint, please let NCFS know. Formal complaints should be sent in writing to:

Nexia Court Financial Solutions Pty Ltd
Head of Compliance
PO Box H195
Australia Square NSW 1215

If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer, Craig Wilford, on +61 2 9251 4600 and he will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External Complaints Resolution Process

If NCFS cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS 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 FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Financial Ombudsman Service Limited
GPO Box 3, Melbourne Victoria 3001
Telephone: 1300 56 55 62
Facsimile (03) 9613 6399
Email: info@fos.org.au

The Australian Securities and Investments Commission also has a free call infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation Arrangements

NCFS has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact NCFS at:

Nexia Financial Solutions Pty Ltd
PO Box H195
Australia Square NSW 1215

24 May 2016

The Directors
MGT Resources Limited
13.05, Level 13
109 Pitt Street
Sydney NSW 2000

Dear Sirs,

Independent Expert's Report on issue of shares to Auskong International Mining Investment Co., Limited in satisfaction of convertible note

INTRODUCTION

1. OUTLINE OF TRANSACTION

On 24 March 2016, MGTR announced that they issued one unsecured converting note with the aggregate face value of $2 million and a conversion price of $0.033 per share (60,606,061 shares) to Auskong International Mining Investment Co., Limited ("Auskong") a company incorporated in Hong Kong. The convertible note will be converted to shares on approval of shareholders (the "Proposed Trasnsaction"). The $2 million received was used to purchase 16,949,176 fully paid ordinary shares in Cauldron Energy Limited ("Cauldron") and 20,000,000 Cauldron options exercisable at $0.138 before 31 December 2016 (the "Cauldron Shares and Options).

Auskong holds security over the Cauldron Shares and Options. If the conversion of the note is not approved, the Cauldron shares and options will be transferred to Auskong in settlement of the convertible note (the "Security Transaction").

Auskong have also indicated that they will convert $1.5 million in notes into 50,000,000 MGTR share on or before 10 June 2016.

1.1 Purpose of Report

The purpose of this Report is to advise the non-associated shareholders of MGTR on the fairness and reasonableness of the Proposed Transaction and Security Transaction to the non-associated shareholders.

Under s606 of the Corporations Act, a transaction that would result in an entity and its associates increasing their voting power in an entity from:

- 20% or below to greater than 20%; or
- a position above 20% and below 90%

is prohibited without making a takeover offer to all shareholders unless an exemption applies.

Shareholder approval of the Proposed Transaction is required as Auskong's voting power will increase from 34.2% (including the conversion of Auskong's existing $1.5 million note) to 43.0% on conversion of the note.

We have also been asked to separately consider and advise the non-associated shareholders on the fairness and reasonableness of the Security Transaction to the non- associated shareholders.

Australian Securities Exchange ("ASX") Listing rule 10.1 prohibits a listed entity from acquiring a substantial asset from, or disposing of a substantial asset to, an entity that is in a position of significant influence without the approval of its shareholders.

A entity that is in a position of significant influence specifically includes any related party to the listed entity and any substantial shareholder. A related party includes companies with common directors and a substantial shareholder includes a shareholder, and its associates, with a relevant interest in at least 10% of the issued voting shares in the listed entity. An asset is substantial if its value, or the consideration being paid, is 5% or more of the listed entity's equity as set out in the accounts lodged with the ASX.

For the purposes of Listing Rule 10, Auskong is a related party as it holds more than 10% of the issued voting shares.

ASX Listing Rule 10.10.2, requires that a notice of meeting under Listing Rule 10.1 must be accompanied by an independent expert's report stating whether in the expert's opinion the transaction is fair and reasonable to the shareholders not associated with the transaction.

The Australian Securities and Investments Commission ("ASIC") has issued Regulatory Guide 74: Acquisitions approved by members ("RG 74") and Regulatory Guide 76: Related party transactions ("RG 76") that sets out the material disclosure requirements to shareholders. As part of the disclosure requirements, ASIC requires a detailed analysis of the transaction that complies with Regulatory Guide 111: Content of experts report ("RG111"). This can either be undertaken by the directors if they believe they have sufficient skill and expertise or an independent expert.

The Directors have appointed Nexia Court Financial Solutions Pty Ltd as independent expert for the Proposed Transaction and Security Transaction.

2. SUMMARY IN RELATION TO THE PROPOSED TRANSACTION

This section is a summary of our opinion and cannot substitute for a complete reading of this Report. Our opinion is based solely on information available as at the date of this Report.

The principal factors that we have considered in forming our opinion are summarised below.

2.1 Assessment of Fairness of the Proposed Transaction

As discussed in section 5, in determining whether the transaction is fair to non-associated shareholders, we have compared the fair value of a MGTR share on a control basis before the Proposed Transaction to the fair value of a MGTR share on a minority basis after the Proposed Transaction. This is summarised below:

	Low	Preferred	High
Fair value of a MGTR share on a control basis	$0.000	$0.016	$0.032
Fair value of a share on a minority basis after the Proposed Transaction	$0.004	$0.015	$0.026

Due to the current financial position of MGTR, where the company has a negative net realisable value asset position a wide range has been determined for the fair value on a control basis prior to the Proposed Transaction as prima facie MGTR may have no value. We note at both the low valuation level the fair value on minority basis after the Proposed Transaction is greater than the fair value on a control basis before the transaction and is comparable at the preferred valuation. At the high valuation, the fair value before the Proposed Transaction is based on the recent share trading and that there is low liquidity in the shares. Therefore, **we have concluded that the Proposed Transaction is fair**.

2.2 Assessment of Reasonableness of the Proposed Transaction

In accordance with RG 111, a transaction is reasonable if:

- the transaction is fair; or
- despite not being fair, but considering other significant factors, shareholders should obtain an overall benefit if the transaction proceeds.

In forming our opinion we have considered the following relevant factors (see section 10.4).

Advantages	Disadvantages
• Through Auskong converting their note to shares they are no longer in a higher ranking financial position than non-associated shareholders • MGTR will gain exposure to uranium assets through the investment in Cauldron	• On completion of the Proposed Transaction Auskong will hold a maximum of 43.0% providing Auskong with significant influence over MGTR

The Directors have advised us that there are currently no other alternatives to the Proposed Transaction.

If the Proposed Transaction is not approved, MGTR will need to seek further funding from third parties to continue operations. If additional funding is not received then the Directors will need to explore other options for the Group including voluntary administration.

As the Proposed Transaction is fair, and taking into consideration the matters above, we have concluded that the Proposed Transaction is reasonable to the non-associated shareholders.

3. SUMMARY IN RELATION TO THE SECURITY TRANSACTION

This section is a summary of our opinion and cannot substitute for a complete reading of this Report. Our opinion is based solely on information available as at the date of this Report.

The principal factors that we have considered in forming our opinion are summarised below.

3.1 Assessment of Fairness of the Security Transaction

In determining the fairness of the Security Transaction we have compared the fair value of MGTR's interest in CXU to the convertible note of $2,000,000 that will be satisfied under the convertible note. This is summarised below:

Fair value of interest in CXU	$1,394,960
Amount of convertible note satisfied under the Security Transaction	$2,000,000

As the fair value of the convertible note satisfied under the Security Transaction is greater than the fair value of the assets transferred in satisfaction of the note, being MGTR's interest in CXU, **we have concluded that the Security Transaction is fair**.

3.2 Assessment of Reasonableness of Security Transaction

In assessing the reasonableness of the Security Transaction we note that all of the matters noted in sections 10.4, 10.5 and 10.6 are applicable except for the following:

- In respect to the advantages noted for the Proposed Transaction MGTR will not have any exposure to Uranium mining under the Security Transaction and this advantage will no longer be applicable.
- In respect to the disadvantages there would be no increase in Auskong's interest in MGTR of 34.2%

In accordance with RG 111, a transaction is reasonable if:

- the transaction is fair; or
- despite not being fair, but considering other significant factors, shareholders should obtain an overall benefit if the transaction proceeds.

As the Security Transaction is fair and taking into account other significant factors, **we have concluded that the Security Transaction is reasonable.**

4. OPINIONS

Accordingly, in our opinion:

- the Proposed Transaction is fair and reasonable to the non-associated shareholders; and
- the Security Transaction is fair and reasonable to the non-associated shareholders.

The ultimate decision on whether to approve the Proposed Transaction should be based on shareholders' own assessment of their circumstances. We strongly recommend that shareholders consult their own professional advisers, carefully read all relevant documentation provided, including the notice of meeting and explanatory memorandum, and consider their own specific circumstances before voting in favour of or against the Proposed Transaction.

Yours faithfully
Nexia Court Financial Solutions Pty Ltd (AFSL 247300)

Brent Goldman
Authorised Representative

STRUCTURE OF REPORT

Our Report is set out under the following headings:

APPENDICES

5. BASIS OF EVALUATION

RG 74, RG 76 and RG 111 provide guidance as to matters that should be considered in determining whether a transaction is fair and reasonable in a range of circumstances.

RG 74, RG 76 and RG 111 state that in deciding an appropriate form of analysis, the expert needs to consider that the main purpose of the report is to deal with the concerns that could reasonably be anticipated by those persons affected by the transaction. An expert should focus on the purpose and outcome of the transaction; that is the substance of the transaction, rather than the legal mechanism used to effect the transaction.

RG 111 requires analysis of a transaction under two distinct criteria being:

- is the offer 'fair'?; and
- is it reasonable?

That is the opinion of fair and reasonable is not considered as a compound phrase.

In determining what is fair and reasonable for a control transaction, RG 111 states that:

- an offer is fair if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer, assuming a 100% interest of the target and irrespective of whether consideration is cash or scrip; and

- an offer is reasonable if it is fair, or if the offer is not fair, the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of a higher bid before the close of an offer.

In determining whether the transaction is fair, the fair value is assumed to be based on a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

For the purpose of considering whether or not the Proposed Transaction is fair we have compared the fair value of a share in MGTR on a control basis prior to the Proposed Transaction to the fair value of a share in MGTR on a minority basis after the Proposed Transaction.

For the purpose of the Security Transaction, we have considered the fair value of the interest in CXU compared to the fair value of the consideration being the settlement of the convertible note.

In our assessment of the reasonableness of the Proposed Transaction and Security Transaction, our consideration has included the following matters:

- Auskong's pre-existing voting power in securities in MGTR;
- other significant security holding blocks in MGTR;
- the liquidity of the market in MGTR's securities;
- taxation losses, cash flow or other benefits through achieving 100% ownership of MGTR;
- any special value to MGTR, such as technology, the potential to write-off outstanding loans from MGTR, etc;
- the likely market price if the Proposed Transaction does not proceed;
- the value to an alternate bidder and the likelihood of an alternative bid being made; and
- other significant matters set out in section 10.4 and 10.4.

5.1 Individual shareholders' circumstances

The ultimate decision whether to approve the Proposed Transaction or Security Transaction should be based on each shareholder's assessment of the Proposed Transaction or Security Transaction, including their own risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt about the Proposed Transaction or Security Transaction or matters dealt with in this Report, shareholders should seek independent professional advice.

5.2 Limitations on reliance on information

The documents and information relied on for the purposes of this Report are set out in Appendix B. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that documents and material facts have been withheld. The information provided was evaluated through analysis, enquiry and review for the purpose of forming an opinion as to whether the Proposed Transaction is fair and reasonable to the non-associated shareholders. However, we do not warrant that our enquiries have identified or verified all of the matters which an audit or extensive examination might disclose.

We understand the accounting and other financial information that was provided to us has been prepared in accordance with generally accepted accounting principles.

An important part of the information used in forming an opinion of the kind expressed in this Report is the opinions and judgement of Directors and management. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.

NCFS are not the auditors of MGTR. We have analysed and reviewed information provided by the Directors and management of MGTR and made further enquiries where appropriate. Preparation of this Report does not imply that we have in any way audited the accounts or records of MGTR.

In forming our opinion we have assumed:

- matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed;
- the information set out in the notice of meeting and explanatory memorandum to be sent to shareholders is complete, accurate and fairly represented in all material respects; and
- the publicly available information relied upon by NCFS in its analysis was accurate and not misleading.

This Report has been prepared after taking into consideration the current economic and market climate. We take no responsibility for events occurring after the date of this Report which may impact upon this Report or which may impact upon the assumptions referred to in the Report.

6. OVERVIEW OF MGTR RESOURCES LIMITED

6.1 Corporate History

MGT Resources Limited ("MGTR") is a listed public company headquartered in Sydney, Australia. The company was incorporated on 30 June 2008 and was admitted to the NSX on 8 December 2008 under its previous name Mono Resources Limited and subsequently listed on the ASX on 9 January 2014.

In April 2009 the company acquired a 73.76% interest in Xtreme Resources Limited ("Xtreme") an unlisted public company. Through 2012 and 2013 MGTR increased its stake in Xtreme and currently owns 89.48% of the company.

On 29 June 2010 Mono Resources Limited changed its name to MGT Resources Limited and also changed Xtreme's company name to MGT Mining Ltd.

As at 30 March 2016, MGTR had 342,157,040 ordinary shares on issue.

Following the general meeting, the directors of MGTR will be Jonathan Black, Li Hai Jun, Gary Kuo, Christopher Chen and Wenshan Zhang.

6.2 Business Activities

The Group operates three projects which are set out below. Further details of the tenements are set out in Veronica Webster Pty Ltd's geologist reports included in Appendix E and MGTR's JORC Code Table 1 for the Mt Garnet Project and Pyramid Project in Appendix F.

6.2.1 Mt Garnet Project

The Mt Garnet Project is situated in far North Queensland. The Mt Garnet Project's primary focus is tin exploration and mining. The Mt Garnet Project includes the following tenements:

Summer Hills (ML 20547)

The Summer Hills mining lease is the main tenement on MGTR's Mt Garnet Project covering 1,163.4 Ha. The mining lease was granted late January 2013 for a period of 21 years. Within the Summer Hills Mining Lease sits the Mt Veteran Tin Processing Plant, on its own mining lease, along with numerous tin mining and exploration targets, including the Dalcouth and Extended Prospects.

In 2013 a Drilling Program focused on the Dalcouth Prospect and confirmed a tin mineralisation which is suitable for mining and processing at the Mount Veteran Mill. The Extended Prospect has a tin mineralised zone that is 5m wide though further exploration is to be completed to better define areas of mineralisation.

MGT is in the process of finalising a resource estimation update for the Dalcouth Prospect.

The Mount Veteran Mill (ML 4349)

The Mount Veteran Mill tenement covers an area of 17.85Ha and includes within it a mill constructed in 1984 with the initial purpose of treating hard rock tin ores from deposits in the area. However, mill operation ceased shortly afterwards due to tin prices declining dramatically during the period 1984 – 2003. MGTR has since refurbished the Mount Veteran Plant for approximately $2.6million to process hard rock tin ore. Although not in current operation, the plant is in a reasonable condition and could be brought back into operation quickly, should it be needed. However, the Directors have advised us that the tin price would need to be substantially higher to make this economically viable.

Nymbool (EPM 16948), including Heads or Tails (ML 20655)

The Nymbool tenement is located north-east of Mount Garnet and within 20km of the Mount Veteran Tin Processing Plant and covers 20 sub-blocks. The major area within the tenement is The Smiths Creek Mine which is a historical tin mine consisting of an open pit and an extensive underground working. The tin mineralisation is associated with copper sulphide mineralisation. The tenement was renewed on 17 February 2014 for a term of five years.

Heads or Tails lies within Nymbool and was granted on 1 December 2011. The mining lease holds fine tin tailings from the historical tin processing in the Smiths Creek area however these tailings have been considered immaterial to valuations performed on the tenement.

Nanyetta (EPM 25433)

The Nanyetta exploration permit was granted for a period of 5 years on 25 June 2014 and covers 3 sub-blocks.

Nymbool West (EPM25690)

The Nymbool West exploration permit was granted for a period of 5 years on 30th March 2015 and covers 11 sub-blocks.

Nymbool Extended (EPM25347)

The Nymbool Extended exploration permit was granted for a period of 5 years on 5th May 2015 and covers 2 sub-blocks.

Fuzzy Hill (EPM25716)

The Fuzzy Hill exploration permit was granted for a period of 5 years on 30th April 2015 and covers 9 sub-blocks.

Valetta (ML20066)

Valetta is a small mining lease located close to Irvinebank. Minimal work has been completed there to date, consisting of soil sampling to verify mineralisation. An application for renewal has recently been made, for a period of 5 years.

6.2.2 The Pyramid Project

The Pyramid Project is located in the North Queensland Drummond Basin and includes the following tenements:

Pyramid (EPM 12887)

Pyramid covers 12 sub-blocks lying in a major north-east trending belt of mineralisation developed over a strike length of 20km. The Pyramid tenement contains several prospects, including the Gettysburg prospect, where gold is located in epithermal-style quartz veins.

Drilling by MGTR in 2012 and 2015 confirms that the Pyramid Project has the potential to become a large, low grade gold resource. Further drilling is required to explore extensions to mineralisation, including diamond drill core, which will help develop the geological model and enhance understanding of the controls on mineralisation. Other exploration targets along strike have been identified by soil sampling and require follow-up.

