



CANNINDAH RESOURCES LIMITED

ACN 108 146 694

NOTICE OF EXTRAORDINARY GENERAL MEETING

AND

EXPLANATORY MEMORANDUM

Date of Meeting: Friday 16 April 2021 11:00 am
Time of Meeting: (Brisbane time)
Place of Meeting: MBA Partnership
Level 3, 50 Marine Parade
Southport Q 4215

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that an Extraordinary General Meeting of Members of **Cannindah Resources Limited ACN 108 146 694 (Cannindah or Company)** will be held at the offices of the MBA Partnership Level 3, 50 Marine Parade Southport Q 4215 on Friday 16 April 2021 commencing at 11:00 am (Brisbane time).

Terms used in this Notice of Meeting are defined in section 3 of the accompanying Explanatory Memorandum.

The Explanatory Memorandum and the Proxy Form accompanying this Notice of Meeting are incorporated in and comprise part of this Notice of Meeting.

For the purposes of Resolution 1, a detailed report on the transaction and the rationale for their recommendation (**Directors' Report**) which is enclosed with this Notice of Meeting in Annexure A. Shareholders are urged to read and consider the Directors' Report prior to making a decision as to how to vote on Resolution 1.

A copy of this Notice and Explanatory Memorandum which accompanies this notice has been lodged with the Australian Securities & Investments Commission (**ASIC**).

AGENDA

ORDINARY BUSINESS

1. Resolution 1: Approval to issue Equity Securities under Section 611 (Item 7) of the Corporations Act.

ORDINARY BUSINESS

1. Resolution 1: Approval to issue Equity Securities under Section 611 (Item 7) of the Corporations Act

To consider and, if thought fit, pass the following ordinary resolution of the Company:

*"That for the purposes of section 611 (item 7) and Chapter 2E of the Corporations Act and for all other purposes, the Company be authorised to issue up to 190,000,000 Shares to Aquis Finance Pty Ltd (**Aquis**) which would result in Aquis acquiring a Relevant Interest in voting shares where Aquis and the Aquis Associated Entities' Voting Power in the Company would increase from 17.9% to 49.2%, as described in the Explanatory Memorandum."*

Notes

For the purposes of section 611 of the Corporations Act, a Directors' Report on the Proposed Transaction is **enclosed** with this Notice of Meeting in Annexure A.

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) Aquis or the Aquis Associated Entities; or
- (b) an Associate of Aquis or the Aquis Associated Entities.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

By order of the Board

Garry Gill
Company Secretary

18 March 2021

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is provided to Shareholders of Cannindah Resources Limited ACN 108 146 694 (**Cannindah** or **Company**) in connection with the business to be considered at the Extraordinary General Meeting of Shareholders to be held at the offices of the MBA Partnership Level 3, 50 Marine Parade Southport Q 4215 on Friday 16 April 2021 commencing at 11:00 am (Brisbane time).

The Directors recommend Shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the Resolution.

ORDINARY BUSINESS

1. Resolution 1: Approval to issue Equity Securities under Section 611 (Item 7) of the Corporations Act

Introduction

Resolution 1 seeks Shareholder approval under section 611 (Item 7) and Chapter 2E of the Corporations Act to issue to Aquis Finance Pty Ltd ACN 604 001 630 (**Aquis**), up to 190,000,000 Shares (**Aquis Shares**) which would result in Aquis and its associated entity 4J's Pty Ltd (**the Aquis Group**) increasing its Voting Power in the Company to 49.2%.

On 17 December 2020, Cannindah announced that it had agreed with Aquis to issue 190,000,000 fully paid Cannindah Resources Limited shares in full and final satisfaction of the loan provided by Aquis which at the date of the Meeting equals \$5,683,156.

1.1 ASX Listing Rule 7.1 and 10.11

Listing Rule 7.1

The effect of the Shareholders approving the issue of the Aquis Shares will be that the issue will not be included in the calculation of the Company's available 15% capacity under Listing Rule 7.1 or its additional 10% capacity under Listing Rule 7.1A. The Company will therefore retain a greater proportion of the 15% capacity and additional 10% capacity for any subsequent issues of Shares. In accordance with Listing Rule 7.2 (Exception 8), an issue of securities approved for the purposes of section 611 (Item 7) of the Corporations Act does not require further approval under Listing Rule 7.1.

Listing Rule 10.11

Listing Rule 10.11 requires that an entity must obtain the approval of Shareholders to issue Securities to a Related Party and in doing so must provide the information specified in Listing Rule 10.13, unless an exception applies. Under Listing Rule 10.12 (Exception 6) it is an exception if the person is a Related Party by reason of the transaction which is approved for the purposes of section 611 (item 7) of the Corporations Act.

1.2 Section 611 of the Corporations Act

Section 606 of the Corporations Act prohibits a person from acquiring a Relevant Interest in issued voting shares in a listed company if the acquisition would result in that person's Voting Power in the company increasing from 20% or below to more than 20% or from a starting point that is above 20% and below 90% (**Takeover Prohibition**).

There are certain specified exceptions to the Takeover Prohibition. In particular, under section 611 (Item 7) of the Corporations Act an acquisition will not contravene the Takeover Prohibition if shareholders approve the acquisition by passing a Resolution at a general meeting, where:

- no votes were cast in favour of the Resolution by the person proposing to make the acquisition or their associates; and
- shareholders were given all information known to the acquirer or the company that was material to the decision on how to vote.

Therefore, the acquisition by Aquis of the Aquis Shares will result in the Aquis Group acquiring a Relevant Interest in issued voting shares of the Company of up to 49.2%. This increase will cause Aquis' and each of the Aquis Associated Entities' Voting Power in the Company to increase from below 20% to more than 20%.

Accordingly, Resolution 1 seeks approval for the acquisition of a Relevant Interest by the Aquis Group in the Aquis Shares under section 611 (Item 7) of the Corporations Act. For the purposes of section 611 (Item 7(b)) of the Corporations Act, the Company advises that:

- a) **Section 611 (Item 7(b)(i)): The identity of the person proposing to make the acquisition and their associates.**

It is proposed that the Aquis Shares will be issued to Aquis. 4J's Pty Ltd is a proprietary company incorporated in Australia and is an associate of Aquis. There are no other associates (as defined in section 12 of the Corporations Act) of Aquis. The Aquis Group is ultimately wholly owned by Mr Tony Fung, a Hong Kong resident private investment banker, financier and investor. Mr Fung has more than 40 years' experience in global financial services and investment, including more than 20 years as an active investor in Queensland. Further information about Mr Fung is included in Section 4 of the Directors' Report attached to this Explanatory Memorandum.

- b) **Section 611 (Item 7(b)(ii)): The maximum extent of the increase in that person's voting power in the company that would result from the acquisition.**

Currently, the Aquis Group holds 55,189,984 Shares. The Aquis Group will hold approximately 49.2% of the issued share capital in the Company following the issue of the Aquis Shares (**Relevant Securities**). The following table sets out the proposed increase in Voting Power of Aquis and the Aquis Associated Entities.

	Prior to the issue of the Relevant Securities	Completion of issue of Relevant Securities
Relevant Interests in Shares held by Aquis Group	55,189,984	245,189,984
Voting Power Aquis Group	17.9%	49.2%

- c) **Section 611 (Item 7(b)(iii)): The voting power that the person would have as a result of the acquisition.**

The Aquis Group's Voting Power upon completion of the issue of the Aquis Shares is set out in b).

- d) **Section 611 (Items 7(b)(iv) and 7(b)(v)): The maximum extent of the increase in the voting power of each of that person's associates that would result from the acquisition and the voting power that each of that person's associates would have as a result of the acquisition.**

The Aquis Group's Voting Power is set out in b).

No associates (as that term is defined in section 12 of the Corporations Act) of Aquis other than 4J's Pty Ltd hold Securities in the Company as at the date of this Notice of Meeting. Therefore, the maximum increase in Voting Power of the Aquis Group as a result of the acquisition is 49.2% (as set out in section (b) above).

1.3 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a Financial Benefit to a Related Party of the public company unless providing the benefit falls within a prescribed exception to the general prohibition. Relevantly, there is an exception to this prohibition if the company first obtains the approval of its shareholders in a general meeting in circumstances where certain requirements specified in Chapter 2E in relation to the convening of that meeting have been met (**Shareholder Approval Exception**).

As noted above, the Aquis Group will hold 245,189,984 Shares or 49.2% of the issued Share capital, which constitutes a controlling interest of the Company. Aquis is therefore a Related Party of the Company. Section 229(3)(e) of the Corporations Act provides that the issue of securities to a Related Party is an example of giving a Financial Benefit to a Related Party. Accordingly, Shareholder Approval is being sought for the purposes of Resolution 1.

For the purpose of Chapter 2E of the Corporations Act and for all other purposes the following information is provided to Shareholders:

- a) **The Related Parties to whom Resolution 1 would permit the Financial Benefit to be given (section 219(1)(a))**

The proposed Financial Benefit will be given to Aquis and 4J's Pty Ltd in its capacity as an associate of Aquis, who upon receipt of the Financial Benefit, will be a Related Party of the Company.

- b) **The nature of the Financial Benefit (section 219(1)(b))**

The nature of the proposed Financial Benefit to be given is the issue of Shares.

c) **Directors' Recommendation (section 219(1)(c))**

Each of the Directors recommend that non-Associated Shareholders vote in favour of this Resolution as they consider it to be in the best interests of the Company.

d) **Directors' interest (section 219(1)(d))**

Other than in their capacity as Shareholders the Directors have no interest in the transaction.

1.4 ASIC Regulatory Guide (RG) 74 – Acquisitions approved by members.

For shareholder approval sought under item 7 of section 611 of the Corporations Act, ASIC RG 74 requires that Shareholders be provided with an independent expert report or a detailed directors' report on the proposed transaction to satisfy the obligation to disclose all material information on how to vote on the item 7 resolution. ASIC requires that this analysis should comply with RG 111. The Directors, none of whom are associated with the proposal have formed the view that they have sufficient expertise, experience and resources to prepare a report on which the non-associated members may rely. The Directors' experience and expertise encompass business valuations, geology and legal requirements. The Directors' experience is outlined at Section 3.3 of the Directors' Report. To assist the Directors in forming their opinion of the Proposed Transaction, independent expert valuers Mining Insights were engaged to prepare a valuation of the Company's exploration projects; Mt Cannindah and Piccadilly

A copy of the Directors' Report including the Mining Insights report is set out in Annexure A.

Shareholders are urged to read and consider the Directors' Report (including the Mining Insights report) which is set out in **Annexure A** together with the Notice of Meeting prior to making a decision as to how to vote on Resolution 1.

The Directors' Report concludes that the issue of the Relevant Securities to Aquis is both **Fair** and **Reasonable** to the non-Associated Shareholders.

Fairness

In forming their opinion in relation to the fairness of the issue of the Relevant Securities, the Directors have assessed fairness as follows:

“...the value of the consideration as assessed by the post transaction (minority basis) value is substantially greater than the value of the securities the subject of the Proposed Transaction determined by the value on a pre-transaction (control basis)...

In the Directors' opinion and in the absence of other information, the Proposed Transaction meets the criteria for “fair” as set out in RG111.11 and accordingly that the transaction is Fair to the non-Associated shareholders.

The full assessment of Fairness is set out in section 8.1 of the Directors' Report.

Reasonableness

Under RG111, a transaction is considered reasonable if it is fair. It may also be reasonable, despite not being fair, if after considering other significant factors the interests of the shareholders are reasonably balanced.

In determining whether the issue of Relevant Securities is reasonable, the Directors have considered “the other matters set out in RG111.13 and conclude that there are no other benefits of the Proposed Transaction that would flow to the Aquis Group which may give rise to a higher price. The substitution of the debt for equity will open the opportunity for the Company to source new equity participants create additional liquidity in the shares and increase the value of the Company”.

Based on the above the Directors have concluded that the transaction is reasonable for the non- Associated Shareholders.

The above is a summary only, for further details of the assessment made by the Directors in determining the fairness and reasonableness of the issue of the Relevant Securities please refer to the Director's Report in Annexure A. The full assessment of Reasonableness is set out in section 8 of the Directors' Report.

Advantages and Disadvantages of the Proposed Transaction

The Directors' assessed the advantages and disadvantages of the Proposed Transaction as follows:

“Advantages

- *The Company can extinguish \$5.7m worth of debt (and significant ongoing interest obligations) which would otherwise need to be repaid upon the repayment dates.*
- *As the loan is secured against the Company's assets and undertakings, the extinguishment of the debt will result in the release of the security.*

- *The Company may not be able to meet its repayment obligations in June 2022 under the debt agreement if the Proposed Transaction does not occur.*
- *The Directors' experience is that the existence of the loan is a detriment to raising sufficient capital to further the interests of the company. While the Company has been able to raise small amounts of capital to meet operating expenses, the feedback from market participants is that they want capital they contribute to be spent on exploration. Market participants also express concern that the existence of the loan creates great uncertainty due to the difficulty in raising funds to repay the loan.*
- *The Proposed Transaction will significantly increase the Company's solvency, thus making it far more likely that CAE will be able to continue to operate as a going concern.*

Disadvantages

- *The non-Associated shareholders will be diluted as a result of issuing 190 million shares.*
- *The Aquis Group will have a controlling interest in the Company.*
- *The potential for a takeover bid being launched may be diminished due to the additional shares on issue. However, any takeover while the loan is on foot would require the lender's agreement which is likely to discourage potential bidders.*

1.5 Other Information Required by RG 74

RG 74.25 sets out additional information that should be given to members to ensure full and proper disclosure of all material information. These matters are discussed below.

Rationale for the proposed transaction.

As a result of discussions with major shareholders, investors, brokers and potential financiers, the Directors concluded that there was little appetite to inject capital or other finance into the Company while the Company had such large debts. Potential investors were of the view that cash funds raised should be used for exploration and development and not debt repayment. Accordingly, the Directors have taken steps to extinguish the debt.

Timing of the Proposed Transaction

The share issue and debt extinguishment will take place immediately following the approval of Shareholders.

Material Terms of the Proposed Transaction

Subject to shareholder and any regulatory approvals CAE will issue to Aquis 190,000,000 fully paid ordinary shares in the Company in full and final satisfaction of the secured loan. On receipt of the shares Aquis will discharge the mortgage and all security registrations.

Terms of any other relevant agreement

There are no other relevant agreements that are conditional on the shareholder approval of the Proposed Transaction.

Statement of the Aquis' intentions

Aquis have advised that it has:

- no intention to change the business of CAE.
- no current intention to inject further capital into CAE.
- no intention to change the future employment of present employees of CAE.
- no proposal for assets to be transferred between CAE and Aquis (or their Associates) nor any other party; and
- no intention to otherwise redeploy the fixed assets of the entity.

Financial and dividend policies

Aquis has confirmed that it has no intention to change the financial or dividend policies of the Company.

Interests of Directors in Agreements

No Director has any interest in the Proposed Transaction other than as non-Associated Shareholders of the Company.

Potential New Directors

Under the Subscription Agreement Aquis has the right to appoint two new Directors to the CAE Board to increase the size of the Board to five. Aquis has not provided the Company with any indication of whether they intend to exercise that right nor proffered any names or details of potential new Directors.

Other Information

There is no further information which the Directors consider would be required for members to decide on how to vote on the resolution.

1.6 Director's Recommendation

Each of the Directors recommend that non-Associated Shareholders vote in favour of this Resolution as they consider it to be in the best interests of the Company. The rationale for the recommendation is that:

- in the Directors opinion the Proposed Transaction is fair to the non-Associated shareholders “as the value of the consideration equal to \$1.05 per CAE share (measured by the post transaction minority value of a CAE share) is substantially greater than the value of the CAE shares which are the subject of the Proposed Transaction” as measured by the pre transaction control value of a CAE share, equal to \$0.28 per CAE share. .
- in the Directors opinion the Proposed Transaction is reasonable on the basis that it is fair
- the advantages of the Proposed Transaction outweigh the disadvantages.
- the Proposed Transaction will remove the main restrictions to the Company pursuing its stated strategic goals i.e the Aquis debt.

1.7 Resolution

To be passed, Resolution 1 requires a majority of Shareholders who vote (and are entitled to vote) on the resolution to vote in favour of the resolution.

2. Information for Shareholders

Voting Intention of the Chair for all Resolutions

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, subject to compliance with the Corporations Act. In exceptional circumstances, the Chair may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Eligibility to vote - Record Date

Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) permits the Company to specify a time, not more than 48 hours before the Meeting, at which time a 'snap shot' of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the Meeting. The Directors have determined such time will be 7:00pm Sydney time on Wednesday 14 April 2021 (Record Date).

Voting Instructions

Registered holders of the ordinary shares of the Company on the Record Date will be entitled either to attend the Meeting in person to vote the securities held by them or, provided a completed and executed Proxy Form has been delivered to the Company as indicated below, vote their securities by proxy.

Proxy Forms for the Meeting are enclosed with this Notice of Meeting. The Proxy Forms provide further details on appointing a Proxy. Proxy Forms (and the original or a certified copy of the power of attorney if the Proxy Form is signed by an attorney) must be received by the Company, by no later than 11:00 am (AEST) on Wednesday 14 April 2021, in accordance with the lodgement instructions detailed on the applicable Proxy Form.

Any Proxy Form received after the relevant time noted above will not be valid for the Meeting.

Proxy Votes

A member entitled to attend and vote at the meeting may appoint a proxy. The person appointed as a proxy may be an individual or a body corporate. If entitled to cast two or more votes, the member may appoint one or two proxies.

Where two proxies are appointed, each proxy may be appointed to represent a specific proportion of the member's voting rights. If the proportion is not specified, each proxy may exercise half of the member's voting rights. Fractional votes will be disregarded. Please read carefully the instructions on the Proxy Form and consider how you wish to direct the proxy to vote on your behalf. You may direct the proxy to vote "for",

"against" or "abstain" from voting on each resolution or you may leave the decision to the appointed proxy after discussion at the meeting.

A proxy need not be a member of the Company.

The Proxy Form must be signed by the member or the member's attorney. Proxies given by corporations must be signed in accordance with the corporation's constituent documents, or as authorised by the Corporations Act.

To be valid, the Proxy Form must be lodged at least 48 hours before the time for holding the meeting by one of the following methods:

- (a) in person or by mail to the share registry:

Share Registry:

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001
Level 12, 225 George St Sydney NSW 2000

- (b) by facsimile +61 2 9290 9655
- (c) online at <https://www.votingonline.com.au/caeegm2021>

If the Proxy Form is executed under a power of attorney that has not been noted by the Company, the power of attorney must accompany the Proxy Form.

In the case of joint shareholders, the names of all joint shareholders should be shown, and all joint shareholders should sign the Proxy Form.

3. Interpretation

The following terms used in the Notice of Meeting and the Explanatory Memorandum are defined as follows:

Aquis means Aquis Finance Pty Ltd ACN 604 001 630.

ASIC means Australian Securities and Investments Commission.

ASX means the ASX Limited.

Associate:

- a) where the reference is used in the context of the Listing Rules, has the meaning given by Chapter 19 of the Listing Rules; and
- b) otherwise, has the meaning given by section 9 of the Corporations Act.

Chair means the person chairing the Meeting.

Company or **Cannindah** or **CAE** means Cannindah Resources Limited ACN 108 146 694.

Corporations Act means the *Corporations Act 2001* (Cth);

Directors mean the board of Directors of the Company as at the date of the Notice of Meeting and from time to time.

Equity Securities has the meaning given to that term in the Listing Rules.

Explanatory Memorandum means the explanatory statement accompanying this Notice.

Financial Benefit has the meaning given to that term in section 229 of the Corporations Act.

Listing Rules means the official listing rules of the ASX as amended from time to time.

Meeting means the Extraordinary General Meeting to be held on Friday 16 April 2021 as convened by the accompanying Notice of Meeting.

Notice of Meeting or **Notice** means the notice of meeting giving notice to shareholders of the Meeting, accompanying this Explanatory Memorandum.

Ordinary Resolution means a resolution passed by more than 50% of the votes at a general meeting of shareholders.

Proposed Transaction issue 190,000,000 Shares in full and final satisfaction of the loan provided by Aquis which at the date of the Meeting equals \$5,683,156.

Related Party has the meaning given in section 228 of the Corporations Act.

Relevant Interest has the meaning given to that term in the Corporations Act.

Relevant Securities means the Shares proposed to be issued to Aquis pursuant to Resolution 1.

Resolutions means the resolutions set out in the Notice of Meeting.

RG74 means Regulatory Guide means Regulatory Guide 74 Acquisitions approved by members issued by ASIC.

RG111 means Regulatory Guide 111: Content of Expert Report issued by ASIC.

Securities has the meaning given to that term in the Listing Rules.

Shares means fully paid ordinary shares in the Company from time to time.

Shareholder means a shareholder of the Company.

Voting Power has the meaning given to that term in the Corporations Act.

CANNINDAH RESOURCES LIMITED

ACN 108 146 694

DIRECTORS' REPORT TO SHAREHOLDERS

For the Proposed Conversion of Secured Debt to Ordinary Shares in Cannindah Resources Limited

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1. Summary and Conclusions

a. Introduction and Purpose of the Report

On 17 December 2020, Cannindah Resources Limited, ACN 108 146 694 (“**CAE**” or “**the Company**”) an Australian Securities Exchange (“**ASX**”) listed company, announced that it had agreed with Aquis Finance Pty Ltd (“**Aquis**”) to issue 190,000,000 fully paid CAE shares in full and final satisfaction of the loan provided by Aquis which at the date of the Meeting equals \$5,683,156 (“**Proposed Transaction**”). The purpose of the resolution to be put to the shareholders of the Company at the Extraordinary General Meeting (EGM) to be held on Friday 16 April 2021 is to approve the Proposed Transaction.

The Proposed Transaction will result in the Aquis Group’s (Aquis and its associate 4Js Pty Ltd) percentage holding in CAE increasing from 17.9% at the date of this notice to 49.2%. The Directors have prepared this report to meet the requirements of Sections 606 and 611 and Chapter 2E of the Corporations Act 2001 (“**the Act**”), and requirements contained in Chapters 7 and 10 of the ASX Listing Rules (“**Listing Rules**”). The Proposed Transaction will give control of the Company to the Aquis Group and accordingly will become a related party to CAE.

The Aquis Group is wholly owned by Mr Tony Fung, a Hong Kong resident billionaire private investment banker, financier and investor. Mr Fung has more than 40 years’ experience in global financial services and investment, including more than 20 years as an active investor in Queensland. Mr Fung has been making significant investments in Australia for more than 20 years. A profile of the Aquis Group and Mr Fung is included in Section 4 of this report.

b. Approach

In preparing this report, the Directors have considered the requirements of:

- Section 606 of the Act;
- Section 611 of the Act;
- ASIC Regulatory Guide 74 Acquisitions approved by members (RG.74);
- ASIC Regulatory Guide 111 Content of expert reports (RG.111);
- Australian Securities Exchange (“ASX”) Listing Rule 7.1 and 7.2; and
- Australian Securities Exchange (“ASX”) Listing Rule 10.11 and 10.12.

