PAYNES FIND GOLD LIMITED
(TO BE RENAMED ARKOMA ENERGY LIMITED)
ACN 141 450 624

PROSPECTUS

For an offer of up to 80,000,000 Shares at an issue price of $0.10 per Share to raise up to $8,000,000 (**Offer**).

Shareholders approved at the General Meeting held on 30 January 2015 various resolutions including the change in nature and scale of activities, consolidation of capital, and the issue of the Shares offered by this Prospectus. Please refer to Section 5.3 for further details. Unless otherwise stated, all references to Securities in this Prospectus are made on the basis that the Consolidation **has** taken effect.

This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for re-listing following a change to the nature and scale of the Company's activities.

IMPORTANT INFORMATION

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

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1. CORPORATE DIRECTORY

Directors

Paul Lloyd
Chairman

Malcolm Day
Non Executive Director

David Holden
Non Executive Director

Proposed New Director

James R Holcomb

Company Secretary

Paul Lloyd

Registered Office

Ground Floor
Suite 1
437 Roberts Road
SUBIACO WA 6008

Telephone: + 61 8 9481 3992
Facsimile: + 61 8 9381 1122

Email: info@paynesfindgold.com
Website: www.paynesfindgold.com

ASX Code

Current: **PNE**

Proposed: **AKO**

Share Registry*

Advanced Share Registry Ltd
110 Stirling Highway
NEDLANDS WA 6009

Telephone: + 61 8 9389 8033
Facsimile: + 61 8 9262 3723

Australian Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Investigating Accountant

HLB Mann Judd
Level 4, 130 Stirling Street
PERTH WA 6000

Australian Independent Geologist

Ravensgate Mining Industry
Consultants
Suite 12, Level 3, 44 Parliament Place
WEST PERTH WA 6005

US Counsel

Donald W. Henson, Inc.
Attorney At Law
Highway 75 North
PO Box 993
Okmulgee, OK 74447
USA

US Independent Geologist

dB, LLC Petroleum Advisors
4849 Greenville Avenue
Suite 1360
Dallas, Texas 75206
USA

Auditor

HLB Mann Judd
Level 4, 130 Stirling Street
PERTH WA 6000

* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

2. IMPORTANT NOTICE

This Prospectus is dated 27 February 2015 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Application will be made to the ASX within seven days after the date of this Prospectus for Official Quotation of the Shares the subject of this Prospectus.

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

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Securities or the Offer or to otherwise permit a public offering of the Securities in any jurisdiction outside Australia.

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

2.1 Electronic Prospectus

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

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at www.paynesfindgold.com.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

2.2 Risk Factors

Potential investors should consider that an investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus. For further information in relation to the risk factors of the Company please refer to the summary in the Investment Overview in Section 4 and Risk Factors in Section 7 of this Prospectus.

2.3 Website

No document or information included on the Company's website is incorporated by reference into this Prospectus.

2.4 Competent persons' statements

The information in this Prospectus that relates to exploration results and mineral resources for the Paynes Find Project is based on information compiled by Mr Alan Hawkins, who is a Member of The Australian Institute of Geoscientists. Mr Hawkins is a full-time employee of Ravensgate Mining Industry Consultants and has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity being undertaken to qualify as a competent person as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hawkins consents to the inclusion in this Prospectus of the matters based on his information in the form and context in which it appears.

The information in this Prospectus that relates to oil and gas resources for the CRI Project is based on information compiled by Mr Richard Boyce, who is a Member of the American Association of Petroleum Geologists, the Society of Exploration Geophysicists, the Society of Independent Petroleum Earth Scientists and the Association of International Petroleum Negotiators and is a registered professional geoscientist with the State of Texas, License #2179. Mr Boyce established the consulting practice dB, LLC and has sufficient experience which is relevant to the style of oil and gas exploration and development under consideration and to the activity being undertaken. Mr Boyce consents to the inclusion in this Prospectus of the matters based on his information in the form and context in which it appears.

2.5 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management.

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

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 7.

2.6 Photographs and Diagrams

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

3. CHAIRMAN'S LETTER

Dear Investor,

On behalf of the Directors, it is my pleasure to invite you to become a shareholder of Paynes Find Gold Limited (**Company**) (to be renamed Arkoma Energy Limited).

In recent times, the Company has reviewed a number of potential new projects in parallel to the disposal of its current assets. The result of this review has seen the Company enter into an agreement with Delecta Limited to acquire an Oklahoma incorporated subsidiary of Delecta Limited which has an interest in the Canadian River oil & gas project (**CRI Project**) in Oklahoma, USA (**Acquisition**).

In conjunction with the Acquisition the Company intends to appoint James R. Holcomb as a Director who has in excess of 30 years of diversified experience in the USA oil and gas industry. Mr Holcomb has served as an officer and director for numerous private and public companies in the USA, Australia, UK and Germany.

The acquisition of the CRI Project will provide immediate cash flows to the Company from the sale of oil and gas from the existing production well. The funds raised as a result of this Prospectus, will be utilised in drilling four additional wells into the same structure to increase production rates and operating cash flows. Due to the nature of this field development project, the operating costs are anticipated to be lower and, therefore, it is expected the CRI Project will provide attractive net cash flows from operations.

A pipeline of future projects will be created through the Company exercising an option to acquire 3D seismic data over a 64 square mile area surrounding the CRI Project. The Directors believe that such option will provide projects to the Company for the foreseeable future.

The Offer provides an opportunity for you to share in the Company's exciting future. Detailed information about the Offer and the Company CRI Project are set out in this Prospectus.

This Prospectus contains a description of the key risks associated with an investment in the Company. These include risks associated with the Company maintaining its mining and exploration interests and successfully exploring and advancing the CRI Project. I encourage you to read this Prospectus carefully and in its entirety (especially Section 7 on Risks) before making your investment decision.

To apply for Shares, you will need to fill out the Application Form that can be found at the end of this Prospectus.

On behalf of the Board, I look forward to welcoming you as a shareholder.

Yours sincerely

Paul Lloyd
Chairman

4. INVESTMENT OVERVIEW

This section is a summary only and not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

4.1 The Company

The Company is a public company listed on the official list of ASX with its principal focus being gold and mineral exploration. The Company was incorporated in March 2010 and was admitted to the official list of the ASX on 2 December 2010.

Historically, the Company has been an exploration company, focused on exploring for viable mineral deposits at Paynes Find, a significant gold producing region 420km northeast of Perth, Western Australia. Details of the Company's most recent activities in these areas are set out in its Annual Report announced to ASX on 30 September 2014 and in the Independent Geologist's Report attached at Section 8.

In addition to its principal business activities, the Company has recently been actively seeking to identify and evaluate new opportunities, in related or non-related industries, that may increase shareholder value.

4.2 The Acquisition

On 25 September 2014, the Company announced it had entered into a conditional agreement with Delecta Limited (a substantial shareholder in the Company) (**Delecta**) to acquire the entire issued share capital of Canadian River, Inc. (**CRI**), a wholly owned subsidiary of Delecta incorporated in the United States of America, and thereby acquire a field development oil and gas project in Oklahoma, USA (**Delecta Agreement**).

The field development project (**CRI Project**) is located in the east-central portion of Oklahoma in the southeast portion of Okfuskee County, Oklahoma. Okfuskee County, Oklahoma, USA, is a well known and highly prolific oil and gas producing area with multi stacked producing horizons.

Delecta, through CRI, acquired an interest in the CRI Project in September 2014 from Inland Oil & Gas, LLC (**Inland Oil & Gas**) and Inland Operating Company, LLC (**Inland Operating**), with the acquisition being structured in two stages. Stage one involves the drilling of a salt water disposal well and bringing the first well immediately into production. The second stage concerns the drilling of four additional wells targeting the same producing horizon.

The first well was successfully drilled and completed for production in the Wilcox sand at a depth of 3,922 feet. The well has recently commenced production and is producing with flow rates of around 85 barrels of oil equivalent per day. The well is expected to provide cash flow before the end of February.

Stages one and two of the CRI Project are to be completed on a turnkey basis by Inland Operating (as operator). This has enabled CRI/Delecta to accurately account for cash outlays prior to production and avoid exposure to any cost overruns or engineering issues arising during the drilling process. This same benefit will pass to the Company upon Acquisition.

The material terms of the Delecta Agreement are as follows:

(a) **Conditions Precedent**

The exercise by the Company of the option to acquire 100% of CRI's issued share capital from Delecta is conditional upon the satisfaction or waiver of the following conditions precedent:

(i) completion of due diligence by the Company on CRI's business and operations to the absolute satisfaction of the Company;

(ii) completion of a capital raising by the Company to raise a minimum of $7,000,000, and a maximum of $8,000,000, through the issue of Shares at an issue price of not less than $0.10 each (**Capital Raise**);

(iii) completion of a consolidation of capital by the Company on a ratio of 50:1 in order to comply with applicable conditions set out in Chapters 1 and 2 of the ASX Listing Rules, or any waiver of such rules granted by ASX; and

(iv) the Company and Delecta obtaining all necessary shareholder and regulatory approvals pursuant to the ASX Listing Rules, Corporations Act 2001 (Cth) or any other law, including but not limited to, approval to reinstatement to official quotation on ASX of the Company on conditions satisfactory to the Company, and third party consents to allow Delecta and the Company to lawfully complete the matters set out in this document, including but not limited to assignment of the agreements pursuant to which CRI holds the CRI Project (**CRI Agreements**) in accordance with their terms.

(b) **Consideration**

In consideration for the sale of the CRI Shares to the Company, the Company shall:

(i) pay to Delecta (or its nominee) $1,000,000 in cash from the oil and gas revenues derived from the CRI Project;

(ii) issue to Delecta (or its nominee) 30,000,000 fully paid ordinary Shares in the capital of Company (**Purchaser Shares**); and

(iii) issue to Delecta (or its nominee) 6,000,000 options to acquire Shares exercisable at $0.125 each on or before the date which is 5 years after the date of issue (**Purchaser Options**) and otherwise on terms and conditions compliant with the ASX Listing Rules.

Upon the issue, the Purchaser Shares issued as Consideration shall rank equally with all Shares in issue, other than for any escrow restrictions imposed in accordance with the ASX Listing Rules. The Purchaser Shares and the Purchaser Options (together, the **Consideration Securities**) would be subject to escrow restrictions in accordance with Chapter 9 of the ASX Listing Rules.

(c) **Consolidation of Capital**

In seeking re-admission to ASX following the Acquisition, the Company has undertaken a consolidation of its issued capital on the basis of one (1) Share for every fifty (50) Shares held and one (1) Option for every fifty (50) Options held (**Consolidation**) so that the Company's Shares shall be valued at a minimum of $0.10 each following the Consolidation.

(d) **Capital Raising**

In order to fund the Acquisition and to re-comply with Chapters 1 and 2 of the ASX Listing Rules, the Company will conduct the Capital Raise, pursuant to which it will offer a maximum of 80,000,000 Shares at an issue price of not less than $0.10 each (following the Consolidation as defined above). The minimum amount that may be raised under the prospectus for the Capital Raise is $7,000,000 (before costs). The Capital Raise will be conducted under a full form prospectus to be prepared by the Company.

(e) **New Director**

In accordance with the terms of the Delecta Agreement, the Company will appoint James R. Holcomb to the board of the Company.

(f) **Change of Name**

As a result of the Acquisition, the Company proposes to change its name to Arkoma Energy Limited.

4.3 Change to nature and scale of activities

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable and comply with the following:

(a) provide ASX with information regarding the change and its effect on future potential earnings, and any information that ASX asks for;

(b) if ASX requires, obtain the approval of holders of its shares and any requirements of ASX in relation to the notice of meeting; and

(c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the company were applying for admission to the official list of ASX.

Given the proposed change in the nature and scale of the Company's activities arising from the Acquisition, the Company will be required to:

(a) obtain Shareholder approval for the change in nature and scale of its activities; and

(b) in accordance with ASX Listing Rule 11.1.3, re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules as if the Company were applying for admission to the official list of ASX.

4.4 Suspension until re-compliance with Chapters 1 and 2 of the ASX Listing Rules

The Company's securities are subjected to a suspension from official quotation and ceased trading on ASX following the date of the General Meeting.

It is expected that the Company's securities will remain suspended from quotation until the Company has completed the Acquisition and re-complied with Chapters 1 and 2 of the ASX Listing Rules, including by satisfaction of conditions precedent to reinstatement imposed by ASX. This Prospectus is issued to assist the Company with re-compliance of these requirements.

Despite Shareholder approval for the Acquisition and associated resolutions being obtained, there is a risk that the Company may not be able to meet other requirements imposed by ASX for the reinstatement of the Shares to Official Quotation. If this occurs the Company will not proceed with either the Acquisition or the Offer and will repay all application monies received (without interest).

4.5 Business Model

On completion of the Acquisition, the Company will complete the drilling of the four additional wells as part of the CRI Project, acquire 3D seismic around the project area and commence the development of drilling targets within the seismic area.

A summary of each of the CRI Projects is set out in Section 6.2 and more detailed information is included in the Canadian Valley Prospect Assessment Geology and Engineering Report in Section 8.

4.6 The Objectives

The Company's main objectives on completion of the Offer are to:

- drill the additional four wells of the CRI project and, if successful, bring the wells into production;
- review and participate in opportunities to grow the rate of oil and gas production within the seismic option area and beyond; and
- target cash flow generating projects that have little exploration risk and low operating costs.

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

4.7 Key Investment Highlights

The Board believes the key investment highlights are:

- the ability to generate immediate cash flows from the CRI Project with very low operating costs;
- the opportunity to grow such cash flow and oil and gas production numbers immediately after the raising of funds through the drilling of four additional wells into the same structure; and
- the ability to grow the Company with the acquisition of 3D seismic data around the CRI Project. Such seismic data will help to generate additional targets and projects into the future.

Further details of the regional geology and prospectivity of the CRI Projects are set out in the Canadian Valley Prospect Assessment Geology and Engineering Report in Section 8.

4.8 Key Risks

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

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

Set out below are specific risks that the Company is exposed to. Further risks associated with an investment in the Company are outlined in Section 7.

(a) Re-Quotation of Shares on ASX

The acquisition of CRI constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the official list of ASX.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares should the Company be suspended until such time as it does re-comply with the ASX Listing Rules.

(b) Dilution Risk

Following completion of the Acquisition and the Offer (assuming maximum subscription is reached), the total Shares on issue will be 128,220,542 Shares.

Following these issues (assuming no exercise of Options), the existing Shareholders will retain approximately 14.2% of the issued share capital of the Company, with Delecta receiving 23.4% pursuant to the Acquisition and the investors under the Offer holding 62.4% of the issued share capital of the Company.

On a fully diluted basis (assuming in each instance that all Options on issue are exercised) the Company will have 153,509,515 Shares. Following these issues, the existing Shareholders will retain approximately 11.9% of the issued share capital of the Company, with Delecta receiving approximately 19.5% pursuant to the Acquisition and the investors under the Offer holding approximately 51.1% of the issued capital of the Company (with the balance of issued capital held by the option holders who exercise their Options).

(c) Sovereign Risk

The assets to be indirectly acquired by the Company pursuant to the Acquisition are situated in the USA. Accordingly, the Company is subject to the risks associated in operating in foreign countries. The risks include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, labour relations as well as government control over natural resources or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

The Company and its advisers will undertake all reasonable due diligence is assessing and managing the risks associated with oil and gas exploration and production in the USA. However, any future material adverse changes in government policies or legislation in foreign jurisdictions in which the Company has projects is outside the control of the Company. Such changes may affect the foreign ownership, exploration, development or activities of companies involved in oil and gas exploration and production and in turn may affect the viability and profitability of the Company.

(d) **Contractual risk**

Pursuant to the Delecta Agreement (summarised above), the Company has been granted an option to acquire 100% of CRI, subject to the fulfilment of certain conditions precedent.

The ability of the Company to achieve its stated objectives will depend on the performance by the Vendors of their obligations under the Delecta Agreement. If the Vendors or any other counterparty defaults in the performance of their obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly.

(e) **Potential Acquisitions**

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

(f) **Future capital requirements**

Future funding may be required by the Company to develop the CRI Project, the Company's continuing operations or additional projects that the Company may identify. There can be no assurance that such funding will be available on satisfactory terms or at all. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities.

If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations as the case may be, which may adversely affect the business and financial condition of the Company and its performance.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company and you should refer to the additional risk factors in Section 7 before deciding whether to apply for Shares pursuant to this Prospectus.

(g) **No previous oil and gas experience**

Having carried out its activities as an exploration company within gold mining, the Company does not have any oil and gas operating history. Although it should be noted that the Board has significant operational experience, no assurances can be given that the Company will achieve commercial viability through the successful exploration of the CRI Project.

4.9 The Offer

The Company invites applications for up to 80,000,000 Shares at an issue price of $0.10 per Share to raise up to $8,000,000.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue. Please refer to Section 13.2 for further information regarding the rights and liabilities attaching to the Shares.

The key information relating to the Offer and references to further details are set out below.

Indicative timetable*

Lodgement of Prospectus with the ASIC	27 February 2015
Opening Date	27 February 2015
Closing Date	30 March 2015
Shares issued under the Offer and holding statements sent	1 April 2015
Settlement of Acquisition	1 April 2015
Expected date for re-quotation on ASX	3 April 2015

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

4.10 Purpose of the Offer

The purpose of the Offer is (i) to enable the Company to complete the Acquisition, (ii) to facilitate an application by the Company for re-admission of the Company to the Official List of ASX and (iii) position the Company to seek to achieve the objectives set out above in Section 4.6.

4.11 Use of Funds

The Company intends to apply funds raised from the Offer, together with existing cash reserves, over the two years following re-admission of the Company to the Official List of ASX as follows:

Funds available	Minimum Subscription ($) ($7,000,000)	Percentage of Funds (%)	Full Subscription ($) ($8,000,000)	Percentage of Funds (%)
Existing cash reserves[1]	180,000		180,000	
Funds raised from the Offer	7,000,000		8,000,000	
Total	7,180,000		8,180,000	
Allocation of funds				
Expenses of the Offer[2]	460,000	6.41	522,000	6.38
Drilling of additional wells	6,250,000	87.05	6,250,000	76.41
Purchase of seismic	320,000	4.46	320,000	3.91
Working capital	150,000	2.08	1,088,000	13.30
Total	7,180,000	100.00	8,180,000	100.00

1 Refer to the Investigating Accountant's Report set out in Section 9 for further details.
2 Refer to Section 13.6 for further details.
3 Refer to the Independent Geologist's Report and Canadian Valley Prospect Assessment Geology and Engineering Report in Section 8 for further information on the planned exploration activities and expenditure budget for the Project.

In the event the Company raises more than the minimum subscription of $7,000,000, the additional funds raised will be first applied towards expenses of the Offer and then applied towards the other categories of expenses.

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

4.12 Capital Structure

The capital structure of the Company following completion of the Offer (assuming full subscription) is summarised below[1]:

Shares	Number
Shares on issue	18,220,542
Shares to be issued to Delecta pursuant to the Acquisition	30,000,000
Shares to be issued pursuant to the Offer	80,000,000
Total Shares on completion of the Offer and the Acquisition	128,220,542

Options	Number
Total options on issue Comprised of: • 3,016,173 Quoted Options exercisable at $1.50 on or before 30 June 2015 • 672,800 Unquoted Options exercisable at $1.50 on or	5,288,973

before 30 June 2015 • 1,120,000 Unquoted Options exercisable at $12.50 on or before 1 May 2015 • 480,000 Unquoted Options exercisable at $17.50 on or before 1 May 2016	
Options to be granted to Paul Lloyd (Options exercisable at 12.5 cents on or before the date being 5 years from the date of grant)	6,000,000
Options to be granted to James R. Holcomb (Options exercisable at 12.5 cents on or before the date being 5 years from the date of grant)	6,000,000
Options to be granted to Malcolm Day (Options exercisable at 12.5 cents on or before the date being 5 years from the date of grant)	2,000,000
Options to be granted to Delecta pursuant to the Acquisition (Options exercisable at 12.5 cents on or before the date being 5 years from the date of grant)	6,000,000
Options to be granted pursuant to the Offer	Nil
Total Options on completion of the Offer and the Acquisition	25,288,973

1 Refer to the Investigating Accountant's Report set out in Section 9 for further details.
2 The rights attaching to the Shares are summarised in Section 13.1.
3 The Company also intends granting loyalty options to shareholders 3-6 months after re-listing on a 1 for 2 basis at an exercise price of 12.5 cents.

4.13 Substantial Shareholders

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

As at the date of the Prospectus

Shareholder	Shares	%
Delecta Limited[1]	7,000,000	38.42%

1 This entity is controlled by Malcolm Day, a Director.

On completion of the Offer (assuming no existing substantial Shareholder subscribes and receives additional Shares pursuant to the Offer, other than Delecta as described in this Prospectus)

Shareholder	Shares	%
Delecta Limited[1]	37,000,000[2]	28.86%

1 This entity is controlled by Malcolm Day, a Director.
2 Assuming maximum subscription under the Offer (the percentage will increase to 31.30% if only the minimum subscription is raised.

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

4.14 Restricted Securities

Subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules, certain securities issued as consideration in the Acquisition will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of reinstatement to Official Quotation. During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

The Shares likely to be subject to escrow will be the Consideration Securities.

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

4.15 Financial Information

Following the change in nature and scale of its activities, the Company will be focused on completing Stages 1 and 2 of the CRI Project. Therefore, the Company's past operations and financial historical performance will not be of significant relevance to future activities.

As a result, the Company is not in a position to disclose any key financial ratios other than its balance sheet which is included in the Investigating Accountant's Report set out in Section 9 of this Prospectus.

The initial funding for the Company's future activities will be generated from the offer of Shares pursuant to the Offer under this Prospectus and existing cash reserves. The Company may contemplate raising further funding from equity raisings in the future. The Company may also consider alternative forms of debt or quasi-debt funding if required.

4.16 Taxation

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

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

4.17 Dividend Policy

The Company anticipates that significant expenditure will be incurred in the evaluation and development of the Company's projects. These activities, together with the possible acquisition of interests in other projects, are expected to dominate the two year period following the date of re-admission of the Company to the Official List of ASX. Accordingly, the Company does not expect to declare any dividends during that period.

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

4.18 Directors and Key Personnel

The profiles of each of the Directors and Proposed Directors are set out below.

Mr Paul Lloyd
Chairman, Company Secretary, CFO

Mr Paul Lloyd is a Chartered Accountant with over 25 years of commercial experience. He operates his own corporate consulting business, specialising in the area of corporate, financial and management advisory services. After commencing his career with an international accounting firm, he was employed for approximately 10 years as the General Manager of Finance for a Western Australian based international drilling contractor working extensively in Asia and Africa. Mr Lloyd has been responsible for a number of ASX IPO's and is currently Non-executive Director and Company Secretary of ASX listed Firestrike Resources Limited .

Mr Malcolm Day
Non-Executive Director

Mr Day is Managing Director of Delecta Ltd (Paynes Find's largest shareholder). Mr Day was the founder and inaugural Managing Director of Adultshop.com which listed on ASX in June 1999. In October 2010 Adultshop.com was privatized. Prior to founding Adultshop.com in 1996, Mr Day worked in the civil construction industry for ten years, 6 of which were spent in senior management as a Licensed Surveyor and then later as a Civil Engineer. Whilst working as a Surveyor Mr Day spent 3 years doing mining and exploration surveys in remote Western Australia. Mr Day is a Member of the Australian Institute of Company Directors.

Mr David Holden
Non-Executive Director

Mr David Holden holds a Bachelor of Science degree in geology from Otago University, New Zealand. His career spans over twenty five years in the minerals industry from the coal mines in New Zealand to deep underground gold mines in South Africa. Over his career, David has held a number of senior management roles including Prosperity Resources Limited (ASX listed), Quadrant Australia (ASX listed), Avonlea Minerals Limited (ASX listed) and IGC Resources Inc (TSX listed). He is currently a director of ASX listed Firestrike Resources Limited. Mr Holden was intimately involved in the multi million ounce discoveries of gold at the Mt Todd in the Northern Territory and the Nimary Mine in Western Australia.

In 1997, Mr Holden founded a geological consulting service company, Ravensgate, which specialises in experts' reports, resource estimations, valuations and exploration management. In 2005 he started Shackleton Capital Pty Ltd, advising listed companies on both corporate and technical matters relating to project acquisition or initial public offerings. In 2007 he founded Atomic Resources Limited (ASX listed) a solid energy company that is currently developing major coal assets in Tanzania. Mr Holden also holds a Masters in Business Administration and a Masters in Management giving him a broad base of managerial skills to complement his years of experience. He is a member of the Australian Institute of Mining and Metallurgy and the Canadian Institute of Mining.

Mr James R. Holcomb
Proposed New Director

Mr. Holcomb has in excess of 30 years of diversified experience in the oil and gas industry. He has served as an officer and director for numerous private and public companies, both in the USA and in Australia, UK and Germany. He has significant hands on experience in field operations, land and leasing, oil and gas marketing, acquisitions and divestitures, and legal/regulatory compliance. As co-founder and managing partner of Metro Energy Group, he was responsible for many joint venture partnerships, including a venture with Devon in the emerging Woodford shale play. He has negotiated strategic joint venture partnerships with publicly traded companies on the ASX in Australia and AIM in the UK. He is co-founder and managing director of Energy Source Advisors, LLC. Mr Holcomb has 12,500,000 Shares in the Company, and does not have an interest in any shares in Delecta.

4.19 Corporate Governance

To the extent applicable, in light of the Company's size and nature, the Company has adopted *The Corporate Governance Principles and Recommendations (2nd Edition)* as published by ASX Corporate Governance Council (**Recommendations**).

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined in Section 11.2 and the Company's departures from the Recommendations are explained in Section 11.3.

In addition, the Company's full Corporate Governance Plan is available from the Company's website www.paynesfindgold.com/corpgovernance.

4.20 Disclosure of Interests

The Company's Constitution provides that the remuneration of non-executive Directors will be not more than the aggregate fixed sum determined by a general meeting. The remuneration of any executive director that may be appointed to the Board will be fixed by the Board and may be paid by way of fixed salary or consultancy fee. Directors are not required under the Company's Constitution to hold Securities.

For each of the Directors, the remuneration paid for each of the previous two completed financial years and the proposed annual remuneration for the financial year ending 30 June 2015, together with the relevant interest in the securities of the Company as at the date of this Prospectus, is set out in the table below.

Interests as at the date of this Prospectus and upon completion of the Acquisition:

Director	Remuneration 30 June 2013	Remuneration 30 June 2014	Proposed Remuneration 30 June 2015	Shares	Options
Paul Lloyd	Nil	90,000	180,000	Nil	6,000,000[1]
Malcolm Day	40,000	36,667	40,000	7,066,202[2]	9,022,067[3]
David Holden	Nil	17,875	40,000	Nil	Nil
James R. Holcomb	Nil	Nil	30,000	250,000	6,000,000[1]

1 6,000,000 Options exercisable at $0.125 and expiring on or before the date being 5 years from the date of grant approved at the General Meeting for issue within one month of the General Meeting.

2 66,202 Shares held by Goldshore Investments Pty Ltd ATF The Goldshore Trust and the MR Day Superfund (a company of which Mr Day is a director) and 7,000,000 Shares held by Delecta (a company of which Mr Day is a director).

3 1,022,067 Options exercisable at $1.50 each on or before 30 June 2015 being 22,067 Options held by Goldshore Investments Pty Ltd and 1,000,000 held by Delecta Limited. 8,000,000 Options exercisable at $0.125 and expiring on or before the date being 5 years from the date of grant were approved at the General Meeting for issue within one month of the General Meeting, being 2,000,000 Options issued to Mr Day and 6,000,000 Options issued to Delecta.

4.21 Agreements with Directors or Related Parties

The Company's policy in respect of related party arrangements is as follows:

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

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

Letter of Appointment - Paul Lloyd

The Company has entered into a letter of appointment for the appointment of Mr Lloyd as non-executive chairman, company secretary and chief financial officer). In consideration for these services, Mr Lloyd will be paid a fee of $120,000 per annum (with any increase subject to approval by the board) in arrears in equal monthly instalments and will be entitled to be reimbursed for all reasonable travel, accommodation or other expenses incurred as a result of his duties as a non-executive Director.

Letter of Appointment – David Holden

The Company has entered into a letter of appointment for the appointment of Mr Holden as non-executive director. In consideration, Mr Holden will be paid a fee of $40,000 per annum (with any increase subject to approval by the board) in arrears in equal monthly instalments and will be entitled to be reimbursed for all reasonable travel, accommodation or other expenses incurred as a result of his duties as a non-executive Director.

Letter of Appointment – Malcolm Day

The Company has entered into a letter of appointment for the appointment of Mr Day as non-executive director. In consideration, Mr Day will be paid a fee of $40,000 per annum (with any increase subject to approval by the board) in arrears in equal monthly instalments and will be entitled to be reimbursed for all reasonable travel, accommodation or other expenses incurred as a result of his duties as a non-executive Director.

Deeds of indemnity, insurance and access

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

5. DETAILS OF THE OFFER

5.1 The Offer

Pursuant to this Prospectus, the Company invites applications for up to 80,000,000 Shares at an issue price of $0.10 per Share to raise up to $8,000,000.

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

5.2 Minimum subscription

If the minimum subscription to the Offer of $7,000,000 has not been raised within 4 months after the date of this Prospectus, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

5.3 Conditional Offer

Completion of the Offer is subject to:

(a) the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules;

(b) the Company raising the Minimum Subscription; and

(c) the Company receiving conditional approval for re-quotation of the Company's Shares on the ASX.

In the event that the above conditions are not satisfied, the Offer will not proceed and no Shares will be issued pursuant to this Prospectus. If this occurs, the Company will repay all application monies received (without interest).

5.4 Applications

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

Applications for Shares must be for a minimum of 10,000 Shares and thereafter in multiples of 2,000 Shares and payment for the Shares must be made in full at the issue price of $0.10 per Share.

Completed Application Forms and accompanying cheques, made payable to "**Paynes Find Gold Limited**" and crossed "Not Negotiable", must be mailed or delivered to the address set out on the Application Form by no later than the Closing Date.

The Company reserves the right to close the Offer early.

5.5 ASX listing

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. Applicants should be aware that ASX will not commence Official Quotation of any Shares until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and has received the approval of ASX to be re-admitted to the Official List (see Section 4.4). As such, the Shares may not be able to be traded for some time after the close of the Offer.

If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, or if ASX does not approve the Company's re-admission to the Official List, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest. In those circumstances, the Acquisition will not proceed.

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

5.6 Issue

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

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

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

5.7 Applicants outside Australia

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

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

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

5.8 Oversubscriptions

No oversubscriptions will be accepted by the Company.

5.9 Not underwritten

The Offer is not underwritten.

5.10 Commissions payable

The Company reserves the right to pay a commission of up to 5% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensee in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee.

6. PROJECT OVERVIEW

6.1 The CRI Projects

The CRI Project is located in the east-central portion of Oklahoma in the southeast portion of Okfuskee County, Oklahoma, a well known and highly prolific oil and gas producing area with multi stacked producing horizons. The Project is easily accessible through the all-weather state highway system and well-maintained gravel county roads. The local terrain is slightly hilly with ground elevations ranging from 700 to 900 feet above sea level. No known adverse environmental conditions exist on the surface or sub-surface.

Through CRI, Delecta entered into a series of agreements in September 2014 with Inland Oil & Gas, LLC (**Inland Oil & Gas**) and Inland Operating Company, LLC (**Inland Operating**) to acquire an interest in the CRI Project (**CRI Acquisition**).

The CRI Acquisition is structured in two stages. Stages one and two of the CRI Project are to be completed on a turnkey basis by Inland Operating as operator. This has enabled CRI/Delecta to accurately account for cash outlays prior to production and has reduced CRI's/Delecta's exposure to any cost overruns or engineering issues arising during the drilling process.

The two stages of the CRI Acquisition are as follows:

Stage 1

Delecta (through CRI) acquired an 80% working interest and 58% net revenue interest in the first of a series of wells within the project area from Inland Oil & Gas in consideration for the payment of $3,000,000 USD on a turnkey basis. Inland Operating is the appointed operator by way of a series of agreements, including the joint operating agreement between Delecta, Inland Oil & Gas and Inland Operating. The series of agreements shall remain in place after the Acquisition on the same terms and further details are contained at section 12 of this Prospectus.

The first well has been completed in the Wilcox sandstone horizon at a depth of 3,922 feet. Production has commenced with the well continuing to flow naturally, well beyond expectations.

Stage 2

Delecta (through CRI) was granted an option by Inland Operating to acquire an 80% working interest and a 54% net revenue interest in respect of a further four wells targeting the same producing horizon. Stage 2 also incorporates the acquisition of all necessary infrastructure, including the infrastructure accessed under Stage 1, in order to bring each of the additional wells into production.

Any subsequent wells agreed to be drilled within the project area will operate on an 80% operating interest and 58% net revenue interest with each party funding their proportion of exploration and development costs.

The consideration shall be a turnkey price of $4,875,000 USD.

6.2 CRI Project Assessment

dB, LLC Petroleum Advisors were engaged to carry out a geological and geophysical technical due diligence on the CRI Project referred to as the Canadian Valley Prospect Assessment Geology and Engineering Report (**Canadian Valley Report**). Additionally, dB, LLC was also asked to provide an independent engineering opinion regarding the economic viability of the project as well as outline and discuss the various risk elements regarding drilling and completion along with a preliminary view of the overall potential of the project.

The economics of the fully developed project have been modelled using three scenarios of estimated ultimate recovery to assess the sensitivity of the project to this variable. For more detailed information in relation to the Company's CRI Project, refer to the Canadian Valley Prospect Assessment Geology and Engineering Report in Section 8.

As at the date of the Canadian Valley Report, the operator of the well had drilled and was in the final stages of completing the Wise 1-25 oil and gas well to establish oil and gas production from the Wilcox sands.

6.3 Recent CRI Project performance

As announced by Delecta on 2 February 2015, the Wise 1-25 oil and gas well from the Viola formation has commenced production. The salt water disposal well has been successfully drilled and completed, fully permitted for water disposal and is now completely operational.

Further, Delecta announced on 16 February 2015 that the Wise 1-25 oil and gas well continues to produce well beyond expectations. The well continues to flow naturally at rates of around 85 barrels of oil equivalent per day after 14 days of production from the Viola formation (secondary target) on a 27/64 choke. Delecta will continue to flow the Viola formation and once pressure and production reaches safe levels will remove the bridge plug and add to it the production from the primary zone, being the Wilcox formation.

7. RISK FACTORS

7.1 Introduction

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

The business activities of the Company are subject to risk and there are many factors which may impact on its future performance. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but many are outside the control of the Company and cannot be mitigated. There are also general risks associated with any investment. There are a number of factors which investors should consider before they make a decision whether or not to apply for Shares. The principal factors which may have a material impact on the financial performance of the Company and the market price of its Shares include, but are not limited to, the following:

7.2 Risks specific to the Company

(a) **Re-Quotation of Shares on ASX**

The acquisition of CRI constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the official list of ASX.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares should the Company be suspended until such time as it does re-comply with the ASX Listing Rules.

(b) **Dilution Risk**

The Company currently has 18,220,542 Shares on issue. The Company will issue 30,000,000 Shares to Delecta pursuant to the Acquisition. The total Shares then on issue equates to 48,220,542 Shares.

In addition, a maximum of 80,000,000 Shares would be issued pursuant to the Offer, giving 128,220,542 total Shares on completion of the Acquisition and the Offer (assuming that the maximum subscription is reached).

Following these issues (assuming no exercise of Options), the existing Shareholders will retain approximately 14.2% of the issued share capital of the Company, with Delecta receiving 23.4% pursuant to the Acquisition and the investors under the Offer holding 62.4% of the issued share capital of the Company.

On a fully diluted basis (assuming in each instance that all Options on issue are exercised) the Company would currently have 23,509,515 Shares on issue. The Shares on issue on a fully diluted following completion of the Acquisition and the Offer (assuming that the maximum subscription is reached), and taking into account the Option issues approved at the General Meeting, would be 153,509,515 Shares.

Following these issues, on a fully diluted basis, the existing Shareholders will retain approximately 11.9% of the issued share capital of the Company, with Delecta receiving approximately 19.5% pursuant to the Acquisition and the investors under the Offer holding approximately 52.1% of the issued capital of the Company (with the balance of issued capital held by the option holders who exercise their Options).

There is also a risk that the interests of Shareholders will be further diluted as a result of future capital raisings required in order to fund the development of the CRI Project and/or the Company's continuing operations.

(c) **Title Risks**

The system of title and leasehold interests in Oklahoma, USA can be more complex than the Australian system. The US Title Report (including the Drillsite Title Opinion) attached at Section 10 to this Prospectus sets out the details of the basic oil and gas leases covering the CRI Project, transfer of ownership and requirements in relation to those leases. In the event that there is an issue that cannot be determined in respect of the CRI Project, then drilling could be delayed or halted indefinitely.

(d) **Sovereign Risk**

The assets to be indirectly acquired by the Company pursuant to the Acquisition are situated in the USA. Accordingly, the Company is subject to the risks associated in operating in foreign countries. The risks include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, labour relations as well as government control over natural resources or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

The Company and its advisers will undertake all reasonable due diligence is assessing and managing the risks associated with oil and gas exploration and production in the USA. However, any future material adverse changes in government policies or legislation in foreign jurisdictions in which the Company has projects is outside the control of the Company. Such changes may affect the foreign ownership, exploration, development or activities of companies involved in oil and gas exploration and production and in turn may affect the viability and profitability of the Company.

(e) **Contractual risk**

Pursuant to the Delecta Agreement (summarised above), the Company has been granted an option to acquire 100% of CRI, subject to the fulfilment of certain conditions precedent.

The ability of the Company to achieve its stated objectives will depend on the performance by the Vendors of their obligations under the

Delecta Agreement. If the Vendors or any other counterparty defaults in the performance of their obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly.

(f) **Potential Acquisitions**

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

(g) **Future capital requirements**

Future funding may be required by the Company to develop the CRI Project, the Company's continuing operations or additional projects that the Company may identify. There can be no assurance that such funding will be available on satisfactory terms or at all. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities.

If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations as the case may be, which may adversely affect the business and financial condition of the Company and its performance.

7.3 Industry specific – oil and gas

(a) **Exploration and Development Risks**

The business of oil and gas exploration, project development and production, by its nature, contains elements of significant risk with no guarantee of success. Ultimate and continuous success of these activities is dependent on many factors such as:

(i) the discovery and/or acquisition of economically recoverable reserves;

(ii) access to adequate capital for project development;

(iii) design and construction of efficient development and production infrastructure within capital expenditure budgets;

(iv) securing and maintaining title to interests;

(v) obtaining consents and approvals necessary for the conduct of oil and gas exploration, development and production;

(vi) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Whether or not income will result from projects undergoing exploration and development programs depends on successful exploration and establishment of production facilities. Factors including costs, actual hydrocarbons and formations, flow consistency and reliability and commodity prices affect successful project development and operations.

Drilling activities carry risk as such activities may be curtailed, delayed or cancelled as a result of weather conditions, and there may be mechanical difficulties, shortages or delays in the delivery of drill rigs or other equipment. In addition, drilling and operations include reservoir risk.

Industry operating risks include fire, explosions, unanticipated reservoir problems which may affect field production performance, industrial disputes, unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, mechanical failure or breakdown, blow outs, pipe failures and environmental hazards such as accidental spills or leakage of liquids, gas leaks, ruptures, discharges of toxic gases or geological uncertainty (such as lack of sufficient sub-surface data from correlative well logs and/or formation core analyses. The occurrence of any of these risks could result in legal proceedings against the Company and substantial losses to the Company due to injury or loss of life, damage to or destruction of property, natural resources or equipment, pollution or other environmental damage, cleanup responsibilities, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against the Company.

There is no assurance that any exploration on current or future interests will result in the discovery of an economic deposit of oil or gas. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically developed.

(b) **Operating Risks**

The operations of the Company may be affected by various factors, including failure to locate or discover oil reserves; failure to achieve predicted well-production flow-rates; operational and technical difficulties encountered in production, difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated reservoir problems which may affect field production performance; adverse weather conditions; industrial and environmental accidents; industrial disputes; fluctuations in commodity prices; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Drilling may also result in unprofitable efforts, not only with respect to dry wells, but also with respect to wells which, though yielding some petroleum, are not sufficiently productive to justify commercial development or cover operating and other costs. Completion of a well does not assure a profit on investment or recovery of drilling, completion and operating costs. Hazards incidental to the exploration and development of petroleum properties such as unusual or unexpected rock formations, formations pressures, climatic conditions or other factors are inherent in drilling and operation wells and may be encountered by the Company.

The Company does not have any operating history, although it should be noted that CRI's board of directors have significant operational experience, some of which will be brought to the Board of the

Company. No assurances can be given that the Company's prospects and projects will achieve commercial viability through the successful exploration, development and/or production. Until the Company is able to realise value from its projects, it is likely to incur operational losses.

(c) **Commercialisation**

Even if the Company recovers potentially commercial quantities of oil and gas, there is no guarantee that the Company will be able to successfully transport the oil and gas to commercially viable markets or sell the oil and gas to customers to achieve a commercial return.

(d) **Oil and gas price fluctuations**

If the Company achieves success leading to production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks.

Commodity prices fluctuate and are affected by many factors beyond the control of the Company. The demand for, and price of, oil and natural gas is highly dependent on a variety of factors including the quality of the oil, international supply and demand, the level of consumer product demand, weather conditions, the price and availability of alternative fuels, technological advancements, forward selling activities, actions taken by governments and international cartels, global economic and political developments, and other macro-economic factors.

International oil and gas prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future. Fluctuations in oil and gas prices and, in particular, a material decline in the price of oil or gas may have a material adverse effect on the Company's business, financial condition and results of operations.

Furthermore, prices of commodities in the USA are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken to account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(e) **Environmental**

The operations and proposed activities of the Company are subject to laws and regulations concerning the environment applicable in the jurisdiction of those activities. As with most production operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or production proceeds. It is the Company's practice to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. Nevertheless, there are certain risks inherent in the Company's activities such as accidental leakages or spills, or other unforeseen circumstances which could subject the Company to extensive liability.

(f) **Regulatory Approvals and Access**

The Company will require government regulatory approvals for its operations which may from time to time affect timing and scope of work to be undertaken.

In order to conduct any exploration and development programmes, the Company may require approval from government and non-government bodies to facilitate access to block and leases in which it has an interest.

(g) **Insurance**

Insurance against all risks associated with petroleum exploration and production is not always available or affordable. The Company will maintain insurance where it is considered appropriate for its needs, however, there may be instances where the Company may not be insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be too excessive having regard to the benefits that would accrue.

(h) No previous oil and gas experience

Having carried out its activities as an exploration company within gold mining, the Company does not have any oil and gas operating history. Although it should be noted that James R. Holcomb has significant operational experience, no assurances can be given that the Company will achieve commercial viability through the successful exploration of the CRI Project.

7.4 General risks

(a) **Management of growth**

There is a risk that management of the Company will not be able to implement the Company's growth strategy after completion of the Acquisition. The capacity of the new management to properly implement and manage the strategic direction of the Company may affect the Company's financial performance.

(b) **Competition risk**

The industry in which the Company will be involved is subject to domestic and global competition. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(c) **Government Actions**

The impact of actions by governments may affect the Company's activities including such matters as access to lands and infrastructure, compliance with environmental regulations, taxation and royalties.

(d) **Legal Risk**

The introduction of new legislation or amendments to existing legislation by governments, developments in the existing common law jurisdiction which governs the Company's operations or contractual obligations, could impact adversely on the assets, operations and the financial performance of the Company.

(e) **Economic**

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(f) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook – world and local economic conditions;
- levels of tax, introduction of tax reform and accounting practice or other new legislation;
- natural disasters, social upheaval or war in the USA, Australia or elsewhere;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(g) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the capital raising. Any additional equity financing will dilute shareholdings and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is, however, no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(h) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(i) **Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider investment in the Company as highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

8. CANADIAN VALLEY PROSPECT ASSESSMENT GEOLOGY AND ENGINEERING REPORT AND INDEPENDENT GEOLOGISTS' REPORTS

CANADIAN VALLEY PROSPECT ASSESSMENT

Geology and Engineering Report

Paynes Find Gold, LTD

Table of Contents

EXECUTIVE SUMMARY

The Canadian Valley Prospect is a field development project located in Okfuskee County, Oklahoma. Paynes Find Gold, LTD ("PNE") has purchased an 80% Working Interest in the project. The project Operator will be Inland Oil & Gas, LLC ("Inland"). Inland has recently drilled the Wise #1-25 well in section 25 of T10N R11E and as of the date of this report is completing that well in the Wilcox sand at a depth of 3,922 feet. Initial test results indicate production from the Wilcox at rates of 100-150 barrels of oil per day (bopd). In order to produce the well, Inland is in the final stages of building necessary production infrastructure including installation of an electric submersible pump ("ESP") salt water disposal facilities ("SWDS"), tank batteries, gas sales line, meter run and three phase electrical lines.

Partners in the project will be Inland Oil & Gas, LLC (Operator), and Paynes Find Gold Limited ("PNE"). The base lease royalty is 20% to the mineral owners while ESA and Focus are both reserving a 5% overriding royalty (ORRI) each on the property. These various Working Interests and Net Revenue Interests are detailed in the table below.

Revenue Distribution			
Participant	Royalty	Working Interest %	Net Revenue Interest %
Mineral Owners	20.0%	0.00%	0.0%
Inland O&G, LLC	0.0%	20.00%	16.0%
PNE	0.0%	80.00%	58.0% / 54.0%
ESA (ORRI)	5.0%	0.00%	0.0%
Focus (ORRI)	5.0%	0.00%	0.0%
Totals	30.0%	100.00%	70.0%

PNE has agreed to acquire an 80% working interest (58% net revenue interest) in the initial phase of the project. Additionally PNE has the option to earn an interest in the drilling of an additional three (3) new wells to fully develop the Wilcox pay sands and one (1) new well to test the potential of the Woodford Shale formation. Should this option be exercised, PNE would have an 80% working interest in each of the four wells and infrastructure, with a 54% net revenue interest. The four well drilling program has an agreed turnkey cost of $4,875,000 USD.

The economics of the fully developed project have been modeled using three scenarios of estimated ultimate recovery (EUR) to assess the sensitivity of the project to this variable. In the opinion of the evaluator, the P_{10} case carries a confidence factor of 90% that each Wilcox well will exceed 75,000 barrels of oil, while the P_{90} case carries a confidence factor of 10% that each well will exceed 200,000 barrels of oil. The P_{50} case indicates a most likely case of 100,000 barrels with a confidence factor of 50%.

Our geological and engineering review of the fully developed case yields the following economic summary using NYMEX Five Year Strip Price as of 10/01/2014 held flat for the life of the production.

Case	EUR/well (bbls)	PV_{10} (USD 000)	IRR (%)	ROI (%)	Payout (yrs)
P_{10}	75,000	$3,823.47	75	2.1	1.59
P_{50}	100,000	$6,260.83	110	2.82	1.48

P_{90}	200,000	$11,285.55	96	5.42	1.50

All present values are computed using a discount rate of 10% and economic indicators shown are computed with an “AS OF” date of October 1, 2014 are net to PNE’s 80% working interest and 58% net revenue interest in the initial well and 54% net revenue interest in all subsequent wells.

PROJECT ASSESSMENT OVERVIEW

dB, LLC Petroleum Advisors ("dB") was engaged in September 2014 by PNE to conduct geological and geophysical technical due diligence on the Canadian Valley Project. Additionally dB has been asked to provide an independent engineering opinion regarding the economic viability of the project as well as to outline and discuss the various risk elements regarding drilling and completion along with a preliminary view of the overall potential of the project. All economic forecasts presented in this report are computed with an "AS OF" date of 10/1/2014.

As of the date of this report, project Operator, Inland Oil & Gas, LLC has drilled and is the final stages of completing the #1-25 Wise well to establish oil and gas production from the Wilcox sands at a depth of 3,922 feet. Inland has provided an extensive database of information regarding their pre-drill interpretation of both 3D seismic data and subsurface well control. Additionally, the results of well testing completed on the #1-25 well have been made available to dB for evaluation.

Independently, dB has compiled an independent digital geological database including well logs, well completion histories, monthly production data, scout cards and various well test results which has been placed into the Petra mapping system to conduct independent confirmation of the geological picks, completion intervals and structural mapping presented by Inland. Additionally, the large 3D seismic data volume utilized by Inland to position the first well has been loaded on the seismic workstation and reviewed by dB geophysical staff.

PROJECT LOCATION

The Canadian Valley Project is located in the east-central portion of Oklahoma in the southeast portion of Okfuskee County, Oklahoma. Positioned south of the town of Weleetka, the project is easily accessible using the all-weather access provided by the state highway system and well-maintained gravel county roads. The local terrain is slightly hilly with ground elevations ranging from 700 to 900 feet above sea level. No known adverse environmental conditions exist on the surface or sub-surface.

OKLAHOMA ENERGY PROFILE – from U.S. Energy Information Administration

- Excluding federal offshore areas, Oklahoma ranked fifth in crude oil production in the nation in 2013.
- Oklahoma is an "oil industry friendly" state. Private mineral ownership is wide spread in the state and individuals reap the benefits of an active development of oil and gas resources directly.
- Oil and Gas activity is regulated by the State of Oklahoma Corporation Commission which is well organized, efficient and reasonable in protecting the environment while encouraging the development of oil and gas resources to the benefits of the tax base enjoyed by the citizens of Oklahoma. Severance taxes for both oil and gas are 7.1%.
- As of January 2013, Oklahoma had five operating petroleum refineries with a combined daily capacity of over 500,000 barrels per day (3% of the total U.S. operating distillation capacity).
- Oklahoma is one of the top natural gas-producing states in the nation, accounting for 7.1% of U.S. gross production and 8.4% of marketed production in 2013.
- Cushing, Oklahoma is where West Texas Intermediate crude oil futures prices are settled for the New York Mercantile Exchange (NYMEX).
- In 2013, Oklahoma ranked fourth in net electricity generation from wind, which provided almost 15% of the state's net generation.

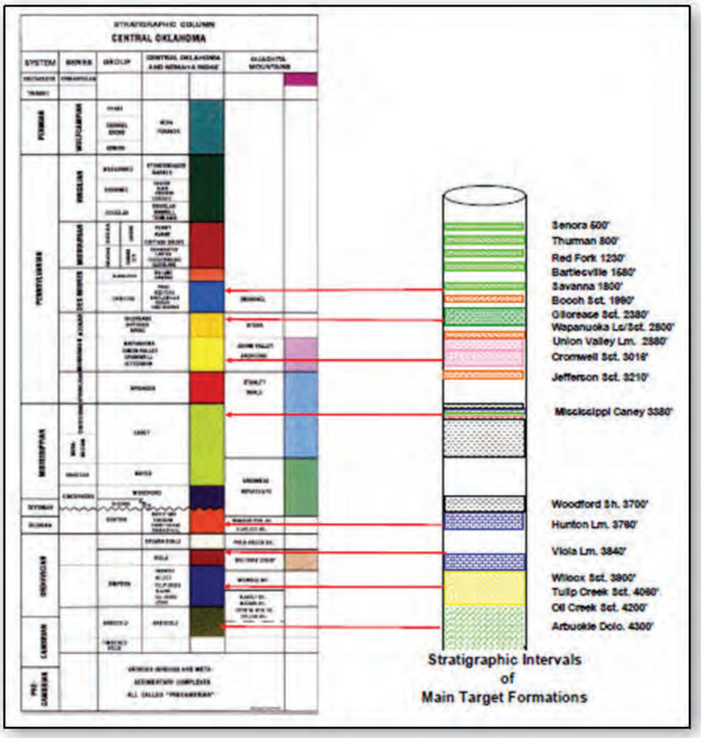
Additional information on the oil and gas industry in Oklahoma is included in Appendix B of this report.

GEOLOGY

The project is located within the very prolific oil and gas producing region of east-central Oklahoma at the convergence of the Arkoma Basin, the Cherokee Platform and the Arbuckle Uplift tectonic provinces of Oklahoma. There is a general north-northwest regional strike and an average west-southwesterly dip of approximately 80 to 100 feet per mile across the project area. The normal inclination of strata is interrupted in places by basement involved faulting that subsequently forms doubling plunging anticlines and numerous closed structural features. Many times these parallel, en-echelon fault systems create highly prospective horst blocks upon which major oil and gas production occurs.

Stratigraphy

The stratigraphy of the Cherokee Platform contains at least 15 stacked pay horizons beginning in the Pennsylvanian at depths of 1,200 feet that persist throughout the Paleozoic at maximum depths of 5,000 feet. The stratigraphic column at right illustrates these pay zones which are comprised of both sandstone reservoirs and limestone sequences.



The main pay sands already proven productive in the Canadian Valley Project are the First and Second Wilcox sands found within the Simpson Group at a depth of 3,920 feet and 3,960 feet respectively. Typically Wilcox sands in this area range in thickness from 3' to 10' with porosity ranging from 12% to 18% which exhibit typical ultimate recovery in the range of 50,000 barrels of oil per zone. In addition to the Wilcox sands other pay zones recognized in the Simpson Group include the Viola Limestone, the Tulip Creek Sand and the Oil Creek Sand.

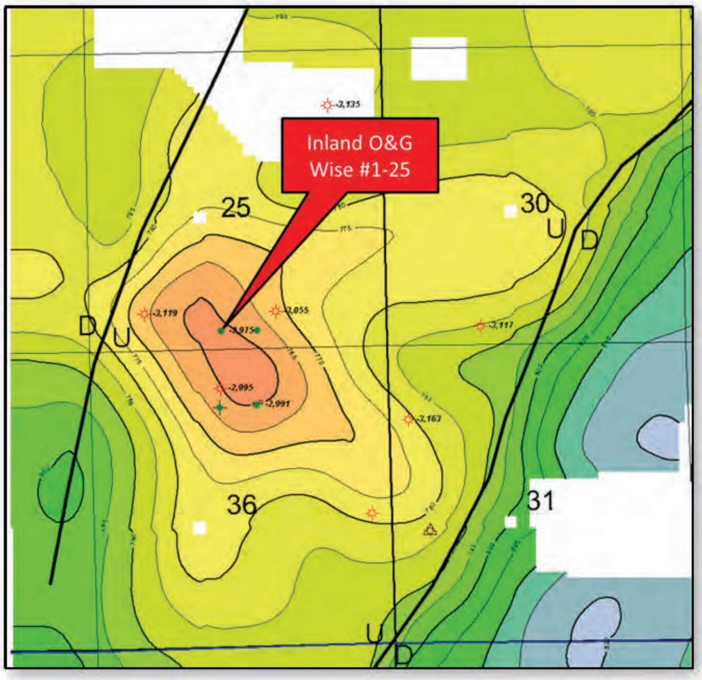
In addition to the already perforated and producing Wilcox Sands, petrophysical analysis of the #1-25 Wise well logs indicates potential pay zones are present in the Viola limestone at a depth of 3,880' and in the shallower Cromwell Sandstone at a depth of 3,200' as well as in the Union Valley Limestone at a depth between 3,030-3,122'.

Within a three mile radius of the Project most of the 15 pay zones shown on the stratigraphic column above have been produced in the numerous wells surrounding the area since the first wells were drilled in the 1930's.

Structural Setting

The Canadian Valley Project is positioned on an up-thrown horst feature which is bounded by faults to the west and to the east. The positions of these faults have been mapped using a large 50 square mile 3D seismic survey that clearly demonstrates a regional up-thrown basement block trending NE – SW upon which a four way anticlinal closure at the Wilcox Sand level is mapped covering sections 25 and 36 of T10N R11E. The #1-25 Wise well is optimally positioned on the crest of this structure.

The map below is a seismic time structure map on the Viola horizon which is an excellent seismic reflector. The Wilcox sands are located immediately below this level and as such, this map provides excellent control on the overall hydrocarbon trap size.



Please note that only wells that penetrate the Simpson interval are shown on the map. For purposes of clarity, shallower well penetrations have been removed. Our technical review of all deep wells on this feature reveals that within the indicated structural closure, all wells that penetrated the Wilcox sands had indications of oil while none have yet been produced. Several of the wells were drilled in the 1930's so wireline well logs and test information on these vintage wells is sparse, but Inland has recovered scout ticket information that supports the oil shows indicated on the map. Having reviewed all available information we believe that the hydrocarbon saturation on this feature is now fully documented and any pre-drill risk of hydrocarbons trapped on this structure have now been virtually eliminated.

RESERVOIR ENGINEERING

Original Oil In Place (OOIP) - #1-25 Wise

Oil wells drilled in Oklahoma have been determined by the state oil conservation commission to drain a maximum of 40 acres. This drainage area is known as a proration unit. Full field development of the Canadian Valley Project will occur on 40 acre spacing at the Wilcox sand level.

Review of the well logs from the #1-25 Wise well reveals specific intervals that indicate potential oil and gas production. Based on the rock properties of each pay zone, reservoir engineering can determine the Original Oil in Place (OOIP) across each 40 acre unit using a standardized volumetric equation. Once OOIP is known, a recovery factor appropriate to the rock properties is applied to determine the estimated recoverable barrels of oil from each zone.

The table below outlines each of these potential pay zones within the #1-25 Wise well.

Formation	Pay Interval		H Feet	Net Acres	Φ %	Sw %	So %	OOIP Bbls	Recovery Factor %	Estimated Recoverable Oil	Formation Total BO
1st Wilcox Sd	3921	3925	4	40	13	33	67	65,392	20	13,078	
	3925	3930	4	40	12	30	70	84,087	20	16,817	
	3930	3933	3	40	12	27	73	87,630	20	17,538	**47,433**
2nd Wilcox Sd	3957	3960	3	40	12	40	60	72,074	20	14,415	
	3960	3964	4	40	14	33	67	117,371	20	23,474	
	3964	3968	4	40	16	35	65	78,081	20	15,616	**53,505**
Viola Limestone	3867	3875	8	40	4	50	50	40,041	20	8,008	
	3878	3886	8	40	3	60	40	24,025	20	4,805	
	3888	3892	4	40	3	58	42	12,613	20	2,523	**15,336**
Cromwell Sd	3200	3205	5	40	14	21	79	138,393	20	27,679	
	3205	3212	7	40	12	23	77	161,867	20	32,373	**60,052**
Union Valley	3030	3034	4	40	4	50	50	20,021	20	4,004	
	3034	3037	3	40	3	60	40	9,009	20	1,802	
	3042	3045	3	40	3	58	42	9,460	20	1,892	
	3045	3049	4	40	3	58	42	12,613	20	2,523	
	3067	3070	3	40	3	58	42	9,460	20	1,892	
	3070	3072	2	40	3	58	42	6,307	20	1,261	
	3072	3074	2	40	3	58	42	6,307	20	1,261	
	3076	3080	4	40	3	58	42	12,613	20	2,523	
	3102	3112	9	40	3	58	42	28,379	20	5,676	
	3112	3122	10	40	3	58	42	31,533	20	6,307	29,141
Totals/Avg.			**99**	**40**	**7%**	**47%**	**53%**	**1,027,336**	**20**	**205,467**	

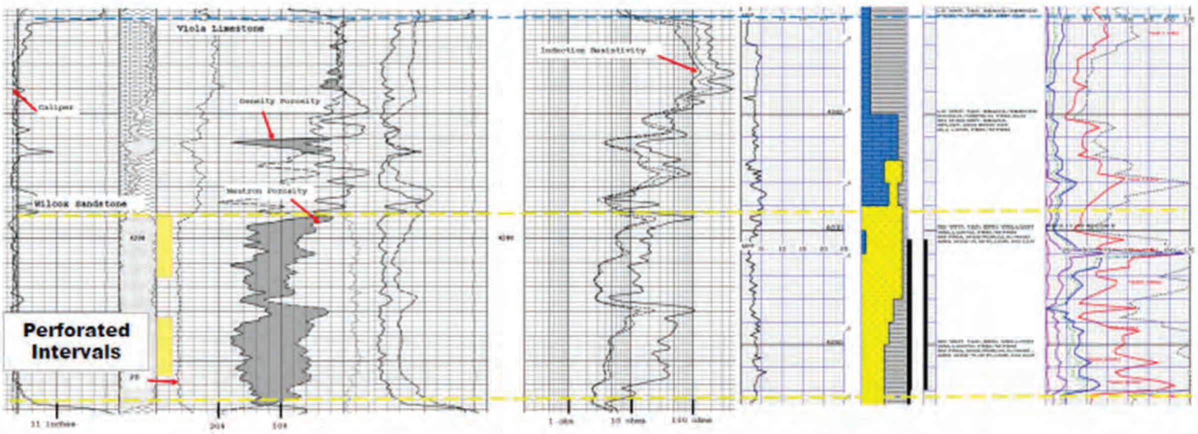
Where:
Sw is water saturation
So is oil saturation
Φ is porosity in percent
H is net pay in feet
7758 bbls per acre-foot
1.24 = oil formation volume factor (Bo)

It is anticipated that the 1st and 2nd Wilcox sands will be produced together during the initial production phase in this well. The estimated recoverable reserve for these two sands totals 100,938 barrels of oil. Additional revenue will be derived from the associated high BTU gas that will be produced and sold along with the oil. Inland has provided a gas assay from the produced gas that indicates 1,500 BTU natural gas will be produced from the Wilcox interval. This high BTU content will bring a premium price from the gas gatherer. Based on analogy to other recently competed Wilcox wells that have been completed and produced in a fashion similar to the #1-25 well, it is anticipated that an initial stabilized gas/oil ratio (GOR) will be 1,200 cu. ft/bbl of oil produced. Utilizing this GOR the pro-forma decline curve predicts that approximately 165 million cubic feet of gas (mmcf) will be produced from the Wilcox interval.

