



DISCOVEX RESOURCES LIMITED
ACN 115 768 986

NOTICE OF GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS

Date of Meeting

Friday, 5 March 2021

Time of Meeting

10am (WST)

Place of Meeting

PKF Boardroom, Level 5, 35 Havelock Street, West Perth, Western Australia

The Notice and the accompanying Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their broker, investment adviser, accountant, solicitor or other professional adviser prior to voting.

Independent Expert's Report: *Shareholders should carefully consider the Independent Expert's Report prepared for the purpose of the Shareholder approval required under ASX Listing Rule 10.1 (refer to Resolution 1). The Independent Expert's Report comments on the fairness and reasonableness of the transaction the subject of Resolution 1 to the non-associated Shareholders. The Independent Expert has determined the transaction the subject of Resolution 1 FAIR and REASONABLE to the non-associated Shareholders.*

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on (08) 9380 9440.

Shareholders are urged to vote by lodging the Proxy Form attached to the Notice.

DISCOVEX RESOURCES LIMITED

ACN 115 768 986

NOTICE OF GENERAL MEETING

Notice is hereby given that the general meeting of shareholders of DiscovEx Resources Limited ACN 115 768 986 (**Company**) will be held at PKF Boardroom, Level 5, 35 Havelock Street, West Perth, Western Australia on Friday, 5 March 2021 at 10am (WST) (**Meeting**).

The Board is closely monitoring the rapidly changing coronavirus (COVID-19) pandemic. The health of the Company's Shareholders, employees and other stakeholders is of paramount importance.

While the Board would like to host all Shareholders in person, in order to minimise the risk to Shareholders and to the Company and its ongoing operations, the Company suggests that Shareholders do not attend the Meeting in person.

Accordingly, the Directors strongly encourage all Shareholders to lodge Proxy Forms prior to the Meeting. The Company advises that a poll will be conducted for each of the Resolutions.

The Board will continue to monitor Australian Government restrictions on public gatherings. If it becomes necessary or appropriate to make alternative arrangements to those set out in this Notice, the Company will notify Shareholders accordingly via the Company's website at www.discovexresources.com.au and the ASX announcements platform.

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of the Notice.

The Directors have determined pursuant to regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Wednesday, 3 March 2021 at 4.00pm (WST).

Terms and abbreviations used in the Notice and the Explanatory Memorandum will, unless the context requires otherwise, have the meaning given to them in Section 10.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

It is the Chairperson's intention to vote all undirected proxies in favour of all Resolutions.

AGENDA

1. **Resolution 1 – Approval of the Company's acquisition of Lighthouse Shares from Omni and the issue of Consideration Shares to Omni**

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

“That, subject to the Acquisition Resolutions being passed or the inter-conditionality of this Resolution being waived by the Board, pursuant to and in accordance with ASX Listing Rule 10.1 and (in relation to paragraph (b) below) ASX Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise:

- (a) *the Company to acquire the Lighthouse Shares held by Omni; and*
- (b) *the Company to issue up to 34,986,595 Consideration Shares to Omni in consideration for those Lighthouse Shares,*

on the terms and conditions set in the Explanatory Memorandum.”

Independent Expert's Report: Shareholders should carefully consider the report prepared by Stantons International for the purposes of this Resolution under Listing Rule 10.1. The Independent Expert's Report is provided in Schedule 1 of this Notice and comments on the fairness and reasonableness of the transaction the subject of this Resolution to the non-associated Shareholders in the Company.

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Omni and any other person who will obtain a material benefit as a result of the acquisition of the relevant Lighthouse Shares or issue of the relevant Consideration Shares (except a benefit solely by reason of being a holder of Shares) or an associate of that person (or those persons).

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

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

2. **Resolution 2 – Approval to issue Consideration Shares to the Minority Shareholders, CRG, Crest and Gateway**

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

“That, subject to the Acquisition Resolutions being passed or the inter-conditionality of this Resolution being waived by the Board, pursuant to and in accordance with ASX Listing Rule 7.1

and for all other purposes, Shareholders approve and authorise the issue of 302,513,405 Consideration Shares, in aggregate to the Minority Shareholders, CRG, Crest and Gateway (and/or their respective nominees), on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of the Minority Shareholders, CRG, Crest and Gateway (and/or their respective nominees) and any other person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of Shares), and any associate of that person (or those persons).

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

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

3. Resolution 3 – Approval to issue Shares pursuant to the Private Placement

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

“That, subject to the Acquisition Resolutions being passed or the inter-conditionality of this Resolution being waived by the Board, pursuant to and in accordance with ASX Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the issue of up to 875,000,000 Shares pursuant to the Private Placement at an issue price of A\$0.004 per Share, on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of Shares), or an associate of that person (or those persons).

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

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

- (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

4. Resolution 4 – Approval to issue Shares pursuant to the Share Purchase Plan

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

“That, subject to the Acquisition Resolutions being passed or the inter-conditionality of this Resolution being waived by the Board, pursuant to and in accordance with ASX Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the issue of up to 125,000,000 Shares pursuant to the Share Purchase Plan at an issue price of A\$0.004 per Share, on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of Shares) or who may receive shares under any Share Purchase Plan shortfall, or an associate of that person (or those persons).