Section 606 of the Act prohibits acquisitions where there is an increase from below 20% holding in a company to more than a 20% holding. An exception to this is *Section 611 item 7* which provides that an acquisition approved by a resolution passed at a general meeting will not contravene section 606 where no votes are cast in favour by the person acquiring to make the acquisition and its associates (Aquis Group) and the non-Associated shareholders are given prescriptive information relating to the acquisition.

Listing Rule 7.1 requires a listed entity to seek approval from existing shareholders to issue equity securities exceeding 15% of capital. *Listing Rule 7.2 exception 8*, provides an exception to *Listing Rule 7.1* where the issue of securities is approved for the purposes of item 7 of *Section 611*, consequently *Listing Rule 7.1* is not applicable.

RG.74 requires that shareholders be provided with either an Independent Expert’s Report or a detailed directors’ report to satisfy the obligation to disclose all material information on how to vote on the item 7 resolution. ASIC requires that this analysis comply with *RG 111*. The Directors, none of whom are associated with the proposal have formed the view that they have sufficient expertise, experience and resources to prepare a report on which the non-associated members may rely. The Directors’ experience and expertise encompass business valuations, geology and legal requirements.

Listing Rule 10.11 prohibits a listed entity from issuing equity securities to a related party (which the Aquis Group will become once the transaction is completed) without the approval of its shareholders. *Listing Rule 10.12 exception 6* provides that shareholder approval is not required where approval under section 611 item 7 is obtained and accordingly approval under *Listing Rule 10.11* is not required.

RG.111 sets out guidelines in respect the matters which should be considered in the report to assist shareholders in making informed decisions about the transaction.

c. Conclusion

The Directors conclude that the issue of the Relevant Securities to Aquis is both **Fair** and **Reasonable** to the non-Associated Shareholders.

The Directors have concluded that the transaction is “fair” to the non-Associated Shareholders as the “the value of the consideration is substantially greater than the value of the securities the subject of the Proposed Transaction (RG111.11). In reaching this conclusion the Directors have compared the value of a CAE share held by a non-Associated shareholder once the proposed Transaction is completed (minority basis) with the value of a CAE share prior to the Proposed Transaction taking place (control basis). If the post transaction minority basis value of a CAE share exceeds the pre transaction control basis, the Proposed Transaction is beneficial to the non-Associated shareholders and is therefore “fair” to the non-associated shareholders. The detailed analysis is set out in Sections 6 - 8 of the report. The comparison of the post transaction minority basis to the pre transaction control basis is set out below:

Table 1: Comparison of CAE Pre Transaction (Control Basis) and Post Transaction (Minority Basis) Values

	Low (cents)	Preferred (cents)	High (cents)
Value of CAE share prior to the transaction on a control basis	(0.38)	0.28	0.92
Value of CAE share following the transaction on a minority basis	0.72	1.05	1.410

Refer **Table 12** below.

As the transaction is fair it is by definition “reasonable”

In support of the conclusion that the transaction is reasonable, the Directors note the advantages and disadvantages of the Proposed Transaction set out below:

Advantages

- The Company can extinguish \$5.7m worth of debt (and significant ongoing interest obligations) which would otherwise need to be repaid upon the repayment dates.
- As the loan is secured against the Company’s assets and undertakings, the extinguishment of the debt will result in the release of the security.
- The Company may not be able to meet its repayment obligations in June 2022 under the debt agreement if the Proposed Transaction does not occur.
- The Directors’ experience is that the existence of the loan is a detriment to raising sufficient capital to further the interests of the company. While the Company has been able to raise small amounts of capital to meet operating expenses, the feedback from market participants is that want capital they contribute to be spent on exploration. Market participants also express concern that the existence of the loan creates great uncertainty due to the difficulty in raising funds to repay the loan.
- The Proposed Transaction will significantly increase the Company’s solvency, thus making it far more likely that CAE will be able to continue to operate as a going concern.

Disadvantages

- The non-Associated shareholders will be diluted as a result of issuing 190 million shares.
- The Aquis Group will have a controlling interest in the Company.
- The potential for a takeover bid being launched may be diminished due to the additional shares on issue. However, any takeover while the loan is on foot would require the lender’s agreement which is likely to discourage potential bidders.

The Directors are of the view that the advantages of the Proposed Transaction significantly outweigh the disadvantages. The basis for this view is that the Proposed Transaction will:

- Substantially strengthen the Company’s “Balance Sheet” as shown in Section 8.3 below.
- Extinguish the secured debt and related interest obligations.
- Substantially enhance the Company’s ability to raise capital to further its objects.

In summary, the Directors are of the view that the Proposed Transaction will remove the main restrictions to the Company pursuing its stated strategic goals.

2. Proposed Transaction

2.1 Background to the Proposed Transaction

As a result of discussions with major shareholders, brokers and potential financiers, the Directors concluded that there was little appetite to inject capital or other finance into the company while the Company did not own its primary asset (the Piccadilly Project) and had such large debts. Investors were of the view that cash funds raised should be used for exploration and development and not debt repayment.

In the light of these discussions, on 1 September 2020, CAE announced that it had acquired 100% of the shares in its former earn-in partner, Piccadilly Gold Mine Holdings Limited (**PGMH**) by issuing 48,318,170 ordinary shares in CAE, representing a fair value of \$966,363 to the various PGMH shareholders. The Piccadilly project comprises one mining lease ML 1442 and two EPM areas 18322 and 16198. The acquisition was also supported by the Company's Lender, Aquis, which agreed to increase the existing secured loan to the company with a cash injection of \$500,000 following the finalisation of the acquisition.

In the view of the Directors, with the acquisition of PGMH, the other critical issue for the Company's viability was the level of debt on the balance sheet. Prior to the PGMH acquisition, total borrowings of \$5,136,051 exceeded total assets by \$226,138 or 4.6%. After the PGMH acquisition the deficiency increased by a further \$2,321,359 as a result of the net asset deficiency in PGMH and the additional loan from Aquis (\$500,000) offset by the short-term loan repayment (\$100,000) – refer **Table 2** below.

Accordingly, following the acquisition of PGMH the Directors commenced a corporate restructure to repay secured and other substantial debts. The restructuring and debt reduction process to date was conducted as follows:

- Applying the \$500,000 to partially repay an outstanding short-term loan, pay existing creditors and meet day-to-day operating expenses.
- Issuing 5,000,000 shares from January to March 2021 to raise \$25,280 for working capital purposes and a further 13,804,000 shares to raise \$1,000,280 (before costs of the issue) to proceed with drilling and other exploration work at Piccadilly and for working capital purposes.
- Requesting shareholders to approve the issue of 19,608,795 Shares to Directors and consultants at the Company AGM on 17 December 2020 in lieu of \$392,176 of fees owed to the Directors and consultants.
- Issuing 21,245,000 Shares on 23 December 2020 to lenders to PGMH at \$0.02 per share in full and final satisfaction of loans totalling \$2,124,437 at the date on which CAE acquired PGMH.

The share issues in this process increased the issued Share capital from 193,272,682 at 30 June 2020 to 308,048,647 at the date of this notice. The effect of the above transactions on the proforma Consolidated Statement of Financial Position of CAE is set out in **Table 2** below:

The Proposed Transaction would result in the secured loan owed to Aquis being extinguished and the final impediment to raising further capital to pursue the Company's exploration goals being cleared. The number of CAE shares on issue would increase by 190,000,000 to 498,048,647.

Table 2: CAE Proforma Statement of Consolidated Financial Position as at 30 June 2020

	Audited as at 30 June 2020	PGMH Acquisition	Subsequent loan and interest	Share based payments	Debt repayments	Capital issues	Proforma as at 30 June 2020
	\$	\$	\$	\$	\$	\$	\$
CURRENT ASSETS							
Cash and cash equivalents	39,227	1,792	-	-	-	1,125,280	1,166,299
Trade and other receivables	32,468	285	-	-	-	-	32,753
Total Current Assets	71,695	2,078	-	-	-	1,125,280	1,199,053
NON-CURRENT ASSETS							
Financial assets	83,337	201,000	-	-	-	-	284,337
Exploration and evaluation expenditure	4,754,881	-	-	-	-	-	4,754,881
Total non-Current Assets	4,838,218	201,000	-	-	-	-	5,039,218
TOTAL ASSETS	4,909,913	203,078	-	-	-	1,125,280	6,238,271
CURRENT LIABILITIES							
Trade and other payables	727,659	-	(200,000)	(392,176)	-	-	135,483
Provisions	118,094	-	-	-	-	-	118,094
Borrowings	157,500	2,124,437	(100,000)	-	(2,124,437)	-	57,500
Total Current Liabilities	1,003,252	2,124,437	(300,000)	(392,176)	(2,124,437)	-	311,076
NON-CURRENT LIABILITIES							
Borrowings	4,978,551	-	704,605	-	-	-	5,683,156
Total non-Current Liabilities	4,978,551	-	704,605	-	-	-	5,683,156
TOTAL LIABILITIES	5,981,803	2,124,437	404,605	(392,176)	(2,124,437)	-	5,994,232
NET ASSETS	(1,071,890)	(1,921,359)	(404,605)	392,176	2,124,437	1,125,280	244,039
EQUITY							
Issued Capital	48,325,007	966,363	-	392,176	424,900	1,125,280	51,233,726
Reserves	395,614	-	-	-	-	-	395,614
Accumulated losses	(49,792,511)	-	(404,605)	-	-	-	(50,197,116)
Premium on acquisition	-	(2,887,722)	-	-	1,699,537	-	(1,188,186)
TOTAL EQUITY	(1,071,890)	(1,921,359)	(404,605)	392,176	2,124,437	1,125,280	244,039

Note- for illustrative purposes the \$500,000 of loan funds received has been applied as follows: \$100,000 to the short-term loan, \$200,000 to creditors and \$200,000 to day-to-day operating expenses.

3 Cannindah Resources Limited Profile

3.1 Corporate History

CAE is a public company listed on the ASX, incorporated in Queensland on 26 February 2004. The principal activities of the Company consist of mineral exploration, evaluation and progressively developing its various mineral projects. The Company's goal is to preserve shareholder wealth and grow the value of the flagship asset with prudent exploration methods. The Company also reviews opportunities for expansion through acquisitions and mergers and through potential diversification opportunities to take advantage of positive market sentiments.

3.2 Business Activities

The board and management will continue to focus on developing the exploration potential of the Piccadilly mining lease and its surrounding exploration permit ("EPM's") while seeking to maximise the opportunities

at its Mt Cannindah Project. In this regard, on 1 September 2020, the Company announced the acquisition of 100% of Piccadilly Gold Mine Holdings Limited the holder of the Piccadilly mining lease and tenements. The Board will also continue to seek to take advantage of additional corporate opportunities that are evaluated from time to time.

3.3 Board and Management

The Board and Management of the Company comprises:

- Tom Pickett – Executive Chairman (*LLB, Grad Cert App Fin*) Mr Pickett holds a Bachelor of Law and was admitted as a solicitor of the Supreme Court of Queensland in 1996. He has broad experience in the mining industry and has held a number of corporate roles in the mining and finance industries. Mr Pickett was Chairman of Dynasty Resources Limited from 2011 to September 2015, was a Non-Executive Director of Discovery Resources Limited (ASX: DIS) which completed a transaction to become Aquis Entertainment Limited (ASX: AQS) in August 2015 and was a Non-Executive Director of Red Gum Resources Limited (ASX: RGX) from May 2015 until January 2016 when the Company completed a transaction to become MCS Services Limited (ASX: MSG). He was a director of CuDeco Ltd (ASX: CDU) from 2002 to 2005. He was a director of Piccadilly Gold Mine Holdings Limited and Diversified Mining Pty Ltd, which are privately held exploration entities, resigning in 2015.
- Geoff Missen – non-executive Director (*FCA, GAICD*) Mr Missen is a Chartered Accountant with over 25 years' experience providing clients with tax, accounting and business advice. He has been a Partner of The MBA Partnership since its inception in 2001. His client base is diverse and centres on small to medium enterprises. Geoff has an interest in providing specialist advice to his clients and enjoys developing strategies to help clients meet their goals. He is an active board member, currently serving on a number of boards in the public, private and not-for-profit sectors. Mr Missen is a graduate of Victoria University, the Wharton School of Business at the University of Pennsylvania, Cambridge University, Harvard Business School and the Chicago Booth Business School. He is a Fellow of the Chartered Accountants in Australia and New Zealand and a Graduate Member of The Australian Institute of Company Directors (GAICD).
- Dr Simon Beams - non-executive Director (*PhD (Geology) BSc Hons (First Class)*) Dr Beams has been a Geologist since 1975. For the past 32 years he has been Managing Director and Principal Geologist of Terra Search Pty Ltd where he has been directly involved in many mineral exploration and evaluation programs across Northern Australia, leading to mineral discoveries and some mines, primarily base metals and gold but including uranium, phosphate, magnetite & oil shale amongst others. In 2016, Simon was awarded the John Campbell Miles Medal by the Queensland Divisions of the Geological Society of Australia and the Australian Institute of Geosciences for contributions to economic geology, exploration technology and mineral discovery in Queensland.

Dr Beams is also an active member in a number of geological societies.

- o Geological Society Australia, (GSA)
- o Australasian Institute Mining & Metallurgy (AusIMM)
- o Australian Institute of Geosciences (AIG)
- o Society Economic Geologists (SEG)
- o Association of Applied Geochemists

Dr Beams has been a member of the Advisory Board to the Economic Geology Research Centre (EGRU) at James Cook University, Townsville for over two decades. He is also a Member of the Queensland Exploration Committee for AMEC (Association of Mining and Exploration Companies) one of the Peak Industry Exploration Groups.

Dr Beams has produced several key publications in the areas of mineral deposit geology and geochemistry, exploration data management, regolith relations, petrology and granite genesis and regional geology of North Queensland.

- Garry Gill – Chief Financial Officer and Company Secretary (*CA, FCIS, MAICD*) Mr Gill has more than 30 years' experience in all facets of corporate financial and administrative functions and has served in Chief Financial Officer and Company Secretarial positions at a number of listed and unlisted public companies, private companies and statutory authorities.

Mr. Missen has extensive experience in business valuations and finance while Dr Beams has an intimate knowledge of the geology of North Queensland and hence the value of projects in the region.

3.4 Capital Structure and Major Shareholders

At the date of this notice, the Company has 308,048,647 fully paid ordinary shares on issue. There are no other equity instruments on issue.

The Company's shares are tightly held with the top 10 shareholders accounting for 62.788% of the shares on issue viz

Table 3: Top 10 Shareholders at 11 March 2021

No	Name	Balance	%
1	AQUIS FINANCE PTY LTD	33,189,984	10.774%
2	WEELY'S PTY LTD	26,002,180	8.441%
3	4JS PTY LTD (associate of Aquis Finance)	22,461,484	7.292%
4	MR THOMAS JON PICKETT	22,000,000	7.142%
5	DIVERSIFIED MINING PTY LTD	20,981,579	6.811%
6	GLOBAL EXPORTERS LIMITED	20,000,000	6.492%
7	MR JOHN HAMILTON	15,840,000	5.142%
8	MR ROBERT CAMERON GALBRAITH	12,184,416	3.955%
9	M CARTER-LANNSTROM SMSF A/C	11,756,849	3.817%
10	ATRIN PTY LTD <ATRIN A/C>	9,000,000	2.922%
	Total	193,416,492	62.788%
	Total of Securities	308,048,647	

Source: CAE Share Registry

3.5 Historical Financial Information

Table 4: CAE Consolidated Statement of Financial Position 2018 - 2020

Consolidated Statement of Financial Position	Audited as at 30-Jun-20	Audited as at 30-Jun-19	Audited as at 30-Jun-18
CURRENT ASSETS			
Cash and cash equivalents	39,227	16,098	10,461
Trade and other receivables	32,468	26,802	85,966
Total Current Assets	71,695	42,900	96,427
NON-CURRENT ASSETS			
Financial assets	83,337	83,837	81,837
Exploration and evaluation expenditure	4,754,881	4,628,540	5,018,623
Total non-Current Assets	4,838,218	4,712,377	5,100,460
TOTAL ASSETS	4,909,913	4,755,277	5,196,887
CURRENT LIABILITIES			
Trade and other payables	727,659	498,363	484,564
Provisions	118,094	55,289	44,232
Borrowings	157,500	3,995,366	3,215,188
Total Current Liabilities	1,003,252	4,549,018	3,743,984
NON-CURRENT LIABILITIES			
Borrowings	4,978,551	-	-
Total non-Current Liabilities	4,978,551	-	-
TOTAL LIABILITIES	5,981,803	4,549,018	3,743,984
NET ASSETS	(1,071,890)	206,259	1,452,903
EQUITY			
Issued Capital	48,325,007	48,229,514	47,649,420
Reserves	395,614	395,614	395,614
Accumulated losses	(49,792,511)	(48,418,869)	(46,592,131)
TOTAL EQUITY	(1,071,890)	206,259	1,452,903

Table 5: CAE Consolidated Statement of Comprehensive Income 2018 - 2020

Consolidated Statement of Comprehensive Income	Audited as at 30-Jun-20	Audited as at 30-Jun-19	Audited as at 30-Jun-18
Revenue from continuing operations			
Revenue and other income	10,666	12,954	116,788
Expenses:			
Employee benefits expense	(386,643)	(253,574)	(229,953)
Exploration & evaluation expenditure w/off	(689)	(670,867)	(998)
Depreciation and amortisation expense	-	-	(2,491)
Finance costs	(800,896)	(676,964)	(762,482)
Administrative expenses	(196,080)	(238,287)	(310,006)
Loss before income tax expense	(1,373,642)	(1,826,738)	(1,189,141)
Income tax rebate / (expense)	-	-	-
Loss for the year	(1,373,642)	(1,826,738)	(1,189,141)
Loss attributable to members of the company	(1,373,642)	(1,826,738)	(1,189,141)

Commentary on Financial Performance

Exploration Expenditure – Exploration expenditure represents capitalised expenses relating to the Company's ongoing exploration projects, Piccadilly and Mt Cannindah. In the 2019 financial year, CAE relinquished the Mt Borium project and wrote off the related expenditure on that project to the income statement (refer **Table 5** above)

Borrowings (current and non-current) – The loan from Aquis Finance Pty Ltd had an initial facility limit of \$2 million and a term of 12 months commencing 10 March 2015, which could be extended to up to 3 years at the election of the Company. Directors extended the facility for a further year in each of March 2016 and in March 2017. In May 2018 a new loan was entered into with Aquis Finance. The new loan increased the facility limit to \$3.7 million to accommodate loan fees and interest payable until the end of the loan term on 20 May 2019. On 29 May 2019, the Company announced that the term of the loan had been further extended to 20 November 2019 with an increased facility limit of \$3.85 million and was interest free for the extension period. Accordingly, for the 2018 and 2019 years the loan was treated as the loan expiry date was within 12 months of the relevant year end.

On 31 January 2020, the Company announced that the parties had agreed to extend the current loan facility to 30 June 2022. The loan extension is subject to 5% p.a. interest (capitalised) and an immediate increase in the facility limit. Aquis Finance Pty Ltd also asked that they be able to convert the whole or part of the loan balance to shares in the Company during the loan term at an issue price of 2c per share (subject to shareholder approval if required), along with the possible appointment of up to two directors to the Board to represent their interests. On 1 September 2020, the Company announced that, contingent upon the satisfactory completion of the acquisition of Piccadilly Gold Mine Holdings Limited, the Lender would increase the current loan with immediate effect thereby increasing the facility limit to \$6.1 million. On 7 September 2020, the Lender provided loan funds of \$500,000 to the Company.

The facility conditions require no repayments until the expiration of the facility. The loan is secured by the assets of the Company. Other terms and conditions remain the same as the previous facility.

An additional loan comprised a short-term facility from a sophisticated investor. The loan was initially for a three-month period which could be extended by mutual agreement at an interest rate of 25% per annum. The facility was partially repaid on 11 September 2020.

Audit Report – The auditors of CAE have identified an inherent uncertainty regarding going concern on the basis of the Company's on-going losses and as it has a substantial working capital deficit.

4 Profile of Aquis

Aquis Finance Pty Ltd is a proprietary company incorporated in Australia on 18 June 2015. 4J's Pty Ltd is a proprietary company incorporated in Australia and is associated with Aquis. The two companies (**Aquis Group**) control 17.9% of the issued capital of the Company at the date of this notice. The directors of Aquis and 4J's are Daniel Bender and Tony Fung.

The Aquis Group is ultimately wholly owned by Mr Tony Fung, a Hong Kong resident private investment banker, financier and investor. Mr Fung has more than 40 years' experience in global financial services and

investment, including more than 20 years as an active investor in Queensland. Mr Fung has been making significant investments in Australia for more than 20 years.

On 21 December 2013, the Cairns Post wrote the following background information on Mr Fung. Mr Fung is the billionaire scion of one of Hong Kong's best-known banking families. His substantial fortune was inherited from his father Fung King Hey, known as "the godfather of traders", a billionaire who was at one time the largest shareholder in the world's largest stock brokerage firm, Merrill Lynch and founder of Sun Hung Kai & Co.

Mr Fung managed Sun Hang Kai & Co until its sale in 1985 after which he stayed on and was Chairman until May 2008 when he sold his 25% interest in the Company. Since the sale Mr Fung has operated as a private investor focussing primarily on Hong Kong commercial property and other property-linked investments. His experience includes the development of the AsiaWorld-Expo exhibition centre at Hong Kong International Airport.

Aquis controls a range of tourism, property and education focussed assets including a number of high-profile development sites on the Gold Coast and owns and operates Casino Canberra in the Australian Capital Territory. Aquis expanded its interests into Australian listed and unlisted mineral exploration companies from 2014 by providing investment capital and loan funds to several entities including CAE. Aquis' role with CAE has been that of a principal investor and neither the Aquis Group nor Mr Fung have been involved in the management or direction of the Company.

5 Approach to Analysing the Proposed Transaction

RG 111.5 requires that the main purpose of the report to shareholders is to adequately deal with the concerns that could reasonably be anticipated of those affected by the proposed transaction and thus should focus on the purpose and outcome of the transaction.

RG111.8 and RG111.9 note that for "control transactions" which include approval of an issue of shares using item 7 of s 611 the focus should be on the substance of the control transaction, rather than the legal mechanism used to effect it.

RG111 contemplates two ways of assessing a transaction requiring approval under item 7 of section 611:

- as a takeover bid (RG 111.25) i.e., whether the transaction is fair and / or reasonable or
- by reference to the advantages and disadvantages of the transaction to those security holders – (RG 111.42) particularly the control premium inherent in the transaction

As an issue of shares, the Proposed Transaction meets the requirements of RG 111.25 and so will be assessed having regard to the fairness and reasonableness of the transaction. The advantages and disadvantages of the transaction will also be considered in the assessment of reasonableness. To form an opinion on the fairness of the Proposed Transaction a valuation of the company has been performed.