Producing Wilcox wells provide engineering analogy

Since the Wise #1-25 well is still being completed and the necessary production facilities and salt water disposal capacity is still under construction, there is no long term production history from this well to provide the basis for an actual production forecast in support of a cash flow model. As such we have identified two new Wilcox wells that have been recently drilled and completed with Electrical Submersible Pumps (ESP) and that represent geologically similar conditions to the Wise #1-25 well. In support to the project, Inland has provided production data and well logs from the Wildhorse #2-31 well located in section 31-T17N-R5E, Lincoln County, Oklahoma. The figure shown below illustrates the producing Wilcox Sand interval and is included with permission from the Operator's well file.

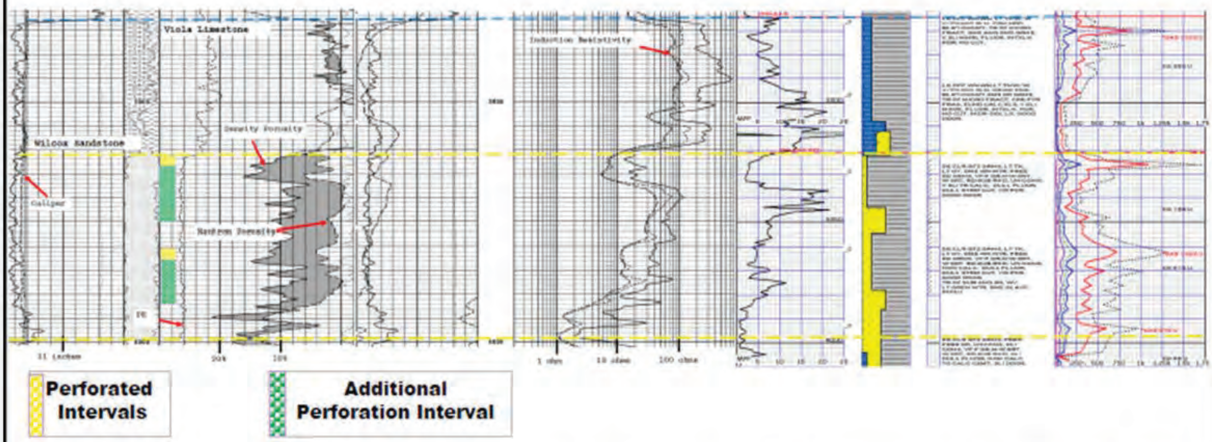
Wildhorse #2-31
W/2 W/2 SE SE
S.31-T17N-R05E
LINCOLN COUNTY, OK



This snapshot of an Electric Log and Mud Log is across the Wilcox Sandstone in the Wildhorse #2-31 well. Though the WH #2-31 well is a good distance from the Canadian River Prospect it is an excellent comparison to the Wise #1-25 already drilled and tested in the Canadian River Prospect. Both wells are on similar geologic structures, both are similar depth with similar electric and mud log characteristics. The WH #2-31 has two perforated Wilcox intervals. The Lower Wilcox from 4232 to 4256 and the Upper Wilcox from 4192 to 4216. Each interval was perforated, acidized, and swab tested separately. Both intervals flowed strong natural gas, had good oil cuts, with good fluid entry into the wellbore. Calculated SBHP is 1130 PSI. Note that the electric log characteristics in the WH #2-31 are very similar to those of the Wise #1-25. The WH #2-31 has slightly higher porosity, has slightly lower resistivity, and has nearly identical saltwater saturations as the Wise #1-25, ranging from a low of 27% to a high of 50%. In addition, the Wilcox in both wells exhibits sample cutting and gas chromatograph hydrocarbon shows from the top to near the base of the formation. The WH #2-31 is equipped with an Electric Submersible Pump (ESP).

For comparison, the #1-25 Wise well is shown below.

Wise #1-25
SE SE SW
S.25-T10N-R11E
OKFUSKEE COUNTY, OK

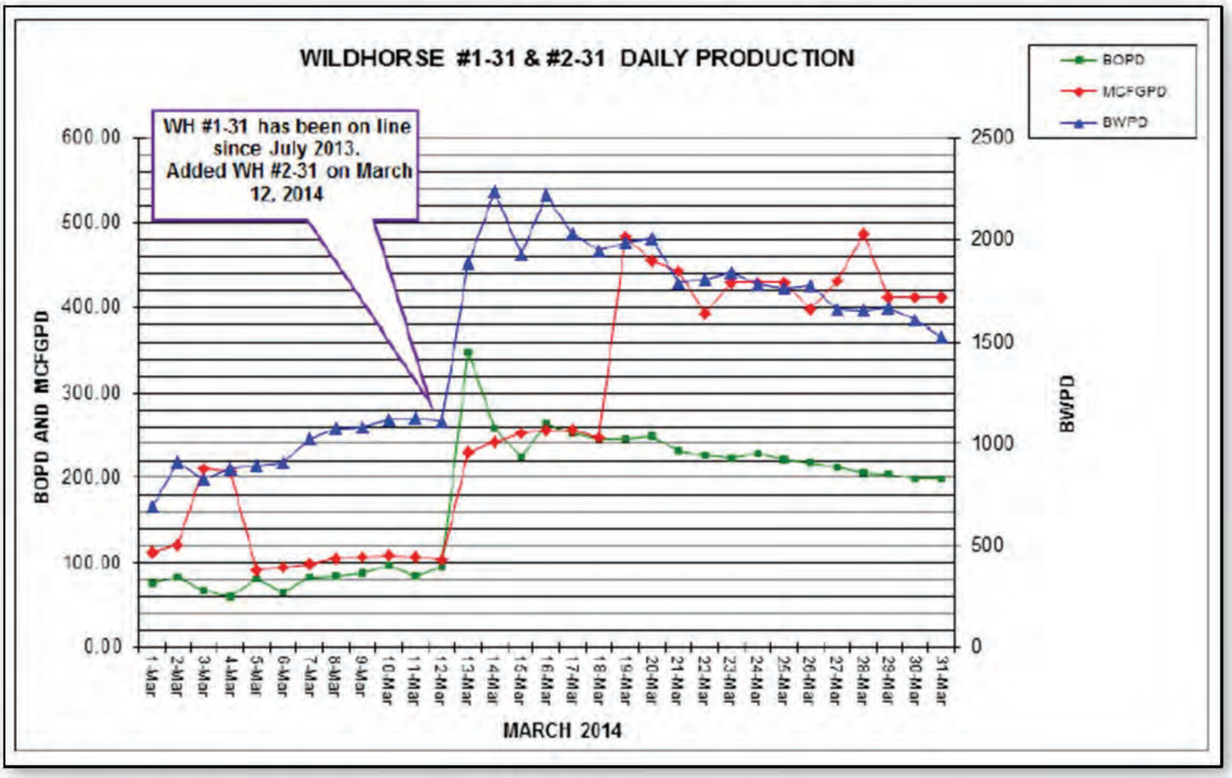


This snapshot of an Electric Log and Mud Log is across the Wilcox Sandstone in the Inland Operating, Wise #1-25 well. The Wise #1-25 has two perforated intervals. The Lower Wilcox from 3961 to 3965 and the Upper Wilcox from 3922 to 3926. Each interval was perforated, acidized, and swab tested separately. Both intervals flowed strong natural gas and had good oil cuts as high as 20%, with good fluid entry into the wellbore. Calculated SBHP is 1540 PSI. Note that the electric log characteristics in the Wise #1-25 are very similar to those of the WH #2-31 shown in the previous slide. The Wise #1-25 has slightly lower porosity, has slightly higher resistivity, and has nearly identical saltwater saturations as the Wildhorse #2-31, ranging from a low of 27% to a high of 50%. In addition, the Wilcox in both wells exhibits sample cutting and gas chromatograph hydrocarbon shows from the top to near the base of the formation. It is suggested that the Wise #1-25 have additional perforations, acidized and equipped with an Electric Submersible Pump (ESP).

Review of the Operator's daily completion notes indicates that a total of two Wildhorse wells have been completed in the Wilcox sands beginning in February 2014. The Wildhorse #2-31 well was perforated, acidized and swab tested the lower section of the Wilcox Sandstone. The result was a very strong oil and natural gas show with formation water. A bridge plug (RBP) was set to isolate the lower Wilcox and the upper section of the Wilcox was also perforated, acidized and swab tested again yielding very strong oil and natural gas shows with formation water. Subsequently the RBP was pulled and the two Wilcox zones were commingled for production. The well was equipped with an electrical submersible pump (ESP). Essentially the same operations have occurred on the Wildhorse #1-31.

Review of Inland's daily completion notes indicates very similar swab and test results from the #1-25 Wise well. Given the geological similarities, the same depth and completion techniques, the production results from the Wildhorse project have been deemed as useful analogs for setting up the production pro-forma decline curve.

The Operator of the Wildhorse project has provided some detailed daily production records that are included herein with their permission. It is important to note that this level of data not available without access to the Operator's internal well records. The initial daily production from the Wildhorse #1-31 well stabilized at 90-95 bopd and 100 mcfgpd within 1 week of completion. The initial daily production from



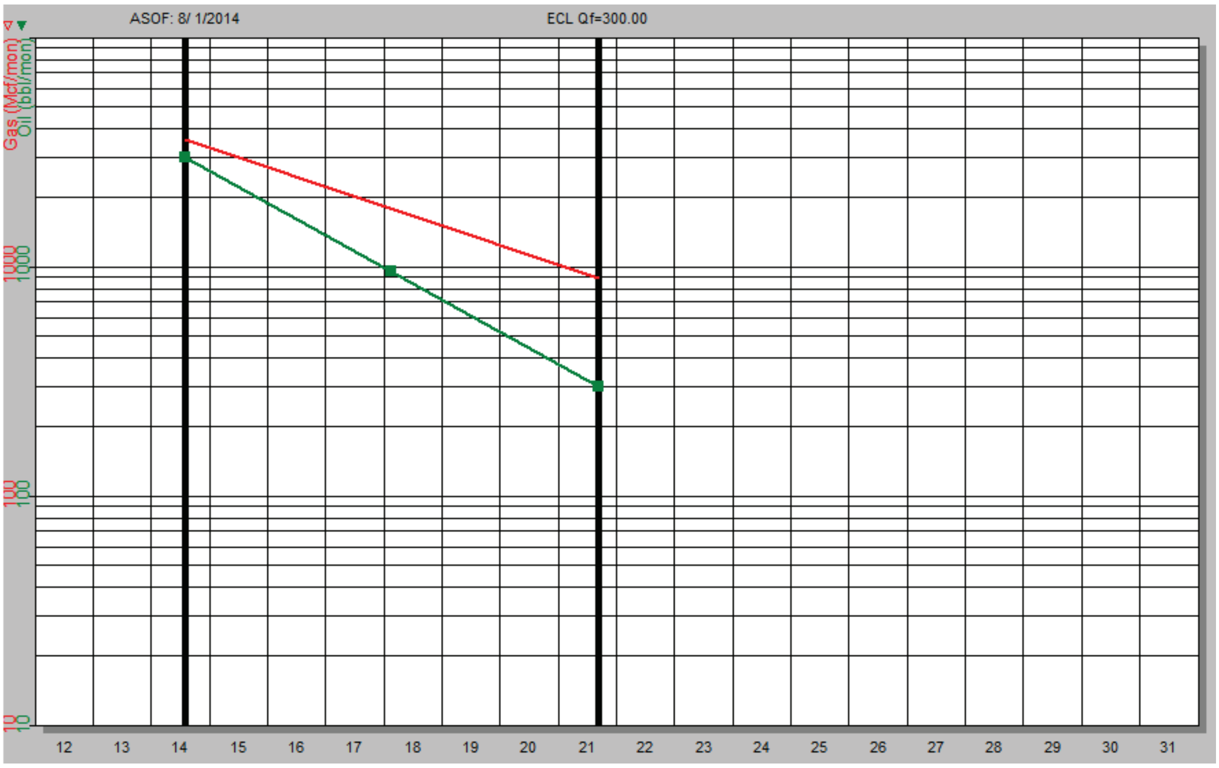
the Wildhorse #2-31 well stabilized at 150-155 bopd and 300 mcfgpd in approximately the same time period. The daily production graph included below illustrates the combined well performance over time.

Decline Curve Analysis provides basis for economic model

A proforma decline curve was constructed using the following assumptions:

Assumptions:	
• Initial Rate Oil	100 bopd
• Initial Rate Gas	120 mcfpd
• Initial GOR	1,200 cu. ft/bbl
• Abandonment Oil Rate	10 bopd
• Recoverable Oil Volume	100,000 bbls
• Recoverable Gas Volume	165,000 mcf
Calculated Result:	
• Exponential decline rate	27%/year
• Producing Life	7 years

These assumptions were inserted into the PHDWin production decline modeling software which produced the pro-forma decline curves for oil and natural gas production (shown below). Based on the production forecasts, a fully discounted cash flow model was constructed to determine net present value, discounted cash flow, return on investment and other economic parameters reported.



Forecast of Prices and Costs

The oil and gas prices used in the economic forecast are derived from publically available sources as published by the New York Mercantile Exchange (NYMEX) using the 5-Year NYMEX Strip pricing as of October 1, 2014. The prices were then held flat for the duration of each year as shown in the table below with no additional escalation or de-escalation applied.

Year	Gas	Oil
2014	$4.06	$90.24
2015	$3.93	$87.55
2016	$4.04	$85.90
2017	$4.18	$84.80
2018	$4.30	$84.53
2019+	$4.30	$84.53

During Q-4 of 2014, world oil markets have experienced extraordinary volatility with prices dropping nearly 20% almost overnight, and markets testing new lows below $75/bbl. At this time, it is unknown if these lower prices will stabilize at these levels or if this should be considered as a short term condition in the market place. As such we have relied on what is generally accepted as a credible source for the price decks used in this evaluation.

Cost Parameters

The Operating Costs for the vertical Wilcox wells operating with Electrical Submersible Pumps (ESP) of $5,000/well/month was supplied by Inland Oil & Gas, LLC which we reviewed and considered as normal for the area of operations.

The operating costs used in the economic calculations include the direct operating charges applicable to each well and allocated general and administrative overhead charges from the Operator. The economics also include Oklahoma oil and gas production taxes and ad valorem taxes (7.1% for both oil and gas). The future Operating Costs were held constant for the economic life of each property.

Well cost estimates based on actual vertical drilling experiences on the project area have been reviewed and accepted as normal for the area and depth of drilling. Well cost estimates used in the economic model are $1,218,750 per completed vertical well. This turnkey fixed cost includes the completion and equipment cost (electric submersible pump) necessary to produce the well.

Estimated Future Remaining Reserves contained in this report are based upon our extensive subsurface review of well logs, core information, pressure test information, 3D seismic data, historical oil and gas production. No on site field examination of the subject properties has been undertaken. No existing environmental liabilities are currently identified with regard to the daily operations of Inland Oil & Gas, LLC. No environmental impact report has been provided for this property by the Operator.

The values for working interest and net revenue interest, furnished in connection with this report were accepted as given and without further verification by dB, LLC. Future estimates in this report are based on available data through October 2014.

Tax Considerations

The Proforma economics and Net Present Values shown are net of Oklahoma Oil and Gas severance taxes. Currently these tax rates are 7.10% for both Oil and Gas Production. In Oklahoma, these taxes are paid upon sale of the various hydrocarbons at the well head and are deducted from the Net Present Value calculations. The economics do not include any estimate of US Federal Corporate taxes.

Full Field Development - Cash Flow Model

The fully developed field cash flow model was modeled using oil and gas volumes produced over time as defined by the decline curves as presented. The drilling/development schedule assumes first production from Well #1 begins in January 2015, and that subsequent wells begin drilling in February 2015, completing one well/month with production streams beginning for each well 30 days following the spud date for each well. On this schedule, the additional 4 wells to be drilled with all be completed an on-line by June 2015.

Using these assumptions the fully developed cash flow model for the P_{50} assumption of producing 100,000 barrels of oil and 165 mmcf of natural gas per well over a seven year production life is presented below.

Date : 12/13/2014 11:36:20AM
Partner : All Cases

ECONOMIC SUMMARY PROJECTION

Total

PAYNES FIND GOLD
Custom Selection
Discount Rate : 10.00
As of : 10/31/2014

Est. Cum Oil (Mbbl) : 0.00
Est. Cum Gas (MMcf) : 0.00
Est. Cum Water (Mbbl) : 0.00

Year	Oil Gross (Mbbl)	Gas Gross (MMcf)	Oil Net (Mbbl)	Gas Net (MMcf)	Oil Price ($/bbl)	Gas Price ($/Mcf)	Oil & Gas Rev. Net (M$)	Misc. Rev. Net (M$)	Costs Net (M$)	Taxes Net (M$)	Invest. Net (M$)	NonDisc. CF Annual (M$)	Cum Disc. CF (M$)
2014	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2015	122.11	152.79	67.17	84.07	87.55	3.93	6,211.12	0.00	230.00	2,304.02	4,875.00	-1,197.89	-1,280.76
2016	120.16	164.99	65.78	90.36	85.90	4.04	6,015.54	0.00	300.00	2,231.47	0.00	3,484.08	1,699.55
2017	86.65	132.56	47.43	72.60	84.80	4.18	4,325.85	0.00	300.00	1,604.68	0.00	2,421.18	3,582.36
2018	62.68	106.82	34.31	58.52	84.53	4.30	3,152.17	0.00	300.00	1,169.30	0.00	1,682.87	4,772.28
2019	45.35	86.09	24.82	47.16	84.53	4.30	2,301.09	0.00	300.00	853.59	0.00	1,147.50	5,510.07
2020	32.88	69.55	18.00	38.10	84.53	4.30	1,685.29	0.00	300.00	625.16	0.00	760.13	5,954.49
2021	23.71	55.88	12.98	30.62	84.53	4.30	1,228.77	0.00	300.00	455.81	0.00	472.96	6,205.98
2022	6.46	16.06	3.50	8.71	84.53	4.30	333.46	0.00	99.14	123.70	0.00	110.62	6,260.83
Rem.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total 7.7	**500.00**	**784.74**	**274.00**	**430.14**	**85.65**	**4.15**	**25,253.30**	**0.00**	**2,129.14**	**9,367.71**	**4,875.00**	**8,881.45**	**6,260.83**
Ult.	**500.00**	**784.74**											

Eco. Indicators

Return on Investment (disc) :	2.331
Return on Investment (undisc) :	2.822
Years to Payout :	1.48
Internal Rate of Return (%) :	110.59

Present Worth Profile (M$)

PW 5.00% :	**7,423.88**	**PW 20.00% :**	**4,542.15**
PW 8.00% :	**6,696.07**	**PW 30.00% :**	**3,352.11**
PW 10.00% :	**6,260.83**	**PW 40.00% :**	**2,492.01**
PW 12.00% :	**5,860.54**	**PW 50.00% :**	**1,848.61**
PW 15.00% :	**5,317.76**	**PW 60.00% :**	**1,353.68**

This economics run indicates a PV_{10} value of $6,260,830 after the project has paid out in 2.8 years. This represents a 110% internal rate of return (IRR) and an undiscounted return on investment (ROI) of 2.82. Please note that the main table shown above is computed using a discount factor of 10%. The Present Worth (PW) Profile table shown in the bottom right hand corner computes PW at various other discount rates.

All numbers shown are quoted in USD and are computed net to the PNE LTD 54% net revenue interest.

EVALUATOR

Mr. Richard G. Boyce was engaged by Paynes Find Gold LTD to conduct this project evaluation of Canadian Valley Project, Okfuskee County, Oklahoma. Boyce is a senior partner in dB, LLC, a petroleum advisory consultancy based in Dallas, Texas USA.

During a thirty-five year career in worldwide oil and gas exploration and development, Dick has developed considerable expertise in all aspects required to develop and promote commercial oil and gas projects on a worldwide basis. Dick has a unique ability to combine a strong geotechnical foundation with commercial business analysis while relating to his audience using high level communication skills.

As a geoscientist and engineer, Mr. Boyce conducts integrated studies including, seismic acquisition, seismic data processing, integrated geological and geophysical workstation interpretation skills, resource value assessment, reservoir engineering, drilling and well site evaluations as well as international and domestic project management.

Mr. Boyce's international experience includes expertise in the deep water margins of West Africa (Nigeria-Sao Tome/Principe JDZ, Sierra Leone and Togo,) east coast of India (Krishna Godavari Basin), the Black Sea (northern coast of Turkey) as well as extensive onshore work in the Middle East (Yemen, UAE and Oman), East Africa (Southern Red Sea, Eritrea, Ethiopia, Somalia, Sudan and Kenya), North Africa (Tunisia, Libya, Algeria, Egypt, and Niger), Australia (Cooper Basin) and Kazakhstan (Pre Caspian and Turgay Basins). Mr. Boyce has also worked extensively in South America (Argentina, Colombia, Chile, Peru, Ecuador, Guatemala and Belize).

Domestic U.S. experience includes conventional 2D and 3D seismic mapping, geological and engineering aspects of prospect development on the shelf and deep water areas of the Gulf of Mexico, West Texas (Delaware, Midland and Val Verde Basins, Eastern Shelf and North Basin Platform), South Louisiana Transition Zone, Rocky Mountains (Williston, Paradox, San Juan and Paradox Basins), Canada (Western Newfoundland and Western Canadian Basins) and various unconventional shale gas and tight oil plays in Texas (Barnett Shale, Horizontal Wolfcamp, Bone Spring, Wolf-Bone, Wolf-Berry, Avalon Shale, Eagle Ford Shale, Eagle-Bine, Horizontal Woodbine, Deep Bossier, Haynesville Shale, Cotton Valley), Oklahoma (Horizontal Mississippian Lime and Hunton), Kansas (Horizontal Mississippian Lime, Hunton, Viola and Arbuckle, Coal Bed Methane) and New Mexico (Avalon Shale, Bone Spring, Abo, Horizontal Mancos).

Mr. Boyce began his career as a geophysicist for The Superior Oil Company with early training at their Geoscience Laboratory in Houston, Texas. In l980, Mr. Boyce transferred to Midland, Texas to continue working for Superior Oil Company until 1983. During his ten year career in the Permian Basin, Mr. Boyce also worked for both Conquest Exploration Inc. and Hunt Oil Company. In 1991, Mr. Boyce transferred to Dallas, Texas where he served as the Chief Geophysicist for Hunt Oil Company and in 1992 was appointed the Exploration Manager for the Yemen Hunt Oil Company and the Exploration Vice President of the Hunt Oil subsidiaries, Ethiopia Hunt Oil and Jannah Hunt Oil. Leaving Hunt in l996, Mr. Boyce established a consulting practice in Dallas, Texas, USA operating under the name dB, LLC.

Mr. Boyce graduated from the Colorado School of Mines in l978 with a Bachelor of Science degree in Geophysical Engineering. He is a member of the American Association of Petroleum Geologists (AAPG), the Society of Exploration Geophysicists (SEG), the Society of Independent Petroleum Earth Scientists (SIPES #3245) and the Association of International Petroleum Negotiators (AIPN) and is a registered Professional Geoscientist with the State of Texas, License #2179.

DISCLAIMER

dB, LLC Petroleum Advisors has conducted an independent technical and economic assessment of the Canadian Valley Project, operated by Inland Oil & Gas, LLC in Okfuskee County Oklahoma. This review and project assessment was commissioned by Paynes Find Gold LTD, located in Perth, Australia, with the objective to define the overall commercial reasonableness of the project.

dB, LLC has extensive knowledge of a variety of oil and gas plays in North America, including the areas of the Cherokee Platform located in Oklahoma relating to this project. dB, LLC has relied on this regional knowledge, as well as detailed information supplied by Inland Oil & Gas, LLC, along with other public information on the geology and reserves in this area, to make a reasonable assessment of the Canadian Valley Project.

dB, LLC is not affiliated with Paynes Find Gold LTD, nor does it intend to be an officer, director or employee of the company. dB, LLC has no material interest in the Canadian Valley Project. The relationship with the company is solely one of professional association between client and independent consultant. The review work and this report are prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this report.

Based on review of all data provided by Inland Oil & Gas, LLC, and based on independent knowledge of the regional geology of the Cherokee Platform, the Canadian Valley Project appears to have a reasonable chance for commercial success.

Date October 2014

Richard G. Boyce
Registered Professional Geoscientist
State of Texas, USA

4849 Greenville Avenue
Suite 1360
Dallas, Texas 75206
USA

Tel: 214-987-1779
www.dbgeo.com

APPENDIX – A ECONOMICS

Date : 12/13/2014 11:36:20AM
Partner : All Cases

Total

ECONOMIC SUMMARY PROJECTION

PAYNES FIND GOLD
Custom Selection
Discount Rate : 10.00
As of : 10/31/2014

Est. Cum Oil (Mbbl) : **0.00**
Est. Cum Gas (MMcf) : **0.00**
Est. Cum Water (Mbbl) : **0.00**

Year		Oil Gross (Mbbl)	Gas Gross (MMcf)	Oil Net (Mbbl)	Gas Net (MMcf)	Oil Price ($/bbl)	Gas Price ($/Mcf)	Oil & Gas Rev. Net (M$)	Misc. Rev. Net (M$)	Costs Net (M$)	Taxes Net (M$)	Invest. Net (M$)	NonDisc. CF Annual (M$)	Cum Disc. CF (M$)
2014		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2015		122.11	152.79	67.17	84.07	87.55	3.93	6,211.12	0.00	230.00	2,304.02	4,875.00	-1,197.89	-1,280.76
2016		120.16	164.99	65.78	90.36	85.90	4.04	6,015.54	0.00	300.00	2,231.47	0.00	3,484.08	1,699.55
2017		86.65	132.56	47.43	72.60	84.80	4.18	4,325.85	0.00	300.00	1,604.68	0.00	2,421.18	3,582.36
2018		62.68	106.82	34.31	58.52	84.53	4.30	3,152.17	0.00	300.00	1,169.30	0.00	1,682.87	4,772.28
2019		45.35	86.09	24.82	47.16	84.53	4.30	2,301.09	0.00	300.00	853.59	0.00	1,147.50	5,510.07
2020		32.88	69.55	18.00	38.10	84.53	4.30	1,685.29	0.00	300.00	625.16	0.00	760.13	5,954.49
2021		23.71	55.88	12.98	30.62	84.53	4.30	1,228.77	0.00	300.00	455.81	0.00	472.96	6,205.98
2022		6.46	16.06	3.50	8.71	84.53	4.30	333.46	0.00	99.14	123.70	0.00	110.62	6,260.83
Rem.		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	**7.7**	**500.00**	**784.74**	**274.00**	**430.14**	**85.65**	**4.15**	**25,253.30**	**0.00**	**2,129.14**	**9,367.71**	**4,875.00**	**8,881.45**	**6,260.83**
Ult.		**500.00**	**784.74**											

Eco. Indicators

Return on Investment (disc) :	2.331
Return on Investment (undisc) :	2.822
Years to Payout :	1.48
Internal Rate of Return (%) :	110.59

Present Worth Profile (M$)

PW	**5.00% :**	**7,423.88**	**PW**	**20.00% :**	**4,542.15**
PW	**8.00% :**	**6,696.07**	**PW**	**30.00% :**	**3,352.11**
PW	**10.00% :**	**6,260.83**	**PW**	**40.00% :**	**2,492.01**
PW	**12.00% :**	**5,860.54**	**PW**	**50.00% :**	**1,848.61**
PW	**15.00% :**	**5,317.76**	**PW**	**60.00% :**	**1,353.68**

Date: 12/13/2014 11:36:20AM
Partner : All Cases
Retrieval Code :
Reserve Cat. : Proved Producing
Location :
Archive Set : default

ECONOMIC PROJECTION

PAYNES FIND GOLD
Custom Selection
Discount Rate : 10.00
As of : 10/31/2014

Case : Wise 25-1 100K BBLS
Type : LEASE CASE
Field :
Operator : Inland
Reservoir : Wilcox
Co., State : Okfuskee, OK
API No. :

Est. Cum Oil (Mbbl) : **0.00**
Est. Cum Gas (MMcf) : **0.00**
Est. Cum Water (Mbbl) : **0.00**

Year	Oil Gross (Mbbl)	Gas Gross (MMcf)	Oil Net (Mbbl)	Gas Net (MMcf)	Oil Price ($/bbl)	Gas Price ($/Mcf)	Oil & Gas Rev. Net (M$)	Misc. Rev. Net (M$)	Costs Net (M$)	Taxes Net (M$)	Invest. Net (M$)	NonDisc. CF Annual (M$)	Cum Disc. CF (M$)
2014	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2015	30.73	38.95	17.82	22.59	87.55	3.93	1,649.32	0.00	60.00	611.82	0.00	977.51	919.79
2016	22.28	31.66	12.92	18.36	85.90	4.04	1,184.40	0.00	60.00	439.35	0.00	685.05	1,505.78
2017	16.07	25.60	9.32	14.85	84.80	4.18	852.38	0.00	60.00	316.19	0.00	476.19	1,876.08
2018	11.62	20.76	6.74	12.04	84.53	4.30	621.68	0.00	60.00	230.61	0.00	331.07	2,110.17
2019	8.41	16.83	4.88	9.76	84.53	4.30	454.26	0.00	60.00	168.51	0.00	225.75	2,255.32
2020	6.10	13.69	3.54	7.94	84.53	4.30	333.07	0.00	60.00	123.55	0.00	149.52	2,342.74
2021	4.40	11.06	2.55	6.42	84.53	4.30	243.16	0.00	60.00	90.20	0.00	92.96	2,392.17
2022	0.39	1.02	0.23	0.59	84.53	4.30	21.60	0.00	6.15	8.01	0.00	7.44	2,395.90
Rem.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total 7.3	**100.00**	**159.58**	**58.00**	**92.55**	**85.81**	**4.14**	**5,359.87**	**0.00**	**426.15**	**1,988.24**	**0.00**	**2,945.47**	**2,395.90**
Ult.	**100.00**	**159.58**											

Major Phase :	Oil	
Initial Rate :	3,000.00 bbl/month	
Abandonment :	300.00 bbl/month	
Initial Decline :	27.675 %/year	b = 0.00
Initial Ratio :	1.200 Mcf/bbl	
Abandon Ratio :	2.705 Mcf/bbl	
Abandon Day :	02/07/2022	

Eco. Indicators

Return on Investment (disc) :	0.000
Return on Investment (undisc) :	0.000
Years to Payout :	0.00
Internal Rate of Return (%) :	0.00

	Initial	1st Rev.	2nd Rev.
Working Interest :	1.00000000	0.00000000	0.00000000
Revenue Interest :	0.58000000	0.00000000	0.00000000
Rev. Date :			

Present Worth Profile (M$)

PW 5.00% :	**2,641.76**	**PW 20.00% :**	**2,024.74**
PW 8.00% :	**2,488.33**	**PW 30.00% :**	**1,759.84**
PW 10.00% :	**2,395.90**	**PW 40.00% :**	**1,562.34**
PW 12.00% :	**2,310.40**	**PW 50.00% :**	**1,409.82**
PW 15.00% :	**2,193.61**	**PW 60.00% :**	**1,288.64**

Date: 12/13/2014 11:36:20AM
Partner : All Cases
Retrieval Code :
Reserve Cat. : Proved Producing
Location :
Archive Set : default

ECONOMIC PROJECTION

PAYNES FIND GOLD
Custom Selection
Discount Rate : 10.00
As of : 10/31/2014

Case : Wise 25-2 100K BBLS
Type : LEASE CASE
Field :
Operator : Inland
Reservoir : Wilcox
Co., State : Okfuskee, OK
API No. :

Est. Cum Oil (Mbbl) : **0.00**
Est. Cum Gas (MMcf) : **0.00**
Est. Cum Water (Mbbl) : **0.00**

Year	Oil Gross (Mbbl)	Gas Gross (MMcf)	Oil Net (Mbbl)	Gas Net (MMcf)	Oil Price ($/bbl)	Gas Price ($/Mcf)	Oil & Gas Rev. Net (M$)	Misc. Rev. Net (M$)	Costs Net (M$)	Taxes Net (M$)	Invest. Net (M$)	NonDisc. CF Annual (M$)	Cum Disc. CF (M$)
2014	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2015	26.41	33.14	14.26	17.89	87.55	3.93	1,319.06	0.00	50.00	489.31	1,218.75	-438.99	-462.09
2016	23.48	32.57	12.68	17.59	85.90	4.04	1,160.24	0.00	60.00	430.39	0.00	669.85	110.91
2017	16.93	26.23	9.14	14.16	84.80	4.18	834.55	0.00	60.00	309.57	0.00	464.97	472.50
2018	12.25	21.18	6.61	11.44	84.53	4.30	608.29	0.00	60.00	225.65	0.00	322.64	700.64
2019	8.86	17.10	4.78	9.24	84.53	4.30	444.18	0.00	60.00	164.77	0.00	219.41	841.71
2020	6.42	13.85	3.47	7.48	84.53	4.30	325.43	0.00	60.00	120.72	0.00	144.71	926.32
2021	4.63	11.15	2.50	6.02	84.53	4.30	237.37	0.00	60.00	88.05	0.00	89.32	973.82
2022	1.01	2.58	0.54	1.40	84.53	4.30	51.93	0.00	15.75	19.26	0.00	16.92	982.25
Rem.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total 7.4	**100.00**	**157.80**	**54.00**	**85.21**	**85.70**	**4.15**	**4,981.06**	**0.00**	**425.75**	**1,847.72**	**1,218.75**	**1,488.83**	**982.25**
Ult.	**100.00**	**157.80**											

Major Phase :	Oil		
Initial Rate :	3,000.00	bbl/month	
Abandonment :	300.00	bbl/month	
Initial Decline :	27.675	%/year	b = 0.00
Initial Ratio :	1.200	Mcf/bbl	
Abandon Ratio :	2.626	Mcf/bbl	
Abandon Day :	04/07/2022		

Eco. Indicators

Return on Investment (disc) :	1.826
Return on Investment (undisc) :	2.222
Years to Payout :	1.79
Internal Rate of Return (%) :	62.59

	Initial	1st Rev.	2nd Rev.
Working Interest :	1.00000000	0.00000000	0.00000000
Revenue Interest :	0.54000000	0.00000000	0.00000000
Rev. Date :			

Present Worth Profile (M$)

PW 5.00% :	**1,207.45**	**PW 20.00% :**	**648.11**
PW 8.00% :	**1,066.60**	**PW 30.00% :**	**415.54**
PW 10.00% :	**982.25**	**PW 40.00% :**	**246.64**
PW 12.00% :	**904.59**	**PW 50.00% :**	**119.74**
PW 15.00% :	**799.13**	**PW 60.00% :**	**21.74**

Date: 12/13/2014 11:36:20AM
Partner : All Cases
Retrieval Code :
Reserve Cat. : Proved Producing
Location :
Archive Set : default

ECONOMIC PROJECTION

PAYNES FIND GOLD
Custom Selection
Discount Rate : 10.00
As of : 10/31/2014

Case : Wise 25-3 100K BBLS
Type : LEASE CASE
Field :
Operator : Inland
Reservoir : Wilcox
Co., State : Okfuskee, OK
API No. :

Est. Cum Oil (Mbbl) : **0.00**
Est. Cum Gas (MMcf) : **0.00**
Est. Cum Water (Mbbl) : **0.00**

Year	Oil Gross (Mbbl)	Gas Gross (MMcf)	Oil Net (Mbbl)	Gas Net (MMcf)	Oil Price ($/bbl)	Gas Price ($/Mcf)	Oil & Gas Rev. Net (M$)	Misc. Rev. Net (M$)	Costs Net (M$)	Taxes Net (M$)	Invest. Net (M$)	NonDisc. CF Annual (M$)	Cum Disc. CF (M$)
2014	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2015	24.05	30.02	12.99	16.21	87.55	3.93	1,200.80	0.00	45.00	445.44	1,218.75	-508.38	-521.11
2016	24.14	33.07	13.03	17.86	85.90	4.04	1,191.70	0.00	60.00	442.06	0.00	689.64	68.81
2017	17.40	26.57	9.40	14.35	84.80	4.18	856.93	0.00	60.00	317.88	0.00	479.05	441.35
2018	12.59	21.40	6.80	11.56	84.53	4.30	624.40	0.00	60.00	231.62	0.00	332.78	676.65
2019	9.11	17.24	4.92	9.31	84.53	4.30	455.78	0.00	60.00	169.07	0.00	226.71	822.41
2020	6.60	13.93	3.57	7.52	84.53	4.30	333.79	0.00	60.00	123.82	0.00	149.97	910.10
2021	4.76	11.19	2.57	6.04	84.53	4.30	243.35	0.00	60.00	90.27	0.00	93.08	959.59
2022	1.34	3.38	0.73	1.83	84.53	4.30	69.22	0.00	20.82	25.68	0.00	22.72	970.88
Rem.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total 7.5	**100.00**	**156.80**	**54.00**	**84.67**	**85.63**	**4.15**	**4,975.97**	**0.00**	**425.82**	**1,845.84**	**1,218.75**	**1,485.57**	**970.88**
Ult.	**100.00**	**156.80**											

Major Phase :	Oil		
Initial Rate :	3,000.00	bbl/month	
Abandonment :	300.00	bbl/month	
Initial Decline :	27.675	%/year	b = 0.00
Initial Ratio :	1.200	Mcf/bbl	
Abandon Ratio :	2.583	Mcf/bbl	
Abandon Day :	05/08/2022		

Eco. Indicators

Return on Investment (disc) :	1.822
Return on Investment (undisc) :	2.219
Years to Payout :	1.88
Internal Rate of Return (%) :	61.92

	Initial	1st Rev.	2nd Rev.
Working Interest :	1.00000000	0.00000000	0.00000000
Revenue Interest :	0.54000000	0.00000000	0.00000000
Rev. Date :			

Present Worth Profile (M$)

PW 5.00% :	**1,199.12**	**PW 20.00% :**	**634.38**
PW 8.00% :	**1,056.25**	**PW 30.00% :**	**402.25**
PW 10.00% :	**970.88**	**PW 40.00% :**	**235.19**
PW 12.00% :	**892.41**	**PW 50.00% :**	**110.84**
PW 15.00% :	**786.09**	**PW 60.00% :**	**15.70**

Date: 12/13/2014 11:36:20AM
Partner : All Cases
Retrieval Code :
Reserve Cat. : Proved Producing
Location :
Archive Set : default

ECONOMIC PROJECTION

PAYNES FIND GOLD
Custom Selection
Discount Rate : 10.00
As of : 10/31/2014

Case : Wise 25-4 100K BBLS
Type : LEASE CASE
Field :
Operator : Inland
Reservoir : Wilcox
Co., State : Okfuskee, OK
API No. :

Est. Cum Oil (Mbbl) : **0.00**
Est. Cum Gas (MMcf) : **0.00**
Est. Cum Water (Mbbl) : **0.00**

Year	Oil Gross (Mbbl)	Gas Gross (MMcf)	Oil Net (Mbbl)	Gas Net (MMcf)	Oil Price ($/bbl)	Gas Price ($/Mcf)	Oil & Gas Rev. Net (M$)	Misc. Rev. Net (M$)	Costs Net (M$)	Taxes Net (M$)	Invest. Net (M$)	NonDisc. CF Annual (M$)	Cum Disc. CF (M$)
2014	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2015	21.70	26.95	11.72	14.55	87.55	3.93	1,083.30	0.00	40.00	401.85	1,218.75	-577.30	-578.15
2016	24.79	33.57	13.38	18.13	85.90	4.04	1,222.98	0.00	60.00	453.67	0.00	709.32	28.61
2017	17.87	26.90	9.65	14.53	84.80	4.18	879.18	0.00	60.00	326.13	0.00	493.05	412.03
2018	12.93	21.62	6.98	11.68	84.53	4.30	640.40	0.00	60.00	237.56	0.00	342.85	654.44
2019	9.35	17.38	5.05	9.38	84.53	4.30	467.31	0.00	60.00	173.35	0.00	233.96	804.87
2020	6.78	14.00	3.66	7.56	84.53	4.30	342.09	0.00	60.00	126.90	0.00	155.19	895.60
2021	4.89	11.22	2.64	6.06	84.53	4.30	249.29	0.00	60.00	92.47	0.00	96.82	947.08
2022	1.68	4.15	0.91	2.24	84.53	4.30	86.32	0.00	25.68	32.02	0.00	28.62	961.24
Rem.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total 7.6	**100.00**	**155.80**	**54.00**	**84.13**	**85.57**	**4.16**	**4,970.87**	**0.00**	**425.68**	**1,843.95**	**1,218.75**	**1,482.50**	**961.24**
Ult.	**100.00**	**155.80**											

Major Phase :	Oil		
Initial Rate :	3,000.00	bbl/month	
Abandonment :	300.00	bbl/month	
Initial Decline :	27.675	%/year	b = 0.00
Initial Ratio :	1.200	Mcf/bbl	
Abandon Ratio :	2.539	Mcf/bbl	
Abandon Day :	06/07/2022		

Eco. Indicators

Return on Investment (disc) :	1.821
Return on Investment (undisc) :	2.216
Years to Payout :	1.96
Internal Rate of Return (%) :	61.96

	Initial	1st Rev.	2nd Rev.
Working Interest :	1.00000000	0.00000000	0.00000000
Revenue Interest :	0.54000000	0.00000000	0.00000000
Rev. Date :			

Present Worth Profile (M$)

PW 5.00% :	**1,191.81**	**PW 20.00% :**	**623.60**
PW 8.00% :	**1,047.36**	**PW 30.00% :**	**392.85**
PW 10.00% :	**961.24**	**PW 40.00% :**	**228.38**
PW 12.00% :	**882.24**	**PW 50.00% :**	**107.15**
PW 15.00% :	**775.44**	**PW 60.00% :**	**15.32**

Date: 12/13/2014 11:36:20AM
Partner : All Cases
Retrieval Code :
Reserve Cat. : Proved Producing
Location :
Archive Set : default

ECONOMIC PROJECTION

PAYNES FIND GOLD
Custom Selection
Discount Rate : 10.00
As of : 10/31/2014

Case : Wise 25-5 100K BBLS
Type : LEASE CASE
Field :
Operator : Inland
Reservoir : Wilcox
Co., State : Okfuskee, OK
API No. :

Est. Cum Oil (Mbbl) : **0.00**
Est. Cum Gas (MMcf) : **0.00**
Est. Cum Water (Mbbl) : **0.00**

Year	Oil Gross (Mbbl)	Gas Gross (MMcf)	Oil Net (Mbbl)	Gas Net (MMcf)	Oil Price ($/bbl)	Gas Price ($/Mcf)	Oil & Gas Rev. Net (M$)	Misc. Rev. Net (M$)	Costs Net (M$)	Taxes Net (M$)	Invest. Net (M$)	NonDisc. CF Annual (M$)	Cum Disc. CF (M$)
2014	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2015	19.21	23.74	10.37	12.82	87.55	3.93	958.63	0.00	35.00	355.60	1,218.75	-650.72	-639.20
2016	25.48	34.11	13.76	18.42	85.90	4.04	1,256.21	0.00	60.00	465.99	0.00	730.22	-14.57
2017	18.37	27.26	9.92	14.72	84.80	4.18	902.82	0.00	60.00	334.90	0.00	507.92	380.41
2018	13.29	21.86	7.18	11.80	84.53	4.30	657.41	0.00	60.00	243.87	0.00	353.54	630.39
2019	9.61	17.53	5.19	9.46	84.53	4.30	479.55	0.00	60.00	177.89	0.00	241.66	785.76
2020	6.97	14.09	3.76	7.61	84.53	4.30	350.92	0.00	60.00	130.17	0.00	160.74	879.74
2021	5.03	11.26	2.71	6.08	84.53	4.30	255.60	0.00	60.00	94.82	0.00	100.79	933.33
2022	2.04	4.92	1.10	2.66	84.53	4.30	104.40	0.00	30.75	38.73	0.00	34.92	950.55
Rem.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total 7.7	**100.00**	**154.76**	**54.00**	**83.57**	**85.51**	**4.16**	**4,965.54**	**0.00**	**425.75**	**1,841.97**	**1,218.75**	**1,479.08**	**950.55**
Ult.	**100.00**	**154.76**											

Major Phase :	Oil		
Initial Rate :	3,000.00	bbl/month	
Abandonment :	300.00	bbl/month	
Initial Decline :	27.675	%/year	b = 0.00
Initial Ratio :	1.200	Mcf/bbl	
Abandon Ratio :	2.494	Mcf/bbl	
Abandon Day :	07/08/2022		

Eco. Indicators

Return on Investment (disc) :	1.818
Return on Investment (undisc) :	2.214
Years to Payout :	2.05
Internal Rate of Return (%) :	61.62

	Initial	1st Rev.	2nd Rev.
Working Interest :	1.00000000	0.00000000	0.00000000
Revenue Interest :	0.54000000	0.00000000	0.00000000
Rev. Date :			

Present Worth Profile (M$)

PW 5.00% :	**1,183.73**	**PW 20.00% :**	**611.32**
PW 8.00% :	**1,037.52**	**PW 30.00% :**	**381.63**
PW 10.00% :	**950.55**	**PW 40.00% :**	**219.45**
PW 12.00% :	**870.91**	**PW 50.00% :**	**101.06**
PW 15.00% :	**763.49**	**PW 60.00% :**	**12.28**

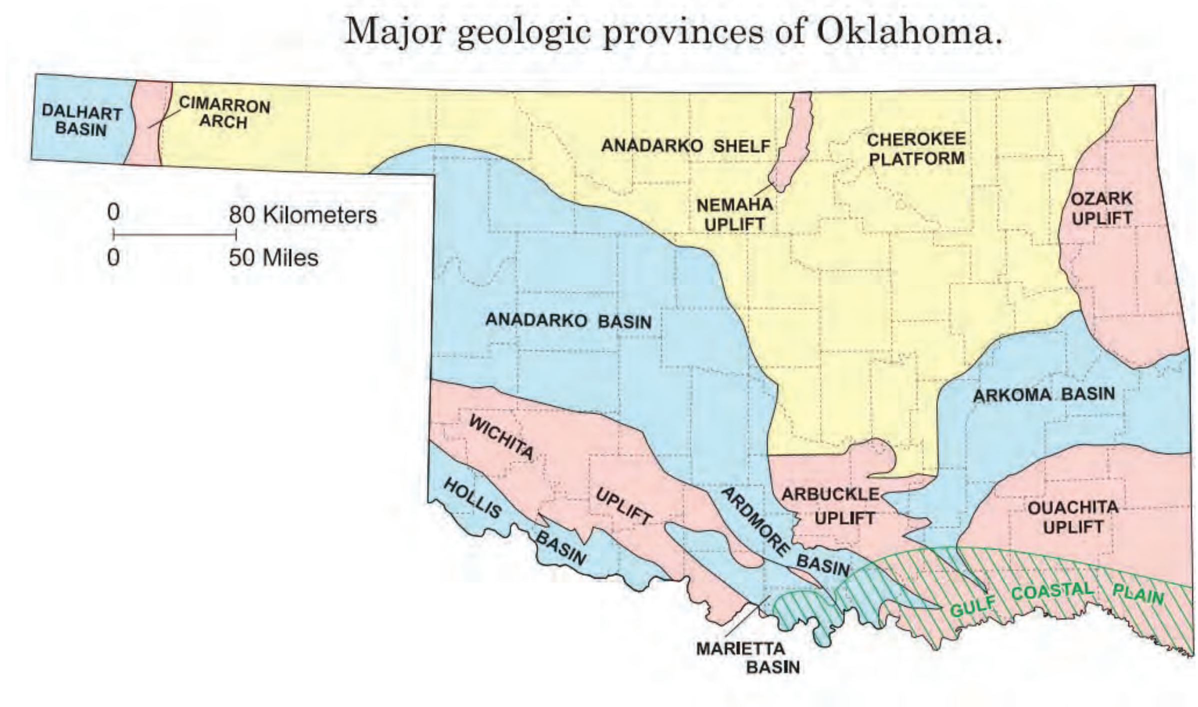
APPENDIX – B The Oil Industry in Oklahoma

Oklahoma State Energy Profile

Excerpt from U.S. Energy Information Agency website www.eia.gov

Overview

Oklahoma is a land of low hills and flat, fertile plains. It is rich in energy resources, and crude oil and natural gas wells can be seen across much of the state. Oklahoma's fossil fuel reserves are part of the Mid-Continent Oil Region, a vast oil and gas producing area extending from Texas northward, and flanked by the Mississippi River to the east and the Rocky Mountain states to the west. Many of the largest oil and gas fields in the USA are found in the Anadarko, Arkoma, and Ardmore geologic basins of



Oklahoma and their associated shelves and platforms.

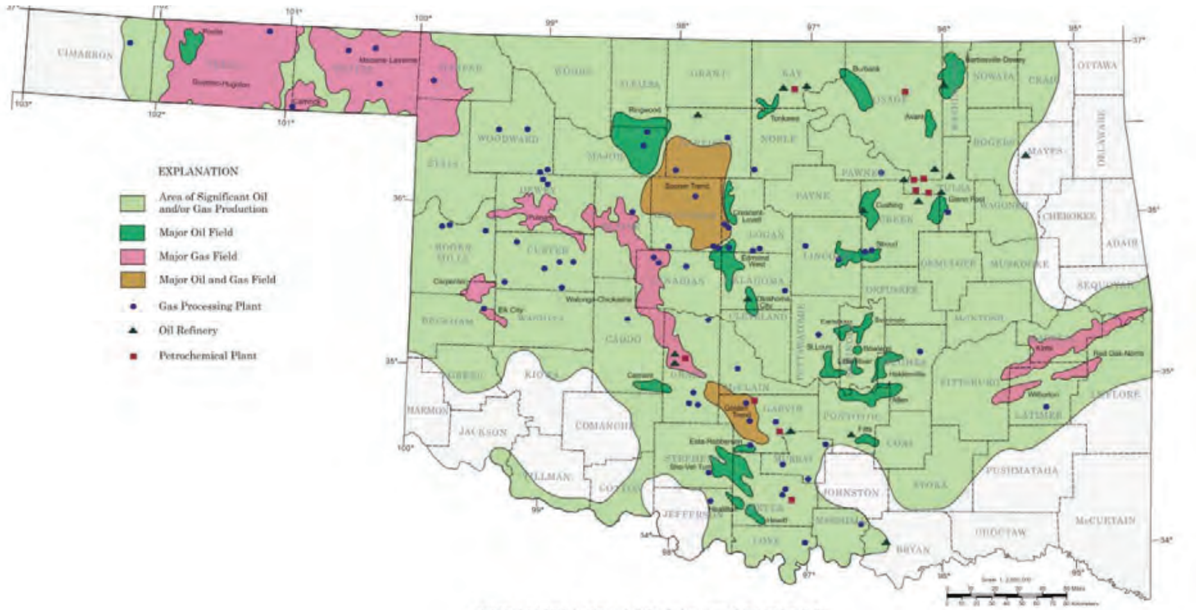
But fossil fuels are not the state's only energy resources. With more than 200 lakes, many created by dams, the state has substantial hydroelectric power potential. The open plains in the western portion of the state have significant wind potential, and wind energy is providing an increasing portion of the state's electricity generation. Solar potential is also widespread and increases to the west as sunny, arid conditions increase, and precipitation decreases.

Total energy consumption in Oklahoma is high relative to its population. Although the state ranks eighth in the nation in the amount of land in farms, manufacturing contributes a much larger share to the state's Gross Domestic Product. The state is best known, however, for its energy-intensive oil and gas industry. The industrial sector is the largest energy consuming sector in the state, followed by the transportation sector.

Petroleum

Many important oil and gas conservation practices and organizations trace their origins to Oklahoma.

The discovery of oil in Oklahoma transformed the state's economy. By the time Oklahoma became a state in 1907, it was the biggest oil producer in the nation. The history of petroleum development in the state is one of booms and busts. As a result, many important conservation practices and organizations trace their origins to the state. In 1935 the Interstate Oil and Gas Compact Commission (IOGCC), headquartered in Oklahoma, was created. Its purpose was to bring about conservation and to prevent waste of petroleum resources through the coordinated efforts of oil-producing states. The voluntary IOGCC has grown from an association of 6 oil-producing member states in the 1930s to 30 member states and 8 associates in 2013.



OKLAHOMA OIL AND GAS PRODUCTION
AND INFRASTRUCTURE

Oklahoma produces a substantial amount of crude oil, with annual production typically accounting for between 3% and 4% of the nation's total. Crude oil production is less than one-half of what it was in 1981, but Oklahoma is still one of the top six oil-producing states. Although oil fields dominate the eastern half of the state, and gas fields dominate the west, oil wells are found throughout Oklahoma. Three of the 100 largest oil fields in the United States are within the state, one in south central Oklahoma, one in the Panhandle, and the third in the northeast.

Several oil and gas exploration and production booms in the 20th century spurred rapid and sustained economic development in much of the state. However, the Oklahoma oil industry experienced declining production from the mid-1980s until 2005, when production hit its lowest point since 1913. High crude oil prices have slowed the decline, and recent years have seen an increase in both reserve additions and production. As production declined so did the number of operable refineries in Oklahoma. In the early 1980s there were a dozen refineries; now there are six, one of which is a very small refinery that has not operated since 2010. Crude oil supplies that are not sent out of state provide feedstock for Oklahoma refineries, which have a combined distillation capacity of over 500 thousand barrels per calendar day–roughly 3% of the total U.S. refining capacity. Several petroleum product pipelines connect these refineries to markets in Oklahoma and other states.

Oklahoma is known the world over as the delivery point for futures contracts of West Texas Intermediate (WTI) oil at Cushing.

The city of Cushing, in central Oklahoma, is the designated delivery point for New York Mercantile Exchange (Nymex) crude oil futures contracts and is a price settlement point for West Texas Intermediate crude oil transactions traded on the Nymex. It has been called the most significant trading hub for crude oil in North America and is the terminus for many crude oil pipelines. It is also a major storage terminal with about one-fifth of the nation's crude storage capacity, exclusive of the oil in the Strategic Petroleum Reserve. On average about 30 million barrels of crude oil are stored at Cushing. The Cushing hub connects Gulf Coast producers and importers to refiners in other parts of the country, originally transporting Gulf Coast and Mid-Continent crude oil north to Midwest refining markets. Increased U.S. shale oil and Canadian heavy crude oil production created a crude oil delivery bottleneck at Cushing in 2011. In response, an underused pipeline system that originally transported crude oil from South Texas to Cushing was reversed in May of 2012, marking a historic shift in the way oil flows across the United States. This reversal allows delivery of crude oil from Cushing to Gulf Coast refining centers in an attempt to relieve the bottleneck at Cushing. Additional pipeline capacity from Cushing south to the Gulf Coast is being planned.

Natural Gas

The Hugoton to Chicago pipeline initiated the marketing of natural gas far from its source.

Oklahoma natural gas production reached an all-time high of 2.26 trillion cubic feet in 1990. The state is still a top natural gas-producer, supplying almost one-twelfth of the marketed natural gas in the nation. Seventeen of the 100 largest natural gas fields in the nation are in Oklahoma, and proved reserves of conventional natural gas throughout the state continue to increase. The Hugoton Field is the largest in the state and one of the largest individual natural gas reserves in the United States, covering much of the Oklahoma panhandle and parts of both the Texas panhandle and Kansas. The Hugoton field covers 5 million productive acres in parts of 20 counties. The initial development of these gas reserves, which were discovered in 1918, was hampered by lack of accessible markets. As a result, construction of a 24-inch, high-pressure line from the Hugoton field to Chicago area markets was completed, initiating long-distance pipeline transportation of natural gas in 1931. The ability to market natural gas far from where it is produced was a critical development in the creation of the modern natural gas industry.

Oklahoma has substantial shale gas and coalbed methane resources as well. Oklahoma is the fifth largest shale gas-producing state, after Texas, Louisiana, Arkansas and Pennsylvania, and its proved reserves are substantial. Oklahoma has produced more than 1 trillion cubic feet of natural gas from shales since 2007, and production is increasing. The Woodford Shale gas play, located both in the Ardmore Basin and the Arkoma Basin, is the largest in the state. It is estimated that it may have as much as 22.2 trillion cubic feet of technically recoverable natural gas resources. A second emerging shale gas play is the Cana Woodford, located in Oklahoma's Anadarko Basin. Cana Woodford is a very deep commercial horizontal shale play, lying at depths as great as 14,500 feet below the surface. Oklahoma also has coalbed methane resources in the eastern part of the state in the Arkoma Basin and on the Cherokee Platform. Over 370 billion cubic feet of gas has been produced from coalbeds since 2005. Production of coalbed methane peaked in 2007, and remaining proved reserves are less than what has already been extracted.

About one-half of the natural gas delivered to consumers in Oklahoma is used for electric power generation. The industrial sector consumes about another one-third of the end use deliveries. Although more than one-half of Oklahoma households use natural gas as their primary energy source for home heating, the residential sector is responsible for only about one-tenth of natural gas use. Only about one-third of Oklahoma's natural gas production is consumed within the state. The remaining supply is sent via pipeline to the neighboring states of Kansas, Texas, Arkansas, and Missouri. Twice as much gas flows out of the state each year via pipelines as flows into the state.