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

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

Note:

ASX has granted to the Company:

- (i) **A waiver from Listing Rule 7.3.9 to the extent necessary to permit the Company to not include in this Resolution a voting exclusion statement that excludes the votes of persons who may participate in the Share Purchase Plan, on the following conditions:**
 - (A) **that the Share Purchase Plan is not underwritten, or if it is underwritten, the Company excludes any votes cast in favour of that resolution by any proposed underwriter or sub-underwriter of the Share Purchase Plan; and**
 - (B) **that the Company excludes any votes cast in favour of that resolution by any investor who may receive Shares under any Share Purchase Plan shortfall.**
- (ii) **A waiver from Listing Rule 10.11 to the extent necessary to permit the directors of the Company (and their associates) to participate in the Company’s Share Purchase Plan without Shareholder approval on the following conditions:**
 - (A) **Shareholders of the Company approve the Share Purchase Plan; and**

- (B) **Directors and their associates are offered Shares under the Share Purchase Plan on the same terms as other Shareholders.**

5. Resolution 5 – Approval to issue Shares to Mr Peter Langworthy pursuant to the Private Placement.

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

“That, subject to the Acquisition Resolutions being passed or the inter-conditionality of this Resolution being waived by the Board, pursuant to and in accordance with ASX Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the issue of up to 12,500,000 Shares pursuant to the Private Placement to Mr Peter Langworthy (and/or his nominee(s)) at an issue price of A\$0.004 per Share, on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Peter Langworthy (and/or his nominee(s)) and any other person who will obtain a material benefit as a result of the issue of the relevant Shares pursuant to the Private Placement (except a benefit solely by reason of being a holder of Shares) or an associate of that person (or those persons). However, this does not apply to a vote cast in favour of the resolution by:

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

6. Resolution 6 – Approval to issue Shares to Mr David Morgan pursuant to the Private Placement.

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

“That, subject to the Acquisition Resolutions being passed or the inter-conditionality of this Resolution being waived by the Board, pursuant to and in accordance with ASX Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the issue of up to 12,500,000 Shares pursuant to the Private Placement to Mr David Morgan (and/or his nominee(s)) at an issue price of A\$0.004 per Share, on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr David Morgan (and/or his nominee(s)) and any other person who will obtain a material benefit as a result of the issue of the relevant Shares pursuant to the Private Placement (except a benefit solely by reason of being a holder of Shares) or an associate of that person (or those persons). However, this does not apply to a vote cast in favour of the resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or

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

7. Resolution 7 – Approval to issue Advisor Shares

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

“That, subject to the Acquisition Resolutions being passed or the inter-conditionality of this Resolution being waived by the Board, pursuant to and in accordance with ASX Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the issue of 35,000,000 Advisor Shares to Westar Capital (and/or its nominee(s)), on the terms and conditions in the Explanatory Memorandum.”

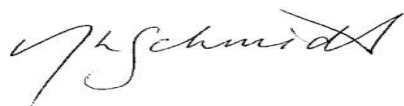
Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Westar Capital (and/or its nominee(s)) and any other person who will obtain a material benefit as a result of the proposed issue of Advisor Shares (except a benefit solely by reason of being a holder of Shares), or an associate of that person (or those persons).

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

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

BY ORDER OF THE BOARD



Nerida Schmidt
Company Secretary
Dated: 3 February 2021

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting.

This Explanatory Memorandum should be read in conjunction with and forms part of the Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2:	Introduction to the Transaction and the Capital Raising
Section 3:	Resolution 1 – Approval of the Company's acquisition of Lighthouse Shares from Omni and the issue of Consideration Shares to Omni
Section 4:	Resolution 2 – Approval to issue Consideration Shares to Minority Shareholders, CRG, Crest and Gateway
Section 5:	Resolution 3 – Approval to issue Shares pursuant to the Private Placement
Section 6:	Resolution 4 – Approval to issue Shares pursuant to the Share Purchase Plan
Section 7:	Resolution 5 – Approval to issue Shares to Peter Langworthy pursuant to the Private Placement
Section 8:	Resolution 6 – Approval to issue Shares to David Morgan pursuant to the Private Placement
Section 9:	Resolution 7 – Approval to issue Advisor Shares
Section 10:	Glossary
Schedule 1:	Independent Expert's Report
Schedule 2:	Tenements and Tenement Applications
Schedule 3:	Pro forma consolidated balance sheet
Schedule 4:	Summaries of Crest JV Agreement and Gateway Royalty Deed

A Proxy Form is located at the end of this Explanatory Memorandum.

2. Introduction to the Transaction and the Capital Raising

2.1 Summary of the Transaction and the Capital Raising

The Company is proposing to acquire Lighthouse via the issue of the Consideration Shares (**Transaction**), which has various rights to acquire certain granted, application (subject to grant) and JV interests in mineral tenements in Western Australia as described in Schedule 2 below, known as the Sylvania / Billinooka Project (together the **Sylvania Project**). The Sylvania Project is a gold and base metals project located in the southern Pilbara with tenements covering approximately 2,250km². The Sylvania Project is in close proximity to the Karlawinda Gold Project which is owned by Capricorn Metals Ltd.