RG 111.86 sets out the valuation methodologies as follows:

Table 6: Valuation Methodologies RG 111.86

Provision	Cannindah's position
a) "the discounted cash flow method and the estimated realisable value of any surplus assets (DCF);	This is not relevant to CAE as the Company does not generate revenue from which earnings required by the methodologies are obtained.
b) 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 i.e., Capitalisation of future maintainable earnings (FME);	This is not relevant to CAE as the Company does not generate revenue from which earnings required by the methodologies are obtained.
c) the amount that would be available for distribution to security holders on an orderly realisation of assets - net asset value (NAV);	The Directors have applied this methodology as the approach to determining the value of a CAE Share
d) 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 (QMP); and	The Directors have considered this methodology but have discarded it as an approach to determining the value of a CAE Share. The method is discussed at Section 6.2 below.
e) any recent genuine offers received by the target for the entire business, or any business	Methodology e) is also irrelevant to CAE as no formal offers have been received. While the

Provision	Cannindah's position
units or assets as a basis for valuation of those business units or assets"	Directors have received informal indications from potential buyers, these indications have reflected the Company's cash position and assumed an eager seller.

6 Valuation of CAE

In preparing the valuations of CAE for the purposes of this report, the CAE directors are of the view that the valuation information applied is representative of the Company's current financial position and that relevant adjustments in **Table 2** have been made to reflect post 30 June 2020 balance date adjustments.

6.1 Valuation of CAE prior to the transaction

ASIC RG 74 requires that Shareholders be provided with an independent expert report or a detailed directors' report on the proposed transaction to satisfy the obligation to disclose all material information on how to vote on the item 7 resolution. ASIC requires that this analysis should comply with RG 111. The Directors, none of whom are associated with the proposal have formed the view that they have sufficient expertise, experience and resources to prepare a report on which the non-associated members may rely. The Directors' experience and expertise encompass business valuations, geology and legal requirements. The Directors' experience is outlined at Section 3.3 of this Report. To assist the Directors in forming their opinion of the Proposed Transaction, independent expert valuers Mining Insights were engaged to prepare a valuation of the Company's exploration projects; Mt Cannindah and Piccadilly

As the Company is unable to raise substantial capital at the current time (refer Section 2.1 of this report), and as the only relevant valuation methodology to be used is the NAV method supported by an independent valuation of the key assets of the Company the Directors have formed the view that the time and cost involved in obtaining an independent experts' report is not in the interests of the shareholders.

6.2 Net Asset Value (NAV)

In assessing the value of CAE shares prior to the Proposed Transaction the Directors have chosen to employ the sum of parts NAV basis as the primary approach and in so doing have adopted the following:

- **Exploration expenditure-** The Directors have adopted a range of values for the exploration expenditure asset as set out in the Mining Insights independent valuation attached to and forming part of this report.

Mining Insights assessed the combined value of the Mt Cannindah and Piccadilly exploration assets at between \$4.46 million and \$8.18 million with a preferred value of \$6.35 million. These values compare to \$4.75 million stated in the financial statements at 30 June 2020 (Table 2 above)

Other assets and liabilities - Other assets and liabilities have been included at their face value in the proforma statement of financial position in **Table 2** above. **Table 7** below provides the NAV for CAE prior to the transaction using the information shown in **Table 2** above and substituting the high, low and preferred values for the exploration asserts determined by the Mining Insights report (i.e., low \$4.46 million, preferred \$6.35 million and high \$8.18 million) for the exploration asset (\$4.75 million) in the balance sheet.

Table 7: NAV of CAE Prior to the Transaction

NAV based on Exploration Expenditure in Mining Insights Report			
	Low value	Preferred Value	High Value
Net Assets	(50,842)	1,839,158	3,669,158
Shares on issue	308,048,647	308,048,647	308,048,647
NAV per share (cents)	(0.02)	0.60	1.19

The Directors consider that the most likely value for the company prior to the transaction will range from negative 0.02 cents per share to 1.19 cents per share.

6.3 Quoted Market Price for CAE Securities

Of the five valuation methodologies recommended by RG111.86, the only other potentially appropriate approach would be the QMP for a CAE Share. RG 111.86(d) requires that to use the QMP method a liquid and active market for the Company's shares must exist. Trading in the Company's shares in the 12 months prior to the announcement of the agreement with Aquis on 17 December 2020 may be summarised as follows:

Table 8: Trading in CAE shares for the year to 16 December 2020

Activity	Date	Open	High	Low	Close	Volume
Year		0.015	0.033	0.08	0.029	30,089,269
Highest close	09-Dec-20	0.029	0.03	0.029	0.030	48,500
Lowest close	10-Mar-20	0.008	0.008	0.008	0.008	56,774
Announcement date	17-Dec-20	0.029	0.031	0.029	0.031	450,000
Highest volume	01-Sep-20	0.024	0.033	0.024	0.026	13,322,418

The total volume of shares traded for the year (30,089,269) represented 14.5% of the weighted average shares on issue during the period. Of this number 44% were traded on the day the PGMH acquisition was announced (1 September 2020). Of the 254 trading days during the period, CAE shares were only traded on 61 days or 24% of the trading year. In 37 trading days since the announcement of the transaction to 15 February 2021 the shares have traded on only 13 days with just 1,044,637 shares (0.36% of issued capital) being traded.

As a result of the irregular trading patterns, small trading volumes and the impact of a large volume trading day on the share price the Directors do not consider that trading in CAE shares would constitute a liquid and active market as defined above and for the purposes of RG 111.86. **Accordingly, using the QMP methodology to determine a definitive value of the Company does not meet the requirements of RG111.** As a result, the Directors have not applied the QMP methodology to establish the value of CAE shares.

6.4 Control Premium and the Directors' Assessment of the Value of CAE Shares on a Control Basis

By using the NAV methodology and incorporating the range of values for the exploration assets established by Mining Insights, the premium for control is already factored into the share value. Thus, the share value prior to the transaction established in **Table 7** of the report will equate to the value on a controlling interest basis as set out below.

Table 9: Value of CAE Share prior to the Proposed Transaction on a Control Basis Prior to the Transaction

	Low	Preferred	High
Value of CAE share on a controlling interest basis prior to the Proposed Transaction (cents)	(0.02)	0.60	1.19

7 Valuation of CAE following the Proposed Transaction.

7.1 NAV per share Post Transaction

On the basis that the Proposed Transaction is approved, **Table 10** below calculates the NAV.

Table 10: CAE Valuation following the Proposed Transaction.

	Low (\$)	Preferred (\$)	High (\$)
NAV per Table 7	(50,842)	1,839,158	3,669,158
Eliminate debt through share issue	5,683,156	5,683,156	5,683,156
CAE Value post transaction	5,632,313	7,522,313	9,352,313
Shares on issue post transaction (refer Section 2.2)	498,048,647	498,048,647	498,048,647
CAE share value post transaction (cents)	1.13	1.51	1.88

Based on the above analysis the Directors consider the value of a CAE Share following the Proposed Transaction to be between 1.13 and 1.88 cents.

7.2 Minority Discount

To assess the value of the CAE shares to the non-Associated shareholders if the Proposed Transaction is approved the Directors have adjusted the post transaction calculated at **Table 10** above by an assessed Minority Discount which is calculated using the formula $[1/(1+\text{control premium})]$. To determine the control premium, the Directors have reviewed premiums applied in previous transactions involving mineral exploration companies in recent years and in studies of control premiums applied in ASX listed companies from a variety of industries. This review indicated that the control premium is affected by numerous factors including: the nature and magnitude of the company and its assets, the liquidity in the share trading, the

stage of development of the company and the stage of the business cycle. From this review the Directors have selected a control premium of 25% to 35% as relevant to the transaction which converts to a minority discount of between 20% - 26%.

Table 11: CAE Valuation following the Proposed Transaction (Minority Basis)

	Low (\$)	Preferred (\$)	High (\$)
CAE Value post transaction (Table 10)	5,632,313	7,522,313	9,352,313
Minority discount	26%	23%	20%
CAE Value post transaction (minority basis)	5,632,313	7,522,313	9,352,313
Shares on issue post transaction	498,048,647	498,048,647	498,048,647
CAE share value post transaction (cents)	0.84	1.16	1.50

Based on the above analysis the Directors consider the value of a CAE Share following the Proposed Transaction on a Minority Basis to be between 0.84 and 1.50 cents

8 Directors' Assessment of the Proposed Transaction

8.1 Fairness

RG111.11 defines an offer as "fair" where "the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer". This assessment is made assuming:

- (a) "a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length."
- (b) 100% ownership of the 'target' and irrespective of whether the consideration is scrip or cash.

As there are no synergies not available to other bidders nor other special value built into the transaction and as the analysis below excludes any post transaction control premium inherent in the transaction, the Directors consider that the assumptions are met.

8.1.1 Comparison of CAE Values before and after the Proposed Transaction

The comparison of the value of a CAE Share prior to the transaction on a control basis and the value of CAE share following the transaction on a minority basis is shown in in **Table 12** below.

Table 12: Comparison of CAE Pre Transaction (Control Basis) and Post Transaction (Minority Basis) Values

	Table	Low (cents)	Preferred (cents)	High (cents)
Value of CAE share prior to the transaction on a control basis	10	(0.02)	0.60	1.191
Value of CAE share following the transaction on a minority basis	11	0.84	1.16	1.50

The results above indicate that the value of the consideration as assessed by the post transaction (minority basis) value is substantially greater than the value of the securities the subject of the Proposed Transaction determined by the value on a pre-transaction (control basis).

8.1.2 Directors' Conclusion as to Fairness

In the Directors' opinion and in the absence of other information, the Proposed Transaction meets the criteria for "fair" as set out in in RG111.11 and accordingly the transaction is fair to the non-Associated shareholders.

8.2 Reasonableness

RG 111.12 defines that an offer is "reasonable" if it is fair. Accordingly, the Proposed Transaction is reasonable.

8.2.1 Other Considerations for Reasonableness

RG 111.13 sets out other considerations for determining if a transaction is reasonable which are considered below:

- a) **Bidder's pre-existing voting power** – At the date of this notice the Aquis Group controls 17.9% of the issued shares in the Company. Following the issue, the Aquis Group' holding will increase to 49.2%. The Aquis Group have indicated that for the foreseeable future, the Group has no interest in making further investments in CAE. As CAE will need further capital to pursue its objectives, the Company will seek new investors the introduction of which will dilute the Aquis Group's holding and control.

Discussions with potential new investors already commenced on the expectation that the Proposed Transaction will be approved. The Company's shareholders demonstrated their support for this position by approving the issue of up to 200 million shares to help fund the Company at the 17 December 2020 AGM.

- b) Other significant holding blocks** – The eight remaining shareholders in the top 10 shown in **Table 3** above none of which are associated with the Aquis Group control 44.752% of the company at the date of notice and will hold 27.7% following the Proposed Transaction. This will remain a significant holding block which could combine to defeat any special resolution that Aquis Group attempt to pass.
- c) Liquidity of the market** – the Proposed Transaction is unlikely to negatively affect the liquidity of the market given the current low level of trading. Conversely, by freeing the Company from the constraints of the secured debts, the Proposed Transaction may generate new interest in CAE's gold and copper assets.
- d) Tax losses, cash flow or other benefits from 100% acquisition** – the Aquis Group would receive no benefit from CAE's tax losses as a 100% acquisition would likely result in the majority of the losses being rescinded as Aquis is not in the same business as CAE. Further as CAE does not generate cash flow no benefit could flow to the Aquis Group.
- e) Special benefits** – There are no special benefits which would flow to the Aquis Group through the Proposed Transaction.
- f) Price if Unsuccessful** - to the extent that shareholder expectations of the benefits of the Proposed Transaction have been included in the current price, it would be expected that the price may fall toward the underlying values discussed in in Section 6.2 above.
- g) Value to an alternative bidder** – the existence of secured debt which exceeds the value of the assets provides no real value to an alternative bidder. As noted in Section 2.1 above, the Directors' discussions with major shareholders, brokers and potential financiers, discovered little appetite to inject capital or other finance into the company while the large, secured loan exists.

8.2.2 Directors' Conclusion as to Reasonableness

The Proposed Transaction meets the definition of "reasonable" as it is fair. In addition, the Directors have considered the other matters set out in RG111.13 and conclude that there are no other benefits of the Proposed Transaction that would flow to the Aquis Group which may give rise to a higher price. The substitution of the debt for equity will open the opportunity for the Company to source new equity participants create additional liquidity in the shares and increase the value of the Company.

Based on the above the Directors have concluded that the transaction is reasonable for the non-Associated Shareholders.

8.3 Statement of Financial Position of CAE following the Proposed Transaction.

Table 13 below illustrates the impact of the Proposed Transaction on the proforma Statement of Financial Position as set out in **Table 2**.(above)

Table 13: Statement of Financial Position Pre and Post Transaction

	Pre-transaction \$	Proposal \$	Post Transaction \$
CURRENT ASSETS			
Cash and cash equivalents	1,166,299	-	1,166,299
Trade and other receivables	32,753	-	32,753
Total Current Assets	1,199,053	-	1,199,053
NON-CURRENT ASSETS			
Financial assets	284,337	-	284,337
Exploration and evaluation expenditure	4,460,000	-	4,460,000
Total non-Current Assets	4,744,337	-	4,744,337
TOTAL ASSETS	5,943,390	-	5,943,390
CURRENT LIABILITIES			
Trade and other payables	135,483	-	135,483
Provisions	118,094	-	118,094
Borrowings	57,500	-	57,500

	Pre-transaction \$	Proposal \$	Post Transaction \$
Total Current Liabilities	311,076	-	311,076
NON-CURRENT LIABILITIES			
Borrowings	5,683,156	(5,683,156)	-
Total non-Current Liabilities	5,683,156	(5,683,156)	-
TOTAL LIABILITIES	5,994,232	(5,683,156)	311,076
NET ASSETS	(50,842)	5,683,156	5,632,313
EQUITY			
Issued Capital	51,233,726	3,800,000.00	55,033,726
Reserves	395,614	-	395,614
Accumulated losses	(50,491,997)	1,883,155.63	(48,608,842)
Premium on acquisition	(1,188,186)		(1,188,186)
TOTAL EQUITY	(50,842)	5,683,156	5,632,313

The key impacts on the Statement of Financial Position are as follows:

- The replacing of debt with equity results in CAE returning to a positive net asset position. This is important for the Company's future ability to raise capital.
- The issuing of the shares at 2 cents each as set out in the Subscription Agreement will result in a write back of some of the expenses associated with the loan in prior years thereby reducing the Company's accumulated losses.
- The Company's key balance sheet ratios e.g. current assets / current liabilities and liability to equity are substantially improved by the strengthening of the balance sheet.
- The Company's solvency position is enhanced.

9 Conclusion

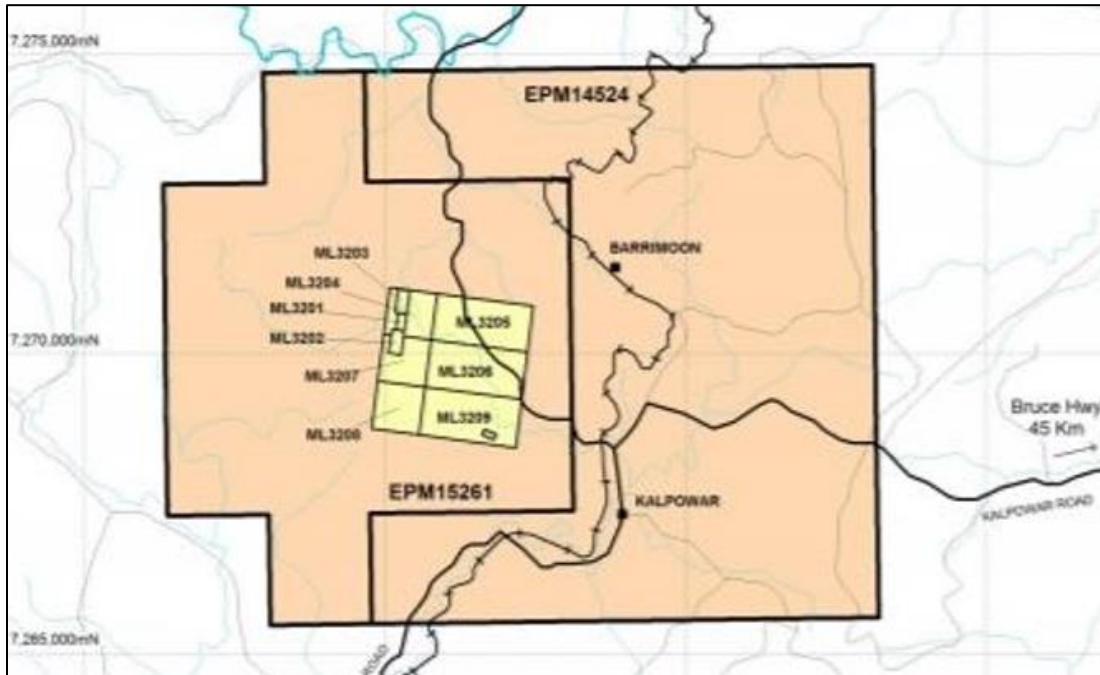
In Section 8 above, the Directors conclude that the Proposed Transaction is fair to the non-Associated Shareholders and hence is also reasonable.

In addition to the above, the Directors are also of the view that the advantages of the Proposed Transaction significantly outweigh the disadvantages. The basis for this view is that the Proposed Transaction will:

- Substantially strengthen the Company's "Balance Sheet" as shown in Section 8.3 above.
- Extinguish the secured debt and related interest obligations.
- Substantially enhance the Company's the ability to raise capital to further its objects.

In summary, the Directors are of the opinion that in being fair and reasonable, the Proposed Transaction will remove the main restrictions to the Company pursuing its stated strategic goals.

Independent Mineral Asset Valuation Report –Cannindah Resources Ltd.



Report Prepared by



February 2021

Independent Mineral Asset Valuation Report – Cannindah Resources Limited

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18 February 2021

Project Number P2109

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Key Abbreviations

\$ or AUD	Australian Dollar
CAE	Cannindah Resources Limited
AS	Australian Standards
AusIMM	Australasian Institute of Mining and Metallurgy
ha	Hectare(s)
JORC	2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists, and Mineral Council of Australia
K	Thousand
km	Kilometres(s)
km ²	Square kilometre(s)
M	Million
Mt	Millions of tonnes
Mineral Resource	A 'Mineral Resource' is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, quality, and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, quality, continuity, and other geological characteristics of a Mineral Resource are known, estimated, or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated, and Measured categories.
Mtpa	Millions of tonnes per annum
Ore Reserve	An 'Ore Reserve' is the economically mineable part of a Measured and/or Indicated Coal Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include the application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Reserves are defined, usually, the point where Ore is delivered to the processing plant must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported.
Mining Insights	Mining Insights Pty Ltd.
t	Tonne

Executive Summary

In December 2020, Cannindah Resources Limited (CAE or Company) announced that it reached a settlement with Aquis finance to convert their debt position to equity in the company. The deal is subject to any required regulatory approval and the approval of shareholders.

Mining Insights Pty Ltd. (Mining Insights) was instructed to prepare an Independent Mineral Asset Valuation Report (IVR or Report) for the Mount Cannindah and Piccadilly Projects in relation to the above-mentioned transaction.

This Report has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports 2015 Edition ("The VALMIN Code") and the Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves 2012 Edition (The JORC Code).

Mount Cannindah Project

The Mount Cannindah Project consists of 2 Exploration Permits, EPM 15261 (14 sub-blocks, 43.6 km²) and EPM 14524 (9 sub-blocks, 28km²) and 9 Mining Leases, ML 3201-3209 (5.56km²). The Mt Cannindah Project is wholly owned by CAE.

The Mount Cannindah Project located near Monto, Queensland approximately 100 km south of Gladstone. It represents a large gold-bearing porphyry Copper-gold mineralisation system.

Geology

Mt Cannindah Project is located in the New England Fold Belt (NEFB). Low-grade porphyry copper-molybdenum deposits occur throughout the Belt. The largest are those at Moonmerra, Coalstoun and Anduramba. Supergene copper has been mined historically at Mount Cannindah and Calgoa.

Mount Cannindah is a large gold-bearing porphyry copper-gold system with several highly prospective exploration targets. The Cannindah dacite was thought to have created a breccia body above and beside the intrusion at Mount Cannindah. The trenching program in March 2015, confirmed that alteration and mineralisation do occur in fault structures, either on or near the edge of felsic dykes that intrude the faults. The trenches at most prospects showed the presence of a broad width of clayey fault breccia that locally hosts alteration and box work mineralisation (ex-sulphides) in the breccia, on (or close) to the edge of strongly altered felsic dykes.

Exploration

Company has compiled a comprehensive database of historic drilling, geophysical and geochemical data to define drilling targets.

The Mount Cannindah Project has a long history of exploration. Several exploration programs have been completed which includes geological mapping, soil sampling, rock chip sampling, ground-based magnetic surveys, induced polarisation surveys and drilling.

The main focus of the previous exploration has been the Mount Cannindah target where broad zones of copper-gold mineralisation have been intersected through drilling to 380 metres below the surface.

The Mt Cannindah Project represents a large (greater than 9km²) high level “porphyry-style” Copper(Cu)-Molybdenum(Mo)-Gold(Au) mineralised system. The potential for higher-grade gold mineralisation is indicated by the gold intersections of 3m at 14.8g/t Au (from 197m in QMCMDD021) and 5m at 8.1g/t Au (from 155m in QMCMRC003) that appear to overprint the broader copper-gold mineralisation. Several other copper-gold and copper-molybdenum targets have been recognised in the immediate area and require drilling to determine their potential.

Piccadilly Project

The Piccadilly Project consists of 2 Exploration Permits, EPM 18322 and EPM 16198 along with 1 Mining Lease, ML 1442. The Piccadilly Project is wholly owned by CAE.

The Piccadilly Project is located approximately 80km WSW of Townsville and approximately 50kms NW of Charters Towers. The Piccadilly project hosts multiple styles of mineralisation including Cu-Au porphyry mineralisation and narrow vein Au mineralisation.

Geology

The geology of the Piccadilly project consists of a late Devonian marine sedimentary sequence of the Stud Formation overlaid by the early Carboniferous sediments of the Piccadilly formation. The sequence is intruded by Silurian granitoids of the Ravenswood Batholith and possible Permo-Carb porphyritic stocks. The sequence is locally blanketed by Tertiary and Quaternary sedimentary cover sequences.

The Piccadilly project hosts multiple styles of mineralisation including Pb-Zn skarns (La Meridian South & Myrtlevale West), Cu-Au porphyry mineralisation (La Meridian Magnetic anomaly) and narrow vein Au mineralisation (Piccadilly & Piccadilly South).

Exploration

The area has been historically mined for gold in multiple locations within the tenure. A number of exploration programs have been completed which includes geological mapping, soil sampling, rock chip sampling, PIMA mineralogical determination, ground-based magnetic surveys, induced polarisation surveys and drilling.