Ravensgate
Mining Industry Consultants

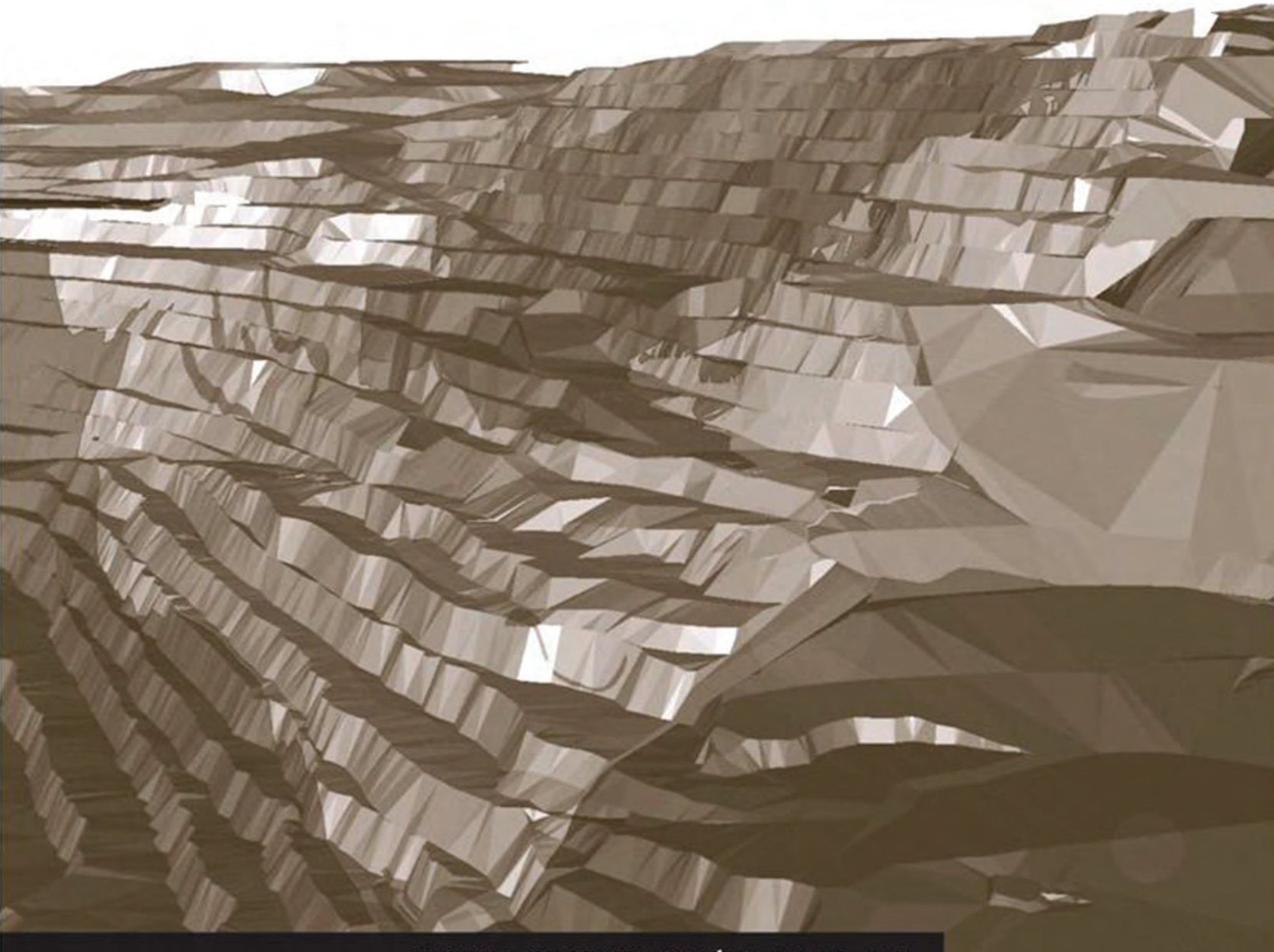
INDEPENDENT GEOLOGIST'S REPORT

ON

PAYNES FIND GOLD PROJECT

FOR

PAYNES FIND GOLD LIMITED



www.ravensgate.com.au

Ravensgate
Mining Industry Consultants

19th February 2015

The Directors
Paynes Find Gold Limited
Ground Floor
24 Kings Park Road
West Perth WA 6005
Australia

Dear Sirs

Independent Geologist's Report on Paynes Find Gold Limited's Paynes Find Gold Project, Western Australia

Corvidae Pty Ltd as Trustee for Ravensgate Unit Trust Trading as Ravensgate (Ravensgate) has been commissioned by Paynes Find Gold Limited (PFGL) to provide an Independent Geologist's Report on the Paynes Find Gold Project located in Western Australia on behalf of PFGL. PFGL is intending to prepare a prospectus (Prospectus) for the issue of 80,000,000 shares at an issue price of A$0.10 per share to raise up to A$8,000,000 with a minimum subscription of A$7,000,000. Ravensgate consents to the inclusion of this report in the Prospectus to be lodged by PFGL with the Australian Securities and Investments Commission (ASIC) and may be relied upon by shareholders or potential investors. Ravensgate has not withdrawn its consent prior to lodgement of the Prospectus with ASIC. This review report is based on information provided by the title holders along with technical reports by consultants and other relevant published and unpublished data for the project areas. A listing of the principal sources of information is included in this report. Ravensgate has endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based. PFGL has been given a final draft of this report and thereby given an opportunity to identify any material errors or omissions in it. Ravensgate has not verified the status of tenure or any related access issues, which is being addressed elsewhere in the Prospectus.

This report has been prepared in accordance with the rules and guidelines issued by such bodies as the ASIC and the Australian Securities Exchange (ASX), which pertain to Independent Expert Reports. If statements made in this report have been attributed to third parties, Ravensgate warrants that consent has been sought and obtained and not withdrawn before lodgement of the Prospectus with ASIC.

The information in this report that relates to Exploration Results is based on information compiled by Mr Alan Hawkins, who is a Member of The Australian Institute of Geoscientists. Mr Hawkins is a full-time employee of Ravensgate and has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hawkins consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

In consideration of the definition and guidelines provided by the ASX and in the JORC Code, these properties are classified as exploration target projects, which are inherently speculative in nature. The associated properties are also considered to be sufficiently prospective, although subject to varying degrees of risk, to warrant further exploration and development of their economic potential consistent with the programs proposed by PFGL.

Ravensgate did not carry out a site visit to PFGL's Paynes Find Gold Project in producing this report. Ravensgate is satisfied that there is sufficient current information available to allow an informed appraisal to be made. Mr Hawkins of Ravensgate has had extensive Western Australian gold experience and has visited the Paynes Find area in the past. Ravensgate is of the opinion that no significant additional benefit would have been gained through a site visit to the project area at this stage. Ravensgate has concluded that the project is of technical merit and is worthy of conducting further review and exploration. PFGL has indicated to Ravensgate that approximately half of the funds intended to be raised will be committed to the exploration and development of all of their properties of which only the Paynes Find Gold Project is covered in this report. Ravensgate considers the proposed exploration program to be consistent with the status and mineral potential of the projects. The planned exploration expenditure is considered to be sufficient to meet the costs of the exploration program and is adequate to meet the statutory annual expenditure requirements for the tenements.

This independent geologist’s report has been compiled based on information available up to and including the date of this report. Consent has been given for the distribution of this report in the form and context in which it appears.

Ravensgate and its employees are not, nor intend to be, directors, officers or employees of PFGL and have no material interest in any of the projects of PFGL. The relationship with PFGL is solely one of professional association between client and independent consultant. The review work and this report are prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report.

Yours faithfully,

Alan Hawkins
For and on behalf of:
RAVENSGATE

Ravensgate
Mining Industry Consultants

INDEPENDENT GEOLOGIST'S REPORT

on

PAYNES FIND GOLD PROJECT

for

PAYNES FIND GOLD LIMITED

19th February 2015

Ravensgate Perth
Level 1, 1185 Hay Street, West Perth, Western Australia, 6005, Australia. PO Box 1923, West Perth, Australia. T +61 08 9226 3606 F +61 08 9226 3607
Corvidae Pty Ltd as Trustee For Ravensgate Unit Trust Trading as Ravensgate. ABN: 92 492 598 860
ravensgate.com.au

INDEPENDENT GEOLOGIST'S REPORT

Prepared by RAVENSGATE on behalf of:

Paynes Find Gold Limited

Author:	Alan Hawkins	Principal Consultant	BSc (Hons) Geology, MSc Ore Deposit Geology, RPGeo MAIG, FSEG
Co-author:	H. Kate Holdsworth	Senior GIS Geologist	BSc (Hons) Geology, MAusIMM
Reviewer:	Neal Leggo	Principal Consultant	BSc (Hons) Geology, MAIG, MSEG

Date: 19th February 2015

Copies: Paynes Find Gold Limited (2)
Ravensgate (1)

Project No: PAY003
Document Ref: PAY003_IGR_20_FEB_2015_CLIENT_FINALV2

Alan Hawkins
For and on behalf of:
RAVENSGATE

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1. EXECUTIVE SUMMARY

1.1 Introduction

Ravensgate has been commissioned by Paynes Find Gold Limited (PFGL) to provide an Independent Geologist's Report on the Paynes Find Gold Project on behalf of PFGL. PFGL was incorporated in Western Australia on 10 March 2010. Ravensgate understands that this report is to be included in a prospectus (Prospectus) to be lodged by PFGL on the Australian Securities and Investments Commission (ASIC) and may be relied upon by shareholders or potential investors.

1.2 Paynes Find Gold Limited's Paynes Find Gold Project

The Paynes Find Gold Project area is located approximately 420km northeast of Perth in the Murchison Domain of the Yilgarn Craton in the Mid-West region of Western Australia. The Paynes Find area has undergone historic mining since the early 1900s. Gold was first discovered in the area in 1911 with an estimated 36 historic gold mines reporting production grades that ranged from 15g/t Au to 150g/t Au.

PFGL acquired the Paynes Find Gold Project in June 2010 and carried out geological mapping and geochemical surveys, before commencing two drilling campaigns in 2011 and 2013, centred around the main area of previous historic workings. The drill programs returned encouraging results, both confirming historic areas of high grade mineralisation and identifying new areas of mineralisation, which led to a structural study being carried out identifying four phases of deformation throughout the area and three styles of mineralisation. This study was refined to identify 11 targets for (Stage 3) follow-up drilling over the tenement package, however due to the decline in the gold price over the last two years this program was not carried out.

PFGL has also trialed alluvial mining through a small, on site, gravity processing plant, signing various agreements with local contractors; however these activities ceased in late 2013.

The depressed gold price led PFGL to review all aspects of the Paynes Find Gold Project which led to a Deed of Sale for seven tenements in the northwest of the project in April 2014, with the divestment being finalised in September 2014.

Ravensgate has concluded that the Paynes Find Gold Project is of merit (although at varying stages of exploration and subsequent Mineral Asset classification), and worthy of further exploration.

1.3 Corporate Strategy and Budget

Over the next 12 months PFGL is intending to complete preliminary resource estimation on the existing data, and if possible define any potential inferred resources. This work will also identify any weakness in the existing database and will guide subsequent infill drilling required to assist in strengthening any models developed. Drilling is expected to be a combination of either RC and / or diamond, depending upon the requirements to satisfy JORC Code guidelines for resource estimations.

The second 12 month period will see the conclusion of the resource estimation and associated drilling. Based upon positive results for the previous years' work, PFGL will look to conduct an initial Preliminary Economic Assessment (PEA) to determine if metals extraction is a possibility. The budget carries an allowance for additional drilling that may be required to meet metallurgical, hydrological or geotechnical needs, depending upon the findings of the PEA.

PFGL has indicated to Ravensgate that approximately half of the funds intended to be raised will be committed to the exploration and development of all of PFGL's properties, of which only the Paynes Find Gold Project is covered in this report. Ravensgate considers the proposed exploration program to be consistent with the status and mineral potential of the projects. The planned exploration expenditure of A$134,700 in the first year and A$108,500 in the second year, is considered to be sufficient to meet the costs of the exploration program and is adequate to meet the statutory annual expenditure requirements for the tenements.

2. INTRODUCTION

2.1 Terms of Reference

Ravensgate was requested by Paynes Find Gold Limited (PFGL), to complete an Independent Geologist's Report on the Paynes Find Gold Project, Western Australia. PFGL is seeking to raise working capital to fund the future technical assessment of the project and other projects in their portfolio. A requirement of the raising is the completion of an Independent Geologist's Report (IGR) on the Paynes Find Gold Project.

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 (VALMIN Code, 2005) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012).

2.2 Tenements Status Verification

Ravensgate has not independently verified the status of the tenements that are referred to in this report as set out in the Tenement Schedule in Table 1, which is a matter for independent tenement experts. Details of the legal ownership of the mineral assets are dealt with elsewhere in the Prospectus.

2.3 Disclaimer

The authors of this report and Ravensgate are independent of PFGL, its directors, senior management and advisors and have no economic or beneficial interest (present or contingent) in any of the mineral assets being reported on. Ravensgate is remunerated for this report by way of a professional fee determined in accordance with a standard schedule of commercial rates, which is calculated based on time charges for review work carried out, and is not contingent on the outcome of this report. Fees arising from the preparation of this report are listed elsewhere in the Prospectus.

The relationship with PFGL is solely one of professional association between client and independent consultant. None of the individuals employed or contracted by Ravensgate are officers, employees or proposed officers of PFGL or any group, holding or associated companies of PFGL.

This report has been compiled based on information available up to and including the date of this report. The statements and opinions are based on the reference date of 19th February 2015 and could alter over time depending on exploration results, mineral prices and other relevant market factors.

2.4 Consent

Ravensgate consents to this report being distributed, in full, in the form and context in which the technical assessment is provided, for the purpose for which this report was commissioned. Ravensgate provides its consent on the understanding that the assessment expressed in the individual sections of this report will be considered with, and not independently of, the information set out in full in this report.

2.5 Qualifications, Experience and Independence

Ravensgate is an internationally recognised and respected minerals industry consultancy that has been serving the industry with excellence since 1997. Ravensgate provides world class technical expertise to the mining and resource sector globally. The company has worked for major clients globally, such as Freeport at Grasberg Mine, Ok Tedi Gold Mine in Papua New Guinea, Goldfields and Newmont in Ghana and many junior resource companies which are ASX (Australian Securities Exchange), TSX (Toronto Stock Exchange) or AIM (London Stock Exchange) listed. Ravensgate has focused upon providing the resource estimations, valuations, independent technical documentation and has been involved in the preparation of Independent Reports for Canadian, Australian and United Kingdom companies.

Primary Author: Alan Hawkins, BSc (Hons) Geology, MSc Ore Deposit Geology, RPGeo MAIG, FSEG

Principal Consultant

Alan Hawkins is a geologist with over 18 years' experience in near mine and regional mineral exploration, resource development and the management of exploration programs. He has worked in a variety of geological environments in Australia and Indonesia, primarily in gold and copper. Prior to joining Ravensgate Alan worked for Newmont Mining Corporation as a Principal Geologist in their exploration, corporate and business development divisions, providing technical support, due diligence and rapid first-filter geological and economic analysis to M&A teams in the Asia Pacific region as well as US and African EBD teams. This role also included project and non-core asset divestments including commercial negotiations with junior exploration companies, stakeholders and land & legal teams.

Previous to this, Alan held various principal and senior regional exploration management roles in WA and NT. In the 1990's Alan worked as a near mine exploration geologist for Eagle Mining Corporation NL, Great Central Mines Ltd and Normandy Mining Ltd at the Jundee-Nimary Gold Mine and was part of the team that discovered the +2Moz Au Westside deposit, where he also worked as a resource modelling geologist. Alan ia a Registered Professional Geoscientist with the AIG in the field of Mineral Exploration and holds the relevant qualifications required by the ASX, JORC and VALMIN Codes in Australia to qualify as a Competent Person as defined in the JORC Code. He is a Qualified Person under the rules and requirements of the Canadian Reporting Instrument NI43-101.

Co-author: H. Kate Holdsworth, BSc (Hons) Geology, MAusIMM

Senior GIS Geologist

H. Kate Holdsworth is a senior GIS geologist with over 17 years GIS experience who joined the Ravensgate team in September 2006. During her tenure at Ravensgate, she has contributed to the compilation of numerous Independent Geologists Reports, Valuation Reports, GIS projects as well as having assisted clients with their exploration reporting requirements and QA/QC investigations into client's data quality. Prior to joining Ravensgate, she worked for Giscoe Pty Ltd, a GIS company in Johannesburg, for ten years, where she was involved in diverse GIS projects, including database creation, database population and data validation. Kate has four years' experience in GIS with the Geological Survey of South Africa.

Peer Reviewer: Neal Leggo, BSc (Hons) Geology, MAIG, MSEG

Principal Consultant

Neal Leggo has over 28 years' experience in minerals geology including senior management, consulting, exploration, development, underground mining and open pit mining. He has extensive experience with a wide variety of commodities including gold, copper, iron ore, silver, lead and zinc, uranium and manganese across numerous geological terrains within the Asia-Pacific region.

Prior to joining Ravensgate, Neal worked for FMG leading a large field team undertaking fast-track exploration, delineation and feasibility study of a major new iron ore discovery in the Pilbara of WA. Previous to this Neal was Exploration Manager at Crescent Gold were he led a successful exploration team and also managed feasibility study and development work on seven gold deposits in preparation for mining. At Hatch he undertook numerous geological consulting assignments including scoping, prefeasibility and review studies, geological audit and due diligence. At BHP he modelled mineral resources including the Cannington, Mt Whaleback and Yandi world-class deposits. Previous to this Neal worked 8 years in Mt Isa for MIM where roles included chief geologist for the Hilton underground lead zinc mine and exploration manager for Isa District. During the 1980s he worked as a field geologist across northern Australia on a wide variety of exploration projects and mines.

Neal offers extensive knowledge of available geological, geophysical, geochemical and exploration techniques and methodologies, combined with strong experience in feasibility study, development and mining of mineral deposits. Neal completed an Honours degree in Geology at the University of Queensland in 1980 and holds the relevant qualifications, experience and professional associations required by the ASX, JORC and VALMIN Codes in Australia. He is a Qualified Person under the rules and requirements of the Canadian Reporting Instrument NI43-101.

2.6 Principal Sources of Information

The principal sources of information used to compile this report comprise technical reports and data variously compiled by PFGL and their partners or consultants, publically available information such as ASX releases, government reports and discussions with PFGL technical and corporate management personnel. A listing of the principal sources of information is included in the references attached to this report.

Ravensgate has endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based. A final draft of this report was also provided to PFGL, prior to finalisation by Ravensgate, requesting that PFGL identify any material errors or omissions prior to its final submission. Ravensgate does not accept responsibility for any errors or omissions in the data and information upon which the opinions and conclusions in this report are based, and does not accept any consequential liability arising from commercial decisions or actions resulting from errors or omissions in that data or information.

This review is based on the information provided by the current title holders, the technical reports of consultants and previous explorers, as well as other published and unpublished data relevant to the area.

Ravensgate did not carry out a site visit to PFGL's Paynes Find Gold Project in producing this report. Ravensgate is satisfied that there is sufficient current information available to allow an informed appraisal to be made. Mr Hawkins of Ravensgate has had extensive Western Australian gold experience and has visited the Paynes Find area in the past. Ravensgate is of the opinion that no significant additional benefit would have been gained through a site visit to the project area at this stage. Ravensgate has concluded that the project is of technical merit and is worthy of conducting further review and exploration.

2.7 Background Information

The project discussed in this report is located in Western Australia. A locality map of the project is presented in Figure 1 below. A summary of the Paynes Find tenement details are listed in Section 3.1.3. Report file references and a glossary of terms are also included at the end of this report. Ravensgate understands that the tenements held by PFGL are held in good standing. A brief overview of the project is outlined in Section 3.

Section 3.1.3 refers to a recent Deed of Sale for seven tenements which was finalised on 1 September 2014. Various figures in this report will show tenement outlines which include these divested tenements, as they were current at the time of the work that is being reported on at the time. Figure 4 shows the current tenement package controlled by PFGL, with Figure 5 showing the tenements that were divested.

Figure 1 Location of the Paynes Find Gold Project

Table 1 Paynes Find Gold Project Tenement Details				
Exploration Licence	**Area (km^2)**	**Grant Date**	**Expiry Date**	**Owner and Equity**
M59/0002*	0.05	31-Aug-83	30-Aug-25	100% PFGL
M59/0010*	0.25	23-Oct-84	22-Oct-26	100% PFGL, First Tech Energy Caveat
M59/0235*	0.07	04-Nov-91	03-Nov-33	100% PFGL, First Tech Energy Caveat
M59/0244*	0.92	24-Jan-92	23-Jan-34	100% PFGL, First Tech Energy Caveat
M59/0396#	0.05	23-Jul-96	22-Jul-17	100% PFGL
M59/0662#	0.39	27-Oct-09	26-Oct-30	100% PFGL, First Tech Energy Caveat
M59/0663#	0.14	27-Oct-09	26-Oct-30	100% PFGL, First Tech Energy Caveat
P59/1907#	0.08	18-Nov-09	17-Nov-17	100% PFGL
P59/1908#	0.01	18-Nov-09	17-Nov-17	100% PFGL
P59/1909#	0.01	18-Nov-09	17-Nov-17	100% PFGL
P59/1924# ^	0.44	30-Sep-10	29-Sep-14	100% PFGL
P59/1941**	1.75	02-May-12	01-May-16	100% PFGL
P59/1942#	0.85	22-Feb-12	21-Feb-16	100% PFGL
P59/1956#	0.05	16-Dec-11	15-Dec-15	100% PFGL
P59/1957#	0.05	16-Dec-11	15-Dec-15	100% PFGL
P59/1958#	0.52	16-Dec-11	15-Dec-15	100% PFGL
P59/1959#	1.48	16-Dec-11	15-Dec-15	100% PFGL

**Condition of tenement, compliance with the provisions of the Aboriginal Heritage Act, 1972 to ensure that no action is taken which is likely to interfere with or damage any Aboriginal Site (eMiTs, 2014).*

*** Expedited Procedure: Native Title Cleared - Expedited Applies (eMiTs, 2014).*

 # Native Title cleared (eMiTs, 2014).

^ Four year extension of term applied for on 25 September 2014.

3. PAYNES FIND GOLD PROJECT

3.1 Project Overview

The Paynes Find area has undergone historic mining since the early 1900s (refer to Section 3.1.5 and Table 4). Gold was first discovered in the area in 1911. An estimated 36 historic gold mines within the Paynes Find Goldfield have reported production grades that ranged from 15g/t Au to 150g/t Au. From 1911-1982, approximately 69,000t of ore produced 1,784kg (63,000 ounces) of gold at an average grade of 25g/t Au (Paynes Find Gold Limited, 2011).

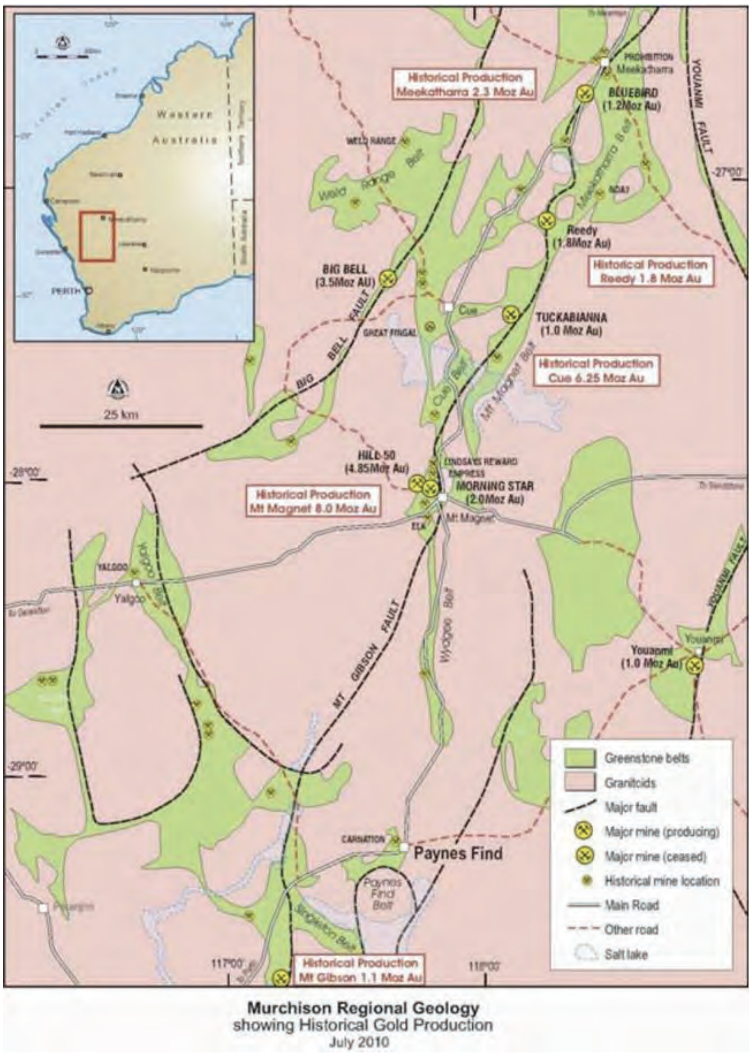
3.1.1 Climate and Physiography

The area experiences a semi-desert Mediterranean climate, which is defined as nine to eleven months of dry weather, mild wet winters and hot dry summers. The mean maximum temperature is 27.7°C whilst the mean minimum temperature is 12.8°C, with an annual rainfall of 281.9mm.

3.1.2 Location and Access

The project area is located approximately 420km northeast of Perth in the Mid-West region of Western Australia (Figure 2).

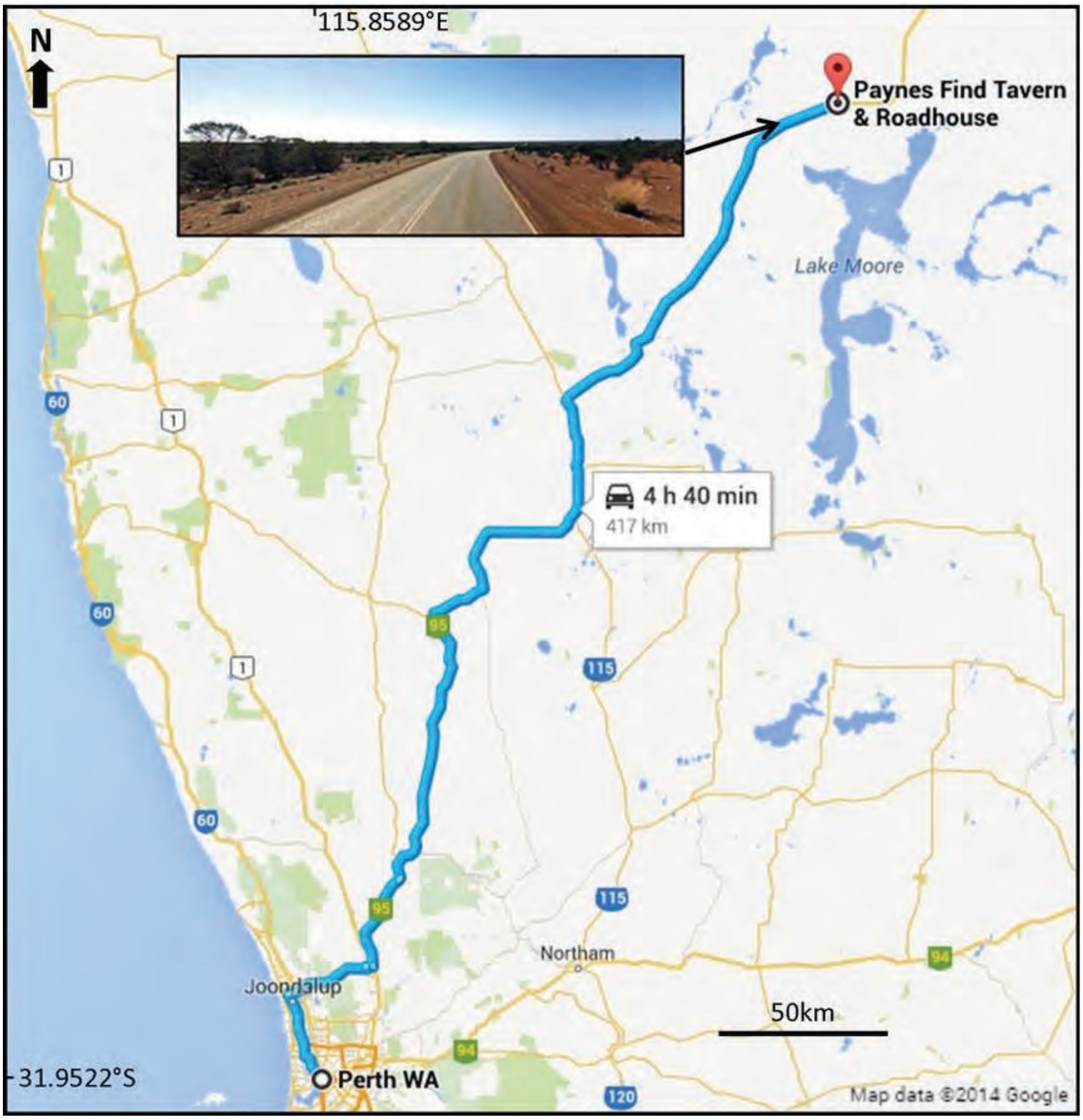
Figure 2 Regional Location of the Paynes Find Gold Project



(Source: Paynes Find Gold Limited, 2014)

The area can be accessed via the Great Northern Highway, a sealed highway originating in Perth which passes through the project area (Figure 3) and then continues north to Mt Magnet, Cue and Meekatharra (Figure 2). The area is also serviced by an airstrip located at Paynes Find (refer Figure 4).

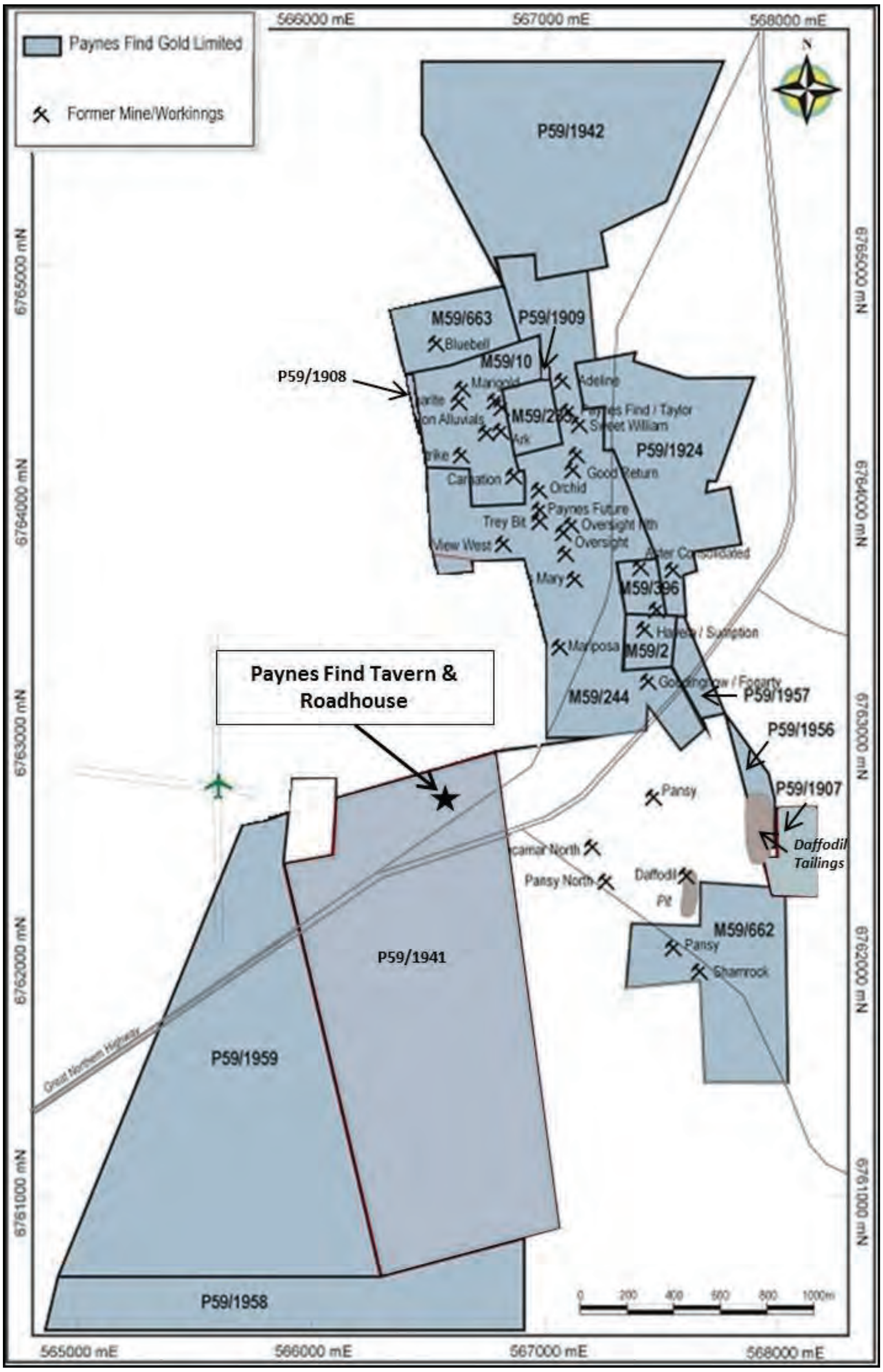
Figure 3 Great Northern Highway Route from Perth to Paynes Find



3.1.3 *Tenure and Agreements*

The tenements are all held 100% by PFGL, the details of which are listed in Table 1 with a map of the tenements shown in Figure 4.

Figure 4 Paynes Find Granted Tenements



(Source: Paynes Find Gold Limited, 2014, edited by Ravensgate)

The Taylor Agreement and the Cable Agreement are agreements entered into by First Tech Energy to acquire the tenements from D. and E. Taylor and from D. Cable. By a Deed of Assignment made 15 July 2010, First Tech Energy Limited assigned its rights and obligations under the Taylor Agreement to PFGL. By a Deed of Assignment made 15 July 2010, First Tech Energy Limited assigned its rights and obligations under the Cable Agreement to PFGL. First Tech Energy Limited has thus reserved the right to enter the tenements and explore for and extract the minerals of nickel, cobalt and other base metals (Paynes Find Gold Limited, 2010).

In 2013, PFGL entered into a toll processing agreement with a local contractor, which allowed mining and processing of eluvial and alluvial gold utilising PFGL's existing alluvial gravity circuit plant with mill and knudsen concentrator which is capable of processing at a rate of 50 tonnes/hour. All expenditure was borne by the contractor on a return for the Company totalling 25% of off the top revenue.

On 4 June 2013, PFGL announced that it had entered into an agreement with MJF Mining Contractors (MJF) to upgrade mining and processing operations at Paynes Find. The contractor was to install a three stage track-mounted crushing and screening circuit to exploit a selective open pit development plan previously designed by PFGL. Under the agreement PFGL was entitled to 50% of the recovered gold after taking into account refining costs. PFGL advised the ASX on 1 October 2013, that it had not been able to conclude a revised Mining Services Agreement with MJF and had formally terminated the agreement. Further trial mining would not be considered until results of a re-evaluation of the Paynes Find Project was determined and communicated to shareholders.

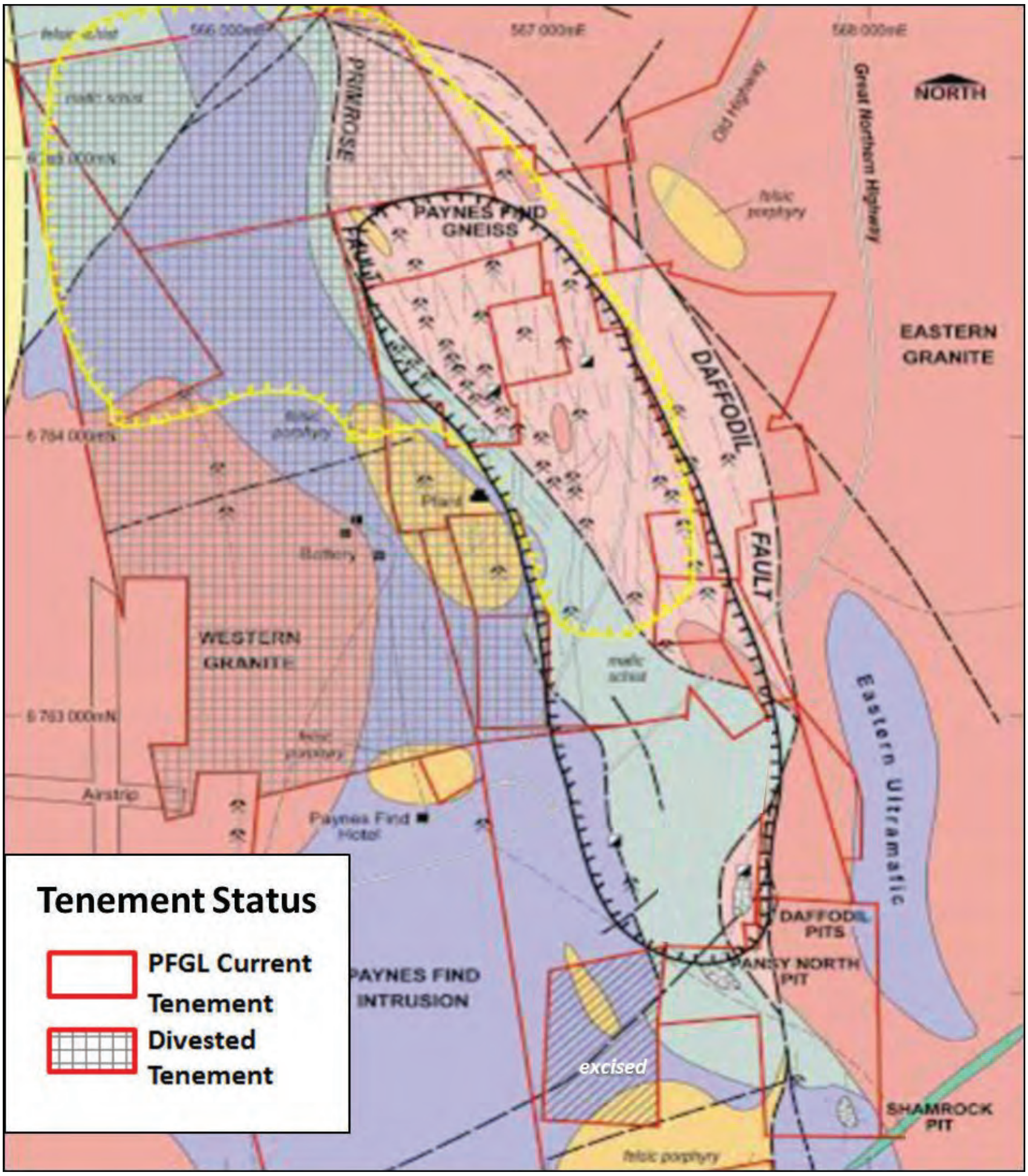
PFGL announced to the ASX on 23 April 2014, that a conditional Deed of Sale for seven mining tenements to the west of the main Paynes Find Gold Project had been signed. PFGL received a non-refundable $50,000 deposit on signing the deed. The sale of the tenements for a total consideration of $350,000 was conditional upon the purchaser raising funds to pay the balance of the consideration within 90 days from signing of the deed.

The tenements subject to the conditional Deed of Sale made up an area of 247 hectares which was approximately 25% of PFGL's total land holding at the Paynes Find Gold Project and are considered grass roots exploration ground which had not been the subject of the PFGL's previous exploration efforts and drilling programs. Settlement of the tenement sale was announced to the ASX on 1 September 2014. The seven divested tenements that were part of this Deed of Sale can be seen in Figure 5.

The operations and proposed activities on the tenements of the Paynes Find Gold Project are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, PFGLs activities have had an impact on the environment, particularly with regard to M59/0010, M59/0224 and M59/0662 where the Stage 1 and 2 drilling campaigns have been carried out. A recent Department of Mines and Petroleum (DMP) inspection identified that PFGL had not met its environmental obligations with respect to the Stage 1 and 2 drill programs and identified additional environmental and occupational health and safety (OHS) concerns.

Although it is the intention of PFGL to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws, at the time of this report no rehabilitation has been conducted. Tracks need to be vegetated, drill collars are to be removed and plugged and sumps need to be filled in. In addition, the alluvial plant would need to be removed (or scrapped) and the tails storage facility rehabilitated to meet environmental and OHS requirements, should a decision be made to cease further work at the project.

Figure 5 Tenements Divested as of 1 September 2014



(Source: Paynes Find Gold Limited, 2014)

3.1.3.1 *Royalties and Taxes*

First Tech Energy Limited is to receive a royalty equal to 2% of the gross revenue derived from the tenements which are the subject of the Taylor Agreement and the Cable Agreement where gross revenue is described as the amount received from the sale of gold derived from the tenements (Paynes Find Gold Limited, 2010).

3.1.4 *Exploration History*

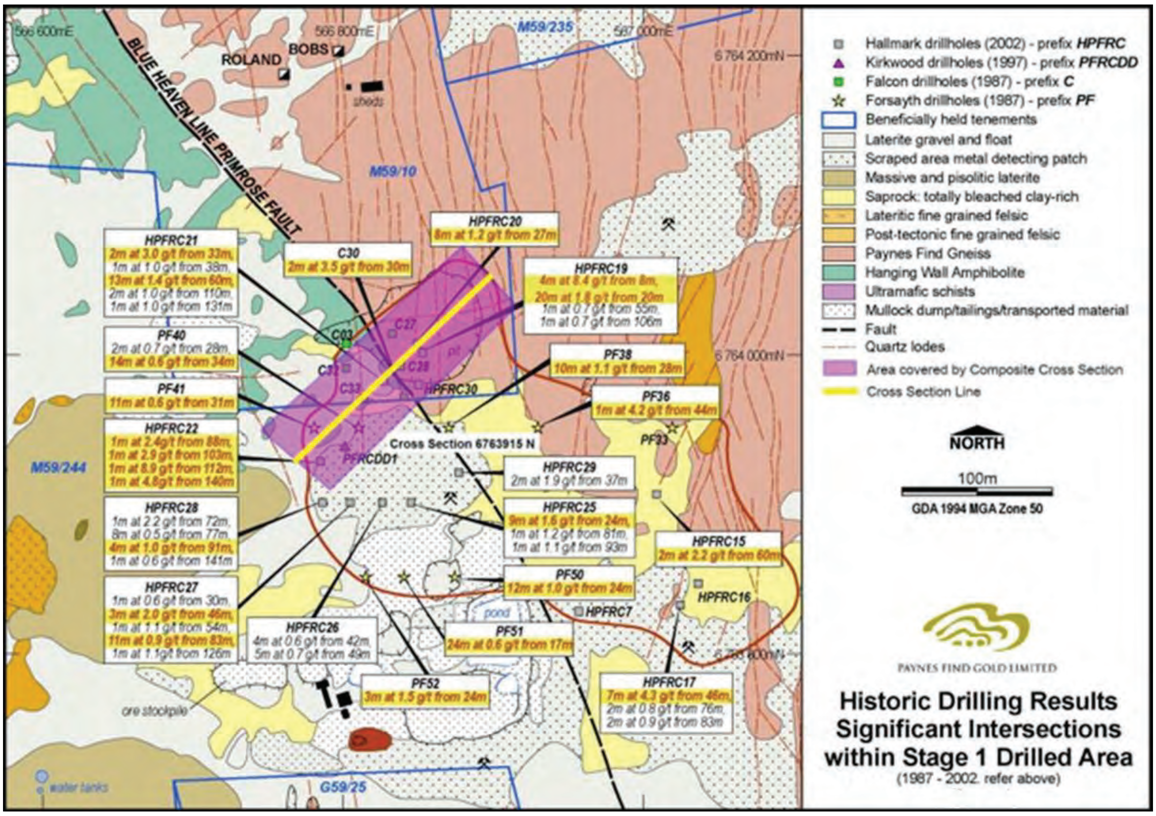
The project has been explored by a number of explorers in the past, their programs are summarised in Table 2, with significant results in Figure 6 and Table 3. Drill hole locations are displayed in Figure 19 (A), in Section 3.1.10.2.

Table 2 Paynes Find Gold Project: Exploration History		
Date	***Company***	***Findings***
1983	West Australian Geological Survey	Geological mapping.
1985	G R Dale and Associates	Undertook both surface and underground exploration.
1987	Falcon Australia Limited	Carried out exploration of the Carnation Gold Mine as well as sampling other old mine workings including Blue Heaven, Leschenaultia, Romes, Carnation, Daphne, Scadden (extensions), Daisy, Primrose, Sweet William, Kowhai, Horseshoe, Wattle, Marigold, Orchid. It was determined that gold mineralisation at the Carnation Mine is structurally controlled, high grade mineralisation shoots within narrow, tight shear zones having variable, generally limited, wall rock alteration. They also undertook a drilling program (refer Figure 6).
1986-1987	Forsayth NL	Carried out a field inspection, photograph interpretation and a drilling program (refer Figure 6).
1996-1998	Kirkwood Gold NL	Two holes were drilled on M59/10, one diamond with an RC collar (57.6m RC and 125.6m diamond, total depth 183.20m) and one RC for 46m (PFRCDD1, PFRC5). For PFRCDD1 seven samples were analysed from the diamond core, two returning results less than 0.01g/t Au, the rest of the results are listed in Table 3. For PFRC5 from the 18 samples analysed the results greater than 0.5g/t Au are listed in Table 3. Three RC drill holes (PFRC2-4) were drilled on M59/244 for a total of 85m. A hundred samples were assayed with the results ranging from below the detection limit to 23.9g/t, the median result was 0.03g/t Au. The most significant result being one metre at 23.9g/t Au from 55m in PFRC4 (refer Figure 6).
2002-2003	Hallmark Mining Limited	Undertook drilling with the aim of testing high-grade gold shoots below old workings for depth extensions. During 2002 11 RC holes were drilled for 1,272m. Results >0.50g/t Au are listed in Table 3. Hallmark drilled two RC holes in 2003 for 164m. Results >0.50g/t Au are listed in Table 3 (refer Figure 6).

Table 3 Significant Results from Historical Drilling				
Drill hole	**From (m)**	**To (m)**	**Length (m)**	**Grade Au (g/t)**
Kirkwood 1996 – 1998 Drilling Intersections				
PFRCDD1	74.18	74.42	0.24	0.16
PFRCDD1	74.54	74.82	0.28	13.7
PFRCDD1	91.73	92.27	0.54	0.12
PFRCDD1	94.02	94.42	0.40	2.8
PFRCDD1	134.61	135.05	0.44	83.7
PFRC5	12	16	4	4.6
PFRC5	32	34	2	3.7
PFRC5	34	38	4	0.6
PFRC5	32	33	1	0.83
PFRC5	34	35	1	0.9
PFRC5	30	31	1	0.12
Hallmark Mining Limited 2002 and 2003 Drilling Results				
HPFRC18	63	64	1	4.16
HPFRC18	64	65	1	3.9
HPFRC18	112	113	1	0.62
HPFRC20	20	21	1	0.51
HPFRC20	23	24	1	0.72
HPFRC20	27	28	1	1.53
HPFRC20	29	30	1	4.32
HPFRC20	30	31	1	0.69
HPFRC20	33	34	1	1.19
HPFRC20	34	35	1	0.75
HPFRC19	20	21	1	0.93
HPFRC19	21	22	1	12.2
HPFRC19	22	23	1	17.2
HPFRC19	23	24	1	3.52
HPFRC19	30	31	1	0.93
HPFRC19	34	35	1	1.07
HPFRC19	39	40	1	0.87
HPFRC19	55	56	1	0.73
HPFRC19	106	107	1	0.71

Table 3 Significant Results from Historical Drilling				
Drill hole	**From (m)**	**To (m)**	**Length (m)**	**Grade Au (g/t)**
HPFRC21	33	34	1	5.23
HPFRC21	34	35	1	0.84
HPFRC21	38	39	1	0.96
HPFRC21	60	61	1	1.09
HPFRC21	63	64	1	0.53
HPFRC21	64	65	1	0.73
HPFRC21	66	67	1	2.9
HPFRC21	67	68	1	2.5
HPFRC21	69	70	1	0.8
HPFRC21	70	71	1	4.66
HPFRC21	71	72	1	1.77
HPFRC21	72	73	1	1.52
HPFRC21	110	111	1	1.07
HPFRC21	111	112	1	0.96
HPFRC21	131	132	1	1.02
HPFRC22	88	89	1	2.37
HPFRC22	91	92	1	0.54
HPFRC22	103	104	1	2.86
HPFRC22	112	113	1	8.86
HPFRC22	140	141	1	4.82
HPFRC30	41	42	1	0.67
HPFRC30	42	43	1	0.94
HPFRC30	44	45	1	0.78
HPFRC33	35	36	1	5.47
HPFRC33	77	78	1	2.35

Figure 6 Significant Historic Drilling Results



(Source: Paynes Find Gold Limited, 2011) (Refer to Figure 18 for cross-section 6763915N)

3.1.5 Previous Production

The Paynes Find area has undergone historic mining since the early 1900s. Gold was first discovered in the area in 1911 when prospector Thomas Payne, registered a lease for gold mining with the Mines Department of Western Australia. An estimated 36 historic gold mines within the Paynes Find Goldfield have reported production grades that ranged from 15g/t Au to 150g/t Au. From 1911-1982, approximately 69,000t of ore produced 1,784kg (63,000 ounces) of gold at an average grade of 25g/t Au. Table 4 below shows the production records from historical gold mines (Paynes Find Gold Limited, 2011).

Table 4 Production Records from Historical Gold Mines					
Mine Name	**Production Period**	**Max. Inclined depth (m)**	**Ounces Produced**	**Grams/Tonne Gold**	**Current Lease**
Ark	1933-1982	240	5,258	23	M59/244
Aster	1935-1951	180	3,281	18	M51/244
Aster Cons	1913-1919	180	1,092	23	M59/244
Big 5	1940-1954	190	N/A	45	M59/10
Blue Heaven	1939-1945	105	*	93	M59/10
Bob's	1943-1945	108	*	150	M59/10
Carnation	1912-1951	280	*	31	M59/10
Centre	1980-1985	69	300+	31	M59/10
Cracker	194-N/A	105	*	62	M59/10
Daphne	1915-1917	90	376	33	M59/10
Goat	1943-N/A	45	80	31	M59/10
Green Heaven	1940-1949	36	200	31	M59/10
Horseshoe	1943-1956	270	*	32	M59/10
Lake View	1912-1925	210	10,559	31	M59/244
Lake View	1926-1937	210	5,222	28	M59/244
League	1930-N/A	108	*	50	M59/10
Marigold	1940-N/A	150	1,780	15	M59/10
Mariposa	1912-1940	140	968	26	M59/244
Orchid	1911-1942	210	13,839	31	M59/244
Oversight	I912-N/A	120	2,700	15	M59/244
Princess Mary	1916-1931	118	528	28	M59/244
Rolands	11964-N/A	50	300	23.00	M59/10
Scadden	1951-N/A	51	*	18	M59/10
Sweet William	1911-1981	210	4,600	35	M59/235
Blue Bell	1912-1981	75	392	34	M57/663

(after, Paynes Find Gold Limited, 2011)

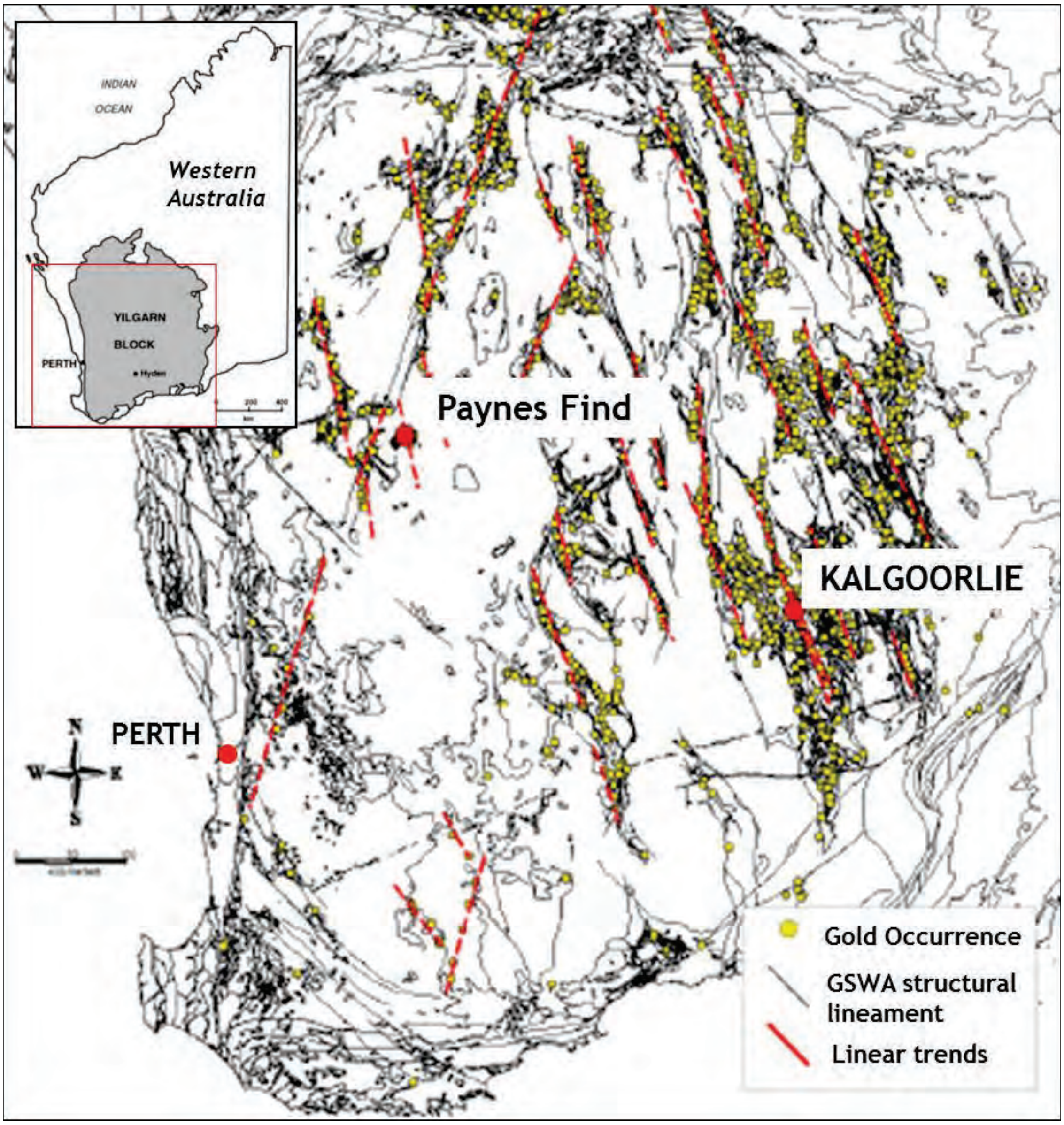
** Shafts grouped under Carnation 21,450ozs*

Production details source from Paynes Find Gold Battery records

3.1.6 *Tectonic and Geological Overview of the Yilgarn Craton*

The project is located in the Paleo- to Neoarchean Yilgarn Craton (Block) of Western Australia Figure 7 - a highly mineralised granite-greenstone terrane with world-class deposits of gold and nickel, and significant iron and volcanic hosted massive sulphide (VHMS) base-metal deposits (Wyche *et al*, 2012). The earliest widely used subdivision of the Yilgarn Craton (Gee *et al.*, 1981) contained four components – the Eastern Goldfields (containing the Norseman – Wiluna Belt), Southern Cross and Murchison Provinces; and the Western Gneiss Terrane (sub-divided into Northwest and Southwest). According to Wyche (2007), the relationships between these regions were enigmatic, with the boundaries not strictly based on observed geological features (Figure 8 A).

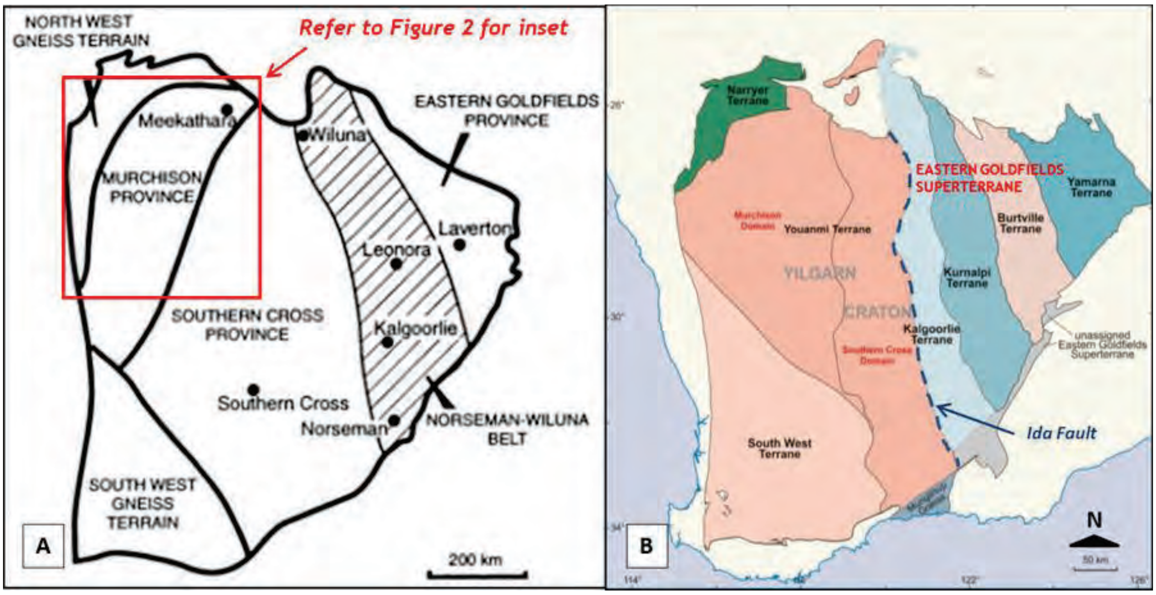
Figure 7 Gold Occurrences, Structural Lineaments and Trends of the Yilgarn Craton



(Modified from Paynes Find Gold Limited, 2013)

Cassidy *et al.*, (2006) divided the Yilgarn Craton into terranes defined on the basis of distinct sedimentary and magmatic associations, geochemistry and ages of volcanism. The Narryer (formerly the Northwest Gneiss) and South West terranes in the west are dominated by granite and granitic gneiss with minor supracrustal greenstone inliers, whereas the Youanmi Terrane and the Eastern Goldfields Superterrane contain substantial greenstone belts separated by granite and granitic gneiss (Wyche *et al.*, 2012). Subsequent revision has further subdivided the Eastern Goldfields Superterrane into the Kalgoorlie, Kurnalpi, Burtville and Yamarna terranes (Figure 8 B; Pawley *et al.*, 2012).

Figure 8 Evolving Understanding of the Yilgarn Craton



(Modified from (A) Gee et al., 1981 and (B) Pawley et al., 2012)

The Ida Fault (Figure 8 B), which marks the boundary between the western Yilgarn Craton and the Eastern Goldfields Superterrane, is a major structure that extends to the base of the crust (Drummond *et al.*, 2000). Greenstone stratigraphies in the western Yilgarn differ from those in the Eastern Goldfields Superterrane in such things as the relative abundance of lithologies (especially komatiite and banded iron-formation) suggesting a substantially different depositional regime. According to Wyche (2007), the greenstones in much of the western Yilgarn are typically older than those in the Eastern Goldfields Superterrane. The major mafic dominated successions in the western Yilgarn, date back to 3.0 Ga (e.g. Pidgeon and Wilde, 1990; Geological Survey of Western Australia (GSWA), 2007), whereas the mafic and felsic successions of the Eastern Goldfields Superterrane were largely deposited after 2.8 Ga (e.g. Barley *et al.*, 2003; GSWA, 2007).

Subsequent regional mapping, geochronology, geochemistry and isotope data suggest that, in the western Yilgarn Craton, the Southern Cross and Murchison *Provinces* of Gee *et al.*, (1981) do not represent allochthonous terranes that have come together during an accretionary event. Wyche (2007) describes a likely formation as part of the 3.0 – 2.7 Ga proto-Yilgarn Craton, to which the elements of the Eastern Goldfields Superterrane accreted after 2.7 Ga. As they are no longer considered to be provinces in the strict sense (Cassidy *et al.*, 2006), they are now called the Murchison and Southern Cross domains within the Youanmi Terrane (Figure 8 B).

Over the past ~20 years, the acquisition of large datasets and major advances in the understanding of the geological evolution of the Yilgarn Craton at all scales have encouraged the application of the holistic mineral systems approach to mineral exploration as a tool for developing targeting criteria, particularly for nickel and gold (McCuaig *et al.*, 2010).