In addition, the Company plans to raise up to \$4 million via a private placement of up to 875,000,000 Shares at an issue price of \$0.004 per Share, to raise up to \$3.5 million (**Private Placement**) and a share purchase plan of up to 125,000,000 Shares at an issue price of \$0.004 per Share to raise up

to \$500,000 (**Share Purchase Plan**) (together the Private Placement and the Share Purchase Plan are the **Capital Raising**).

2.2 About Lighthouse

Lighthouse is an Australian company, incorporated on 15 April 2020. To the Company's knowledge, Lighthouse has no material assets or liabilities, other than the Sylvania Project.

2.3 Tenements to be acquired by Lighthouse and material contractual terms

The exploration licence and exploration licence applications comprising the Sylvania Project are listed in Schedule 2.

Lighthouse has underlying agreements to acquire the various tenement interests comprising the Sylvania Project, from Gateway Projects WA Pty Ltd (**Gateway**) (a wholly owned subsidiary of Gateway Mining Ltd, ASX:GML (**GML**)), (the **Gateway Tenements**) and Crest Investment Group 3 Limited (**Crest 3**) (the **Crest Tenements**), for which Lighthouse has issued shares as consideration (which are proposed to be acquired by DCX pursuant to the Transaction). There is a 1.5% gross revenue royalty over the Gateway Tenements in favour of Gateway Projects WA Pty Ltd. Details of the Gateway Royalty Deed are provided in Schedule 4. In addition, Lighthouse has four tenement applications in its own right

Lighthouse also has an ongoing Farm-in and Exploration Joint Venture Agreement with Crest 3 over three tenement applications within the Sylvania Project (the **Crest JV Tenements**). Lighthouse paid \$10,000 to Crest 3 and must keep the Crest JV Tenements in good standing for two years (from the date of execution of the Crest JV agreement, which was signed in 2020) in order to earn a 90% interest in the Crest JV Tenements (Lighthouse currently holds a 0% interest in the Crest JV Tenements). Lighthouse must continue to fund 100% of expenditure on the Crest JV Tenements, as Manager, until a decision to mine is made. Upon a decision to mine, Crest 3 may contribute to expenditure based on its project interest or may convert its remaining interest to a 1% gross revenue royalty. Details of the Crest 3 Farm-in and Joint Venture agreement are provided in Schedule 4.

Schedule 2 details the Sylvania Project acquisition tenements, being the Gateway Tenements, Crest Tenements, Crest JV Tenements and certain tenement applications which Lighthouse has itself applied for.

The Transaction is not conditional upon the transfer of any tenements to Lighthouse from either Crest 3 or Gateway, however, transfer documentation, where applicable, has been lodged with the Western Australian Department of Mines, Industry Regulation and Safety (DMIRS).

There is a risk that the applications for tenements may not be granted (objections have been lodged over some tenement application areas), however, DCX sees no impediments that would significantly jeopardise the process to grant of the relevant tenement applications resulting from any lodged objections.

Where required, Aboriginal Heritage Agreements have been executed on granted tenements and have either been executed or are being negotiated on tenement applications.

Please refer to Schedule 4 for summaries of the Farm-in and Joint Venture Agreement for the Crest JV Tenements and the Royalty Deed for the Gateway Tenements.

Please also refer to the Company's ASX announcement of 18 January 2021 for further information in relation to the Sylvania Project.

2.4 Summary of the material terms of the Transaction

The consideration under the Transaction will be a total of 337,500,000 Shares (**Consideration Shares**), to be issued by the Company to the shareholders of Lighthouse (or their nominees) on a pro-rata basis.

Completion of the Transaction is conditional upon the following outstanding conditions precedent being satisfied (or waived by DCX):

- (a) various shareholder approvals being received from DCX shareholders (being Resolutions 1-3 (inclusive) in this Notice (the **Acquisition Resolutions**));
- (b) obtaining all regulatory consents and approvals which are necessary for the acquisition of all Lighthouse shares, including all approvals required from the ASX;
- (c) the Company receiving cleared funds of at least \$3,500,000 pursuant to the Private Placement;
- (d) no material adverse change having occurred in relation to Lighthouse prior to completion of the Transaction; and
- (e) no breach of representations or warranties of the parties.

The Share Sale Agreements between the Lighthouse vendors, Lighthouse and DCX contain various other customary terms, such as restrictions on Lighthouse's activities pending the Transaction, warranties and termination events for unremedied breaches, certain other adverse events or failure to satisfy or waive the conditions precedent by 30 April 2021. Consequently, the Company indicatively aims to complete the Transaction by no later than that date.

2.5 Advantages and disadvantages of the acquisition of Lighthouse

Major advantages of the acquisition of Lighthouse include but are not limited to:

- The Tenements are under-explored for gold and copper despite historical information indicating prospectivity;
- The Tenements contain multi-commodity potential across tenure including existing Zinc+Lead and Detrital Channel Fe Resources;
- Cornerstone strategic investor participating in the Capital Raising – Capricorn Metals Limited (ASX:CMM);
- Third party processing options available nearby although no agreements or discussions in this regard have been made or had by the Company to date; and
- Project optionality with three major projects in the DCX overall portfolio after completion of the Transaction.

Disadvantages of the acquisition of Lighthouse include but are not limited to:

- Dilutionary effect of the Transaction on existing shareholders; and
- Large expenditure commitment if all tenure is granted at once.

Further risks associated with the acquisition of Lighthouse are detailed in section 2.18 below.