The Piccadilly Project has significant exploration potential with the La Meridian Cu-Au porphyry target remaining untested by drilling, the Myrtlevale skarn mineralisation remaining poorly tested and numerous IP anomalies that require further work.

The multi-element, geochemical zoning pattern that occurs over several kilometres at Piccadilly is similar in style and scale to the other major north Queensland intrusive gold systems.

Mineral Asset Valuation

In forming its opinion of the reasonable value of the CAE projects, Mining Insights has taken guidance from the comparable market transactions, Multiple of Exploration Expenditure and Geoscientific Rating methods. In selecting its overall value range and preferred value, Mining Insights has placed equal weight on the values implied by these methods, with a preferred value being halfway between the low and high-value range. Summary of the valuation for the tenements (on 100% basis) is shown in the table below.

Valuation – CAE Projects (100% Basis)

Method	Valuation (\$M)		
	Lower	Preferred	Higher
Market Comparable Transactions	4.71	6.10	7.32
Multiple of Exploration Expenditure	4.61	5.49	6.37
Geoscientific Method	4.07	7.46	10.84
Valuation – CAE Mineral Assets (100%)	4.46	6.35	8.18

Based on Market Comparable, Multiples of Exploration Expenditure and Geoscientific Rating method, the valuation for the CAE mineral assets has been determined to be in the range of \$4.46M to \$8.18M with a preferred value of \$6.35M.

This valuation range is considered appropriate for the project at this stage of development, reflecting the uncertainty of eventual extraction of a mineral resource.

1 Introduction

In December 2020, Cannindah Resources Limited (CAE or Company) announced that it reached a settlement with Aquis finance to convert their debt position to equity in the company. The deal is subject to any required regulatory approval and the approval of shareholders.

Mining Insights Pty Ltd. (Mining Insights) was instructed to prepare an Independent Mineral Asset Valuation Report (IVR or Report) for the Mount Cannindah and Piccadilly Projects in relation to the above-mentioned transaction.

This Report is complete up to 18 February 2021. A draft of the technical component of the Report was provided to CAE, along with a written request to identify any material errors or omissions prior to lodgement.

1.1 Compliance with JORC and VALMIN Code

This Report has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports 2015 Edition ("The VALMIN Code") and the Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves 2012 Edition (The JORC Code).

Both codes are binding upon Members of the Australian Institute of Geoscientists (AIG), the Australasian Institute of Mining and Metallurgy (AusIMM), the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves and the rules and guidelines issued by such bodies as ASIC and Australian Securities Exchange (ASX), which pertain to Independent Experts' Reports.

The authors have taken due note of the rules and guidelines issued by bodies such as the Australian Securities and Investments Commission (ASIC) and the ASX, including ASIC Regulatory Guide 111 – Content of Expert Reports, and ASIC Regulatory Guide 112 – Independence of Experts.

1.2 Qualifications

The principal person responsible for the preparation and review of this Report is Mr Manish Garg (Director), a Mineral Valuation Specialist.

Mr Manish Garg [BEng (Minerals Engineering), Masters of Applied Finance, MAusIMM] is a mineral asset valuation specialist with over 30 years' experience in mining operations, mining feasibility studies, consulting and corporate roles in lead, zinc, copper, nickel, gold, graphite and coal – project management, metallurgy, scoping study and valuation.

The information in this Report that relates to the technical assessment and valuation of mineral assets reflects information compiled and conclusions derived by Mr Manish Garg who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Garg is employed by Mining Insights and is not a related party to CAE.

Mr Garg has sufficient experience relevant to the technical valuation of the mineral assets under consideration and to the activity which they are undertaking to qualify as Practitioners

as defined in the 2015 edition of the Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets. Mr Garg consent to the inclusion in the Report of the matters based on the information in the form and context in which it appears.

1.3 Data Sources

Mining Insights has based its review of the projects on the information made available by CAE along with technical reports prepared by consultants, government agencies and previous tenements holders, and other relevant published and unpublished data. Mining Insights has relied upon discussions with CAE's management as well as recent exploration reports for the information contained within this Report.

Mining Insights has used its reasonable endeavours to verify the accuracy and completeness of the information provided to it by CAE on which it has relied in compiling the Report. We have no reasons to believe that any of the information or explanation so supplied are false or that material information has been withheld.

1.4 Site Visit

Mining Insights' did not consider that a site visit was warranted as it was considered that a site visit would not reveal information or data material to the outcome of this Report due to the early nature of the project. The specialist is satisfied that there is sufficient current information available to allow an informed evaluation to be made without an inspection.

1.5 Tenement Status

A determination of the Status of Tenure is necessary and must be based on a sufficiently recent inquiry to ensure that the information is accurate for the Report. A tenure that is Material must be or recently have been verified independently of the Commissioning Entity. (Adapted from VALMIN Code 2015, Clause 7.2)

The status of the tenements has been verified based on a recent independent inquiry of the Department of Natural Resources, Mines and Energy, Qld, Mineral Titles On-Line database (source: www.mapsonlinemaps.business.qld.gov.au) by Mining Insights, pursuant to section 7.2 of the Valmin Code, 2015

Mining Insight is not aware of any outstanding matters that may affect the conduct of exploration on the tenements in a timely manner.

1.6 Independence

Neither Mining Insights nor the author(s) of this Report, have or have previously had, any material interest in CAE or its projects/assets. Mining Insights nor the authors have not prepared any previous reports relating to the mineral assets that are the subject of this Report.

Mining Insights' relationship with CAE is solely one of professional association between independent consultant and client.

1.7 Professional Fees

Mining Insights' estimated fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The fees are agreed based on the complexity of the assignment, Mining Insights' knowledge of the assets and the availability of data. The fee payable to Mining Insights for this engagement is estimated at approximately \$20,000. The payment of this professional fee is not contingent upon the outcome of the Report.

1.8 Consent

Mining Insights consents to this Report being included, in full, in CAE Notice of Meeting in the form and context in which the technical assessment is provided, and not for any other purpose.

Mining Insights provides this consent on the basis that the technical assessments expressed in the Summary and the individual sections of this Report are considered with, and not independently of, the information set out in the complete Report.

1.9 Disclaimer

The opinions expressed in this Report are appropriate as of 18 February 2021. The opinions expressed in this Report are based upon the information supplied to Mining Insights by CAE. The opinions in this Report are provided in response to a specific request to do so.

Mining Insights has exercised all due care in reviewing the supplied information. Whilst Mining Insights has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant upon the accuracy and completeness of the supplied data. Mining Insights does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this Report apply to the site conditions and features as they existed at the time of the investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this report, about which Mining Insights had no prior knowledge nor had the opportunity to evaluate. CAE was provided with a technical section of this Report and requested to identify any material errors or omissions prior to its lodgement.

2 Tenement

CAE is a listed mineral exploration and resource development company. CAE has built a diverse portfolio of exploration projects in Queensland. CAE is focused on the exploration for gold and copper. The two exploration assets are:

- Mount Cannindah Project; and
- Piccadilly Project.

The Mount Cannindah Project is located near Monto approximately 100 km south of Gladstone, Queensland. It comprises nine Mining Leases and two Exploration Permits. Mt Cannindah Project consists of 2 Exploration Permits, EPM 15261 and EPM 14524 and 9 Mining Leases, ML 3201-3209. It represents a large gold-bearing porphyry Copper-gold mineralisation system.

The Piccadilly Project is located approximately 80km WSW of Townsville. The Piccadilly Project consists of 2 Exploration Permits, EPM 18322 and EPM 16198 and 1 Mining Lease, ML 1442. The Piccadilly project hosts multiple styles of mineralisation including Cu-Au porphyry mineralisation and narrow vein Au mineralisation.

2.1 Tenement Status

A determination of the Status of Tenure is necessary and must be based on a sufficiently recent inquiry to ensure that the information is accurate for the Report. A tenure that is Material must be or recently have been verified independently of the Commissioning Entity (Adapted from VALMIN Code 2015, Clause 7.2).

The tenements under review in this report and the current status of the Exploration Permits (EPM's) are summarised in Table 2:1.

Table 2:1 Exploration Permit Schedule

Project	Tenement No.	Holder	Grant Date	Expiry Date	Area	
					Blocks	km ²
Piccadilly	EPM 16198	Piccadilly Gold Mine Holdings	19/03/2010	18/03/2025	15	46.7
	EPM 18322	Piccadilly Gold Mine Holdings	18/03/2010	17/03/2025	18	56.0
Mt Cannindah	EPM 15261	Mt Cannindah Mining	1/10/2006	1/09/2023	14	43.6
	EPM 14524	Mt Cannindah Mining	20/04/2006	19/04/2024	9	28.0

Mining Leases (ML's) which are located within the Exploration Permits are shown in Table 2:2.

Table 2:2 Mining Lease Schedule

Project	Tenement No.	Holder	Grant Date	Expiry Date	Area (Hectares)
Piccadilly	ML 1442	Piccadilly Gold Mine Holdings	15/08/1995	31/08/2025	83.1
Mt Cannindah	ML 3201	Mt Cannindah Mining	21/03/1974	31/03/2022	4.0
	ML 3202	Mt Cannindah Mining	21/03/1974	31/03/2022	8.1
	ML 3203	Mt Cannindah Mining	21/03/1974	31/03/2022	8.1
	ML 3204	Mt Cannindah Mining	21/03/1974	31/03/2022	47.3
	ML 3205	Mt Cannindah Mining	21/03/1974	31/03/2022	118.8

Project	Tenement No.	Holder	Grant Date	Expiry Date	Area (Hectares)
	ML 3206	Mt Cannindah Mining	21/03/1974	31/03/2022	122.2
	ML 3207	Mt Cannindah Mining	21/03/1974	31/03/2022	55.4
	ML 3208	Mt Cannindah Mining	21/03/1974	31/03/2022	64.0
	ML 3209	Mt Cannindah Mining	21/03/1974	31/03/2022	128.0

The status of the tenements has been verified based on a recent independent inquiry of the Department of Natural Resources, Mines and Energy, Qld, Mineral Titles On-Line database (source: www.mapsonlinemaps.business.qld.gov.au) by Mining Insights, pursuant to section 7.2 of the Valmin Code, 2015.

Mining Insights is not aware of any outstanding matters that may affect the conduct of exploration on the tenements in a timely manner.

3 Mount Cannindah Project

Mt Cannindah Project consists of 2 Exploration Permits, EPM 15261 (14 sub-blocks, 43.6 km²) and EPM 14524 (9 sub-blocks, 28km²) and 9 Mining Leases, ML 3201-3209 (5.56km²). The Mt Cannindah Project is wholly owned by CAE.

3.1 Location and Access

The Mount Cannindah Project located near Monto, Queensland approximately 100 km south of Gladstone via State Route 69. It represents a large gold-bearing porphyry Copper-gold mineralisation system. It comprises nine Mining Leases and two Exploration Permits.

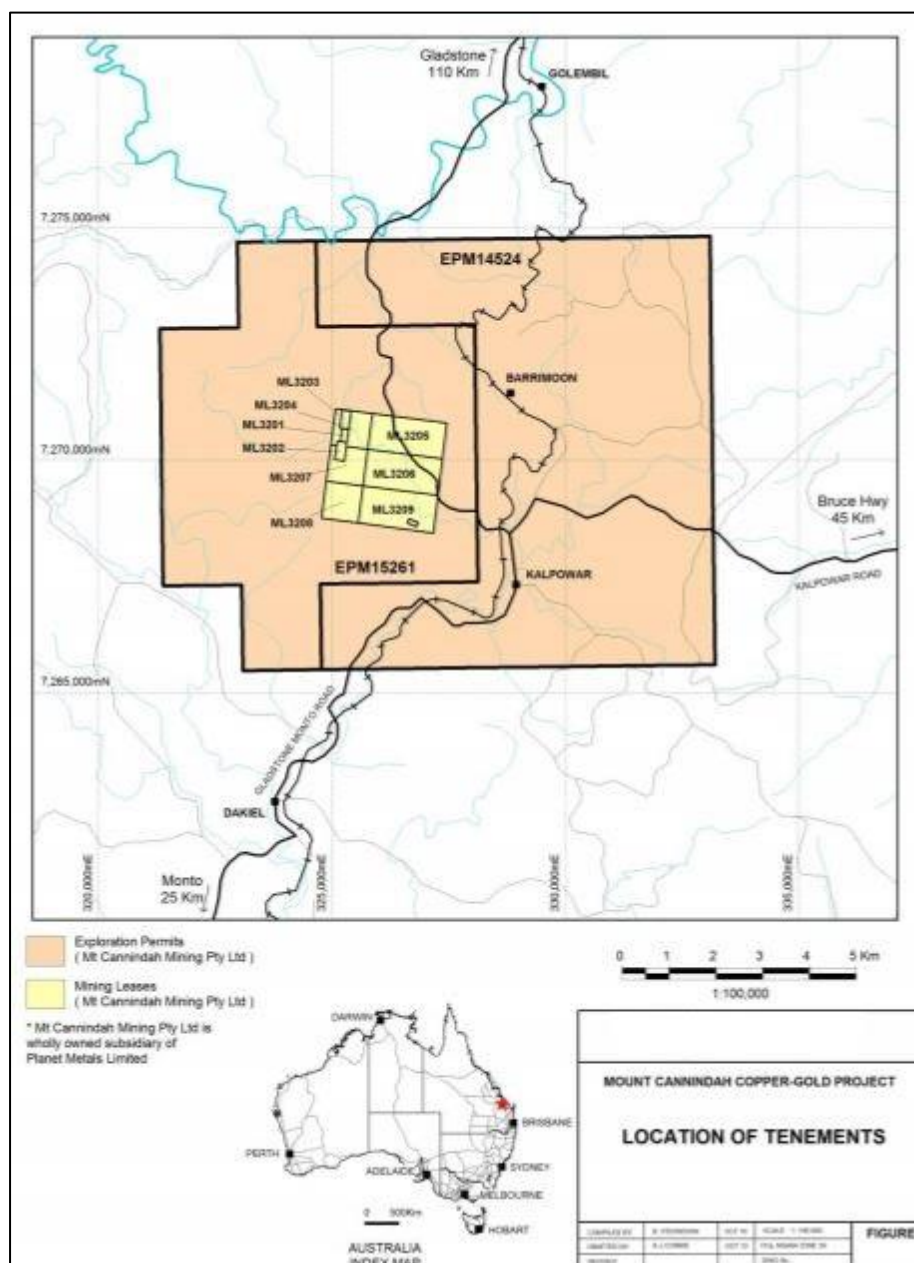


Figure 3:1 Location of Mt Cannindah Project

Source: CAE ASX announcement

3.2 Regional Geology

Mt Cannindah Project is located in the New England Fold Belt (NEFB). The Late Permian to Triassic represents the major mineralization episode in the NEFB in terms of the variety of minerals and mineralisation styles. The mineralisation is generally restricted to the area south of Rockhampton. Blevin & Chappell (1996) characterised the northern NEFB as a Cu-Mo-Au province.

Low-grade porphyry copper-molybdenum deposits occur throughout the Belt (Horton 1982). The largest are those at Moonmera, Coalstoun and Anduramba. Supergene copper has been mined at Mount Cannindah (Creenaune 1996) and Calgoa (Murray 1990). Copper was produced at Mount Perry from a high-grade hydrothermal fissure vein; there is also a significant rutile resource at Mount Perry (Denaro 1986).

3.3 Local Geology

The Cannindah dacite was thought to have created a breccia body above and beside the intrusion at Mount Cannindah. The later intrusion of the Monument diorite was considered responsible for stockwork veining in the upper part of the intrusion and adjacent sediments, and also created several skarn horizons in calcareous sediments extending out from the intrusive contact. The historical geological mapping also noted that host rocks had been brecciated and the mineralisation deposited around either fault-bounded shear zones or in the cracked carapace above a porphyry stock.

The felsic dykes had a significant role in either introducing and/or controlling the emplacement of copper, gold and silver mineralisation. It was also noted that dykes at other prospects often had strong mineralisation spatially related to their contacts (but not necessarily within the dyke). In February 2015, a field visit by consulting geologist revealed that the old miners were working steeply dipping vein structures and altered/gossan zones that were on or close to the edges of dykes. This field visit also revealed that the vein structures were often represented by phyllic to silicic altered breccias with varying amounts of gossan material (ex-sulphides), and it was noted that many of these altered breccias occur along the ridge crests (Figure 3:2).

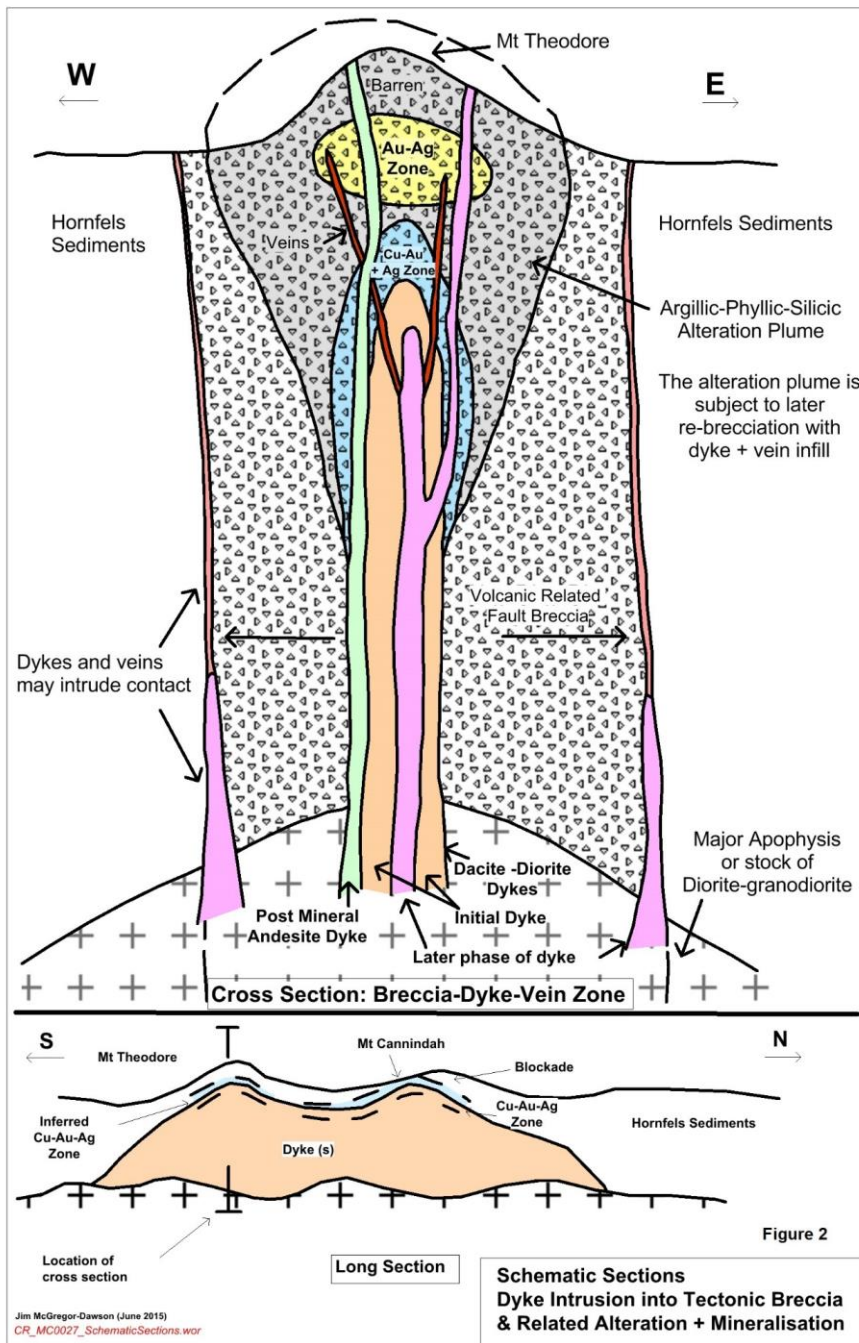


Figure 3:2 Schematic sections of dyke intrusion into the tectonic breccia

Source: McGregor-Dawson, June 2015

The trenching program in March 2015, confirmed that alteration and mineralisation do occur in fault structures, either on or near the edge of felsic dykes that intrude the faults. The trenches at most prospects showed the presence of a broad width of clayey fault breccia that locally hosts alteration and box work mineralisation (ex-sulphides) in the breccia, on (or close) to the edge of strongly altered felsic dykes. These breccias are remarkably similar over the various sites (Figure 3:3).

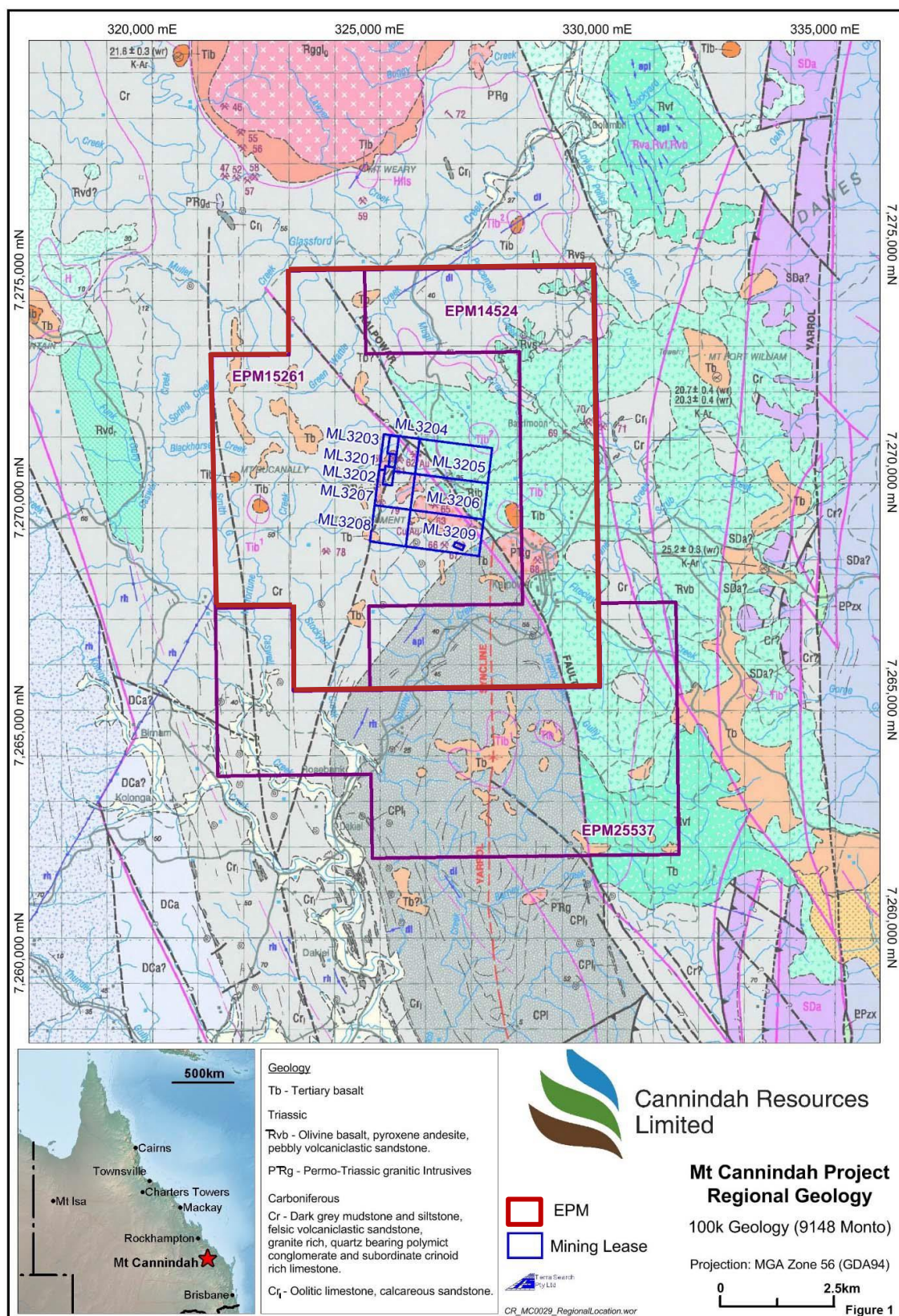


Figure 3:3 Project Geology

Source: McGregor-Dawson, June 2015

Note: EPM 25537 has now been relinquished by CAE.