Pyramid 2 (EPM25154)

The Pyramid 2 exploration permit was granted for a period of 5 years on 23rd February 2015 and covers 49 sub-blocks.

Pyramid 3 (EPM 19554)

The Pyramid 3 exploration permit was granted for a period of 5 years on 16th December 2014 and covers 14 sub-blocks.

6.2.3 Southern Queensland Project

MGTR has three separate gold prospect areas in Southeast Queensland and it aims to advance these projects with further drilling. Further details regarding these tenements are below:

Yarrol (EPM 8402)

The Yarrol tenement covers 4 sub-blocks and was recently renewed for a period of three years. The deposits have been extensively drilled over a number of years; however, the resources have been considered too small to be economically viable. It is likely that a gold price of plus USD$1500/ounce would be required to make this economical, subject to exchange rates.

Mt Steadman (EPM 12834)

The Mount Steadman prospect covers 4 sub-blocks and was recently renewed for a period of three years. It belongs to a class of bulk style mineralisation known as intrusion-related gold deposits, which are economically important due to their distinct chemical characteristics. The current estimated resource has been found to be uneconomical under the current gold prices, if trucked to the nearest processing plants.

Gooroolba (EPM 15426)

The Gooroolba prospect covers 30 sub-blocks and is considered prospective for intrusive-related gold and copper mineralisation. MGTR is currently considering further exploration drilling of this area to confirm prospective resources.

6.3 Financial Information

MGTR's audit Report for the year ending 30 June 2014 was unqualified, however it contained an emphasis of matter paragraph regarding the company's ability to continue as a going concern. A disclaimer of opinion was issued in both audit reports for the year ending 30 June 2015 and the half-year to 31 December 2015 on the inability to obtain sufficient appropriate audit evidence as to whether the Group may be able to obtain financing to meet remaining convertible note repayments, the Taimetco secured loan repayment and drilling and exploration expenditure obligations. It is noted in the financial statements that the ability of MGTR to continue as a going concern is dependent on the Group's ability to raise capital.

6.3.1 Financial Performance

Set out below are the audited consolidated profit and loss accounts of MGTR for the years ended 30 June 2014, 2015 and half year results for 31 December 2015:

$		FY2014	FY2015	HY2015
Revenue		-	-	-
Cost of Sales		-	-	-
Gross Loss		-	-	-
Investment income	1	123,624	31,835	6,671
Other gains and losses		11,182	10,958	20,575
Off-take agreement termination fee	2	-	(750,000)	-
Employee benefits expense		(1,052,488)	(561,365)	(190,336)
Depreciation and amortisation expense		(357,226)	(274,580)	(122,788)
Impairment losses	3	(1,336,116)	(5,237,828)	(1,860,619)
Interest expense		(719,754)	(817,556)	(480,102)
Administration expense	4	(352,213)	(350,855)	(130,681)
Exploration and evaluation expenditure written off	5	(70,158)	(59,653)	-
Other expenses		(682,951)	(684,789)	(227,869)
Loss before tax		(4,436,100)	(8,693,833)	(2,985,149)
Income tax expense/(benefit)		-	-	-
Loss for the period		(4,436,100)	(8,693,833)	(2,985,149)
Other comprehensive income	6	(2,454)	1,132	(105)
Total comprehensive income		(4,438,554)	(8,692,701)	(2,985,254)
Non-controlling interest	7	(379,391)	(708,224)	(242,758)
Loss for the period attributable to MGTR shareholders		(4,438,554)	(8,692,701)	(2,985,254)

Source: MGTR 30 June 2014, 2015 audited financial statements and MGTR 31 December 2015 half year financial statements.

1. Investment income relates to the interest income from cash on hand in bank.

2. Off-take agreement termination fee relates to a settlement sum as a result of the deed of termination with Taimetco International Co., Limited.

3. The impairment loss recognised in FY2015 is as a result of an independent valuation of the tin and gold properties carried out by Veronica Webster Pty Ltd in October 2014. An updated valuation performed in February 2016 resulted in further impairment of both the gold and tin properties which is reflected in the half year to 31 December 2015.

4. Interest expense relates to interest charged on both secured and unsecured borrowings at an average rate of 8.00%.

5. The exploration and evaluation expenditure written off relates to tenement abandonment.

6. Other comprehensive income relates to the movement in fair value of quoted shares available for sale.

7. MGTR only holds a 89.48% interest in MGTM. This adjustment represents the non-controlling interest denoted in MGTR's financial statements.

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6.3.2 Financial Position

Set out below is the audited consolidated balance sheet of MGTR as at 30 June 2014, 2015 and 31 December 2015.

$		FY2014	FY2015	HY2015
Current assets				
Cash and cash equivalents		2,318,454	1,491,062	1,263,647
Trade and other receivables		140,005	85,232	115,628
Inventories		38,166	-	-
		2,496,625	1,576,294	1,379,275
Non-current assets				
Other financial assets		1,910	3,042	2,937
Exploration and evaluation expenditure	1	8,278,021	3,628,820	2,175,351
Plant & equipment		2,136,704	1,782,702	1,641,811
		10,416,635	5,414,564	3,820,099
Total assets		**12,913,260**	**6,990,858**	**5,199,374**
Current liabilities				
Trade and other payables		(934,214)	(523,605)	(405,997)
Borrowings	2	(1,488,124)	(1,325,883)	(8,872,182)
Other liabilities	3	(40,839)	(107,913)	(81,825)
		(2,463,177)	(1,957,401)	(9,360,004)
Non-current liabilities				
Unsecured borrowings	2	(7,357,499)	(7,419,778)	-
Secured borrowings	4	-	(1,500,000)	(1,500,000)
Provisions		(116,016)	(111,395)	(109,962)
		(7,473,515)	(9,031,173)	(1,609,962)
Total liabilities		**(9,936,692)**	**(10,988,574)**	**(10,969,966)**
Net assets		**2,976,568**	**(3,997,716)**	**(5,770,592)**
Equity				
Issued capital		12,917,947	14,408,953	15,608,953
Reserves		850,921	608,428	577,512
Retained earnings/(losses)		(11,216,725)	(18,731,328)	(21,429,934)
Non-controlling interest	5	424,425	(283,769)	(527,123)
Total equity		**2,976,568**	**(3,997,716)**	**(5,770,592)**

Source: MGTR 30 June 2014, 2015 audited financial statements and MGTR 31 December 2015 half year financial statements.

1. Exploration assets have been independently valued by Veronica Webster Pty Limited in October 2014 and February 2016
2. The current borrowings in HY2015 and FY2014 & FY2015 relate to convertible notes. Details of the convertible notes are below.
3. Other liabilities account for provisions including employee benefits and rental provisions.
4. The secured borrowings relate to a loan agreement with Taimetco International Co,. Limited over a two year period at an interest rate of 6.5% per annum. MGT Mining has granted Taimetco International Co,. Limited security over all of MGT Mining Limited’s present and after-acquired tin assets, rights , interests and undertakings.
5. MGTR only holds a 89.48% interest in MGTM. This adjustment represents the non-controlling interest denoted in MGTR’s financial statements.

6.4 Capital Structure and Ownership

MGTR's issued capital as at 29 March 2016 comprised 342,157,040 fully paid ordinary shares and 7,850,000 options. The top 20 shareholders, as at 29 March 2016, hold 78.81% of the issued capital of MGTR and are set out below:

Shareholder	Shareholding	% Total
Auskong International Mining Investment Co Limited	84,000,000	24.55%
Jonathan Paul Back	65,029,727	19.01%
Parkridge Capital Inc	18,200,000	5.32%
Kuokai Pty Ltd <Kuo's Group Family A/C>	17,738,000	5.18%
Armstrong Industries Hk Ltd	16,125,000	4.71%
Hsbc Custody Nominees (Australia) Limited	13,647,764	3.99%
Mr Alan Kai-Yuan Cheng	8,352,500	2.44%
Mr Koki Inomata	6,700,000	1.96%
William Richard Pirie	4,200,000	1.23%
Mr David Harper	3,925,813	1.15%
Mr Christopher Chen	3,570,000	1.04%
Tsumo H.K. Co. Limited	3,500,000	1.02%
Ms Lisa Huang	3,364,000	0.98%
Iron Ore Trading Pty Ltd <Mono A/C>	3,269,268	0.96%
Jason Ralph Cox	3,200,000	0.94%
Mr Sing Fung Steve Ngan	3,200,000	0.94%
Eriditus Pty Ltd <The Robert Vagnoni Fam A/C>	3,000,000	0.88%
Robert Howe +	2,920,000	0.85%
Mr Clive James Mckerr + Mrs Sarah Jayne Sandra Mckerr <Mckerr Super Fund A/C>	2,900,000	0.85%
Cary Chen	2,802,500	0.82%
Top twenty shareholders	269,644,572	78.81%
Other	72,512,468	21.19%
Total shareholders	342,157,040	100.00%

Source: MGTR Share registry as at 29 March 2016

Since 1 July 2013, the following share issues occurred:

- February 2015 – 30,000,000 shares issued at $0.05 a share
- November 2015 – 24,000,000 shares issued at $0.05 a share

MGTR has the following options outstanding. All options have an exercise price of $0.15 and expire three years from the grant date:

Option holder	Grant date	Vest date	Units	% Total
Jonathan Paul Back	7/11/2013	07/11/2016	3,500,000	44.58%
Gary Kuo	7/11/2013	07/11/2016	2,500,000	31.85%
Jacqueline Butler	17/12/2013	17/12/2015	400,000	5.10%
Li Hai Jun	7/11/2013	07/11/2016	400,000	5.10%
Robert Vagnoni	7/11/2013	07/11/2016	400,000	5.10%
Anthony King	17/12/2013	17/12/2015	350,000	4.46%
Verity Borthwick	17/12/2013	17/12/2015	150,000	1.91%
Stephen Frost	17/12/2013	17/12/2015	100,000	1.27%
Rodney Finch	17/12/2013	17/12/2015	50,000	0.63%
Total option holders			7,850,000	100.00%

Source: MGTR Option registry as at 29 March 2016

MGTR has the following convertible notes outstanding. All notes have an 8% coupon rate and to be redeemed the share price must be lower than the conversion price set out below at maturity. If the quoted share price is above the conversion price below then the convertible notes must be converted to shares:

Note holder	Face value	Maturity	Number of shares	Conversion price
Armstrong Industries HK Limited	$1,500,000	11 Nov 2016	17,142,857	$0.0875
Cloud Adventurer	$3,000,000	19 Aug 2016	27,272,727	$0.11
Marvel Network Limited	$3,000,000	19 Aug 2016	27,272,727	$0.11
	$7,500,000		71,688,311	

Source: MGTR 30 June 2014 and 2015 audited financial statements and 31 December 2015 half year financial statements

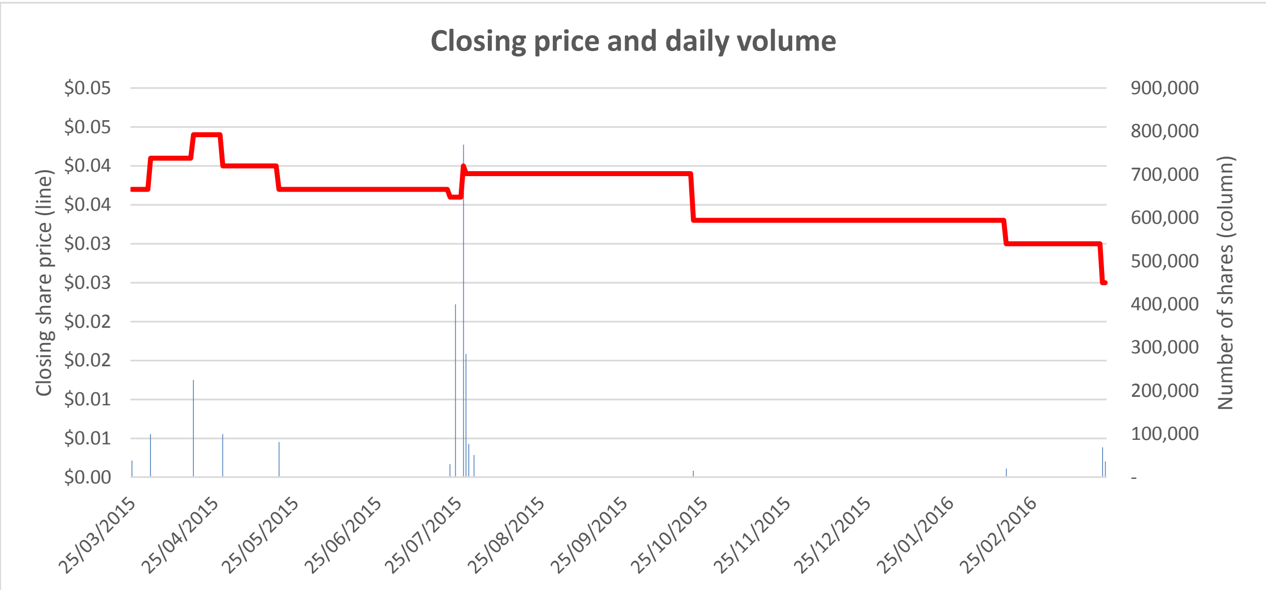
MGTR has the following unsecured convertible notes outstanding. This note has a nil interest rate. The notes may, at any time, be converted into ordinary shares in MGT Resources Limited within a 12 month period after the completion of the unsecured convertible note deed on 10 June 2015. Auskong has confirmed its intention to convert these notes on or prior to 10 June 2016.

Note holder	Face value	Maturity	Number of shares	Conversion price
Auskong International Mining Investment Co Limited	$1,500,000	10 June 2016	50,000,000	$0.03

Source: MGTR 30 June 2014 and 2015 audited financial statements and 31 December 2015 half year financial statements

6.5 Share Price and Volume Trading Analysis

The following chart provides a summary of the trading volumes and prices for MGTR shares for the 12 months immediately preceding the announcement on 24 March 2016.



Source: S&P CapitalIQ

The chart above shows that the closing share price of MGTR has traded within a range of $0.05 and $0.02 in the past 12 months with a closing price of $0.02.

The volume of MGTR shares that have been traded over the period has been low. Prices and volumes for the last 180 days prior to 24 March 2016 are summarised in the table below:

Period prior to 24 March 2016	Share Price Low	Share Price High	Cumulative volume traded	Trading as a % of current issued capital
1 Day	$ 0.025	$ 0.025	36,380	0.011%
30 Days	$ 0.025	$ 0.030	105,550	0.031%
60 Days	$ 0.025	$ 0.033	125,550	0.037%
90 Days	$ 0.025	$ 0.033	125,550	0.037%
180 Days	$ 0.025	$ 0.039	140,550	0.041%

Source: S&P CapitalIQ and Nexia analysis

MGTR's shares have a low level of liquidity, with 0.037% of MGTR's capital being traded in the 90 days and 0.041% in the 180 days prior to 24 March 2016.

7. INDUSTRY ANALYSIS

7.1 Tin[1]

Tin use in Australia consists of exports, domestic iron smelters, metal ore processors, steel processors, and battery manufacturers. Globally, the greatest end use for tin is solder. China is Australia's largest export recipient and is expected to account for 34.2% of revenue in 2014-15 for the manganese and other minerals industries. This is higher than the 2009-10 proportion of 33.3%, suggesting that Chinese demand is expected to remain resilient despite forthcoming challenges to the sustainability of China's strong economic growth.

This has contributed to commentary which argues that there will be future shortages in supply as emerging economies continue to grow and increase their consumption of electronic goods. Challenging this viewpoint are recent trends that suggest that tin prices are more in line with global economic performance, with output fluctuating in recent years. For example, Australian tin output remained high in 2010-11 in response to higher prices, but as prices declined over the following two years, output also decreased.

Tin demand is likely to remain steady at growth of around two percent in 2015. Slow global growth is weighing on demand with the largest users, solder manufacturers, accounting for around 52 percent of consumption, while tin-plate absorbs 17 percent and chemicals 15 percent.

China's imports of tin ore climbed 79 percent in the first five months of 2015 to 113,050 tonnes. Output is likely to suffer somewhat while maintenance shutdowns take place, which will hit production.

It is unlikely that demand will significantly deteriorate as it is a crucial component of products demanded from a range of consumers. If demand were to significantly increase, it is likely that in the long-run prices would remain relatively stable. This can be attributed to the large capacity to expand production given it is estimated that global tin reserves total about 7,000,000 tonnes.

The historical tin price movement from 1 July 2013 is set out below:

[1] http://www.fastmarkets.com/base-metals/tin-analysis-forecast-q3-2015

7.2 Gold[2][3]

Gold is both a commodity and an international store of monetary value. During periods of weak economic growth and political turbulence, the demand for gold increases as it is seen to be a safe haven investment. This is particularly evident in financial markets since gold is viewed as more resilient and less risky than world currencies. Demand for gold has an inverse relationship with global economic performance, as when the global economy improves, demand for gold and its value decreases. As a result, the onset of the global financial crisis and the recessionary environment that ensued provided a boost for the industry.

Although world gold prices declined significantly from 2012 to 2014, the weak Australian dollar limited the industry's decline. As gold is traded in US dollars, the low dollar also benefitted the industry in 2014-15 and will contribute to price increases in Australian dollars in 2015-16. Overall, in the five years through 2015-16, industry revenue is expected to increase at an annualised 2.3%.