3.1.7 *Regional Geology of the Murchison Domain*

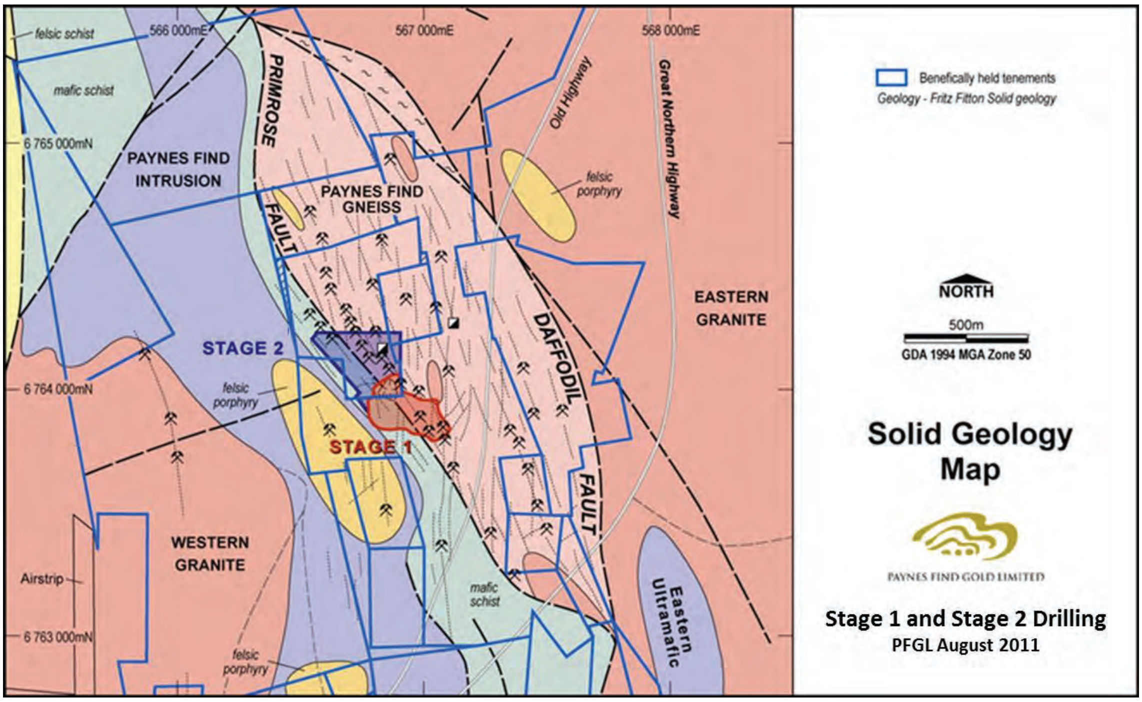
Greenstones in the Murchison Domain contain a similar mix of lithologies to those in the Southern Cross Domain. The Murchison Domain is exposed in the western and northern third of the Yilgarn Craton.

According to Wyche (2007), uranium-lead zircon geochronology across the Murchison Domain shows widespread 2.95 – 3.0 Ga felsic rocks, 2.8 Ga volcanic rocks including mafic and ultramafic rocks; and widespread felsic rocks that range in age from 2.76 to 2.69 Ga (e.g. Pidgeon and Hallberg, 2000, and references therein; GSWA, 2007). Clastic rocks, including graphitic shales like those found in some greenstone belts in the Southern Cross Domain, are locally associated with the younger felsic volcanic rocks. Rock types within the region consist of interlayered basaltic and dacitic, meta-volcanics, subordinate banded iron formations and ultramafic schists. Within the project area, rock types include granite, gneiss, ultramafic and mafic schist and felsic porphyries.

3.1.8 *Project Geology*

Most of the gold mineralisation at Paynes Find is hosted by a rock type that has been informally named the *Paynes Find Gneiss*. This is a 3,000m long by up to 800m wide lozenge shaped unit striking northwesterly from P59/1942 in the north, to the Pansy deposit in the south and is bounded by the Daffodil and Primrose Faults (Figure 9). The gneiss is a variably deformed and metamorphosed (amphibolite grade) quartz diorite / tonalite / gabbro intrusive, varying in colour from blue-grey to black and is commonly porphyritic. The foliation is very regular and has a strike direction of 330º to 360º (along the principal axis of the unit) and a dip of 60ºW to the vertical. It contains numerous (sometimes very large) xenoliths of black amphibolite and hosts numerous gold-bearing quartz veins and stringers. This unit is in faulted contact to the east with a large younger batholitic granite (the Eastern Granite).

Figure 9 Paynes Find Gold Project Simplified Geology



(NB: Tenement package outline shown as at 2011)

To the west of the Paynes Find Gneiss and in fault contact with it is a sequence of mafic and ultramafic rocks striking north-south to north-northwest. The ultramafic rocks form what has been termed the *Paynes Find Intrusion* which aeromagnetic data shows to be a 10km long by up to 2.5km wide body of strongly magnetic rock. Where this rock type outcrops it varies from a strongly magnetic massive grey/blue - green serpentinite to a less magnetic talc-tremolite-chlorite (carbonate) schist. The age relationship between these ultramafic rocks and the Paynes Find Gneiss is as yet unclear. Several small bodies of younger felsic porphyry intrude both the ultramafic rocks and the Paynes Find Gneiss. A larger, poorly exposed granitoid body (the Western Granite) occurs to the west of the Paynes Find Intrusion but again its age relationship with the ultramafic rocks is unclear.

Evidence for the ultramafic rocks being intrusive is as follows:

- The aeromagnetic signature which suggests a discrete deformed lopolith.
- The presence of a titaniferous magnetite unit. These rocks are only found in differentiated intrusive igneous complexes which are usually layered.
- The predominance of serpentinite after original dunitic or magnesium-rich, peridotitic cumulate rocks.

Gold mineralisation within the Paynes Find Gneiss exhibits weak to strong foliation striking 300-340° and dipping steeply westwards at 60-80°. The auriferous quartz veins strike approximately north-south, have a consistent plunge direction at 206°- 249° and dip at 55°-77°W. The plunge of the lodes is the dominant structural control which helps to predict the location of down-dip mineralisation. The mineralised shears are tight, measuring up to two metres wide with minor wallrock alteration. The auriferous quartz veins occasionally split and tend to be boudinaged with high grade shoots having a strike length of up to 10m. Late-stage pegmatites, known locally as bars, intrude the shear zones and have displaced some of the quartz lodes.

3.1.9 Controls on Mineralisation

A structural review was carried out by CSA Global (CSA) in late 2012 / early 2013 following the completion of the Stage 2 drilling program. Four major structural episodes can be recognised over the Paynes Find Gold Project area, which originally comprised an Archaean sequence of mafic and ultramafic volcanics interlayered with sedimentary units.

- D_1 deformation is characterised by a regional metamorphic event, leading to regional amphibolite-facies metamorphism and development of compositional layering within gneissic units (shearing S_1).
- During early D_2, a pervasive ductile northwest-southeast foliation (S_2) developed, partly exploiting the existing S_1 fabric. Shearing was accompanied by fluid-flow along the shears, accompanied by quartz veining during late D_2. High grade gold occurs within these quartz veins and is mostly restricted to them. D_2 veins are intensely boudinaged, pinching and swelling significantly along the strike of the veins, which usually dip at 45^0 in the eastern parts to very steeply west, towards the western contact.
- D_3 is characterised by intense pegmatitic dyke/sill and stock intrusion. Pegmatites occur throughout the gneissic parts of the study area, are shallow-dipping (usually $<50^0$) and display a northwest trending domal structure. D_3 is accompanied by a non-pervasive S_3 fabric, overprinting all earlier foliations. Anecdotal association of the pegmatite with gold requires further investigation.
- A late-stage brittle overprint (D_4) is evident in the form of brittle fractures and faults accompanied by strong epidote alteration.

Two separate mineralising events were initially identified by CSA over the exploration area, with further study identifying a third:

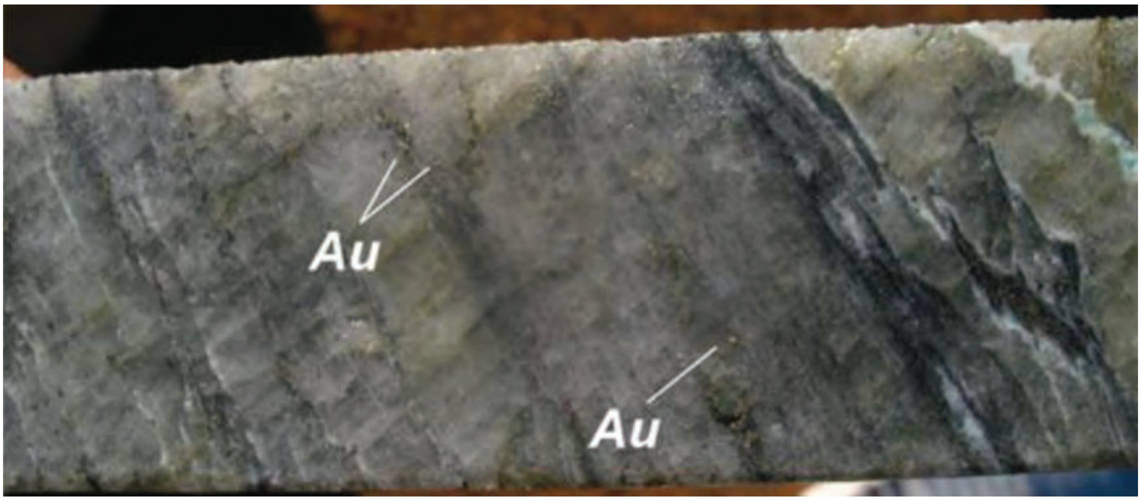
1. Shear-related quartz veining indicated by high-grade gold within segmented and boudinaged quartz veins within the gneissic units, associated with a late D_2 fabric (Type 1).

2. Consistent gold mineralisation along the sheared contact between mafic amphibolite and gneiss (Type 2).

3. Quartz veining containing gold mineralisation in the western mafic / ultramafic sequence (Type 3).

Type 1 mineralisation is generally of a very high-grade gold tenor. Where these veins were successfully intersected in PFGL's drilling campaigns, this was reflected in drill sample assays (Figure 10). The gold-bearing veins pinch and swell due to their boudinaged shape, generally extending from 5-20m in length, 1-5m in width and pinching to sub-metre widths away from the boudin development. These veins were the target of historical mining activities within the gneiss and the focus for most of PFGL's Stage 1 and Stage 2 drilling programs. Most historic workings follow individual lenses along a prominent steep south-westerly plunge (~75°), often to hundreds of metres depth. This shoot geometry shows good continuity and a large lateral extent for the gold mineralising system.

Figure 10 Fine, Visible Gold in Laminated, Sheared (S_2) Vein (PFGDD003, 1m @ 26.79g/t Au, from 210-211m)



(Source: PFGL, 2013)

Compared with the somewhat discontinuous surface expression of gold veins within the gneiss, the contact area between the mafic amphibolite and gneiss is strongly sheared along its length (and mappable in excess of 6km strike in the project area, refer Figure 12, Zone 1) with significant gold values over good thicknesses apparent within the sheared contact, accompanied by chlorite-epidote-carbonate alteration. This contact is considered to be poorly explored and warrants further targeting, particularly in light of the results from the Stage 2 drilling program and especially at depth where veins and contact-shears potentially coalesce, as seen conceptually in Figure 11.

High grade veins, distal to the mafic amphibolite/gneiss contact, tend to dip at a flatter angle, while veins more proximal to the sheared contact dip more steeply. The intersection of converging, boudinaged quartz veins with the main shear at depth could present a further valuable target within Zone 1 (Figure 12) that remains largely untested to date.

Figure 11 Schematic Representation of Conceptual Gold Target

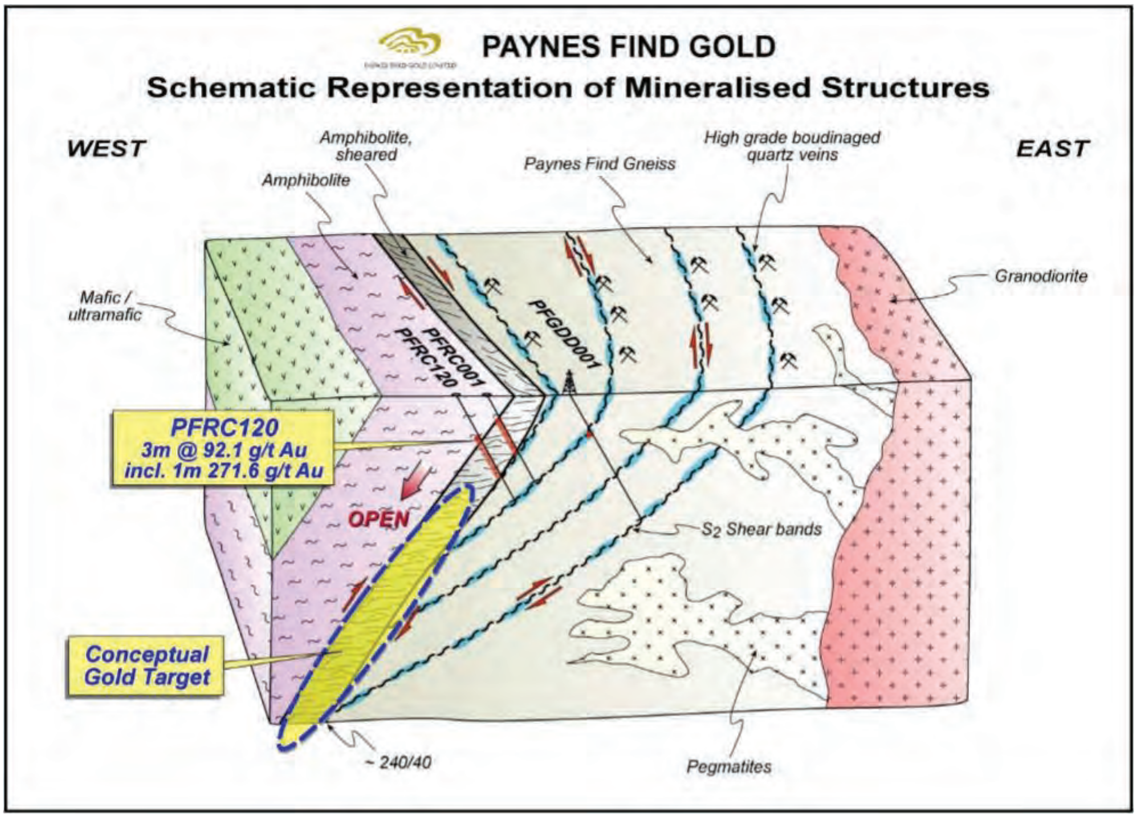
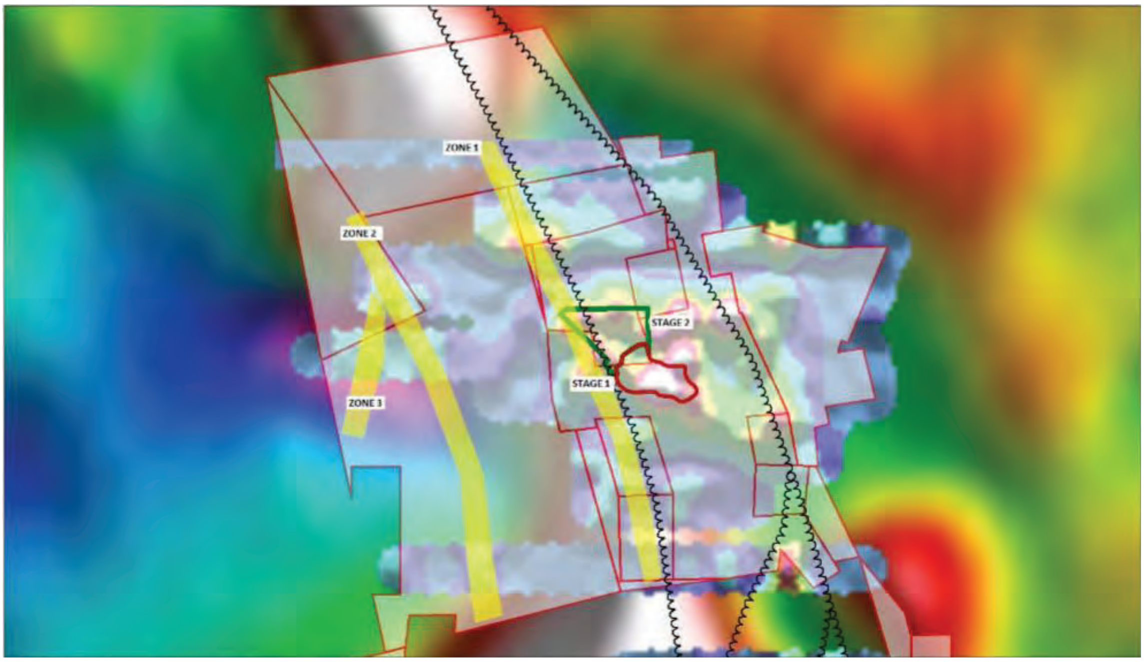


Figure 12 Paynes Find Tenement Holding (2013) Overlain on Magnetics and Soil Geochemistry; Interpreted Shears and Drilling Areas, with New Zones of Interest in Yellow

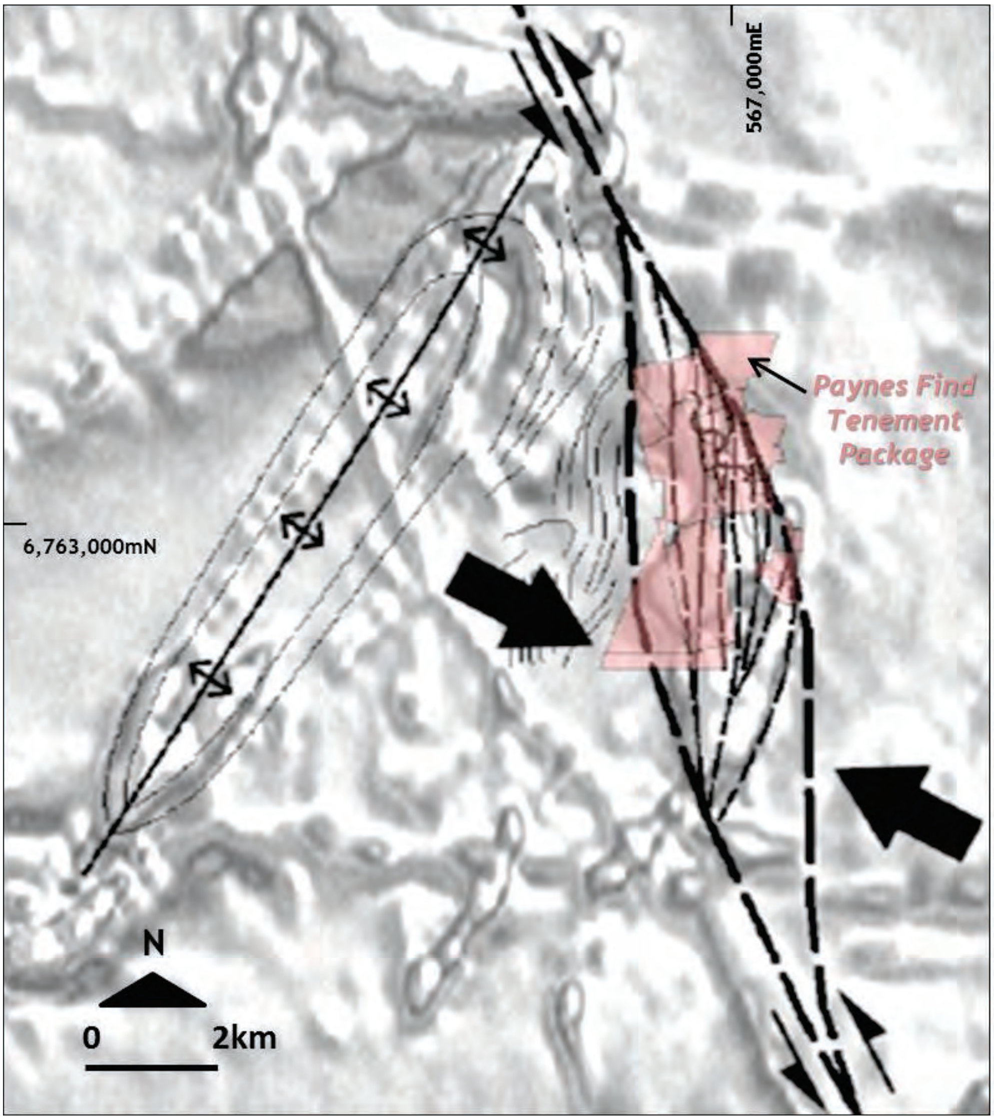


(Source: Paynes Find Gold Limited, 2013)

Additional review of the larger area highlighted that a gold geochemical anomaly on very wide-spaced reconnaissance sampling is coincident with an interpreted parallel contact zone on the western side of the mafic amphibolite, which may possibly be sheared (refer Figure 12, Zone 2). A third area (Zone 3) was also interpreted along a possibly sheared felsic schist contact, which converges with Zone 2 (refer Figure 12).

Further work undertaken by CSA Global, reported in March 2013, highlighted the favourable setting of the Paynes Find goldfield in a regional scale context of gold occurrences within the Yilgarn (refer Figure 7). A coherent lens shape (refer Figure 13) has been developed, effectively encapsulating significant gold occurrences. Internal fluid pathways have been highlighted and gold target zones defined within the field (refer Figure 14 and Figure 15). The structural architecture responsible for generation of high grade quartz veins in previously mined areas is projected to continue further south under soil and laterite cover representing an additional priority exploration target.

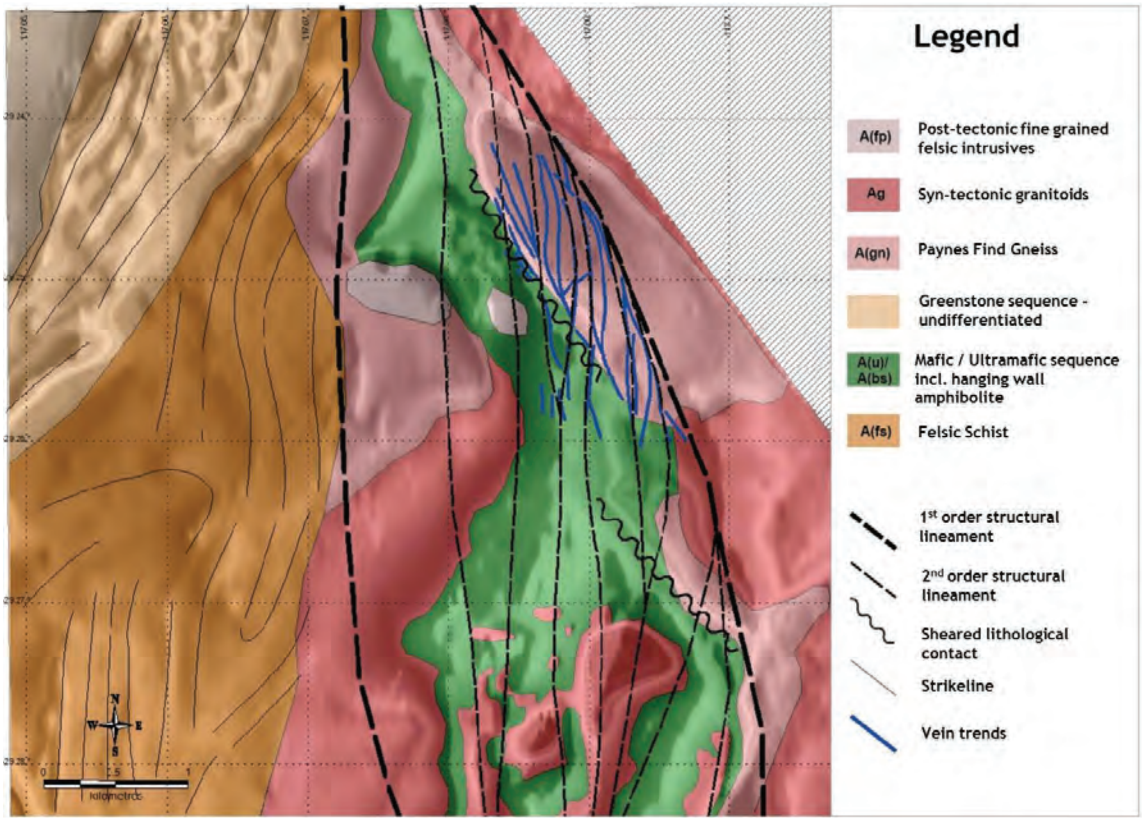
Figure 13 Proposed Structural Architecture for the Paynes Find Goldfield, after CSA, 2013



(Source: Paynes Find Gold Limited, 2013)

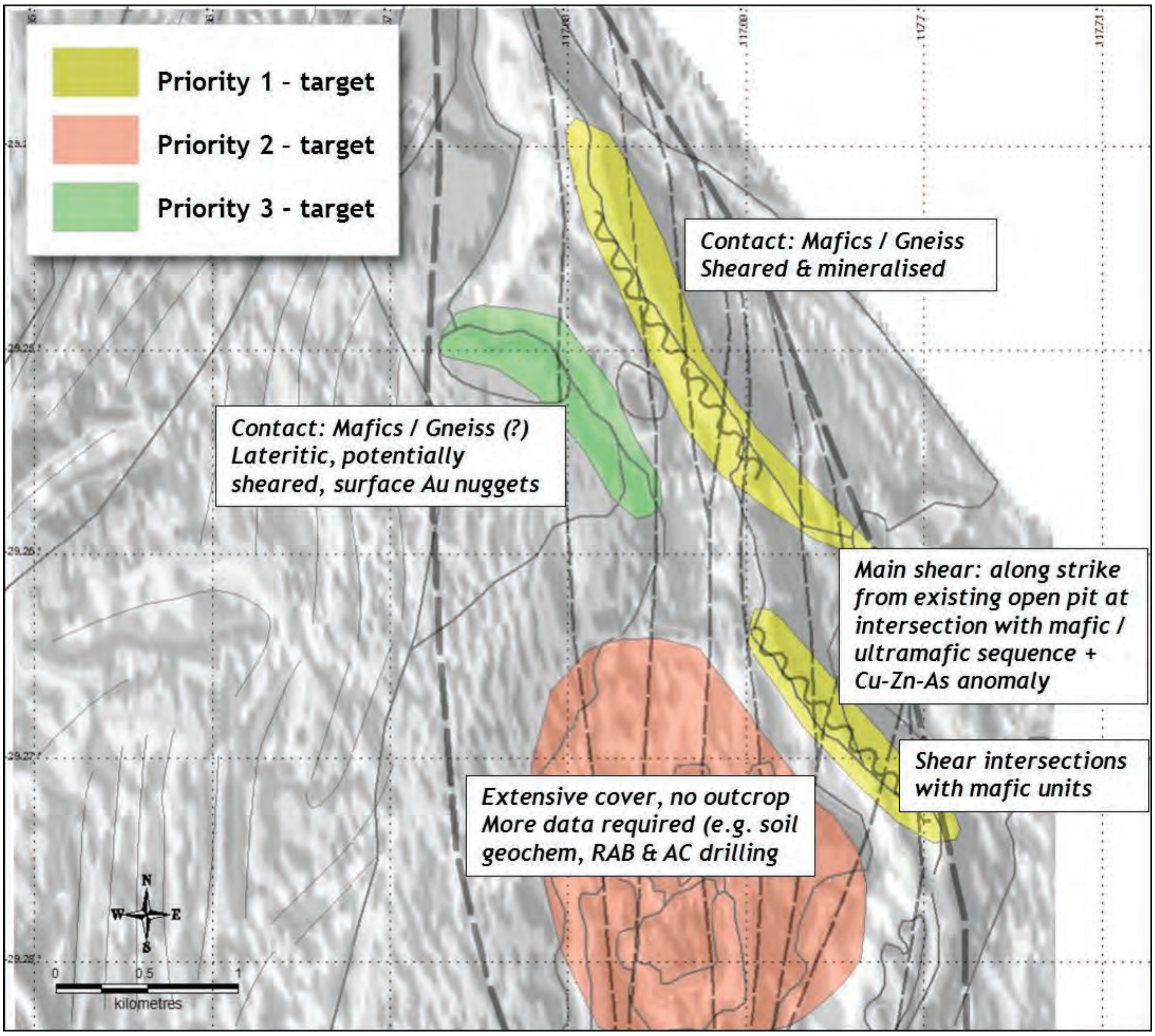
Areas of converging or splay-style mineralised zones are under further investigation, where zones of confluence may offer additional high grade targets for drilling. A zone of potential Type 2 mineralisation is noted in the vicinity of the shallow Pansy pit (mined to <10m depth) where further work and confirmatory drilling may have the potential to deliver a mineral resource. This area has been highlighted as a Priority 1 target for deeper Stage 3 drilling (section 3.1.10.3), as well as the intersection of the Pansy lode with the historic Daffodil trend, which converges from the north.

Figure 14 Interpreted Solid Geology with Structural Elements for the Paynes Find Goldfield



(Source: Paynes Find Gold Limited, 2013)

Figure 15 Proposed Priority Areas, Paynes Find Goldfield



(Source: Paynes Find Gold Limited, 2013)

3.1.10 Current Exploration

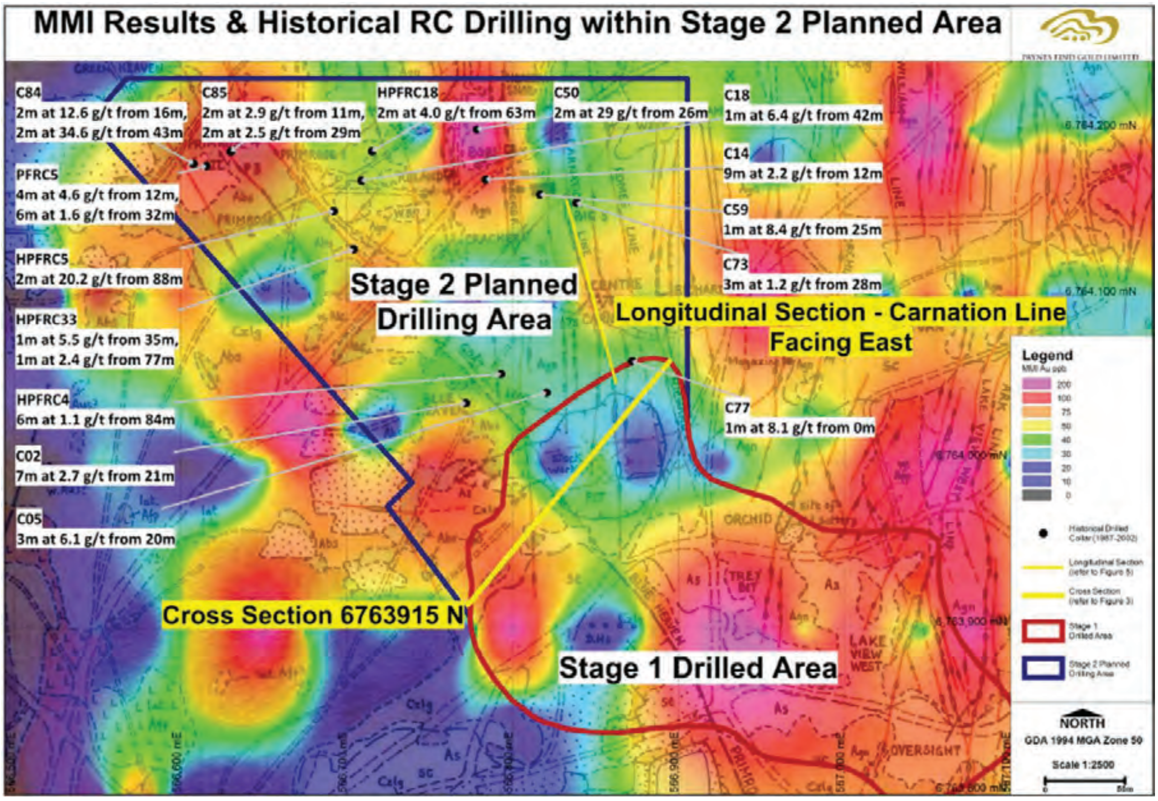
PFGL is the first company to bring all the tenements of the Paynes Find area under the one company control, providing security in tenure and access to the project area. Historically many of the tenements have been owned by private companies or individuals, who have not explored them to the extent an exploration company normally would.

During the period 2010-2011 PFGL undertook geological mapping at scales of 1:5000 and 1:2000. As a result of the mapping, 41 gold mineralised quartz reefs were identified over an extent of 600m. The mapping program outlined the following:

- Quartz lode separation was on average 15m.
- Lower grade link structures were identified between the main high-grade gold lodes.
- The quartz vein mineralisation within the strongly deformed quartz diorite outcrops over a strike length of approximately 2,000m before dipping beneath laterite cover.
- Further mineralisation was observed over approximately 3,000m within varying rock types adjoining the main goldfield.

PFGL also completed a Mobile Metal Ion (MMI) geochemical survey (Figure 16) and concluded that the results from the survey indicated that gold mineralisation was more widespread than initially thought, especially in areas of shallow soil and laterite cover. Ravensgate advises that caution should be exercised when reviewing this data however, since the Paynes Find area has been extensively worked historically and the potential for gold mineralisation 'contamination' from many sources is significant.

Figure 16 MMI Results and Historical RC Drilling Within the Planned Stage 2 Area Prior to Drilling



3.1.10.1 *Stage 1 Drilling -2011*

On 4 April 2011, PFGL announced that the company had commenced its Stage 1 drilling program centred on the Carnation/Blue Heaven line of old workings. The drilling targeted an area 500m long north-south and 400m wide east - west to a depth of 50 to 80m. A program comprising 69 RC drill holes for 3,800m were completed in the area shown on Figure 9. Significant results from the Stage 1 drilling program are indicated on Figure 17 and listed in Table 5.

Figure 17   Significant Results from the Stage 1 Drilling Program

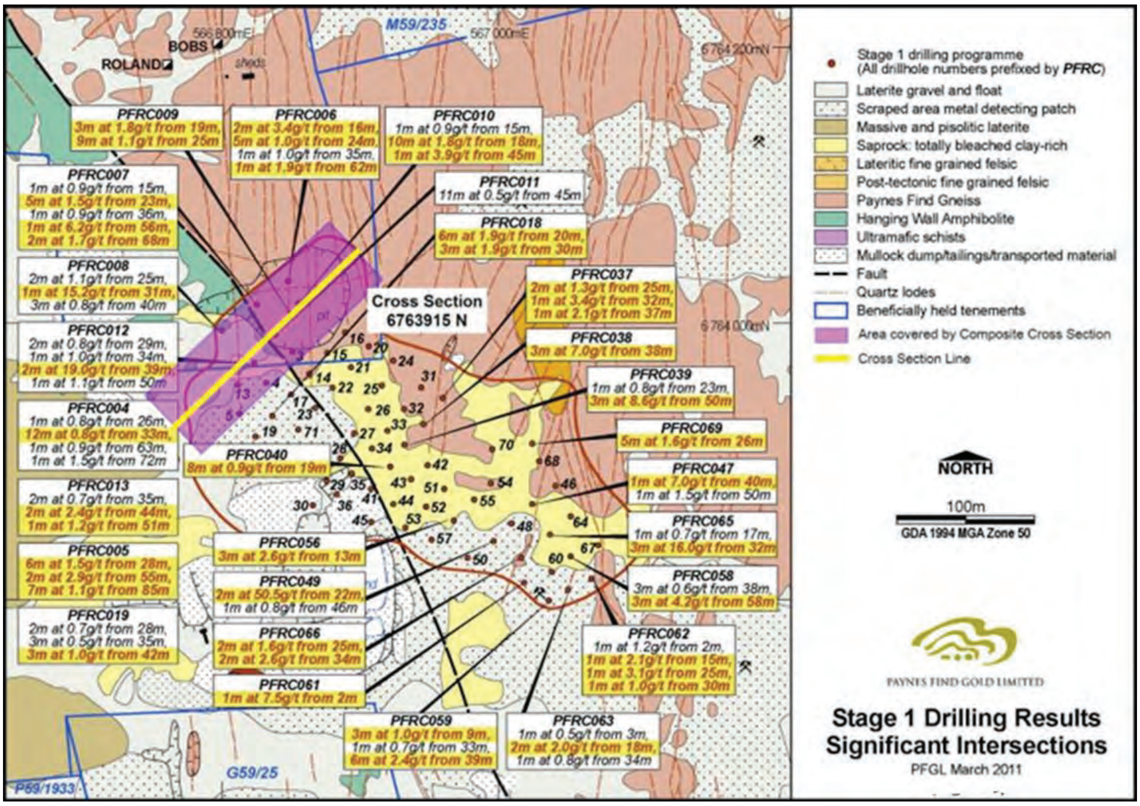


Figure 18   Composite Cross-Section 6763915N, as Shown on Figure 16 and Figure 17

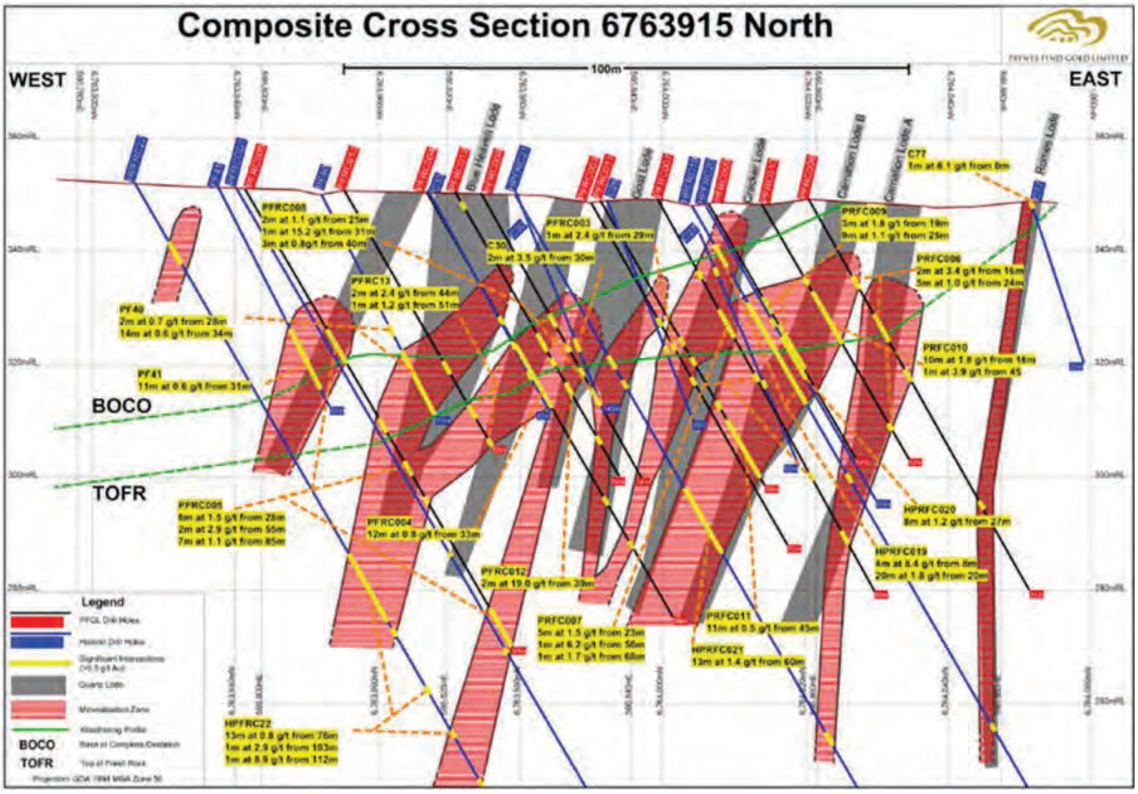


Table 5 PFGL Stage 1 Drilling Program Significant Results >1g/t Au					
Hole ID	**From (m)**	**To (m)**	**Width (m)**	**Grade Au (g/t)**	**Comments**
PFRC003	29	30	1	2.38	
PFRC004	42	43	1	2.36	
	72	73	1	1.54	
PFRC005	28	34	6	1.5	incl. 1m at 4.81 g/t from 29m
	55	57	2	2.9	
	85	92	7	1.1	
PFRC006	16	18	2	3.4	
	24	29	5	1.0	
	35	36	1	1.00	
	62	63	1	1.92	
PFRC007	23	28	5	1.5	incl. 1m at 5.26 g/t from 27m
	56	57	1	6.2	
	68	70	2	1.7	
PFRC008	25	27	2	1.1	
	31	32	1	15.20	
PFRC009	19	22	3	1.8	incl. 1m at 4.57 g/t from 21m
	25	34	9	1.1	incl. 1m at 2.20 g/t from 26m
PFRC010	18	28	10	1.8	incl. 2m at 4.16 g/t from 18m
	45	46	1	3.93	
PFRC012	34	35	1	1.01	
	39	41	2	19.0	incl. 1m at 36.0 g/t from 39m
	50	51	1	1.10	
PFRC013	44	46	2	2.4	
	51	52	1	1.19	
PFRC015	51	52	1	5.2	
PFRC017	35	36	1	1.68	
PFRC018	20	26	6	1.9	incl. 2m at 2.78 g/t from 22m
	30	33	3	1.9	
PFRC019	42	45	3	1.0	
PFRC021	31	32	1	1.14	
PFRC024	17	18	1	1.53	

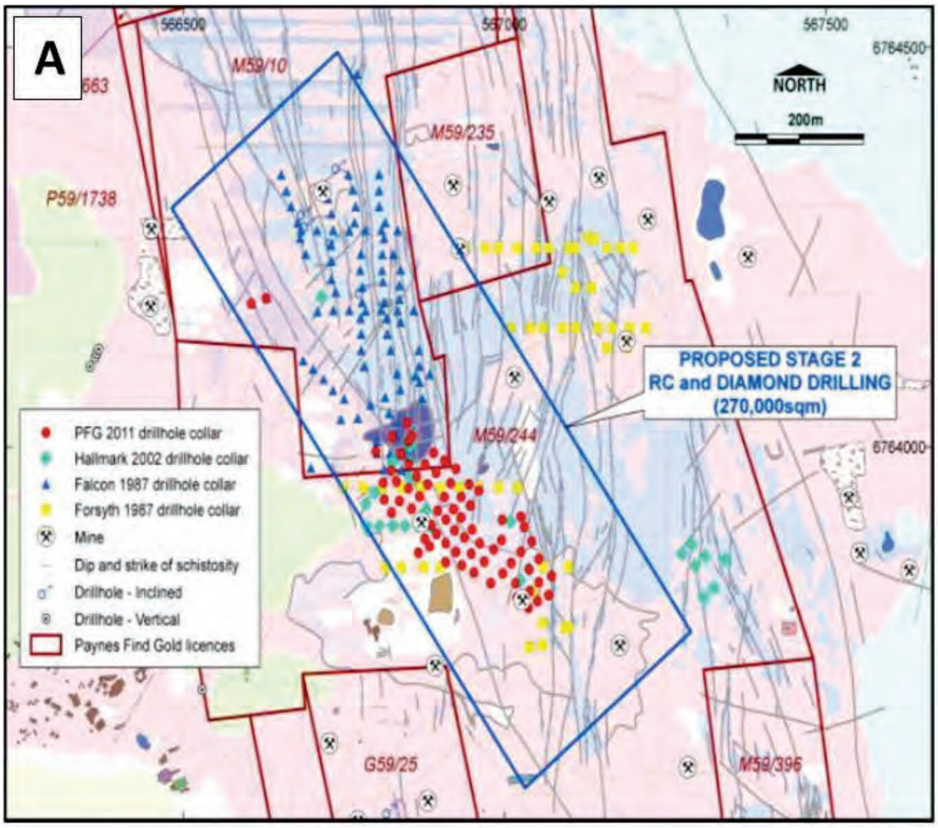
Table 5 PFGL Stage 1 Drilling Program Significant Results >1g/t Au					
Hole ID	**From (m)**	**To (m)**	**Width (m)**	**Grade Au (g/t)**	**Comments**
PFRC026	41	42	1	1.06	
PFRC034	17	20	3	1.3	incl. 1m at 2.73 g/t from 19m
	29	30	1	1.03	
PFRC037	25	27	2	1.3	incl. 1m at 1.80 g/t from 25m
	32	33	1	3.41	
	37	38	1	2.14	
PFRC039	50	53	3	8.6	incl. 2m at 12.56 g/t from 50m
PFRC043	46	49	3	1.1	
PFRC046	22	24	2	2.4	
PFRC047	40	41	1	6.99	
	50	51	1	1.52	
PFRC048	37	38	1	0.66	
PFRC049	22	24	2	50.5	incl. 1m at >100 g/t from 22m
PFRC051	52	53	1	1.11	
	39	40	1	1.70	
PFRC053	55	56	1	4.41	
PFRC056	13	16	3	2.6	
PFRC058	58	61	3	4.2	
PFRC059	9	12	3	1.0	
	39	45	6	2.4	incl. 2m at 5.84 g/t from 39m
PFRC061	2	3	1	7.52	
PFRC062	2	3	1	1.22	
	15	16	1	2.05	
	25	26	1	3.12	
PFRC063	18	20	2	2.0	
PFRC065	32	35	3	16.0	incl. 1m at 46.4 g/t from 32m
PFRC066	25	27	2	1.6	
	34	36	2	2.6	
PFRC068	31	32	1	2.67	
PFRC069	26	31	5	1.6	incl. 1m at 4.9 g/t from 26m
PFRC070	5	8	3	1.6	

3.1.10.2 *Stage 2 Drilling - 2012*

The Stage 2 drilling program was designed as a northwestern extension to the Stage 1 drill program (Figure 19) consisting of six diamond drill holes and approximately 64 RC drill holes, for 2,000 and 5,000m respectively, to test open ended known extensions of gold mineralisation.

The Stage 2 program was commenced in July 2012 with drilling of the initial area of interest completed by early September, with 54 RC holes totaling 5,326m (to a maximum depth of 250m) and six diamond drill holes totaling 1,540m (to a maximum depth of 480m). A total of 7,145 samples (including duplicates) were assayed for gold, silver and copper, significant results are presented below in Table 6 and Figure 20. Drill holes that returned no significant results are shown in Table 7. A geological cross-section of the deposit is shown in Figure 21, with the location of this cross-section depicted in the accompanying map Figure 20.

Figure 19 Historical and Stage 1 Drill Holes (A) and Planned (2012) Stage 2 RC and Diamond Drill Holes (B)



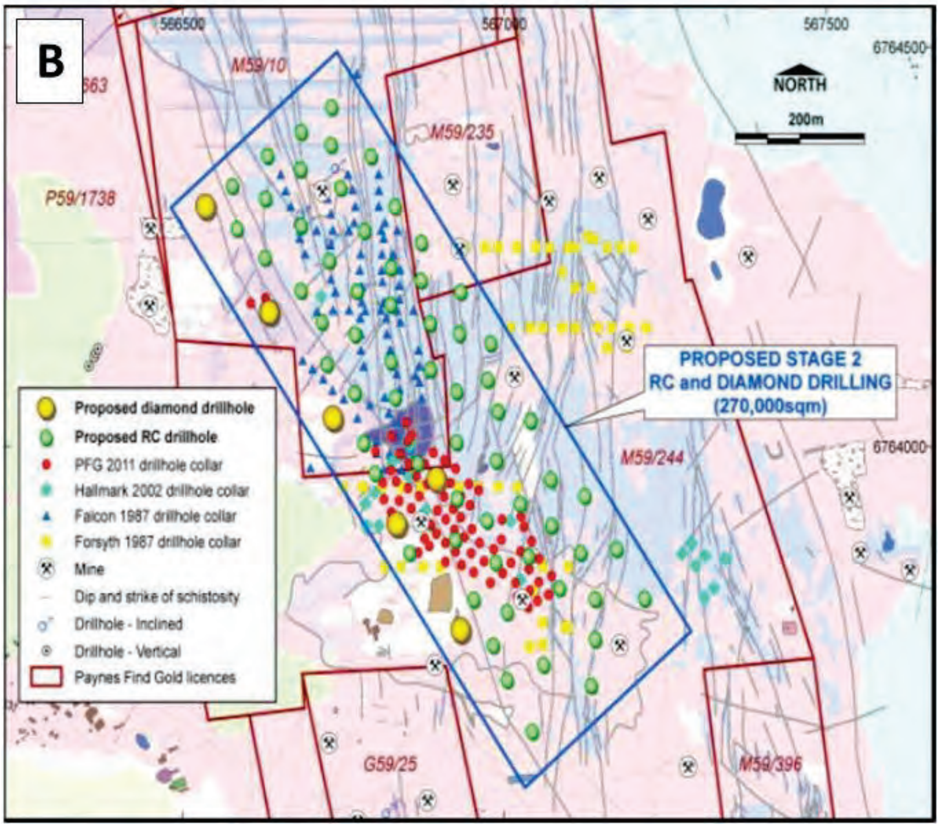


Table 6 Assay Results - 2012 Stage 2 Drilling Program									
Hole ID	**Easting (m)**	**Northing (m)**	**Max Depth (m)**	**Dip (°)**	**Azi (°)**	**From (m)**	**To (m)**	**Int. (m)**	**Au (g/t)**
PFRC102	566800	6764080	80	-60	90	16	19	3	0.84
PFRC110	566760	6764160	108	-60	90	96	98	2	3.82
PFRC112	566672	6764148	192	-60	90	13	15	2	**0.63**
						57	59	2	**0.71**
						114	117	3	**4.94**
						170	172	2	**1.11**
PFRC115	566608	6764206	102	-60	90	16	20	4	**1.91**
						26	33	7	**2.43**
						44	47	3	**0.6**
						71	73	2	**1.85**
PFRC116	566643	6764196	80	-60	90	10	22	**12**	**6.61**
PFRC117	566596	6764181	144	-60	90	49	51	2	**0.6**
						92	95	3	**2.07**
PFRC118	566640	6764133	120	-60	90	40	45	5	**1.24**
						49	51	2	**1.45**
PFRC120	566587	6764185	186	-60	90	41	44	3	**92.0**
						58	61	3	**0.8**
						69	71	2	**2.56**
						82	85	3	**1.45**
PFRC121	566565	6764205	144	-60	90	9	12	3	**0.63**
						40	43	3	**1.2**
						53	56	3	**1.82**
						91	96	5	**1.24**
PFRC123-1	566686	6764231	18	-60	90	8	10	2	**2.56**
PFRC124	566651	6764233	120	-60	90	7	9	2	**1.11**
PFRC127	566745	6764265	120	-60	90	6	8	2	**0.88**
						59	61	2	**2.45**
PFRC128	566788	6764194	100	-60	90	67	69	2	**1.85**
						90	93	3	**1.27**
PFRC131	566830	6764126	131	-60	90	69	71	2	**1.45**
						122	124	2	**1.02**

Table 6 Assay Results – 2012 Stage 2 Drilling Program									
Hole ID	Easting (m)	Northing (m)	Max Depth (m)	Dip (˚)	Azi (˚)	From (m)	To (m)	Int. (m)	Au (g/t)
PFRC133	566764	6764123	108	-60	90	50	52	2	**1.61**
						99	103	4	**2.64**
PFRC134	566733	6764121	198	-60	90	45	48	3	**8.04**
						140	143	3	**5.21**
PFRC135	566740	6764002	102	-60	90	25	28	3	**0.69**
						48	50	2	**3.59**
						77	84	7	**4.83**
						93	97	4	**0.89**
PFRC136	566787	6764103	90	-60	90	23	27	4	**1.13**
						42	47	5	**1.66**
PFRC137	566759	6764080	84	-60	90	60	62	2	**1.43**
PFRC140	566827	6764050	90	-60	90	15	18	3	**0.87**
						22	24	2	**1.15**
PFRC142	566763	6764047	120	-60	90	30	33	3	**3.21**
PFRC143	566730	6764045	198	-60	90	91	93	2	**0.94**
						155	157	2	**2.29**
PFRC145	566797	6763983	96	-60	90	44	46	2	**3.33**
						50	56	6	**1.37**
						60	62	2	**0.6**
						82	85	3	**0.67**
PFRC146	566820	6763984	115	-60	90	29	34	5	**0.99**
PFRC147	566772	6763982	80	-60	90	22	24	2	**0.95**
						27	31	4	**1.16**
						76	79	3	**3.15**
PFRC148	566978	6763742	234	-60	90	128	130	2	**3.94**
PFRC149	566832	6764025	84	-60	90	41	44	3	**4.64**
						46	50	4	**1.21**
PFRC150	566768	6764015	155	-60	90	51	56	5	**0.99**
						79	83	4	**6.28**
						109	111	2	**0.81**
						120	126	6	**3.56**

Table 6 Assay Results - 2012 Stage 2 Drilling Program									
Hole ID	Easting (m)	Northing (m)	Max Depth (m)	Dip (°)	Azi (°)	From (m)	To (m)	Int. (m)	Au (g/t)
PFGDD01	566640	6764024	483	-60	60	294	297	3	**0.5**
PFGDD02	566777	6764100	327.2	-62	58.7	36	37	1	**3.95**
PFGDD03	566784	6763974	402	-62.3	80	70	74	4	**0.73**
						80	92	12	**1.33**
						219	221	2	**0.88**
PFGDD06	566625	6763993	385	-70	70	214	216	2	**2.07**
						222	225	3	**1.28**

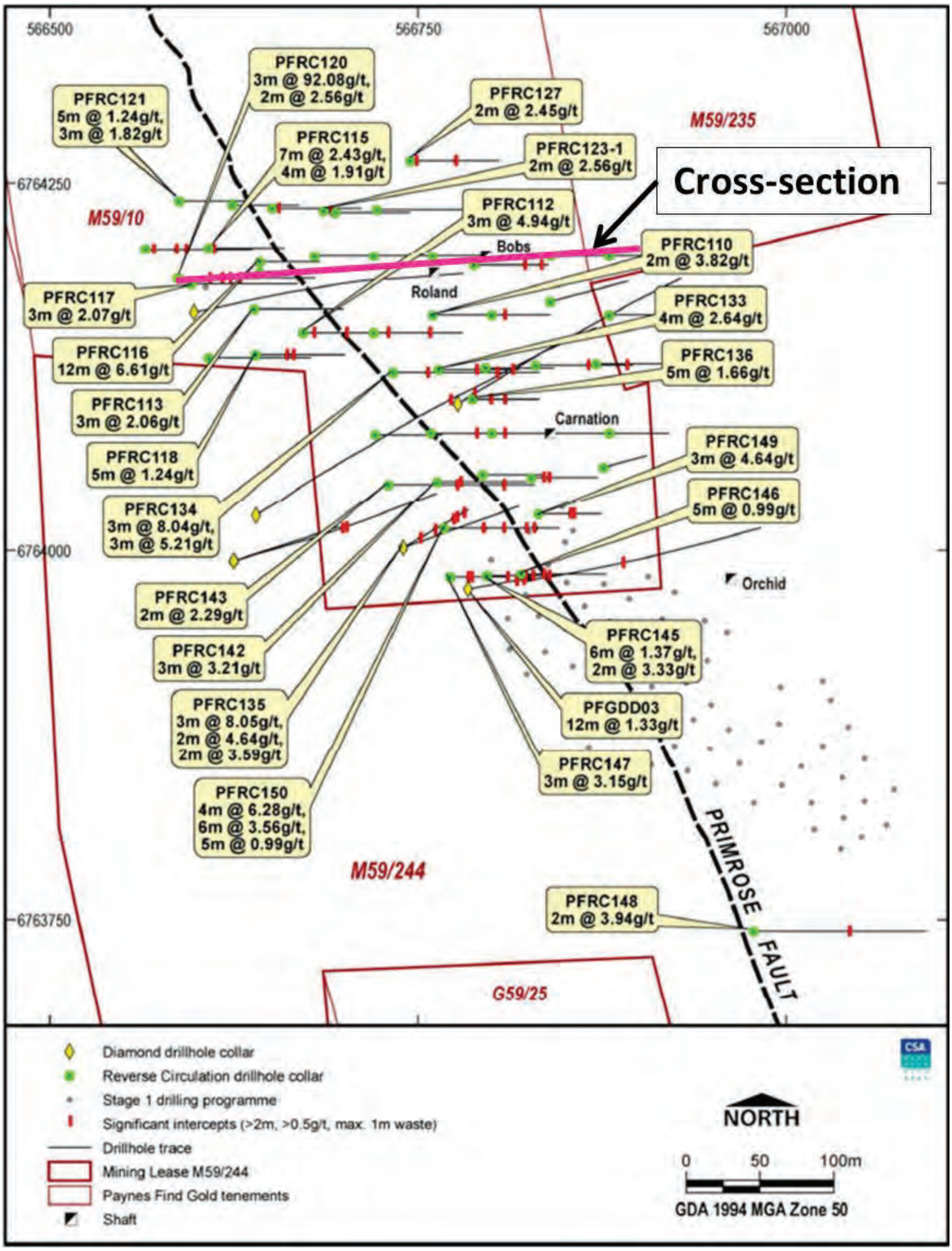
Table 7 Stage 2 Drill Holes with no Significant Result									
Hole ID	Easting (m)	Northing (m)	Max Depth (m)	Dip (°)	Azi (°)	From (m)	To (m)	Int. (m)	Au (g/t)
PFRC100	566880	6764080	80	-60	90	NRI			
PFRC101	566840	6764080	80	-60	90	NRI			
PFRC103	566880	6764200	80	-60	90	NRI			
PFRC104	566840	6764200	80	-60	90	NRI			
PFRC105	566760	6764200	78	-60	90	NRI			
PFRC106	566720	6764200	80	-60	90	NRI			
PFRC107	566680	6764200	80	-60	90	NRI			
PFRC108	566880	6764160	80	-60	90	NRI			
PFRC109	566800	6764160	79	-60	90	NRI			
PFRC111	566720	6764148	120	-60	90	NRI			
PFRC113	566639	6764164	120	-60	90	NRI			
PFRC114	566643	6764189	54	-60	90	NRI			
PFRC119	566608	6764131	138	-60	90	NRI			
PFRC122	566722	6764232	174	-60	90	NRI			
PFRC125	566624	6764235	90	-60	90	NRI			
PFRC126	566588	6764238	90	-60	90	NRI			
PFRC129	566840	6764169	108	-60	90	NRI			
PFRC130	566871	6764127	100	-60	90	NRI			
PFRC132	566796	6764124	92	-60	90	NRI			
PFRC138	566721	6764079	90	-60	90	NRI			

Table 7 Stage 2 Drill Holes with no Significant Result									
Hole ID	**Easting (m)**	**Northing (m)**	**Max Depth (m)**	**Dip (˚)**	**Azi (˚)**	**From (m)**	**To (m)**	**Int. (m)**	**Au (g/t)**
PFRC139	566876	6764057	60	-60	90	NRI			
PFRC141	566794	6764052	80	-60	90	NRI			
PFRC144	566625	6763993	150	-60	90	NRI			
PFGDD04	566598	6764162	378	-60	80	NRI			
PFGDD05	566740	6764002	142.4	-60	80	NRI			

Notes (Table 6 and Table 7):

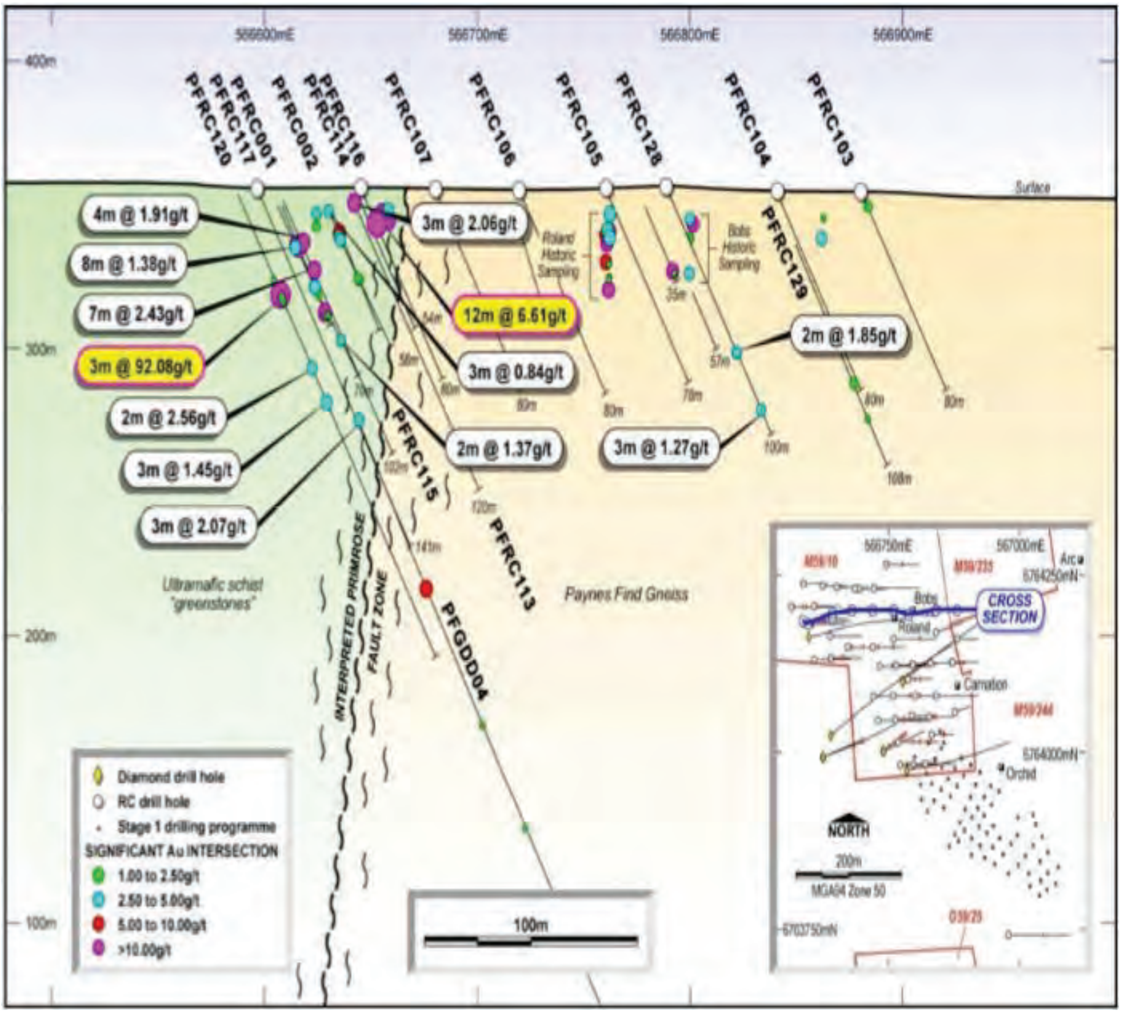
- *All coordinates are Zone 50, MGA94 based on single GPS averages.*
- *PFGDD prefixes are for holes drilled with NQ diamond core.*
- *PFRC prefixes are for holes drilled by 51/2" RC percussion.*
- *Half NQ core was sampled in 1m intervals following geological logging.*
- *RC percussion samples were split on site using a riffle splitter.*
- *All holes were geologically logged by industry standard approaches.*
- *Sample recoveries from both drilling techniques were good.*
- *Sample analysis was by Nagrom laboratory in Perth, WA.*
- *40g of sample is digested in aqua regia (HCL and HNO3) and the solution analysed by ICP. Ag and Au are analysed by ICP-MS and Cu by ICP-OES.*
- *Intersections were calculated using minimum criteria of 2m at 0.5 g/t Au and with a maximum internal waste interval of 1m.*
- *Field standards and duplicates together with laboratory QC replicates and standards were used to monitor the reliability of the analysis. Inspection of QA reports showed no issues with the analysis.*
- *The extreme high grade samples were verified by repeat sampling of the original bulk reject RC percussion chips from the drill hole, together with laboratory repeats, by the Company's personnel.*
- *All intersections are downhole lengths and it is not known whether these are true widths.*
- *NRI - No reportable intersection - note that the holes are potentially part of further planned drilling at different azimuths and angles taking into account the 'snaking' mineralised nature of the reefs encountered.*

Figure 20   Stage 2 Drill Hole Locations and Significant Intersections



The results of the Stage 2 drill program led to the structural study carried out by CSA and ioGlobal, as described in Section 3.1.9. PFGL were confident that the key point to derive from the Stage 2 results was that it now provided the economic and geological rationale to continue further drilling to assess the real potential of the tenements at large.