2.6 Changes to the Board of the Company

It is proposed that, subject to completion of the Transaction, Mr Peter Langworthy will resign from his position as Non-executive Chairman of the Company and Mr Heath Hellewell, founding director of Lighthouse will be appointed to that position.

Heath will join the Company after senior executive roles at Capricorn Metals Ltd (ASX:CMM), Doray Minerals Limited and Independence Group NL (ASX:IGO) and exploration roles at Resolute Mining Limited (ASX: RSG) and DeBeers Australia Pty Ltd.

Heath joined IGO in 2000 prior to that company's IPO and was part of the team that identified and acquired the Tropicana project area, eventually leading to the discovery of the Tropicana gold deposit.

Following the discovery of the Andy Well gold deposits in 2010, Doray Minerals was named "Gold Explorer of the Year" in 2011 by The Gold Mining Journal and in 2014 Heath was the co-winner of

the prestigious "Prospector of the Year" award, presented by the Association of Mining and Exploration Companies.

In 2016 Heath was instrumental in the acquisition of the Karlawinda Gold Project to form Capricorn Metals Ltd (ASX: CMM).

Heath is currently an independent Non-Executive Director of Core Lithium Ltd (ASX: CXO) and Duketon Mining Limited (ASX: DKM).

Also to be appointed to the DCX Board as a Non-Executive Director following completion of the Transaction is the current Capricorn Metals Ltd Chief Executive Officer, Mr Kim Massey.

Kim brings a wealth of corporate, financial, markets and industry experience to the role. He was Chief Financial Officer of Australian gold producer Regis Resources Ltd (Regis) for 10 years, until he resigned in May 2019. Kim oversaw Regis' financial and corporate activities and had responsibilities in investor relations, business development and strategy. He was an integral part of the financing and development of the Duketon projects for Regis. Given the high profile of his previous role, he is well known to the relevant sections of equity and debt markets in Australia. Kim is a qualified Chartered Accountant and the Chief Executive Officer of Capricorn Metals Ltd.

2.7 Vendors of Lighthouse

The shareholders of Lighthouse are as follows:

Lighthouse Shareholder	Lighthouse Shares	Shareholding %
Crest Investment Group Limited (Crest)	11,500,000	41.11%
Gateway Projects WA Pty Ltd (Gateway)	7,500,000	26.81%
Omni GeoX Pty Ltd (Omni)	2,900,000	10.37%
Centrepeak Resources Group Pty Ltd (CRG)	2,900,000	10.37%
A and R Assets Pty Ltd	875,000	3.13%
A.C.N. 112 940 057 Pty Ltd	700,000	2.50%
Big Bear Nominees Pty Ltd	400,000	1.43%
Martin Ross Helean	400,000	1.43%
Third Reef Pty Ltd	400,000	1.43%
Jason Paul Skinner	200,000	0.71%
Bournville Pty Ltd	200,000	0.71%
Total	27,975,000	100%

Refer to Section 2.133 for information regarding the interests of certain existing or proposed Directors in certain of the Lighthouse shareholdings.

2.8 Independent Expert's Report

Shareholders should carefully consider the Independent Expert's Report prepared for the purpose of the Shareholder approval required under ASX Listing Rule 10.1 (refer to Resolution 1). The Independent Expert's Report comments on the fairness and reasonableness of the transaction the subject of Resolution 1 to the non-associated Shareholders. The Independent Expert has

determined the transaction the subject of Resolution 1 fair and reasonable to the non-associated Shareholders.

2.9 Private Placement and Share Purchase Plan

The Capital Raising will comprise:

- (a) the Private Placement of up to 875,000,000 shares at an issue price of \$0.004, to raise up to \$3.5 million; and
- (b) the Share Purchase Plan of up to 125,000,000 shares at an issue price of \$0.004 to raise up to \$500,000.

The Private Placement is to be made to sophisticated and professional investors, being clients of Westar Capital and some long-standing Shareholders of the Company, none of which are a related party of the Company, other than current directors Mr Peter Langworthy and Mr David Morgan (see below).

Subject to Shareholder approval under Resolutions 5 and 6 (and subject to approval of the Acquisition Resolutions) certain current directors of the Company may participate in the Private Placement up to the following amounts:

- (a) Mr Peter Langworthy (or his nominee(s)): 12,500,000 Shares at an issue price of \$0.004 per Share, for a total issue price of \$50,000; and
- (b) Mr David Morgan (or his nominee(s)): 12,500,000 Shares at an issue price of \$0.004 per Share, for a total issue price of \$50,000.

Capricorn Metals Limited (ASX: CMM) is anticipated to become a cornerstone strategic investor in the Company by participating in the Private Placement and has applied to take up 300,000,000 Shares at an issue price of \$0.004 per Share, for a total issue price of \$1,200,000. Assuming completion of the Capital Raising, the Transaction and issue of the Advisor Shares, this will represent a substantial shareholding of 11.68% of the Company.

The Share Purchase Plan is proposed in order to provide eligible Shareholders with the opportunity to apply for certain Shares at the same issue price as the Private Placement (being A\$0.004 per Share). Under the Share Purchase Plan, the Company would (subject to the Acquisition Resolutions and Resolution 4 being approved at this Meeting and subject to the Board's discretion and the terms and conditions of the Share Purchase Plan) give each Eligible Shareholder (as defined below), subject to the A\$500,000 aggregate limit, the opportunity to subscribe for up to A\$30,000 worth of Shares (being up to 7,500,000 Shares), irrespective of the size of their shareholding, without incurring brokerage or other transaction costs.