As the value of global financial assets and currencies plummeted in the wake of the global financial crisis, investors across the world turned to gold as a safe monetary asset. This sudden increase in demand caused global gold prices to surge, pushing industry revenue and profit significantly higher in the years prior to 2010-11. These conditions also prompted gold producers in Australia to expand production, as higher prices offset the higher cost of developing lower grade ores. However, the gold boom ended with declines in the world gold price in 2012-13 and 2013-14, as the global economy strengthened and inflationary fears eased. With gold prices again rising in 2015-16, as the Australian dollar weakens, industry revenue is expected to increase by 4.6% to $13.9 billion for the year. The industry will continue to be heavily influenced by changes in world gold prices and the value of the Australian dollar over the five years through 2020-21. However, gold prices are expected to decrease over the next five years, due to moderate supply growth, a stronger local currency and reduced global demand. As a result, lower prices are projected to offset higher gold production. Overall, industry revenue is projected to decline at an annualised 0.3% over the five years through 2020-24, to $13.7 billion. Furthermore, rising production costs due to lower ore quality and higher transportation costs are expected to contribute to profit declines in the next five years.

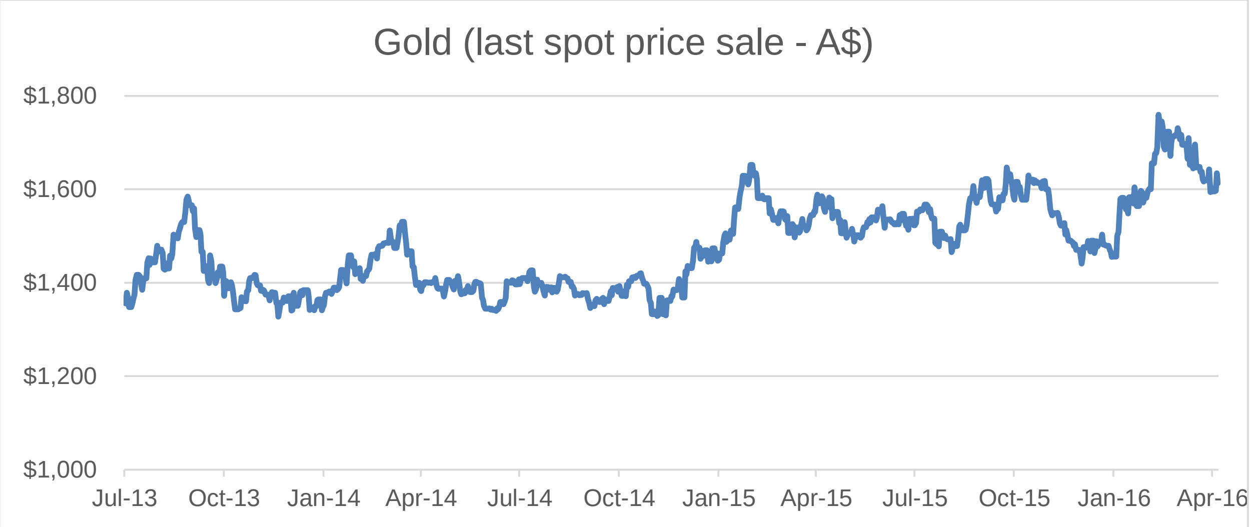
The Gold Ore Mining industry is in a mature phase of its life cycle. This is indicated by higher production volumes, an easing in gold prices and small increases in the number of mining companies operating in the industry. Over the 10 years through 2019-28, industry value added, which is the industry's contribution to national GDP, is estimated to increase at an annualised 0.4% due to wages growth, increased capital investment, and higher production costs, as well as steady average revenue growth. This growth rate is lower than Australia's expected GDP growth over the same period of 2.6%.

The Gold Ore Mining industry has a medium concentration level with the four largest companies estimated to account for 47.7% of industry revenue in 2015-16.

Prices are forecast to decline a further 13 per cent in 2016 to average US$1011 per ounce, reflecting expectations of further US interest rate increases in 2016. Increases in physical demand for gold fuelled by lower prices especially in the form of jewellery purchases in large and emerging markets such as India and China are unlikely to be sufficient to offset reduced investment demand and limit price declines over the short term.

[2] Resources and Energy Quarterly, December Quarter 2015,
[3] IBISWorld Pty Ltd, *Gold Ore Mining in Australia,* January 2016

The historical gold price movement from 1 July 2013 is set out below:



Source: S&P Capital IQ

7.3 Uranium[4i]

Australia has an estimated 31.0% of the world's uranium reserves but accounts for less than 12.0% of global uranium output. Government reluctance to allow the development of new uranium mines has resulted in a considerable portion of Australia's uranium resources being left untouched. Over the past five years, the Uranium Mining industry has struggled due to falling prices and volatile production volumes.

Shifts in the US dollar price for uranium oxide directly affect the performance of the Uranium Mining industry. Although lower prices typically increase demand, miners receive less per tonne of ore that is mined and therefore generate less revenue. In addition, demand for uranium is inelastic, which means that demand is not greatly affected if prices rise as nuclear power generators always need a set amount of uranium to fuel their reactors.

Revenue is forecast to grow at a compound annual rate of 14.0% over the five years through 2019-24, to reach $1.3 billion. This growth will be driven by projected higher levels of output combined with rising contract prices. Forecasts from the Bureau of Resources and Energy Economics (BREE) indicate that Australia is projected to produce up to 9,200 tonnes of uranium in 2019-20, up from under 6,500 tonnes in 2014-15. BREE also expects uranium prices to increase strongly and steadily over the next five years due to rising global demand for uranium. However, declining output is set to result in comparatively weak industry revenue growth of 4.5% in 2015-16.

Industry profitability is expected to improve dramatically over the next five years, rising from a fairly low base year in 2014-15. Strongly escalating spot prices are expected to underpin this improvement in profit margins, as uranium miners will generate more per tonne of ore mined while their marginal operating costs remain fairly steady. Falling labour costs as a share of revenue, as miners seek to use more efficient extraction techniques, are also projected to assist industry profitability over the next five years.

The Uranium Mining industry is in the growing stage of its economic life cycle. Australia has the largest uranium reserves in the world, allowing for possible expansion projects and new mine developments over the next five years. Growing demand for nuclear fuel in Asia, particularly China, is also set to drive industry growth over this period.

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[4] IBIS World Industry Report – Uranium Mining in Australia as at May 2015

8. VALUATION METHODOLOGIES

8.1 Definition of market value

In forming our opinion as to whether or not the Proposed Transaction is fair and reasonable to the non-associated shareholders, we have assessed the value of the issued convertible notes of MGTR on a fair value basis. RG 111 defines fair value as the amount:

"assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length..."

8.2 Selection of Methodology

RG 111 provides guidance on the valuation methods that an independent expert should consider. These methods include:

- the discounted cash flow method and the estimated realisable value of any surplus assets;
- the application of earnings multiples (appropriate to the business or industry in which the entity operates) to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets;
- the amount that would be available for distribution to security holders on an orderly realisation of assets;
- the quoted price for listed securities, when there is a liquid and active market and allowing for the fact that the quoted price may not reflect their value, should 100% of the securities be available for sale;
- any recent genuine offers received by the target for the entire business, or any business units or assets as a basis for valuation of those business units or assets; and
- the amount that an alternative bidder might be willing to offer if all the securities in the target were available for purchase.

Each methodology is appropriate in certain circumstances. The decision as to which methodology to apply generally depends on the nature of the asset being valued, the methodology most commonly applied in valuing such an asset and the availability of appropriate information.

Appendix D summarises different valuation methodologies available.

In determining the fair value of MGTR, we have applied the realisation of assets methodology. As a secondary valuation methodology we have considered the quoted market price. We have determined the realisation of assets to be the most appropriate methodology as:

- Exploration companies have no history of sustainable profitability. Therefore a capitalisation of earnings approach is not applicable for MGTR.
- The main value of MGTR is the interest in the underlying exploration tenements. Therefore, the realisation of assets is an appropriate methodology. We note that the realisation methodology for assets is a commonly applied methodology for exploration companies.
- Although MGTR is listed, the shares are thinly traded with only 0.051% in the last 90 days. However, we have considered the traded share price as a secondary valuation methodology.

9. FAIR VALUE OF MGTR ON A CONTROL BASIS

As discussed in section 5, in evaluating the transaction we are considering the fair value of MGTR on a control basis in accordance with RG 111.

9.1 Realisation of assets of MGTR shares

The realisation of assets value reflects the value of an MGTR share on a control basis. This reflects an interest where a shareholder has advantages such as the ability to exert influence over the strategic direction and cash flow of a company, amongst other areas.

The fair value of MGTR based on the realisation of assets is set out below:

		Low	Preferred	High
Net Liabilities as at 31 December 2015 (section 6.3.2)		(5,770,592)	(5,770,592)	(5,770,592)
Add: non-controlling interest	1	527,123	527,123	527,123
Net assets attributable to MGTR shareholders		**(5,243,469)**	**(5,243,469)**	**(5,243,469)**
Adjustments:				
Decrease in cash to 29 February 2016	2	(636,713)	(636,713)	(636,713)
Reduction in investment in Cauldron	3	(605,040)	(605,040)	(605,040)
Conversion of Auskong notes	4	1,488,124	1,488,124	1,488,124
Carrying value of Group tenements	5	(2,175,531)	(2,175,531)	(2,175,531)
Fair value of tenements	6	350,000	1,850,000	3,100,000
Net adjustment for tenements		**(1,825,531)**	**(325,531)**	**924,469**
Less non-controlling interest in tenements	7	192,046	34,246	(97,254)
Adjusted Net Assets		**(6,630,583)**	**(5,288,383)**	**(4,169,883)**
Shares on issue as at 30 March 2016		342,157,040	342,157,040	342,157,040
Shares issued to Auskong on conversion	4	50,000,000	50,000,000	50,000,000
Total shares on issue before Proposed Transaction		392,157,040	392,157,040	392,157,040
Value per share on a control basis		**N/A**	**N/A**	**N/A**

1. MGTR only holds a 89.48% interest in MGTM. This adjustment represents the non-controlling interest denoted in MGTR's 31 December 2015 half year financial statements
2. As at 31 March 2016 MGTR's cash and cash equivalents have decreased to $548,315 from $1,263,647 at 31 December 2015. The minority interest of 10.52% in MGTM's 31 March 2016 cash balance of $87,863 is reflected in this adjustment.
3. On 30 March 2016, MGTR paid $2,000,000 to acquire 16,949,176 shares in Cauldron (a 5.89% interest) and 20,000,000 unlisted options exercisable at $0.138 before 31 December 2016. The adjustment reflects the difference between the amount paid and the current market value of shares and the estimated fair value of the options based on the Black-Scholes model. The key assumptions are as follows:

	Assumption
Shares	
Cauldron share price at 24 May 2016	$0.072
Fair value of shares held	**$1,186,442**
Options:	
1-year volatility of a Cauldron share	91%
Australian Government Debt – 2 year	1.99%
Exercise price	$0.138
Fair value of options	**$174,619**
Difference:	
Amount invested	2,000,000
Fair value of shares and options	1,394,960
	605,040

Source: S&P Capital IQ

4. Auskong has informed MGTR that they will convert their unsecured convertible notes (section 6.5) prior to 10 June 2016. As a result MGTR will issue 50 million shares to Auskong.
5. Exploration expenditure capitalised on MGTR's balance sheet has been removed to incorporate the fair value of the tenements.
6. Veronica Webster Pty Ltd has prepared independent valuations of the tenements (excluding the value related to property, plant and equipment at the Mt Garnet Project of $2.25m). Copies of the valuations are included in Appendix E. The tenement values are summarised below:

Location	Low $m	Preferred $m	High $m
Mt Garnet Project	-	1.00	1.75
Pyramid and South-east projects	0.35	0.85	1.35
Totals	0.35	1.85	3.1

7. An adjustment has been made to reflect the minority interest in tenements held in MGTM.

9.2 Quoted market price of MGTR shares

There has been a low volume of share in the last 180 days prior to the announcement on 24 March 2016. The low, high and volume weighted average price for the 180 days to 24 March 2016 are set out below.

$/share	Low	High	VWAP
1 Day	$ 0.025	$ 0.025	$ 0.025
30 Days	$ 0.025	$ 0.030	$ 0.025
60 Days	$ 0.025	$ 0.033	$ 0.026
90 Days	$ 0.025	$ 0.033	$ 0.026
180 Days	$ 0.025	$ 0.039	$ 0.027

Source: S&P Capital IQ and Nexia Australia calculations

The quoted market price reflects a minority interest in MGTR. Based on the analysis above we consider the fair value for a controlling interest based on the quoted market price to be:

	Low	Preferred	High
Quoted market price	$ 0.025	$ 0.026	$ 0.027
Control premium	25%	25%	25%
Fair market value on a control basis	$ 0.031	$ 0.032	$ 0.033

In determining the fair value based on the quoted market price we have considered the low price and VWAP over the 180 day period as our low and high. A control premium of 25% has been applied to reflect the increased voting interest Auskong will hold following the Proposed Transaction.

9.3 Conclusion on fair value of a controlling interest in MGTR before the Proposed Transaction

In determining the fair value of a controlling interest in MGTR before the Proposed Transaction, we note that our preferred method of valuation, net realisable value of assets, results in no value being attributed to an MGTR share. Although there has been very limited activity in MGTR's shares prior to the announcement of the Proposed Transaction, there has been some trading and therefore this has been considered in determining the fair value.

Based on the above we have concluded that the fair value of a share in MGTR to be:

	Low	Preferred	High
Fair value of a MGTR share on a control basis	$0.000	$0.016	$0.032

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10. ASSESSMENT OF THE PROPOSED TRANSACTION

10.1 Assessment of fair value of a minority interest after the Proposed Transaction

To determine the fair value of a minority interest per share after the Proposed Transaction we have considered the fair value determined above adjusted for the Proposed Transaction. We have determined the fair value of MGTR as follows:

		Low	Preferred	High
Fair value a share (see 9.3)		**$0.000**	**$0.016**	**$0.032**
Number of shares		392,157,040	392,157,040	392,157,040
Fair value on a control basis before proposed transaction		-	6,319,277	12,638,555
Impact of the Proposed Transaction				
- conversion of Auskong note	1	2,000,000	2,000,000	2,000,000
Fair value of MGTR on control basis after the Proposed Transaction		2,000,000	8,319,277	14,638,555
Minority discount	2	20%	20%	20%
Fair value of MGTR on a minority basis after the Proposed Transaction		**1,600,000**	**6,655,422**	**11,710,844**
Number of relevant shares				
Number of shares on issue before the Proposed Transaction		392,157,040	392,157,040	392,157,040
- conversion of Auskong note	1	60,606,061	60,606,061	60,606,061
Number of shares on issue after the Proposed Transaction		**452,763,101**	**452,763,101**	**452,763,101**

1. On conversion of the Auskong note, the net assets of MGTR available to shareholders will increase by the face value of the note and the shares will be reflected in the capital structure.
2. The minority discount is consistent with the 25% control premium set out above and is calculated as 1/(1+control premium).

10.2 Conclusion of fair value of minority interest after the Proposed transaction

Based on the above we have determined the fair value of a share in MGTR following the Proposed Transaction to be:

	Low	Preferred	High
Fair value a share on a minority basis after the Proposed Transaction	$0.004	$0.015	$0.026

10.3 Assessment of fairness of the Proposed Transaction

As discussed in section 5, in determining whether the transaction is fair to non-associated shareholders, we have compared the fair value of a MGTR share on a control basis before the Proposed Transaction to the fair value of a MGTR share on a minority basis after the Proposed Transaction. This is summarised below:

	Low	Preferred	High
Fair value of a MGTR share on a control basis	$0.000	$0.016	$0.032
Fair value of a share on a minority basis after the Proposed Transaction	$0.004	$0.015	$0.026

Due to the current financial position of MGTR, where the company has a negative net realisable value asset position a wide range has been determined for the fair value on a control basis prior to the Proposed Transaction as prima facie MGTR may have no value. We note at both the low valuation level the fair value on minority basis after the Proposed Transaction is greater than the fair value on a control basis before the transaction and is comparable at the preferred valuation. At the high valuation, the fair value before the Proposed Transaction is based on the recent share trading and that there is low liquidity in the shares. Therefore, **we have concluded that the Proposed Transaction is fair**.

10.4 Assessment of reasonableness of the Proposed Transaction

10.4.1 Approach to assessing Reasonableness

In forming our conclusions in this Report, we have compared the advantages and disadvantages to shareholders if the Proposed Transaction proceeds.

10.4.2 Advantages of the Proposed Transaction

We outline below potential advantages of the issue of the Proposed Transaction:

Advantage	Explanation
Through Auskong converting their note to shares they are no longer in a higher ranking financial position than non-associated shareholders	As a convertible note holder, and therefore lender to the company, Auskong would receive preferential returns in capital before non-associated shareholders. Through the conversion to shares, Auskong would be in the same position as non-associated shareholders.
MGTR will gain exposure to uranium assets through the investment in Cauldron	The growth prospects for uranium are strong, providing MGTR with future value opportunities.