Figure 21 Cross-Section Through Stage 2 Drilling



3.1.10.3 *Stage 3 Program*

PFGL began planning a short interim program of shallow RC holes (15 holes for ~500m) into regional targets, and reviewed requirements for a third phase of drilling based on outcomes from Stage 2 and the associated structural studies. The third round of drilling was planned for Q1 2013, however due to the declining gold price that was experienced during this time (which has continued to the present) the Stage 3 program has been postponed.

3.1.11 *Resource Estimation*

There have been no previous mineral resource estimates in accordance with the JORC Code (2004 or 2012) at the project.

3.1.12 *Exploration Potential*

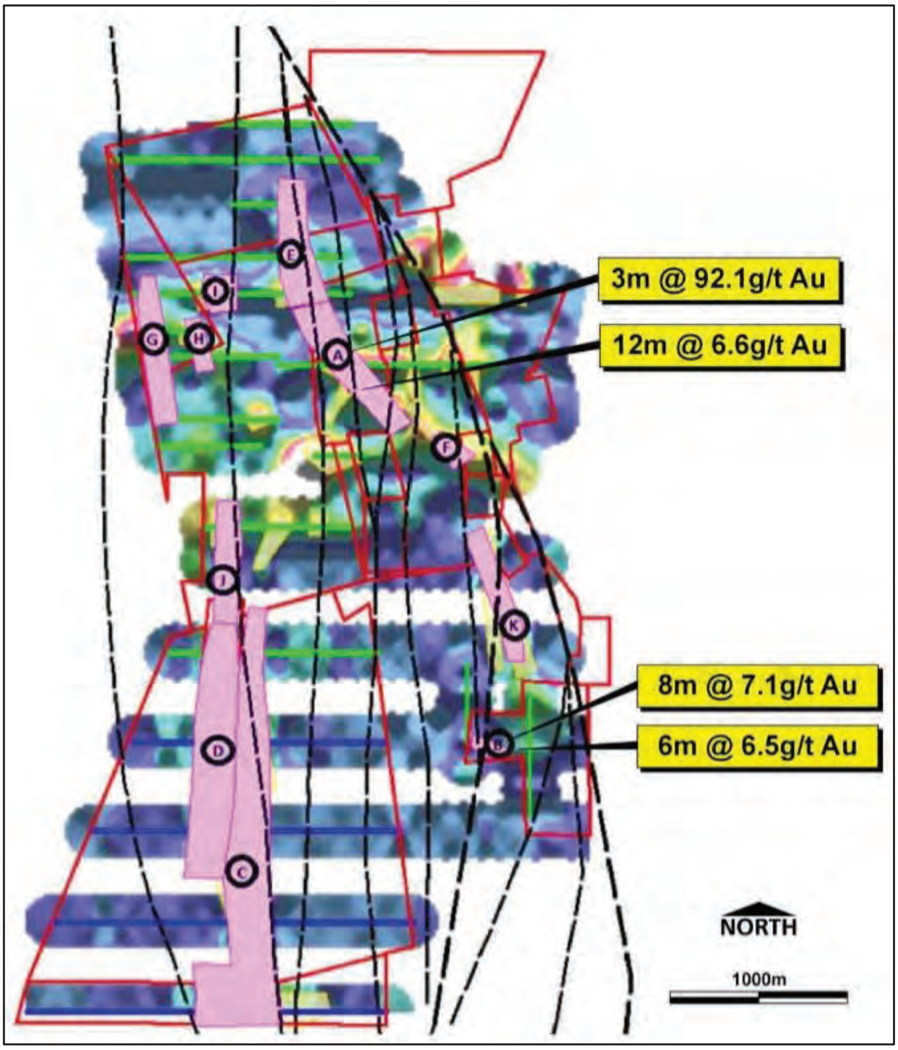
Potential for successful gold exploration remains at the Paynes Find Project due to the following reasons:

- Multiple high-grade intersections have been returned from PFGL's Stage 1 and 2 drilling programs, confirming multiple lodes and target geometries.
- Shallow high-grade gold results have enhanced the open pit potential of the area.

- Stage 1 and 2 assay results confirm that gold mineralisation is not limited to the predominantly explored gneiss (as previously thought), with significant intersections occurring in the adjacent greenstone schist.
- Considerable potential remains for small to medium scale development of the higher grade shoots and to potentially link high grade zones along strike; and for the discovery of additional blind high grade zones along strike during future exploration or mining activity.

In addition, CSA reviewed and re-ranked targets outlined by ioGlobal (in mid-2013) in the context of resource potential (refer Figure 22). Several targets (A, B, F, H) represent high grade gold targets, and are identified for RC drill testing. Targets C, D, E, G, I, J and K are targets for RAB or possibly aircore testing on 100m line spacing with 50m drill centres and nominal 60m drill depth, though this depth may not be achievable in some areas with limited weathering.

Figure 22 Priority Targets Defined by CSA



NB: PFGL tenure (red), CSA ranked targets (pink), and selected drill intersection highlights underlain by combined gold geochemistry, structural control, and other prioritised anomalies (yellow, mostly obscured).*

**Note that the tenement package shown includes the recently divested tenements that contain targets G, H, I, and J.*

On an individual basis, Ravensgate provides the following comments on the tenements of the Paynes Find Gold Project:

- M59/0002: The licence is located immediately to the south from M59/396 and is largely underlain by the Paynes Find Gneiss, containing historic workings in its northern area. Minor granite occurs in the south. The prospectivity of the licence is rated as medium to high.
- M59/0010: The licence mostly comprises the Paynes Find Gneiss and contains a line of historic workings on the northwest – southeast trending Primrose Fault and sheared contact with the mafic schist, which was the focus of PFGL's Stage 2 drilling program. The licence contains CSA's target 'A' which is proximal to the high grade result from PFRC120 which returned 3m at approximately three ounces of gold (Figure 21 and Figure 22). Therefore, the prospectivity of the licence is rated as high.
- M59/0235: The licence is on the Paynes Find Gneiss with historic workings immediately to the northeast of the Stage 2 drill program. The southern area was previously drilled by Forsayth in 1987 (Figure 19). The prospectivity of the licence is rated as medium to high.
- M59/0244: The licence mostly comprises the Paynes Find Gneiss and contains a line of historic workings on the northwest – southeast trending Primrose Fault and sheared contact with the mafic schist, which was the focus of PFGL's Stage 1 drilling program. The area's potential has been highlighted by CSA, who identified target 'F' here (Figure 22). Therefore, the prospectivity of the licence is viewed as high.
- M59/0396: The licence is located immediately to the east of CSA target 'F' on the Paynes Find Gneiss and it contains historic workings. The prospectivity of the licence is rated as medium to high.
- M59/0662: The licence is located south of the historic Daffodil open pit and containing the historic workings of Pansy (south) and Shamrock. The western area of the licence has been identified by CSA as prospective, containing target 'B' (Figure 22). As it is not on the main Paynes Find Gneiss package, the licence is viewed as medium to high prospectivity.
- M59/0663: The licence contains the historic Bluebell workings on the Paynes Find Gneiss which is at the northern end of the main strike of historic workings (Figure 9).This favourable structural trend contains CSA target 'E' (Figure 22). The licence is viewed as having medium to high prospectivty, with additional alluvial.
- P59/1907: The areas on the eastern side of the Daffodil Fault and on the Eastern Granite have not been covered by geochemical surveys. The licence is underlain by the Eastern Ultramafic and therefore maybe more prospective for nickel than gold. The area is proximal to the Daffodil tailings – refer to comments for P59/1956 below. The prospectivity of the licence is rated as low.
- P59/1908: A small, strategic, gap-fill prospecting licence in proximity to CSA's target 'A'. The licence is on the mafic schist and Paynes Find Gneiss contact at the Primrose Fault, within close proximity to historic workings. Therefore, although a small area, the prospectivity of the licence is viewed as high.
- P59/1909: A small, strategic, gap-fill prospecting licence on Paynes Find Gneiss, immediately to the northwest of the historic Adeline workings. Therefore, although a small area, the prospectivity of the licence is viewed as high.
- P59/1924: The licence is split approximately north to south by the Daffodil Fault with the eastern half of the licence on the Eastern Granite and the western half on the Paynes Find Gneiss, which contains historic workings. The licence does not contain any targets identified by CSA, and is viewed as having medium prospectivity.
- P59/1941: CSA has defined a structural corridor at the north-south border between this licence and P59/1959 to the west, containing target 'C' on P59/1941 and target 'D' on P59/1959 (Figure 22). The licences are viewed as having medium prospectivity. They are

traversed by the Great Northern Highway in their northern area, with P59/1941 also containing the Paynes Find Tavern and Roadhouse.

- P59/1942: The tenement is mostly underlain by the Eastern Granite, with a sheared area of the Paynes Find Gneiss in the southwest corner, which is the only area of the tenement that was covered by geochemical soil sampling. The tenement does not contain any historic workings or drill holes, is not proximal to any of the CSA targets and is therefore viewed as having low prospectivity.
- P59/1956: A small licence on the eastern side of the Daffodil Fault on the Eastern Granite, at the southern pinch-out of the Paynes Find Gneiss. The southern area of the licence has been used as a tailings dump from the historic Daffodil open pit which is ~400m to the southwest (refer to Figure 4). In Ravensgate's opinion, an area that has been used as a waste / tailings site is viewed as having low prospectivity.
- P59/1957: A strategically placed tenement at the southern pinch out of the Paynes Find Gneiss, the licence covers the southern strike extent of a line of historic workings (Figure 4), which is viewed as having medium prospectivity.
- P59/1958: The licence covers the east-west extension of licences P59/1941 and P59/1959, which includes the southern extension of north – south structural corridor identified by CSA however the licence does not contain a target and is viewed as having medium prospectivity.
- P59/1959: Refer to P59/1941.

In addition to the gold potential at the project, nickel potential exists within the tenements. According to Fitton (2011), detailed geological mapping has shown the rocks of the Paynes Find intrusion to form a discrete intrusive lopolithic complex. By analogy with other such bodies around the world, these types of rocks are known to host significant economic deposits of nickel sulphides, often accompanied by copper, cobalt and platinum group elements. The size of the Paynes Find intrusion (10km x 3km) is fairly typical of other world examples that host very large nickel sulphide deposits e.g. Voisey's Bay in Labrador, Canada (141Mt @1.6% Ni) and Jinchuan in China (this deposit is 10km long up to 500m wide and extends to at least 1.5km vertical depth). Athena Resources are currently exploring similar ultramafic intrusions in the Byro district (Milly Milly) ~200km north-northwest of Paynes Find. However, Ravensgate notes that First Tech Energy Limited retain the rights to metals other than gold within the tenements, rather than PFGL.

3.2 Exploration Strategy and Budget

Over the 12 months following the capital raising PFGL is intending to complete preliminary resource estimation based on the existing data, and if possible define any potential inferred resources. This work will also identify any weakness in the existing database and will guide subsequent infill drilling required to assist in strengthening any models developed. Drilling is expected to be a combination of RC and diamond, depending upon the requirements to satisfy JORC Code guidelines for resource estimation (Table 8).

The second 12 months will see the further drilling and resource estimation work. Contigent upon positive results, PFGL will look to conduct an initial Preliminary Economic Assessment (Table 9) to determine if metals extraction is a possibility.

Table 8 Proposed Budget and Exploration Program for Year One					
Tenement	Geological and field work	Resource estimation	In-fill / Resource drilling	Initial PEA costs	Total Year 1
P59/1959	$2,000		$4,000		$6,000
P59/1958	$1,500		$1,000		$2,500
P59/1957	$1,000		$1,000		$2,000
P59/1956	$1,000		$1,000		$2,000
P59/1941	$2,500		$5,000		$7,500
P59/1942	$1,000		$3,000		$4,000
P59/1933	$1,000		$1,000		$2,000
P59/1924	$1,000		$1,000		$2,000
P59/1907	$1,000		$1,000		$2,000
P59/1909	$1,000		$1,000		$2,000
M59/0663	$1,000	$4,000	$10,000		$15,000
M59/0662	$1,000	$4,000	$10,000		$15,000
M59/0405	$1,000		$10,000		$11,000
M59/0396	$1,000		$5,000		$6,000
M59/0244	$500	$6,000	$10,000		$16,500
M59/0235	$500	$5,000	$10,000		$15,500
M59/0010	$500	$2,000	$10,000		$12,500
M59/0002	$200	$1,000	$10,000		$11,200
Total	**$18,700**	**$22,000**	**$94,000**	**$0**	**$134,700**

Table 9 Proposed Budget and Exploration Program for Year Two					
Tenement	Geological and field work	Resource estimation	In-fill / Resource drilling	Initial PEA costs	Total Year 2
P59/1959	$3,000		$1,000	$2,000	$6,000
P59/1958			$1,500	$1,000	$2,500
P59/1957	$1,000		$1,500	$1,000	$3,500
P59/1956	$1,000		$1,500	$1,000	$3,500
P59/1941			$1,500	$1,000	$2,500
P59/1942			$1,500	$1,000	$2,500
P59/1933			$1,500	$1,000	$2,500
P59/1924			$1,500	$1,000	$2,500
P59/1907			$1,500	$1,000	$2,500
P59/1909			$1,500	$1,000	$2,500
M59/0663			$6,000	$5,000	$11,000
M59/0662			$6,000	$5,000	$11,000
M59/0405	$1,000		$5,000	$5,000	$11,000

M59/0396			$1,500	$5,000	$6,500
M59/0244	$1,000		$5,000	$5,000	$11,000
M59/0235			$5,000	$5,000	$10,000
M59/0010	$2,000		$4,000	$5,000	$11,000
M59/0002			$1,500	$5,000	$6,500
Total	**$9,000**	**$0**	**$48,500**	**$51,000**	**$108,500**

PFGL has indicated to Ravensgate approximately half of the funds intended to be raised will be committed to the exploration and development of all of their properties - of which only the Paynes Find Gold Project is covered in this report. Ravensgate considers the proposed exploration program for the first two years to be consistent with the status and mineral potential of the projects and PFGL's initial objectives. The proposed expenditure of AU$243,200 is sufficient to meet the costs of the exploration program and to meet statutory tenement expenditure requirements.

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5. LIST OF ABBREVIATIONS

A$	Australian dollar(s)
AC	Aircore (drill hole)
Ag	Silver
ASX	Australian Securities Exchange
Au	Gold
Azi	Azimuth
Cu	Copper
DCF	Discounted cash flow
FAusIMM	Fellow of the Australasian Institute of Mining and Metallurgy
Ga	Gigaannum - 1 billion years ago
g/t	Grams per tonne
ICP-OES	Inductively coupled plasma - optical emission spectrometry
JORC	Joint Ore Reserves Committee
JORC Code	2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
K	Thousand(s)
km	kilometre(s)
km^2	Square kilometre(s)
m	Metre(s)
M	Million(s)
MAIG	Member of the Australian Institute of Geoscientists
MAusIMM	Member of the Australasian Institute of Mining and Metallurgy
mm	Millimetre(s)
MMI	Mobile Metal Ion
Mt	Million Tonnes
NPV	Net present value
oz	Ounce (Troy ounce measure of weight)
Pb	Lead
PGE	Platinum Group Element
ppb	Parts per billion; a measure of concentration
ppm	Parts per million; a measure of concentration
QA/QC	Quality Assurance / Quality Control
RAB	Rotary Air Blast (drill hole)
RC	Reverse circulation (drill hole)
t	Tonne(s)
US$	United States Dollar(s)
Zn	Zinc

6. GLOSSARY

aeromagnetic	A survey undertaken by helicopter or fixed-wing aircraft for the purpose of recording magnetic characteristics of rocks by measuring deviations of the Earth's magnetic field.
aircore drilling	A relatively inexpensive drilling technique similar to RC drilling, in which the drill cuttings are returned to surface inside the rods.
allochthonous	Denoting a deposit or formation that originated at a distance from its present position.
amphibolite	A mafic metamorphic rock consisting mainly of amphibole minerals, especially hornblende and actinolite.
anomaly	An area where exploration has revealed results higher than the local background level.
aqua regia	Nitro-hydrochloric acid - a highly corrosive mixture of nitric acid and hydrochloric acid, which can dissolve rock effectively, even gold and platinum.
Archaean	The oldest geologic time period, pertaining to rocks older than about 2,500 million years.
assay	The testing and quantification metals of interest within a sample.
auriferous	Contains gold in economically significant concentration.
azimuth	The horizontal angle measured in degrees clockwise from true north (describing the orientation of a drill hole or geological feature).
batholith	Massive igneous intrusion extending deep into the earth's crust.
boudin / boudinage	Structures formed by extension, where a rigid tabular body such as hornfels, is stretched and deformed amidst less competent surroundings. The competent bed begins to break up, forming sausage-shaped boudins.
brittle fracture	Geological structure formed whereby strength in tension was greatly different from strength in compression.
carbonate	Rock or mineral dominated by the carbonate ion ($CO^{2-}{}_3$), of sedimentary or hydrothermal origin, composed primarily of calcium, magnesium or iron and carbon and oxygen. Essential component of limestones and marbles.
chlorite	A green coloured hydrated aluminium-iron-magnesium silicate mineral common in metamorphic rocks.
complex	An intricate assemblage of geological units, typically in metamorphic or igneous terranes.
craton	An old and stable part of the continental lithosphere.
D_1, D_2, D_3,	Structural geology term: Deformations are numbered according to their order of formation with the letter D denoting a deformation event.
dacite	Volcanic rock with an aphanitic to porphyritic texture and intermediate composition between andesite and rhyolite.
deformation	A change in the original shape of a rock unit in response to stress and strain. It can be brittle deformation that results in faulting or plastic deformation that results in folding.
diamond drilling	Drilling method employing a (industrial) diamond encrusted drill bit for retrieving a cylindrical core of rock.
diorite	A coarse-grained intrusive igneous rock that contains a mixture of feldspar pyroxene hornblende and sometimes quartz.
domain	Geological zone of rock with similar geostatistical properties; typically

	a zone of mineralisation
dunite	An igneous plutonic rock of ultramafic composition with coarse-grained or phaneritic texture, greater than 90% olivine with minor pyroxene chromite magnetite and pyrope.
dykes	A tabular body of intrusive igneous rock, crosscutting the host strata at a high angle.
epidote	A silicate mineral of lustrous yellow green or black colour, commonly found in regionally metamorphosed rocks.
fabric	In geology, a rock's fabric describes the spatial and geometric configuration of all the elements that make it up.
fault	A wide zone of structural dislocation and faulting.
felsic	Igneous rocks with a large percentage of light-coloured minerals such as quartz, feldspar, and muscovite. It is contrasted with mafic rocks, which are relatively richer in magnesium and iron.
field duplicate	Second drill sample collected at the rig and analysed independently. Used to monitor the precision of the sampling and analytical process.
field standard	A rock material with a consistent and known geochemical composition, inserted with drill samples in the field. Used to monitor the accuracy of the analytical process.
foliation	The planar or layered characteristics of metamorphic rocks that are evidence of the pressures to which the rock was exposed.
gabbro	A black coarse-grained intrusive igneous rock that is the compositional equivalent of basalt.
geochemical	Pertains to the concentration of an element.
geochronology	The science of determining the absolute age of rocks. Dating methods involve measuring the amount of radioactive decay of a radioactive isotope with a known half-life.
geophysical	Pertains to the physical properties of a rock mass.
gneiss	A common metamorphic rock formed at high temperatures and pressures from igneous or sedimentary rocks, having characteristic foliations (gneissic banding) of alternating dark/light coloured bands.
granite	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.
granitoid	A broad category of coarse-grained acid igneous rock including granite, quartz monzonite, quartz diorite, syenite and granodiorite.
greenstone	A metamorphosed basic igneous rock which owes its colour and schistosity to abundant chlorite.
greenstone belt	A broad term used to describe an elongate belt of rocks that have undergone regional metamorphism to greenschist facies.
intrusive	Any igneous rock formed by intrusion and cooling of hot liquid rock below the earth’s surface.
laterite	Superficial rock formed during long-lasting weathering in hot wet tropical areas, characterised by high iron oxide, alumina oxide and silica content.
lithology	The description of a rock unit’s physical characteristics visible in hand or core samples, such as colour texture grain-size and composition.
lode	A deposit of metalliferous ore formed in a fissure or vein.
lopolith	A large flat-lying igneous intrusion which is lenticular in shape with a depressed central region.
mafic	Igneous rock composed dominantly of dark coloured minerals such as amphibole pyroxene and olivine, generally rich in magnesium and iron.

magmatic	Derived from or associated with magma. Magma is a complex high-temperature fluid substance present within the earth, which on cooling forms igneous rocks.
magnetite	A mineral comprising iron and oxygen which commonly exhibits magnetic properties.
metamorphic	A rock that has been altered by metamorphism from a pre-existing igneous or sedimentary rock type.
metamorphism	Alteration of the minerals, textures and composition of a rock caused by exposure to severe heat, pressure and chemical actions.
meta-volcanic	Volcanic rock which has been altered by metamorphism.
mobile metal ion	MMI is a geochemical exploration method whereby mobile metal ions, adsorbed onto the surface of screened soil particles, are dissolved using patented chemical extractants and analysed at ppb levels. This method is more sensitive than conventional geochemical methods.
NQ	Type of diamond drilling producing a drill core of 47.6mm diameter.
outcrop	A visible exposure of bedrock or ancient superficial deposits on the surface of the Earth.
overprint	The superposition of a new set of structural geological features on an older set.
pegmatite	An exceptionally coarse-grained igneous rock with interlocking crystals, usually found as irregular dykes lenses or veins around the margins of batholiths.
peridotitic cumulate	A dense coarse-grained igneous rock formed by precipitation and collection of cumulate olivine and pyroxene crystals from mantle-derived magma.
plunge	The vertical angle between a horizontal plane and the line of maximum elongation (of an orebody for example).
porphyritic	Textural term for igneous rocks in which large crystals (phenocrysts) are set in finer groundmass, which may be crystalline or glass.
Precambrian	A period of geological time older than 570 million years before present.
quartz	Common mineral composed of crystalline silica, with chemical formula SiO_2.
RAB drilling	Rotary Air Blast. A relatively inexpensive but less accurate percussion drilling technique involving the collection of sample returned by compressed air from outside the drill rods.
RC drilling	Reverse Circulation. A percussion drilling method in which the fragmented sample is brought to the surface inside the drill rods, thereby reducing contamination.
resource	In situ mineral occurrence from which valuable or useful minerals may be recovered.
S_1	Structural geology term: planar structures are numbered according to their order of formation with the letter S denoting a deformation event and 1 denoting the first plane deformational structure formed.
schist	A metamorphic rock dominated by fibrous or platey minerals, with a strongly foliated fabric (schistose cleavage).
sedimentary	A term describing a rock formed from sediment.
serpentinite	A metamorphic rock consisting almost wholly of serpentine-group minerals, derived from the alteration of ultramafic rock.
shear	A deformation resulting from stresses that cause rock bodies to slide relatively to each other in a direction parallel to their plane of

	contact.
shoot	Part of an orebody of elongated shape where higher grades are concentrated.
sill	A concordant sheet of igneous rock lying nearly horizontal.
soil sampling	The collection of soil specimens for mineral analysis.
strata	Sedimentary rock layers.
stratigraphic	Pertaining to the composition, sequence and correlation of stratified rocks.
strike	Horizontal direction or trend of a geological strata or structure.
stringer	A mineral veinlet or filament, usually one of a number, occurring in a discontinuous sub-parallel pattern in host rock.
structural	Pertaining to rock deformation or to features that result from it.
succession	Group of rock strata that succeed one another in chronological order.
superterrane	Composite terranes that comprise groups of individual terranes and other assemblages that share a distinctive tectonic history.
tailings	The materials left over after the process of separating the valuable fraction from the uneconomic fraction (gangue) of an ore.
terrane	Any rock formation or series of formations or the area in which a particular formation or group of rocks is predominant.
titaniferous	Rock or mineral enriched in the element titanium (Ti).
tonalite	Igneous plutonic (intrusive) rock with a granitic texture and a specific felsic composition containing greater than 20% quartz.
ultramafic	Igneous and meta-igneous rocks composed of greater than 90% mafic minerals with very high magnesium and iron content, very low silica and potassium content.
volcanics	Rocks formed or derived from volcanic activity.
xenolith	Inclusion in igneous rock during magma emplacement and eruption, typically engulfed along the margins of a magma chamber or torn loose from the walls of an erupting lava conduit.

9. INVESTIGATING ACCOUNTANT'S REPORT

HLB Mann Judd

Accountants | Business and Financial Advisers

27 February 2015

The Directors
Paynes Find Gold Ltd
Suite 1, 437 Roberts Road
SUBIACO WA 6008

Dear Sirs

INVESTIGATING ACCOUNTANT'S REPORT

Introduction

This Investigating Accountant's Report ("Report") has been prepared for inclusion in a Prospectus to be dated on or about 27 February 2015 for the issue by Paynes Find Gold Ltd ("PNE" or the "Company") of a minimum of 70,000,000 post-consolidation ordinary shares at an issue price of $0.10 each to raise a total of $7,000,000 before the expenses of the issue, and up to 80,000,000 post-consolidation ordinary shares at an issue price of $0.10 each to raise a total of $8,000,000 before the expenses of the issue ("Offer").

This Report has been included in the Prospectus to assist potential investors and their financial advisers to make an assessment of the financial position and performance of PNE.

Structure of Report

This Report has been divided into the following sections:

1. Background information;
2. Scope of Report;
3. Financial information;
4. Subsequent events;
5. Statements; and
6. Declaration.

1. Background Information

PNE was registered on 10 March 2010 and was admitted to the Official List of ASX on 2 December 2010.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

Historically, PNE has been an exploration company which has most recently focussed its strategic and exploration efforts on the Paynes Find Gold Prospect in Western Australia. Details of the most recent work completed by the Company on this Prospect are included in the Company's Annual Report for the year ended 30 June 2014 as lodged with the Australian Securities Exchange on 30 September 2014 and in the Independent Geologist's Report included in Section 8 of the Prospectus.

At a general meeting of shareholders of the Company held on 30 January 2015, resolutions giving effect to the following were passed:

1. A change in nature and scale of activities via the acquisition of the shares in Canadian River Inc (CRI) from Delecta Limited, a company which has a substantial shareholding in the Company and in which Mr Malcolm Day, a director of the Company, and his associates have a voting power of 26.9% as at the date of this Report. CRI currently owns the Canadian River oil and gas field development project located in the east-central portion of Oklahoma in the southeast portion of Okfuskee County, Oklahoma ("Project"). This acquisition is conditional upon the satisfaction or waiver of certain conditions precedent as set out in Section 4.2 of the Prospectus.

2. A consolidation of capital such that every 50 shares in the capital of the Company will be consolidated into one share and every fifty options to acquire shares in the Company will be consolidated into one option.

3. A capital raising, being the Offer.

4. The issue of consideration securities to Delecta Limited in relation to the matter set out in 1) above.

5. The appointment of Mr James R Holcomb as a director of the Company.

6. A change in the Company's name to Arkoma Energy Limited.

7. The issue of options to Mr Paul Lloyd, a director of the Company, Mr Malcolm Day and Mr James R Holcomb.

As at the date of this Report, the issued share capital of the Company is 911,027,100 ordinary fully paid shares. The following table summarises share capital movements since 30 June 2014.

Date		**Number issued**	**Issue price**	**$**
30/06/2014	Balance	403,150,600		15,073,593
28/08/2014	Rights issue	312,650,280	$0.001	312,650
29/10/2014	Rights issue shortfall	195,226,220	$0.001	195,226
	Capital raising costs			(16,025)
		911,027,100		15,565,444

The Company's main objectives on completion of the Offer are set out in Section 4.6 of the Prospectus.

2. *Scope of Report*

You have requested HLB Mann Judd ("HLB") to prepare this Report presenting the following information:

a) the historical audited financial information of the Company, comprising the historical Statement of Financial Position as at 30 June 2014 and the historical Statement of Comprehensive Income and Statement of Changes in Equity for the year then ended as set out in Appendix 1 to this Report;

b) the historical unaudited financial information of the Company, comprising the historical Statement of Financial Position as at 30 September 2014 and the historical Statement of Comprehensive Income and Statement of Changes in Equity for the period then ended as set out in Appendix 1 to this Report; and

c) the proforma financial information for the Company, comprising the proforma Statement of Financial Position as at 30 September 2014 and the proforma Statement of Comprehensive Income and Statement of Changes in Equity for the period then ended. This information is presented under the following two scenarios:

- $7,000,000 capital raising (minimum), and

- $8,000,000 capital raising (maximum).

The Directors have prepared and are responsible for the historical and proforma financial information. We disclaim any responsibility for any reliance on this Report or on the financial information to which it relates for any purposes other than that for which it was prepared. This Report should be read in conjunction with the full Prospectus.

We performed a review of the historical audited financial information of the Company as at and for the year ended 30 June 2014, the unaudited financial information of the Company as at and for the period ended 30 September 2014 and the proforma financial information of the Company as at and for the period ended 30 September 2014 in order to ensure consistency in the application of applicable Accounting Standards and other mandatory professional reporting requirements.

Our review of the historical financial information and the proforma financial information of the Company was carried out in accordance with Australian Auditing Standard ASRE 2410 "Review of an Interim Financial Report performed by the Independent Auditor of the Entity" and included such enquiries and procedures which we considered necessary for the purposes of this Report. HLB was appointed auditor of the Company at the Company's Annual General Meeting held on 27 November 2014. The review procedures undertaken by HLB in our role as Investigating Accountants were substantially less in scope than that of an audit examination conducted in accordance with generally accepted auditing standards. Our review was limited primarily to an examination of the historical financial information and the proforma information, analytical review procedures and discussions with senior management. A review of this nature provides less assurance than an audit and, accordingly, this Report does not express an audit opinion on the historical financial information and proforma financial information included in this Report or elsewhere in the Prospectus.

In relation to the information presented in this Report:

a) support by another person, corporation or an unrelated entity has not been assumed;

b) the amounts shown in respect of assets do not purport to be the amounts that would have been realised if the assets were sold at the date of this Report; and

c) the going concern basis of accounting has been adopted.

3. Financial Information

Set out in Appendix 1 (attached) are:

a) The Statement of Financial Position of the Company as at 30 June 2014, and the Statement of Comprehensive Income and Statement of Changes in Equity for the year then ended (audited).

b) The Statement of Financial Position of the Company as at 30 September 2014, and the Statement of Comprehensive Income and Statement of Changes in Equity for the period then ended (unaudited).

c) The proforma Statement of Financial Position of the Company as at 30 September 2014, and the proforma Statement of Comprehensive Income and proforma Statement of Changes in Equity for the period then ended as they would appear after incorporating the following actual or proposed significant events and transactions by the Company subsequent to 30 September 2014:

   i) the issue by the Company pursuant to the Prospectus of a minimum of 70,000,000 post-consolidation ordinary shares issued at a price of $0.10 each, raising $7,000,000; and a maximum of 80,000,000 post-consolidation ordinary shares issued at $0.10 each, raising $8,000,000;

   ii) the write off to the issued capital account of the estimated costs of the Offer not yet paid at 30 September 2014 being an estimated $460,000 (based on the minimum amount raised); and $522,000 if the maximum amount is raised;

   iii) the consolidation of the Company's capital as follows:
   - every fifty shares to be consolidated into one share; and
   - every fifty options to be consolidated into one option;

   iv) the acquisition of 100% of the issued capital of Canadian River Inc for the following consideration:
   - 30,000,000 post-consolidation shares in the capital of the Company at $0.10 per share, valuing this portion of the consideration at $3,000,000;

- 6,000,000 post-consolidation options to acquire shares in the Company – the options are exercisable at $0.125 per option within five years of the date of issue and have been valued at $0.045 per option; this portion of the consideration has been valued at $270,000; and
- The payment of the first $1,000,000 of oil and gas revenue derived from the Project.

v) The payment of $120,000 in due diligence costs in relation to the acquisition noted at iv) above;

vi) The payment of various expenses totalling approximately $267,500 (net of interest received) during the period 1 October 2014 to 31 January 2015 for tenement maintenance, administration and employee benefits. A portion of these expenses (approximately $23,500) was included in trade and other payables at 30 September 2014. The balance of $244,000 has been included in the proforma statements of comprehensive income; and

vii) The issue of post-consolidation options to related parties as follows:

• Mr Paul Lloyd	6,000,000 options
• Mr James R Holcomb	6,000,000 options
• Mr Malcolm Day	2,000,000 options

These options are exercisable at $0.125 per option within five years of the date of issue, and have been valued at $0.045 per option.

d) Notes to the historical financial information and proforma financial information.

4. Subsequent Events

In our opinion, there have been no material items, transactions or events subsequent to 30 September 2014 not otherwise disclosed in the Prospectus that have come to our attention during the course of our review that would require comment in, or adjustment to, the content of this Report or which would cause such information included in this Report to be misleading.

5. Statements

Based on our review, which was not an audit, we have not become aware of any matter that causes us to believe that:

a) the historical audited financial information of Paynes Find Gold Ltd as at 30 June 2014 as set out in Appendix 1 of this Report, does not present fairly the financial position of the Company as at that date in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory reporting requirements in Australia and its performance as represented by its results of its operations for the year then ended;

b) the historical unaudited financial information of Paynes Find Gold Ltd as at 30 September 2014 as set out in Appendix 1 of this Report, does not present fairly the financial position of the Company as at that date in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory reporting requirements in Australia and its performance as represented by its results of its operations for the period then ended; and

c) the proforma financial information of Paynes Find Gold Ltd as at 30 September 2014 as set out in Appendix 1 of this Report, does not present fairly the financial position of the Company as at that date in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory reporting requirements in Australia and its performance as represented by its results of its operations for the period then ended, as if the transactions referred to in Section 3 (c) of this Report had occurred during that period.

6. Declaration

a) HLB will be paid its usual professional fees based on time involvement, for the preparation of this Report and review of the financial information, at our normal professional rates (expected to be $10,000).

b) Apart from the aforementioned fees, neither HLB, nor any of its associates will receive any other benefits, either directly or indirectly, for or in connection with the preparation of this Report.

c) Neither HLB, nor any of its employees or associated persons has any interest in Paynes Find Gold Ltd or the promotion of the Company. HLB was appointed as the Company's auditor at the Company's Annual General Meeting held on 27 November 2014.

d) Unless specifically referred to in this Report, or elsewhere in the Prospectus, HLB was not involved in the preparation of any other part of the Prospectus and did not cause the issue of any other part of the Prospectus. Accordingly, HLB makes no representations or warranties as to the completeness or accuracy of the information contained in any other part of the Prospectus.

e) HLB has consented to the inclusion of this Report in the Prospectus in the form and context in which it appears. The inclusion of this Report should not be taken as an endorsement of the Company or a recommendation by HLB of any participation in the Company by an intending subscriber.

Yours faithfully
HLB MANN JUDD

L DI GIALLONARDO
Partner

APPENDIX 1

PAYNES FIND GOLD LTD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2014

	Audited Year ended 30/06/14 $	Reviewed Period ended 30/09/14 $	Proforma $4M raising $	Proforma $8M raising $
Interest received	5,362	519	3,719	3,719
Sale of exploration tenements	350,000	-	-	-
Other income	5,060	3,000	3,000	3,000
Employee benefits expense	(225,608)	(36,667)	(99,667)	(99,667)
Premises expense	(64,013)	(19,426)	(34,526)	(34,526)
Administration expenses	(316,433)	(63,398)	(225,198)	(225,198)
Exploration expenses	(4,658,861)	(24,600)	(31,900)	(31,900)
Depreciation expense	(12,957)	-	-	-
Finance costs	(5,533)	(7,397)	(7,397)	(7,397)
Share based payments expense	-	-	(630,000)	(630,000)
Loss from ordinary activities	**(4,922,983)**	**(147,969)**	**(1,021,969)**	**(1,021,969)**
Income tax expense	-	-	-	-
Loss from ordinary activities after taxation	**(4,922,983)**	**(147,969)**	**(1,021,969)**	**(1,021,969)**
Other comprehensive income				
Other comprehensive income	-	-	-	-
Income tax expense	-	-	-	-
Other comprehensive income, net of tax	**-**	**-**	**-**	**-**
Total comprehensive loss	**(4,922,983)**	**(147,969)**	**(1,021,969)**	**(1,021,969)**

This statement should be read in conjunction with the accompanying notes.

PAYNES FIND GOLD LTD
STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014

	Notes	Audited 30/06/14 $	Reviewed 30/09/14 $	Proforma $7M raising $	Proforma $8M raising $
Current assets					
Cash and cash equivalents	2	178,423	360,823	6,708,549	7,646,549
Receivables		336,676	792	792	792
Prepayments		4,522	4,522	4,522	4,522
Total current assets		**519,621**	**366,137**	**6,713,863**	**7,651,863**
Non-current assets					
Canadian River field development project	3	-	-	4,390,000	4,390,000
Total non-current assets		**-**	**-**	**4,390,000**	**4,390,000**
Total assets		**519,621**	**366,137**	**11,103,863**	**12,041,863**
Current liabilities					
Trade and other payables		145,297	106,896	83,396	83,396
Borrowings		263,739	-	-	-
Amount owing to Delecta Limited		-	-	1,000,000	1,000,000
Total current liabilities		**409,036**	**106,896**	**1,083,396**	**1,083,396**
Total liabilities		**409,036**	**106,896**	**1,083,396**	**1,083,396**
Net assets		**110,585**	**259,241**	**10,020,467**	**10,958,467**
Equity					
Issued capital	4	15,073,593	15,370,218	25,105,444	26,043,444
Share based payments reserve	5	2,028,954	2,028,954	2,928,954	2,928,954
Accumulated losses		(16,991,962)	(17,139,931)	(18,013,931)	(18,013,931)
Total equity		**110,585**	**259,241**	**10,020,467**	**10,958,467**

This statement should be read in conjunction with the accompanying notes.

PAYNES FIND GOLD LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2014

	Issued capital $	**Reserves $**	**Accumulated losses $**	**Total $**
Balance at 1 July 2013	**15,073,593**	**2,028,954**	**(12,068,979)**	**5,033,568**
Loss for the year	-	-	(4,922,983)	(4,922,983)
Balance at 30 June 2014	**15,073,593**	**2,028,954**	**(16,991,962)**	**110,585**
Loss for the period	-	-	(147,969)	(147,969)
Rights Issue proceeds	312,650	-	-	312,650
Issue expenses	(16,025)	-	-	(16,025)
Balance at 30 September 2014	**15,370,218**	**2,028,954**	**(17,139,931)**	**259,241**
Proforma adjustments:				
$7M raising				
Issue of Rights Issue shortfall shares	195,226	-	-	195,226
Shares issued pursuant to Prospectus	7,000,000	-	-	7,000,000
Shares issued to vendor	3,000,000	-	-	3,000,000
Issue expenses	(460,000)		-	(460,000)
Options issued to vendor	-	270,000	-	270,000
Options issued to related parties	-	630,000	(630,000)	-
Net expenditure 1/10/14 – 31/1/15	-	-	(244,000)	(244,000)
$7M raising Proforma total	**25,105,444**	**2,928,954**	**(18,013,931)**	**10,020,467**
Additional $1M raising (for a total raising of $8M)				
Additional shares issued pursuant to Prospectus	1,000,000	-	-	1,000,000
Additional issue expenses	(62,000)	-	-	(62,000)
$8M raising Proforma total	**26,043,444**	**2,928,954**	**(18,013,931)**	**10,958,467**

This statement should be read in conjunction with the accompanying notes.

PAYNES FIND GOLD LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of the historical and proforma financial information reported under Australian Equivalents to International Financial Reporting Standards ("AIFRS") are shown below.

(a) Basis of preparation

The financial statements have been prepared in accordance with the measurement requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia using the accrual basis of accounting, including the historical cost convention.

Compliance with IFRS

The financial information complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial information, comprising the financial statements and notes thereto, comply with measurement requirements but not all of the disclosure requirements of International Financial Reporting Standards.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

(b) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of six months or less.

(c) Trade and other Receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectable amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(d) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure on areas of interest are expensed as incurred. Costs of acquisition will normally be expensed but will be assessed on a case by case basis and may be capitalised to areas of interest and carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in future.

Where projects have advanced to the stage that directors have made a decision to mine, they are classified as development properties. When further development expenditure is incurred in respect of a development property, such expenditure is carried forward as part of the cost of that development property only when substantial future economic benefits are established. Otherwise such expenditure is classified as part of production or written off where production has not commenced.

(e) Property, Plant and Equipment

Each class of property, plant and equipment is stated at cost less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Motor vehicles - 4 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

(f) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the Statement of Comprehensive Income.

Gains or losses on available-for-sale investments are recognised in other comprehensive income and presented as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the Statement of Comprehensive Income.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity. For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process. For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the reporting date.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date i.e. the date that the Company commits to purchase the asset.

(g) Financial Instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. Transaction costs on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and dividends are classified as expenses or as distributions of profit consistent with the statement of financial position classification of the related debt or equity instruments or component parts of compound instruments.

(h) Impairment of assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless that asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or group of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying value does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Borrowing Costs

Borrowing costs are recognised as an expense when incurred, except for borrowing cost relating to qualifying assets when the interest is capitalised to the qualifying assets.

(j) Trade and Other Payables

Trade payables and other accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services.

(k) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except when the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(l) Provisions and Employee Leave Benefits

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying value is the present value of those cashflows. Where some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, for example under an insurance contract, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

<u>Employee leave benefits</u>

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(m) Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the Company. All other leases are classified as operating leases.

Finance leases are capitalised, recording an asset and a liability equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a diminishing value basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

(n) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of the borrowings using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(o) Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of Paynes Find Gold Ltd as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of Paynes Find Gold Ltd.

(p) Share-based payment transactions

The Company provides benefits to employees (including senior executives) of the Company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Paynes Find Gold Ltd (market conditions) if applicable.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

The Statement of Comprehensive Income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(i) Cash settled transactions:

The Company also provides benefits to employees in the form of cash-settled share-based payments, whereby employees render services in exchange for cash, the amounts of which are determined by reference to movements in the price of the shares of Paynes Find Gold Ltd.

The cost of cash-settled transactions is measured initially at fair value at the grant date using the Black & Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted. This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is re-measured to fair value at each balance date up to and including the settlement date with changes in fair value recognised in profit or loss.

(q) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's carrying amount.

(r) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of assets or liabilities (other than as a result of a business combination) which affects neither the accounting profit nor taxable profit or loss; or

- when the taxable temporary difference arises from the initial recognition of goodwill; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which the deductible temporary differences or unused tax losses and tax offsets can be utilised, except:

- when the deductible temporary difference giving rise to the asset arises from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither accounting profit nor taxable income; or

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when they relate to the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(s) Critical accounting judgements and key sources of estimation uncertainty

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

<u>Share based payment transactions</u>

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes option pricing model.

The Company measures the cost of cash-settled share based payments at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted.

<u>Mineral exploration and evaluation</u>

The Company has capitalised significant acquisition expenditure on the basis either that this is expected to be recouped through future successful development (or alternatively sale) of the areas of interest concerned or on the basis that it is not yet possible to assess whether it will be recouped. The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of exploration assets. Where an impairment trigger exists, the recoverable amount of the asset is determined based on historical knowledge and best available current information.

Pre-production revenues & costs

The Company offsets pre-production revenue and costs against capitalised exploration expenditure until commercial production levels are achieved.

Deferred taxation

Potential future income tax benefits have not been brought to account at reporting date because the Directors do not believe that it is appropriate to regard realisations of future income tax benefits as probable.

(t) Proforma transactions

The proforma Statement of Financial Position, Statement of Comprehensive Income and Statement of Changes in Equity have been derived from the historical financial information as at 30 September 2014 adjusted to give effect to the following actual or proposed significant events and transactions by the Company subsequent to 30 September 2014:

i) the issue by the Company pursuant to the Prospectus of a minimum of 70,000,000 post-consolidation ordinary shares issued at a price of $0.10 each, raising $7,000,000; and a maximum of 80,000,000 post-consolidation ordinary shares issued at $0.10 each, raising $8,000,000;

ii) the write off to the issued capital account of the estimated costs of the Offer not yet paid at 30 September 2014 being an estimated $460,000 (based on the minimum amount raised); and $522,000 if the maximum amount is raised;

iii) the consolidation of the Company's capital as follows:
   a. every fifty shares to be consolidated into one share; and
   b. every fifty options to be consolidated into one option;

iv) the acquisition of 100% of the issued capital of Canadian River Inc for the following consideration:
   - 30,000,000 post-consolidation shares in the capital of the Company at $0.10 per share, valuing this portion of the consideration at $3,000,000;
   - 6,000,000 post-consolidation options to acquire shares in the Company – the options are exercisable at $0.125 per option within five years of the date of issue and have been valued at $0.045 per option; this portion of the consideration has been valued at $270,000; and
   - The payment of the first $1,000,000 of oil and gas revenue derived from the Project.

v) The payment of $120,000 in due diligence costs in relation to the acquisition noted at iv) above;

vi) The payment of various expenses totalling approximately $267,500 (net of interest received) during the period 1 October 2014 to 31 January 2015 for tenement maintenance, administration and employee benefits. A portion of these expenses (approximately $23,500) was included in trade and other payables at 30 September 2014. The balance of $244,000 has been included in the proforma statements of comprehensive income; and

vii) The issue of post-consolidation options to related parties as follows:

- Mr Paul Lloyd 6,000,000 options
- Mr James R Holcomb 6,000,000 options
- Mr Malcolm Day 2,000,000 options

These options are exercisable at $0.125 per option within five years of the date of issue, and have been valued at $0.045 per option.

2. CASH AND CASH EQUIVALENTS

	Audited 30/06/14 $	Reviewed 30/09/14 $	Proforma $7M raising $	Proforma $8M raising $
Balance	178,423	360,823	360,823	360,823
Cash raised pursuant to Rights Issue shortfall			195,226	195,226
Cash raised pursuant to Prospectus			7,000,000	8,000,000
Share issue costs			(460,000)	(522,000)
Payment of due diligence costs			(120,000)	(120,000)
Net expenditure 1/10/14 – 31/1/15			(267,500)	(267,500)
	178,423	**360,823**	**6,708,549**	**7,646,549**

3. CANADIAN RIVER FIELD DEVELOPMENT PROJECT

	Audited 30/06/14 $	Reviewed 30/09/14 $	Proforma $7M raising $	Proforma $8M raising $
Balance	-	-	-	-
Acquisition:				
• Consideration shares			3,000,000	3,000,000
• Consideration options			270,000	270,000
• Liability for first portion of oil and gas revenue			1,000,000	1,000,000
• Due diligence costs			120,000	120,000
	-	**-**	**4,390,000**	**4,390,000**

	Audited 30/06/14	**Reviewed 30/09/14**	**Proforma $7M raising**	**Proforma $8M raising**
	$	**$**	**$**	**$**

4. ISSUED CAPITAL

Balance	15,073,593	15,370,218	15,370,218	15,370,218
Issue of Rights Issue shortfall shares			195,226	195,226
Prospectus issue			7,000,000	8,000,000
Share issue costs			(460,000)	(522,000)
Issue of shares to vendor			3,000,000	3,000,000
	15,073,593	**15,370,218**	**25,105,444**	**26,043,444**

	$7M raising Number	**$**	**$8M raising Number**	**$**
Balance at 30 September 2014	715,800,880	15,370,218	715,800,880	15,370,218
Proforma adjustments:				
Issue of Rights Issue shortfall shares	195,226,220	195,226	195,226,220	195,226
Balance at the date of this Report	911,027,100	15,565,444	911,027,100	15,565,444
Reduction on 1:50 consolidation of capital	(892,806,558)	-	(892,806,558)	-
	18,220,542	15,565,444	18,220,542	15,565,444
Issue of shares to vendor	30,000,000	3,000,000	30,000,000	3,000,000
Prospectus issue	70,000,000	7,000,000	80,000,000	8,000,000
Share issue costs	-	(460,000)	-	(522,000)
	118,220,542	**25,105,444**	**128,220,542**	**26,043,444**

	Audited 30/06/14	**Reviewed 30/09/14**	**Proforma $7M raising**	**Proforma $8M raising**
	$	**$**	**$**	**$**

5. SHARE BASED PAYMENTS RESERVE

Balance	2,028,954	2,028,954	2,028,954	2,028,954
Issue of options to vendor			270,000	270,000
Issue of options to related parties			630,000	630,000
	2,028,954	**2,028,954**	**2,928,954**	**2,928,954**

6. CONTINGENCIES AND COMMITMENTS

Details of future planned expenditure commitments are outlined in Section 4.11 of the Prospectus.

7. RELATED PARTY TRANSACTIONS

Details of Directors' interests in the Company's issued capital and transactions with the Company are included in Sections 4.20 and 4.21 of the Prospectus.

8. MOVEMENTS IN OPTIONS

	Number
Balance at 30 September 2014:	
Listed – exercisable at $0.03 by 30/6/15	150,808,677
Unlisted – exercisable at $0.03 by 30/6/15	33,640,000
Unlisted – exercisable at $0.25 by 1/5/15	56,000,000
Unlisted – exercisable at $0.35 by 1/5/16	24,000,000
Balance at the date of this Report	**264,448,677**
Proforma adjustments:	
Capital consolidation 1:50:	
Listed – exercisable at $1.50 by 30/6/15	3,016,173
Unlisted – exercisable at $1.50 by 30/6/15	672,800
Unlisted – exercisable at $12.50 by 1/5/15	1,120,000
Unlisted – exercisable at $17.50 by 1/5/16	480,000
	5,288,973
Issue of options exercisable at $0.125 within five years of the date of issue:	
• To vendor	6,000,000
• To related parties:	
Mr P Lloyd	6,000,000
Mr JR Holcomb	6,000,000
Mr M Day	2,000,000
Total proforma number of options	**25,288,973**

10. US AND AUSTRALIAN REPORTS ON TITLE

Donald W. Henson, Inc.

Attorney At Law

[Highway 75 North]

P. O. Box 993

Fax: 918/758-0805 Okmulgee, OK 74447 Tele: 918/756-5023

February 23, 2015

REPORT ON LEASEHOLD INTERESTS

PAYNES FIND GOLD LIMITED
P.O. Box 2138
Subiaco WA 6904

Re: ***Wise #1-25:***
East half of the Southeast Quarter of the Southwest Quarter (E/2 SE/4 SW/4), Section 25, Township 10 North, Range 11 East, Okfuskee County, Oklahoma

Gentlemen:

The following is a report as to the title and leasehold interests of the subject property. Attached for your information are the following documents:

1) My Drillsite Title Opinion dated January 28, 2013. This Drillsite Title Opinion gives details as to the full title and ownership of the subject property.

2) My Supplemental Drillsite Title Opinion dated December 20, 2014.

3) Journal Entry filed on December 17, 2014 in Case No. 2014-36 filed in the District Court of Okfuskee County, OK.

4) Surface Damage Agreements that have been made between Inland Operating Company and the surface owners of the subject property.

5) Completion Report (1002A form) approved by the Oklahoma Corporation Commission for the Wise 1-25 well.

6) Evidence of actual production provided by Enerfin Resources and Sunoco Partners Marketing & Terminals L.P.

COMMENTS and OBSERVATIONS

1) ***BASIC OIL AND GAS LEASES:*** The summary information as to the basic oil and gas leases covering the subject property is listed on "Exhibit A", attached hereto.

The primary terms of these oil and gas leases has passed. However, the Wise #1-25 well is producing in paying quantities which would extend said oil and gas leases into the secondary term and said oil and gas leases would be valid as long as there is oil or gas production in paying quantities from a well located on the subject property.

2) ***TRANSFER OF OWNERSHIP:*** The following Assignment appear in the records of the Okfuskee County Clerk's office.

A) Assignment of Oil and Gas Properties and Bill of Sale
- Assignor: Inland Oil and Gas Company
- Assignee: Canadian River, Inc.
- Effective: September 19, 2014
- Recorded: Book 1153/page 688
- Interest: 80% working interest with a 58% net revenue interest
- Note: This Assignment contains a typographical error in the amount conveyed to the Assignee. The Assignment showed the net revenue interest being conveyed as "FIFTY-FOUR PERCENT (58%)". The undersigned has discussed this matter with John Leenerts and Nick Gerner of Inland Oil and Gas Company. The parties stated that it was the intent that 80% working interest with a 58% net revenue interest be conveyed to the Assignee. Inland Oil and Gas Company is in the process of preparing a correct assignment.

B) Assignment of Overriding Royalty Interest
- Assignor: Inland Oil and Gas, LLC
- Assignee: Energy Source Advisors, LLC
- Effective: September 19, 2014
- Recorded: Book 1153/page 699
- Interest: 1.25%

C) Assignment of Overriding Royalty Interest
- Assignor: Inland Oil and Gas, LLC
- Assignee: Energy Source Advisors, LLC
- Effective: September 19, 2014
- Recorded: Book 1153/page 695
- Interest: 3%

D) Assignment of Overriding Royalty Interest
Assignor: Inland Oil and Gas, LLC
Assignee: FCP Venture Fund #1, LLC
Effective: September 19, 2014
Recorded: Book 1155/page 262
Interest: 3%

Pursuant to the above Assignments the Oil and Gas Leasehold Estate (working interest) and Overriding Royalty Interest of the subject property is owned as follows:

No.:	*Leasehold Owner:*	*Interest:*	*Net Revenue Interest:*
Oil and Gas Leasehold Estate (Working Interest):			
1	INLAND OPERATING COMPANY P.O. Box 701588 Tulsa, OK 74170	20%	.1600000
2	CANADIAN RIVER, INC. 3500 Washington Ave. , Suite 200 Houston, TX 77007	80%	.5800000
Overriding Royalty Interest :			
3	ENERGY SOURCE ADVISORS, LLC 11846 South Oswego Ave. Tulsa, OK 74137	4.25%	.0425000
4	FCP VENTURE FUND #1, LLC 9955 Durant Drive, Unit 205 Beverly Hills, CA 90212	3%	.0300000
Oil, gas and other minerals (Royalty)		3/16ths	.1875000
		TOTAL:	1

3) Please see Requirement No. 8 of my Drillsite Title Opinion. Attached is a Journal Entry filed on December 17, 2014 in Case No. 2014-36 filed in the District Court of Okfuskee County, OK which obtained judicial determination that Mary Arden James Runyan is the sole successor of E. W. James and Mary Catherine James and to quiet title to the oil, gas and other minerals and oil and gas leasehold estate in and to the subject property. This Journal Entry completes this matter.

4) ***SURFACE DAMAGES:*** Reference is made to the requirement concerning surface damages in my Drillsite Title Opinion. Attached are copies of executed Surface Damage Agreements that have been made between Inland Operating Company and the surface owners of the subject property. These Surface Damage Agreements satisfy Requirement No. 13 of my Drillsite Title Opinion.

5) Attached is a Completion Report (1002A form) approved by the Oklahoma Corporation Commission for the Wise 1-25 well and evidence of actual production provided by Enerfin Resources and Sunoco Partners Marketing & Terminals L.P. These documents are evidence that the Wise #1-25 has been drilled and completed and is capable of producing gas in paying quantities which would hold the above described oil and gas leases by production into the secondary term. Said oil and gas leases would be valid as long as there is oil or gas production in paying quantities from a well located on the subject property

6) ***STRAY DOCUMENTS:*** Certain documents appear in the records of the Okfuskee County Clerk's office in which the parties named in said documents do not otherwise appear as owners in the chain of title in and to the referenced property for the oil, gas and other minerals, therefore, it appears that these documents are stray instruments or filed by mistake.

REQUIREMENT: Reference is made to Requirement No. 9 of my Drillsite Title Opinion dated January 28, 2013 concerning the stray documents. Please note that the parties shown to be clouding the title were joined in the Quite Title Suit and judgment was taken in the Journal Entry filed on December 17, 2014 in Case No. 2014-36 filed in the District Court of Okfuskee County, OK. Therefore, Requirement No. 9 of my Drillsite Title Opinion has been satisfied.

7) ***PROPERTY TAXES:*** All taxes have been paid for the E/2 E/2 SE/4 SW/4, Section 25, Township 10 North, Range 11 East, Okfuskee County, OK.

The taxes for the years 2009, 2010, 2011, 2012, 2013 and 2014 for the W/2 E/2 SE/4 SW/4, Section 25, Township 10 North, Range 11 East, Okfuskee County, OK have not been paid. Penalties are accruing. The records show a tax lien and a judgment against Jerry R. Williamson. Since this tax lien and judgment affects only the surface interest, I have not listed the specific details as to said tax lien and judgment herein.