The Share Purchase Plan would be offered exclusively to eligible shareholders (including custodians), being registered holders of Shares as at 4.00pm (WST) on 15 January 2021 (**Record Date**) with a registered address in Australia or New Zealand and not resident or located in the United States or any other jurisdiction in or into which an offer of Shares under the Share Purchase Plan would be unlawful, who meet certain other conditions to be provided in the Share Purchase Plan offer document to be announced to the ASX and dispatched (**Eligible Shareholders**). Participation in the Share Purchase Plan would be optional.

DCX reserves the right (in its absolute discretion) to scale back applications under the Share Purchase Plan if demand exceeds \$500,000. Shares to be issued under the Share Purchase Plan will rank equally with existing Shares.

Factors which the Directors may take into account in determining any scale back include, but are not limited to:

- (a) the extent to which Eligible Shareholders have sold or bought additional Shares after the Record Date and the date the application was made;
- (b) the total application monies received for participation in the Share Purchase Plan;
- (c) the amount applied for by each Eligible Shareholder;
- (d) the number of Shares held by each Eligible Shareholder at the Record Date;

- (e) whether an Eligible Shareholder remains on the register on the Closing Date;
- (f) the date the Company received the application for Shares; and
- (g) any other such criteria as determined by the Directors in their absolute discretion.

If there is a scale back, Eligible Shareholders would likely not receive all the new Shares for which they have applied.

ASX has granted to the Company:

- (a) A waiver from Listing Rule 7.3.9 to the extent necessary to permit the Company to not include in Resolution 4 a voting exclusion statement that excludes the votes of persons who may participate in the Share Purchase Plan, on the following conditions:
 - (i) that the Share Purchase Plan is not underwritten, or if it is underwritten, the Company excludes any votes cast in favour of that resolution by any proposed underwriter or sub-underwriter of the Share Purchase Plan; and
 - (ii) that the Company excludes any votes cast in favour of that resolution by any investor who may receive Shares under any Share Purchase Plan shortfall.
- (b) A waiver from Listing Rule 10.11 to the extent necessary to permit the directors of the Company (and their associates) to participate in the Company's Share Purchase Plan without Shareholder approval on the following conditions:
 - (i) Shareholders of the Company approve the Share Purchase Plan; and
 - (ii) Directors and their associates are offered Shares under the Share Purchase Plan on the same terms as other Shareholders.

2.10 Not underwritten

The Private Placement and Share Purchase Plan will not be underwritten.

2.11 Lead manager to the Private Placement and summary of Mandate

Westar Capital Limited ACN 009 372 838 (**Westar Capital**) is acting as the lead manager to the Private Placement. Westar Capital will be paid a transaction introduction fee of \$140,000 (to be paid through the issue of the 35,000,000 Shares the subject of Resolution 7 (the **Advisor Shares**) plus a capital raising fee (in cash) of 5% of funds raised under the Private Placement component of the Capital Raising.

The Company has entered into an exclusive Mandate with Westar Capital to document the above arrangements. In addition to the fees described above, Westar will be reimbursed for all reasonably incurred out of pocket expenses relating to the Private Placement regardless of whether the Private Placement proceeds). If the Mandate is terminated prior to completion of the Private Placement, a termination fee of A\$7,500 plus GST will become payable by the Company to Westar Capital.

The mandate may be terminated by the Company with 10 business days notice if Westar Capital fails to rectify a material breach of the mandate or on a no fault basis in circumstances where the Company considers withdrawing from the proposed Private Placement or terminating the mandate as a result of dissatisfaction with the execution of the mandate by Westar Capital, providing the Company has provided Westar Capital with reasonable verbal and written notice and an opportunity to rectify, to the Company's satisfaction, the quality of services to be provided under the mandate.

The mandate may be terminated at any time by Westar Capital in the event of a number of standard termination triggers, including a breach by the Company of the mandate or material adverse change in the international financial markets, international political, financial or economic conditions or the financial position of the Company itself.

The Company acknowledges and agrees in the mandate that prior to the date securities are issued pursuant to the Private Placement:

- (a) Westar Capital will have the benefit of a clear market in that no other equity or debt financing of any type in the Company will be made without prior consultation with and the written consent of Westar Capital, such consent not to be unreasonably withheld or delayed; and
- (b) it will not enter into any agreement or commitment which is material in the context of the Company and which contains a substantial or onerous obligation without the prior written consent of Westar Capital, such consent not to be unreasonably withheld or delayed.

The Company also undertakes under the mandate not to offer, sell or market, contract to sell, otherwise dispose of or announce the sale, directly or indirectly, of any shares in the Company or other securities which are convertible into or exchangeable or contain the right to acquire shares in the Company, without the prior consent of Westar Capital for a period of 12 months, commencing on settlement of the Private Placement Shares. This limitation also applies to any transaction having the economic effect of sale.