10.4.3 Disadvantages of the Proposed Transaction

We outline following the potential disadvantages of the issue of the Proposed Transaction:

Disadvantage	Explanation
On completion of the Proposed Transaction Auskong will hold a maximum of 43.0% providing Auskong with significant influence over MGTR	Auskong's increased interest will provide it effective significant control over MGTR subject to minority shareholder protections. As a result it will have a strong influence over the strategic direction of the business and other matters such as dividend policy and other investment decision.

10.5 Alternatives to the Proposed Transaction

The Directors have advised us that there are currently no other alternatives to the Proposed Transaction.

10.6 Implications of the Proposed Transaction not proceeding

If the Proposed Transaction is not approved, MGTR will need to seek further funding from third parties to continue operations. If additional funding is not received then the Directors will need to explore other options for the Group including voluntary administration.

10.7 Conclusion as to Reasonableness

In accordance with RG 111, a transaction is reasonable if:

- the transaction is fair; or

- despite not being fair, but considering other significant factors, shareholders should obtain an overall benefit if the transaction proceeds.

As the Proposed Transaction is fair and taking into account other significant factors, **we have concluded that the Proposed Transaction is reasonable.**

11. ASSESSMENT OF THE SECURITY TRANSACTION

11.1 Assessment of the fair value of the interest in CXU

On 30 March 2016, MGTR paid $2,000,000 to acquire 16,949,176 shares in Cauldron (a 5.89% interest) and 20,000,000 unlisted options exercisable at $0.138 before 31 December 2016. The estimated fair value of the options based is based on the Black-Scholes model. The key assumptions are as follows:

	Assumption
Shares	
Cauldron share price at 24 May 2016	$0.072
Fair value of shares held	**$1,220,341**
Options:	
1-year volatility of a Cauldron share	91%
Australian Government Debt – 2 year	1.99%
Exercise price	$0.138
Fair value of options	**$174,619**
Fair value of shares and options	**$1,394,960**

Source: S&P Capital IQ

11.2 Conclusion on the fairness of the Security Transaction

In determining the fairness of the Security Transaction we have compared the fair value of MGTR's interest in CXU to the convertible note of $2,000,000 that will be satisfied under the convertible note. This is summarised below:

Fair value of interest in CXU	$1,394,960
Amount of convertible note satisfied under the Security Transaction	$2,000,000

As the fair value of the convertible note satisfied under the Security Transaction is greater than the fair value of the assets transferred in satisfaction of the note, being MGTR's interest in CXU, **we have concluded that the Security Transaction is fair**.

11.3 Assessment of Reasonableness of Security Transaction

In assessing the reasonableness of the Security Transaction we note that all of the matters noted in sections 10.4, 10.5 and 10.6 are applicable except for the following:

- In respect to the advantages noted for the Proposed Transaction MGTR will not have any exposure to Uranium mining under the Security Transaction and this advantage will no longer be applicable.
- In respect to the disadvantages there would be no increase in Auskong's interest in MGTR of 34.2%

In accordance with RG 111, a transaction is reasonable if:

- the transaction is fair; or
- despite not being fair, but considering other significant factors, shareholders should obtain an overall benefit if the transaction proceeds.

As the Security Transaction is fair and taking into account other significant factors, **we have concluded that the Security Transaction is reasonable.**

12. OPINIONS

Accordingly, in our opinion:

- the Proposed Transaction is fair and reasonable to the non-associated shareholders; and
- the Security Transaction is fair and reasonable to the non-associated shareholders.

The ultimate decision on whether to approve the Proposed Transaction should be based on shareholders' own assessment of their circumstances. We strongly recommend that shareholders consult their own professional advisers, carefully read all relevant documentation provided, including the notice of meeting and explanatory memorandum, and consider their own specific circumstances before voting in favour of or against the Proposed Transaction.

APPENDIX A – GLOSSARY

Term	Definition
ASIC	Australia Securities and Investment Commission
ASX	Australian Securities Exchange
Auskong	Auskong International Mining Investment Co., Limited (Hong Kong Company Number 2178046)
Cauldron	Cauldron Energy Limited
Cauldron Shares and Options	The 16,949,176 shares and 20,000,000 options with an exercise price of $0.138 before December 2016 over which Auskong has limited recourse as security for its $2 million convertible note.
Company or MGTR	MGT Resources Limited (CAN 131 715 645)
Corporations Act	Corporations Act 2001 (Cth)
Explanatory Memorandum	Document to be sent to shareholders on or about 22 June 2016 in which this Report is included
FSG	Financial Services Guide
FY2014	the financial year ended or as at 30 June 2014
FY2015	the financial year ended or as at 30 June 2015
HY2015	the financial half year ended or as at 31 December 2015
Gooroolba	Tenement EPM 15426 that is 100% owned by MGTM.
Group	MGTR and its subsidiaries
Heads or Tails	Tenement ML 20655 that is 100% owned by MGTM.
Mount Steadman	Tenement EPM 12834 that is 100% owned by MGTM.
Mount Veteran Mill	Tenement ML 4349 that is 100% owned by MGTM.
MGTM	MGT Mining Limited (CAN 120 236 142)
MGTR	MGT Resources Limited (CAN 131 715 645)
Nanyetta	Tenement EPM 24333 that is 100% owned by MGTM.
NCFS	Nexia Court Financial Solutions Pty Ltd (AFSL 247300)
Nymbool Projects	Tenement EPM 16948 that is 100% owned by MGTM.
Proposed Transaction	Issue of 60,606,061 shares to Auskong in satisfaction of the convertible note
Pyramid Project	Tenement EMP 12887 that is 100% owned by MGTM
Report	Independent Expert's Report
RG 111	ASIC Regulatory Guide 111: Content of expert Reports
RG 74	ASIC Regulatory Guide 74: Acquisitions approved by members
Security Transaction	Transfer of the shares and options in Cauldron to Auskong in settlement of convertible note
Summer Hills	Tenement ML 20547 that is 100% owned by MGTM.
VWAP	Volume Weighted Average Price of shares
Yarrol	Tenement EPM 8402 that is 100% owned by MGTM

APPENDIX B – SOURCES OF INFORMATION

- APES 225 – Valuation Services
- Australia Securities and Investment Commission's (ASIC) database
- Audited financial statements of MGT Resources Limited for the years ended 30 June 2014 and 2015 and the unaudited half year financial statements to December 2015
- Australian Government, Geoscience Australia, *Tin Fact Sheet*, viewed 30 March 2015 http://www.australianminesatlas.gov.au/education/fact_sheets/tin.html
- Business Wire, *Research and Markets: Research on Global and China Tin Industry, 2014-2018,* viewed 29 March 2016
- http://www.businesswire.com/news/home/20141208006046/en/Research-Markets-Research-Global-China-Tin-Industry
- http://www.fastmarkets.com/base-metals/tin-analysis-forecast-q3-2015
- IBIS World Industry Report – Gold Ore Mining in Australia as at January 2016
- IBIS World Industry Report – Manganese and Other Mineral Mining in Australia as at September 2014
- IBIS World Industry Report – Uranium Mining in Australia as at May 2015
- London Metal Exchange, *Production and Consumption,* LME London, viewed 8 December 2014 https://www.lme.com/metals/non-ferrous/tin/production-and-consumption/
- Unaudited balance sheet of MGT Mining Limited as at 31 October 2014 and 30 November 2014
- Unaudited balance sheet of MGT Resources Limited as at 31 October 2014 and 30 November 2014
- Regulatory Guide 74: Acquisitions approved by members
- Regulatory Guide 76: Related party transactions
- Regulatory Guide 111: Content of expert Reports
- Regulatory Guide 112: Independence of expert's Reports
- Resources & Energy Quarterly. December quarter 2015 http://www.industry.gov.au/Office-of-the-Chief-Economist/Publications/Documents/req/REQ-December-2015.pdf
- S&P Capital IQ

APPENDIX C - STATEMENT OF DECLARATION & QUALIFICATIONS

Confirmation of Independence

Prior to accepting this engagement Nexia Court Financial Solutions Pty Ltd ("NCFS") determined its independence with respect to MGTR and Auskong with reference to ASIC Regulatory Guide 112: Independence of expert's Reports ("RG 112"). NCFS considers that it meets the requirements of RG 112 and that it is independent of MGTR and Auskong.

Also, in accordance with s648(2) of the Corporations Act we confirm we are not aware of any business relationship or financial interest of a material nature with MGTR or Auskong, its related parties or associates that would compromise our impartiality.

Mr Brent Goldman, authorised representative of NCFS, has prepared this Report. Neither he nor any related entities of NCFS have any interest in the promotion of the Proposed Transaction nor will NCFS receive any benefits, other than normal professional fees, directly or indirectly, for or in connection with the preparation of this Report. Our fee is not contingent upon the success or failure of the Proposed Transaction, and has been calculated with reference to time spent on the engagement at normal professional fee rates for work of this type. Accordingly, NCFS does not have any pecuniary interests that could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion under this engagement.

NCFS provided a draft copy of this Report to the Directors and management of MGTR for their comment as to factual accuracy, as opposed to opinions, which are the responsibility of NCFS alone. Changes made to this Report, as a result of the review by the Directors and management of MGTR, have not changed the methodology or conclusions reached by NCFS.

Reliance on Information

The statements and opinions given in this Report are given in good faith and in the belief that such statements and opinions are not false or misleading. In the preparation of this Report NCFS has relied upon information provided on the basis it was reliable and accurate. NCFS has no reason to believe that any information supplied to it was false or that any material information (that a reasonable person would expect to be disclosed) has been withheld from it. NCFS evaluated the information provided to it by MGTR and Auskong as well as other parties, through enquiry, analysis and review, and nothing has come to its attention to indicate the information provided was materially mis-stated or would not afford reasonable grounds upon which to base its Report. Accordingly, we have taken no further steps to verify the accuracy, completeness or fairness of the data provided.

Our procedures and enquiries do not include verification work, nor constitute an audit or review in accordance with Australian Auditing Standards. NCFS does not imply and it should not be construed that it has audited or in any way verified any of the information provided to it, or that its enquiries could have verified any matter which a more extensive examination might disclose.

The sources of information that we relied upon are outlined in Appendix B of this Report.

Qualifications

NCFS carries on business at Level 16, 1 Market Street, Sydney NSW 2000. NCFS holds Australian Financial Services Licence No 247300 authorising it to provide financial product advice on securities to retail clients. NCFS's representatives are therefore qualified to provide this Report.

Brent Goldman specifically was involved in the preparing and reviewing this Report. Brent Goldman is a Fellow of Chartered Accountants in Australia and New Zealand, a Business Valuation Specialist of Chartered Accountants in Australia and New Zealand and a Fellow of the Financial Services Institute of Australasia. He has over 15 years of corporate finance experience in both Australia and the UK.

Consent and Disclaimers

The preparation of this Report has been undertaken at the request of the Directors of MGTR. It also has regard to relevant ASIC Regulatory Guides. It is not intended that the Report should be used for any other purpose than to accompany the notice of meeting and explanatory memorandum to be sent to MGTR shareholders. In particular, it is not intended that this Report should be used for any purpose other than as an expression of NCFS's opinion as to whether or not the issue of options is fair and reasonable to non-associated shareholders.

NCFS consent to the issue of this Report in the form and context in which it is included in the notice of meeting and explanatory memorandum to be sent to MGTR shareholders.

Shareholders should read all documents issued by MGTR that consider the issue of options in their entirety, prior to proceeding with a decision. NCFS had no involvement in the preparation of these documents, with the exception of our Report.

This Report has been prepared specifically for the non-associated shareholders of MGTR. Neither NCFS, nor any member or employee thereof undertakes responsibility to any person, other than a shareholder of MGTR, in respect of this Report, including any errors or omissions howsoever caused. This Report is "General Advice" and does not take into account any person's particular investment objectives, financial situation and particular needs. Before making an investment decision based on this advice, you should consider, with or without the assistance of a securities advisor, whether it is appropriate to your particular investment needs, objectives and financial circumstances.

Our procedures and enquiries do not include verification work, nor constitute an audit or review in accordance with Australian Auditing Standards.

Our opinions are based on economic, market and other conditions prevailing at the date of this Report. Such conditions can change significantly over relatively short periods of time. Furthermore, financial markets have been particularly volatile in recent times. Accordingly, if circumstances change significantly, subsequent to the issue of this Report, our conclusions and opinions may differ from those stated herein. There is no requirement for NCFS to update this Report for information that may become available subsequent to its date.

APPENDIX D - VALUATION METHODOLOGIES

In preparing this Report we have considered valuation methods commonly used in practice and those recommended by RG 111. These methods include:

- the discounted cash flow method;
- the capitalisation of earnings method;
- asset based methods; and
- analysis of share market trading.

Discounted Cash Flow Method

Description

Of the various methods noted above, the discounted cash flow method has the strongest theoretical standing. It is also widely used in practice by corporate acquirers and company analysts. The discounted cash flow method estimates the value of a business by discounting expected future cash flows to a present value using an appropriate discount rate. A discounted cash flow valuation requires:

- a forecast of expected future cash flows;
- an appropriate discount rate; and
- an estimate of terminal value.

It is necessary to project cash flows over a suitable period of time (generally regarded as being at least five years) to arrive at the net cash flow in each period. For a finite life project or asset this would need to be done for the life of the project. This can be a difficult exercise requiring a significant number of assumptions such as revenue growth, future margins, capital expenditure requirements, working capital movements and taxation.

The discount rate used represents the risk of achieving the projected future cash flows and the time value of money. The projected future cash flows are then valued in current day terms using the discount rate selected.

A terminal value reflects the value of cash flows that will arise beyond the explicit forecast period. This is commonly estimated using either a constant growth assumption or a multiple of earnings (as described under capitalisation of future maintainable earnings below). This terminal value is then discounted to current day terms and added to the net present value of the forecast cash flows.

The discounted cash flow method is often sensitive to a number of key assumptions such as revenue growth, future margins, capital investment, terminal growth and the discount rate. All of these assumptions can be highly subjective sometimes leading to a valuation conclusion presented as a range that is too wide to be useful.

Use of the Discounted Cash Flow Method

A discounted cash flow approach is usually preferred when valuing:

- early stage companies or projects;
- limited life assets such as a mine or toll concession;
- companies where significant growth is expected in future cash flows; or
- projects with volatile earnings.

It may also be preferred if other methods are not suitable, for example if there is a lack of reliable evidence to support a capitalisation of earnings approach. However, it may not be appropriate if reliable forecasts of cash flow are not available and cannot be determined.

Capitalisation of Earnings Method

Description

The capitalisation of earnings method is a commonly used valuation methodology that involves determining a future maintainable earnings figure for a business and multiplying that figure by an appropriate capitalisation multiple. This methodology is generally considered a short form of a discounted cash flow, where a single representative earnings figure is capitalised, rather than a stream of individual cash flows being discounted. The capitalisation of earnings methodology involves the determination of:

- a level of future maintainable earnings; and
- an appropriate capitalisation rate or multiple.

A multiple can be applied to any of the following measures of earnings:

Revenue – most commonly used for companies that do not make a positive EBITDA or as a cross-check of a valuation conclusion derived using another method.

EBITDA - most appropriate where depreciation distorts earnings, for example in a company that has a significant level of depreciating assets but little ongoing capital expenditure requirement.

EBIT - in most cases EBIT will be more reliable than EBITDA as it takes account of the capital intensity of the business.

NPAT - relevant in valuing businesses where interest is a major part of the overall earnings of the group (e.g. financial services businesses such as banks).

Multiples of EBITDA, EBITA and EBIT value the whole businesses, or its enterprise value irrespective of the gearing structure. NPAT (or P/E) values the equity of a business

The multiple selected to apply to maintainable earnings reflects expectations about future growth, risk and the time value of money all wrapped up in a single number. Multiples can be derived from three main sources.

Using the guideline public company method, market multiples are derived from the trading prices of stocks of companies that are engaged in the same or similar lines of business and that are actively traded on a free and open market, such as the ASX or the NSX. The merger and acquisition method is a method whereby multiples are derived from transactions of significant interests in companies engaged in the same or similar lines of business. In Australia this has been called the comparable transaction methodology.

Use of the Capitalisation of Earnings Method

The capitalisation of earnings method is widely used in practice. It is particularly appropriate for valuing companies with a relatively stable historical earnings pattern which is expected to continue. This method is less appropriate for valuing companies or assets if:

- there are no suitable listed company or transaction benchmarks for comparison;
- the asset has a limited life;
- future earnings or cash flows are expected to be volatile; or
- there are negative earnings or the earnings of a business are insufficient to justify a value exceeding the value of the underlying net assets.

Asset Based Methods

Description

Asset based valuation methods estimate the value of a company based on the realisable value of its net assets, less its liabilities. There are a number of asset based methods including:

- orderly realisation;
- liquidation value;
- net assets on a going concern basis;
- replacement cost; and
- reproduction cost.

The orderly realisation of assets method estimates Fair Market Value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame.

Since wind up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimate the market values of the net assets of a company but do not take account of realisation costs.