REQUIREMENT: None. Nonpayment of taxes for Tract 2 does not affect the severed minerals in the subject property.

8) The records show several old oil and gas leases and other documents concerning Metro Energy Group, Inc., including a Notice of Bankruptcy. It is my understanding that your company is familiar with Metro Energy Group, Inc.'s bankruptcy and assignments of certain old expired oil and gas leases owned by Metro Energy Group, Inc.

REQUIREMENT: An Affidavit will be forwarded to John Leenerts as a former officer of Metro Energy Group, Inc. Said Affidavit states that Metro Energy Group, Inc. is not involved in this subject property and is claiming no interest.

9) ***OKLAHOMA REGULATION OF OIL AND GAS OPERATIONS:*** All oil and gas operations in Oklahoma are under the jurisdiction of the Oklahoma Corporation Commission. Your company should comply with all rules and regulation set by the Oklahoma Corporation Commission.

10) ***SEVERANCE TAX:*** All oil and gas leases in Oklahoma are subject to the gross production severance tax which is paid to the Oklahoma Tax Commission.

11) The undersigned consents to being named in the Prospectus to be issued by Paynes Find Gold Limited as being responsible for the preparation of this Report. Except for this Report, the undersigned (a) has not authorized or caused the issuance of the Prospectus, (b) is not responsible for any matter included in or omitted from this Prospectus, (c) makes no representation or warranty, either express or implied, with respect to the accuracy or completeness of the information contained in the Prospectus; and (d) disclaims liability to any persons in respect of any other statement included in or omitted from the Prospectus.

This Report is made solely for the benefit of the Company in connection with the issuance of the Prospectus and is not to be relied on or disclosed to any other person or used for any other purpose without prior written consent.

Respectively submitted,

DONALD W. HENSON

DWH/cr
Enclosures

OFFICE1 INLAND_LLOYD_REPORT2

"EXHIBIT A"

Attached to: Report on Leasehold Interests

1) Lessor: M. B. White, Inc.
Lessee: Inland Oil and Gas, LLC
Description: W/2 E/2 SE/4 SW/4, Section 25, Township 10 North, Range 11 East, Okfuskee County, OK
Dated: January 27, 2012
Primary Term: three (3) years
Royalty: 3/16ths
Vol. Pooling Cl.: Yes, 40 acres oil/640 acres gas
Shut-In Gas Cl.: Yes, $5.00 per acre, per year
Recorded: Book 1121/page 407

2) Lessor: Mary Arden Runyan
Lessee: Inland Oil and Gas, LLC
Description: E/2 E/2 SE/4 SW/4, Section 25, Township 10 North, Range 11 East, Okfuskee County, OK
Dated: February 4, 2012
Primary Term: three (3) years
Royalty: 3/16ths
Vol. Pooling Cl.: Yes, 40 acres oil/640 acres gas
Shut-In Gas Cl.: Yes, $1.00 per acre, per year
Recorded: Book 1121/page 455

3) Lessor: John D. Coleman, Trustee of the John D. Coleman Mineral trust dated February 17, 2007
Lessee: Inland Oil and Gas, LLC
Description: W/2 E/2 SE/4 SW/4, Section 25, Township 10 North, Range 11 East, Okfuskee County, OK
Dated: February 6, 2012
Primary Term: three (3) years
Royalty: 3/16ths
Vol. Pooling Cl.: Yes, 40 acres oil/640 acres gas
Shut-In Gas Cl.: Yes, $5.00 per acre, per year
Recorded: Book 1121/page 463

4) Lessor: John D. Coleman, Successor Trustee of the Alice E. Coleman 1979 Trust dated December 5, 1979
Lessee: Inland Oil and Gas, LLC
Description: W/2 E/2 SE/4 SW/4, Section 25, Township 10 North, Range 11 East, Okfuskee County, OK
Dated: February 6, 2012
Primary Term: three (3) years

Royalty:	3/16ths
Vol. Pooling Cl.:	Yes, 40 acres oil/640 acres gas
Shut-In Gas Cl.:	Yes, $5.00 per acre, per year
Recorded:	Book 1121/page 466

5)

Lessor:	James B. Douglass, sole heir of Maxine Douglass
Lessee:	Inland Oil and Gas, LLC
Description:	W/2 E/2 SE/4 SW/4, Section 25, Township 10 North, Range 11 East, Okfuskee County, OK
Dated:	January 27, 2012
Primary Term:	three (3) years
Royalty:	3/16ths
Vol. Pooling Cl.:	Yes, 40 acres oil/640 acres gas
Shut-In Gas Cl.:	Yes, $5.00 per acre, per year
Recorded:	Book 1121/page 460

Donald W. Henson, Inc.

Attorney At Law
[Highway 75 North]
P. O. Box 993
Fax: 918/758-0805 Okmulgee, OK 74447 Tele: 918/756-5023

January 28, 2013

DRILLSITE TITLE OPINION

INLAND OPERATING COMPANY
P.O. Box 701588
Tulsa, OK 74170

Re: ***Wise #1-25:***
East half of the Southeast Quarter of the Southwest Quarter (E/2 SE/4 SW/4), Section 25, Township 10 North, Range 11 East, Okfuskee County, OK

INSTRUMENTS EXAMINED:

1. Records in the office of the Okfuskee County Clerk from sovereignty through January 22, 2013 at 9:00 o'clock a.m.

2. Information from Oil-Law Records dated December 27, 2012 covering the subject property.

3. Final Decree in the Matter of the Estate of Maxine Douglass, deceased, Case No. P-71-68 filed in the District Court of Nobel County, OK.

Gentlemen:

Based on examination of the above described records and documents and subject to the observations and requirements hereinafter set forth, it is the opinion of the undersigned that the surface and the oil, gas, and other minerals and the oil and gas leasehold estate is owned as follows:

No.	*Name/Address*	*Interest*
Tract 1:	E/2 E/2 SE/4 SW/4, Section 25, Township 10 North, Range 11 East, Okfuskee County, OK (10 acres)	
	SURFACE:	
1	JAMES B. WISE and VERENA J. WISE, husband and wife Rt. 1, Box 90 Weleetka, OK 74880	ALL

No.	Name/Address	Interest
	OIL, GAS, AND OTHER MINERALS:	
2	E. W. JAMES , deceased Probable successor: MARY ARDEN RUNYAN aka Mary Arden James Runyan P.O. Box 229 Tahlequah, OK 74465	All
	OIL AND GAS LEASEHOLD ESTATE [Working Interest]:	
3	INLAND OPERATING COMPANY P.O. Box 701588 Tulsa, OK 74170	100%
Tract 2:	W/2 E/2 SE/4 SW/4, Section 25, Township 10 North, Range 11 East, Okfuskee County, OK (10 acres)	
	SURFACE:	
4	JERRY R. WILLIAMSON and KIMBERLYN L. WILLIAMSON, husband and wife, Joint Tenants with the Right of Survivorship P.O. Box 703 Weleetka, OK 74880	All
	OIL, GAS AND OTHER MINERALS:	
5	M. B. WHITE, INC. P.O. Box 54707 Oklahoma City, OK 73154-1707	1/3rd or 3.3333333 net acres
6	JAMES B. DOUGLASS 204912 E. Finley Road Kennewick, WA 99337	1/3rd or 3.3333333 net acres
7	JOHN D. COLEMAN, Successor Trustee of the Alice E. Coleman 1979 Trust created by Declaration of Trust dated Dec. 5, 1979 251 Rainbow drive, #15119 Livingston, TX 77399-2051	1/6th or 1.6666667 net acres
8	JOHN D. COLEMAN, Trustee of the John D. Coleman Mineral Trust dated February 17, 2007 251 Rainbow drive, #15119 Livingston, TX 77399-2051	1/6th or 1.6666667 net acres

No.	Name/Address	Interest
	OIL AND GAS LEASEHOLD ESTATE [Working Interest]:	
9	INLAND OPERATING COMPANY P.O. Box 701588 Tulsa, OK 74170	100%

COMMENTS, OBSERVATIONS, AND REQUIREMENTS

1. ***MORTGAGES:*** None on Mineral Estate.

2. ***TAX LIENS OR JUDGMENTS:*** None on oil, gas and other minerals or oil and gas leasehold estate.

3. ***PROPERTY TAXES:*** All taxes have been paid for the E/2 E/2 SE/4 SW/4, Section 25, Township 10 North, Range 11 East, Okfuskee County, OK.

   The taxes for the years 2009, 2010, 2011 and 2012 for the W/2 E/2 SE/4 SW/4, Section 25, Township 10 North, Range 11 East, Okfuskee County, OK have not been paid. Penalties are accruing. The records show a tax lien and a judgment against Jerry R. Williamson. Since this tax lien and judgment affects only the surface interest, I have not listed the specific details as to said tax lien and judgment herein.

REQUIREMENT: None. Nonpayment of taxes for Tract 2 does not affect the severed minerals.

4. ***BASIC OIL AND GAS LEASES:*** Summary information as to the basic oil and gas leases is listed below, copies of which are attached hereto.

A.

Lessor:	M. B. White, Inc.
Lessee:	Inland Oil and Gas, LLC
Description:	W/2 E/2 SE/4 SW/4, Section 25, Township 10 North, Range 11 East, Okfuskee County, OK
Dated:	January 27, 2012
Primary Term:	three (3) years
Royalty:	3/16ths
Vol. Pooling Cl.:	Yes, 40 acres oil/640 acres gas
Shut-In Gas Cl.:	Yes, $5.00 per acre, per year
Recorded:	Book 1121/page 407
Comment:	For additional provisions, see Exhibit A, attached to lease

B.

Lessor:	Mary Arden Runyan
Lessee:	Inland Oil and Gas, LLC
Description:	E/2 E/2 SE/4 SW/4, Section 25, Township 10 North, Range 11 East, Okfuskee County, OK

	Dated:	February 4, 2012
	Primary Term:	three (3) years
	Royalty:	3/16ths
	Vol. Pooling Cl.:	Yes, 40 acres oil/640 acres gas
	Shut-In Gas Cl.:	Yes, $1.00 per acre, per year
	Recorded:	Book 1121/page 455
C.	Lessor:	John D. Coleman, Trustee of the John D. Coleman Mineral trust dated February 17, 2007
	Lessee:	Inland Oil and Gas, LLC
	Description:	W/2 E/2 SE/4 SW/4, Section 25, Township 10 North, Range 11 East, Okfuskee County, OK
	Dated:	February 6, 2012
	Primary Term:	three (3) years
	Royalty:	3/16ths
	Vol. Pooling Cl.:	Yes, 40 acres oil/640 acres gas
	Shut-In Gas Cl.:	Yes, $5.00 per acre, per year
	Recorded:	Book 1121/page 463
	Comment:	For additional provisions, see Exhibit A, attached to lease
D.	Lessor:	John D. Coleman, Successor Trustee of the Alice E. Coleman 1979 Trust dated December 5, 1979
	Lessee:	Inland Oil and Gas, LLC
	Description:	W/2 E/2 SE/4 SW/4, Section 25, Township 10 North, Range 11 East, Okfuskee County, OK
	Dated:	February 6, 2012
	Primary Term:	three (3) years
	Royalty:	3/16ths
	Vol. Pooling Cl.:	Yes, 40 acres oil/640 acres gas
	Shut-In Gas Cl.:	Yes, $5.00 per acre, per year
	Recorded:	Book 1121/page 466
	Comment:	For additional provisions, see Exhibit A, attached to lease
E.	Lessor:	James B. Douglass, sole heir of Maxine Douglass
	Lessee:	Inland Oil and Gas, LLC
	Description:	W/2 E/2 SE/4 SW/4, Section 25, Township 10 North, Range 11 East, Okfuskee County, OK
	Dated:	January 27, 2012
	Primary Term:	three (3) years
	Royalty:	3/16ths
	Vol. Pooling Cl.:	Yes, 40 acres oil/640 acres gas
	Shut-In Gas Cl.:	Yes, $5.00 per acre, per year
	Recorded:	Book 1121/page 460
	Comment:	For additional provisions, see Exhibit A, attached to lease

REQUIREMENT: Your company should review and comply with all provisions of the Oil and Gas Leases and Exhibits. Your company is bound by all provisions of the Oil and Gas Leases and Exhibits

5. ***SPACING:*** The undersigned has been advised by Oil-Law Records Corp. that there are no spacing applications found for the SE/4 SW/4, Section 25, Township 10 North, Range 11 East, Okfuskee County, OK.

REQUIREMENT: Satisfy yourself that there are no spacing orders or pending spacing orders covering the captioned property.

6. ***RIGHT-OF-WAYS:*** Summary information as to the Right-of-Ways and Easements covering the subject property is listed below, copies of which are attached hereto.

A. RIGHT OF WAY and EASEMENT

Grantor: J. R. Autry
Grantee: Gulf Pipe Line Company
Dated: October 18, 1922
Recorded: Book B63/page 271
Descript.: For pipeline and telegraph and telephone covering the E/2 SW/4, Sec. 25, T10N-R11E, Okf Co., OK.

B RIGHT OF WAY and EASEMENT

Grantor: J. R. Autry & Fannie Autry
Grantee: Public Service Company
Dated: December 2, 1944
Recorded: Book B252/page 10
Descript.: Covering the SW/4, Sec. 25, T10N-R11E, Okf Co., OK for a gas line
Comment: This Right of Way was assigned to Dana P. O'Dell be Quit Claim Deed and Assignment recorded in Book760/page 821

C. RIGHT OF WAY EASEMENT

Grantor: J. R. Autry
Grantee: Public Service Company
Recorded: Book B289/page 197
Descript.: Covering the SW/4, Sec. 25, T10N-R11E, Okf Co., OK for a gas line

D. EASEMENT

Grantor: W. A. Webb
Grantee: Okfuskee County
Dated: June 15, 1959
Recorded: Book 399/page 97
Descript.: For county road

REQUIREMENT: You should satisfy yourself that there are no right-of-ways, easements, existing pipelines, telephone or electric lines on the subject property that would conflict with your intended use and drilling operations on the subject property.

7. ***OLD OIL AND GAS LEASES:*** The records show certain unreleased oil and gas leases, the primary terms of which have expired, covering the referenced property.

Some of the old oil and gas leases cover property other than the captioned property. In particular, oil and gas leases from M. B. White and the Douglass family members cover the E/2 SW/4 and the SE/4, Section 25, T10N-R11E, Okfuskee Co., OK.

REQUIREMENT: You should satisfy yourself that there are no wells that have been producing oil or gas in paying quantities or are capable of producing in paying quantities since the expiration of the primary terms of the old unreleased oil and gas leases on the subject property or property spaced with the subject property or in the E/2 SW/4 and the SE/4, Section 25, T10N-R11E, Okfuskee Co., OK.

In addition, your company should obtain a Certificate of Records Search from the Oklahoma Corporation Commission covering the E/2 SW/4 and the SE/4, Section 25, T10N-R11E, Okfuskee Co., OK.

8. The record owner of the oil, gas and other minerals in and under Tract 1 is E. W. James. The records show an Affidavit of Heirship for E. W. James and a Proof of Death and Heirship for Mary Catherine James, who was the successor of E. W. James. These documents state that Mary Arden James Runyan is the sole heir and successor and current owner of the interest formerly owned by E. W. James.

However, there has been no judicial determination of the death and heirship of E. W. James or Mary Catherine James.

REQUIREMENT: Satisfy yourself that the facts stated in said Affidavits are true and that Mary Arden James Runyan is the sole successor of E. W. James for the oil, gas and other minerals for the referenced property. For marketable title, a judicial determination of death and heirship or probates should be completed for E. W. James and Mary Catherine James or a Quiet Title Suit covering the oil, gas and other minerals should be instituted in the District Court of Okfuskee County, OK with a judicial determination made that Mary Arden James Runyan is the sole successor of E. W. James and Mary Catherine James.

9. ***STRAY DOCUMENTS:*** The documents shown on "Exhibit A", attached hereto, appear in the records of the Okfuskee County Clerk's office. The parties named in said documents do not otherwise appear as owners in the chain of title in and to the referenced property for the oil, gas and other minerals, therefore, it appears that these documents are stray instruments or filed by mistake.

Many of the documents appear to originate from the Estate of D. L. Stanford, deceased. D. L. Stanford did not own a mineral interest in the captioned property, however, D. L. Stanford did previously own an interest in the surface of the property. The oil, gas and other minerals were previously reserved to the predecessors in title to the owners shown herein.

REQUIREMENT: An investigation should be made to determine if the parties listed above are claiming any interest in and to the subject property for the oil, gas and other minerals. If these parties are not claiming an interest, Quit Claim Mineral Deeds should be obtained from these parties in favor of the record owners. If these parties claim an interest, it may be necessary to file a Quiet Title Suit to judicially determine the ownership of the subject mineral interest and the oil and gas leasehold estate, in the District Court of Okmulgee County, OK.

In addition, you should obtain an Affidavit of Stray Instrument pursuant to Oklahoma Statutes signed by a record owner stating that these documents are stray instruments.

10. The original allottee of the subject property was Lucinda, Roll #7778. The records show deeds recorded in Book D7/page 245 and Book D8/page 416 and Orders approving said deeds from all the heirs of Lucinda recorded in Book D7/page 181 and Book B7/page 496. These documents are strong evidence as to the death and heirship of Lucinda Scott, however, there is no judicial determination of death and heirship shown of record. Therefore, the title is not marketable without said judicial determination.

REQUIREMENT: For marketable title a Quiet Title Suit should be instituted in the District Court of Okfuskee County, OK with notice given to the Area Director and a Decree determining that the heirs of Lucinda, Roll #7778 are as shown in the Orders approving deeds recorded in Book D7/page 181 and Book B7/page 496 should be obtained.

11. It is the understanding of the undersigned that it is the intent of your company to establish a twenty (20) acre voluntary pooling unit for the captioned property. This may be done under the terms of the oil and gas leases for up to forty (40) acres for oil.

REQUIREMENT: A Designation of Unit should be filed of record stating that a twenty (20) acre unit has been established for the captioned property.

12. The records show several old oil and gas leases and other documents concerning Metro Energy Group, Inc., including a Notice of Bankruptcy. It is my understanding that your company is familiar with Metro Energy Group, Inc.'s bankruptcy and assignments of certain old expired oil and gas leases owned by Metro Energy Group, Inc.

REQUIREMENT: Satisfy yourself that neither Metro Energy Group, Inc. or its purported assignees or successors do not claim an interest in the subject property.

13. In regard to surface damages, see Requirement below.

REQUIREMENT: Before drilling the operator of the subject lease should enter into an agreement with the surface owner of the property as to surface damages. In the event that an agreement cannot be reached the operator should comply with the Oklahoma Surface Damage Act and the appointment of appraisers to assess that surface damage.

14. In regard to possession, see Requirement below.

REQUIREMENT: Your company should be satisfied as to the rights of anyone in possession of the referenced property.

15. In regard to unfiled liens for labor or material, see Requirement below.

REQUIREMENT: Your company should be satisfied that there are no unpaid claims for labor performed or materials furnished for the referenced property, which might constitute a basis for an unfiled mechanics or materialman's liens.

16. You may commence drilling on the above described property once the above requirements have been satisfied or waived.

Respectively submitted,

DONALD W. HENSON

DWH/cr
Enclosures

"EXHIBIT A"

Attached to: Drillsite Title Opinion

Wise #1-25:
East half of the Southeast Quarter of the Southwest Quarter (E/2 SE/4 SW/4), Section 25, Township 10 North, Range 11 East, Okfuskee County, OK

STRAY INSTRUMENTS (copies attached hereto)::

1) Quit Claim Deed
   Grantor: G. W. Hilderbrandt
   Grantee: John W. Sims
   Dated: December 13, 1938
   Recorded: Book D50/page 527

2) Order Allowing Final Account... in the Matter of the Estate of D. L. Stanford, deceased, Case No., P-74-103, in the District Court of Pontotoc Co., OK, recorded in Book 566/page 366.

3) Deed by Trustees on Termination of Trust dated April 6, 1982 and recorded in Book 641/page 99.

4) Stipulation dated September 16, 2982 and recorded in Book 654/page 115.

5) Quit Claim Deed
   Grantor: Oletha Cook
   Grantee: Sharla Jean Cook and Sherma Jeanetta Cook Hemingway, as Trustees...
   Dated: December 4, 1982
   Recorded: Book 658/page 662

6) Deed
   Grantor: Southland Life Insurance Company
   Grantee: Southland Land and Cattle Company
   Dated: May 20, 1983
   Recorded: Book 674/page 106

7) Mineral Deed
   Grantor: Bill R. Price and Betty L. Price, his wife
   Grantee: Citizens State Bank
   Dated: April 21, 1987
   Recorded: Book 736/page 450

8) Order Allowing Final Account... in the Matter of the Estate of Freeland Crockett Stanford, deceased, Case No. P-88-3 filed in the District Court of Okfuskee County, OK and recorded in Book 795/page 516.

9) Deed and Assignment
Grantor: Southland Land & Cattle Company
Grantee: Andrews Royalty, Inc.
Dated: September 15, 2000
Recorded: Book 902/page 97

10) Deed and Assignment
Grantor: Andrews Royalty, Inc.
Grantee: Loyd W. Powell, Jr. Children's Trust
Dated: September 15, 2000
Effective: July 1, 2000
Recorded: Book 902/page 99

11) Corporate Mineral Deed
Grantor: Citizens State Bank
Grantee: Citizens State Bankcorp
Dated: May 24, 2007
Recorded: Book 1023/page 733

12) Deed and Assignment
Grantor: Andrews Royalty, Inc.
Grantee: Shafter Lake Royalty
Dated: November 28, 2006
Effective: November 1, 2006
Recorded: Book 1001/page 608

13) Mineral Deed
Grantor: Joe D. Stanford and Paula G. Stanford
Grantee: Rentier, Inc. and Victor W. Pryor, Jr.
Dated: December 28, 2011
Recorded: Book 1104/page 154

14) Mineral Deed
Grantor: Cook Family Revocable Trust
Grantee: Rentier, Inc. and Victor W. Pryor, Jr.
Dated: December 27, 2011
Recorded: Book 1104/page 157

Donald W. Henson, Inc.

Attorney At Law
[Highway 75 North]
P. O. Box 993
Okmulgee, OK 74447

Fax: 918/758-0805 Tele: 918/756-5023

December 30, 2014

SUPPLEMENTAL DRILLSITE TITLE OPINION

INLAND OPERATING COMPANY
2702 E. 72nd Street
Tulsa, OK 74136

Re: ***Wise #1-25:***
East half of the Southeast Quarter of the Southwest Quarter (E/2 SE/4 SW/4), Section 25, Township 10 North, Range 11 East, Okfuskee County, OK

Gentlemen:

Reference is made to my Drillsite Title Opinion dated January 28, 2013, covering the subject property.

I have examined the following documents:

1) Journal Entry filed on December 17, 2014 in Case No. CV-14-36;

2) Declarations of Pooling and Unitization recorded in Book 1124/page 45, Book 1124/page 48, Book 1124/page 51, Book 1124/page 54 and Book 1124/page 57;

3) Certificates of Records Search issued by the Oklahoma Corporation Commission dated April 25, 2012 covering the SW/4, Section 25, Township 10 North, Range 11 East, Okfuskee County, OK and the SE/4, Section 25, Township 10 North, Range 11 East, Okfuskee County, OK.

COMMENTS, OBSERVATIONS, AND REQUIREMENTS

1. The above described Journal Entry satisfies Requirements No. 8, 9 and 10 of my Drillsite Order Title Opinion dated January 28, 2013.

2. The above described Declarations of Pooling and Unitization satisfy Requirement No. 11 of my Drillsite Order Title Opinion dated January 28, 2013.

3. The above described Certificates of Records Search issued by the Oklahoma Corporation Commission satisfy Requirement No. 7 of my Drillsite Order Title Opinion dated January 28, 2013.

4. The rest of my Division Order Title Opinion dated January 28, 2013, remains as written.

Respectfully submitted,

DONALD W. HENSON

DWH/cr
Enclosures

ΦR

JKB

OKLAHOMA CORPORATION COMMISSION
OIL AND GAS CONSERVATION DIVISION

CERTIFICATE OF RECORDS SEARCH

Upon Written Application of:

Name of Applicant: **Jeff Steinke** Receipt No. **1206620037**

For Firm or Company: **Jeff Steinke**
P. O. Box 701647
Tulsa, OK 74170

Request Date: **April 25, 2012**

Corporation Commission of Oklahoma, pursuant to the provisions of Oklahoma Statute 17 O.S. 2001, Section 167, issues this Certificate with reference to the surface area of land described as follows, to-wit:

SW/4
Section 25, Township 10 North, Range 11 East
Okfuskee County, Oklahoma

Oklahoma Corporation Commission records indicate there is an unplugged well at the following location:

KLO LLC., Velton #1, SW SW,
API #107-20679, Completed 04/04/1980.

Interested parties may choose to verify this well by an on-site investigation.

According to public information available to the agency, Oklahoma Corporation Commission records show there **has been recent** production reported for this tract.

Oklahoma Corporation Commission records **do not** indicate that other wells fall within or on the boundaries of the tract described as above.

This Certificate does not necessarily provide a comprehensive list of wells or well documentation for the tract described above. Furthermore, it does not address the existence of shut-in wells, leases without reported production or directionally or horizontally drilled wells, nor are any assertions made herein regarding title to the subject tract. This Records Search has been conducted using public records available to the Commission. The Commission recommends that you inspect the subject tract to determine the actual status of well(s) on the property and to ascertain the existence of wells not disclosed in this Certificate, whether or not they are documented in the files of the Commission.

Signed this **7th** day of **May, 2012**
For the CORPORATION COMMISSION OF OKLAHOMA

By: Dana L. Murphy
CHAIR

ATTEST:
Peggy Mitchell
SECRETARY

SteinkeJeff-Tulsa-exc

OKLAHOMA CORPORATION COMMISSION
OIL AND GAS CONSERVATION DIVISION

CERTIFICATE OF RECORDS SEARCH

Upon Written Application of:

Name of Applicant: **Jeff Steinke** Receipt No. **1206620037**

For Firm or Company: **Jeff Steinke**
P. O. Box 701647
Tulsa, OK 74170

Request Date: **April 25, 2012**

Corporation Commission of Oklahoma, pursuant to the provisions of Oklahoma Statute 17 O.S. 2001, Section 167, issues this Certificate with reference to the surface area of land described as follows, to-wit:

SE/4
Section 25, Township 10 North, Range 11 East
Okfuskee County, Oklahoma

Oklahoma Corporation Commission records indicate there is an unplugged well at the following location:

Bill & Dan Rose, Robinson #1, SW SE SE,
API #107-02171, Completed 11/08/1940.

Interested parties may choose to verify this well by an on-site investigation.

According to public information available to the agency, Oklahoma Corporation Commission records show there **has not been recent** production reported for this tract.

Oklahoma Corporation Commission records **do** indicate that other wells fall within or on the boundaries of the tract described as above.

This Certificate does not necessarily provide a comprehensive list of wells or well documentation for the tract described above. Furthermore, it does not address the existence of shut-in wells, leases without reported production or directionally or horizontally drilled wells, nor are any assertions made herein regarding title to the subject tract. This Records Search has been conducted using public records available to the Commission. The Commission recommends that you inspect the subject tract to determine the actual status of well(s) on the property and to ascertain the existence of wells not disclosed in this Certificate, whether or not they are documented in the files of the Commission.

Signed this 7th day of **May, 2012**
For the CORPORATION COMMISSION OF OKLAHOMA

By: Dana L. Murphy
CHAIR

ATTEST:
Peggy Mitchell
SECRETARY

SteinkeJeff-Tulsa-exc

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Fee $ 23 00 Doc $ 0 00
Dianne Flanders - Okfuskee County
State of Oklahoma

IN THE DISTRICT COURT OF OKFUSKEE COUNTY
STATE OF OKLAHOMA

INLAND OPERATING COMPANY;)
)
Plaintiff,)
vs.)
)
Group I Defendants:)
MARY ARDEN RUNYAN aka Mary Arden James Runyan)
M. B. WHITE, INC.;)
JAMES B. DOUGLASS;)
KCTC LLC;)
JOHN D. COLEMAN, Trustee of the John D. Coleman)
Mineral Trust dated February 17, 2007;)
and)
Group II Defendants:)
JOHN W. SIMS;)
BEATRICE STANFORD, VELTON STANFORD AND)
ROSELLE CROWNOVER, individually and as Trustees)
of the D. L. Stanford Trust;)
JIMMIE JEAN STANFORD;)
CLETA DOWELENE ABRAMS;)
FREELAND DOYLE STANFORD;) No.: CV-14-36
LOYD W. POWELL, JR. CHILDREN'S TRUST,)
Stephen J. Flanagan, Trustee;)
KATHRYN J. CONAWAY;)
VICTOR W. PRYOR, JR., if living or if they be)
deceased, their respective heirs, executors,)
administrators, devisees, trustees, successors, assigns,)
immediate and remote of those deceased persons,)
and)
SOUTHLAND LAND AND CATTLE COMPANY;)
ANDREWS ROYALTY, INC.;)
CITIZENS STATE BANCORP.;)
SHAFTER LAKE ROYALTY;)
RENTIER, INC.;)
if said corporation, partnership or limited liability company)
be in existence, or if said corporation, partnership or)
limited liability company be dissolved, the unknown)
officers, trustees, managers, successors or assigns of said)
corporation, partnership or limited liability company,)
and)

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State of Oklahoma

THE KNOWN AND UNKNOWN HEIRS, EXECUTORS,)
ADMINISTRATORS, TRUSTEES, DEVISEES,)
SUCCESSORS AND ASSIGNS OF E. W. JAMES,)
HUGH GREGORY JAMES AND MARY CATHERINE)
JAMES, DECEASED;)
and)
THE KNOWN AND UNKNOWN HEIRS, EXECUTORS,)
ADMINISTRATORS, TRUSTEES, DEVISEES,)
SUCCESSORS AND ASSIGNS OF LUCINDA,)
ROLL #7778, Deceased,)
Defendants.)

JOURNAL ENTRY

This cause coming on to be heard this 17th day of December, ______, trial by jury having been waived in open court and the Court, after hearing the evidence of witnesses and having reviewed documents on file herein, FINDS:

1. The Plaintiff, INLAND OPERATING COMPANY, appeared by their attorney, Donald W. Henson.

2. The Defendants, VICTOR W. PRYOR, JR. and RENTIER, INC., filed an Entry of Appearance by and through their Attorney. That said Defendants have failed to file an answer herein.

3. That the following Defendants have filed herein their Answer to the Petition in the subject matter stating that said Defendant is in agreement as to his/her/its ownership of the oil, gas and other minerals, in and under the subject property, as shown in the Petition filed herein.

No.:	*Name/Defendant:*
1	MARY ARDEN RUNYAN aka Mary Arden James Runyan
2	M. B. WHITE, INC.
3	KCTC LLC

4. The following Defendants,

No.:	*Name/Defendant:*
1	LOYD W. POWELL, JR. CHILDREN'S TRUST, Stephen J. Flanagan and Kathryn J. Conaway, Co-Trustees;
2	ANDREWS ROYALTY, INC.
3	CITIZENS STATE BANCORP.
4	SHAFTER LAKE ROYALTY

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were served with process by certified mail and have each filed a Disclaimer herein disclaiming any right, title, and interest in and to the oil, gas and other minerals and leasehold estate in and to the following described real property which is the subject matter of this cause of action.

East Half of the Southeast Quarter of the Southwest Quarter (E/2 SE/4 SW/4), Section 25, Township 10 North, Range 11 East, Okfuskee County, OK

5. That the following Defendants, were validly served with Petition and Summons, that the date by which said Defendants were required to appear and defend this action has passed and that no appearance has been made by said Defendants, nor has any motion or pleading been filed in their behalf. That each Defendant has been called three times in open court, came not, but made default.

No.	*Name/Defendant*
1	CLETA DOWELENE ABRAMS
2	SOUTHLAND LAND AND CATTLE COMPANY
3	JAMES B. DOUGLASS

6. Further, the following Defendants, were validly served by publication, that the date by which said Defendants were required to appear and defend this action has passed and that no appearance has been made by said Defendants, nor has any motion or pleading been filed in their behalf. That each Defendant has been called three times in open court, came not, but made default.

No.	*Name/Defendant*
1	JOHN D. COLEMAN, Trustee of the John D. Coleman Mineral Trust dated February 17, 2007
2	JOHN W. SIMS
3	BEATRICE STANFORD, Individually and as Trustee of the D. L. Stanford Trust
4	VELTON STANFORD, Individually and as Trustee of the D. L. Stanford Trust
5	ROSELLE CROWNOVER, , Individually and as Trustee of the D. L. Stanford Trust
6	JIMMIE JEAN STANFORD
7	FREELAND DOYLE STANFORD
8	SOUTHLAND LAND AND CATTLE COMPANY

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7. That the Muskogee Creek Nation filed an acknowledgment stating that there are no restrictions against alienation under federal law on the subject land and they recommended that this action be removed to federal district court.

8. That this cause is one in which Service of Summons by Publication Notice is authorized by the Statutes of the State of Oklahoma, and upon examination of the files and from the evidence of the Plaintiffs that the Defendants were duly and legally served herein by publication, and the Court, having examined the Affidavit for Service of Summons by Publication Notice and the Service of Summons by Publication Notice and Proof of Publication of the Notice all on file herein, and having heard evidence, FINDS that the service upon said Defendants by publication is regular and valid in every respect, and the same should be approved as giving this Court jurisdiction at this time to hear evidence and determine the issues concerning the subject matter and the parties involved in this action.

9. That the Plaintiffs and their attorney have made a sufficient search to determine the names and whereabouts of the Defendants who were served herein by Publication Notice and based on the evidence produced including evidence that Plaintiffs and their attorney have made a due and diligent search of such primary sources as the records of the County Assessor, the Court Clerk, the County Treasurer, the tax rolls, deed records and voters registration rolls and such secondary sources as various telephone and city directories and all other reasonable available sources. That Plaintiffs have exercised due diligence and have conducted a meaningful search of all reasonable available sources at hand. That the publication service given herein meets both statutory requirements and the minimum standards of state and federal due process and publication service should be approved.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that:

10. That the Service of Summons by Publication had herein is hereby approved and the diligence of the Plaintiffs and their attorney in an effort to secure the names and addresses of the defaulting Defendants served herein by publication is hereby approved.

11. This action is brought to quiet title in and to the oil, gas and other minerals and leasehold estate in and to the above described real property located in OKFUSKEE County, State of Oklahoma, as set out above.

12. That the Group II Defendants have no right, title, lien, estate, encumbrance, claim, assessment, or interest in the oil, gas and other minerals and leasehold estate in and to the subject property set out above and title to said oil, gas, and other minerals in and to said property is hereby quieted in the Plaintiff and Group I Defendants and all demands of the Group II Defendants herein and all documents and instruments in title evidencing an adverse interest in the Group II Defendants are hereby canceled and removed as clouds upon the title of the Plaintiff and Group I Defendants in and to the oil, gas and other minerals in and to the subject real property described above.

13. That the Group II Defendants, their Heirs, Executors, Administrators, Trustees, Successors, Devisees, and Assigns, immediate and remote, and all persons claiming by, through or under them, are personally enjoined, forbidden to claim any right, title, interest, lien or estate, in and to the oil, gas, and other minerals and leasehold estate in and to the subject property or

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to disturb the Plaintiff and Group I Defendants in their quiet and peaceful possession thereof, all of the above is so ordered by the Court.

14. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Plaintiff, INLAND OPERATING COMPANY, is the owner of 100% of the oil and gas leasehold estate covering the subject property by the following described oil and gas leases, which are valid and subsisting oil and gas leases.

A. Lessor: M. B. White, Inc.
Lessee: Inland Oil and Gas, LLC
Description: W/2 E/2 SE/4 SW/4, Section 25, Township 10 North, Range 11 East, Okfuskee County, OK
Dated: January 27, 2012
Recorded: Book 1121/page 407

B. Lessor: Mary Arden Runyan
Lessee: Inland Oil and Gas, LLC
Description: E/2 E/2 SE/4 SW/4, Section 25, Township 10 North, Range 11 East, Okfuskee County, OK
Dated: February 4, 2012
Recorded: Book 1121/page 455

C. Lessor: John D. Coleman, Trustee of the John D. Coleman Mineral trust dated February 17, 2007
Lessee: Inland Oil and Gas, LLC
Description: W/2 E/2 SE/4 SW/4, Section 25, Township 10 North, Range 11 East, Okfuskee County, OK
Dated: February 6, 2012
Recorded: Book 1121/page 463

D. Lessor: John D. Coleman, Successor Trustee of the Alice E. Coleman 1979 Trust dated December 5, 1979
Lessee: Inland Oil and Gas, LLC
Description: W/2 E/2 SE/4 SW/4, Section 25, Township 10 North, Range 11 East, Okfuskee County, OK
Dated: February 6, 2012
Recorded: Book 1121/page 466
Note: John D. Coleman, Successor Trustee of the Alice E. Coleman 1979 Trust dated December 5, 1979 conveyed this interest to KCTC LLC by Trustee Mineral Deed recorded in Book 1125/page 133.

E. Lessor: James B. Douglass, sole heir of Maxine Douglass
Lessee: Inland Oil and Gas, LLC
Description: W/2 E/2 SE/4 SW/4, Section 25, Township 10 North, Range 11 East, Okfuskee County, OK
Dated: January 27, 2012
Recorded: Book 1121/page 460

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15. That the captioned property was established as a twenty (20) acre unit created by the Declarations of Pooling and Unitization recorded in Book 1124/page 45, Book 1124/Page 48, Book 1124/Page 51, Book 1124/Page 54 and Book 1124/Page 57.

16. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED by the Court that the following named Group I Defendants, are the owners of the oil, gas and other minerals in the subject property as shown.

No.	*Name/Address*	*Interest*
Tract 1:	E/2 E/2 SE/4 SW/4, Section 25, Township 10 North, Range 11 East, Okfuskee County, OK (10 acres)	
	<u>OIL, GAS, AND OTHER MINERALS:</u>	
1	MARY ARDEN RUNYAN aka Mary Arden James Runyan	All or 10 net acres
Tract 2:	W/2 E/2 SE/4 SW/4, Section 25, Township 10 North, Range 11 East, Okfuskee County, OK (10 acres)	
	<u>OIL, GAS AND OTHER MINERALS:</u>	
2	M. B. WHITE, INC.	1/3rd or 3.3333333 net acres
3	JAMES B. DOUGLASS	1/3rd or 3.3333333 net acres
4	KCTC LLC	1/6th or 1.6666667 net acres
5	JOHN D. COLEMAN, Trustee of the John D. Coleman Mineral Trust dated February 17, 2007	1/6th or 1.6666667 net acres

APPROVED:

LAWRENCE W. PARISH

JUDGE OF THE DISTRICT COURT

DONALD W. HENSON, OBA #4118
Attorney for Plaintiff
P. O. Box 993
Okmulgee, OK 74447
918/756-5023
dhenson829@aol.com

I, SHERRI L. FOREMAN, Court Clerk for Okfuskee County, Oklahoma, hereby certify that the forgoing is a true, correct and full copy of the instrument herewith set out as appears of record in the Court Clerks Office of Okfuskee County, Oklahoma, this 17th day of December 20 14
By [signature] SHERRI L. FOREMAN
Deputy Court Clerk

WISE 1-25
E2 SE4 SW4 §25-T10N-R11E
OKFUSKEE COUNTY, OK

SURFACE DAMAGE AGREEMENT

THIS AGREEMENT, made and entered into on the day and date last written below, by and between JAMES B. WISE with his mailing address at 3401 Hickory Stick Road, Oklahoma City, Oklahoma 73120, hereinafter referred to as "OWNER", and INLAND OPERATING COMPANY, with its mailing address at P. O. Box 701588, Tulsa, Oklahoma 74170, hereinafter referred to as "OPERATOR".

WHEREAS, OWNER is the surface owner of the East Half of the East Half of the Southeast Quarter of the Southwest Quarter (E2 E2 SE4 SW4) of Section 25, T10N-R11E, Okfuskee County, Oklahoma, and,

WHEREAS, OPERATOR, is the owner, holder and/or lessee of valid and subsisting oil and gas lease(s) of the oil, gas and other minerals in and under the above described property, and is desirous of entering upon said property for the purpose of drilling, reworking, operating and/or producing a well(s) thereon in order to explore for oil or gas or both, and,

WHEREAS, the parties hereto are desirous of entering into this Agreement and Contract determining and setting forth their respective rights with regard to OPERATOR'S use of the surface of said land for the purposes aforesaid;

$2500.00 JBW

NOW, THEREFORE, for and in consideration of the sum of ~~$2,000.00~~ and other good and valuable consideration, receipt and sufficiency of which is hereby acknowledged by OWNER, and in further consideration of the mutual promises and covenants hereinafter contained, the parties hereto do hereby agree as follows:

1. A well upon said property, known as the *Wise #1-25,* shall or will be drilled at or about the location set forth on the Permit to Drill (to be mailed to OWNER by the Oklahoma Corporation Commission) of said above described property, and upon the execution of this Agreement, OPERATOR shall be permitted to enter upon the property for the purpose of surveying and inspecting the property, doing earth work, preparation of drill site, digging of pits, building a road, preparing the site and drilling of said well; with all sums due under this agreement being paid to OWNER prior to spudding the well. If the well so drilled is determined by the OPERATOR to be a producing well, OWNER grants to OPERATOR a perpetual easement of use of the surface of said property for hydrocarbon production purposes, or otherwise, in accordance with the rules and regulations of the Oklahoma Corporation Commission.

2. OPERATOR agrees to protect the above described property from pollution and erosion and in the event that said pollution should occur, OPERATOR agrees to clean up said pollution according to the rules and regulations of the Oklahoma Corporation Commission-Oil & Gas Conservation Division and return the surface as nearly as possible back to its original condition.

3. The roadway to and from the drill site, wellsite or the leasehold, as described above, shall be for the OPERATOR'S ingress and egress to and from its operations on said property, but it may be used by both parties without expense to the surface owner. The road shall be maintained by the OPERATOR at all times in passable condition for a pickup truck. The roadway shall be allowed to be as wide as required to move and transport drilling and reworking equipment to and from the wellsite(s) and gravel and/or culverts shall be placed upon or under the roadway where in the opinion of the OPERATOR conditions warrant. Where the wellsite(s) roadway crosses any stream or water flow ditch, the OPERATOR shall install such culvert and/or low water bridge as necessary not to impede the natural flow of said stream or water flow ditch.

4. This Agreement and Contract covers the right to lay oil/gas pipelines, salt water disposal lines and gathering lines necessary to the operations of the OPERATOR for production of product, including those necessary for OPERATOR'S production operations on its adjoining oil and gas leases, if any. Pipelines shall be buried a minimum of 36 inches below the surface of the property where said pipelines cross land used for agricultural purposes; where the pipelines are laid in or around wooded areas of the property or on areas of the property not suited for agricultural purposes or along lease roadways, the pipelines may be laid upon the surface of the property. All pipelines and other equipment shall be maintained in a leakproof state and be kept in good condition.

5. Sites of producing wells, pits, tank batteries and other locations dangerous to livestock shall be fenced off at the expense of OPERATOR, said fencing to be reasonably adequate to keep said livestock from entering the fenced off locations.

6. The entrance to the drill site premises from any county or state road shall be barred by a wire or other suitable type of gate commensurate with the existing type of fencing on the OWNER'S property at the entrance location. The OWNER and OPERATOR may extend and modify the type of gate and other required gates on the OWNER'S property by setting out such modifications as an amendment to this Agreement.

7. If any wells are newly drilled, the OPERATOR agrees to clean up the drill site and close all pits within four (4) months, weather permitting, after completion of the well(s) and production has commenced. The surface of the land not used for production purposes shall be returned to as good as condition as possible before drilling operations commenced. Present fences shall be protected by the OPERATOR from all of its operations and in case same are damaged by such, shall be repaired and replaced to as close to its original condition as possible by the OPERATOR at the OPERATOR'S expense.

8. This Agreement includes the use by the OPERATOR of water from any ponds, reservoirs or streams for drilling and production purposes only.

9. This Agreement also includes the placement of storage tanks, tank batteries, pumping units and other production equipment upon the property as close to the drilling and/or well site as possible after drilling or reworking activity has ended. Compressors and other oil/gas production and oil/gas transportation equipment may also be placed upon the property along the pipeline(s) and/or drill site roadway described hereinabove, or upon other areas of the property where by mutual agreement of the parties such equipment may be placed. Such mutual agreement will be attached hereto as an amendment to this Agreement. The producing and other wells and tank batteries shall be properly diked to prevent the escape of oil or other deleterious liquids therefrom in the event of leakage or overflow. The drill site and tank battery location shall not exceed, in absence of other agreements to the contrary, one acre in area for any well(s) drilled to a depth of 3,000 feet or less, or three acres for any well(s) deeper than 3,000 feet. Upon the total abandonment of the drill site or well(s), OPERATOR shall remove all tanks and equipment therefrom and return the site to its original condition as possible, all to be done in accordance with the rules and regulations of the Oklahoma Corporation Commission-Oil & Gas Conservation Division.

10. If it be deemed necessary by the OPERATOR to drill a replacement well, offset well or other well upon the drilling site location (pad site) covered by this Agreement, then the consideration paid hereunder (and the other terms of this Agreement) shall apply to said replacement well, offset well or other well drilled upon the drilling location with no additional surface damage payment being due the OWNER.

11. Any amendments or addendum to this Agreement shall be attached hereto and signed by both parties to be effective and when so done, they shall be considered as part and parcel of this Agreement.

12. Nothing in this Agreement between the parties hereto shall supersede, abrogate or modify the rights, duties and obligations of the OWNER and/or the OPERATOR under the laws of the State of Oklahoma or provisions set forth in any valid and subsisting Oil & Gas Lease or assignments thereto. The OPERATOR shall further conform to and have the rights, duties and obligations as an operator of oil and gas wells in the state of Oklahoma and shall comply with the rules and regulations of the Oklahoma Corporation Commission-Oil & Gas Conservation Division. This Agreement between the parties further meets and complies with the requirements set forth for drilling operations (if applicable) under applicable Oklahoma state statutes (52 O.S.1991, §318.3 et. seq.).

13. This Agreement shall extend to and be binding upon the parties hereto and their respective heirs, successors, personal representatives, and assigns. This Agreement shall be further interpreted under the laws of the State of Oklahoma and venue of any actions hereunder shall be in the District Court in and for Okfuskee County, Oklahoma. Facsimile or electronic transmitted versions and attached signatures of this Surface Damage Agreement shall be considered as binding between the parties hereto.

14. The Effective Date of this Surface Damage Agreement shall be 1 January 2013.

EXECUTED AND AGREED UPON on the day and date written below:

"OPERATOR"
INLAND OPERATING COMPANY
P. O. Box 701588
Tulsa, OK 74170
Telephone: 918-779-7585
E-Mail: jeff@inlandoilgas.com

By: Jeffrey Sleiker

Title: V-P

Date: 25 January 2013

"OWNER"
JAMES B. WISE
3401 Hickory Stick Road
Oklahoma City, OK 73120
Phone: 405-627-0781

JB Wise MD
James B. Wise

Date: 1-30 2013

WISE 1-25
E2 SE4 SW4 §25-T10N-R11E
OKFUSKEE COUNTY, OK

SURFACE DAMAGE AGREEMENT

THIS AGREEMENT, made and entered into on the day and date last written below, by and between JERRY R. WILLIAMSON and KIMBERLYN L. WILLIAMSON, husband and wife as joint tenants, with their mailing address at P. O. Box 703, Weleetka, Oklahoma 74880, hereinafter referred to as "OWNER", and INLAND OPERATING COMPANY, with its mailing address at P. O. Box 701588, Tulsa, Oklahoma 74170, hereinafter referred to as "OPERATOR".

WHEREAS, OWNER is the surface owner of the West Half of the East Half of the Southeast Quarter of the Southwest Quarter (W2 E2 SE4 SW4) of Section 25, T10N-R11E, Okfuskee County, Oklahoma, and,

WHEREAS, OPERATOR, is the owner, holder and/or lessee of valid and subsisting oil and gas lease(s) of the oil, gas and other minerals in and under the above described property, and is desirous of entering upon said property for the purpose of drilling, reworking, operating and/or producing a well(s) thereon in order to explore for oil or gas or both, and,

WHEREAS, the parties hereto are desirous of entering into this Agreement and Contract determining and setting forth their respective rights with regard to OPERATOR'S use of the surface of said land for the purposes aforesaid;

NOW, THEREFORE, for and in consideration of the sum of $1,000.00, and other good and valuable consideration, receipt and sufficiency of which is hereby acknowledged by OWNER, and in further consideration of the mutual promises and covenants hereinafter contained, the parties hereto do hereby agree as follows:

1. A well upon said property, known as the *Wise #1-25*, shall or will be drilled at or about the location set forth on the Permit to Drill (to be mailed to OWNER by the Oklahoma Corporation Commission) of said above described property, and upon the execution of this Agreement, OPERATOR shall be permitted to enter upon the property for the purpose of surveying and inspecting the property, doing earth work, preparation of drill site, digging of pits, building a road, preparing the site and drilling of said well; with all sums due under this agreement being paid to OWNER prior to spudding the well. If the well so drilled is determined by the OPERATOR to be a producing well, OWNER grants to OPERATOR a perpetual easement of use of the surface of said property for hydrocarbon production purposes, or otherwise, in accordance with the rules and regulations of the Oklahoma Corporation Commission.

2. OPERATOR agrees to protect the above described property from pollution and erosion and in the event that said pollution should occur, OPERATOR agrees to clean up said pollution according to the rules and regulations of the Oklahoma Corporation Commission-Oil & Gas Conservation Division and return the surface as nearly as possible back to its original condition.

3. The roadway to and from the drill site, wellsite or the leasehold, as described above, shall be for the OPERATOR'S ingress and egress to and from its operations on said property, but it may be used by both parties without expense to the surface owner. The road shall be maintained by the OPERATOR at all times in passable condition for a pickup truck. The roadway shall be allowed to be as wide as required to move and transport drilling and reworking equipment to and from the wellsite(s) and gravel and/or culverts shall be placed upon or under the roadway where in the opinion of the OPERATOR conditions warrant. Where the wellsite(s) roadway crosses any stream or water flow ditch, the OPERATOR shall install such culvert and/or low water bridge as necessary not to impede the natural flow of said stream or water flow ditch.

4. This Agreement and Contract covers the right to lay oil/gas pipelines, salt water disposal lines and gathering lines necessary to the operations of the OPERATOR for production of product, including those necessary for OPERATOR'S production operations on its adjoining oil and gas leases, if any. Pipelines shall be buried a minimum of 36 inches below the surface of the property where said pipelines cross land used for agricultural purposes; where the pipelines are laid in or around wooded areas of the property or on areas of the property not suited for agricultural purposes or along lease roadways, the pipelines may be laid upon the surface of the property. All pipelines and other equipment shall be maintained in a leakproof state and be kept in good condition.

5. Sites of producing wells, pits, tank batteries and other locations dangerous to livestock shall be fenced off at the expense of OPERATOR, said fencing to be reasonably adequate to keep said livestock from entering the fenced off locations.

6. The entrance to the drill site premises from any county or state road shall be barred by a wire or other suitable type of gate commensurate with the existing type of fencing on the OWNER'S property at the entrance location. The OWNER and OPERATOR may extend and modify the type of gate and other required gates on the OWNER'S property by setting out such modifications as an amendment to this Agreement.

7. If any wells are newly drilled, the OPERATOR agrees to clean up the drill site and close all pits within four (4) months, weather permitting, after completion of the well(s) and production has commenced. The surface of the land not used for production purposes shall be returned to as good as condition as possible before drilling operations commenced. Present fences shall be protected by the OPERATOR from all of its operations and in case same are damaged by such, shall be repaired and replaced to as close to its original condition as possible by the OPERATOR at the OPERATOR'S expense.

8. This Agreement includes the use by the OPERATOR of water from any ponds, reservoirs or streams for drilling and production purposes only.

9. This Agreement also includes the placement of storage tanks, tank batteries, pumping units and other production equipment upon the property as close to the drilling and/or well site as possible after drilling or reworking activity has ended. Compressors and other oil/gas production and oil/gas transportation equipment may also be placed upon the property along the pipeline(s) and/or drill site roadway described hereinabove, or upon other areas of the property where by mutual agreement of the parties such equipment may be placed. Such mutual agreement will be attached hereto as an amendment to this Agreement. The producing and other wells and tank batteries shall be properly diked to prevent the escape of oil or other deleterious liquids therefrom in the event of leakage or overflow. The drill site and tank battery location shall not exceed, in absence of other agreements to the contrary, one acre in area for any well(s) drilled to a depth of 3,000 feet or less, or three acres for any well(s) deeper than 3,000 feet. Upon the total abandonment of the drill site or well(s), OPERATOR shall remove all tanks and equipment therefrom and return the site to its original condition as possible, all to be done in accordance with the rules and regulations of the Oklahoma Corporation Commission-Oil & Gas Conservation Division.

10. If it be deemed necessary by the OPERATOR to drill a replacement well, offset well or other well upon the drilling site location (pad site) covered by this Agreement, then the consideration paid hereunder (and the other terms of this Agreement) shall apply to said replacement well, offset well or other well drilled upon the drilling location with no additional surface damage payment being due the OWNER.

11. Any amendments or addendum to this Agreement shall be attached hereto and signed by both parties to be effective and when so done, they shall be considered as part and parcel of this Agreement.

12. Nothing in this Agreement between the parties hereto shall supersede, abrogate or modify the rights, duties and obligations of the OWNER and/or the OPERATOR under the laws of the State of Oklahoma or provisions set forth in any valid and subsisting Oil & Gas Lease or assignments thereto. The OPERATOR shall further conform to and have the rights, duties and obligations as an operator of oil and gas wells in the state of Oklahoma and shall comply with the rules and regulations of the Oklahoma Corporation Commission-Oil & Gas Conservation Division. This Agreement between the parties further meets and complies with the requirements set forth for drilling operations (if applicable) under applicable Oklahoma state statutes (52 O.S.1991, §318.3 et. seq.).

13. This Agreement shall extend to and be binding upon the parties hereto and their respective heirs, successors, personal representatives, and assigns. This Agreement shall be further interpreted under the laws of the State of Oklahoma and venue of any actions hereunder shall be in the District Court in and for Okfuskee County, Oklahoma. Facsimile or electronic transmitted versions and attached signatures of this Surface Damage Agreement shall be considered as binding between the parties hereto.

14. The Effective Date of this Surface Damage Agreement shall be 1 January 2013.

EXECUTED AND AGREED UPON on the day and date written below:

"OPERATOR"
INLAND OPERATING COMPANY
P. O. Box 701588
Tulsa, OK 74170
Telephone: 918-779-7585
E-Mail: jeff@inlandoilgas.com

By: [signature]

Title: V-P

Date: 18 January 2013

"OWNER"
JERRY R. WILLIAMSON and
KIMBERLYN L. WILLIAMSON
P. O. Box 703
Weleetka, OK 74880
Phone: 405 584 1092

[signature]
Jerry R. Williamson

[signature]
Kimberlyn L. Williamson

Date: 2/10/ 2013

Oklahoma Corporation Commission
Oil & Gas Conservation Division
Post Office Box 52000
Oklahoma City, Oklahoma 73152-2000
Rule 165: 10-3-25

Form 1002A

API No.: 35107234860000

Completion Report

Spud Date: March 19, 2013

OTC Prod. Unit No.: 117-123736

Drilling Finished Date: March 29, 2013

1st Prod Date: May 01, 2013

Completion Date: April 30, 2013

Drill Type: **STRAIGHT HOLE**

Well Name: WISE 1-25

Purchaser/Measurer:

Location: OKFUSKEE 25 10N 11E
C SE SE SW
330 FSL 2310 FWL of 1/4 SEC
Latitude: 35.3051587 Longitude: 96.0971837
Derrick Elevation: 888 Ground Elevation: 881

First Sales Date:

Operator: INLAND OPERATING COMPANY 23009
PO BOX 701588
2702 E 72 ST
TULSA, OK 74170-1588

Completion Type	
X	Single Zone
	Multiple Zone
	Commingled

Location Exception
Order No
There are no Location Exception records to display.

Increased Density
Order No
There are no Increased Density records to display.

Casing and Cement							
Type	Size	Weight	Grade	Feet	PSI	SAX	Top of CMT
SURFACE	8.625	23	LS	230	500	175	SURFACE
PRODUCTION	5.5	15.5	J-55	4319	500	440	2150

Liner								
Type	Size	Weight	Grade	Length	PSI	SAX	Top Depth	Bottom Depth
There are no Liner records to display.								

Total Depth: 4340

Packer	
Depth	Brand & Type
There are no Packer records to display.	

Plug	
Depth	Plug Type
There are no Plug records to display.	

Initial Test Data										
Test Date	Formation	Oil BBL/Day	Oil-Gravity (API)	Gas MCF/Day	Gas-Oil Ratio Cu FT/BBL	Water BBL/Day	Pumpin or Flowing	Initial Shut-In Pressure	Choke Size	Flow Tubing Pressure
May 01, 2013	WILCOX	10	43	40	4000	200	PUMPING	200		

Completion and Test Data by Producing Formation

Formation Name: WILCOX   Code: 202WLCX   Class: OIL

Spacing Orders	
Order No	Unit Size
There are no Spacing Order records to display.	

Perforated Intervals	
From	To
3922	3965

Acid Volumes
1,000 GALLONS 15% HCL

Fracture Treatments
There are no Fracture Treatments records to display.

Formation	Top
CALVIN SST	1156
BARTLESVILLE SST	1586
BOOCH SST	2255
GILCREASE SST ZONE	2428
WAPANUCKA LS	2862
UNION VALLEY LS	2953
CROMWELL SST	3199
MISSISSIPPIAN CANEY	3406
WOODFORD SHALE	3757
SYLVAN SHALE	3798
VIOLA LS	3866
WILCOX	3920
ARBUCKLE	4308

Were open hole logs run? Yes
Date last log run: March 29, 2013

Were unusual drilling circumstances encountered? No
Explanation:

Other Remarks
PRODUCTION STRING WAS CEMENTED IN TWO STAGES. DV TOOL SET AT 3,386'. DV TOOL DRILLED OUT ON APRIL 29, 2013.

FOR COMMISSION USE ONLY

1127068

Status: Accepted

AS SUBMITTED

RECEIVED
NOV 05 2014
OKLAHOMA CORPORATION COMMISSION

Form 1002A
Rev. 2009

API NO.	107-23486
OTC PROD. UNIT NO.	117-123736

PLEASE TYPE OR USE BLA[CK INK]
NOTE:
Attach copy of original 1002A if recompletion or re[entry]

[Oklahoma City, Oklahoma 73152-2000]
Rule 165:10-3-25

COMPLETION REPORT

[X] ORIGINAL
[ ] AMENDED (Reason)

TYPE OF DRILLING OPERATION
[X] STRAIGHT HOLE [ ] DIRECTIONAL HOLE [ ] HORIZONTAL HOLE
[ ] SERVICE WELL
If directional or horizontal, see reverse for bottom hole location.

COUNTY	Okfuskee	SEC	25	TWP	10N	RGE	11E
LEASE NAME	Wise			WELL NO.	1-25		
C 1/4 SE 1/4 SE 1/4 SW 1/4		FSL OF 1/4 SEC	330	FWL OF 1/4 SEC	2310		
ELEVATION Derrick	881	Ground	888	Latitude (if known)	35.3051587		
OPERATOR NAME	Inland Operating Company			OTC/OCC OPERATOR NO.	23009		
ADDRESS	P.O. Box 701588						
CITY	Tulsa	STATE	OK	ZIP	74170		

SPUD DATE	03-19-2013
DRLG FINISHED DATE	03-29-2013
DATE OF WELL COMPLETION	04-30-2013
1st PROD DATE	5-1-2013
RECOMP DATE	
Longitude (if known)	96.0971837

Date of test

640 Acres
LOCATE WELL

COMPLETION TYPE

X	SINGLE ZONE
	MULTIPLE ZONE Application Date
	COMMINGLED Application Date
LOCATION EXCEPTION ORDER	
INCREASED DENSITY ORDER NO.	