The Company has agreed under the mandate to use its best endeavours to ensure that during the period of 12 months, commencing from the date of issue of the Private Placement Shares, no current or proposed director of the Company or any related body corporate or their respective associates will sell, dispose or transfer any securities in the Company held by them as at the date of acceptance by the Company of the mandate without the prior consent of Westar Capital.

The mandate contains various other standard terms relating to indemnities and limitation of liability, acknowledgements by the Company, GST, confidentiality and standard Company warranties and representations.

2.12 Pro forma Capital Structure

The pro forma capital structure of the Company upon completion of the Capital Raising, the Transaction and issue of the Advisor Shares, is set out below:

	Shares	Options
Existing securities in the Company	1,196,164,076	160,228,213 ¹
Issue of Consideration Shares under the Transaction	337,500,000	-
Issue of Advisor Shares	35,000,000	-
Private Placement (assuming \$3.5 million)	875,000,000	-
Share Purchase Plan (assuming \$0.5 million)	125,000,000	-
Total (after completion of Capital raising, the Transaction and issue of Advisor Shares)	2,568,664,076	160,228,213

Note:

1. The Options above are issued in the following classes:

- (a) 5,333,331 unlisted Options with an exercise price of \$0.0226 each and expiring 30 August 2021;
- (b) 5,333,334 unlisted Options with an exercise price of \$0.0234 each and expiring 30 August 2021;
- (c) 3,000,001 unlisted Options with an exercise price of \$0.0312 each and expiring 30 August 2021;
- (d) 1,666,666 unlisted Options with an exercise price of \$0.0135 each and expiring 9 September 2022;
- (e) 1,666,667 unlisted Options with an exercise price of \$0.0158 each and expiring 9 September 2022;
- (f) 1,666,667 unlisted Options with an exercise price of \$0.0180 each and expiring 9 September 2022;
- (g) 10,000,000 unlisted Options with an exercise price of \$0.03 each and expiring 20 May 2022;
- (h) 62,561,547 unlisted Options with an exercise price of \$0.02 each and expiring 9 December 2022;
- (i) 16,000,000 unlisted Options with an exercise price of \$0.017 each and expiring 1 December 2023;
- (j) 16,000,000 unlisted Options with an exercise price of \$0.0225 each and expiring 1 December 2023;
- (k) 16,000,000 unlisted Options with an exercise price of \$0.0315 each and expiring 1 December 2023;
- (l) 20,000,000 unlisted Options with an exercise price of \$0.013 each and expiring 20 August 2022; and
- (m) 1,000,000 unlisted Options with an exercise price of \$0.013 each and expiring 20 August 2024.

2.13 Directors' interests

The Directors' current interests in securities in the Company are set out in the following table:

Director	Shareholder	Shares	Options
Peter Langworthy	Jericho Exploration Pty Ltd <The Langworthy Family A/C>	15,814,907	3,000,000 ¹
	Langworthy Super Fund	3,630,952	625,000 ¹
	Omni GeoX Pty Ltd	5,952,381	-
Brad Drabsch	Mr Bradley James Drabsch <Oceantobush A/C>	12,500,000	1,250,000 ¹
			8,000,000 ²
			8,000,000 ³
			8,000,000 ⁴
Toby Wellman	Mr Toby Wellman <Serpentine Investment A/C>	12,500,000	1,250,000 ¹
			8,000,000 ²
			8,000,000 ³
			8,000,000 ⁴
David Morgan	Emlyn Holdings Pty Ltd ATF Glyn Dwr Trust	10,595,885	-
	DBG Morgan & FM Morgan ATF Morgold	3,370,792	-
	Superannuation Fund		
	Penygroes Pty Ltd	1,250,000	7,625,000 ¹
	Mr DBG Morgan	3,250,000	625,000 ¹

Notes:

1. EXERCISE PRICE \$0.02 EXPIRING 9 DECEMBER 2022
2. EXERCISE PRICE \$0.017, EXPIRING 1 DECEMBER 2023
3. EXERCISE PRICE \$0.0225, EXPIRING 1 DECEMBER 2023
4. EXERCISE PRICE \$0.0315, EXPIRING 1 DECEMBER 2023

The registered Shareholders in the table above would be entitled to participate in the Share Purchase Plan (on the same terms and conditions as all other Eligible Shareholders) on the terms of the waiver which ASX has granted of Listing Rule 10.11 as detailed in Section 2.98. In addition, Resolutions 5 and 6 contemplate potential participation of two of the Directors, being Mr Peter Langworthy and Mr David Morgan in part of the Private Placement.

In addition, certain existing or proposed Directors hold interests in certain vendors of Lighthouse as follows.

Omni

Omni is an unlisted proprietary limited company. Mr Peter Langworthy (the Company's outgoing Chairman) is a director of Omni.

Entities controlled by Mr Langworthy control Omni (with a greater than 75% controlling interest in Omni, being 76.98%). This interest arises through direct and indirect holdings held by Mr Langworthy in Omni of 37.98% and the fact that Mr Langworthy is the trustee of the Omni Discretionary Trust which holds 39% of Omni. Mr Langworthy is not a beneficiary of the Omni Discretionary Trust. Omni is a related party of the Company and the proposed acquisition of Lighthouse Shares from Omni pursuant to the Transaction triggers Listing Rules 10.1 and 10.11. Additionally, due to the application of the ASX Listing Rules, the 34,986,595 Consideration Shares (the subject of Resolution 1) to be issued by DCX in consideration for the Lighthouse Shares held by Omni will be subject to ASX-imposed escrow for a period of 12 months from their date of issue.