3.4 Mineralisation

It is speculated that there are five (or more) different styles of alteration and mineralisation:

1. Skarn hosted Cu-Au-Ag-Mo as disseminations and in irregular structures that formed during metasomatism and are in equilibrium with the skarn.
2. Moderately altered (argillic to phyllic) infill breccia or vein hosted Cu-Au-Ag mineralisation, closely associated with silica and felsic intrusive injections into the breccia matrix.
3. Strong phyllic alteration and variable Cu, Au and Ag mineralisation in healed clayey breccia adjacent to altered felsic dykes.
4. Irregular, discontinuous veins of Au-Ag mineralisation in dilation fractures (and breccia?) within relatively broad areas of strongly altered and healed breccia (phyllic-silicic).
5. Broad areas of moderate to strongly altered (argillic to phyllic-silicic) breccia with quartz-pyrite veining, but very low copper, gold or silver.

3.5 Exploration Work Completed

The Mt Cannindah Project has a long history of exploration. A number of geological, geochemical, geophysical surveys and drilling programs have been completed across the various mining leases within the Mt Cannindah EPMS. This includes:

- Rock chip sampling
- Soil sampling
- Geological mapping
- Ground-based magnetic geophysical survey
- Induced Polarisation geophysical survey
- Portable XRF analysis
- Drilling
- Mineral Resource Estimation.

The following section summarised the work completed on various prospects within the EPMS which have been reported previously by CAE in various ASX releases.

3.5.1 Little Wonder, Midway, Cannindah East

The presence of a significant breccia fault structure has been identified between Little Wonder (LW) and Cannindah East (CE). This structure hosts felsic dykes that have introduced hydrothermal fluids, which have altered and mineralised the fault breccia in proximity to the felsic dykes. High-grade Au-Ag veins are known at LW and CE within strong alteration. Both these areas (and Midway) are now potential drill targets for extensions to mineralisation and to possibly locate high-grade veins that could be mined by underground methods.

3.5.2 North Mt Cannindah

The potential northerly extension of the Mt Cannindah mineralisation has not been tested. Several historical shallow holes in this area may not have been deep enough (or were poorly positioned) to test for plunging mineralisation. A very deep angle hole drilled from the west (CARCD003) may not have gone far enough or could be too deep at this location (about 550m

below surface) for a realistic test. The presence of weak mineralisation in DDH017 is somewhat encouraging for possible mineralisation continuing to the north or north-east.

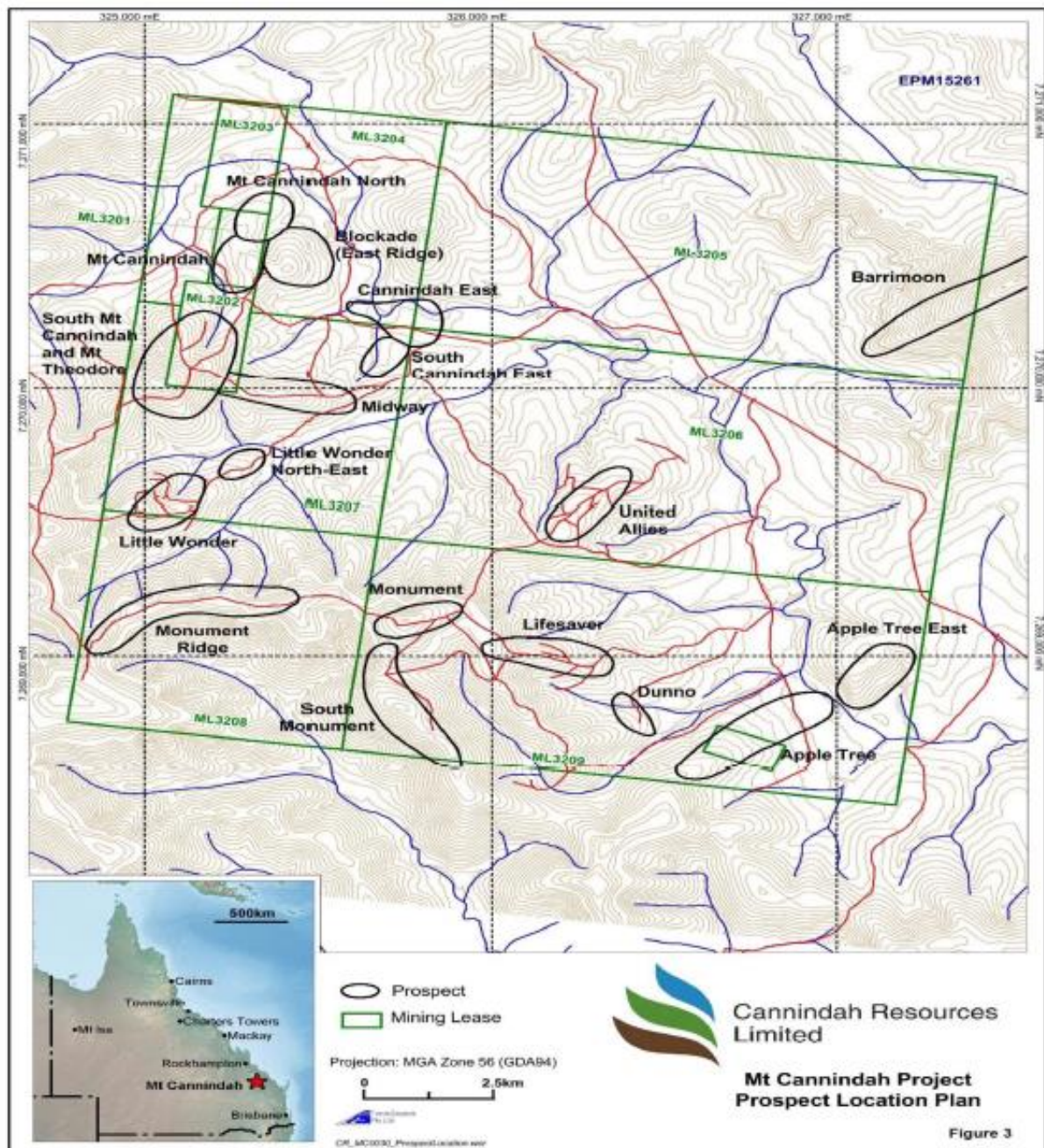


Figure 3:4 Location of various Prospects within Cannindah Project

Source: McGregor-Dawson Geological Prospectivity Report, June 2015

As previously reported by CAE, core hole QMCMDD017 shows good Cu-Au-Ag mineralisation at depth below very low grades in DDH019, RC52, CM21 & QMCMRC016, indicating that good mineralisation is deepening to the north-north-east. To test for deeper northerly extensions of the mineralised zone, it is suggested that one or two angle holes be drilled from east to west, to “scissor” the known intercepts in QMCMDD010 & 025. These E-W holes would also test the Au-Ag intercepts in QMCMDD025 (20m @ 46.4 g/t Au & 98.2 g/t Ag at 245m), in QMCMRC016 (2m @ 2.54 g/t Au, 8.9 g/t Ag & 0.39% Cu from 16 to 18m, and 3m @ 5.28 g/t

Au, 7.2 g/t Ag & 0.32% Cu from 25-28m), in RC53 (4m @ 1.8 g/t Au from 116 to 120m), and in CM21 (10m @ 2.29 g/t Au, 12.6 g/t Ag & 0.33% Cu from 12 to 22m).

3.5.3 East Ridge (Blockade) Prospect

The significance of the three MIM holes and Newcrest's MC002 is that they show the East Ridge contains sporadic anomalous gold, silver, and copper mineralisation within the altered angular breccia that makes up much of this East Ridge. Combined with the presence of old gold workings (Blockade), local anomalous soils, and a deep IP anomaly, this makes this East Ridge area a potential target for deeper Cu-Ag-Au mineralisation. It is possible the altered breccia over the East Ridge is an upper "alteration plume" that could zone downward into significant mineralisation with higher sulphide content in breccia and veins.

The west azimuth angle holes were not used in the past to test the Mt Cannindah "ore zone" by drilling under the East Ridge (Blockade Mine). It is proposed that reconnaissance and research be done in this area, including two or three IP lines. If further encouragement can be raised for this Blockade area, then two or three-angle holes could be drilled to the west under the central part of this ridge.

3.5.4 South Mt Cannindah & Mt Theodore

South Mt Cannindah: The previous drilling immediately south of the "ore body" at Mt Cannindah shows narrower zones of weak copper and gold mineralisation (about 0.40 to 0.60% Cu and 0.1 to 1.0 g/t Au & 3 to 5 g/t Ag) extending for about 50 to 75m south (see DDH012 & 032 and QMCMDD009 and CARCD001). There is a short gap due to a failed drill hole (DDH013) before mineralisation picks up from 150 to 250m in three holes close to Mt Theodore (see DDH016 & 027 and CARCD004). The intercept in hole DDH016 is the most significant with 14.3m @ 1.64% Cu, 0.67 g/t Au & 28.4 g/t Ag (including 8.2m @ 2.33% Cu, 0.73 g/t Au & 32.6 g/t Ag). This DDH016 intercept is at 200m vertical depth and lies beneath a much weaker zone in DDH015, which is at 50m vertical depth. This encourages the grade and thickness of mineralisation is increasing with depth. The intercept in DDH027, which is located 65m south of DDH016, continues this zone with 18.5m @ 0.75% Cu, about 0.2 g/t Au, & ~11 g/t Ag at 100m vertical depth.

Within the DDH027 intercept there are three narrow high-grade intervals (0.5 to 1.0m) with 2.4 to 6.6% Cu, 0.31 to 1.55 g/t Au, & 28 to 54 g/t Ag. The mineralised zone in CARCD004 appears to be a separate zone, which is more a gold zone rather than a copper and silver zone as in DDH016 & 027. This broad gold zone in CARCD004 could be related to the alteration centred on Mt Theodore (see below). The mineralised zone in DDH016 should have been intersected deep in CARCD004 at about 300m vertical depth. The fact that this did not happen means that the mineralised zones in DDH016 & 027 have either been faulted out of this projected position, or it has weakened considerably at this location. This could be a case of fluids just not accessing the "structure" at this location due to lack of dilation or other controls such as dyke emplacement.

3.5.5 Mt Theodore

Although Mt Theodore is made up of strongly brecciated rock, it is a relatively high hill due to the strong alteration that has healed the breccia and made it resistant to erosion. This alteration is related to at least two felsic dykes that intrude the breccia on Mt Theodore. The altered breccia contains significant sulphide mineralisation that, based on analysis, would

appear to be mostly pyrite. However, there is some gold anomalism that is present in the soils, and locally in the rock, that was the focus of early miners. Some low-level copper is also present in soils. The presence of sulphides at depth is supported by two IP lines that show moderate chargeability responses under Mt Theodore.

The potential for gold mineralisation under Mt Theodore is enhanced by hole CARCD004 which is located about 150m NNE of Mt Theodore. CARCD004 contains an intercept of 75m @ 0.23 g/t Au, at a vertical depth of 250m. It could be this is the outer fringe of what may lie beneath Mt Theodore. The high Cu-Au-Ag intercepts in holes DDH016 & 027 lie just to the north-east of Mt Theodore, and may be present at depth along the east side of Mt Theodore.

No drill holes have tested under Mt Theodore, and no explanation is made for the large volume of alteration. It is possible this alteration is a cap or plume above significant Au-Ag and Cu-Au-Ag mineralisation in a vein-breccia system associated with felsic dykes. It is proposed that a significant effort be made to test for deeper mineralisation to the south of Mt Cannindah, and in particular under Mt Theodore. This should entail the use of an IP/resistivity survey looking to depth (~300m), followed by moderately deep drilling to test chargeability anomalies and specifically under the alteration zone at Mt Theodore.

3.5.6 Apple Tree

The Apple Tree prospect is a broad fault breccia zone that has been intruded by multiple felsic dykes that have released hydrothermal fluids into the breccia, adjacent to the dyke contacts. The fluids have provided significant copper, silver, gold, and molybdenum into the re-fractured and brecciated altered rock. The zone of known mineralisation is up to 800 metres long and 50 metres wide and none of the earlier drilling has tested below about 36 metres depth. A deep IP chargeability response is present, opening up the possibility for a deeply mineralised system. It is proposed that a detailed IP survey be conducted over Apple Tree to define drill targets at depth and along strike.

3.5.7 United Allies

The United Allies prospect has several historical high-grade copper drill intercepts that appear to be associated with felsic dykes and related hydrothermal alteration and mineralisation. The dykes have intruded into structures within a broad polymict breccia zone that is thought to trend NE-SW.

The breccia has undergone variable argillic to phyllic alteration with the local silicic alteration that has healed the breccia.

It is noted that the alteration in the Newcrest core hole (MC004) appears to be stronger and more widespread than the alteration seen in the trenches. Almost all of the breccia in the MC004 appears to be strongly altered, whereas the surface trenches show local zones of alteration within larger areas of clayey matrix breccia (thought to be a fault breccia). Hence, the more pervasive alteration in MC004 may indicate a strengthening of alteration with depth.

A very deep IP response occurs beneath United Allies on the IP sections produced by GeoDiscovery in 2011. This needs further reprocessing work.

The presence of higher copper assays with maroon coloured limonite at around 100m downhole in MC004 (est. ~70m vertical depth), may indicate deep oxidation and supergene copper mineralisation. This possibility appears to be supported by several of the MIM holes in

the vicinity of MC004, where significant copper mineralisation is present to over 40m depth. The possibility for deeper supergene copper could improve the resource potential of this area.

Most of the early drilling was vertical and did not target the dyke/alteration structures. Hence many holes only returned modest copper results. Where drill holes did intersect dyke edges, the copper grade was generally quite high. It is proposed to drill several angled drill holes to test the dyke/structure contacts at about the level of supergene enrichment. This could add significant resource tonnes for the prospect. An IP survey would also be helpful in trying to define the deep chargeability response seen below United Allies.

3.5.8 Lifesaver, Monument, South Monument, & Dunno

These four prospects contain significant vein and breccia mineralisation related to structures and felsic dykes that have introduced the hydrothermal solutions. These mineralised structures are closely related to very strong soil assays for copper, gold, and molybdenum throughout the greater area. Many of the ridges in this area are underlain by similar mineralised structures.

The presence of good copper and local gold mineralisation in trenches and shallow drill holes at Monument, Lifesaver, and Dunno raise the possibility that these areas could be considered potential open-pit targets, as well as possible underground targets for high-grade Cu-Au-Ag veins.

It is proposed that shallow angle drilling be done on all of these prospects to better define the mineralised structures.

Assuming encouraging results, the shallow drilling could be followed by an IP/resistivity survey to define the mineralised structures to depth. This could then be followed by deeper drilling to test the mineralised structures at depth.

3.5.9 Monument Ridge

Monument Ridge contains two types of hydrothermal breccia that are associated with faulting and the intrusion of felsic dykes. Gold in soils are strongly anomalous on the central part of the ridge, and an IP chargeability anomaly appears to underlie the ridge. Altered sulphide-bearing structures likely occur in the core of Monument Ridge and possibly in several nearby ridges.

The Monument Ridge and other nearby ridges need to be mapped and sampled in more detail to better understand the structural control on potential deeper mineralisation. IP lines could be run at right-angles to ridges at strategic locations, to better define the chargeability responses under the ridges. Ultimately angled drill holes should be used to test for mineralisation underlying the ridges.

3.5.10 Barrimoon Vein

The sheer size of the Barrimoon vein and alteration structure makes it a viable target for a potential epithermal to mesothermal gold/silver deposit. The length is about 4 kilometres and the width of the shear/vein zone appears to be in the tens of metres.

The other positives for the Barrimoon vein are:

- The moderately anomalous assays for gold (0.05 to 0.21 g/t Au) and arsenic (100s of ppm As) from many rock chip samples at various locations along the vein.
- The presence of gold in gossan shears and veins in Carboniferous sediments at the Golden Crown gold prospect on the east end of the Barrimoon structure.
- The highly anomalous bismuth and tellurium in the rock and trench samples at Golden Crown.
- The presence of felsic dykes intruding into the Barrimoon structure, similar to that seen at Cannindah. This tends to support the connection of the Barrimoon vein to the Cannindah intrusive complex.
- No drilling has tested the vein at the unconformity between the older sediments and younger overlying volcanics (other than at Golden Crown, which is 3-4 km from Cannindah).

Given the apparent high level of this vein in the epithermal-mesothermal system, it is suggested that this vein needs to be tested between 200m to 350m below the present surface. Ideally, drill holes should test just above and just below the level of the unconformity between the Carboniferous sediments and the overlying Triassic andesitic volcanics. The initial drilling could use RC holes angled north-west from the lower slopes on the south side of the vein.

3.5.11 Kalpowar Fault

If the Kalpowar Fault formed before or during the emplacement of the Cannindah Intrusive Complex, then there is a possibility it could be mineralised. More recent movement on this fault has allowed erosion to form the present river valley. Oxidation can be expected to be quite deep in a large fault occupying such a river valley. Thus, any sulphides present would also be oxidised to great depth and would be difficult to detect by IP.

If evidence arises showing the Kalpowar Fault is younger than the Cannindah intrusive complex, then nothing need be done. If, on the other hand, it remains debatable, then further work should be considered to resolve the question and target possible mineralised areas. This work could include the re-assessment of the Newcrest IP/resistivity data, followed by a new IP survey of two or three lines attempting to look deep on the most likely sites. If successful in finding a chargeability anomaly, then drilling could be contemplated.

3.6 Mineral Prospectivity

The Mt Cannindah Project represents a large (greater than 9km²) high level “porphyry-style” Cu-Mo-Au mineralised system. Of particular interest is the potential for gold mineralisation within the existing mining lease area which has previously been underexplored on top of its existing historical copper resource. Geological interpretation of key targets within this gold-bearing porphyry copper system reveals similarities to the style of mineralisation at Newcrest’s Cadia and Ridgeway Cu/Au deposits in NSW. Historical drilling within the area of Mt Cannindah North returned very interesting gold grades worthy of further investigation as it relates to the gold system at Mt Cannindah.

4 Piccadilly Project

The Piccadilly Project consists of 2 Exploration Permits, EPM 18322 (18 sub-blocks, 56.0 km²) and EPM 16198 (15 sub-blocks, 46.7km²) and 1 Mining Lease, ML 1442 (0.83km²). Originally overlapping, the Federal Defence Reserve has now been excised from the exploration tenements. The Piccadilly Project is wholly owned by CAE.

4.1 Location and Access

The Piccadilly Project is located approximately 80km WSW of Townsville and approximately 50kms NW of Charters Towers. It is accessible from Harvey Range Road (sealed), with existing infrastructure giving easy access to power. The Piccadilly project hosts multiple styles of mineralisation including Cu-Au porphyry mineralisation and narrow vein Au mineralisation.

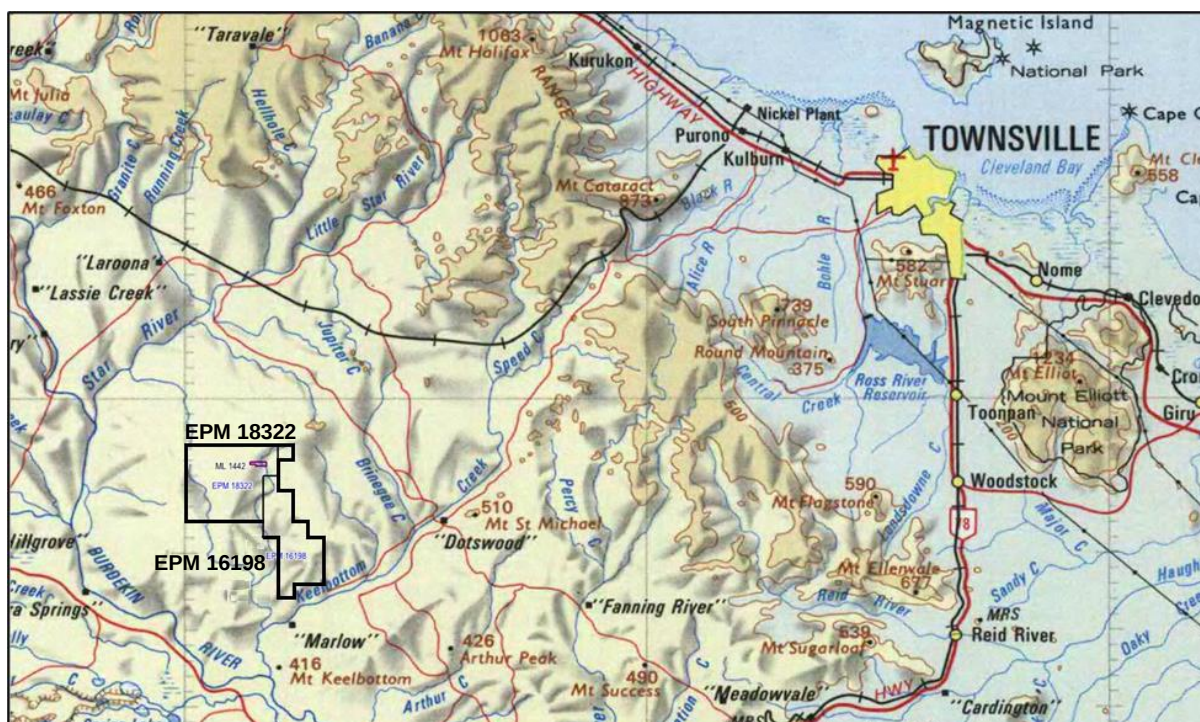


Figure 4:1 Location of Piccadilly Project

Source: CAE ASX Announcement

4.2 Project Geology

The geology of the Piccadilly project consists of a late Devonian marine sedimentary sequence of the Stud Formation overlaid by the early Carboniferous sediments of the Piccadilly formation. The sequence is intruded by Silurian granitoids of the Ravenswood Batholith and possible Permo-Carb porphyritic stocks (La Meridian Magnetic anomaly). The sequence is locally blanketed by Tertiary and Quaternary sedimentary cover sequences (Figure 4:2).