CASING & CEMENT (Form 1002C must be attached)

TYPE	SIZE	WEIGHT	GRADE	FEET	PSI	SAX	TOP OF CMT
CONDUCTOR							
SURFACE	8.625	23#	LS	224	500	175	Surface
INTERMEDIATE							
PRODUCTION	5.5	15.5#	J-55	4311	500	440	2,150
LINER							

TOTAL DEPTH: 4,340

PACKER @ ______ BRAND & TYPE ______ PLUG @ ______ TYPE ______ PLUG @ ______ TYPE ______
PACKER @ ______ BRAND & TYPE ______ PLUG @ ______ TYPE ______ PLUG @ ______ TYPE ______

COMPLETION & TEST DATA BY PRODUCING FORMATION 202WLCX

No Frac in 2013

FORMATION	Wilcox				
SPACING & SPACING ORDER NUMBER					
CLASS: Oil, Gas, Dry, Inj, Disp, Comm Disp, Svc	Oil				
PERFORATED INTERVALS	3922-3926 (4spf) 3961-3965 (4spf)				
ACID/VOLUME	1000Gal 15% HCL				
FRACTURE TREATMENT (Fluids/Prop Amounts)	None				

[ ] Min Gas Allowable (165:10-17-7) OR Oil Allowable (165:10-13-3)

Gas Purchaser/Measurer
First Sales Date

INITIAL TEST DATA

INITIAL TEST DATE	5/1/2013				
OIL-BBL/DAY	10				
OIL-GRAVITY (API)	43				
GAS-MCF/DAY	40				
GAS-OIL RATIO CU FT/BBL	4000:1				
WATER-BBL/DAY	200				
PUMPING OR FLOWING	Pumping				
INITIAL SHUT-IN PRESSURE	200				
CHOKE SIZE					
FLOW TUBING PRESSURE					

A record of the formations drilled through, and pertinent remarks are presented on the reverse. I declare that I have knowledge of the contents of this report and am authorized by my organization to make this report, which was prepared by me or under my supervision and direction, with the data and facts stated herein to be true, correct, and complete to the best of my knowledge and belief.

SIGNATURE	NAME (PRINT OR TYPE)	DATE	PHONE NUMBER
[signature]	Jeff Leenerts	10/27/2014	918-779-7585

ADDRESS	CITY	STATE	ZIP	EMAIL ADDRESS
P.O. Box 701588	Tulsa	OK	74170	jeff@inlandoilgas.com

PLEASE TYPE OR USE BLACK INK ONLY
FORMATION RECORD
Give formation names and tops, if available, or descriptions and thickness of formations drilled through. Show intervals cored or drillstem tested.

LEASE NAME Wise WELL NO. 1-25

NAMES OF FORMATIONS	TOP
Calvin Sst.	1,156
Bartlesville Sst.	1,586
Booch Sst.	2,255
Gilcrease Sst. Zone	2,428
Wapanucka Ls.	2,862
Union Valley Ls.	2,953
Cromwell Sst.	3,199
Mississippian Caney	3,406
Woodford Shale	3,757
Sylvan Shale	3,798
Viola Ls.	3,866
Wilcox	3,920
Arbuckle	4,308
RTD	4,340
LTD	4,342

FOR COMMISSION USE ONLY

ITD on file ☐ YES ☐ NO

APPROVED ______ DISAPPROVED ______ 2) Reject Codes

Were open hole logs run? X yes ___ no

Date Last log was run 3/29/2013

Was CO_2 encountered? ___ yes X no at what depths? ______

Was H_2S encountered? ___ yes X no at what depths? ______

Were unusual drilling circumstances encountered? ___ yes X no
If yes, briefly explain below

Other remarks: Production string was cemented in two stages. DV Tool set at 3,386'. DV Tool drilled out on 4/29/2013

640 Acres

BOTTOM HOLE LOCATION FOR DIRECTIONAL HOLE

SEC	TWP	RGE	COUNTY		
Spot Location 1/4 1/4 1/4 1/4			Feet From 1/4 Sec Lines	FSL	FWL
Measured Total Depth	True Vertical Depth	BHL From Lease, Unit, or Property Line:			

BOTTOM HOLE LOCATION FOR HORIZONTAL HOLE: (LATERALS)

LATERAL #1

SEC	TWP	RGE	COUNTY		
Spot Location 1/4 1/4 1/4 1/4			Feet From 1/4 Sec Lines	FSL	FWL
Depth of Deviation	Radius of Turn	Direction	Total Length		
Measured Total Depth	True Vertical Depth	BHL From Lease, Unit, or Property Line:			

If more than three drainholes are proposed, attach a separate sheet indicating the necessary information.

Direction must be stated in degrees azimuth.
Please note, the horizontal drainhole and its end point must be located within the boundaries of the lease or spacing unit.

Directional surveys are required for all drainholes and directional wells.

640 Acres

LATERAL #2

SEC	TWP	RGE	COUNTY		
Spot Location 1/4 1/4 1/4 1/4			Feet From 1/4 Sec Lines	FSL	FWL
Depth of Deviation	Radius of Turn	Direction	Total Length		
Measured Total Depth	True Vertical Depth	BHL From Lease, Unit, or Property Line:			

LATERAL #3

SEC	TWP	RGE	COUNTY		
Spot Location 1/4 1/4 1/4 1/4			Feet From 1/4 Sec Lines	FSL	FWL
Depth of Deviation	Radius of Turn	Direction	Total Length		
Measured Total Depth	True Vertical Depth	BHL From Lease, Unit, or Property Line:			

ENERFIN RESOURCES

Houston · Tulsa · Bakersfield

**** Allocation Request *****

PRODUCTION DATE: Jan 2015

TO: INLAND OPERATING COMPANY

Meter#	Meter Name	Mcf	MMbtu
5882	TIDE WEST CRP	3,156	3,553

Please return your allocation as soon as possible. We will accept allocations through **02/18/15**. Allocations received after **02/18/15** will be ignored and your previous allocation accepted on file will be used.

Return all allocations to Jim Finigan by fax or e-mail:

Jim Finigan
Fax – 713-888-8629
E-mail – jfinigan@enerfin.com

Thanks

jeff@inlandoilgas.com

ENERFIN RESOURCES
Houston · Tulsa · Bakersfield

jeff@inlandoilgas.com

CONTACT: CONTRACT ADMINISTRATION
2500 CityWest Blvd. * Suite 400 * Houston, TX 77042
(713) 888-8606 VOICE (713) 888-8629 FAX

INLAND OPERATING COMPANY
PO BOX 701588
TULSA, OK 74170

GAS PURCHASE STATEMENT

PROPERTY NUM:	5882A	Volume (Mcf @ Point of Delivery)	2,973 @14.65 PSI
PROPERTY NAME:	WISE 1-25	Btu Factor (Btu per Mcf @ Point of Delivery)	1.1255 Sat.
PROD DATE:	Dec 2014	Volume (MMBtu @ Point of Delivery)	3,346

Base Price Index	$4.2400
Fuel Deduction (Standard)	1.85%
Fee Deduction (Standard)	$0.2000
Additional Fuel Deduction (Third Party)	1.55700%
Additional Fee Deduction (Third Party)	$0.11940
Net Oklahoma Index (NOI) Price	$3.77730
Base Price Percentage	75.00%
Fuel Loss Deduction (Enerfin)	12.35%
Nitrogen Deduction (Enerfin)	0.00%
Net Price Percentage (NNP)	62.64540%
Net Price	$2.3663
Gross Value Before Fixed Fees (Net Volume x Net Price)	$7,917.74
Fees:	$0.00
	$0.00
Gross Value Due	$7,917.74
Less State Severance Taxes	($569.68)
Net Value Due	**$7,348.06**

00614

REPORT : RM452 LEVEL : 1

DATE : 2015/02/12

SUNOCO PARTNERS MARKETING & TERMINALS L.P.

PROPERTY-LEVEL RUN STATEMENT

PAGE : 1

TIME : 22:03

SALES PERIOD : 2015/01

PROPERTY CODE : 1221100000

PROPERTY NAME : WISE #1-25

OPERATOR CODE : 0102938180

OPERATOR NAME : INLAND OPERATING COMPANY

PROPERTY TYPE : ACTIVE FULL RATE

PRODUCT : OKLAHOMA SWEET

FIELD :

COUNTY : OKLAHOMA

STATE : OKLAHOMA

STATE LEASE : 10721439000000

STATE PRODUCER :

FOR ASSISTANCE CONTACT:

(800)-677-0202

(***)-OR -FAX

(281)-637-6207

( )- -

KEEP THIS COPY FOR YOUR RECORDS. DUPLICATES WILL BE FURNISHED FOR A FEE.

TICKET DATE	TICKET NUMBER	TICKET TYPE	ADJ CODE	TANK/METER NUMBER	NET BARRELS	CORR GRAV	AVG PRICE	GROSS VALUE	STATE TAXES	NET VALUE
2015/01/18	T772119	G		12211001	158.01	54.9	43.21	6,827.57	491.80	6,335.77
2015/01/30	0434311	E		00001101	160.22	55.4	43.13	6,911.04	497.81	6,413.23
TOTALS FOR PROPERTY 1221100000 :					318.23			13,738.61	989.61	12,749.00

RM465COB-R1 RUN STATEMENT SUMMARY RUN DATE 02/12/2015
PAGE 1 RUN TIME 22:12
NAME: INLAND OPERATING COMPANY 0102938180

LEASE NO.	LEASE NAME	COUNTY	ST	YYYY/MM	GRAV	BARRELS	PRICE	GROSS	TAXES	NET
1221100000	WISE #1-25	OKLAHOMA	OK	2015/01	54.9	318.23	43.17	13738.61	989.61	12749.00
	TOTAL COUNTY:	OKLAHOMA				318.23		13738.61	989.61	12749.00
	TOTAL STATE:		OK			318.23		13738.61	989.61	12749.00
	TOTAL RECEPIENT					318.23		13738.61	989.61	12749.00

ADJUSTMENT REASON CODE LEGEND

ADJ CODE	DESCRIPTION
H2	WATER TREATMENT ADJUSTMENT FEE
TU	METER MANIFEST TRUE UP
1A	BARREL RE-CALCULATION
1D	INCORRECT PRODUCT CODE
1F	REVERSE DUPLICATE TICKET
1H	HAULED IN ERROR
1U	DELETE UNVALUED TICKET
2A	FRAC OIL ADJUSTMENT
3C	RECEPTION POINT CHANGE
5A	IRS WITHHOLDING
5C	STATE ROYALTY WITHHOLDING
6B	RI SEVERENCE TAX
7B	ROYALTY RECOVERY
7D	PREPAYMENT & RECOUPMENT
7F	RECLASSIFY POS/NEG BALANCE
8A	PRICING CORRECTION
9A	REGULATORY TAX CORRECTION
9C	UNITIZED, PROPERTY

ADJUSTMENT REASON CODE LEGEND

ADJ CODE	DESCRIPTION
MP	MULTI-PURCH OVER/SHORT UNIT
0A	ALLOCATION CORRECTION
1C	TICKET RECORDED IN ERROR
1E	TICKET WITH INCORRECT DATE
1G	ADMIN UPDATES
1T	TICKET # CORRECTION
1Z	LATE TICKET
2R	FRAC OIL RECOVERY
4A	INCORRECT PROPERTY ASSIGNED
5B	LIEN RECOVERY
6A	LEASE OPERATING EXPENSE
7A	OWNERSHIP CORRECTION
7C	REIMBURSEMENT NON-SUN CHECK
7E	GROSS PRODUCTION TAX REFUND
7G	TAX PENALTY RECOUPMENT
8B	SPLIT LOAD
9B	UNSIGNED OWNER
9D	ENHANCED RECOVERY

AS AN ADDITIONAL SERVICE, MAY WE SUGGEST YOU CONSIDER RECEIVING THIS REPORT VIA FAX. TO SIGN UP FOR THIS CONVENIENCE, PLEASE CALL THE HELP DESK AT 1-800-677-0202.

INLAND OPERATING COMPANY
TIM JOHNSTON
TAJOEC@GMAIL.COM
P O BOX 701588
TULSA, OK 74170

0102938180
STMT

STEINEPREIS PAGANIN
Lawyers & Consultants

Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000
GPO Box 2799
Perth WA 6001
Telephone: +61 8 9321 4000
Facsimile: +61 8 9321 4333
Web: www.steinpag.com.au

26 February 2015

Your Ref:
Our Ref: RCS:AH:3859-01
Contact: Roger Steinepreis
Partner
roger@steinpag.com.au

The Directors
Paynes Find Gold Limited
Ground Floor, Suite 1
437 Roberts Road
SUBIACO WA 6008

Dear Sirs

SOLICITOR'S REPORT ON TENEMENTS

As announced on 25 September 2014, Paynes Find Gold Limited (ACN 141 450 624) (**Company**) and Delecta Limited (**Delecta**) entered into a conditional agreement in which the Company was granted an option to acquire all of Delecta's issued capital in Canadian River, Inc. (**Heads of Agreement**). The Heads of Agreement is conditional on, among other things, the completion of a capital raising to be conducted by the Company.

This Report is prepared for inclusion in a prospectus in relation to the capital raising for the offer of up to 80,000,000 shares in the capital of the Company at an issue price of $0.10 cents per share to raise up to $8,000,000 (**Prospectus**).

1. SCOPE

We have been requested to report on certain mining tenements in which the Company has an interest (the **Tenements**).

The Tenements are located in Western Australia. Details of the Tenements are set out in Part I of this Report.

This Report is limited to the Searches (as defined below) set out in Section 2 of this Report.

2. SEARCHES

For the purposes of this Report, we have conducted searches and made enquiries in respect of all of the Tenements as follows (**Searches**):

(a) we have obtained mining tenement register searches of the Tenements from the registers maintained by the Western Australian Department of Mines and Petroleum (**DMP**)(**Tenement Searches**). These searches were conducted on 5 January 2015. Key details on the status of the Tenements are set out in Part I of this Report;

(b) we have obtained results of searches of the schedule of native title applications, register of native title claims, national native title register, register of indigenous land use agreements and national land use agreements as maintained by the National Native Title Tribunal (**NNTT**) for any native title claims (registered or unregistered), native title determinations and indigenous land use agreements (**ILUAs**) that overlap or apply to the Tenements. This material was obtained on 5 January 2015. Details of any native title claims (registered or unregistered), native title determinations and ILUAs are set out in Section 7 of this Report and Part II of this Report;

(c) we have obtained searches from the online Aboriginal Heritage Enquiry System maintained by the Department of Indigenous Affairs (**DIA**) for any Aboriginal sites registered on the Western Australian Register of Aboriginal sites over the Tenements (**Heritage Searches**). These searches were conducted on 5 January 2015. Details of any Aboriginal Sites are set out in Part II of this Report;

(d) we have obtained quick appraisal user searches of Tengraph which is maintained by the DMP to obtain details of features or interests affecting the Tenements (**Tengraph Searches**). These searches were conducted on 5 January 2015. Details of any material issues identified from the Tengraph Searches are set out in the notes to Part 1 of this Report; and

(e) we have reviewed all material agreements relating to the Tenements provided to us and have summarised the material terms (details of which are set out in Part III of this Report). This Report is limited to dealings that are registered or provided to us.

3. OPINION

As a result of our Searches, but subject to the assumptions and qualifications set out in this Report, we are of the view that, as at the date of the relevant Searches this Report provides an accurate statement as to:

(a) (**Company's interest**): the Company's interest in the Tenements;

(b) (**Good standing**): the validity and good standing of the Tenements; and

(c) (**Third party interests**): third party interests, including encumbrances, in relation to the Tenements.

4. EXECUTIVE SUMMARY

Subject to the qualifications and assumptions in this Report, we consider the following to be material issues in relation to the Tenements:

(a) (**Land Affected**) portions of land the subject of P59/1941 and P59/1958 overlap Crown land. Further details are provided in Section 11 of this Report. The Mining Act imposes prohibitions on prospecting, exploration and mining activities and restrictions on access to certain parts of mining tenements that overlap Crown land without the prior agreement of the occupier which commonly involves the tenement holder paying compensation to the occupier of the Crown land. Certain Tenements overlap areas of private land and road reserves. The Company may be required to obtain the consent of the applicable third party interest holders prior to conducting any exploration activities on the affected areas within the Tenements;

(b) (**Rent / Expenditure**): the Company has not met its minimum expenditure commitments for a number of Tenements. Refer to Schedule 1 for details. Exemptions have been applied for in a number of cases. There is a risk that those tenements for which an exemption was not sought correctly may be liable for forfeiture for under expenditure.

(c) (**Royalty**): some of the Tenements which are the subject of the Agreement for Sale of Mining Tenements and Equipment, Plant and Machinery between Douglas Ernest Taylor and Elaine Faye Taylor (as vendors) and First Tech Energy Limited (as purchaser) (**Sale Agreement**) and the subsequent assignment of the Sale Agreement between First Tech Energy Limited and the Company (**Assignment Contract**) are subject to a royalty equal to 2% of the gross revenue derived from those tenements (**Royalty**).

(d) (**Material contracts**): the Company is a party to the Assignment Contract whereby First Tech Energy Limited assigns to the Company the benefit of the Sale Agreement in consideration for the Royalty;

(e) (**Caveats and Plaints**): First Tech Energy Limited has filed consent caveats over M59/10, M59/235, M59/244, M59/662 and M59/663 in relation to an interest in each of those tenements pursuant to an assignment of an agreement between First Tech Energy Limited and the Company and an agreement for sale of mining tenements and equipment, plant and machinery. A consent caveat is a type of caveat under the Mining Act whereby the registration of a dealing or surrender affecting the mining tenement or interest is forbidden in cases where the holder of a mining tenement has entered into an agreement with another for the sale of the holder's interest in the mining tenement or any other matter connected therewith and the agreement provides for the lodgement of the caveat.

In addition, Mark Ferrier lodged absolute caveats over M59/10 and M59/244 in relation to an alleged breach of an agreement and money owed for works. An absolute caveat is a type of caveat under the Mining Act forbidding the registration of a dealing or surrender affecting the mining tenement or interest.

The Company lodged two plaints seeking removal of Mark Ferrier's caveats and a permanent injunction be granted preventing Mark Ferrier from lodging caveats over its tenements on the basis that Mr Ferrier had no basis for lodging the caveats pursuant to an agreement or otherwise.

(f) (**Native title and Aboriginal Tenements**): All of the Tenements are overlapped by a registered native title determination application (Badimia People) and one application not accepted for registration (Badimia #2). One registered Aboriginal heritage ceremonial site is recorded against P59/1924 and the Company is a party to a heritage agreement with the Badimia claim group.

5. DESCRIPTION OF THE TENEMENTS

The Tenements comprise mining leases and prospecting licences granted under the *Mining Act 1978* (WA) (**Mining Act**). The Schedule provides a list of the Tenements. Set out below is a description of the nature and key terms of these types of mining tenements as set out in the Mining Act and potential successor tenements.

5.1 Prospecting licence

Application: A person may lodge an application for a prospecting licence in accordance with the Mining Act. The mining registrar or warden decides whether to grant an application for a prospecting licence. An application for a prospecting licence (unless a reversion application) cannot be legally transferred and continues in the name of the applicant.

Rights: The holder of a prospecting licence is entitled to enter upon land for the purposes of prospecting for minerals with employees and contractors, and such vehicles, machinery and equipment as may be necessary or expedient.

Term: A prospecting licence has a term of 4 years. Where the prospecting licence was applied for and granted after 10 February 2006, the Minister may extend the term by 4 years and if retention status is granted (as discussed below), by a further term or terms of 4 years. Where a prospecting licence is transferred before a renewal application has been determined, the transferee is deemed to be the applicant.

Retention status: The holder of a prospecting licence applied for and granted after 10 February 2006 may apply for approval of retention status for the prospecting licence. The Minister may approve the application where there is an identified mineral resource in or under the land the subject of the prospecting licence, but it is impractical to mine the resource for prescribed reasons. Where retention status is granted, the minimum expenditure requirements are reduced in the year of grant and cease in future years. However, the Minister has the right to impose a program of works or require the holder to apply for a mining lease. The holder of a prospecting licence applied for or granted before 10 February 2006 can apply for a retention licence (see below), rather than retention status.

Conditions: Prospecting licences are granted subject to various standard conditions including conditions relating to minimum expenditure, the payment of rent and observance of environmental protection and reporting requirements. These standard conditions are not detailed in Part 1 of this Report. A failure to comply with these conditions or obtain an exemption from compliance may lead to forfeiture of the prospecting licence.

Relinquishment: There is no requirement to relinquish any portion of the prospecting licence.

Priority to apply for a mining lease: The holder of a prospecting licence has priority to apply for a mining lease over any of the land subject to the prospecting licence. An application for a mining lease must be made prior to the expiry of the prospecting licence. The prospecting licence remains in force until the application for the mining lease is determined.

Transfer: There is no restriction on transfer or other dealing in a prospecting licence.

5.2 Mining lease

Application: Any person may lodge an application for a mining lease, although a holder of a prospecting licence, exploration licence or retention licence over the relevant area has priority. The Minister decides whether to grant an application for a mining lease.

The application, where made after 10 February 2006, must be accompanied by either a mining proposal or a statement outlining mining intentions and a "mineralisation report" indicating there is significant mineralisation in the area over which a mining lease is sought. A mining lease accompanied by a "mineralisation report" will only be approved where the Director, Geological Survey considers that there is a reasonable prospect that the mineralisation identified will result in a mining operation.

Rights: The holder of a mining lease is entitled to mine for and dispose of any minerals on the land in respect of which the lease was granted. A mining lease entitles the holder to do all acts and things necessary to effectively carry out mining operations.

Term: A mining lease has a term of 21 years and may be renewed for successive periods of 21 years. Where a mining lease is transferred before a renewal application has been determined, the transferee is deemed to be the applicant.

Conditions: Mining leases are granted subject to various standard conditions, including conditions relating to expenditure, the payment of prescribed rent and royalties and observance of environmental protection and reporting requirements. An unconditional performance bond may be required to secure performance of these obligations. A failure to comply with these conditions may lead to forfeiture of the mining lease. These standard conditions are not detailed in Part 1 of this Report.

Transfer: The consent of the Minister is required to transfer a mining lease.

6. ABORIGINAL HERITAGE

There may be areas or objects of Aboriginal heritage located on the Tenements

One Aboriginal ceremonial site was identified from the Heritage Searches (as noted in Part II of this Report) on P59/1924.

It is noted that an Aboriginal heritage agreement has been entered into in respect of the Tenements which sets out the obligations of the parties holding an interest in the Tenements (whether title or mineral rights only) in protecting Aboriginal heritage in areas where exploration takes place in a manner that is transparent, timely, certain and cost effective.

Under Aboriginal heritage agreements parties holding an interest in a tenement (whether title or mineral rights only) may dispose of any or all of its rights with respect to their interest in the tenement, but must first procure an executed deed of assumption in favour of the claimant group by which the assignee (purchaser) agrees to be bound by the provisions of the heritage agreement and to assume, observe and perform the obligations of the assignor (vendor) under the heritage agreement insofar as they relate to the interest being acquired by the assignee (purchaser). In the case of the Company such an assumption would be restricted to the obligations relating to the mineral rights (excluding iron ore) on the Tenements.

As heritage agreements relate to the process of 'clearing' areas of land on tenements in order to conduct exploration activities it is possible a purchaser may rely on surveys previously completed by a vendor where it wishes to conduct activities on areas within tenements previously cleared of heritage sites without the requirements to repeat the process and incur additional costs.

6.1 Commonwealth legislation

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

Under the Commonwealth Heritage Act, the Minister for Aboriginal Affairs may make interim or permanent declarations of preservation in relation to significant Aboriginal areas or objects, which have the potential to halt exploration activities. Compensation is payable by the Minister for Aboriginal Affairs to a person who is, or is likely to be, affected by a permanent declaration of preservation.

It is an offence to contravene a declaration made under the Commonwealth Heritage Act.

6.2 Western Australian legislation

Tenements are granted subject to a condition requiring observance of the *Aboriginal Heritage Act 1972 (WA)* (**WA Heritage Act**).

The WA Heritage Act makes it an offence to alter or damage sacred ritual or ceremonial Aboriginal sites and areas of significance to Aboriginal persons (whether or not they are recorded on the register or otherwise known to the Register of Aboriginal Sites, DIA or the Aboriginal Cultural Material Committee).

The Minister's consent is required where any use of land is likely to result in the excavation, alteration or damage to an Aboriginal site or any objects on or under that site.

Aboriginal sites may be registered under the WA Heritage Act. However, there is no requirement for a site to be registered. The WA Heritage Act protects all registered and unregistered sites.

7. NATIVE TITLE

7.1 Introduction

This section of the Report examines the effect of native title on the Tenements.

The existence of native title rights held by indigenous Australians was first recognised in Australia in 1992 by the High Court in the case *Mabo v. Queensland (no.2) (1992) 175 CLR 1* (**Mabo no.2**).

The High Court in Mabo no. 2 held that certain land tenure existing as at the date of that case, including mining tenements, where granted or renewed without due regard to native title rights, were invalid. The High Court concluded that:

(a) native title has been wholly extinguished in respect of land the subject of freehold, public works or other previous "exclusive possession" acts; and

(b) native title has been partially extinguished as a result of the grant of "non-exclusive possession" pastoral leases and mining leases, and also as a result of the creation of certain reserves.

As a result of Mabo no. 2, the *Native Title Act 1993* (Cth) (**NTA**) was passed to:

(a) provide a process for indigenous people to lodge claims for native title rights over land, for those claims to be registered by the NNTT and for the Courts to assess native title claims and determine if native title rights exist. Where a Court completes the assessment of a native title claim, it will issue a native title determination that specifies whether or not native title rights exist;

(b) provide (together with associated State legislation) that any land tenures granted or renewed before 1 January 1994 were valid despite Mabo no. 2 (**Past Acts**). This retrospective validation of land tenure was subsequently extended by the NTA to include freehold and certain leasehold (including pastoral leases) granted or renewed before 23 December 1996 (**Intermediate Period Acts**). Broadly speaking, this means that native title is not extinguished, merely suspended, for the duration of the mining tenement; and

(c) provide that an act that may affect native title rights (such as the grant or renewal of a mining tenement) carried out after 23 December 1996 (a **Future Act**) must comply with certain requirements for the Future Act to be valid under the NTA. These requirements are called the **Future Act Provisions**.

7.2 Future Act Provisions

The Future Act Provisions vary depending on the Future Act to be carried out. In the case of the grant of a mining tenement, typically there are four alternatives: the Right to Negotiate, an ILUA, the Infrastructure Process (defined below) and the Expedited Procedure. These are summarised below.

Right to Negotiate

The Right to Negotiate involves a formal negotiation between the State, the applicant for the tenement and any registered native title claimants and holders of native title rights. The aim is to agree the terms on which the tenement can be granted. The applicant for the tenement is usually liable for any compensation that the parties agree to pay to the registered native title claimants and holders of native title. The parties may also agree on conditions that will apply to activities carried out on the tenement (eg in relation to heritage surveys). The classes of conditions typically included in a mining agreement are set out at section 7.3 below.

If agreement is not reached to enable the tenement to be granted, the matter may be referred to arbitration before the NNTT, which has six (6) months to decide whether the State, the applicant for the tenement and any registered native title claimants and holders of native title rights have negotiated in good faith (only if the issue is raised by one of the parties) and then whether the tenement can be granted and if so, on what conditions. The earliest an application for arbitration can be made to the NNTT is six (6) months after the date of notification of commencement of negotiations by the DMP.

If the Right to Negotiate procedure is not observed, the grant of the mining tenement will be invalid to the extent (if any) that it affects native title.

ILUA

An ILUA is a contractual arrangement governed by the NTA. Under the NTA, an ILUA must be negotiated with all registered native title claimants for a relevant area. The State and the applicant for the tenement are usually the other parties to the ILUA.

An ILUA must set out the terms on which a tenement can be granted. An ILUA will also specify conditions on which activities may be carried out within the tenement. The applicant for a tenement is usually liable for any compensation that the parties agree to pay to the registered native title claimants and holders of native title in return for the grant of the tenement being approved. These obligations pass to a transferee of the tenement.

Once an ILUA is agreed and registered, it binds the whole native title claimant group and all holders of native title in the area (including future claimants), even though they may not be parties to it.

Infrastructure Process

The NTA establishes a simplified process for the carrying out of a Future Act that is the creation of a right to mine for the sole purpose of the construction of an infrastructure facility (**Infrastructure Process**). The NTA defines infrastructure facility to include a range of transportation, marine, aeronautical, electrical, oil, gas, mineral and communication facilities. In Western Australia, DMP applies the Infrastructure Process to two classes of mining tenements:

(a) miscellaneous licences for most purposes under the Mining Regulations 1981 (WA) that but, notably, not for a minesite administration facility or a minesite accommodation facility (both of which are dealt with under the Right to Negotiate) or for a search for groundwater (which is dealt with under the Expedited Procedure); and

(b) most general purpose leases.

The State commences the Infrastructure Process by giving notice of the proposed grant of the tenement to any registered native title claimants or native title holders in relation to the land to be subject to the tenement. Those registered native title claimants or holders have two (2) months after the notification date to object in relation to the effect of the grant of the tenement on any registered or determined native title rights. Any objection is lodged with DMP.

If a registered native title claimant or holder objects, the applicant for the tenement must consult with that claimant or holder about:

(a) ways of minimising the effect of the grant of the tenement on any registered or determined native title rights;

(b) if relevant, any access to the land; and

(c) the way in which anything authorised by the tenement may be done.

If the registered native title claimant or holder does not subsequently withdraw their objection, the State is required to ensure that the objection is heard by an independent person (in Western Australia, this is the Chief Magistrate). The independent person must determine whether or not the registered native title claimant or holder's objection should be upheld or other conditions should be imposed on the tenement.

Expedited Procedure

The NTA establishes a simplified process for the carrying out of a Future Act that is unlikely to adversely affect native title rights (**Expedited Procedure**). The grant of a tenement can occur under the Expedited Procedure if:

(a) the grant will not interfere directly with the carrying on of the community or social activities of the persons who are the holders of native title in relation to the land;

(b) the grant is not likely to interfere with areas or sites of particular significance, in accordance with their traditions, to the persons who are holders of native title in relation to the land; and

(c) the grant is not likely to involve major disturbance to any land or waters concerned or create rights whose exercise is likely to involve major disturbance to any land.

If the State considers the above criteria are satisfied, it commences the Expedited Procedure by giving notice of the proposed grant of the tenement in accordance with the NTA. Persons have until three (3) months after the notification date to take steps to become a registered native title claimant or native title holder in relation to the land to be subject to the tenement.

If there is no objection lodged by a registered native title claimant or a native title holder within four (4) months of the notification date, the State may grant the tenement.

If one or more registered native title claimants or native title holders object within that four (4) month notice period, the NNTT must determine whether the grant is an act attracting the Expedited Procedure. If the NNTT determines that the Expedited Procedure applies, the State may grant the tenement. Otherwise, the Future Act Provisions (eg Right to Negotiate or ILUA) must be followed before the tenement can be granted.

[The State of Western Australia currently follows a policy of granting mining leases, prospecting licences and exploration licences under the Expedited Procedure where the applicant has entered into a standard Aboriginal heritage agreement with the relevant registered native title claimants and native title holders. The standard Aboriginal heritage agreement provides a framework for the conduct of Aboriginal heritage surveys over the land the subject of a tenement prior to the conducting of ground-disturbing work and conditions that apply to activities carried out within the tenement.]

Exception to requirement to comply with Future Act Provisions

The grant of a tenement does not need to comply with the Future Act Provisions if in fact native title has never existed over the land covered by the tenement, or has been validly extinguished prior to the grant of the tenement. We have not undertaken the extensive research needed to determine if in fact native title does not exist, or has been validly extinguished in relation to the Tenements.

Unless it is clear that native title does not exist (eg in relation to freehold land), the usual practice of the State is to comply with the Future Act Provisions when granting a tenement. This ensures the grant will be valid in the event a court determines that native title rights do exist over the land subject to the tenement.

Where a tenement has been retrospectively validated or validly granted under the NTA, the rights under the tenement prevail over any inconsistent native title rights.

Application to the Tenements

The following sections of the Report identify:

(a) any native title claims (registered or unregistered), native title determinations and ILUAs in relation to the Tenements (see Section 7.3);

(b) any Tenements which have been retrospectively validated under the NTA as being granted before 23 December 1996 (see Section 10.3);

(c) any Tenements which have been granted after 23 December 1996 and as such will need to have been granted following compliance with the Future Act Provisions to be valid under the NTA. This Report assumes that the Future Act Provisions have been complied with in relation to these Tenements (see Section 10.3); and

(d) any Tenements which are yet to be granted and as such may need to be granted in compliance with the Future Act Provisions in order to be valid under the NTA (see Section 10.3).

7.3 Native title claims, native title determinations and ILUAs

Our searches indicate that all of the Tenements are within the external boundaries of the native title claim specified in Part II of the Schedule. The claim is yet to be determined by the Federal Court.

Our searches did not return any results for ILUAs in relation to any of the Tenements.

Registered native title claimants are entitled to certain rights under the Future Act Provisions in respect of land in which native title may continue to subsist.

8. FREEHOLD LAND

We have assumed that all of the freehold land the subject of the Tenements was validly granted prior to 23 December 1996 and that therefore:

(a) native title has been extinguished in respect of that land;

(b) registered native title claimants are not entitled to rights under the Future Act Provisions in respect of that land.

On the basis that native title is extinguished over freehold land, the Company will not be required to enter into negotiations with respect to native title in order to conduct its activities.

9. NON-FREEHOLD LAND

Native title may continue to subsist in certain parcels of non-freehold land or 'Crown land', including pastoral leases, vacant/unallocated Crown land and certain Crown reserves that were not vested prior to 23 December 1996 and which have not been subsequently developed as public works.

In particular, native title may continue to subsist in the following parcels within the following Tenements, if those parcels have not been developed as public works:

P59/1941 and P59/1958

Unless it is essential that the Company has access to any of the above-mentioned parcels (or any other non-freehold land), it is recommended that all parcels of non-freehold land are excised from any applications for mining leases. If the Company wishes to undertake mining activities on any of the above-mentioned parcels, we would expect the Right to Negotiate to apply.

10. NATIVE TITLE MINING AGREEMENT

A typical native title mining agreement would impose obligations on the Company in relation to the matters set out below.

(a) **(Compensation)**: The Company would be required to make a number of milestone payments prior to commencement of production (eg at signing of the agreement and at decision to mine). It is currently typical for these payments to total between $150,000 and $350,000. The Company would be required to make a payment based on mineral production, which would be likely to be calculated as a percentage of the 'Royalty Value' of the mineral, as defined by the *Mining Regulations*

1981 (WA). It is currently typical for these payments to be 0.5% of the 'Royalty Value' although they vary by commodity and project. Over the past several years they have ranged between 0.25% and 1%+ of the 'Royalty Value'.

(b) (**Aboriginal heritage**): The Company would be required to give notice prior to any ground-disturbing activities and to conduct an Aboriginal heritage survey through the relevant registered native title claimants prior to doing so. The Company's right to apply to disturb Aboriginal sites under the *Aboriginal Heritage Act 1972* (WA) would be subject to, as a minimum, an obligation to consult with the registered native title claimants prior to doing so.

(c) (**Access**): The Company would be required to avoid unreasonably restricting the registered native title claimants' rights of access to the relevant areas.

(d) (**Environment**): The Company would be required to provide copies of all of its environmental approvals to the registered native title claimants. The Company may be required to consider funding the participation of the registered native title claimants in its environmental survey and monitoring processes.

(e) (**Training, employment and contracting**): The Company would be required to provide certain training, employment and contracting benefits to the registered native title claimants, which may include measures such as funding for Aboriginal scholarships or traineeships, implementation of an Aboriginal training and employment policy and business development assistance for Aboriginal contractors or entities that work with Aboriginal contractors (eg in joint venture arrangements).

(f) (**Cross-cultural awareness**): The Company would be required to ensure that all of its employees and contractors participate in cross-cultural awareness training, which would be likely to be coordinated by the registered native title claimants.

(g) (**Social impact**): The Company may be asked to fund a study into the social impact of its operations, including the social impact on the registered native title claimants.

10.2 Tenements under the NTA

Our Searches indicate that the Tenements are overlapped by registered native title determination application WC1996/098 Badimia People and one application not accepted for registration, WC2012/005 Badimia #2:

Tenements	Native Title Claim	Native Title Determination	ILUA
P59/1959, M59/2, M59/10, M59/235, M59/244, M59/396, M59/662, M59/663, P59/1907, P59/1908, P59/1909, P59/1924, P59/1941, P59/1942, P59/1956, P59/1957 and P59/1958	WC1996/098 Badimia People	Application stage	Not yet determined

The status of any native title claims, native title determinations and ILUAs is summarised in Part II of this Report.

Native title claimants, holders of native title under the determinations and native title parties under ILUAs are entitled to certain rights under the Future Act Provisions.

10.3 Validity of Tenements under the NTA

The sections below examine the validity of the Tenements under the NTA.

Tenements granted before 1 January 1994 (Past Acts)

Our Searches indicate that the following Tenements were granted before 1 January 1994 and as such have been retrospectively validated under the NTA.

Tenement	Date of Grant
M59/2	31/08/1983
M59/10	23/10/1984
M59/235	04/11/1991
M59/244	24/01/1992

Tenements granted between 1 January 1994 and 23 December 1996 (Intermediate Period Acts)

Our Searches indicate that the following Tenement was granted after 1 January 1994 but before 23 December 1996 and as such have been retrospectively validated under the NTA (and associated State legislation) provided the Tenement is over freehold or pastoral or other leasehold interests recognised by the High Court. Where the Tenement is not over such land tenure (we have not determined this), we have assumed that the Future Act Provisions were complied with and that the Tenement is therefore valid under the NTA.

Tenement	Date of Grant
M59/396	23/07/1996

Tenements granted after 23 December 1996

Our Searches indicate that the following Tenements were granted after 23 December 1996.

Tenement	Date of Grant
M59/662 and M59/663	27/10/2009
P59/1907, P59/1908 and P59/1909	18/11/2009
P59/1924	30/09/2010
P59/1941	02/05/2012
P59/1942	22/02/2012
P59/1956, P59/1957, P59/1958 and P59/1959	16/12/2011

We have assumed that these Tenements were granted in accordance with the Future Act Provisions and as such are valid under the NTA.

Tenements renewed after 23 December 1996

Renewals of mining tenements made after 23 December 1996 must comply with the Future Act Provisions in order to be valid under the NTA.

An exception is where the renewal is the first renewal of a mining tenement that was validly granted before 23 December 1996 and the following criteria are satisfied:

- the area to which the mining tenement applies is not extended;
- the term of the renewed mining tenement is not longer than the term of the old mining tenement; and
- the rights to be created are not greater than the rights conferred by the old mining tenement.

In such cases, the mining tenement can be renewed without complying with the Future Act Provisions. It is currently uncertain whether this exemption applies to a second or subsequent renewal of such a mining tenement.

Our Searches indicate that the following Tenements have been renewed after 23 December 1996, and as such, may need to have complied with the Future Act Provisions to be validly renewed. We have assumed that the Future Act Provisions were complied with to the extent necessary.

Tenement	Date of Grant	Date of Renewal
M59/2	21/08/1983	09/09/2004
M59/10	12/10/1984	17/10/2004
M59/235	24/10/1991	30/10/2012
M59/244	21/01/1992	07/12/2012

Renewals of Tenements in the future will need to comply with the Future Act Provisions in order to be valid under the NTA. The registered native title claimants and holders of native title identified in Section 7.3 of this Report will need to be involved as appropriate under the Future Act Provisions.

11. CROWN LAND

The following Tenements overlap Crown land as set out in the table below.

Tenement	Crown land	% overlap
P59/1941	Vacant Crown Land (No 4311)	22.7%
P59/1958	Vacant Crown Land (No 4311)	15.4%

The Mining Act:

(a) prohibits the carrying out of prospecting, exploration or mining activities on Crown land that is less than 30 metres below the lowest part of the natural surface of the land and:

(i) for the time being under crop (or within 100 metres of that crop);

(ii) used as or situated within 100 metres of a yard, stockyard, garden, cultivated field, orchard vineyard, plantation, airstrip or airfield;

(iii) situated within 100 metres of any land that is an actual occupation and on which a house or other substantial building is erected;

(iv) the site of or situated within 100 metres of any cemetery or burial ground; or

(v) if the Crown land is a pastoral lease, the site of or situated within 400 metres of any water works, race, dam, well or bore not being an excavation previously made and used for purposes by a person other than the pastoral lessee,

without the written consent of the occupier, unless the warden by order otherwise directs.

(b) imposes restrictions on a tenement holder passing over Crown land referred to in section 11(a), including:

(i) taking all necessary steps to notify the occupier of any intention to pass over the Crown land;

(ii) the sole purpose for passing over the Crown land must be to gain access to other land not covered by section 11(a) to carry out prospecting, exploration or mining activities;

(iii) taking all necessary steps to prevent fire, damage to trees, damage to property or damage to livestock by the presence of dogs, the discharge of firearms, the use of vehicles or otherwise; and

(iv) causing as little inconvenience as possible to the occupier by keeping the number of occasions of passing over the Crown land to a minimum and complying with any reasonable request by the occupier as to the manner of passage.

(c) requires a tenement holder to compensate the occupier of Crown land:

(i) by making good any damage to any improvements or livestock caused by passing over Crown land referred to in section 11(a) or otherwise compensate the occupier for any such damage not made good; and

(ii) in respect of land under cultivation, for any substantial loss of earnings suffered by the occupier caused by passing over Crown land referred to in section 11(a).

The warden may not give the order referred to in section 11(a) that dispenses with the occupier's consent in respect of Crown land covered by section 11(a)(iii). In respect of other areas of Crown land covered by the prohibition in section 11(a), the warden may not make such an order unless he is satisfied that the land is genuinely required for mining purposes and that compensation in accordance with the Mining Act for all loss or damage suffered or likely to be suffered by the occupier has been agreed between the occupier and the tenement holder or assessed by the warden under the Mining Act.

Although the Company will be able to undertake its proposed activities on those parts of the Tenements not covered by the prohibitions and pass over those parts of the Tenements to which the restrictions do not apply immediately upon listing on ASX, the Company should consider entering into access and compensation agreements with the occupiers of the Crown land upon commencement of those activities in the event further activities are required on other areas of the Tenements which are subject to prohibitions or restrictions.

12. PASTORAL LEASES

P59/1958 overlaps with Pastoral Lease 3114/467 by 51.5%.

The Mining Act:

(a) prohibits the carrying out of mining activities on or near certain improvements and other features (such as livestock and crops) on Crown land (which includes a pastoral lease) without the consent of the lessee;

(b) imposes certain restrictions on a mining tenement holder passing through Crown land, including requiring that all necessary steps are taken to notify the occupier of any intention to pass over the Crown land and that all necessary steps are taken to prevent damage to improvements and livestock; and

(c) provides that the holder of a mining tenement must pay compensation to an occupier of Crown land (ie the pastoral lessee) in certain circumstances, in particular to make good any damage to improvements, and for any loss suffered by the occupier from that damage or for any substantial loss of earnings suffered by the occupier as a result of, or arising from, any exploration or mining activities, including the passing and re-passing over any land.

We have been advised by the Company and the Company has confirmed that to the best of its knowledge it is not aware of any improvements and other features on the land the subject of the pastoral leases which overlaps the Tenements which would require the Company to obtain the consent of the occupier or lease holder or prevent the Company from undertaking its proposed mining activities on the Tenements.

Upon commencing mining operations on any of the Tenements, the Company should consider entering into a compensation and access agreement with the pastoral lease holders to ensure the requirements of the Mining Act are satisfied and to avoid any disputes arising. In the absence of agreement, the Warden's Court determines compensation payable.

The DMP imposes standard conditions on mining tenements that overlay pastoral leases.

13. PRIVATE LAND

Generally and subject to certain exceptions and limitations, private land which is not already subject to a mining tenement is considered open for mining under the Mining Act, and a mining tenement may be issued in relation to such land, entitling the holder to the rights granted thereby. However, a tenement may not be granted in respect of private land which is:

(a) in *bona fide* and regular use as a yard, stockyard, garden, orchard, vineyard, plant nursery or plantation or is land under cultivation or within 100m of that site;

(b) the site of a cemetery or burial ground or within 100 metres of that site;

(c) the site of a dam, bore, well or spring or within 100 metres of that site;

(d) on which there is erected a substantial improvement or within 100 metres of that improvement; or

(e) a parcel of land with an area of 2,000 square metres or less,

unless the written consent of the private landholder and any other occupier is obtained or the tenement is only granted in respect of the land below 30 metres from the surface of the private land. If the tenement is only granted in respect of the land below 30 metres from the surface of the private land, the tenement holder can apply to the Minister for the land between the surface and 30 metres depth to be included in the tenement, which application may be granted provided that the private landowner has consented to such land being included in the tenement.

P59/1941 overlaps with private land equalling 4.7% of the tenement and a cemetery equalling 0.2% of the tenement.

The owners and occupiers of any land where mining takes place are entitled according to their respective interests to compensation for all loss and damage suffered or likely to be suffered by them resulting or arising from the mining, whether or not lawfully carried out. The tenement holder may not commence mining on the surface or within a depth of 30 metres from the surface until compensation has been agreed with the private landowner or paid in accordance with the Mining Act. Compensation may be determined by agreement between the tenement holder and private landowner or occupier, or by the warden.

The owner and any other occupier may be entitled to compensation for:

(a) deprivation of the possession or use of the natural surface or any part of the land;

(b) damage to the land or any part of the land;

(c) severance of the land or any part of the land from other land of, or used by, the owner or occupier;

(d) loss or restriction of a right of way or other easement or right;

(e) loss of, or damage to, improvements;

(f) social disruption;

(g) in the case of private land that is land under cultivation, any substantial loss of earnings, delay, loss of time, reasonable legal or other costs of negotiation, disruption to agricultural activities, disturbance of the balance of the agricultural holding, the failure on the part of a person concerned in the mining to observe the same laws or requirements in relation to that land as regards the spread of weeds, pests, disease, fire or erosion, or as to soil conservation practices, as are observed by the owner or occupier of that land; and

(h) any reasonable expenses properly arising from the need to reduce or control the damage resulting or arising from the mining.

FORFEITURE RISKOur Searches indicate that, as at 5 January 2015, the Tenements set out in the table below have unmet annual minimum expenditure requirements. We understand the DMP allows rent to be paid up to 30 days after the end of the tenement year, while applications for an exemption to expenditure can be lodged up to 60 days after the end of a tenement year.

The relevant tenements may be at risk of forfeiture if rents are not paid when due, if applications for exemption are not lodged within time or, if lodged, expenditure exemptions are not granted by the DMP. The usual outcome with under expenditure is for the DMP to grant an exemption, or a nominal fine is imposed in lieu of forfeiture. However, the Company should confirm whether any material tenements are affected and, if they are, discussions should be held with the DMP to determine if there is a real risk of forfeiture for those tenements.

Tenement	End of previous tenement year	Rent outstanding	Expenditure Outstanding
P59/1956	15/12/2014	N/A	$2,000.00 (no expenditure lodged)
P59/1957	15/12/2014	N/A	$2,000.00 (no expenditure lodged)
P59/1958	15/12/2014	N/A	$2,080.00 (no expenditure lodged)
M59/1959	15/12/2014	N/A	$5,920.00 (no expenditure lodged)

14. ROYALTIES

We have identified the following royalty as applying to certain of the Tenements held by the Company, based on our due diligence investigations:

(a) Royalty - 2% of gross revenue (meaning the amount of revenue received by the Company from the sale of gold) from the following tenements: M59/10, M59/235, M59/244, M59/662 and M59/663.

15. QUALIFICATIONS AND ASSUMPTIONS

This Report is subject to the following qualifications and assumptions:

(a) we have assumed the accuracy and completeness of all Searches, register extracts and other information or responses which were obtained from the relevant department or authority including the NNTT;

(b) we assume that the registered holder of a Tenement has valid legal title to the Tenement;

(c) this Report does not cover any third party interests, including encumbrances, in relation to the Tenements that are not apparent from our Searches and the information provided to us;

(d) we have assumed that any agreements provided to us in relation to the Tenements are authentic, were within the powers and capacity of those who executed them, were duly authorised, executed and delivered and are binding on the parties to them;

(e) with respect to the granting of the Tenements, we have assumed that the State and the applicant for the Tenements have complied with, or will comply with, the applicable Future Act Provisions;

(f) we have assumed the accuracy and completeness of any instructions or information which we have received from the Company or any of its officers, agents and representatives;

(g) unless apparent from our Searches or the information provided to us, we have assumed compliance with the requirements necessary to maintain a Tenement in good standing;

(h) references in Parts I and II of this Report to any area of land are taken from details shown on searches obtained from the relevant department. It is not possible to verify the accuracy of those areas without conducting a survey;

(i) the information in Parts I and II of this Report is accurate as at the date the relevant Searches were obtained. We cannot comment on whether any changes have occurred in respect of the Tenements between the date of the Searches and the date of this Report;

(j) where Ministerial consent is required in relation to the transfer of any Tenement, we express no opinion as to whether such consent will be granted, or the consequences of consent being refused, although we are not aware of any matter which would cause consent to be refused;

(k) we have not conducted searches of the Database of Contaminated Sites maintained by the Department of the Environment and Conservation;

(l) native title may exist in the areas covered by the Tenements. Whilst we have conducted Searches to ascertain that native title claims and determinations, if any, have been lodged in the Federal Court in relation to the areas covered by the Tenements, we have not conducted any research on the likely existence or non-existence of native title rights and interests in respect of those areas. Further, the NTA contains no sunset provisions and it is possible that native title claims could be made in the future; and

(m) Aboriginal heritage sites or objects (as defined in the WA Heritage Act or under the Commonwealth Heritage Act) may exist in the areas covered by the Tenements regardless of whether or not that site has been entered on the Register of Aboriginal Sites established by the WA Heritage Act or is the subject of a declaration under the Commonwealth Heritage Act. We have not conducted any legal, historical, anthropological or ethnographic research regarding the existence or likely existence of any such Aboriginal heritage sites or objects within the area of the Tenements.

16. CONSENT

This report is given for the benefit of the Company and the directors of the Company in connection with the issue of the Prospectus and is not to be disclosed to any other person or used for any other purpose or quoted or referred to in any public document or filed with any government body or other person without our prior consent.

Yours faithfully

STEINEPREIS PAGANIN

PART I – TENEMENT SCHEDULE

TENEMENT	REGISTERED HOLDER / APPLICANT	SHARES HELD	GRANT DATE (APPLICATION DATE)	EXPIRY DATE	AREA SIZE (hectares)	ANNUAL RENT (Next rental year)	MINIMUM ANNUAL EXPENDITURE	REGISTERED DEALINGS/ ENCUMBRANCES	NOTES	NATIVE TITLE AND ABORIGINAL HERITAGE
M59/2	Paynes Find Gold Limited	96	21/08/1983 (Renewed 09/09/2004)	30/08/2025	4.95 HA	Year End 30/08/15 – paid in full Year End 30/08/16 - $80.50	Previous Tenement Year to 30/08/14 – Expended in Full Current Tenement Year to 30/08/15 - $5,000 commitment	None outstanding.	1-19	Refer to Part II of this Report
M59/10	Paynes Find Gold Limited	96	12/10/1984 (Renewed 17/10/2004)	22/10/2026	24.275 HA	Year End 22/10/15 – paid in full Year End 22/10/16 - $402.50	Previous Tenement Year to 22/10/14 – Expended in Full Current Tenement Year to 22/10/15 - $10,000 commitment	Caveat 391731 – First Tech Energy Caveat 455026 – Mark Ferrier Direction Mark Ferrier	2-5, 7, 10-13, 15-16, 19-24	Refer to Part II of this Report
M59/235	Paynes Find Gold Limited	96	24/10/1991 (Renewed 30/10/2012)	03/11/2033	6.004 HA	Year End 03/11/15 – paid in full Year End 03/11/16 - $112.70	Previous Tenement Year to 03/11/14 – Expended in Full Current Tenement Year to 03/11/2015 - $10,000 commitment	Caveat 391726 – First Tech Energy	2-7, 10-11, 13, 15-16, 19, 21, 25-27	Refer to Part II of this Report
M59/244	Paynes Find Gold Limited	100	21/01/1992 (Renewed 07/12/2012)	23/01/2034	91.115 HA	Year End 23/01/15 – paid in full Year End 23/01/16 - $1,481.20	Previous Tenement Year to 23/01/14 – expended in full Current Tenement Year to 23/01/15 - $10,000 commitment	Caveat 391727 – First Tech Energy Caveat 454947 – Mark Ferrier Direction Mark Ferrier	2-7, 10-14, 16-19, 21, 28-31	Refer to Part II of this Report
M59/396	Paynes Find Gold Limited	96	19/07/1996	22/07/2017	4.0495 HA	Year End 22/07/15 – paid in full Year End 22/07/6 - $80.50	Previous Tenement Year to 22/07/14 – expended in full Current Tenement Year to 22/07/15 - $5,000 commitment	None outstanding.	2,4-6, 14, 16-19, 21, 31-38	Refer to Part II of this Report

TENEMENT	REGISTERED HOLDER / APPLICANT	SHARES HELD	GRANT DATE (APPLICATION DATE)	EXPIRY DATE	AREA SIZE (hectares)	ANNUAL RENT (Next rental year)	MINIMUM ANNUAL EXPENDITURE	REGISTERED DEALINGS/ ENCUMBRANCES	NOTES	NATIVE TITLE AND ABORIGINAL HERITAGE
M59/662	Paynes Find Gold Limited	100	27/10/2009	26/10/2030	38.95 HA	Year End 26/10/15 – paid in full Year End 26/10/16 - $627.90	Previous Tenement Year to 26/10/14 – expended in full Current Tenement Year to 26/10/15 - $10,000 commitment	Caveat 391728 – First Tech Energy	2, 5A, 6, 21, 35, 40-44	Refer to Part II of this Report
M59/663	Paynes Find Gold Limited	100	27/10/2009	26/10/2030	13.6382 HA	Year End 26/10/15 – paid in full Year End 26/10/16 - $225.40	Previous Tenement Year to 26/10/14 – expended in full Current Tenement Year to 26/10/15 - $10,000 commitment	Caveat 391730 – First Tech Energy	2, 5A, 6, 21, 35, 40-43	Refer to Part II of this Report
P59/1907	Paynes Find Gold Limited	100	18/11/2009	17/11/2017	8 HA	Year End 17/11/15 – paid in full Year End 17/11/16 - $23.50	Previous Tenement Year to 17/11/14 – expended in full Current Tenement Year to 17/11/15 - $2,000 commitment	None outstanding.	4, 5A, 6, 21, 53-54	Refer to Part II of this Report
P59/1908	Paynes Find Gold Limited	100	18/11/2009	17/11/2017	0.60 HA	Year End 17/11/15 – paid in full Year End 17/11/16 - $23.50	Previous Tenement Year to 17/11/14 – expended in full Current Tenement Year to 17/11/15 - $2,000 commitment	None outstanding.	4, 5A, 6, 53-54	Refer to Part II of this Report
P59/1909	Paynes Find Gold Limited	100	18/11/2009	17/11/2017	0.015 HA	Year End 17/11/15 – paid in full Year End 17/11/16 - $23.50	Previous Tenement Year to 17/11/14 – expended in full Current Tenement Year to 17/11/15 - $2,000 commitment	None outstanding.	4, 5A, 6, 21, 53-54	Refer to Part II of this Report
P59/1924	Paynes Find Gold Limited	96	30/09/2010	29/09/2018	43.08 HA	Year End 29/09/15 – paid in full Year End 29/09/16 - $103.40	Previous Tenement Year to 29/09/14 – expended in full Current Tenement Year to 29/09/15 - $2,000 commitment	None outstanding.	4, 5A, 6, 17-19, 21, 31, 37-39, 43, 45, 53-54	Refer to Part II of this Report

TENEMENT	REGISTERED HOLDER / APPLICANT	SHARES HELD	GRANT DATE (APPLICATION DATE)	EXPIRY DATE	AREA SIZE (hectares)	ANNUAL RENT (Next rental year)	MINIMUM ANNUAL EXPENDITURE	REGISTERED DEALINGS/ ENCUMBRANCES	NOTES	NATIVE TITLE AND ABORIGINAL HERITAGE
P59/1941	Paynes Find Gold Limited	100	02/05/2012	01/05/2016	174.1402 HA	Year End 01/05/15 – paid in full Year End 01/05/16 - $411.25	Previous Tenement Year to 01/05/14 – expended in full Current Tenement Year to 01/05/15 - $7,000 commitment	None outstanding.	5A, 6, 21, 28, 43, 46-54	Refer to Part II of this Report
P59/1942	Paynes Find Gold Limited	100	22/02/2012	21/02/2016	84.06880 HA	Year End 21/02/15 – paid in full Year End 21/02/16 - $199.75	Previous Tenement Year to 21/02/2014 – expended in full Current Tenement Year to 21/02/15 - $3,400 commitment	None outstanding.	5A, 6, 21, 28, 43, 53-54	Refer to Part II of this Report
P59/1956	Paynes Find Gold Limited	100	16/12/2011	15/12/2015	4.69960 HA	Year End 15/12/15 – paid in full Year End 15/12/16 - $23.50	Previous Tenement Year to 15/12/2014 – No expenditure lodged Current Tenement Year to 15/12/15 - $2,000 commitment	None outstanding.	5A, 6,, 21, 43, 53-54	Refer to Part II of this Report
P59/1957	Paynes Find Gold Limited	100	16/12/2011	15/12/2015	4.65910 HA	Year End 15/12/15 – paid in full Year End 15/12/16 - $23.50	Previous Tenement Year to 15/12/14 – No expenditure lodged Current Tenement Year to 15/12/15 - $2,000 commitment	None outstanding.	5A, 6,, 21, 28, 43, 53-54	Refer to Part II of this Report
P59/1958	Paynes Find Gold Limited	100	16/12/2011	15/12/2015	51.13130 HA	Year End 15/12/15 – paid in full Year End 15/12/16 - $122.20	Previous Tenement Year to 15/12/14 – no expenditure lodged Current Tenement Year to 15/12/15 - $2,080 commitment	None outstanding.	5A, 6,, 21, 43, 53-56	Refer to Part II of this Report
P59/1959	Paynes Find Gold Limited	100	16/12/2011	15/12/2015	147.19450 HA	Year End 15/12/15 – paid in full Year End 15/12/16 - $347.80	Previous Tenement Year to 15/12/14 – no expenditure lodged Current Tenement Year to 15/12/15 -	None outstanding.	5A, 6,, 21, 28, 43, 53-54, 57-58	Refer to Part II of this Report

TENEMENT	REGISTERED HOLDER / APPLICANT	SHARES HELD	GRANT DATE (APPLICATION DATE)	EXPIRY DATE	AREA SIZE (hectares)	ANNUAL RENT (Next rental year)	MINIMUM ANNUAL EXPENDITURE	REGISTERED DEALINGS/ ENCUMBRANCES	NOTES	NATIVE TITLE AND ABORIGINAL HERITAGE
							$5,920 commitment			

Key to Tenement Schedule

P – Prospecting Licence

M – Mining Lease

References to numbers in the "Notes" column refers to the notes following this table.
References to letters in the "Notes" column refers to the material contracts which are summarised in Part III of this Report.
Unless otherwise indicated, capitalised terms have the same meaning given to them in the Prospectus.
Please refer to Part II of this Report for further details on native title and Aboriginal heritage matters.