CRG

CRG is an unlisted proprietary limited company. The board of CRG comprises Mr Brad Drabsch (the Company's Managing Director), Mr Toby Wellman (a Non-Executive Director of the Company) and Mr Heath Hellewell. Mr Hellewell is currently a director of Lighthouse and is proposed to become the

Company's Non-Executive Chairman after completion of the Transaction (and is consequently a related party of the Company).

Additionally:

- (a) Mr Hellewell holds a 37.66% equity interest in CRG;
- (b) Mr Drabsch holds a 16.44% equity interest in CRG;
- (c) Mr Wellman holds a 2.63% equity interest in CRG; and
- (d) Omni holds a 0.89% interest in CRG.

CRG is not a related party of the Company and the Company's proposed acquisition of Lighthouse Shares from CRG pursuant to the Transaction does not trigger Listing Rule 10.1.

Gateway and GML

Gateway is an unlisted wholly owned subsidiary of ASX-listed company, Gateway Mining Limited (GML).

Mr Langworthy is a director of Gateway and GML.

Additionally:

- (a) Mr Langworthy holds a 1.74% equity interest in GML;
- (b) Mr Drabsch holds a 0.13% equity interest in GML;
- (c) Mr Morgan holds a 0.22% equity interest in GML;
- (d) Mr Hellewell holds a 0.2% equity interest in GML;
- (e) Crest holds 2.03% of GML; and
- (f) Omni holds 7.78% of GML.

Gateway and GML are not related parties of the Company and the Company's proposed acquisition of Lighthouse Shares from Gateway pursuant to the Transaction does not trigger Listing Rule 10.1.

Crest

Crest is an unlisted public company and Crest 3 is a subsidiary of Crest. Messrs Langworthy and Hellewell are directors of Crest and Crest 3.

Additionally:

- (a) Omni holds 10.64% of Crest;
- (b) CRG holds 10.64% of Crest;
- (c) Crest Investment Syndicate Pty Ltd (in which Mr Drabsch holds an 18.18% interest and Mr Wellman holds a 9.09% interest) holds a 2.97% equity interest in Crest;
- (d) Mr Langworthy holds a 2.70% equity interest in Crest; and
- (e) Mr Hellewell holds a 1.35% equity interest in Crest.

Crest and Crest 3 are not related parties of the Company and the Company's proposed acquisition of Lighthouse Shares from Crest pursuant to the Transaction does not trigger Listing Rule 10.1.

2.14 Indicative use of funds

Funds to be raised pursuant to the Capital Raising are presently indicatively intended to be primarily used for the following purposes (noting that these are subject to change, as with any budget):

- (a) **Sylvania Project** (Lighthouse project):
 - (i) ~\$300,000 for drilling key RC/diamond drill holes testing potential gold (+/- copper) zones;
 - (ii) ~\$500,000 for soil sampling and associated mapping;
 - (iii) ~\$200,000 initial evaluation and additional mapping;
 - (iv) ~\$300,000 for detailed airborne geophysics across the project package; and
 - (v) ~\$500,000 for initial AC/RC/diamond drilling on targets identified as a result of regional work;
- (b) **Edjudina** (existing Company project):
 - (i) ~\$200,000 for follow-up RC drilling at the Hornet Prospect;
 - (ii) ~\$200,000 for regional soil geochemistry (target generation); and
 - (iii) ~\$500,000 for first pass drilling on new targets resulting from a combination of surface geochemistry and airborne geophysics;
- (c) **Newington** (existing Company project):
 - (i) ~\$500,000 on future follow-up RC/diamond drilling at both the Hawthorn and Dawsons prospects which includes potential Resource Drilling at either or both; and
 - (ii) ~\$200,000 on continued regional target generation including surface geochemistry and detailed ground based geophysics at selected prospects; and
- (d) General working capital expenditure of ~\$600,000 (including capital raising fees).

The details above are indicative only and DCX's Board reserves the right to repurpose the funds from the Capital Raising at its discretion. Also, in the event that less than \$4 million is raised pursuant to the Capital Raising, the Board would scale back the indicative expenditures above as it determines appropriate in the best interests of the Company.

2.15 Pro forma consolidated statement of financial position

An indicative pro-forma consolidated statement of financial position setting out the Company's indicative financial position assuming completion of the Transaction, Capital Raising and issue of Advisor Shares but based on historical accounts is also attached at Schedule 3. The pro-forma consolidated statement of financial position includes the proposed issue of 337,500,000 Consideration Shares at a deemed issue price of \$0.004 per share, for a total of \$1,350,000 for the acquisition of Lighthouse and 35,000,000 Advisor Shares at a deemed issue price of \$0.004 per share, for a total of \$140,000. Under the requirements of AASB2 the actual value of the shares issued will be based upon the Company's share price on the date that the shares are issued and as such the value may vary to that included in the pro-forma consolidated statement of financial position.

2.16 Indicative substantial holders

Capricorn Metals Limited (ASX: CMM) is anticipated to become a cornerstone strategic investor in the Company by participating in the Private Placement and has applied to take up 300,000,000 Shares at an issue price of \$0.004 per Share, for a total issue price of \$1,200,000. Assuming completion of the Capital Raising, the Transaction and issue of the Advisor Shares, this will represent a substantial shareholding of 11.68% of the Company.