The asset / cost approach is generally used when the value of the business's assets exceeds the present value of the cash flows expected to be derived from the ongoing business operations, or the nature of the business is to hold or invest in assets. It is important to note that the asset approach may still be the relevant approach even if an asset is making a profit. If an asset is making less than an economic rate of return and there is no realistic prospect of it making an economic return in the foreseeable future, an asset approach would be the most appropriate method.

Use of Asset Based Methods

An asset-based approach is a suitable valuation method when:

- an enterprise is loss making and is not expected to become profitable in the foreseeable future;
- assets are employed profitably but earn less than the cost of capital;
- a significant portion of the company's assets are composed of liquid assets or other investments (such as marketable securities and real estate investments); or
- it is relatively easy to enter the industry (for example, small machine shops and retail establishments).

Asset based methods are not appropriate if:

- the ownership interest being valued is not a controlling interest, has no ability to cause the sale of the company's assets and the major holders are not planning to sell the company's assets; or
- a business has (or is expected to have) an adequate return on capital, such that the value of its future income stream exceeds the value of its assets.

Analysis of Share Trading

The most recent share trading history provides evidence of the Fair Market Value of the shares in a company where they are publicly traded in an informed and liquid market. There should also be some similarity between the size of the parcel of shares being valued and those being traded. Where a company's shares are publicly traded then an analysis of recent trading prices should be considered, at least as a cross-check to other valuation methods.

APPENDIX E – VERONICA WEBSTER PTY LTD - INDEPENDENT VALUATION REPORTS

VERONICA WEBSTER PTY. LIMITED

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Saturday, 20 February 2016

Dr Verity Borthwick, Operations Geologist
MGT Resources Limited
Suite 2.05B, Level 2,
68 York St., Sydney,
NSW 2000, Australia.

Dear Verity

RE: INDEPENDENT VALUATION OF THE TIN PROPERTIES OF MGT RESOURCES LIMITED

THE MOUNT GARNET PROJECT

1.0 INTRODUCTION

Outline of commission

MGT Resources Limited (“MGTR”) commissioned Veronica Webster Pty. Limited ("VWPL") to provide an Independent Valuation Report (“Valuation”) on nominated tin assets in Queensland. The tenements are held in the name of MGTR’s 89.48%-owned subsidiary MGT Mining Limited, are collectively known as the “Mount Garnet Project”.

The Mount Garnet Project includes the following tenements:-

Mount Veteran/Summer Hill

ML 4349 “Mount Veteran”
ML 20547 “Summer Hill”

Smith’s Creek

ML 20655 “Heads or Tails”
EPM 16948 “Nymbool”
EPM 25433 “Nanyetta”
EPM 25347 “Nymbool Extended”
EPM 25716 “Fuzzy Hill”

MGTR's small (1.5 ha) mining lease ML 20066 Valetta, (renewal pending) has not been included in this valuation.

These properties (with the exception of the recently granted EPM 25716 and EPM 25347) were previously assessed by VWPL in November 2014 for MGTR. VWPL also provided a valuation in 08 March 2010 (updated 21 October 2010) for DMR Corporate Pty Limited of Melbourne: report entitled, **Independent Valuation of the Mineral Properties of Xtreme Resources Limited.**

VWPL understands that MGTR may use the Valuation of these tin assets to support a corporate transaction. Mr. P.N Scott (mining engineer) of VWPL has prepared the Valuation Report and consulted with Mr. L W Davis (geologist). The views and conclusions expressed in this report are solely those of VWPL, Mr Scott and Mr Davis.

This Valuation may be included in an Independent Expert's Report (as per VALMIN Code 2005) if deemed appropriate by MGTR.

Information

Mr. P.N Scott of VWPL has prepared this Valuation Report and consulted with Mr. L.W.Davis. He was supplied with mining, exploration and other information by MGTR and has been instructed to rely on the information being accurate and complete. Mr Scott has relied at his own discretion on the observations and interpretations of previous explorers, exploration consultants and MGTR geological staff. However, the views and conclusions expressed in this report are solely those of VWPL, P.N.Scott and Mr L.W.Davis.

Mr Scott conducted a site inspection of the properties on the 14th/15th October 2014. This included a detailed inspection of the tenements, available exploration information, a review of the treatment plant, and discussions with the various North Queensland based MGTR staff and consultants that have worked on the project. VWPL understands that no significant site activities (with the exception of ongoing care and maintenance) have occurred since this inspection.

An appraisal of all the above mentioned information forms the basis of this report.

2.0 VALUATION SUMMARY

MGTR has an advanced tin project, the Mount Garnet Project, in far north Queensland under Mining Lease plus exploration areas where there is opportunity for tin (and gold) discovery.

The Mount Garnet project contains a treatment plant currently under care and maintenance, which has an annual throughput capacity of 50,000 - 70,000 (tonnes per annum). MGTR has plans to upgrade the plant to 250,000 tpa capacity at a cost of approximately $7M (including expansion of the tailings dam).

Tin mineralisation within the Mount Garnet Project consists of:-

- **Smiths Creek** -

Exploration Target 250,000 tonnes – 300,000 tonnes @ between 1% and 2% tin. JORC 2012 (Davis 2014). The potential quantity and grade is conceptual in nature as there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource

- **Summer Hills (excludes Dalcouth and Extended)** -

Exploration Target 250,000 tonnes – 450,000 tonnes @ between 0.3% - 0.7% tin JORC 2012 (Davis 2014). The potential quantity and grade is conceptual in nature as there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

- **Dalcouth and Extended**

Inferred Resource 110,000 tonnes @ 0.34% Sn JORC 2004 Code Compliant (2011 Callaghan)

This valuation considers MGTR's suggested development of the project to process 250,000 tpa over a 10 year mine life. It should be noted that currently the Mount Garnet Project has no Ore Reserves (as defined by the JORC Code), and currently very limited sub economic resources at Dalcouth and Extended. The project relies on successful exploration defining sufficient Ore Resources and Reserves to support the planned plant throughput in both tonnage and grade terms.

VWPL considers a tin price of plus USD$ 20,000/t (tonne) will be required to support future development of the Mount Garnet Project. (Using an exchange rate of USD; AUD of 0.7)

Summary Valuation

In valuing the Mount Garnet Project, VWPL has considered the recent market for tin, and the available projections of future tin supply, and likely tin prices. VWPL has adopted a modified discounted-cash-flow-rate-of-return ("DCFROR") approach to valuation, which takes into account the current status of the project (particularly with respect to the Exploration Targets on both Summer Hills and Smiths Creek).

In VWPL's opinion the current market would pay a range of between $2.25M and $4.0M for the Mount Garnet Project, with a preferred value of $3.25M.

It should be noted that while not economic at current tin prices the Mount Garnet Project offers potentially excellent returns at higher tin prices (essentially providing a level of “optionality” on the tin price).

In April 2009, Mono Resources obtained control of Xtreme Resources (then holder of the assets that now constitute the Mount Garnet Project) by payment of $1.86 million to purchase 73.76%. Allowing for other assets held by Xtreme, VWPL considers that at that time an implied price of approximately $2 million was placed on the Mount Garnet Tin Project. At the time Independent Expert, DMR Corporate described the transaction as “not fair” but “is considered reasonable”.

Since April 2009, MGTR has spent approximately $2.6M on capital upgrade works to bring the treatment plant to an operable condition, and more than $8M on exploration on the Mount Garnet Project leases. Mining licences have also been granted for ML 20547 “Summer Hill”, and ML 20655 “Heads or Tails”.

Tin price is the prime driver in the valuation of the Mount Garnet Tin Project, tin prices in the past 5 years have ranged from a low of US$13,200 /tonne (January 2016), to a high of USD$32,500 /tonne (May 2011), at the time of this valuation the price is USD$15,835/tonne (18th February 2016).

The geology of the area is complex, with closely spaced drilling likely to be required to allow mineralising structures to be defined. Historically hard rock tin deposits exploited in the Mount Garnet area have been small high grade structures; the success of the Mount Garnet Project will require sufficient number of these structures being identified to meet the mill throughput requirements. While individual drilling results from the key tenements are encouraging, VWPL considers that a major drilling program(s) will be required to properly define the required resources, this is likely to take a minimum of two years, and will require significant funding ($3 million-$4 million).

This valuation is only valid at the date of this Valuation Report

All estimates are in Australian dollars and rounded to the nearest A$0.25 million.

3.0 TENEMENTS

The following Table lists the tenements relevant to this Report (collectively known as the Mount Garnet Project), all of which are warranted by MGTR to be in good standing. VWPL has sighted correspondence from MGTR's tenement managers (AMETS Pty Ltd) confirming the veracity of the tables below.

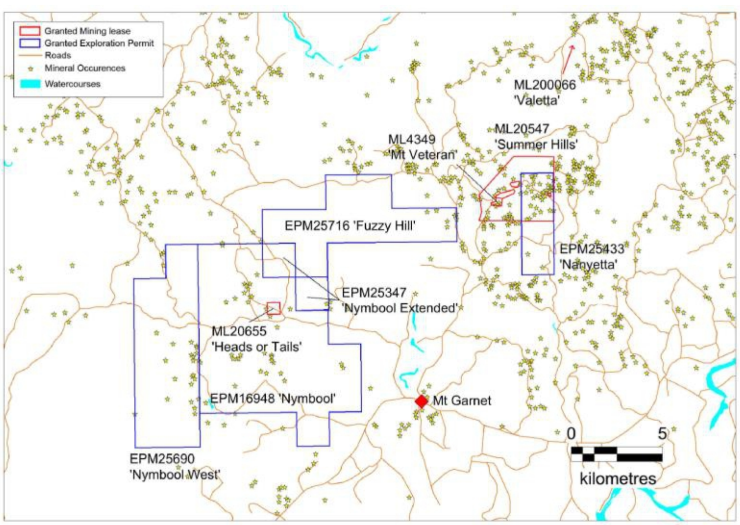
It should be noted that MGTR has native title agreements in place for the mining licences (where appropriate), and accesses the Exploration Licence using the expedited procedures legislation. Future mining at Smiths Creek will require negotiation of a native title agreement prior to commencement.

Mining Licences

Tenure	Holder	Share	Project	Status	Grant date	Expiry Date	Area	Document	Obligations	Indirect Interests	Native Title	Financial Assurance
Mining Leases												
ML20547 - "Summer Hills"	MGT Mining Ltd	100%	Mt Garnet	Granted	1st February 2013	31st January 2034	1163.40 Ha	Grant letter	$20/Ha Landholder compensation		RTN with Bar Barrum People	$76,132
ML4349 - "Mt Veteran"	MGT Mining Ltd	100%	Mt Garnet	Granted	26 March 1986	31st March 2027	17.85 Ha	Grant document	Landholder compensation		Granted prior to 23d Dec 1996	$5,698
ML20655 - "Heads or Tails"	MGT Mining Ltd	100%	Mt Garnet	Granted	1st December 2011	31st December 2016	45.5 Ha	Grant letter	$20/Ha Landholder compensation		RTN with Bar Barrum People	$1,620
ML20066 - "Valetta"	MGT Resources Ltd	100%	Mt Garnet	Renewal submitted	1st February 1992	30th June 2016	1.5 Ha	Grant document	Being negotiated		Granted prior to 23d Dec 1996	$2,808

Exploration Licences

Tenure	Holder	Share	Project	Status	Grant date	Expiry Date	Area	Document	Obligations	Indirect Interests	Native Title	Financial Assurance
Exploration Permits												
EPM16948 - "Nymbool"	MGT Mining Ltd	100%	Mt Garnet	Granted	17th February 2009	16th February 2019	Sub-blocks - 20	Grant document	None		Expedited procedures	$2,500
EPM25433 - "Nanyetta"	MGT Mining Ltd	100%	Mt Garnet	Granted	25th June 2014	24th June 2019	Sub-blocks - 3	Grant document	None		Expedited procedures	$2,500
EPM25690 - "Nymbool West"	MGT Mining Ltd	100%	Mt Garnet	Granted	30th March 2015	29th March 2020	Sub-blocks - 11	Grant letter	None		Expedited procedures	Same EA as EPM16948
EPM25716 - "Fuzzy Hill"	MGT Mining Ltd	100%	Mt Garnet	Granted	30th April 2015	29th April 2020	Sub-blocks - 9	Grant letter	None		Expedited procedures	Same EA as EPM16948
EPM25347 - "Nymbool Extended"	MGT Mining Ltd	100%	Mt Garnet	Granted	5th May 2015	4th May 2020	Sub-blocks - 2	Grant letter	None		Expedited procedures	Same EA as EPM16948



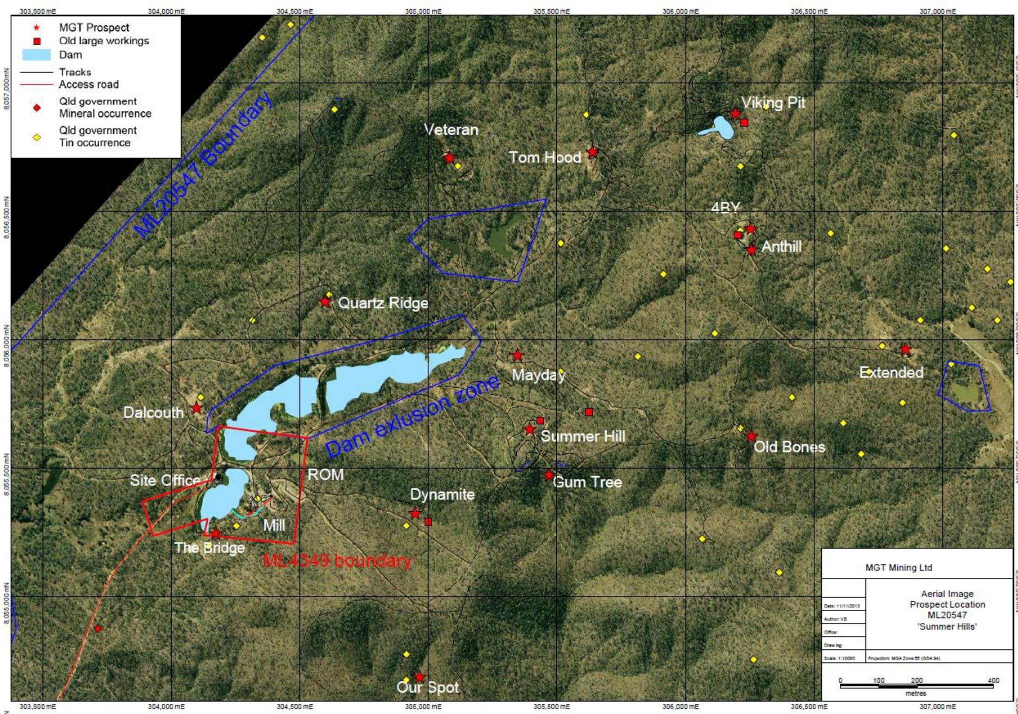
Map showing MGTR's Mount Garnet Project
Showing location of ML's, EL in relation to Mount Garnet township

4.0 Mount Garnet Tin Project

The Mount Garnet Project is situated in the Mount Garnet district of Far North Queensland. The area is recognised as one of Australia's major tin provinces where tin mining has been carried out over a period of more than 100 years. Mining has been conducted from this area at times of favourable tin demand and prices. The district has a history of small tonnage operations based on very rich mineralisation. Two groups of tenements are considered to make up MGTR's Mount Garnet Project: the Mount Veteran/Summer Hill area, and the Smiths Creek area.

4.1 Mount Veteran ML 4349 and Summer Hill ML 20547

Granted MLs 4349 and 20547



Mount Veteran/Summer Hills prospect locations.

Current Status

Dalcouth ML 4349 and Extended ML20547

In mid-2011, Tim Callaghan – Resource and Exploration Geology, provided a three dimensional digital interpretation and resource estimation of the Dalcouth, Extended and

Summer Hill deposits in the Veteran Mill locality of the Mount Garnet Tin Field. Insufficient data was available to estimate the Summer Hill deposit, therefore only the Dalcouth and Extended resources were estimated. The estimate was carried out by geostatistical methods and because of grade variability and a high nugget-effect the result should not be regarded as precise; uncertainty in drillhole locations, no surveyed topographic surface available, no QAQC programs or reports, limited geological information, no bulk density data, unknown extent of historic workings; hence the designation of Inferred Resource by Callaghan.

The contained mineral resource at Dalcouth and Extended, using a 0.1% tin cut-off is 111 900 (110 000) tonnes grading 0.34% tin. The mineral resource has been classified as an Inferred Resource according to the 2004 edition of the JORC Code. A Cut-off to grade domains of 0.1% tin and a top-cut at 97.5th percentile of the assay population was used. (MGTR is currently in the process of updating this resource to JORC 2012 standard).

VWPL has reviewed and agrees with the findings of the report, noting that MGTR will have to selectively mine within the 110 000 tonnes, raising the cut-off above 0.1% tin to achieve a satisfactory mill feed.