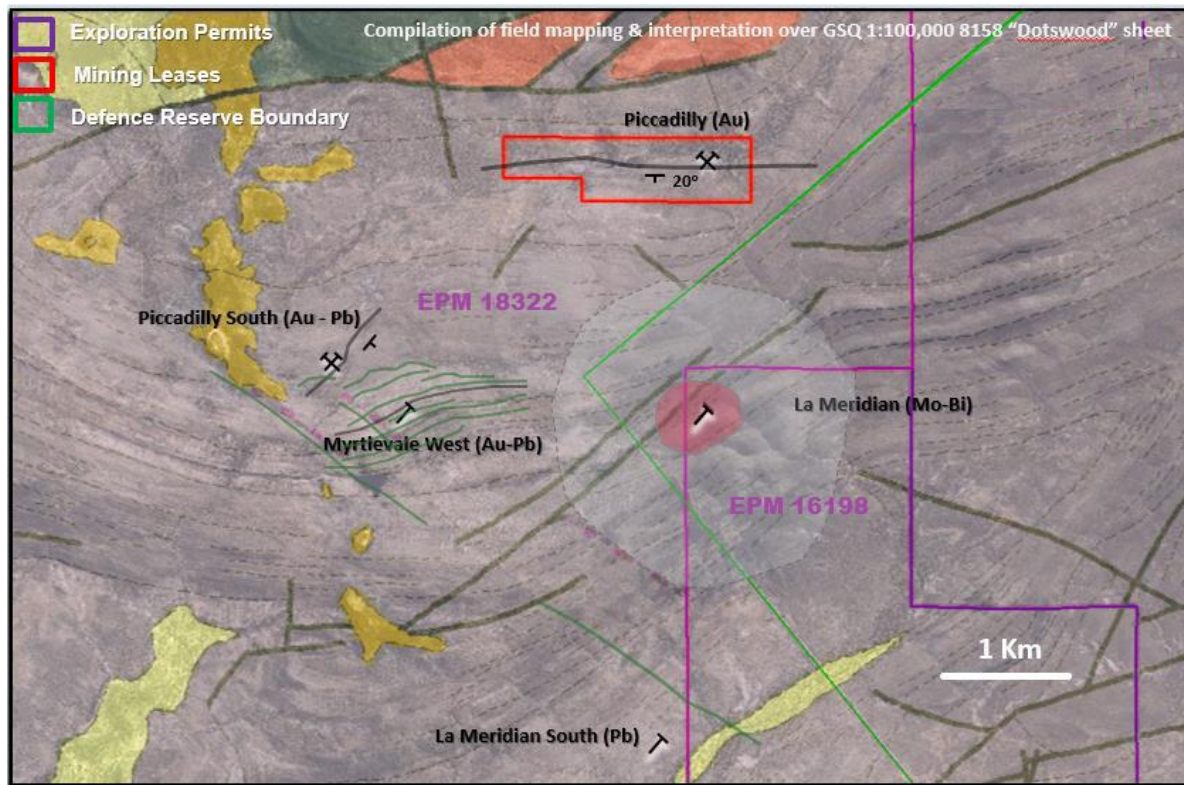


Figure 4:2 Surface geology of the Piccadilly project, Stud Formation (grey), Piccadilly formation (dark green), Ravenswood Batholith (pink), Tertiary sediments (orange) and Quaternary sediments (yellow)

Source: Bates, 2018

4.3 Mineralisation

The Piccadilly project hosts multiple styles of mineralisation including Pb-Zn skarns (La Meridian South & Myrtlevale West), Cu-Au porphyry mineralisation (La Meridian Magnetic anomaly) and narrow vein Au mineralisation (Piccadilly & Piccadilly South). Figure 4:3 exhibits the schematic exploration model for the project (Morrison and Beams, 2015).

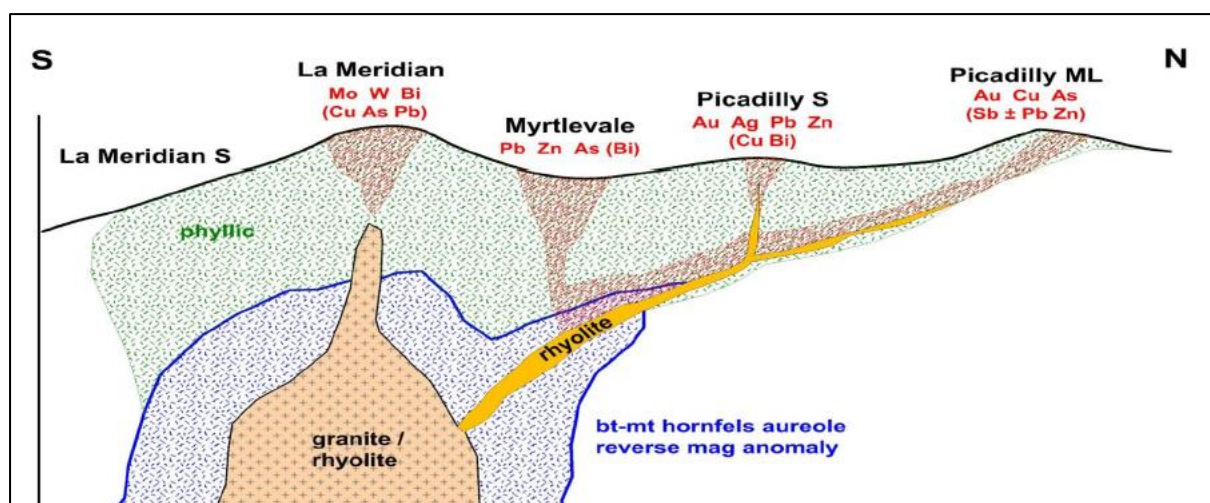


Figure 4:3 Schematic Model of Interpreted Intrusive Related mineral system

Note idealised geological north-south cross-section, looking west

Source: after Beams & Morrison, 2015

Figure 4:3 shows the Piccadilly Mining Lease to the north, with suggested mineralisation dipping to the south towards the intrusive related source. The recent work completed by CAE has confirmed that the high-grade gold in the Mining Lease does indeed dip to the south towards this area.

While the mineralisation within the ML consists of multiple, sub-parallel, strataform 2-30cm wide auriferous, gossanous, banded quartz veins, dipping at $\sim 20^\circ$ to the south, the interpreted intrusive related gold system suggests a large gold target area within the EPM to the south of the ML.

4.4 Exploration Work Completed

The area has been historically mined for gold in multiple locations within the tenure.

A number of geological, geochemical and geophysical surveys have been completed across the EPMs surrounding the Piccadilly mining lease. This includes:

- Geological mapping
- Soil sampling
- Rock chip sampling
- PIMA mineralogical determination
- Ground-based magnetic geophysical survey
- Induced Polarisation (IP) geophysical survey
- Drilling

Previous gold exploration has been focused on the Piccadilly ML area. A sampling of old mine dumps has returned high-grade gold from selected rock chips, several producing 10 – 150 g/t Au. Trenching by Carpentaria Exploration Company Pty Ltd produced 2m @ 7.1 g/t Au and 3m @ 1.6 g/t Au. RC drilling by Pan Australian Mining Ltd produced 9 individual 2 m samples >1 g/t Au, the best being 2m @ 4.33 g/t Au.

Limited soil sampling and drilling have also been completed at the Myrtlevale Zn anomaly within EPM 18322 (Figure 4:4).

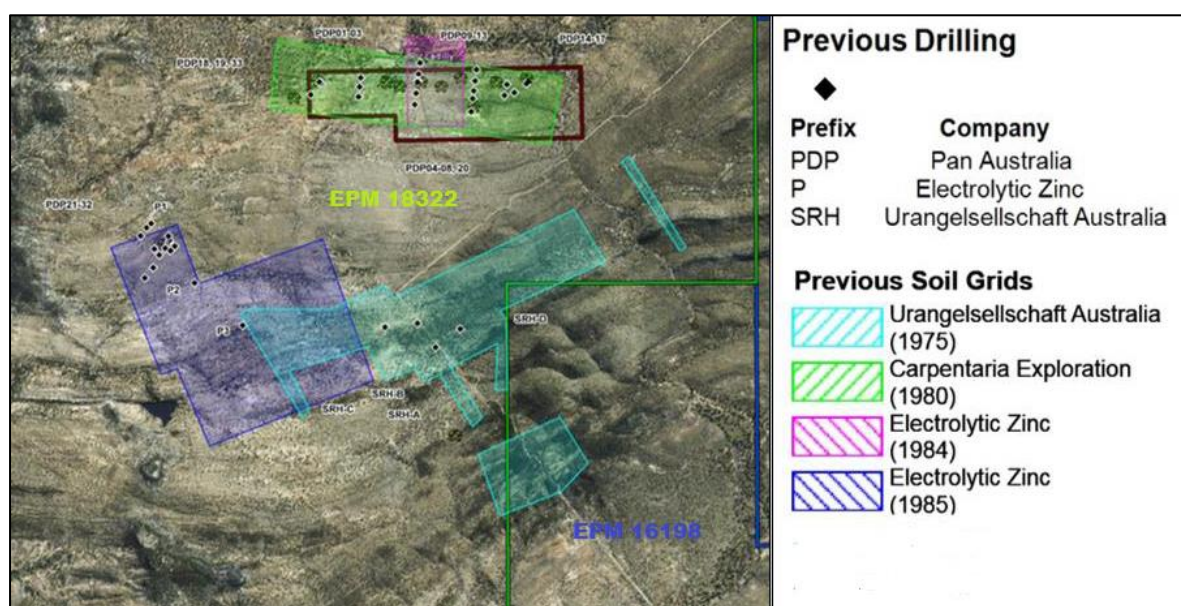


Figure 4:4 Piccadilly Project – Historical Soil Sampling and Drilling

Source: Bates, 2018

The geochemical signatures of the rock chips and soil (namely elevated zinc, molybdenum, tungsten, and bismuth) suggest a similarity with other intrusive related gold systems in North Queensland such as Kidston, Mt Leyshon, Mt Wright, Mungana, and Keelbottom.

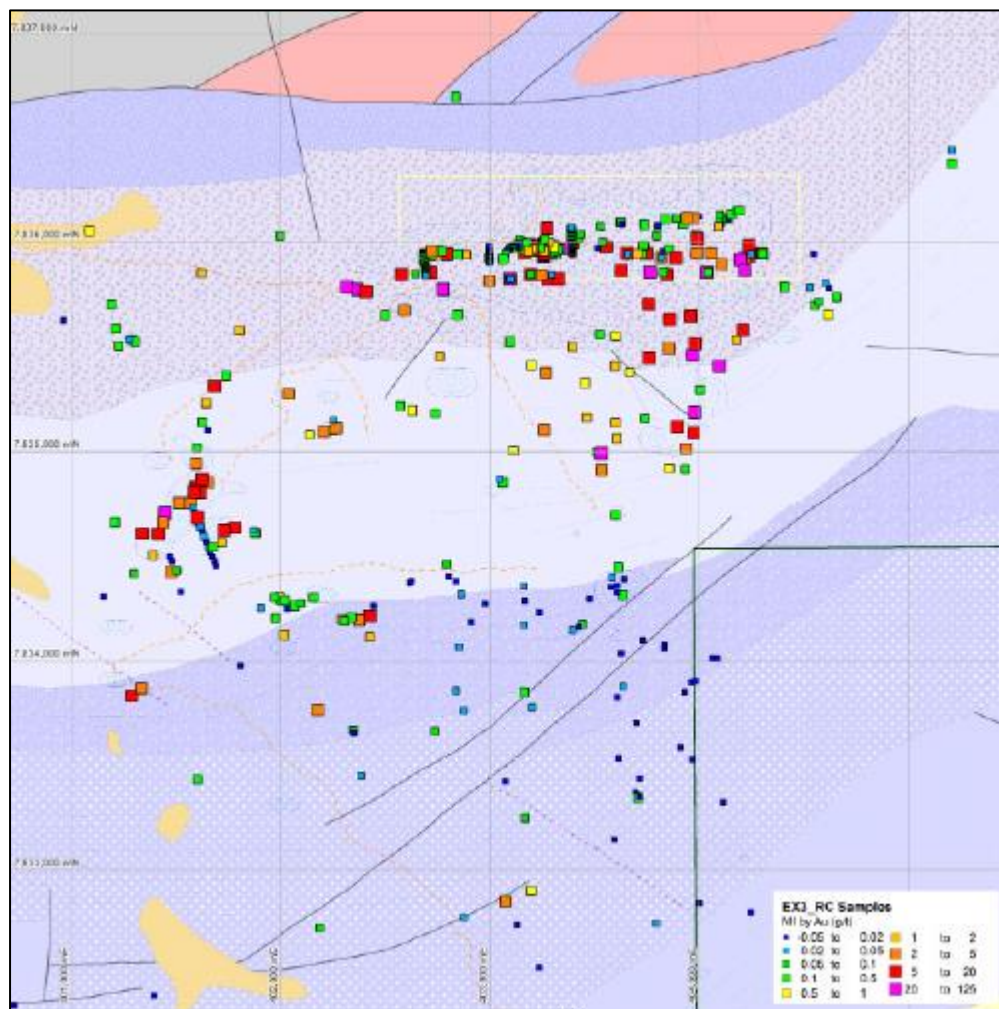


Figure 4:5 Piccadilly Project – Historical Soil Sampling and Drilling

Source: Bates, 2018

Small surface trenching program was completed by CAE in 2017-2018. Trench surface sample assays have been as high as 79.4g/t Au within gold-bearing quartz veining dipping to a significant IP geophysical anomaly to the South of the ML area.

CAE conducted a shallow 7-hole drilling program (for a total of 450m) on the Piccadilly project during 2018. Gold was intersected in all holes with the following significant results:

PRC001 4.78g/t Au over 2m from 24m

PRC002 5.07g/t Au over 1m from 24m

PRC005 9.06g/t Au over 1m from 30m

Gold zones were open to the east and west and at depth. Drilling identified the association of gold with sulphide zones, supporting the proposition that electrical geophysics (particularly IP) can be used as an exploration tool at the project.

Some 34.8km of IP surveying has been completed during 2019, resulting in a clearly defined target zone for the intrusion-centred gold system. Figure 4:6 shows an image of the IP chargeability anomaly modelled at 106m.

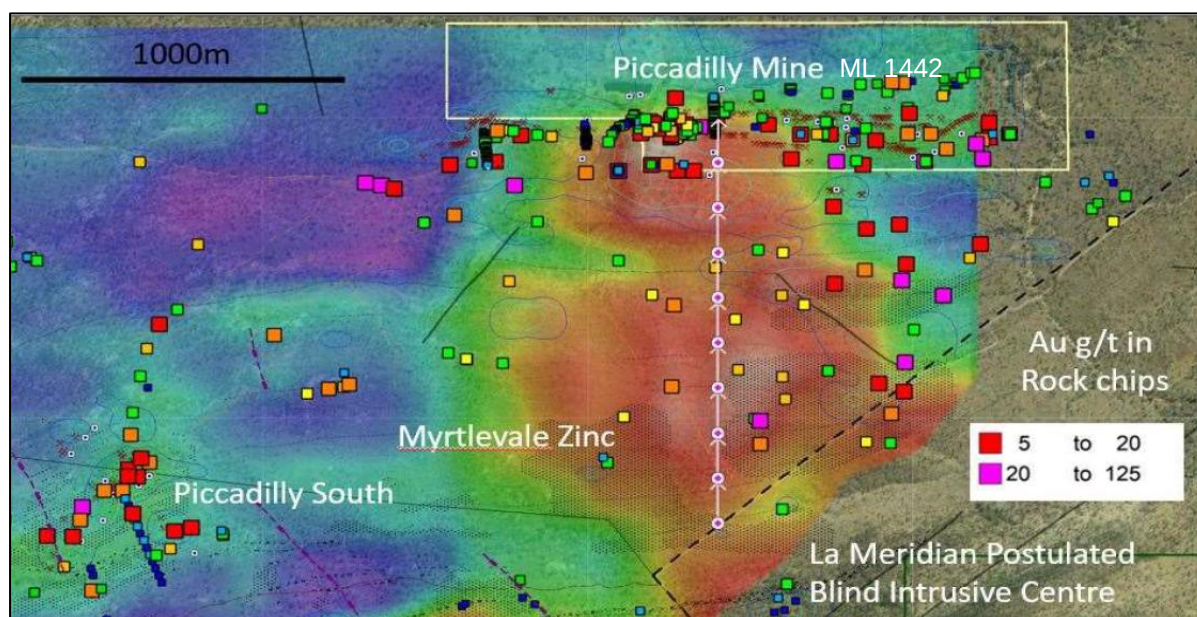


Figure 4:6 Modelled IP Chargeability at a depth slice of 106m below surface, overlain with surface rock chip colour coded gold values

Source: CAE ASX announcement

The IP image is a predictive model of the intensity of sulphide development that appears concentrated in and south of the ML. The IP anomaly overlaps with an even more extensive area of gold anomalies in both rock chip and soil samples. The line of proposed drill holes (line with white arrows) shown on Figure 4:6 commences from the area where CAE has confirmed mineralisation within the ML boundary and steps to the south across the set veins and the south-dipping master structure that is highlighted by the more intense IP anomaly.

4.5 Mineral Prospectivity

The Piccadilly Project has significant exploration potential with the La Meridian Cu-Au porphyry target remaining untested by drilling, the Myrtevale skarn mineralisation remaining poorly tested and numerous IP anomalies that require further work.

The multi-element, geochemical zoning pattern that occurs over several kilometres at Piccadilly is similar in style and scale to the other major north Queensland intrusive gold systems.

5 Project Risks

Mineral exploration and development are high-risk undertakings. There can be no assurance that the exploration of acquired projects or any other exploration properties that may be acquired in the future will result in the discovery of an economic resource. Even if a viable resource is identified, there is no guarantee that it can be economically exploited.

Mining Insights has identified a range of risk elements or risk factors which may affect the future exploration and operational performance of the Project. The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

Some of the risk factors are completely external and beyond the control of management. However, project-specific risks can be mitigated by taking the proper measures in advance. Key project risks that have been identified are discussed below.

5.1 Exploration Risk

The exploration risks associated with the project are generic and common to most greenfield exploration projects, and in Mining Insights' opinion do not pose a significantly higher risk than any other early-stage exploration project.

5.2 Resources & Reserve Risk

A historical Mineral Resource has been reported within the Cannindah Project in 2011 based on the JORC 2004 code. This Mineral Resource was never reported under the revised JORC Code 2012.

Moving forward it may be possible that further exploration, geological and metallurgical assessment may result in a no mineral resource being delineated which would have a material impact on the technical value of the concession.

No Ore Reserve has been defined at any of these projects. Moving forward it may be possible that further technical studies may not result in the development of Ore Reserve which would have a material impact on the value of the project.

5.3 Processing Risk

Very limited mineral processing work has been conducted so far. Moving forward, it may be possible that unfavourable results from further test-work may jeopardise project viability.

5.4 Commodity Price Risk

The Company's ability to proceed with the development of its mineral projects and benefit from any future mining operations will depend on market factors, some of which may be beyond its control. It is anticipated that any revenues derived from mining will primarily be derived from the sale of copper and uranium concentrates. Consequently, any future earnings are likely to be closely related to the price of this commodity and the terms of any off-take agreements that the Company enters into.

Gold and copper prices are subject to significant fluctuations. Any significant decline in the prices of these or demand could materially and adversely affect the company's business and financial condition results of operations and prospects

5.5 Mine Infrastructure Associated Risk

Although the accessibility of the project is good, a significant mine infrastructure facility including power generation needs to be developed before the commencement of mining activity. Alternatively, access to these facilities including accommodation camp, processing plant needs to be negotiated with other companies in the vicinity.

5.6 Mining Approvals, Tenure, and Permits

While the Project has an approved Mining Permit, during actual mining operations, many permits and approvals may be required to ramp up the capacity and the associated infrastructure facilities. Any delays in obtaining the required approvals may affect the production and the mine plan. This may likely cause the project to overrun, which may significantly affect project capital and operating costs.

5.7 Environmental and Social Risks

While environmental and social risks have been identified as part of Mining Lease approval, failure to comply with the environment criteria or failure to maintain good relationships with the local community and neighbouring tenement holder may impact the project.

6 Valuation

6.1 Valuation Discussion

In assessing the technical aspects relevant to this Valuation, Mining Insights has relied on information provided by CAE, as well as information sourced from the public domain. All sources are appropriately referenced and listed in the bibliography.

6.2 Valuation Approaches

While the VALMIN Code (2015) states that the selection of the valuation approach and methodology is the responsibility of the Practitioner, where possible, Mining Insights considers a number of methods.

This approach aims to compare the results achieved using different methods to select a preferred value within a valuation range. This reflects the uncertainty in the data and interaction of the various assumptions inherent in the valuation.

The VALMIN Code (2015) outlines three generally accepted valuation approaches:

1. Income Approach;
2. Market Approach; and
3. Cost Approach.

The Income Approach is based on the principle of anticipation of benefits and includes all methods that are based on the income or cash flow generation potential of the Mineral Property (VALMIN 2015). Valuation methods that follow this approach include Discounted Cash Flow (DCF) modelling, Monte Carlo Analysis, Option Pricing and Probabilistic methods.

The Market Approach is based primarily on the principle of substitution and is also called the Sales Comparison Approach. The Mineral Property being valued is compared with the transaction value of similar Mineral Properties, transacted in an open market (VALMIN, 2015). Methods include Comparable Transactions, MTR and option or farm-in agreement terms analysis.

The Cost Approach is based on the principle of contribution to value (VALMIN, 2015). Methods include the appraised value method and multiples of exploration expenditure, where expenditures are analysed for their contribution to the exploration potential of the Mineral Property.

The applicability of the various valuation approaches and methods vary depending on the stage of exploration or development of the property, and hence the amount and quality of the information available on the mineral potential of the property. Table 6:1 presents the various valuation approaches for the valuation of mineral properties at the various stages of exploration and development.

Table 6:1 Suggested valuation approaches according to Development status

Valuation Approach	Exploration Projects	Pre-development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

Source: VALMIN Code 2015

The Market approach to valuation is generally accepted as the most suitable approach for valuation of an Exploration or a Pre-Development Project.

An income-based method, such as a Discounted Cash Flow (“DCF”) model is commonly adopted for assessing the Value of Tenure containing a deposit where an Ore Reserve has been produced following appropriate level of technical studies and to accepted technical guidelines such as the JORC Code (2012).