Notes:

Tenement conditions and endorsements

1.	The lessee's attention is drawn to the royalty provisions of the Mining Act and the requirement to submit production reports and royalty returns.
2.	Survey
3.	Compliance with the provisions of the Aboriginal Heritage Act, 1972 to ensure that no action is taken which is likely to interfere with or damage any Aboriginal Site.
4.	All costeans and other disturbances to the surface of the land made as a result of exploration, including drill pads, grid lines and access tracks, being backfilled and rehabilitated to the satisfaction of the Environmental Officer, Department of Industry and Resources (DoIR). Backfilling and rehabilitation being required no later than 6 months after excavation unless otherwise approved in writing by the Environmental Officer, DoIR.
5.	Unless the written approval of the Environmental Officer, DoIR is first obtained, the use of scrapers, graders, bulldozers, backhoes or other mechanised equipment for surface disturbance or the excavation of costeans is prohibited. Following approval, all topsoil being removed ahead of mining operations and separately stockpiled for replacement after backfilling and/or completion of operations.
5A.	Unless the written approval of the Environmental Officer, DMP is first obtained, the use of drilling rigs, scrapers, graders, bulldozers, backhoes or other mechanised equipment for surface disturbance or the excavation of costeans is prohibited. Following approval, all topsoil being removed ahead of mining operations and separately stockpiled for replacement after backfilling and/or completion of operations.
6.	All waste materials, rubbish, plastic sample bags, abandoned equipment and temporary buildings being removed from the mining tenement prior to or at the termination of exploration programme
7.	No developmental or productive mining or construction activity being commenced until the tenement holder has submitted a plan of the proposed operations and measures to safeguard the environment to the Director, Environment, DoIR for assessment; and until his written approval has been obtained.
8.	The lessee within three (3) months of imposition of this condition, submitting a plan at the ongoing mining operations and measures to safeguard the environment to the State Mining Engineer for assessment and written approval.
9.	The construction and operation of the project and measures to protect the environment being carried out generally in accordance with the document titled: · "Havela Gold M59/02 NOI 4036" dated 25 June 2002 and retained on Department of Mineral and Petroleum Resources File No. 4230/01; · (Reg ID 34254) "Paynes Find Gold Limited - Small Mining Proposal - Allivial Gold" dated June 2012 and signed by Douglas Taylor and retained on Department

	of Mines and Petroleum File No. EARS-MP-34254; · (Reg ID 34254) "Mine Closure Plan Small Operations Payne's Find Gold" dated 13 February 2012 and signed by Douglas Taylor and retained on Department of Mines and Petroleum File No. EARS-MP-34254 Where a difference exists between the above document(s) and the following conditions, then the following conditions shall prevail.
10.	The development and operation of the project being carried out in such a manner so as to create the minimum practicable disturbance to the existing vegetation and natural landform.
11.	All topsoil being removed ahead of all mining operations from sites such as pit areas, waste disposal areas, ore stockpile areas, pipeline, haul roads and new access roads and being stockpiled for later respreading or immediately respread as rehabilitation progresses.
12.	At the completion of operations, all buildings and structures being removed from site or demolished and buried to the satisfaction of the State Mining Engineer.
13.	All rubbish and scrap is to be progressively disposed of a suitable manner.
14.	On the completion of operations or progressively when possible, all waste dumps, tailings storage facilities, stockpiles or other mining related landforms must be rehabilitated to form safe, stable, non-polluting structures which are integrated with the surrounding landscape and support self sustaining, functional ecosystems comprising suitable, local provenance species or alternative agreed outcome to the satisfaction of the Executive Director, Environment Division, DMP.
15.	Any alteration or expansion of operations within the lease boundaries beyond that outlined in the above document(s) not commencing until a plan of operations and a programme to safeguard the environment are submitted to the Executive Director, Environment Division, DMP for his assessment and until his written approval to proceed has been obtained.
16.	The lessee submitting to the Executive Director, Environment Division, DMP, a brief annual report outlining the project operations, minesite environmental management and rehabilitation work undertaken in the previous 12 months and the proposed operations, environmental management plans and rehabilitation programmes for the next 12 months. This report to be submitted each year in: • June as to tenements M59/2; M59/244; M59/396 • July as to tenements M59/10; M59/235
17.	The lessee taking all reasonable measures to prevent or minimise the generation of dust from all materials handling operations, stockpiles, open areas and transport activities.
18.	Where saline water is used for dust suppression, all reasonable measures being taken to avoid any detrimental effects to surrounding vegetation and topsoil stockpiles.
19.	A Mine Closure Plan is to be submitted in the Annual Environmental Reporting month specified in tenement conditions in the year specified below, unless otherwise directed by an Environmental Officer, DMP. The Mine Closure Plan is to be prepared in accordance with the "Guidelines for Preparing Mine Closure Plans" available on DMP's website: • 2015
20.	All topsoil being removed ahead of mining operations and stockpiled for replacement in accordance with the directions of the District Mining Engineer.
21.	All surface holes drilled for the purpose of exploration are to be capped, filled or otherwise made safe after completion.
22.	The lessee within three months of the imposition of this condition submitting a plan of the ongoing mining operations and measures to safeguard the environment to the Director, Environment, DoIR for his assessment and written approval.
23.	The construction and operation of the project and measures to protect the environment being carried out generally in accordance with the documents titled: • "Mining Leases 59/2, 59/10, 59/235" dated 30/5/92 and retained on Department of Minerals and Energy File No. 2158/92. • Application to Push up Alluvial M59/10" (EXP 5160) dated 29 October 2005 and retained on Department of Industry and Resources file No. 4230/01. • Where a difference exists between the above document(s) and the following conditions, then the following conditions shall prevail.
24.	At the completion of operations, or progressively where possible, all access roads and other disturbed areas being covered with topsoil, deep ripped and revegetated with local native grasses, shrubs and trees to the satisfaction of the State Mining Engineer.
25.	The construction and operation of the project and measures to protect the environment being carried out generally in accordance with the document titled:

	• "Paynes Find Low Impact Mining Proposal" (MP 5928) dated 10 January 2008, signed by Douglas Taylor and retained on Department of Industry and Resources File No. E0019/200801 Where a difference exists between the above document(s) and the following conditions, then the following conditions shall prevail.
26.	At the completion of operations, all buildings and structures being removed from site or demolished and buried to the satisfaction of the Environmental Officer, Department of Industry and Resources.
27.	At the completion of operations, or progressively where possible, all access roads and other disturbed areas being covered with topsoil, deep ripped and revegetated with local native grasses, shrubs and trees to the satisfaction of the Environmental Officer, Department of Industry and Resources.
28.	No excavation, excepting shafts, approaching closer to the Great Northern Highway, Highway verge or the road reserve than a distance equal to twice the depth of the excavation and mining on the Great Northern Highway and Highway verge being confined to below a depth of 30 metres from the natural surface, and on any other road or road verge, to below a depth of 15 metres from the natural surface.
29.	No mining on Mineral Processing Reserve 15209 without the prior written consent of the Minister for Mines.
30.	A) The construction and operation of the project and measures to protect the environment being carried out generally in accordance with the document titled: • "Mining Lease 59/244 Paynes Find Notice of Intention" dated 08 June 1992. • "Notice of Intent - Low Impact Mining Operation" dated 21 August 1995.and bot retained on Mines Department File No. 2161/92 • "Paynes Find Low Impact Mining Proposal" (MP 5928) dated 10 January 2008, signed by Douglas Taylor and retained on Department of Industry and Resources File No. E0019/200801; • (Reg ID 34254) "Paynes Find Gold Limited - Small Mining Proposal - Allivial Gold" dated June 2012 and signed by Douglas Taylor and retained on Department of Mines and Petroleum File No. EARS-MP-34254; • (Reg ID 34254) "Mine Closure Plan Small Operations Payne's Find Gold" dated 13 February 2012 and signed by Douglas Taylor and retained on Department of Mines and Petroleum File No. EARS-MP-34254 Where a difference exists between the above documents and the following conditions, then the following conditions shall prevail.
31.	Any alteration or expansion of operations within the lease boundaries beyond that outlined in the above document(s) not commencing until a plan of operations and a programme to safeguard the environment are submitted to the Executive Director, Environment Division, DMP for his assessment and until his written approval to proceed has been obtained.
32.	The lessee's attention is drawn to the provisions of the Aboriginal Heritage Act, 1972.
33.	The lessee notifying the holder of any underlying pastoral lease by certified mail and taking all reasonable steps to notify by telephone or contact in person prior to undertaking airborne geophysical surveys or any ground disturbing activities utilising equipment such as scrapers, graders, bulldozers, backhoes, drilling rigs; water carting equipment or other mechanised equipment.
34.	The lessee/licensee or transferee, as the case may be, shall within thirty (30) days of receiving written notifications of: • the grant of the lease/licence; and • registration of a transfer introducing a new lessee/licensee. advise, by certified mail, the holder of any underlying pastoral lease details of the grant or transfer.
35.	The lessee submitting a plan of proposed operations and measures to safeguard the environment to the Director, Environment, DoIR for his assessment and written approval prior to commencing any developmental or productive mining or construction activity.
36.	No excavation, excepting shafts, approaching closer to the Great Northern Highway, Highway verge or the road reserve than a distance equal to or twice the depth of the excavation and mining on the Great Northern Highway or Highway verge being confined to below a depth of 30 metres from the natural surface.
37.	The construction and operation of the project and measures to protect the environment to be carried out in accordance with the document titled: • (Reg ID 34254) "Paynes Find Gold Limited - Small Mining Proposal - Allivial Gold" dated June 2012 and signed by Douglas Taylor and retained on Department of Mines and Petroleum File No. EARS-MP-34254; • (Reg ID 34254) "Mine Closure Plan Small Operations Payne's Find Gold" dated 13 February 2012 and signed by Douglas Taylor and retained on Department of

	Mines and Petroleum File No. EARS-MP-34254 Where a difference exists between the above document(s) and the following conditions, then the following conditions shall prevail.
38.	The development and operation of the project being carried out in such a manner so as to create the minimum practicable disturbance to the existing vegetation and natural landform.
39.	On the completion of operations or progressively when possible, all waste dumps, tailings storage facilities, stockpiles or other mining related landforms must be rehabilitated to form safe, stable, non-polluting structures which are integrated with the surrounding landscape and support self sustaining, functional ecosystems comprising suitable, local provenance species or alternative agreed outcome to the satisfaction of the Executive Director, Environment Division, DMP.
40.	The Lessee's attention is drawn to the provisions of the Aboriginal Heritage Act 1972 and any Regulations thereunder.
41.	The Lessee's attention is drawn to the Environmental Protection Act 1986 and the Environmental Protection (Clearing of Native Vegetation) Regulations 2004, which provides for the protection of all native vegetation from damage unless prior permission is obtained.
42.	Persons claiming native title to the land the subject of this mining tenement entered into a deed under the Native Title Act 1993 with the State of Western Australia, the Minister responsible for the Mining Act 1978 and the tenement holder agreeing to the grant of the tenement. Copies of the deed were given to the National Native Title Tribunal pursuant to Section 34 of the Native Title Act and filed at the Department of Mines and Petroleum.
43.	All disturbances to the surface of the land made as a result of exploration, including costeans, drill pads, grid lines and access tracks, being backfilled and rehabilitated to the satisfaction of the Environmental Officer, Department of Mines and Petroleum (DMP). Backfilling and rehabilitation being required no later than 6 months after excavation unless otherwise approved in writing by the Environmental Officer, DMP.
44.	Mining on any road, road verge or road reserve being confined to below a depth of 15 metres from the natural surface.
45.	The prior written consent of the minister responsible for the Mining Act 1978 being obtained before commencing any prospecting activities on CR 14973 WATER ACT 57 VIC 20.
46.	The grant of this Licence does not include any private land referred to in Section 29(2) of the Mining Act 1978 except that below 30 metres from the natural surface of the land.
47.	The abstraction of groundwater is prohibited unless a current licence to construct/alter a well and a licence to take groundwater has been issued by the DoW.
48.	The grant of this Licence does not include land the subject of Mining Lease 59/722 and Prospecting Licence 59/1631.
49.	No interference with Geodetic Survey Station Ninghan 130 and mining within 15 metres thereof being confined to below a depth of 15 metres from the natural surface.
50.	The prior written consent of the Minister responsible for the Mining Act 1978 being obtained before commencing any prospecting activities on Recreation Reserve 38039, Water Supply Reserve 14972 & Repeater Station Site Reserve 4299.
51.	No prospecting activities on Cemetery Reserve CR 21873 and such activities within a distance of 140 metres laterally from the Reserve being confined to below a depth of 50 metres from the lowest part of the surface of the land with rights of ingress to and egress from the said Reserve being at all times preserved to the public.
52.	No interference with Geodetic Survey Station SSM-NINGHAN 130 and mining within 15 metres thereof being confined to below a depth of 15 metres from the natural surface.
53.	The Licensee's attention is drawn to the provisions of the Aboriginal Heritage Act 1972 and any Regulations thereunder.
54.	The Licensee's attention is drawn to the Environmental Protection Act 1986 and the Environmental Protection (Clearing of Native Vegetation) Regulations 2004, which provides for the protection of all native vegetation from damage unless prior permission is obtained.
55.	The Licensee notifying the holder of any underlying pastoral or grazing lease by telephone or in person, or by registered post if contact cannot be made, prior to undertaking airborne geophysical surveys or any ground disturbing activities utilising equipment such as scrapers, graders, bulldozers, backhoes, drilling rigs; water carting equipment or other mechanised equipment.
56.	The Licensee or transferee, as the case may be, shall within thirty (30) days of receiving written notification of:- • the grant of the Licence; or

	• registration of a transfer introducing a new Licensee; advise, by registered post, the holder of any underlying pastoral or grazing lease details of the grant or transfer.
57.	No interference with Geodetic Survey Station SSM-NINGHAN 71 and mining within 15 metres thereof being confined to below a depth of 15 metres from the natural surface.
58.	No interference with the use of the Aerial Landing Ground and mining thereon being confined to below a depth of 15 metres from the natural surface.

PART II – NATIVE TITLE CLAIMS

TRIBUNAL NUMBER	FEDERAL COURT NUMBER	APPLICATION NAME	REGISTERED	IN MEDIATION	STATUS
WC1996/098	WAD6123/1998	CG (deceased) & Ors v State of Western Australia & Ors (Badimia People)	Registered from 4/10/1996	Yes	Active

NATIVE TITLE DETERMINATIONS

None

ILUAs

The land the subject of the Tenements is not subject to any ILUAs.

HERITAGE AGREEMENT

Heritage Agreement between the Company and The Yamatji Marlpa Aboriginal Corporation as agent for Badimia Claim Group.

ABORIGINAL HERITAGE SITES – WESTERN AUSTRALIA

There is one registered Aboriginal site which overlaps mining tenement P59/1924.

SITE ID	SITE NAME	RESTRICTIONS TO INFORMATION	SITE TYPE	STATUS
4529	Paynes Find Reserve 14973	No file, boundary or gender restrictions	Ceremonial	Registered site

PART III – MATERIAL CONTRACT SUMMARY

Agreement for Sale of Mining Tenements and Equipment, Plant and Machinery (**Sale Agreement**)/Assignment of Contract (**Assignment**)

Douglas Ernest Taylor and Elaine Faye Taylor entered into an agreement with First Tech Energy Limited for the sale of mining tenements and equipment, plant and machinery for the consideration of $3,000,000 cash and 5,000,000 Shares in the Company. The Sale Agreement was conditional on, among other things, First Tech Energy Limited assigning its interest to the Company and the Company and First Tech Energy Limited entered into the Assignment.

The Assignment provides that:

- First Tech Energy Limited assigns to the Company the benefit of the Sale Agreement following admission to the official list of the ASX;
- the right to enter upon the tenements the subject of the Sale Agreement and explor for and extract minerals is reserved to First Tech Energy Limited and following registration of the tenements in the name of the Company, First Tech Energy Limited shall be entitled to register a caveat against each of those tenements to secure its interest;
- as consideration for the Assignment, the Company has agreed to pay to First Tech Energy Limited the Royalty equal to 2% of the amount received by the Company from the sale of gold from the tenements; and
- the Company must not assign any of its interest in the tenements to any third party unless it first obtains from the third party a deed of covenant in favour of First Tech Energy Limited nor must it mortgage, charge or otherwise encumber its interest in the tenements unless the mortgagee, charge or encumbrance first executes a deed where it covenants in favour of First Tech Energy Limited that upon exercise of any power of sale, it will procure that the purchaser executes a deed in favour of First Tech Energy Limited agreeing to assume the obligation to pay the Royalty.

11. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

11.1 Directors and key personnel

Biographies for the Directors are set out in Section 4.18

11.2 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted *The Corporate Governance Principles and Recommendations (2nd Edition)* as published by ASX Corporate Governance Council (**Recommendations**).

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website www.paynesfindgold.com/corpgovernance.

Board of directors

The Board is responsible for corporate governance of the Company. The Board develops strategies, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

(a) maintain and increase Shareholder value;

(b) ensure a prudential and ethical basis for the Company's conduct and activities; and

(c) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

(a) developing initiatives for profit and asset growth;

(b) reviewing the corporate, commercial and financial performance of the Company on a regular basis;

(c) acting on behalf of, and being accountable to, the Shareholders; and

(d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

Composition of the Board

Election of Board members is substantially the province of the Shareholders at general meetings.

Identification and management of risk

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

Remuneration arrangements

The remuneration of an executive Director will be decided by the Board without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders at a general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed $300,000 per annum.

In addition, a Director may be paid fees or other amounts (i.e., subject to any necessary Shareholder approval, non-cash performance incentives such as options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

Trading policy

The Board has adopted a trading policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the managing director). The policy generally provides that the written acknowledgement of the chair (or the Board in the case of the chairman) must be obtained prior to trading.

External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

Audit committee

The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee including, but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems, and the external audit function.

Diversity policy

The Board has adopted a diversity policy which provides a framework for the Company to achieve a diverse and skilled workforce, with a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, including improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

11.3 Departures from Recommendations

The Company is required to disclose the extent to which it follows the Recommendations during each financial year in its annual financial report. Where applicable any departures from the Recommendations must be separately identified and explained.

The Company's departures from the Recommendations as at the date of this Prospectus are annexed to this Prospectus at Annexure 1.

12. MATERIAL CONTRACTS

12.1 Agreements relating to the CRI Acquisition

12.1.1 Agreement with Delecta Limited

A summary of the material terms of this agreement are set out in Section 4.2.

12.1.2 Binding Heads of Agreement between Canadian River, Inc. and Inland Oil & Gas, LLC (HOA)

Stage 1 Assets

CRI and Inland Oil & Gas entered into the HOA on 19 September 2014. In accordance with its terms, CRI acquired from Inland Oil and Gas an 80% working interest (58% net revenue interest) in Inland Oil & Gas's oil and gas project located in Okfuskee County in Oklahoma, known as the "**Wise 1-25 Project**". The assets in which CRI acquired its interests as a result of the HOA are:

(a) five oil and gas (and mineral) leases (the **Wise 1-25 Leases**):

(b) the first drilled well on land covered by the Wise 1-25 Leases (**Wise -25 Well**);

(c) all personal property, equipment, fixtures, inventory and improvements located on or used in connection with the Wise 1-25 Well and the Wise 1-25 Leases;

(d) geological, geophysical and engineering data relating to the Wise 1-25 Well and the Wise 1-25 Leases;

(e) all utilisation, commoditisation and pooling declarations, orders and agreements related to the Wise 1-25 Well and the Wise 1-25 Leases; and

(f) any easements, rights of way, surface leases, subsurface leases, water use agreements, permits or licences owned, held or operated in connection to the Wise 1-25 Well or the Wise 1-25 Leases

(together the **Wise 1-25 Assets**).

In addition, CRI was granted a right of tie-in and use of (i) electric lines, (ii) a salt water disposal well and (iii) natural gas pipelines and manifold system for use in well operations, disposal of salt water and transmission of natural gas.

Consideration and Fees

The consideration payable by CRI to Inland Oil & Gas on a turnkey basis in respect of the above assets (**Stage 1**) shall be $3 million USD. This figure represents CRI's estimated total costs for drilling the Wise 1-25 well to 4,500 feet. Thereafter each of CRI and Inland Oil & Gas are responsible for their respective working interests and proportionate share of costs and expenses. Inland Oil & Gas shall bear all operating costs and expenses related to the drilling of the Wise 1-25 Well including costs and expenses in excess of the consideration paid by CRI. Costs incurred in respect of the Wise 1-25 Assets which are not attributed to the Wise 1-25 Well are to be divided between Inland Oil & Gas and CRI according to their respective proportions.

In addition to the consideration paid, CRI shall pay Inland Oil & Gas a monthly administration fee of $1,000 for the salt water disposal well. CRI have paid Inland Oil & Gas a $50,000 deposit for the purpose of paying any post turnkey expenses attributable to CRI's working interest.

Stage 2 - option to earn additional interests

The HOA provides that in the event closing of the acquisition of the Wise 1-25 Assets occurs and full payment is made (as set out above), Inland Oil & Gas shall grant to CRI an option (**Option**) to earn:

(a) an 80% working interest (54% net revenue interest) in a further four wells being the Wilcox option wells and the Woodford option well (**Option Wells**); and

(b) an additional 4% net revenue interest in all wells drilled on lands and leases covered by the "option areas" (save for the Option Wells), being section 25 and 36 of the Township 10 North range in Okuskee County.

As with the Wise 1-25 Assets, the Option includes, amongst others, a right to the Williamson salt water disposal well and other facilities, personal property, equipments, easements, rights of way, geological data and other agreements pertaining to the Option Wells (**Option Assets**).

No consideration is payable for the grant of the option, but CRI shall pay Inland Oil & Gas $4,875,000 USD on a turnkey basis upon exercise of the Option as well as a monthly administration fee of $1,000 USD per well. As with Stage 1, the consideration is reflective of CRI's total expected costs in respect of the Option Assets and Inland Oil & Gas shall be responsible for costs and expenses in excess of this.

Upon close of the Option and the Wise 1-25 Well being finalised, Inland Oil & Gas shall drill three new wells to test the Wilcox formation and one new well to test the Woodford Shale formation. The Option Wells will be tied into to the electric lines, the salt water disposal well and the gas transmission pipelines that are already in place. Inland Oil & Gas shall perform all legal, regulatory, acquisition and operational work necessary to ensure the transfer of the Option Assets.

Inland Operating Company shall remain the operator of the Wise 1-25 Assets and the Option Assets unless and until such position is terminated in accordance with the terms of the Joint Operating Agreement (see details at paragraph 12.13 below).

Liabilities and Warranties

Each party shall maintain the Wise 1-25 Assets and the Option Assets and keep all leases in good standing, free from liability and shall each observe and perform all stipulations and conditions.

Inland represents, amongst others, that its title to each of the Wise 1-25 Assets and the Option Assets shall be "Defensible Title", meaning that each are (i) free from reasonable doubt, such that a prudent person engaged in the business of ownership, development and operation of oil and gas properties, with knowledge of all of the facts and their legal effect, would be willing to accept the same; and (ii) free and clear of all liens, encumbrances, obligations or defects.

CRI has provided general representations including that it has the power to enter into the HOA, that there are no claims that would have a material adverse effect on the Wise 1-25 Assets or Option Assets, and that no event of insolvency has occurred.

Each of CRI and Inland Oil & Gas indemnifies the other for breach of the HOA (for losses, claims, costs, demands, liabilities and expenses) and both indemnify Inland Operating Company as operator. Inland Operating Company shall in turn indemnify and hold harmless CRI and Inland Oil & Gas against damages arising as a result of the 1st and/or 2nd stage caused its gross or concurrent negligence.

If either party is in material breach, that party shall continue to be liable for damages and specific performance relating to the default regardless of termination of the HOA.

Either party may assign its rights under the HOA to an affiliated company but the assigning party shall remain liable for all of its obligations. Assignment to a non-affiliated company by either party must be with the prior written approval of the other party.

12.1.3 Wise 1-25 Joint Operating Agreement between Canadian River Inc Inland Oil & Gas, LLC and Inland Operating Company, LLC (JOA)

Subsequent to the HOA, each of Inland Oil & Gas, CRI and Inland Operating entered into the JOA dated 19 September 2014 with the purpose of exploring and developing the oil and gas leases and/or interests within the Wise # 1-25 Project area (**Contract Area**) for the production of oil and gas. In accordance with the HOA, Inland Oil & Gas holds a 20% interest in the Assets (as defined in para 12.1.2 above) and CRI has an 80% interest, whilst Inland Operating is the operator of the Contract Area.

As parties to the JOA, each of Inland Oil & Gas and CRI are deemed to hold both the royalty interests in the leases as well as the interests of the lessee (i.e. their own interests). Accordingly, the costs and liabilities incurred as a result of the operations shall be attributed to each of Inland Oil & Gas and CRI pursuant to their interests. Between them, Inland Oil & Gas and CRI shall own all production of oil and gas from the Contract Area, subject to the payment of royalties and other applicable burdens, and neither shall be responsible to the other for the demands of a party's lessor or royalty owner. Any party who burdens its interest with a subsequently created interest (i.e. as security or an overriding burden) shall indemnify the other against any liability.

Loss of title

Should any interest or lease be lost through failure of title which cannot be rectified within 90 days, the party who contributed the lease shall bear all losses and is prevented from recovering development or operating costs previously incurred from the other party or the Operator. No retroactive adjustment of expenses shall be allowed and any increase in proportionate costs to the other party as a result of the lost interest shall be borne by the party who contributed the lease/interest. The interests of the parties shall be revised on an acreage basis as at the date on which the title failure occurred. Any liability to account to a person not party to the JOA shall be borne severally by each party which has such an obligation to account, and that party shall indemnify the other parties to the JOA.

Loss of title through non-payment which is not rectified within 90 days shall also result in the interests of the parties being revised on an acreage basis but the party who failed to make proper payment shall no longer be credited with an interest in the Contract Area. Such defaulting party shall be reimbursed for unrecovered costs previously paid attributable to the lost interest or lease.

All other losses (including loss of a lease through failure to develop because convenants have not been performed or leases that have not been renewed or extended) shall be joint losses and borne by all the parties in proportion to their interests.

Operator

As operator, Inland Operating shall have full control of all operations within the Contract Area but shall act independently and not act as agent to the non-operators. Inland Operating may resign at any time by giving notice to the non-operators and shall be deemed to resign should it hold less than a 20% working interest in the Contract Area or becomes insolvent, bankrupt or placed in receivership.

Inland Operating shall pay and discharge all expenses incurred in the development and operation of the Contract Area and shall charge each of the non-operators the expenses in respect of their interests. It is responsible for the filing of all operational notices, reports or applications required to be filed by local, State, Federal or Indian agencies and authorities having jurisdiction over the operations. It shall notify each of the non-operators of the date a well is spudded or date drilling operations are commenced and shall send reports, test results and notices regarding the process of the operations on the well, and is responsible for providing insurance for the benefit of the joint parties.

Drilling and Development and Abandonment

No well shall be drilled, deepened or sidetracked without the consent of all parties. Furthermore, Inland Operating shall not undertake any project expected to require expenditure in excess of $15,000 USD unless authorised or to safeguard life and property.

Any dry well drilled or deepened shall not be plugged or abandoned without the consent of all parties. Where a party fails to respond to a notice of abandonment within 48 hours, that party is deemed to have consented to the abandonment. Where a party objects to abandonment, that party may take over the well after the expiration of the notice period provided it has the financial capability to do so.

A well which was contemplated as a producer must equally not be plugged or abandoned without the consent of all parties. Parties shall be given 60 days notice of abandonment and should one or more parties wish to continue the well, they may do so (provided they have financial capability) and indemnify the abandoning parties against future liability. Where the parties do not have financial capability, Inland Operating as operator may retain the well and plug and abandon it. Each abandoning party shall assign all of their interests in the well together with interest in any leasehold. If the interest of an abandoning party includes an oil and gas interest, that party shall provide a lease to the non-abandoning parties for one year and for so long after as oil and gas is produced. Abandoning parties shall have no further responsibility or liability in the well other than royalties retained in any lease.

An operation on a well cannot be terminated without consent of the parties bearing 51% of the costs in the operation. If granite or another impenetrable substance is found which renders operations impracticable, the operator may discontinue operations and given notice.

Gas Balancing Agreement

Each party shall take its proportionate share of oil and gas produced from the Contract Area and shall be entitled to receive payment directly from any purchaser. Where a party fails to make arrangements to dispose of its proportionate share of the oil and gas produced, the operator has the right (but not an obligation) to purchase that proportion and sell it to others for the benefit of the non-taking party. Any such sale must be commercially reasonable and the non-taking party must be provided with 10 days' written notice of the intended sale by the operator. All parties must provide the operator with details of their gas marketing arrangements and the operator shall maintain records of all marketing arrangements and volumes sold or transported.

Liability of the Parties

The liability under the JOA is several, not joint. Each party is responsible for its own obligations and is only liable for its proportionate share of the costs of operations on the Contract Area. Each party grants to the other(s) a lien over their interest in the oil and gas within the Contract Area and grants a security interest in any interest it owns or acquires. The lien and security interest includes leasehold interest, working interests, operating rights and royalty interests in the Contract Area as well as oil and gas extracted, equipment used for operations, accounts, contract rights, inventory and general intangibles.

Each party warrants that the lien and security interest granted is a first and prior lien and each agrees to maintain this priority against all persons acquiring an interest in the oil and gas leases and interests. If a party does not perform is obligations under the JOA and becomes subject to foreclosure or proceedings, it waives its right of redemption from any required valuation and must grant to the other parties a power of sale for property subject to the lien and security interest, which is to be exercised in a commercially reasonable manner with notice.

Any party may deliver to a party in default a "default notice' specifying the default and any required action to cure the default. If such default isn't rectified within 30 days of the default notice, all rights of the defaulting party shall be suspended until cured and the non-defaulting parties may require the defaulting party to pay payment for expenses in advance. If the defaulting party is the operator, the parties have the right to appoint a new operator immediately.

Rentals, shut-in well payments and minimum royalties to be paid on a lease pursuant to the JOA shall be paid by the party who contributed that lease to the JOA. Inland Operating as operator shall notify all parties of the estimated completion of a shut-in well, or the shutting or return to production of a producing well, at least 5 business days before taking action, but shall have no liability for failing to do so. Any losses incurred as a result shall be borne by the non-operating parties.

Each party shall pay all production, severance, excise or other taxes imposed with respect to the production or handling of that party's share of the oil and gas produced in the Contract Area. The operator may protest or prosecute a party for improper tax assessment

Acquisition, Maintenance or Transfer of Interest

The leases covered by the JOA shall not be surrendered in whole or in part unless all parties consent. Any party that wishes to surrender its interest in a lease shall give written notice to the other parties who have 30 days to consent. Failure to reply constitutes consent and where there is not unanimous consent, the surrendering party shall assign all its interest in the lease to the non-consenting parties. The assigning party shall be relieved of all future obligations not yet accrued with respect to the interest assigned but shall pay a reasonable salvage value to the assignor.

All parties shall be notified of an extension or renewal of an oil or gas interest or lease. The notified parties shall have 30 days to elect to participate in the ownership of the renewal/replacement and shall be assigned a proportion of the interest accordingly. Acquisition of a renewal/replacement lease by all of the parties shall not cause a readjustment of the interests of the parties as set out in the JOA (CRI: 80%; Inland Oil & Gas: 20%) but an acquisition of a renewal/replacement lease by less than all of the parties shall be deemed subject to a separate operating agreement.

12.1.4 Assignment of Oil & Gas Properties and Bill of Sale between Inland Oil & Gas Company and Canadian River Inc. (Assignment Agreement)

Inland Oil & Gas and CRI entered into the Assignment Agreement on 19 September 2014 whereby Inland Oil & Gas grants, bargains, sells, transfers, assigns, conveys and delivers to CRI an 80% working interest (54% net revenue interest) in:

(a) five oil, gas and mineral leases (being the Wise 1-25 Lease and the Option Leases referred to in paragraph 12.1.2 above);

(b) the wells located in each of the above leases;

(c) oil, gas, casing head gas, drip gasoline, distillate, all other liquid or gaseous hydrocarbons produced and all products/by-products accruing, attributed and produced by the wells;

(d) minerals, ores or substances and products/ proceeds there from, including all gas resulting from in-situ combustion and coal or lignite, attribute and/or produced from leases;

(e) equipment, machinery, improvements, fixtures and other property located on lands owned by Inland Oil & Gas and used in day to day operations of the wells and production of hydrocarbons and other materials from the wells;

(f) existing contracts relating to oil sales, casing head gas, processing, gathering and transportation as well as easements, rights of way, water use agreements, permits or licences held and operated in connection with the wells and leases;

(g) all lease files, land files, well files, gas and oil sales contract files, books, logs, title opinions, land surveys, data files and accounting records related to the assets (excluding any whereby transfer and/or disclosure of such would violate applicable law and prior agreements with third parties;

(h) all geological data related to wells; and

(i) right of tie-in and use of electric lines for the wells, the salt water disposal well and all flow lines, pipelines and gathering systems in connection with operation of the wells.

The Assignment is made pursuant to the HOA and is made without warranty of title. Inland Oil & Gas warrants that it is transferring to CRI defensible title (as defined in paragraph 12.1.2 above) and title to the assets against any person who lawfully claim the same. Personal property and equipment is assigned on an "as is" and "where is" basis with all faults and defects. Inland Oil & Gas disclaims warranty of merchantability, fitness for purpose and conformity to models or samples of materials. Inland Oil & Gas further warrants that it has received in writing all approvals, consents and waivers required to assign the assets to CRI.

Future assignments of any proportion of the leases and assets shall be on the basis that the rights and obligations of the HOA and Assignment are recognised and perpetuated.

12.1.5 Purchase Option Agreement between Canadian River, Inc. and James R. Holcomb and John L. Leenerts (Purchase Option Agreement)

On 19 September 2014 James R. Holcomb (the proposed Director) and John L Leenerts (Mr. Leenerts is a principal owner of both Inland Oil & Gas and Inland Operating Company) (**Sellers**) entered into a purchase option agreement with CRI granting CRI an option (**Option**) to purchase the Seller's rights and interests in seismic data concerning five tenements located within Okuskee City, Hughes City and Okmuglee City (**Lands**). James R. Holcomb has no financial interest in Inland Oil and Gas.

The option period runs from the effective date of the Purchase Option Agreement (19 September 2014) to the earlier of (i) three calendar months following the completion of drilling operations of the Option Wells (defined in 12.1.2 above); or (ii) upon receipt by the Sellers of CRI's notice not to exercise the option (**Option Period**).

Should CRI elect to exercise the Option, it shall pay an option exercise fee of $250,000 USD (with each Seller receiving $125,000 USD) and $25,000 USD per well developed in the Project area for the first five such wells developed (with each Seller receiving $12,500 per well). In addition, CRI shall assign an overriding royalty interest of 2% in each well developed in the Lands in which CRI participates (split equally between the Sellers). The wells concerned do not include the Wise 1-25 Wells and the Option Wells discussed at 12.1.2 above.

Upon closing of the Option, CRI shall issue to each of the Sellers options to purchase 2.5 million shares in the Company (or another publically listed company assigned the rights of CRI or the Company under the Purchase Option Agreement), exercisable at $0.25 per share with a two year expiry term from the date of issue.

CRI shall have the exclusive right to acquire the seismic data from the Sellers and access such data for use in the development of prospects covering the Lands. The Sellers shall not, either during the Option Period or after if CRI exercises the Option, present any prospects to third parties for potential development, funding or investment without the express written consent of CRI, save that neither the exclusive right nor the non-circumvention rights shall apply to those prospects in which Inland Oil & Gas and Inland Operating has acquired certain leases, rights, interests and other assets (being the Northern Wilcox project, the Priegel Booch project and the Bank Bartlesville project (together the **Projects**)).

CRI shall have a right of first refusal to participate in the development of the Projects.

CRI shall complete drilling operations for a minimum of five wells on the Lands within one year of CRI electing to exercise the Option. Failure to do so will result in the Sellers utilising the seismic data to develop prospects on the Lands without any obligation to CRI and CRI shall have no right or interest in those prospects. CRI will, however, be expected to maintain the ownership of the licensing rights to the seismic data.

Representations, Warranties and Indemnities

The Seller's make no representation or warranty as to the content, nature, value or future revenues of the seismic data; recoverability of petroleum substances in or from the Lands; the production of hydrocarbons; or the content of any reports prepared by third parties/other material that may have been communicated to CRI. Furthermore, no representation is made as to the merchantability, fitness for purpose or conformity to models or samples of the seismic data and is deemed to be obtained by CRI on an "as is" and "where is" basis with all faults. The Seller's do, however, represent that they are the sole owners of the seismic data and have the right and authority to sell the same.

CRI represents and warrants that, amongst others, it has the power to enter into the Purchase Option Agreement, that to the best of its knowledge there are no claims or proceedings pending, there is no event of insolvency and that it is an experienced and knowledgeable investor in the oil, gas and mineral resources industry.

Each of CRI and the Seller's shall indemnify and hold harmless each other against all losses, claims, costs, liabilities and expenses which may be incurred as a result of a breach by the other party of any of the covenants, warranties, representations or undertakings contained in the Purchase Option Agreement.

Termination

The Purchase Option Agreement shall remain in force unless and until it is terminated (i) at any time by mutual written consent of the Sellers and CRI; (ii) at the option of the non-breaching party where there is a breach which has not been remedied; (iii) at any time if CRI opts not to exercise the Option; or (iv) by the Sellers if closing has not occurred before the expiration date of the Option Period.

Termination shall have the effect of rendering the Purchase Option Agreement void save for the in the case of a default, where the defaulting party shall remain liable to the other party for damages or specific performance and save for those provisions which survive termination.

General

The Purchase Option Agreement is governed by the laws of the State of Oklahoma and either party may assign to an affliated entity or to a non-affiliated entity with the prior written consent of the other.

13. ADDITIONAL INFORMATION

13.1 Litigation

As at the date of this Prospectus, the Company is aware of legal proceedings threatened by Mark Ferrier regarding a failed trial mining programme at the Paynes Find Gold Project. The claim is for $250,000 relating to loss of revenue. The Directors do not believe that the claim has any legal foundation and are vigorously defending the action. The Company is not involved in any legal proceedings and, save as set out above, the Directors are not aware of any legal proceedings pending or threatened against the Company.

13.2 Rights attaching to Shares

The Shares offered under this Prospectus will be fully paid ordinary shares in the issued capital of the Company and will, upon issue, rank equally with all other Shares then on issue.

The rights and liabilities attaching to Shares are regulated by the Constitution, the Corporations Act, the ASX Listing Rules, the ASX Settlement Rules and common law. The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) **General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

(b) **Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

(i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;

(ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and

(iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid shares, the number of votes a Shareholder, or proxy, attorney or representative of a

Shareholder shall have in respect of those shares shall be determined as follows:

AxB=D

C

Where:

A is the number of shares held by the relevant Shareholder

B is the amount paid on each of those shares excluding any amount:

(A) paid or credited as paid in advance of a call; and

(B) credited as paid on those shares to the extent that it exceeds the value (ascertained at the time of issue of those shares) of the consideration received for the issue of those shares;

C is the issue price of each of the shares

D, disregarding any fractions which arise, is the number of votes the Shareholder, or proxy, attorney or representative of the Shareholder, shall have.

(c) **Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend, which shall be payable on all shares in the following manner:

(i) the same sum is paid on each Share on which all amounts payable have been paid;

(ii) the sum paid on a share on which all amounts payable have not been paid is the proportion of the sum referred to in (i) above that the amount paid on the shares bears to the total of the amounts paid and payable on the share.

In determining the amount paid on a share, any amount:

(iii) paid or credited as paid in advance of a call; or

(iv) credited as paid on a share to the extent that it exceeds the value (ascertained at the time of issue of the share) of the consideration received for the issue of the share,

must be excluded.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit. Such plan shall provide that any dividend which the Directors may declare payable on Shares that are participating shares in the dividend reinvestment plan (from time to time), shall be applied by the Company to the payment of the subscription price of the Shares, less any amount which the Company is entitled or obliged to retain (pursuant to the Constitution or by any law).

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as the liquidator considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may also, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares offered under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of Shares**

Generally, Shares are freely transferable subject to formal requirements, certain specified restrictions in the Constitution, the registration of the transfer not resulting in a contravention of, or failure to observe, the provisions of a law of Australia and, the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing Share or class of Shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Pursuant to Section 246B of the Corporations Act the Company may, with the sanction of a special resolution passed at a meeting of Shareholders, vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of Constitution**

The Constitution can only be amended by a special resolution.

13.3 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

(a) the formation or promotion of the Company;

(b) any property acquired or proposed to be acquired by the Company in connection with:

  (i) its formation or promotion; or

  (ii) the Offer; or

(c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

(a) as an inducement to become, or to qualify as, a Director; or

(b) for services provided in connection with:

  (i) the formation or promotion of the Company; or

  (ii) the Offer.

13.4 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

(a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;

(b) promoter of the Company; or

(c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue, holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

(a) the formation or promotion of the Company;

(b) any property acquired or proposed to be acquired by the Company in connection with:

   (i) its formation or promotion; or

   (ii) the Offer; or

(c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

(d) the formation or promotion of the Company; or

(e) the Offer.

dB, LLC Petroleum Advisors (**dB, LLC**) has acted as US Independent Geologist in relation to the project evaluation of the CRI Project and has prepared the Canadian Valley Prospectus Assessment Geology and Engineering Report which is included in Section 8. The Company estimates it will pay dB, LLC a total of $3,000 USD (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, dB, LLC has received $3,000 in fees from the Company for other services.

Donald W. Henson, Inc has acted as US lawyers to the Company in relation to the Acquisition and has prepared the Report on Leasehold Interests and Drillsite Title Opinion which is included in Section 10. The Company estimates Donald W. Henson will be paid $2,000 USD(excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Donald W. Henson, Inc has not received fees from the Company for any other services.

Ravensgate Mining Industry Consultants (**Ravensgate**) has acted as Independent Geologist and has prepared the Independent Geologist's Report in relation to the Paynes Find Gold Project which is included in Section 8. The Company estimates it will pay Ravensgate a total of $11,500 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Ravensgate has received fees of $18,000 from the Company for other services.

HLB Mann Judd has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which is included in Section 9. The Company estimates it will pay HLB Mann Judd a total of $10,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, HLB Mann Judd Corporate (WA) Pty Ltd (a related company of HLB Mann Judd) has received $20,000 in fees from the Company for other services.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin $45,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this

Prospectus with the ASIC, Steinepreis Paganin has received fees of $84,737.48 for other services to the Company.

13.5 Consents

Each of the parties referred to in this Section:

(a) does not make, nor purports to make, any statement in this Prospectus other than those referred to in this section; and

(b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

db, LLC has given its written consent to being named as the US independent Geologist in this Prospectus, the inclusion of the Canadian Valley Prospectus Assessment Geology and Engineering Report in Section 8 in the form and context in which the report is included and the inclusion of statements contained in Sections 2.4, 4 and 8 in the form and context in which those statements are included. dB, LLC has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Richard G. Boyce has given his written consent to being named as a Competent Person in this Prospectus and to the inclusion of the Canadian Valley Prospectus Assessment Geology and Engineering Report in Sections 2.4, 4 and 8 in the form and context in which the report is included. Richard G. Boyce has not withdrawn his consent prior to the lodgement of this Prospectus with the ASIC.

Ravensgate has given its written consent to being named as Independent Geologist in this Prospectus in respect to the Paynes Find Gold Project, the inclusion of the Independent Geologist's Report in Section 8 in the form and context in which the report is included and the inclusion of statements contained in Sections 2.4, 4 and 8 in the form and context in which those statements are included. Ravensgate has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

HLB Mann Judd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 9 in the form and context in which the information and report is included. HLB Mann Judd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Donald W. Henson, Inc has given its written consent to being named as the US lawyers to the Company in this Prospectus and to the inclusion of the Report on Leasehold Interests and Drillsite Title Opinion in Section 10 in the form and context in which the report is included. Donald W. Henson, Inc has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Delecta Limited has given its written consent to being named in this Prospectus. Delecta Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

13.6 Expenses of the Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately $460,000 for minimum subscription or $522,000 for full subscription and are expected to be applied towards the items set out in the table below:

Item of Expenditure	Minimum Subscription ($)	Full Subscription ($)
ASIC fees	2,290	2,290
ASX fees	26,000	38,000
Broker Commissions*	350,000	400,000
Independent Geologist's Fees	13,000	13,000
Investigating Accountant's Fees	10,000	10,000
Legal Fees	45,000	45,000
Printing and Distribution	5,000	5,000
Miscellaneous	8,710	8,710
TOTAL	460,000	522,000

* Broker commissions will only be paid on applications made through a licensed securities dealers or Australian financial services licensee and accepted by the Company (refer to Section 5.10 for further information). The amount calculated is based on 100% of applications being made in this manner. For those applications made directly to and accepted by the Company no broker commissions will be payable and the expenses of the Offer will be reduced and the additional funds will be put towards working capital.

13.7 Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in Section 111AC of the Corporations Act) and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information which a reasonable person would expect to have a material effect on the price or the value of the Company's securities to the market.

Price sensitive information will continue to be publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants will also continue to be managed through disclosure to the ASX. In addition, the Company will continue to post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

13.8 Financial Forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

13.9 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company is a participant in CHESS for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

13.10 Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

14. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

____

Paul Lloyd
Chairman
For and on behalf of
Paynes Find Gold Limited

15. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

$ means an Australian dollar.

Acquisition means the acquisition by the Company of all of the issued share capital of Canadian River, Inc..

Application Form means the application form attached to or accompanying this Prospectus relating to the Offer.

ASIC means Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the official listing rules of ASX.

Board means the board of Directors as constituted from time to time.

Delecta Agreement means the agreement between the Company and Delecta Limited in relation to the acquisition by the Company of all of the issued share capital in Canadian River, Inc.

Closing Date means the closing date of the Offer as set out in the indicative timetable in the Investment Overview in Section 4.9 (subject to the Company reserving the right to extend the Closing Date or close the Offer early).

Company means Paynes Find Gold Limited (to be renamed Arkoma Energy Limited) (ACN 141 450 624).

Consolidation means a 50:1 consolidation of the Company's equity securities for which Shareholder approval was obtained at the General Meeting.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

CRI Projects are as set out at Section 6.1.

Directors means the directors of the Company at the date of this Prospectus.

General Meeting means the general meeting of the Company held on 30 January 2015 in which Shareholder approval was obtained for the matters set out in the Notice of Meeting as summarised in Section 5.3.

Notice of Meeting means the notice of meeting in relation to the General Meeting released by the Company to ASX on 24 December 2014.

Offer means the offer of Shares pursuant to this Prospectus as set out in Section 5.

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Option means an option to acquire a Share.

Paynes Find Gold Project means the Paynes Find Gold Project located in Western Australia.

Prospectus means this prospectus.

Section means a section of this Prospectus.

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

Shareholder means a holder of Shares.

	PRINCIPLES AND RECOMMENDATIONS	COMMENT
1.	***Lay solid foundations for management and oversight***	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	The Board has adopted a charter which establishes the role of the Board and its relationship with management. The primary role of the Board is the protection and enhancement of long term Shareholder value. Its responsibilities include the overall strategic direction of the Company, establishing goals for management and monitoring the achievement of these goals. Each Director is given a letter upon his or her appointment which outlines the Director's duties. The Company has in place systems designed to fairly review and actively encourage enhanced Board and management effectiveness.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	The Board will monitor the performance of senior management as and when they are appointed, including measuring actual performance against planned performance. At the date of this Prospectus there are no senior executives appointed to the Board.
1.3	Companies should provide the information indicated in the *Guide to reporting on Principle 1.*	Explanation of departures from Recommendations 1.1 and 1.2 (if any) are set out above. The Company will provide an explanation of any departures from Recommendations 1.1 and 1.2 (if any) in its future annual reports. Future annual reports will disclose whether such a performance evaluation has taken place in the relevant reporting period and whether it was in accordance with the process disclosed. A copy of the Company's Board Charter is available for review at the registered office of the Company and is posted on the Company's website.
2.	***Structure the board to add value***	
2.1.	A majority of the board should be independent directors.	Following completion of the Acquisition, James R. Holcomb will be appointed to the Board and the Company's current Board will remain in place. The Board currently has one independent Director being David Holden.
2.2.	The chair should be an independent director.	The Chairman is not an independent director.
2.3.	The roles of chair and chief executive officer should	Presently the role is filed by the same person due to the nature and scale of the

	PRINCIPLES AND RECOMMENDATIONS	COMMENT
	not be exercised by the same individual.	Company's operations. Will be reviewed when the scale of operations increases
2.4.	The board should establish a nomination committee.	No formal nominations committee has been established by the Company as yet. However, the Company has a Nomination and Remuneration Committee Charter which is available on the Company's website. The Board assumes the role and responsibility of the nominations committee. The Board as a whole also undertakes the process of reviewing the skill base and experience of existing Directors to enable identification of attributes required in new Directors. Given the size and nature of the Company's activities, the Board does not believe that any marked efficiencies or enhancements would be achieved by the creation of a separate nomination committee.
2.5.	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Given the current size of the Company, Board and level of activity of the Company, the Board currently has an informal process for the evaluation of individual Directors or committees. A copy of the Selection and Appointment of Directors policy is available on the Company's website. The performance of the Board and key executives is reviewed annually. The Company will consider the implementation of formal processes in the future, particularly as the size of the Company, Board and the level of activity of the Company increase.
2.6.	Companies should provide the information indicated in the *Guide to reporting on Principle 2*.	The Company has provided details of each Director, such as their skills, experience and expertise relevant to their position in this Prospectus and will also provide these details on its website and in future annual reports. Explanations of departures from Recommendations 2.1, 2.2, 2.3, 2.4 and 2.5 (if any) are set out above. The Company will provide an explanation of any departures from Recommendations 2.1, 2.2, 2.3, 2.4 and 2.5 (if any) in its future annual reports. The Company's Corporate Governance Plan is available on the Company's website.
3.	***Promote ethical and responsible decision-making***	
3.1.	Companies should establish a code of conduct and disclose the code or a summary of the code as to:	The Company has formulated a Code of Conduct which can be viewed at the registered office of the Company or on the Company's website. The Code of Conduct has the commitment of the Directors and senior management to ensure

	PRINCIPLES AND RECOMMENDATIONS	COMMENT
	• the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	the Company's commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, clients and stakeholders. The policy sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behaviour expected from employees. The Company has a security dealing policy concerning the trading in the Company's securities by Directors, senior managers and employees which is available on the Company's website. In summary, Directors, senior managers and employees must not deal in the Company's securities when they are in possession of insider information. Directors and senior managers must not trade during the "trading blackout" beginning at the end of the half year and full year reporting period until the release to the ASX of the financial results for the relevant period.
3.2.	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	Noting the relatively small size of the Company and the fact that the Company has a small number of employees, the Board has resolved to depart from the Recommendations by not implementing a gender diversity policy at this stage. The Board will consider implementing a gender diversity policy in the future, particularly as the size of the Company, Board and the level of activity of the Company increase.
3.3.	Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress in achieving them.	The Board has not implemented a diversity policy and is of the view that due to the relatively few employees that the Company has, the Recommendation is inappropriate to the Company's particular circumstances at this stage.
3.4.	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	There are no women on the Board.
3.5.	Companies should provide the information indicated in the *Guide to reporting on Principle 3*.	The Company will provide an explanation of any departures from Recommendations 3.1, 3.2, 3.3 and 3.4 (if any) in its future annual reports. A copy of the Company's Code of Conduct and Share Trading Policy is available on the Company's website.

	PRINCIPLES AND RECOMMENDATIONS	COMMENT
4.	***Safeguard integrity in financial reporting***	
4.1.	The board should establish an audit committee.	The Board does not currently have a separate audit committee. The Board assumes the role of the audit committee and has implemented an Audit and Risk Committee Charter which is available on the Company's website. It is the Board's responsibility to ensure that an effective internal control framework exists within the Company.
4.2.	The audit committee should be structured so that it: • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members.	The Board considers that the Company is not of a size nor are its financial affairs of such complexity to justify the formation of an audit committee. The Board does not consider that the Company is of sufficient size to justify the appointment of additional directors for the sole purpose of satisfying this Recommendation as it would be cost prohibitive and counterproductive.
4.3.	The audit committee should have a formal charter.	The Board has an Audit and Risk Committee Charter which is available on the Company's website.
4.4.	Companies should provide the information indicated in the *Guide to reporting on Principle 4*.	The Company will explain any departures from the Corporate Governance Recommendations 4.1, 4.2 and 4.3 (if any) in its future annual reports.
5.	***Make timely and balanced disclosure***	
5.1.	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	The Company's Corporate Governance Plan includes a Continuous Disclosure Policy and an Audit and Risk Committee Charter, which has established procedures designed to ensure compliance with the Corporations Act and ASX Listing Rules disclosure requirements and to ensure accountability at a senior management level for compliance and factual presentation of the Company's financial position. The Company Secretary is responsible for all communicated with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.
5.2.	Companies should provide the information indicated	The Company will provide an explanation of any departures from

	PRINCIPLES AND RECOMMENDATIONS	COMMENT
	in *Guide to Reporting on Principle 5.*	Recommendation 5.1 (if any) in its future annual reports. The Corporate Governance Plan, which includes a Continuous Disclosure Policy and an Audit and Risk Committee Charter and the Company's Board Charter, is available on the Company's website.
6.	***Respect the rights of shareholders***	
6.1.	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	The Continuous Disclosure Policy sets out the Company's policy in relation to communications for promoting effective communication with shareholders. The Continuous Disclosure Policy is available on the Company's website.
6.2.	Companies should provide the information indicated in the *Guide to reporting on Principle 6.*	The Company will provide an explanation of any departures from Recommendation 6.1 (if any) in its future annual reports. The Continuous Disclosure Policy is available on the Company's website.
7.	***Recognise and manage risk***	
7.1.	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	The Company's Corporate Governance Plan includes a Risk Management Policy. The Board has responsibility for monitoring risk oversight and ensure that the Chairman reports on the status of business risks through risk management programs aimed at ensuring risks are identified, assessed and appropriately managed. In addition, the Board is responsible for reviewing the risk management framework and policies for the Company.
7.2.	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	The Board reviews the Company's major business units, organisational structure and accounting controls and processes on a continuing basis. Management and the Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management are recurring items for deliberation at Board meetings. A copy of the Company's Risk Management Policy is available on the Company's website.
7.3.	The board should disclose whether it has received assurance from the chief executive officer (or	In the absence of an audit committee, the Board is responsible for identifying the risks facing the Company, assessing the risks and ensuring that there are controls for

	PRINCIPLES AND RECOMMENDATIONS	COMMENT
	equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with Section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	these risks, which are to be designed to ensure that any identified risk is mitigated to an acceptable level. The Board will review and discuss strategic risks and opportunities as they arise and arising from changes in the Company's business environment regularly and on an "as need" basis. The Board may delegate some of the abovementioned responsibility to management and committees of the Board but maintain the overall responsibility for the process. The full Board of the Company is also responsible for establishing policies on risk oversight and management.
7.4.	Companies should provide the information indicated in *Guide to Reporting on Principle 7.*	The Company will explain any departures from Recommendations 7.1, 7.2 and 7.3 (if any) in its future annual reports. The Corporate Governance Plan, which includes a Risk Management Policy, is available for review on the Company's website.
8.	***Remunerate fairly and responsibly***	
8.1.	The board should establish a remuneration committee.	The Board does not currently have a separate remuneration committee and any remuneration or nomination issues are considered by the full Board in accordance with the Remuneration & Nomination Committee Charter. The Board addresses the remuneration arrangements for Directors and executives of the Company in accordance with the Corporations Act and ASX Listing Rules requirements, especially in respect of related party transactions. No Directors participates in any discussions or decision regarding her own remuneration of related issues.
8.2.	The remuneration committee should be structured so that it: • consists of a majority of independent directors • is chaired by an independent director • has at least three members	The Board considers the Company is not currently of a size, or its affairs of such complexity, to justify the establishment of a remuneration committee. However, the Board has, amongst other tasks, assumed the role and responsibility of the remuneration committee.
8.3.	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Senior Executives remuneration packages will be determined by the CEO in accordance with the Remuneration Policy and the Board will review the proposed remuneration to ensure consistency with the policy, contractual rights of senior executives and the depth of senior executives and the appropriateness of

	PRINCIPLES AND RECOMMENDATIONS	COMMENT
		succession planning policies which are in place. Remuneration of Non-Executive Directors is determined by the Board with reference to comparable industry levels and, specifically for Directors' fees, within the maximum amount approved by Shareholders. Details of the Directors' and key senior executives' remuneration are set out in the Remuneration Report of the Annual Report. The structure of the Non-Executive Directors' remuneration is distinct from that of executives. Equity-based executive remuneration is made in accordance with thresholds set in plans approved by Shareholders.
8.4.	Companies should provide the information indicated in the *Guide to reporting on Principle 8*.	The Company will provide an explanation of any departures from Recommendations 8.1, 8.2 and 8.3 (if any) in its future annual reports. The Corporate Governance Plan is available for review on the Company's website.

PAYNES FIND GOLD LTD

Application Form and Instructions

PAYNES FIND GOLD LIMITED
ACN 141 450 624

Registry Use Only

Broker Code

Adviser Code

Application Form

This Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional adviser without delay. You should read the entire prospectus carefully before completing the form. **To meet the requirements of the Corporations Act, this Application Form must not be handed unless attached to the prospectus.**

A I/we apply for

Number of shares in the Company at $0.   per share or such lesser number of shares which may be allocated to me/us.

B I/we lodge full Application Money

A$.

C Individual/Joint applications – refer to naming standards overleaf for correct forms of registrable title(s)

Title or Company Name	Given Name(s)	Surname

Joint Applicant 2 or Account Designation

Title or Company Name	Given Name(s)	Surname

Joint Applicant 3 or Account Designation

Title or Company Name	Given Name(s)	Surname

D Enter your postal address – Include State and Postcode

Unit	Street Number	Street Name or PO Box /Other Information

City / Suburb / Town	State	Postcode

E Enter your contact details

Contact Name	Telephone Number – Business Hours / After Hours
	( )

F CHESS Participant

Holder Identification Number (HIN)

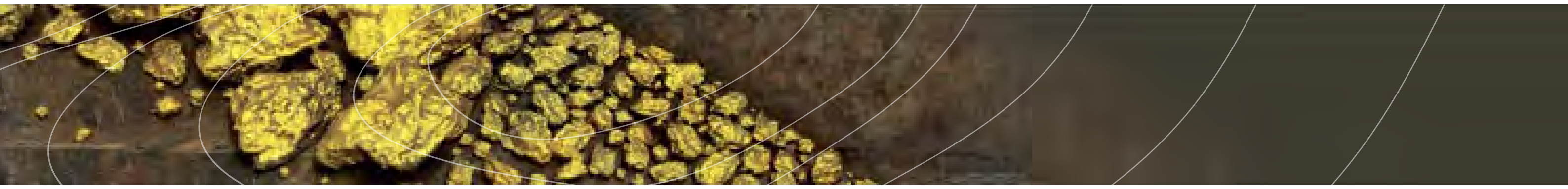
G Cheque details – Make your cheque or bank draft payable to LIMITED

Drawer	Cheque Number	BSB Number	Account Number	Amount of cheque
				A$
				A$

By submitting this Application Form, I/we declare that this application is completed and lodged according to the Prospectus and the declarations/statements on the reverse of this Application form and I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate.

I/we agree to be bound by the Constitution of the Company.

See back of form for completion guidelines



How to Complete this Form

A Shares Applied for

Enter the number of shares you wish to apply for. The application must be for a minimum of ( ) shares. Applications for greater than ( ) shares must be multiples of ( ) shares.

B Application Monies

Enter the amount of Application Monies. To calculate the amount, multiply the number of shares by the price per share.

C Applicant Name(s)

Enter the full name you wish to appear on the statement of share holding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable names. Applications using the wrong form of names may be rejected. Clearing House Electronic Sub-Register System (CHESS) participants should complete their name identically to that presently registered in the CHESS system.

D Postal Address

Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E Contact Details

Enter your contact details. These are not compulsory but will assist us if we need to contact you.

F CHESS HIN (if applicable)

Paynes Find Gold Limited (the Company) will apply to the ASX to participate in CHESS, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Stock Exchange Limited. In CHESS, the company will operate an electronic CHESS Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings. Together the two Subregisters will make up the Company's principal register of securities. The Company will not be issuing certificates to applicants in respect of shares allotted. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold shares allotted to you under this Application on the CHESS Subregister, enter your CHESS HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).

G Payment

Make your cheque or bank draft payable to **Paynes Find Gold Limited** in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian Bank.

Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box C.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be represented and may result in your Application being rejected. Pin (do not staple) your cheque(s) to the Entitlement and Acceptance Form where indicated. Cash will not be accepted. Receipt for payment will not be forwarded.