Summer Hills ML 20547

In the absence of critical intersection data, plans and sections, etc, VWPL considers that the mineralisation on the Summer Hills ML constitutes an Exploration Target of 250 000 to 450 000 tonnes grading between 0.3% and 0.7% tin) in accordance with the JORC Code (note we have excluded the Extended mineralisation which is located on ML 20547 now subject to a separate estimate); there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Historical Estimates

G Kater in 1985, wrote that the mineralisation within the current ML 4349 and ML 20547:-

"Recent bulk testing and past mining experience indicates head grade tenor varies between 0.15% and 1% tin overall, whilst observation of numerous exposures indicates patches of higher grades (several percentages) of tin can be easily selected for quality control of head grade. Based on the large quantity of mineralised Lode available, there is a high probability that at least 500,000 to 1,000,000 tonnes could be produced, using careful quality control and blending, to maintain a head grade of 0.6% to 0.7% Sn. On current exposure and development, there is sufficient; resource to easily achieve this head grade by quality control at a rate of 30,000 to 60,000 tonnes per year for at least 10 years."

This was clarified by Davis in February 2008 who wrote:-

"In the opinion of VWPL (Davis) later workers have confirmed Kater's findings. In the last 30 years small parcels of measured and indicated resources have been estimated and some of these have been exploited. In 1998, with surface sampling only, John Sainsbury Associates estimated a combined Indicated and Inferred resource of 491 000 tonnes grading 0.5% tin within the larger previously identified lode zones.

Sainsbury's 491 000 tonnes of 0.5% tin (classified by Sainsbury in 1998 as Indicated and Inferred JORC Resource) is made up of many smaller parcels.

MGTR now has an independent Resource estimate (JORC 2012 Code Compliant Resource) for Dalcouth, see above and will provide another estimate (JORC 2012) for the Summer Hill prospect in due course when MGTR complete drilling and geological interpretation work.

MGTR carried out evaluation drilling in 2010 and 2011, mainly on the Dalcouth and Extended vein systems. A fewer number of holes were drilled into the prospects of Summer Hill, May Day and Veteran but there is insufficient information to estimate resources.

Summer Hill Tin Lodes…2014 drilling

Recent drilling by MGTR was announced in August 2014
"Summer Hill Prospect:

- 8m @ 0.41% tin from 10m (including 1m @ 1.7% tin) (SH14)
- 7m @ 0.41% tin from 5m (includinq 1m @ 1.01% tin) (SH22)
- 11m @ 0.61% tin from 1m (including 2m @ 1.13% tin) (SH23)
- 7m @ 1.65% tin from 10m (including 1m @ 1.66% and 3m @ 2.96% tin) (SH25)
- 4m @ 1.76% tin from 37m (including 1m @ 3.99% tin) (SH26)
- 15m @ 0.79% from 32m (includinq 5m @ 1.53%) (SH03 infill samples from previously-drilled hole)

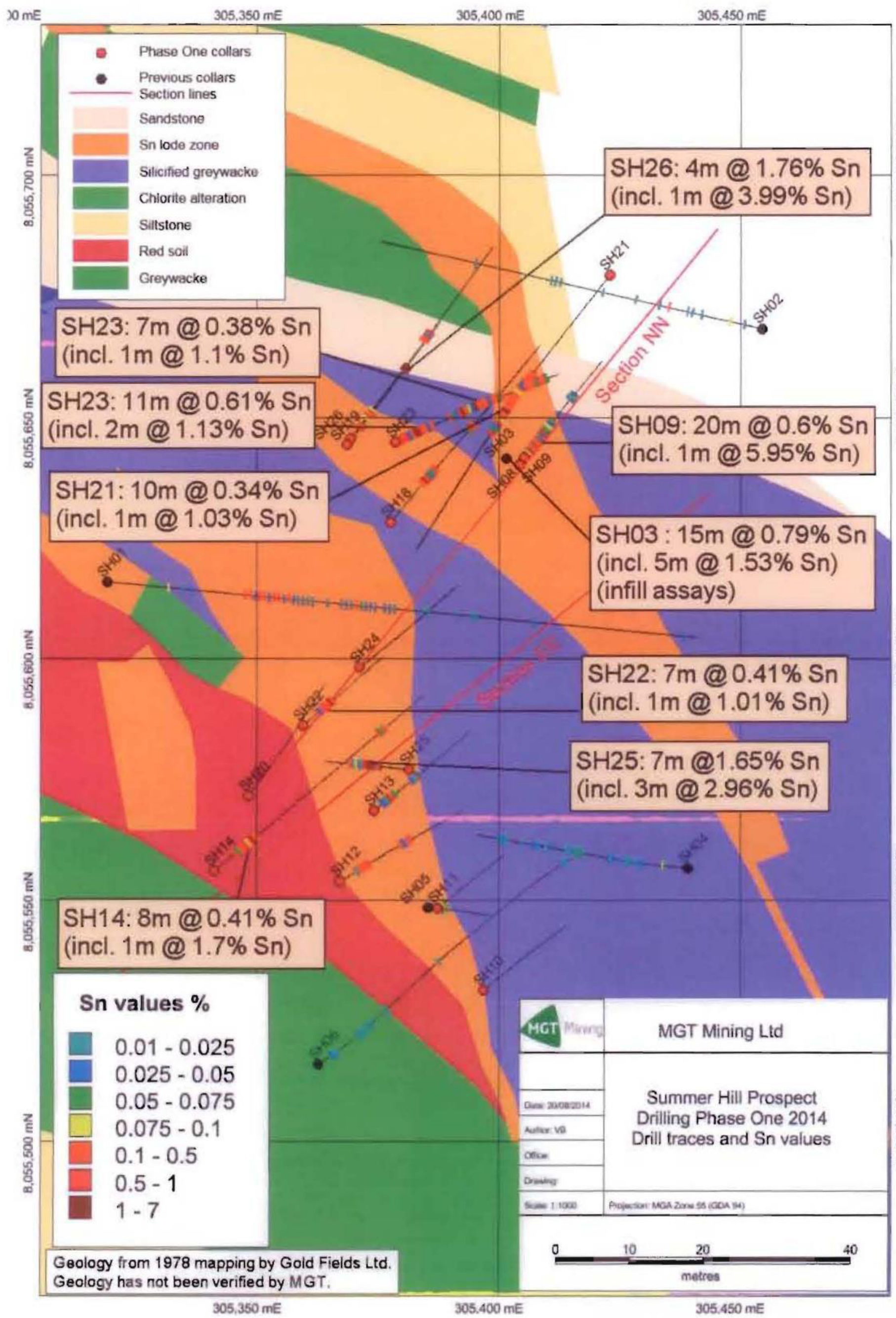
Viking Prospect:

- 1m @ 1.14% tin from 25m (VK07)
- 1m @ 1.18% tin from 12m (VK08)
- 2m @ 1.72% tin from 27m (including 1m @ 3.05% tin), (VK15)

The geometry of mineralisation at parts of the Summer Hill and Viking prospects is uncertain. It is probable that true widths are less than the reported downhole intercepts for a number of holes".

Photo 14/10/14 showing old open pit workings at the Viking prospect

A Plan with drill traces and intersections shows that information is increasing to the extent that resource estimation may soon be possible.



Recent Summer Hill Drilling by MGTR

Mount Veteran tin plant

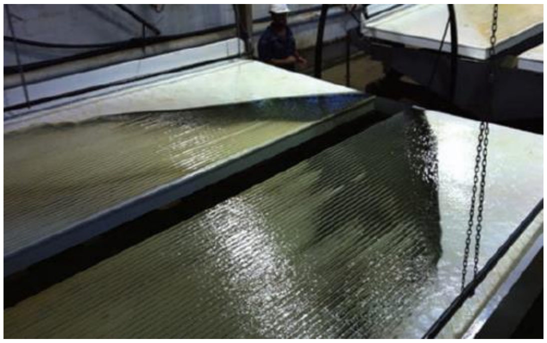

Photo 14/10/14 showing treatment plant at Mount Veteran

The Mount Veteran plant was built in 1984, it reportedly operated for about 6 months before being closed due to low tin prices at the time.

MGTR has refurbished and briefly operated the plant at Mount Veteran. The refurbishment cost was approximately $ 2.6 million; after refurbishment the plant produced a small quality of tin concentrates from old stockpiles, prior to being placed on “care and maintenance”, pending environmental approval of the larger project. Current capacity of the plant is in the range 50,000 tpa to 70,000 tpa. The plant from inspection in 2014 appeared to be in reasonable condition and reportedly could be quickly brought back into operation if desired.


Photo 14/10/14 Mount Veteran Plant from crusher

MGTR has received estimates that an upgrade to the plant to a 250,000 tpa capacity would cost approximately $7 million (Nov 2014). (this includes replacing the existing ball mill and upgrading the tailings storage facilities). The plant is currently connected to the Queensland State grid power, an upgrade of the power line will be necessary if the plant is upgraded to 250,000 tpa capacity.



Tabling tin at Mount Veteran in 2009 (Photo MGTR)

Potential project economics could be enhanced by arranging the toll treatment of future production off site. The proposed construction of a large tin (1MTPA) processing facility at the town of MT Garnet by Consolidated Tin Mines, may provide an opportunity to explore this alternative further.

Environmental Issues

MGTR has been working towards site specific environmental approval for ML4349 and ML20547 (same Environmental Authority). MGT has engaged to environmental consultants Biotropica Australia to assist with this work.
The current status is that MGT is engaged in collecting further baseline data, and will proceed with a site-specific application once a mining plan is finalised.

Work is also currently being conducted to address known issues (i.e. seepage and overflow of the Tailings Storage Facility (TSF) (more detail below) and erosion control).

Discussions with Biotropica (October 2014) have identified a number of areas that need to be addressed in order for production to proceed. It is possible that an Environmental Impact Statement (EIS) may be necessary and this will require public approval. (An EIS is usually required for large-scale impacts associated with resource projects (dependent on trigger assessment). In addition, a decision may be made to require an EIS application, even if no EIS criteria are triggered, if DEHP or the Minister determines that the project applied for would involve a significant environmental impact, or a high level of uncertainty about potential impacts, or involve a high level of public interest. It is estimated that to progress the EIS process through to approval will take some 18 months and cost an additional $750,000.

Areas to be further addressed by MGTR ahead of environmental approval include:-

Air, dust and particulates monitoring programme
Waste Management Plan
Waste Rock / Soil / Tailings Management Plan
Noise Management Plan
Groundwater modelling
Surface water modelling
Receiving Environment Monitoring Plan (REMP)

Water Management Plan
Erosion and Sediment Control Plan
Rehabilitation Plan
Flora and Fauna impact and mitigation strategy
Biodiversity Offset Strategy (if applicable)
Environmental Management Plan

It should be noted that MGTR has made significant progress on some of the above, exact requirements will be addressed once the mining plans have been finalised.

Tailings Storage Facility

MGTR has been addressing issues of non-compliance regarding the historical Tailings Storage Facility (TSF) on site.

The TSF overflowed during Cyclone Ita (February 2011) and had been experiencing seepage at both the toe of the TSF, and from the Freshwater dam located above the TSF (into the TSF).
MGTR has recently upgraded the catch pond by constructing a 20m x 40m x 2.5 catch point at the toe of the TSF dam wall, which is adequate to contain a 1 in 100 year, 24hr rainfall event. Further to this MGTR has constructed a 1.5m x 1.5m wide bund around the catch pond to provide additional containment for the pond. This diverts all TSF seepages into the catch pond and diverts clean surface water from the pond. A pump system has been installed at the catch pond to transfer water to the TSF. The DEHP is currently satisfied with this approach.

4.2 Smiths Creek Tin Mine

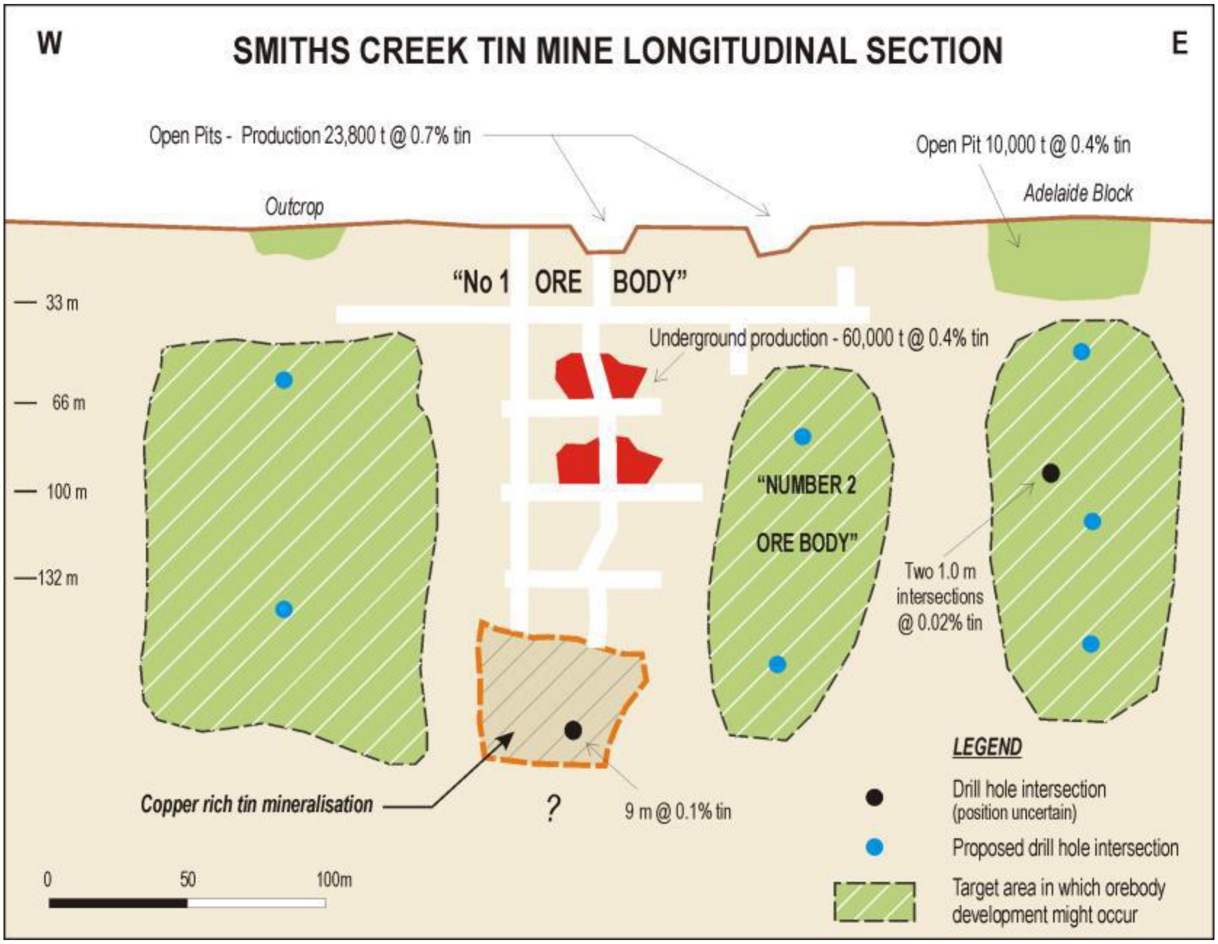
ML 20655 “Heads or Tails”,EPM 16948 “Nymbool” and EPM 25433 “Nanyetta”

Photo showing recent diamond drill hole at Smiths Creek, with old mine dump and buildings in the back ground.

Historical information

The Smiths Creek Tin Mine was discovered in 1901 and produced tin from both open cut and underground workings between 1903 and 1909. When the mine closed in 1909, the underground operation was estimated to have produced about 60 000 tonnes of ore at an average grade of about 4% tin per tonne. An additional 23 800 tonnes were won by open-cutting mineralisation estimated to have graded approximately 0.7% tin.

After closure, drilling by the Goldfields Drilling Company intersected grades ranging from trace to 10.4% tin (widths not reported) at the 92 m level. The Geological Survey of Queensland drilled three diamond holes between 1955 and 1966 targeting possible tabular extensions with negative and non-conclusive results. Past records suggest there is possibly a second body to the east (see figure).



Smiths Creek Longitudinal Section and Exploration Targets

In 1980, Robinson conducted an economic evaluation for Otter Exploration NL ("Otter") based on an inferred resource of 250 000 tonnes grading 1.68% tin. In 1981, Otter drilled three diamond drill holes (260 m total) to test magnetic features. Core recovery was poor. Chloritic shear zones were intersected and the grades were less than 0.1% tin.

In 1996, Foord undertook a feasibility study for Strike Mining NL ("Strike") for the exploitation of mineral deposits that Strike controlled in the Mount Garnet district. This included mining the Smiths Creek Tin Mine and the Adelaide block with processing proposed at the Mount Veteran Plant. The study was based on the estimate by Otter of 250 000 tonnes grading 1.68% tin left in remnants and extensions and another 10 000 tonnes down to 30 m depth in the Adelaide block. The projects were considered unattractive at this time of relatively weak metal prices.
The ML 20655 "Heads or Tails" was granted on 1st December 2011, MGTR planned to mine a quantity of tailings (from the old Smith Creek Mine workings) and process through the Mount Veteran plant. This plan has been suspended, the probable grade and volume of these tailings makes them immaterial in the context of this valuation.