The use of cost-based methods, such as considering suitable multiples of exploration expenditure is best suited to exploration properties before Mineral Resources are reliably estimated.

A summary of each of these methodologies is outlined in Appendix A of this Report. In general, these methods are accepted analytical valuation approaches that are in common use for determining Market Value (defined below) of mineral assets, using market-derived data.

The “**Market Value**” is defined in the VALMIN Code (2015) as, in respect of a mineral asset, the amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should change hands on the Valuation date between a willing buyer and a willing seller in an arm’s length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. The term Market Value has the same intended meaning and context as the IVSC term of the same name. This has the same meaning as Fair Value in RG111. In the 2015 edition of the VALMIN Code, this was known as Fair Market Value.

The “**Technical Value**” is defined in the VALMIN Code (2015) as an assessment of a Mineral Asset’s future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations. The term Technical Value has an intended meaning that is similar to the IVSC term Investment Value.

In summary, the various recognised valuation methods are designed to provide an estimate of the mineral asset or property value in each of the various categories of development. In some instances, a particular mineral asset or property or project may comprise assets which logically fall under more than one of the previously discussed development categories.

6.3 Previous Valuation

The author has previously valued the Cannindah Project in October 2019 (range of \$1.78M to \$3.84M with a preferred value of \$2.81M). Author is not aware of any other valuation.

6.4 Mining Insights' Valuation Techniques

In estimating the value of the CAE's mineral assets as at the valuation date, Mining Insights has considered various valuation methods within the context of the VALMIN Code (2015).

When valuing an exploration project, the Practitioner is attempting to determine a value that reflects the potential of the project to yield an Ore Reserve and Life of Mine Plan from which a future income stream may ultimately be derived. At the same time, the valuer must also be cognizant of what the project is deemed to be worth by the market and actual transactions taking place, to ensure that the value estimates are realistic. Arriving at the value estimate is somewhat complex as there is no single mineral asset valuation method appropriate for all circumstances.

The valuation method applied depends on the relative maturity of assessment for each asset, as well as the amount of available data supporting the project. In preparing its valuation of the Cannindah Project, Mining Insights has considered the two main approaches (market and cost) as well as the available methodologies under each approach.

In Mining Insights' opinion, Mt Cannindah and Piccadilly Projects are early-stage exploration projects and as discussed above, market comparative method and cost-based methods are generally used to value such type of projects. Therefore, Mining Insights has preferred to apply a combination of three methods to value the project due to the uncertainties attached to its progress. The valuation methods applied include market-based "Comparable Transactions Method" and cost-based "Geoscientific Rating Method" and "Multiples of Exploration Expenditure".

The valuation is on a 100% asset basis with an effective date being the date of the transaction announcement (17 December 2020).

6.5 Commodity Prices

6.5.1 Gold Prices

Gold has been used in jewellery and as a form of currency for thousands of years, however, in more recent history there has been increasing demand for its use in the manufacture of electronics, dentistry, medicine and aerospace technology.

In addition to its practical applications, gold also serves as an international store of monetary value. Gold is widely regarded as a monetary asset as it is considered less volatile than world currencies and therefore provides a safe-haven investment during periods of economic uncertainty.

Historically, the price of gold is negatively correlated to the prices of other asset classes during times of uncertainty and financial crises. Due to the recent coronavirus outbreak sparking uncertainty, the price of gold has rallied from US\$1,050/oz at the beginning of 2016 to the spot price of US\$1,860/oz at present (77% increase in 5 years) as investors demand the high liquidity that gold provides. The recent increase in the price of gold has positively impacted the gold industry and will continue to do so if economic uncertainty prevails (Figure 6:1).

The World Gold Council expects that the interplay between financial uncertainty, lower interest rates, weakening in global economic growth and gold price volatility will continue to drive gold demand.

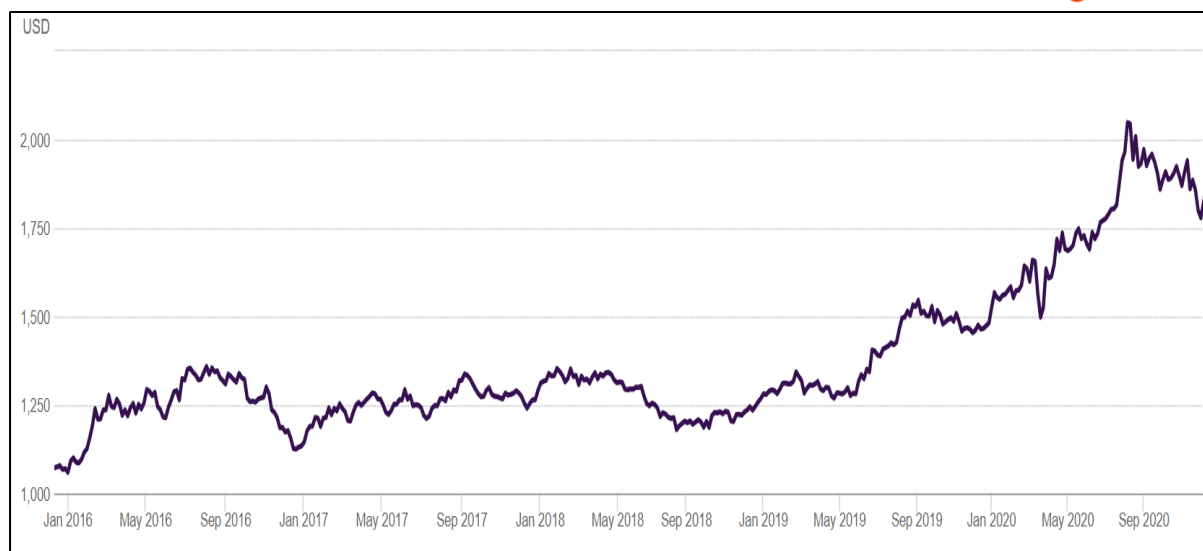


Figure 6:1 Gold Prices – 5 years historical

Source: gold.org, Dec 2020

6.5.2 Copper Prices

The copper market is largely driven by demand from the construction and automotive industries, and as such is closely tied to broader macroeconomic trends.

The copper price had a bullish run in January 2020 after the US and China called a truce to their trade war with a “phase one” deal and China was set to ramp up its infrastructure spending. However, the Covid-19 pandemic disrupted the upward trajectory of the market in March 2020 as investors weighed the effect of the sharp drop in consumption during Covid-19 lockdowns.

The subsequent rebound in the equity markets and the rebound in industrial activity in the subsequent months, particularly in China saw the copper prices nearing 5 year high. The copper price had increased from US\$2.10/lb at the beginning of 2016 to the spot price of US\$3.50/lb at present (67% increase in 5 years) (Figure 6:2).



Figure 6:2 Copper Prices – 5 years historical

Source: *kitco.com*, Dec 2020

6.6 Valuation based on Comparable Market Transaction Method

To determine the fair market value for the CAE's gold-copper projects, Mining Insights has reviewed recent market transactions for exploration assets involving sale and purchase of tenements with potential for gold and/or copper mineralisation and without any delineated Mineral Resource in Australia.

To determine implied value relevant to the valuation date, Mining Insights has considered only those transactions which occurred within five years of the CAE's transaction.

Mining Insights has identified 63 transactions which can be considered relevant in assessing the fair market value of the Mt Cannindah and Piccadilly Projects. These market transactions are listed in Table 6:2.

Mining Insights has opted to normalize implied value based on the spot gold prices at the time of the transaction to the current spot price of \$2,465/oz (US\$1,879/oz and AUD:USD exchange rate of 0.7621:1) at the day of CAE's announcement (17 December 2020).

In assessing a valuation factor for unit tenement size (square km), Mining Insights analysed these transactions and considered them to be suitable comparatives for the valuation of CAE's projects. The transactions were analysed in terms of the implied purchase price and the tenement size at the time of the transaction.

The share prices at the time of the announcement of the transactions were considered, where shares formed a part of the consideration and the timing of deferred payments and exploration expenditure commitment, as set out in the initial agreements.

Table 6:2 Comparable Market Transactions: Gold-Copper Exploration Area without Mineral Resource

Date	State	Project	Buyer	Vendor	Equity (%)	Value 100% A\$'000	Area (km ²)	Implied Value (A\$/km ²)	Normalised Value** (A\$/km ²)
Jul-20	WA	Biranup	New Energy Metals Ltd	VRX Silica Ltd	100	1,250	393	3,181	3,119
Apr-20	WA	Wells Group	NTN Gold Ltd	Kingwest Resources Ltd	100	125	426	293	278
Feb-20	WA	Sandstone	Westar Resources Ltd	Rafaella Resources Ltd	100	150	259	579	626
Nov-19	WA	Forrest	Westgold Resources Ltd	Fe Limited	20	2,000	219	45,662	53,620
Nov-19	Qld	Ebagoola South	Pacific Bauxite Ltd	Aurum Pacific Group	50	567	313	3,626	4,248
Oct-19	Qld	Ravenswood	Ballymore Gold Pty Ltd	ActivEX Ltd	51	953	323	5,782	6,652
Oct-19	WA	Panther	Beacon Minerals Ltd	Corinthian Mining Pty Ltd	100	125	2	59,524	68,559
Oct-19	VIC	Macorna Bore	Gold Exploration Victoria Pty Ltd	Catalyst Metals Ltd	50	955	237	8,069	9,227
Oct-19	WA	Credo Well	Dampier Gold Ltd	Torian Resources Ltd	25	1,884	17	443,374	501,966
Sep-19	WA	Vettersburg	Bardoc Gold Ltd	Private Seller	100	60	2	30,000	33,342
Jul-19	WA	Perrinvale	Metal Tiger plc	Cobre Pty Ltd	15	3,333	382	58,173	71,404
Jun-19	WA	Cox's Find	Great Southern Mining	Private Seller	100	927	3	370,909	490,541
Jun-19	Qld	Horn Island	St Barbara Ltd	Alce Queen Ltd	70	4,953	309	22,906	30,295
Jun-19	SA	Wild Horse	Freeport-McMoran	Terramin Australia Ltd	51	4,861	462	20,633	27,287
May-19	WA	Mount Venn	Woomera Mining Ltd	Cazaly Resources Ltd	80	2,740	390	8,783	11,874
May-19	WA	Bardoc	Bardoc Gold Ltd	Torian Resources Ltd	100	150	49	3,061	4,220
May-19	WA	Ned's Creek	Vango Mining Ltd	Lodestar Minerals Ltd	51	8,628	338	50,070	69,352
Apr-19	WA	Currans Find	Rox Resources Ltd	Murchison Earthmoving Pty Ltd	90	333	4	102,881	144,622
Mar-19	WA	Ulysses	Genesis Minerals Ltd	Private Seller	100	45	5	9,184	12,692
Mar-19	WA	Tambina	First Au Ltd	West Wits Mining Ltd	35	762	1	2,176,966	2,971,703
Mar-19	WA	Penny's Find	Orminex Ltd	Empire Resources Ltd	100	200	1	400,000	555,698
Jan-19	WA	Nullarbor	Oz Minerals Ltd	Red Metal Ltd	51	24,307	542	87,936	122,006
Dec-18	WA	Cannon	Southern Gold Ltd	Northern Star Resources Ltd	100	78	1	64,583	93,897
Aug-18	WA	Pilbara	Pacton Gold Inc.	Arrow Minerals Ltd	49	4,147	609	13,897	21,309

Date	State	Project	Buyer	Vendor	Equity (%)	Value 100% A\$'000	Area (km ²)	Implied Value (A\$/km ²)	Normalised Value** (A\$/km ²)
Jul-18	WA	Holleton	Ramelius Resources Ltd	Element 25 Ltd	100	1,000	384	2,604	3,996
Jun-18	WA	Lefroy	St Ives Gold Mining Pty Ltd	Lefroy Exploration Ltd	51	16,996	372	89,583	132,983
May-18	WA	South Darlot	Kingwest Resources Ltd	Central Iron Ore Ltd	100	580	289	2,007	2,933
May-18	WA	Mulwarrie	Spitfire Materials Ltd	Goldfield Argonaut Pty Ltd	49	2,184	2	2,475,820	3,621,595
Mar-18	WA	Trojan	Aruma Resources Ltd	Westgold Resources Ltd	100	132	9	15,000	22,451
Mar-18	WA	Nemesis	Pantoro Ltd	Private Seller	80	385	1	344,104	506,922
Feb-18	WA	Queen Lapage	Riversgold Ltd	Alloy Resources Ltd	70	448	322	1,988	2,953
Feb-18	WA	Mount Lucky	Forte Consolidated Ltd	Valleybrook Investments Pty Ltd	100	550	1	916,667	1,366,104
Jan-18	WA	Golden Lode	MinTails Ltd	Investor Group	100	600	12	51,282	77,000
Jan-18	WA	Wallbrook	Nexus Minerals Ltd	Saracen Mineral Holdings Ltd	100	142	24	5,825	8,779
Nov-17	WA	Eastman	Peako Ltd	Sandrib Pty Ltd	60	920	221	6,933	10,285
Nov-17	WA	Birthday Gift	Barra Resources Ltd	Kidman Resources Ltd	100	121	3	40,333	60,737
Nov-17	WA	Croydon Top Camp	Coziron Resources Ltd	Creasy Group Companies	70	1,829	317	8,241	12,409
Nov-17	WA	Fieldings Gully	Calidus Resources Ltd	Haoma Mining Ltd	100	2,113	12	171,748	260,538
Sep-17	WA	Red Dog	Matsa Resources Ltd	Private Seller	100	125	1	156,250	240,794
Sep-17	WA	Western Queen	Monax Mining Ltd	Ramelius Resources Ltd	60	2,889	10	491,374	744,017
Sep-17	WA	Yandal East	Overland Resources Ltd	Zabina Minerals Pty Ltd	75	1,030	327	4,195	6,352
Aug-17	WA	Pilbara	De Grey Mining Ltd	Private Seller	30	3,081	226	45,442	70,477
Jun-17	WA	Mertondale	Kin Mining NL	Kazoo Nominees Pty Ltd	100	8	16	506	770
Jun-17	WA	Dumbleyung	Ausgold Ltd	Chalice Gold Mines Ltd	100	330	461	716	1,048
May-17	WA	Jaurdi	Beacon Minerals Ltd	Flinders Exploration Ltd	100	580	6	101,754	154,846
Mar-17	WA	Obelisk	Sipa Resources Ltd	Ming Gold Ltd	80	3,000	521	7,200	11,246
Jan-17	WA	Menzies	Intermin Resources Ltd	Private Seller	30	83	5	55,555	87,635
Jan-17	WA	E57/681 & 1027	Empire Resources Ltd	Evolution Mining Ltd	91	500	68	8,100	12,770
Dec-16	SA	Red Tiger	Oz Minerals Ltd	Red Tiger Resources Ltd	51	4,000	423	18,542	29,414
Dec-16	Qld	White Range	Teck Resources Ltd	Queensland Mining Corp	69.82	3,800	585	9,300	14,866

Date	State	Project	Buyer	Vendor	Equity (%)	Value 100% A\$'000	Area (km ²)	Implied Value (A\$/km ²)	Normalised Value** (A\$/km ²)
Dec-16	WA	Not Stated	Syndicated Metals Ltd	Undisclosed Seller	100	25	3	9,615	15,540
Nov-16	NT	Rover	Emmerson Resources Ltd	Adelaide Resources Ltd	51	2,000	286	13,697	21,131
Oct-16	WA	Mainlobe East	Primary Gold Ltd	Undisclosed Seller	100	39	1	35,636	54,378
Sep-16	WA	West Musgrave	Chalice Gold Mines Ltd	Traka Resources Ltd	70	10,000	1006	14,200	20,825
Jul-16	WA	Monument	Syndicated Metals Ltd	Monument Exploration Pty Ltd	100	250	210	1,190	1,688
Jun-16	NT	Warrego North	Chalice Gold Mines Ltd	Meteoric Resources Ltd	51	400	75	10,397	14,900
May-16	WA	Mount Gill & Howe	Gold Road Resources Ltd	Breaker Resources Ltd	100	50	221	226	340
May-16	Qld	Milleneum	Hammer Metals Ltd	Chinalco Yunnan Copper Ltd	100	83	1	61,413	88,772
Feb-16	WA	Goongarrie	Intermin Resources Ltd	Cove Resources Ltd	100	40	8	5,360	7,885
Feb-16	WA	Doolgunna	RNI NL	Ascidian Prospecting Pty Ltd	100	1,700	22	78,341	119,761
Dec-15	Qld	Eloise	Oz Minerals Ltd	Minotaur Exploration Ltd	51	5,000	633	15,488	26,307
Dec-15	Qld	Overlander	Newmont Exploration Pty Ltd	Hammer Metals Ltd	35	2,001	250	22,905	38,906
Nov-15	Qld	Corkwood	Minotaur Exploration Ltd	Red Metal Ltd	51	3,000	123	47,980	77,085

* USD currency converted to AUD using the exchange rate at the day of the announcement

**Value normalised using AUD gold price at the day of the announcement

Source: ASX Company Announcements

Mining Insights considered 63 transactions within the past five years involving exploration licences prospective for gold-copper in Australia. Details of the transactions are provided in Table 6:2. A summary of the analysis of these transactions is provided in Table 6:3.

Table 6:3 Analysis of Australian transactions of gold-copper focused tenements

	All transactions	Excluding outliers
Number of transactions	63	57
Minimum (A\$/km ²)	278	770
Maximum (A\$/km ²)	3,621,595	744,017
Mean (A\$/km ²)	210,476	92,971
Median (A\$/km²)	27,287	27,287
Quartile 1	9,003	10,285
Quartile 3	91,335	87,635
Weighted average (A\$/km²)	30,110	31,523

From this analysis, Mining Insights exercised professional judgement in selecting a low valuation factor of A\$27,000/km², a high valuation factor of A\$42,000/km² and a preferred valuation factor of A\$35,000/km² for both Mt Cannindah and Piccadilly Projects.

The low valuation factor (A\$27,000/km²) is rounded from the median of the transaction set (excluding outliers). In Mining Insights' professional judgement, the prospectivity of the CAE tenure package should mean that its market value is unlikely to be lower than this.

The high valuation factor (A\$42,000/km²) is likewise rounded from the 60th percentile of the transaction set (excluding outliers). In Mining Insights' professional judgement, the prospectivity of the CAE tenure package is good, but not exceptional, and the market value is therefore not very likely to be higher than this.

The preferred valuation factor (A\$35,000/km²) is rounded from the average value of the low and high valuation factor (excluding outliers). Mining Insights considers this to be an appropriate reflection of overall market appetite for gold-copper exploration tenure of characteristics after considering the project profile based on location, geology, mineral prospectivity and other micro and macro-economic parameters (including market sentiment) which could affect the project viability and economics. A summary of the Mining Insights' market-based valuation is presented in Table 6:4.

Table 6:4 Market-Based Valuation

Project	Size (km ²)	Market Value (\$/km ²)			Valuation (\$M)		
		Lower	Preferred	Higher	Lower	Preferred	Higher
Mt Cannindah	71.6	27,000	35,000	42,000	1.93	2.51	3.01
Piccadilly	102.7	27,000	35,000	42,000	2.77	3.59	4.31
Market-Based Valuation – CAE Projects (100%)					4.71	6.10	7.32

Applying the Market based comparable transaction method, Mining Insights estimates the implied value for 100% interest in the Mt Cannindah and Piccadilly Projects resides within the range A\$4.71M to A\$7.32M with a preferred value of A\$6.10M.

6.7 Valuation based on Multiple of Exploration Expenditures

Mining Insights has analysed past exploration expenditure and applied a range of prospectivity enhancement factors to estimate the current technical value.

In the case of an exploration property, and to a lesser extent an advanced exploration property, the potential is more speculative and the valuation is dependent to a large extent on the informed, professional opinion of the evaluator. Where useful previous exploration and future committed expenditure is known or can be reasonably estimated, the Multiple of Exploration Expenditure (“MEE”) method is considered to represent one of the more appropriate valuation techniques.

This method involves assigning a premium or discount to the relevant effective Expenditure Base (“EB”), represented by past and future committed expenditure, through the application of a Prospectivity Enhancement Multiplier (“PEM”). This factor directly relates to the success or failure of exploration completed to date, and to an assessment of the future potential of the asset. The method is based on the premise that a ‘grassroots’ project commences with a nominal value that increases with positive exploration results from increasing exploration expenditure. Conversely, where exploration results are consistently negative, exploration expenditure will decrease along with the value.

The MEE method relies on the assumption that well-directed exploration adds value to a property. This is not always the case and exploration can also downgrade a project. The PEM, which is applied to the effective expenditure relating to exploration (pre-Resource) therefore commonly ranges from 0.5 to 3.0. The PEM generally falls within the following ranges:

Table 6:5 Prospectivity Enhancement Multiplier

PEM Range	Criteria
0.2 - 0.5	Exploration (past and present) has downgraded the tenement prospectivity, no mineralisation defined
0.5 - 1.0	Exploration potential has been maintained (rather than enhanced) by past and present activity from regional mapping
1.0 - 1.3	Exploration has maintained, or slightly enhanced (but not downgraded) the prospectivity
1.3 - 1.5	Exploration has considerably enhanced the prospectivity (geological mapping, geochemical or geophysical activities)
1.5 - 2.0	Scout drilling (RAB, Aircore, RC) has identified economic drill intersections of mineralisation
2.0 – 2.5	Detailed drilling has defined prospects with a potential economic interest
2.5 – 3.0	A Mineral Resource has been estimated at Inferred JORC category
3.0 – 4.0	Indicated Mineral Resources have been estimated that are likely to form the basis of a Pre-feasibility Study
4.0 – 5.0	Indicated and Measured Resources have been estimated and economic parameters are available for assessment

Mining Insights has been advised by CAE that previous exploration expenditure totals approximately \$3.03M since 2014 (Table 6:6).

Table 6:6 Exploration Expenditure

Year	Cannindah		Piccadilly	
	Nominal Expenditure (A\$)	CPI-adjusted Expenditure (A\$)	Nominal Expenditure (A\$)	CPI-adjusted Expenditure (A\$)
FY 2014	255,409	289,151		
FY 2015	681,440	758,496		
FY 2016	317,634	344,995		
FY 2017	305,542	323,799	203,437	215,593
FY 2018	52,799	55,132	765,549	799,383
FY 2019	69,513	71,162	214,807	219,903
FY 2020	70,830	71,361	55,511	55,928
2021 YTD	0		37,799	37,799
Total	1,753,167	1,914,098	1,277,104	1,328,606

Mining Insights then adjusted the historical costs for inflation based on the CPI Index 'All groups CPI weighted average of eight capital cities' to determine the effective Expenditure Base. CPI data was obtained from the Australian Bureau of Statistics (ABS) website and the appropriate period ending CPI factor was applied per year. Mining Insights estimates the Exploration Base Cost for a 100% interest in the Mt Cannindah Project to be A\$1.91M and Piccadilly Project to A\$1.33M.

Mining Insights has assessed PEM to be between 1.3 and 1.8 for the Mt Cannindah project and PEM range of 1.6 to 2.2 for the Piccadilly Project after considering the prospectivity and geological characteristics of the deposit. Table 6:6 presents a summary of the rating factors and value for the Mt Cannindah Project based on the Multiples of Exploration Expenditure (MEE) Rating.

Table 6:7 Valuation based on Multiple of Exploration Expenditure (MEE)

Projects	Expenditure Base (\$M)	Prospectivity Enhancement Multiplier (PEM)		Valuation (\$M)	
		Low	High	Low	High
Mt Cannindah	1.91	1.3	1.8	2.49	3.45
Piccadilly	1.33	1.6	2.2	2.13	2.92
MEE Based Valuation – CAE Projects (100%)				4.61	6.37

Applying the MEE method, Mining Insights estimates the implied value for 100% interest in the Mt Cannindah and Piccadilly Projects resides within the range A\$4.61M to A\$6.37M with a preferred value of A\$5.49M (being the midpoint between high and low value).

6.8 Valuation based on Geoscientific Rating Method

Mining Insights has used the Geoscientific Rating method as its primary method to estimate the market value of these tenements. The geoscientific rating or modified Kilburn method of valuation attempts to quantify the relevant technical aspects of a property through the use of appropriate Multipliers (factors) applied to an appropriate base (or intrinsic) value. The intrinsic value is referred to as the Base Acquisition Cost (BAC) and is critical in that it forms the standard base from which to commence a valuation. It represents the “average cost to identify, apply for and retain a base unit of area of the title”.

A BAC of A\$35,800 has been assessed for Mt Cannindah and A\$51,400 for the Piccadilly Project based on the tenement area and BAC of \$500 per km². Mining Insights has used a BAC of \$500/km² for tenements in Queensland, which is in line with recent valuation reports by SRK, Agricola, Xstract Mining Consultants and Optiro. Mining Insights has compared this BAC against the actual expenditure reported for the past three years and considers it be reasonable.

Multipliers are considered for Off-property aspects, On-property aspects, Anomaly aspects, Geology aspects. These multipliers are applied sequentially to the BAC to estimate the Technical Value for each tenement. A further market Factor is then considered to derive a Market Value.

In converting its implied technical values to market value, Mining Insights considers that market participants would apply a premium of 25%. After considering the market conditions for copper, a market factor of 1.25x is applied to derive the Market Value.

The rating criteria used for assessing the modifying factors are provided in Table 6:8.

Table 6:8 Modified Property Rating Criteria

Rating	Off-Property Factor	On Property Factor	Geological Factor	Anomaly Factor
0.1			Unfavourable geological setting	No mineralisation identified – area sterilised
0.5	Unfavourable district/basin	Unfavourable area	Poor geological setting	Extensive previous exploration provided poor results
0.9			Generally, favourable geological setting, undercover or complexly deformed or metamorphosed	Poor results to date
1.0	No known mineralisation in the district	No known mineralisation on lease	Generally favourable geological setting	No targets outlined
1.5	Minor workings	Minor workings or mineralised zones exposed		Target identified, initial indications positive

Rating	Off-Property Factor	On Property Factor	Geological Factor	Anomaly Factor
2.0	Several old workings in district	Several old workings or exploration targets identified	Multiple exploration models being applied simultaneously	
2.5			Well defined exploration model applied to new areas	Significant grade intercepts evident but not linked on a cross or long sections
3.0	Mine or abundant workings with significant previous production	Mine or abundant workings with significant previous production	Significant mineralised zones exposed in a prospective host rock	
3.5				
4.0	Along strike from a major deposit	Major Mine with significant historical production	Well understood exploration model, with valid targets in a structurally complex area, or undercover	Several economic grades intercept on adjacent sections
5.0	Along strike for a world-class deposit		Well understood exploration model, with valid targets in well-understood stratigraphy	
6.0			Advanced exploration model constrained by known and well-understood mineralisation	
10.0		World Class Mine		

Geoscientific ratings per tenement and valuation based on a Geoscientific Method for Mt Cannindah's tenements are provided in Table 6:9. These Geoscientific ratings have considered the location, prospectivity and level of exploration work completed.

Table 6:9 Valuation - Geoscientific Method (100% Basis)

Project	BAC (\$'000)	Factor Range	Off-Property	On-property	Anomaly	Geology	Technical Value (\$M)	Market Factor	Valuation (\$M)
Mt Cannindah	35.8	Low	2	2	2.5	3.5	1,253	1.25	1.57
		High	3	3	3.5	4	4,511		5.64
Piccadilly	51.4	Low	2.5	2.5	2.5	2.5	2,006	1.25	2.51
		High	3	3	3	3	4,159		5.20
CAE's Mineral Assets Valuation – Geoscientific Method								Low	4.07
								Preferred	7.46
								High	10.84

Applying the Geoscientific method, Mining Insights estimates the implied value for 100% interest in the Mt Cannindah and Piccadilly Projects resides within the range A\$4.07M to A\$10.84M with a preferred value of A\$7.46M (being the midpoint between high and low value).

6.9 Valuation Summary

In forming its opinion of the reasonable value of the CAE projects, Mining Insights has taken guidance from the comparable market transactions, Multiple of Exploration Expenditure and Geoscientific Rating methods. In selecting its overall value range and preferred value, Mining Insights has placed equal weight on the values implied by these methods, with a preferred value being halfway between the low and high-value range. Summary of the valuation for the tenements (on 100% basis) is shown in Table 6:10.

Table 6:10 Valuation – CAE Projects (100% Basis)

Method	Valuation (\$M)		
	Lower	Preferred	Higher
Market Comparable Transactions	4.71	6.10	7.32
Multiple of Exploration Expenditure	4.61	5.49	6.37
Geoscientific Method	4.07	7.46	10.84
Valuation – CAE Mineral Assets (100%)	4.46	6.35	8.18

Based on Market Comparable, Multiples of Exploration Expenditure and Geoscientific Rating method, the valuation for the CAE mineral assets has been determined to be in the range of \$4.46M to \$8.18M with a preferred value of \$6.35M.

This valuation range is considered appropriate for the project at this stage of development, reflecting the uncertainty of eventual extraction of a mineral resource.

Compiled by



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Appendix A – Qualifications

Manish Garg is a Director at Mining Insights Pty Ltd. Mining Insights is a mining and logistics consulting organisation with headquarter at Brisbane, Australia. Manish has extensive experience in the assessment and valuation of mineral assets.

Sept 2016 – Present

**Mining Insights Pty Ltd
Director**

Consulting work with over 9 valuation assignments including:

- Oakdale Resource – South Australian Assets
- New Century Resources – Century Zinc & Kodiak Projects
- Ascot Resources – Colombian Coal Assets
- Golden Energy & Resources Ltd – Valuation of 4 major operating mines for Singapore SGX Mainboard listing
- AMCI – Vale’s Carborough Downs Mine
- AMCI – South Galilee Coal Project
- Balamara Resources – Coal Assets in Poland
- Mayur Resources – Gold & Copper projects in PNG
- Valor Resources – Manganese Copper Project, Peru

Oct 2011 – Sept 2016

**Salva Resources Pty Ltd
Director – Consulting**

Consulting work including over 25 valuation assignments including:

- Hancock Prospecting Pty Ltd – Valuation
- Chinalco Yunnan Copper Resources Ltd – Due Diligence & Valuation
- Guildford Coal Ltd – Independent technical expert report
- Kangaroo Resources Ltd – Independent Valuation
- Conto Resources Ltd & Dateline Resources Pty Ltd – Independent Valuation
- Avocet Resources Ltd & Lion One Metals Ltd – Independent valuation
- Anglo Coal – Management Advisory
- Rio Tinto – Management Advisory
- Sakari Resources Ltd – Management Advisory
- RSM Bird Cameron Pty Ltd – Ind Valuation
- Planet Resources – Independent technical expert report
- Mitchell Energy Pty Ltd – Valuation
- Pilbara Commodities Pty Ltd – Independent Valuation
- Queensland Coal Investment Pty Ltd – Valuation
- Triveni Earthmovers Pty Ltd – Due Diligence on Iron ore asset in Mauritania
- OPG International Ventures Pty Ltd – Valuation
- AMCI - Due Diligence & Valuation
- Temasek Holding (Singapore) Pty Ltd – Due Diligence & Valuation
- Fitzroy Port Pty Ltd – Due Diligence

Apr 2009 – Oct 2011

**Xstract Mining Consultants Pty Ltd
Manager & Principal Consultant – Evaluation**

Consulting work including working on over 30 evaluation and valuation assignments including:

- First Reserve Corporation Inc – Due Diligence & Valuation
- Temasek Holding (Singapore) Pty Ltd – Due Diligence & Valuation
- KPMG – Valuation
- Oman Oil – Due Diligence & Valuation
- Cliff Natural Resources - Management Advisory
- Rio Tinto – Due Diligence & Valuation
- Anglo Coal – Due Diligence & Valuation
- Mitsui – Due Diligence & Valuation
- AMCI – Due Diligence & Valuation
- Vale – Due Diligence & Valuation

June 2006 – Apr 2009

**Rio Tinto
Group Manager – Business Improvement**

Internal consulting work including assignments for strategy and valuation for:

- Hunter Valley Operations
- Mount Thorley Warkworth Operations
- Bengalla Coal Mine
- Kestrel Mine
- Blair Athol Mine
- Hail Creek Mine
- Clermont Mine
- Rio Tinto Alcan Weipa Operations
- Kennecott Utah Copper
- Rio Tinto Pilbara Iron

June 2005 – June 2006

**BHP Billiton – Illawarra Coal
Manager – Business Excellence**

Internal consulting work including assignments for optimisation, strategy and valuation for:

- West Cliff Mine
- Appin Mine
- Dendrobium Mine
- Port Kembla Coal Terminal

March 2004 – June 2005

**Oceanagold Gold Ltd
Manager – Business Strategy**

Internal consulting work including assignments for optimisation, valuation, strategy and business modelling for:

- Macraes Open-pit
- Frasers Underground
- Reefton Open-pit

Oct 2002 – March 2004 **WMC Resources Ltd (now BHP Billiton – Nickel West)**
Manager – Business Planning

Internal Consulting work including assignments for optimisation, evaluation of various assets, merger & acquisition strategy and valuation for:

- Kalgoorlie Nickel Smelter
- Mount Keith Mine
- Leinster Operations
- Kambalda Operations
- Kwinana Nickel Refinery
- Olympic Dam Operations

Mar 1992 – Oct 2002 **Pasminco Ltd (now MMG Resources)**

March 2000 – Oct 2002	Manager – Business Analysis
March 1999 – March 2000	Manager – Market Analysis
Oct 1997 – March 1999	Lead Engineer – Studies
Mar 1992 – Oct 1997	Superintendent - Metallurgy

Internal Consulting work including assignments for operations, optimisation, evaluation and feasibility studies including modelling for:

- Elura Mine, Cobar
- Broken Hill Mine
- Century Mine
- Rosebery Mine
- Hobart Smelter
- Budel Smelter, Netherlands
- Port Pirie Smelter

July 1988 – Feb 1992 **Vedanta Plc.**
Engineer – Mineral Processing

Education

1997 - 2000 **Master of Applied Finance**
 Securities Institute (now Kaplan), Melbourne

1984 - 1988 **Bachelor of Engineering (Minerals Engineering) (Honours)**
 Indian School of Mines

Professional Associations

Member of the Australasian Institute of Mining and Metallurgy
 Member of the Australian Institute of Company Directors

Others

Workshop leader for various technical conference and workshops on valuation and project assessment.

Appendix B – Valuation Approaches and Methods

To ensure compliance with the ASX's listing rules and Australian Corporations Law, this Report has been prepared in accordance with the VALMIN Code. Under the VALMIN Code, mineral assets are classified according to their maturity. A *mineral asset* includes all property held for the purpose of near term or eventual mineral extraction, including but not limited to:

- real property
- intellectual-property
- concessions, plant, equipment and associated infrastructure.

Most mineral assets can be classified as outlined in the table below.

Mineral asset classification	
Project development stage	Criterion
Exploration areas	Mineralisation may or may not have been defined, but where a Mineral Resource has not been identified.
Advanced exploration areas	Considerable exploration has been undertaken and specific targets identified. Sufficient work has been completed on at least one prospect to provide a good geological understanding and encouragement that further work is likely to result in the determination of a Mineral Resource.
Pre-development / Resource	Mineral Resources and/or Ore Reserves have been identified estimated. A positive development decision has not been made. This includes properties where a development decision has been negative and properties are either on care and maintenance or held on retention titles.
Development	Committed to production but not yet commissioned or not initially operating at design levels.
Operating	Mineral properties, in particular mines and processing plants, which have been fully commissioned and are in production.

Source: VALMIN, 2005

Under the VALMIN Code, the *value* is the fair market value of a mineral asset (2005). Fair market value is the amount of money or the cash equivalent that a willing buyer and seller would exchange on the valuation date in an arm's length transaction (VALMIN, 2005). Each party is assumed to have acted knowledgeably and without compulsion. In essence, fair market value is comprised of:

- Underlying or 'technical value' - a mineral asset's future economic benefit under a set of assumptions, excluding any premium or discount for the market, strategic, or other considerations
- Market component - a premium relating to market, strategic or other considerations, which can be either positive, negative, or zero.

The market value should include all material information to the asset. For projects with extensive technical detail, the valuer determines the materiality of information based on whether its inclusion would result in the valuation reaching a different conclusion.

There is no single method of valuation which is appropriate for all situations. Rather, there are several valuation methods, each of which has some merit and is more or less applicable depending on the circumstances. Mineral assets are generally valued based on approaches that assess income, cost, and the open market. As the VALMIN Code is not prescriptive in this regard, the 2008 Edition of The South African Code for the Reporting of Mineral Asset Valuation (SAMVAL) and the Canadian 2003 Edition of the Standards and Guidelines for Valuation of Mineral Properties (CIMVAL) provide insight into applicable approaches, as shown in the table below.

Valuation approaches for different types of mineral assets

Approach	Project development stage			
	Exploration	Resource	Development	Operating
Income	No	Rarely	Yes	Yes
Cost	Yes	Rarely	No	No
Market	Yes	Yes	Yes	Yes

Source: CIMVAL, 2003

Market-based approach

The market-based approach uses the transaction prices of projects in similar geographical, geopolitical, and geological environments to derive a market value using a process similar to that in the real estate industry (CIMVAL, 2003). The market-based approach may use the assumption either of joint venture terms or outright acquisitions and can be presented in a range of unitised values including on a dollar per ounce or a tonne of contained metal/mineral; a dollar per square kilometre; or as a percentage of the prevailing commodity price.

In the Mining Insights' opinion, a market-based approach is well suited to establishing a likely value for mineral deposits and exploration projects, as it inherently takes into account all value drivers.

Related comparable transactions

Recent comparable transactions can be relevant to the valuation of projects and concessions. While it is acknowledged that it can be difficult to determine to what extent the properties and transactions are indeed comparable unless the transactions involve the specific parties, projects or concessions under review, this method can provide a useful benchmark for valuation purposes. The timing of such transactions must be considered as there can be a substantial change in value with time.

Mining Insights has considered whether any comparable relevant transactions have taken place in recent years which can be used as a basis for estimation of the value of the mining assets assessed herein.

As no two mineral assets are the same, the Expert must be cognizant of the quality of the assets in the comparable transactions, with specific reference to:

- the grade of the resource
- the metallurgical qualities of the resource
- location of the deposit (geopolitical risk associated with the location)
- the proximity to infrastructure such as an existing mill, roads, rail, power, water, skilled workforce, equipment, etc.
- likely operating and capital costs

- the amount of pre-strip (for open pits) or development (for underground mines) necessary
- the likely ore to waste ratio (for open pits)
- the size of the concession covering the mineral asset, and
- the overall confidence in the resource.

Alternative offers and joint venture terms

If discussions have been held with other parties and offers have been made on the project concessions under review, then these values are certainly relevant and worthy of consideration. Similarly, joint venture terms where one party pays to acquire an interest in a project or spends exploration funds in order to earn interest, provide an indication of value.

Rules of thumb or yardsticks

Certain industry ratios are commonly applied to mining projects to derive an approximate indication of value. The most commonly used ratios are dollars per tonne of coal in resources, dollars per tonne of coal in reserves, and dollars per tonne of annual production. The ratios used commonly cover a substantial range which is generally attributed to the 'quality' of the coal, the infrastructure to reach markets and the status of the tonnes estimates. Low cost of production tonnes is clearly worth more than high-cost tonnes. Where a project has the substantial future potential not yet reflected in the quoted resources or reserves a ratio towards the high end of the range may be justified.

Other Expert Valuations

Where other independent experts or analysts have made recent valuations of the same or comparable properties, these opinions clearly need to be reviewed and to be taken into consideration.

Cost-based Approaches

Appraised Valuation or Multiple of exploration expenditure method (MEE)

Past expenditure or the amount spent on exploration of a concession is commonly used as a guide in determining the value of exploration concessions, and 'deemed expenditure' is frequently the basis of joint venture agreements. The assumption is that well-directed exploration has added value to the property. This is not always the case and exploration can also downgrade a property and therefore a 'prospectively enhancement multiplier' (PEM), which commonly ranges from 0.5-3.0, is applied to the effective expenditure. The selection of the appropriate multiplier is a matter of experience and judgement.

To eliminate some of the subjectivity with respect to this method, Mining Insights applies a scale of PEM ranges as follows to the exploration expenditure:

Prospectively enhancement multipliers

PEM Range	Criteria
0.2 - 0.5	Exploration (past and present) has downgraded the tenement prospectivity, no mineralisation defined
0.5 - 1.0	Exploration potential has been maintained (rather than enhanced) by past and present activity from regional mapping

PEM Range	Criteria
1.0 - 1.3	Exploration has maintained, or slightly enhanced (but not downgraded) the prospectivity
1.3 - 1.5	Exploration has considerably enhanced the prospectivity (geological mapping, geochemical or geophysical activities)
1.5 - 2.0	Scout drilling (RAB, Aircore, RC) has identified economic drill intersections of mineralisation
2.0 – 2.5	Detailed drilling has defined prospects with a potential economic interest
2.5 – 3.0	A Mineral Resource has been estimated at Inferred JORC category
3.0 – 4.0	Indicated Mineral Resources have been estimated that are likely to form the basis of a Pre-feasibility Study
4.0 – 5.0	Indicated and Measured Resources have been estimated and economic parameters are available for assessment

Source: Mining Insights

Over-riding any mechanical or technical valuation method for exploration ground must be recognition of prospectivity and potential, which is the fundamental value in relation to exploration properties.

Geo-Scientific rating (or Kilburn method)

Geo-Scientific rating (or Kilburn method), is used to value early-stage exploration assets. This method is an attempt by the valuation expert to quantify the various technical aspects of a property through the use of multipliers which are applied to a base or intrinsic value (Goulevitch J & Eupene G S, 1994 and Kilburn,1990). This intrinsic value is known as the base holding cost (BHC) which represents “the average cost to identify, apply for and retain a base unit of area of tenement title”.

To derive a value for each property, the valuation expert considers four key attributes which either enhance or downgrade the BHC of each property. The technical factors considered are:

- the Off-property factor – nearby properties containing physical indications of favourable mining conditions such as old workings and/or mines;
- the On-property factor – the property being assessed hosts favourable mining indications such as historic workings or mines. Importantly any mineralisation capable of supporting a Mineral Resource estimate, compliant according to the guidelines of the JORC Code, will be assessed using other valuation methods;
- the Anomaly factor – assesses the degree of exploration completed over the property and the number of resultant mineralised targets identified, and
- the Geological factor – assesses the area covered by and degree of exposure of favourable rock types and/or structures (if this is related to the mineralisation style being assessed) within the property.

These attributes are given incremental, fractional or integer ratings to arrive at a series of multiplier factors. These multipliers are then applied sequentially to the BHC to estimate the Technical Value of each mineral property. This is adjusted for local market conditions to determine the Fair Market Value of the project as at the effective valuation date. The strength of the geoscientific method is that it makes an attempt to implement a systematic system. Whilst it does require a subjective assessment of the various multipliers, it also demands a degree of detached rigour to account for the key factors that can be reasonably considered to impact on the exploration potential of a property. Mining Insights’ multipliers or ratings and the criteria for rating selection are summarised in the table below.

Geo-Scientific Rating Criteria

Rating	Off property Factor	On Property Factor	Anomaly Factor	Geological Factor
0.1			No anomaly identified	Unfavourable geological setting
0.5	Unfavourable district/basin	Unknown area	Extensive previous exploration provided poor results	Poor geological setting/ extensive cover
0.9			Poor results to date	Generally, favourable geological setting, undercover or complexly deformed
1	No known mineralisation in the district	No known mineralisation on lease	No targets outlined	Generally favourable geological setting
1.5	Minor workings	Minor workings or mineralised zones exposed	Target identified, initial indications positive	
2	Several old workings in district	Several old workings or exploration targets identified	Several well-defined targets supported by limited drill data	Multiple exploration models being applied simultaneously
2.5			Several well-defined targets with encouraging drill results	Well defined exploration model applied to new areas
3	Mine or abundant workings with significant previous production	Mine or abundant workings with the previous production	Significant grade intercepts evident but not linked on the cross or long section	Significant mineralised zones exposed in prospective host rocks
3.5				
4	Along strike from a major deposit	Major mine with significant historical production	Several sub-economic grades intercept on adjacent sections	Well understood exploration model, with valid targets in the structurally complex area, or undercover
5	Along strike of the world-class deposit		Marginal economic targets of significant size	Well understood exploration model, with valid targets in well-understood stratigraphy
6			Several significant ore grade correlate-able intersections	Advanced exploration model constrained by known and well-understood mineralisation
10		World-class mine		

(modified by Mining Insights)

All Correspondence to:

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** www.boardroomlimited.com.au

☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11:00am (Brisbane Time) on Wednesday 14 April 2021.**

🖥 TO VOTE ONLINE

STEP 1: VISIT <https://www.votingonline.com.au/caeegm2021>

STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)

STEP 3: Enter your Voting Access Code (VAC):

📱 BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **11:00am (Brisbane Time) on Wednesday 14 April 2021.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

💻 **Online** <https://www.votingonline.com.au/caeegm2021>

📠 **By Fax** + 61 2 9290 9655

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

👤 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Cannindah Resources Limited

ACN 108 146 694

☐

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Cannindah Resources Limited** (Company) and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting** (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Extraordinary General Meeting of the Company to be held at the **MBA Partnership, Level 3, 50 Marine Parade, Southport QLD 4215 on Friday 16 April 2021 11:00 am (Brisbane time)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Meeting intends to vote undirected proxies in favour of each of the items of business.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

Resolution 1 Approval to issue Equity Securities under Section 611 (Item 7) of the Corporations Act.

For Against Abstain*

☐☐☐

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2021