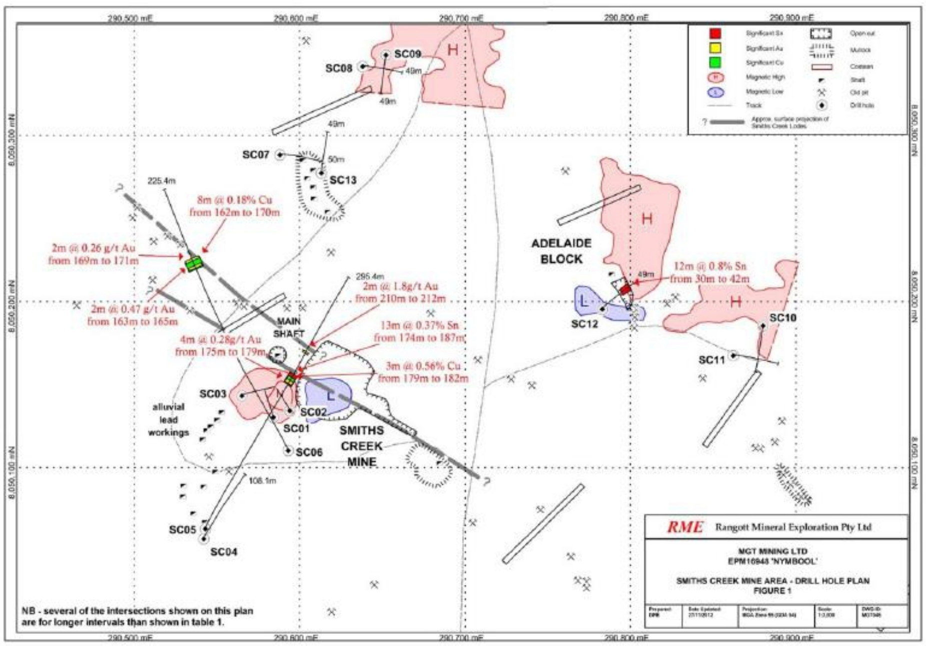
Recent Exploration by MGTR

In 2012 MGTR conducted a drilling program at Smiths Creek, drilling at both the Smiths Creek Mine area, and the Adelaide Block immediately to the east.

Two combination RC percussion/diamond drill holes (total depth 520.8m) and eight RC percussion holes (total depth 441m) were drilled, (see figure 2a), results strongly support the prospectivity of the area. Best results for tin mineralisation were:-

9.5m @ 0.39% (DDH SC05) between 174 and 183.5m, including 0.75m @ 0.76%

12m @ 0.8% (PDH SC12) between 30 and 42m (includes two 1m voids – assumed to be old workings), including 2m @ 1.25%



Plan showing MGTR's 2012 Smiths Creek Drilling

Smiths Creek Exploration Target

VWPL considers Smiths Creek to be an Exploration Target (200 000 to 250 000 tonnes between 1% and 2% tin. Target Mineralisation (target tonnes and target grades) are not precise figures, being based on projections of mineralisation in drill holes and workings. The potential quantity and grade is conceptual in nature as there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

5.0 VALUATION OF MGTR PROJECTS

Methods of valuation

In 2014 VWPL provided a valuation of the Mount Garnet Tin Project using a modified discounted-cash-flow-rate-of-return ("DCFROR") procedures (Appendix I), to obtain a net present value ("NPV") for the mining project. This involved designing a basic mine plan and making the necessary estimates and assumptions to mine and treat the mineralisation.

Comparison with relevant tin asset transactions was made to check on the reasonableness of the DCFROR. Given the lower tin price currently prevailing (and general market sentiment on long term tin prices also weakening) offset to a degree by a more favourable exchange rate. VWPL considers it appropriate to adjust the valuation to reflect current conditions.

VWPL also notes the considerable drop in value of listed tin explorer/development companies in the period.

Mount Garnet Tin Project Valuation

VWPL stresses that a detailed mining and financial model has not been derived from classified resources under the JORC Code: the valuation is based on a likely scenario based on the outcomes of previous mining ventures and the current geological information. The target tonnes of contained tin are considered likely but the exact distribution of tonnage and tenor of mineralisation has to be established by evaluation drilling and trenching. The project is an advanced exploration scenario.

Assumptions

The following base case study (with sensitivities) was examined:

- Mined grade – 0.5% Sn
- Metal prices: . Potential project economics were examined at a range of tin prices from USD$15,000 to USD$25,000
- A$/USD$ exchange rate of 0.70 was used
- Mine Life-10 years at 250,000 tpa, assuming ongoing exploration to support future ore supply.
- Pre-start capital costs of $7.2M primarily to upgrade the plant to 250,000 tpa and to construct a new tailings dam.
- Exploration costs of $3.0 M ahead of commencement of production, thereafter $1M per annum for the life of the operation.
- Mining strip ratio of 6:1.
- Mining cost of $26/tonne of ore mined
- Processing cost of $25/tonne milled
- Smelter return of 82% (includes charge for impurities).
- Tin plant recovery of 70%.
- Tin concentrate grade of 55%.
- Tax rate 30%. (assume current tax losses within MGT result in nil tax payable.

While the mill and other facilities are on ML 4349, the bulk of the expected future resources are located on ML 20547. An allowance A$750,000 over 18 months has been made for conducting environmental studies and obtaining the requisite environmental approvals to allow the operation to commence.

The base case value of A$3.24 million at a discount rate of 20% was calculated using the above data.

VWPL considers that the base case plus 25% (A$4.05 million) reflects the top of the valuation range.

In the case of the low valuation VWPL has adopted the sale value of plant and equipment on site of $2.25 million (see below).

Preferred Valuation

Our valuation range is accordingly, rounded to 0.25 million:-

$2.25 million to $4.0 million
Preferred value of $3.25 million

Note this valuation is for 100% of the Mount Garnet Tin Project it includes both the Mount Veteran/Summer Hill and Smiths Creek projects. The Valuation takes into account a high level of risk for changes in tin prices and the grade of mineralisation treated. Estimates have been rounded to the nearest $0.25 million. VWPL believes that in current economic conditions the valuation provided is a fair and reasonable estimate.

The financial exposure to treatment plant upgrade and exploration is considered an acceptable risk. The valuation of the Mount Veteran tin property provided by VWPL in all cases assumes that the current infrastructure is upgraded and utilised.

VWPL notes that a recent independent valuation of the plant and equipment on site has quoted a replacement (with new) cost of $5.936M (10th July 2014) and a "fair" (an expected sale value) of $2.256 M. (Andrew Nock Pty Ltd 13th August 2015).

COMPARISON WITH PREVIOUS VALUATIONS

Mount Garnet Tin Project

Prior VWPL valuations

VWPL valued the Mount Garnet Tin project at A$6.25 million in November 2014, (range of high A$10.25 million and low of A$2.25 million
VWPL also provided valuations for the Mount Veteran Tin Project in April 2009, and in March 2010. Preferred values were $4.25 million (2009) and $4.00 million (2010).

In August 2007, VWPL placed a preferred value on Mount Veteran of between $3.1 million and $4.1 million

Historical valuations

In 1984, Terrence Willstead and Associates valued Mount Veteran Minerals Pty Limited at about $4 million which included $3 million (replacement value) for the plant and equipment (included earthworks, dams and reservoirs) and $590 000 for the MLs (includes tin resources assumed as 100 000 tonnes grading 0.5% tin).

Mono Resources/Xtreme Resources transaction

In April 2009, Mono Resources obtained control of Xtreme Resources (then holder of the assets that now constitute the Mount Garnet Project) by payment of $1.86 million to purchase 73.76% of the equity in Xtreme. Allowing for other assets held by Xtreme VWPL considers that at that time an implied price of approximately $2 million was placed on the Mount Garnet Tin Project. At the time Independent Expert DMR Corporate described the transaction as "*not fair*" but "*is considered reasonable*".

Since April 2009, MGTR has spent approximately $2.6 million on capital upgrade works to bring the treatment plant to an operable condition, and more than $8M on exploration on the Mount Garnet Project leases. Mining licences have also been granted for ML 20547 "Summer Hill", ML 20655 "Heads or Tails"and ML 20066 "Valetta". It should also be noted that the tin price has increased from USD$ 12,000/t to USD$ 20,000/t in the period April 2009 to October 2014.

Other tin transactions

On examination of available public information VWPL believes that the market is likely to pay in the range of A$75/tonne to A$150/tonne for in situ tin contained within Exploration Targets, with up to A$550/t paid for in situ JORC Code Compliant resources in the vicinity of an existing treatment facility. The relevance of these transactions is limited, given the relatively advanced state of the Mount Garnet Project, particularly the granted mining licences, and existing treatment plant.

However utilising A$150/t of contained tin for the Exploration target material, and A$550/t for the resource a valuation of the tin resource at Mount Garnet of A$1.1M is derived, which plus the value of the treatment plant of $2.25 million giving a total of A$3.25 million fits well within the value range suggested.

Transactions examined include Stella Resources Ltd/Gippsland (November 2011), Malachite Resources/Mancala Resources Pty Ltd (June 2012), Monto Minerals Baal Gammon Mine, purchase from Conquest Mining Ltd (February 2011).

Key Risks and Opportunities

Risks specific to the Mount Garnet Project include;-

- The requirement to delineate a resource of sufficient tonnes and grade to support an economic mining operation. In VWPL's opinion the Mount Garnet area has historically been the source of numerous small scale higher grade tin occurrences, finding larger ore bodies with reasonable grades will be necessary to support a mining operation. MGTR needs to establish at least a two year Ore Reserve base (backed up by an inventory of Inferred Resources that can be converted to Reserves as mining progresses) prior to commencing any mining operations, there is no certainty as to when or at what cost this can be achieved.

- While Mount Veteran and Summer Hills are granted Mining Leases, specific environmental approval will be necessary prior to the commencement of mining.

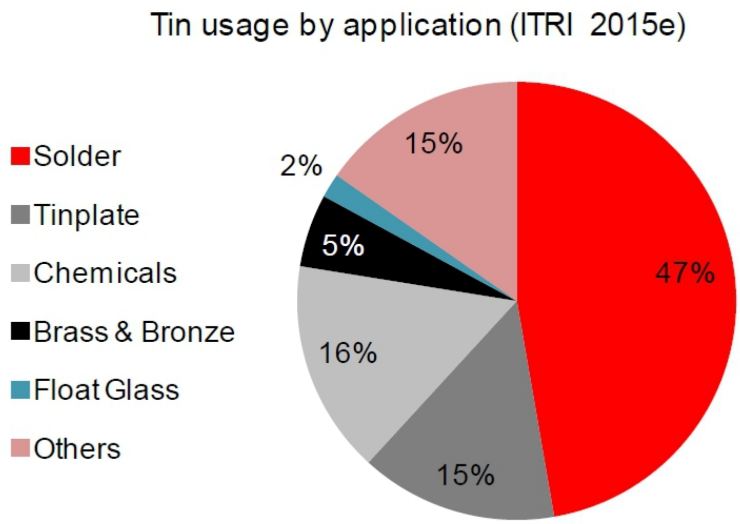
- There are a number of highly prospective drill targets on both the Summer Hills, and Smiths Creek areas, these should be followed by MGTR.

- Tin price volatility increases the risk associated with future mining operations.

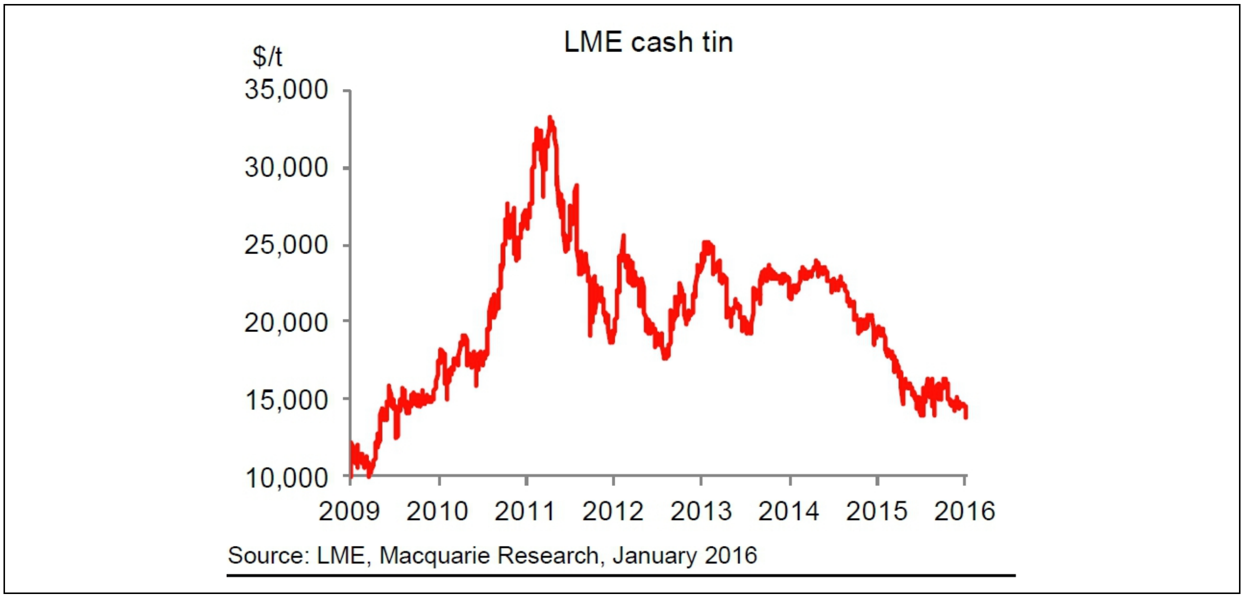
6.0 The Tin Market

Tin is primarily used for solder in electrical equipment, given tins non-toxic nature it has largely replaced lead in this regard. Other uses of tin are for tin plate, chemical production and glass manufacture.

Demand for tin is primarily driven by the requirements of the Chinese electrical industry.



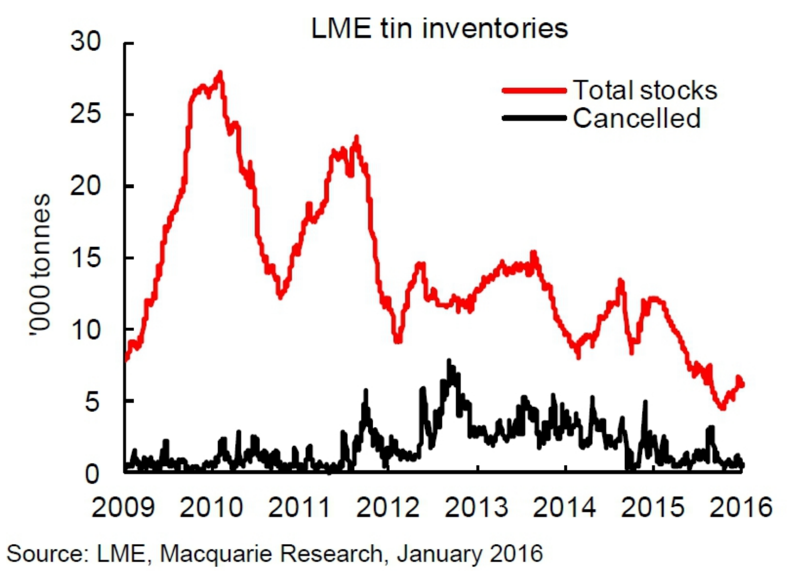
Tin prices over the past 5 years have been very volatile, between a high of USD$ 32,500/t and a low of USD$13,250/t.



Significant tin supply from Myanmar over the past three years has disrupted the tin market, (where previously commentators were predicting a shortfall) Longer term tin prices are currently forecast to be in the range US$15,000 to US$25,000 per tonne.

Many commentators are forecasting higher future tin prices, citing a tightening in future supply in traditional alluvial tin mining counties, particularly Indonesia and Malaysia, however the continued supply from Myanmar is a counterbalance. With alluvially mined tin supply being replaced by hard rock sources, higher price levels are anticipated in the longer term to support future mine development. Longer term demand is expected to be driven by rising demand for consumer electronic goods. Substitution and miniaturisation are considered to be possible threats to future tin demand.

It should be noted that tin stocks have declined over the past 4 years; this would normally support an upward price movement.



VWPL has chosen to examine the potential project economics, focussing on a range of tin prices, with a mid-point long term price of USD$ 20,000/t.

7.0 SOURCES OF INFORMATION

Abundant technical information from MGTR has been made available to VWPL this is mainly unpublished.

Key internal reports referred to in this valuation are listed below

Smiths Creek High Grade Ore Test	Tableland Analytical Pty Ltd	12 January 2010
Smiths Creek Ore Characterisation.	Tableland Analytical Pty Ltd	2 August 2009
Dalcouth Tin Recovery Test	Tableland Analytical Pty Ltd	7 July 2014
Dalcouth Ore Characterisation	Tableland Analytical Pty Ltd	1 August 2009
Viking Ore Characterisation	Tableland Analytical Pty Ltd	1 August 2009
Concentrate production Target	Tableland Analytical Pty Ltd	13 November 2011
Scoping Study For Mount Veteran Mill Throughput Upgrade	Tableland Analytical Pty Ltd	28 July 2011
Heads & Tail Tabling Test Work	Tableland Analytical Pty Ltd	5 May 2014
Tailing Volume for Dalcouth Pit Design ML20547 & ML4393	AMC Consultants Pty Ltd	26 August 2013
BASELINE ENVIRONMENTAL REPORT	GARIMPEROS PTY LTD	9 September 2013
Plant and Equipment Valuation	Andrew Nock Valuers	10 July 2014
Summer Hills – Review of 2014 Phase 1 Drilling	Rangott Mineral Exploration Pty Ltd	4th September 2014

External References

MGT's various ASX market releases for period 2012- 2014
MGT Resources Prospectus 7th January 2013
Xtreme Reources Ltd's Notice of Annual General Meeting dated 9th April 2009
(Contains details of transaction with Mono Resources – and Independent Expert Report by DMR Corporate 31/3/09 relating to the transaction)
Callaghan T. – Resource and Exploration Geology, July 2011. Mount Garnet Project Dalcouth and Extended Mineral Resource Estimate.
Foord G., 1996. Strategic Review of The Mount Garnet Projects. Prospector Enterprises PTY LTD for Strike Mining NL.
Gallo J., 1996 ; Various Notes and Files . Strike Mining NL
McLean, D.S., 1985: Summary of Drilling and Results of Drilling Program for Mount Veteran Minerals.
McLean D., 1984 Mount Veteran Tin Mine North Queensland
Robinson H. A., 1980. Smiths Creek Tin Mine Mount. Garnet. Otter Exploration NL.
Sainsbury J., 1998: Mount Veteran Hard Rock Tin Potential Mls 4071 & 4349
Sainsbury J., 2007 : Summer Hill summary of Previous Work. John Sainsbury Consultants Pty Ltd
Sainsbury J., 2007 : Hardrock Tin Deposits Within EPM 14185., John Sainsbury Consultants Pty Ltd

8.0 DECLARATION

Qualifications and Experience

This report has been prepared by Veronica Webster Pty Limited which has operated in Australia serving the mining industry since 1980.

Mr. P.N Scott who is a duly authorised representative of VWPL has prepared the opinion report, which includes an assessment of fair market value of MGTR's Mount Garnet Project. Mr Scott has over 30 years' experience in the minerals industry, particularly mining for precious metals and base metals; has held senior positions with Mungana Goldmines Ltd, Foxleigh Mining Pty Ltd, Otter Gold Mines Group, Normandy Group, Aztec Mining and a number of overseas mining companies. His responsibilities have frequently included the evaluation and subsequent development of open pit and underground ore bodies.

Mr Scott holds an honours degree in mining engineering from the Royal School of Mines London (UK), is an Associate of the Royal School of Mines (UK), is a Fellow of the Australian Institute of Mining and Metallurgy, a member of the Institute of Materials (UK), and is a Chartered Engineer (UK).

Mr Scott holds first class mine manager certificates for both the Northern Territory and Western Australia for the management of open pit and underground metalliferous mines.

Mr L.W.Davis (a Director of VWPL) assisted in the Valuation Report Mr Davis has had over 40 years' experience in the minerals industry, is a registered Chartered Professional (Geology), and is affiliated with the Aus. I.M.M., and the A.I.G. He specialises in mineral resource/reserve estimations, advanced project assessment and exploration management.

Mr Davis has held senior positions with Electrolytic Zinc Co of Australasia Limited, Freeport Minerals Corporation of Australia, Tenneco Oil & Minerals and Amad NL before joining Veronica Webster Pty Limited in 1985. Mr. Davis is a registered Chartered Professional (Geology) and is affiliated with The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists.

His principle qualification is Bachelor of Science (Special Geology) Leics., UK. His professional affiliations are as follows:-
Fellow - The Australasian Institute of Mining & Metallurgy No 103477
Chartered Professional Geology CPGeo
Fellow - Australian Institute of Geoscientists No 1550
Member Geological Society of Australia

Independence

Veronica Webster Pty Limited L W Davis and P N Scott have no conflict of interest in preparing this report. The report has been commissioned by MGTR with payment to be made for services on a fixed fee basis. The companies and consultants preparing this report have no association with MGTR nor have they any financial interest in or entitlement to MGTR or any associates of MGTR.

It is noted that VWPL separately conducted a valuation report of MGTR's gold assets in September 2014, together with an independent review of MGTR's resources. VWPL has received payment for both these reports on a standard fee basis.

Limitations and requirements

The views expressed in this report are solely those of Veronica Webster Pty Limited, P.N. Scott and L W Davis. When conclusions and interpretations credited specifically to other parties are discussed within the report, then these are not necessarily the views of Veronica Webster Pty Limited, P. N. Scott or L W Davis.

VWPL observes Section 947B of the Corporations Act 2001. In accordance with Corporations Regulation 7.6.01 (1) (u) and Corporations Amendment Regulations 2003 (No. 7) 2003 No. 202, the Valuation Report is not financial product advice but is intended to provide expert opinion on matters relevant to the mineral properties of MGTR. P Scott, L Davis and VWPL are not operating under an Australian financial services licence and the advice in the Valuation is an opinion on matters other than financial products and does not include advice on a financial product.

All references to mineral resources are consistent with the most recent Australasian Code (and Guidelines to the Code) for Reporting of Identified Mineral Resources and Ore Reserves: Reports prepared by the Joint Committee of The Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia (JORC).

In preparing the Report, VWPL has observed Guidelines for Technical Assessment and/or Valuation of Mineral and Petroleum Assets and Mineral and Petroleum Securities for Independent Expert Reports (The Valmin Code), which is referred to by the Australian Securities and Investment Commission (“ASIC”) and the Australian Securities Exchange (“ASX”). As well, ASIC Practice Notes 43, ASIC Practice Note 55; former NCSC Release 149, has also been observed.

Consents

Veronica Webster Pty Limited has consented to the use of this report by MGTR to support a corporate transaction if appropriate

Yours sincerely,

For and on behalf of **Veronica Webster Pty Limited.**

Patrick Scott

Les Davis

APPENDIX I

VALUATION PROCEDURES

Valuation Methodology

Projects, which contain indicated or measured resources from which mining reserves can be defined may then be the subject of feasibility studies based on estimations for amounts, rates and the costs of production together with the revenue defined from sales. The discounted cash-flow-rate-of-return ("DCFROR") method may then be applied to express the value of the project in terms of present day money, often called the Net Present Value ("NPV") using a variety of interest rates. For selected cases the return on invested funds or internal rate of return ("IRR") expressed as a percentage is estimated.

DCFROR is obviously the more accurate when the assumptions for the financial models are known with confidence; contracts for work and sales, etc. The more reliable the assessment of the resources/reserves, costs of mining and treatment, capital costs of mining and treatment, recovery in the mining and treatment processes, metal prices, exchange rates and all the associated operation issues, the more accurate the DCFROR method becomes. But it is always subject to assumptions and uncertainties of the estimations of a current nature and also for those in the future life of the project. The DCFROR technique cannot take into account abrupt and radical changes to market conditions.

For long-life projects where operations are expected to continue to sometime in the future with only rough estimates for costs and sales and based on resources which may not be Indicated or Measured resources, a modified DCFROR can be applied. The NPV derived from such models may be discounted to obtain an Expected value or an Expected NPV (“ENPV”). This is a probabilistic approach and the probability factors are judged by and are the responsibility of the valuer.

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Les W Davis - Minerals Exploration Consultant

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POSTAL ADDRESS: P O Box 619, Hamilton QLD 4007

21st February 2016

Dr Verity Borthwick, Operations Geologist
MGT Resources Limited
Suite 2.05B, Level 2,
68 York St., Sydney,
NSW 2000, Australia.

Dear Verity

RE: INDEPENDENT GEOLOGIST'S VALUATION OF MGT RESOURCES LIMITED GOLD ASSETS IN QUEENSLAND.

MGT Resources Limited ("MGTR") requested Veronica Webster Pty. Limited ("VWPL") to update an Independent Geologist's Valuation Report ("Valuation") on nominated gold assets of in Queensland prepared by VWPL for MGTR in September 2014. The tenements are held in the name of MGTR's 89.48%-owned subsidiary MGT Mining Limited, and those nominated for the Valuation update are the Mineral Properties of Yarrol, Mount Steadman and Gooroolba, in south-east Queensland and Pyramid in central Queensland.

At the properties of Yarrol, Gooroolba and Mount Steadman, MGTR has carried out reviews with very minor surface sampling at Mount Steadman and is attempting to farm-out the projects. Modest exploration programs and budgets have been submitted to support renewal of the tenements and that for Yarrol has been granted.

At Pyramid, in 2015, a 23-hole program mainly investigated the Gettysberg prospect, targeting highest priority gold mineralised zones with the strongest potential to lift the volume and grade of gold resources along the West Pyramid Fault Zone. Surface geochemistry and geological prospecting carried out in 2014 and 2015 was used to identify the highest quality targets. Although, the mineralisation remains prospective, where drilled it is low-grade with scattered high-grade intersections.

At Gettysburg mineralisation, Terrasearch carried out a modelling exercise to give very similar results to a theoretical grade/tonnes estimation for a resource of some 5 million tonnes grading 0.4 g/t gold. This produced ~7600 ounces and a grade of 1.6 g/t gold using a 1.0 g/t gold lower cut-off (compare Yarrol: about 60,000 ounces at 1.6 g/t gold mean grade using 0.5 g/t gold arbitrary bottom cut-off). The key word here is theoretical as the high-grade at Gettysberg would be impossible to mine profitably, but it confirms the visual perception of numerous uncorrelatable intersections, too far apart to be mined in bulk. MGTR still need to discover a mineable resource, either high-grade or low-grade and the ultimate target, a substantial high-grade component remains elusive.

Exploration programs and budgets were submitted to support renewal of the tenement EPM 12287 and renewal was successful. There are 63 granted sub blocks that have been added to the EPM holding at Pyramid, since September 2014, see Figure 1.

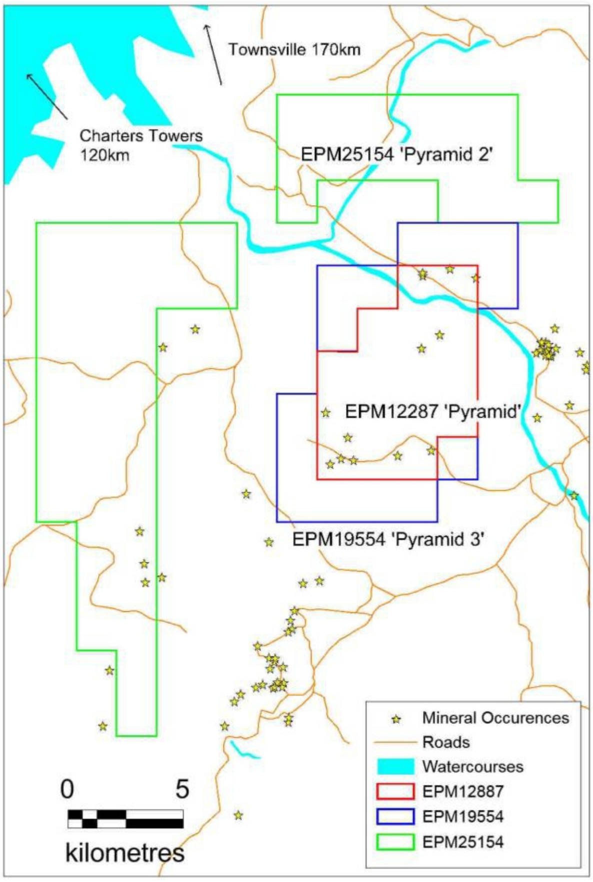


Figure 1. Pyramid projects – updated tenure.

MGTR decided to strengthen the EPM holding in the area, based on positive results at the Pyramid project. In particular Pyramid 3 was of interest, given its location along strike, to the northeast and southwest) of the zone of interest within EPM12887. We note that this was partially made up of ground that was previously relinquished by MGT. Part of Pyramid 2 is also along strike of this area, and part covers the prospective intersection between Anakie metamorphics and the Saint Anns formation sediments.

The new EPMs have been valued separately, by Expected Value methods, refer Valuation of Gold Assets, September 2014.

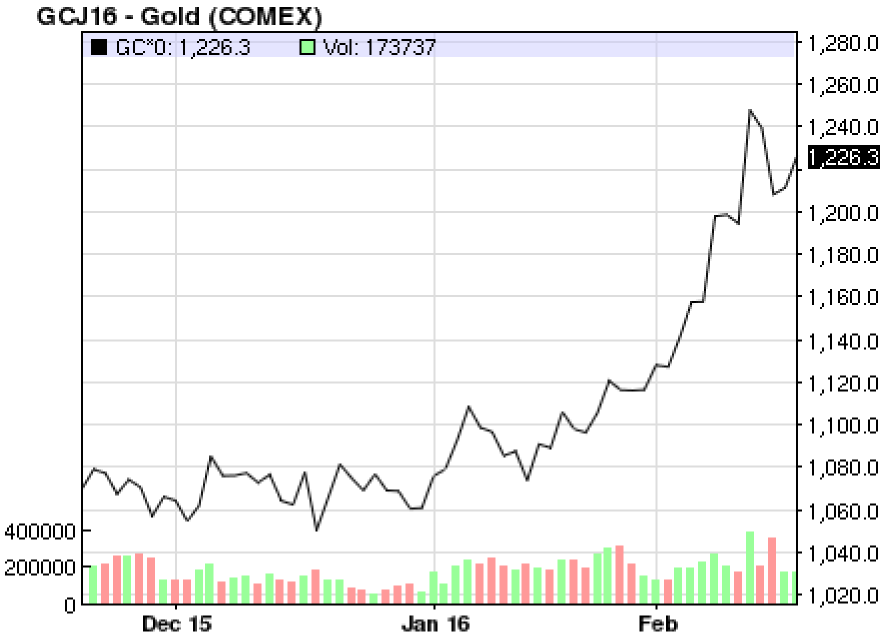
VWPL concludes that in terms of technical prospectiveness, there has been insignificant change to the Mineral Properties, since 2014, apart from the new EPM acquisition.

From the economical viewpoint; if we compare in September 2014 with February 2016:

	Gold US$	A$/US$	A$
Sep 2014	1220	0.90	1356
Feb 2016	1227	0.72	1680

In January 2016, 32 Resource Companies enjoyed a share price rise of greater than 50% of which nearly half were gold companies that were producing. This is in response to the surge in gold price. However, this has not flowed through to those companies which are only explorers for gold.

The industry may be emerging from a downturn in prices that began in about 2011.



Investors are turning to gold in a generally highly volatile market in which the price of most commodities (at least the major ones) are depressed. Gold is likely to increase in price in the short term. The gold price is historically most negatively correlated to expectations of real interest rates, and gold's all-time peak in September 2011 came when a simple measure of real rates – the US Federal Reserve funds less headline inflation – was at its most negative. Macquarie forecasts using this measure suggest real rates will get more negative in the next 18 months, something that should support gold investment and prices in late 2016/2017.

In summing up, VWPL does not believe that there has been enough changes in material information and industry and financial sentiment to adjust the Valuation of gold assets from that of September 2014 for the drilling at Pyramid (Gettysburg and associated prospects). Also, it would imply a level of precision that we do not have in this speculative exercise. The Value for Yarrol has been adjusted upwards slightly as the recoverable contained gold is more valuable but we are disinclined to do the same for the low-grade Mount Steadman.

Summary Valuation Table as at February 2016

Project/Prospect	**HIGH**	**LOW**	**PREFERRED**
South-east Queensland			
Yarrol	0.70	0.15	0.40
Mount Steadman	0.20	0.05	0.10
Gooroolba	0.10	0.05	0.05
Central Queensland			
Pyramid (Gettysberg EPM 12887)	0.20	0.05	0.20

Project/Prospect	HIGH	LOW	PREFERRED
Pyramid (New EPMs)	0.15	0.05	0.10
TOTAL	**1.35**	**0.35**	**0.85**

If this Valuation is included in any document it must include the September 2014 Valuation as an Appendix.

Yours sincerely,

For and on behalf of **Veronica Webster Pty Limited.**

Les Davis

Patrick Scott

MGT Resources Limited
ABN 38 131 715 645

MGS

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:

Online:
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GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

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Proxy Form

Vote online

- Go to www.investorvote.com.au **or** scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 **PIN: 99999**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 11am (Sydney time) on Tuesday, 28 June 2016

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.
Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.
Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate “Certificate of Appointment of Corporate Representative” prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

GO ONLINE TO VOTE,
or turn over to complete the form ➔

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

I 9999999999 IND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of MGT Resources Limited hereby appoint

☐ **the Chairman of the Meeting** **OR** ______

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of MGT Resources Limited to be held at Mazars Australia Offices, Level 12, 90 Arthur Street, North Sydney, NSW 2060 on Thursday, 30 June 2016 at 11am (Sydney time) and at any adjournment or postponement of that meeting.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Issue of Shares upon conversion of the Auskong Converting Note	☐	☐	☐
Resolution 2	Redemption of Auskong Converting Note	☐	☐	☐
Resolution 3	Election of Dr Wenshan Zhang as Director	☐	☐	☐
Resolution 4	Election of Mr Christopher Chen as Director	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name ______ Contact Daytime Telephone ______ Date ___ / ___ / ___