2.17 Indicative Timetable

In accordance with the ASX Listing Rules, the Record Date for participation in the Share Purchase Plan was 4:00pm (WST) on 15 January 2021. Consequently, participation in the Private Placement will not entitle participation in the Share Purchase Plan.

Subject to the Acquisition Resolutions being approved at the Meeting, the Board's discretion (and in the case of the Transaction, subject to the satisfaction or waiver of the other conditions precedent to the Transaction as detailed in Section 2.4) it is anticipated that the Transaction, Private Placement

and issue of Advisor Shares would be completed during March 2021 (however, that timing may be deferred in the Board's discretion and subject to the ASX Listing Rules, including as may be waived by ASX).

The indicative timetable for the Share Purchase Plan is as follows (subject to the Board's discretion to amend, extend or withdraw the Share Purchase Plan).

Summary of indicative key dates for the Share Purchase Plan	Date/Time (WST)
Record Date	4:00pm (WST) on 15 January 2021
The date on which the Company determines Eligible Shareholders who may participate in the Share Purchase Plan	
Board determination of whether to proceed with the Share Purchase Plan	After the Meeting
Despatch Date	9 March 2021
Share Purchase Plan offer document announced and made available to Eligible Shareholders.	
Opening Date	9 March 2021
The date on which the Share Purchase Plan offer opens	
Closing Date	5:00pm (WST) on 8 April 2021
The date on which the Share Purchase Plan closes (unless withdrawn or varied by the Board)	
Announcement of Share Purchase Plan results	13 April 2021
Issue Date	15 April 2021
The date new Shares are intended to be issued under the Share Purchase Plan	

2.18 Risk factors

Shareholders should be aware that if the proposed Acquisition Resolutions are approved and the Transaction and Capital Raising are completed, the Company will be exposed to risk factors, including as associated with the acquisition of Lighthouse. Based on the information available, a non-exhaustive list of risk factors are as follows:

Company Specific Risks

(a) Contractual and completion risk

The Transaction is subject to certain conditions precedent being satisfied or waived (as detailed in Section 2.4). This includes the Company obtaining the Shareholder approvals pursuant to the Acquisition Resolutions. There can be no assurance that the conditions precedent will be satisfied or waived, failing which the Transaction may not proceed. Should the Transaction not complete, the Company would still bear its costs incurred of negotiating and documenting the Transaction, but would not be able to acquire Lighthouse.

(b) Tenure, access, grant and transfer of applications

Mining and exploration tenements are subject to periodic renewal. There is no guarantee that tenements will be renewed (nor that tenement applications will be granted). There is a risk that the applications for tenements within the Sylvania Project may not be granted (objections have been lodged over some tenement application areas).

The Sylvania Project and the Company's existing projects are subject to relevant mining legislation. The renewal of the term of a granted tenement is also subject to government discretion, the Company's ability to meet the conditions imposed by relevant authorities is not certain, including compliance with the Company's work program requirements which, in turn, is dependent on the Company being sufficiently funded to meet those expenditure requirements. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Sylvania Project or the Company's existing projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed by the relevant granting authority. The consequence of forfeiture or involuntary surrender of a granted tenement for reasons beyond the control of the Company could be significant.

Pursuant to the tenements comprising the Company's existing projects (and the Sylvania Project), the Company is subject to (and in relation to the Sylvania Project, Lighthouse will be subject to) payment and other obligations. In particular, tenement holders are required to expend the funds necessary to meet the minimum work commitments attaching to the tenements. Failure to meet these work commitments may render the tenement liable to be cancelled or its size reduced.

Further, if any contractual obligations are not complied with when due, in addition to any other remedies that may be available to other parties, this could result in dilution or forfeiture of the Company's interest in its projects (or of Lighthouse's proposed interests in the Sylvania Project).

There is a risk of inability to access the land required for operations on tenements. This may, for example, be as a result of weather, environmental restraints, native title, landholder's activities, regulatory or third party objections or other factors. Such difficulties may cause delays and cost overruns (and may prevent the carrying out of activities on tenements).

Interests in tenure may also be compromised or lost due to third party interests or claims.

(c) **New Assets**

The Sylvania Project is distinct from the Company's existing project interests and consequently carries a different risk profile. The Company's success will depend on the Company being successful in exploring, establishing feasibility of and establishing mining operations in relation to its existing projects and/or the Sylvania Project, or otherwise realising value for example by asset disposals. Whilst the existing and incoming Directors have extensive industry experience, there is no guarantee that the Company will be successful in exploring and developing either its existing projects or the Sylvania Project.

(d) **Joint venture and contractual risks**

Lighthouse has an ongoing Farm-in and Exploration Joint Venture Agreement with Crest 3 over three tenement applications within the Sylvania Project (the Crest JV Tenements, details provided in Schedule 4).

Under this agreement, both parties have certain obligations in order for, firstly, the tenement applications to be granted, secondly, Lighthouse to earn its interest in the tenements and thirdly, a functioning joint venture, should a Farm-in Expenditure Notice be provided to Crest.

There is a risk that the tenements the subject of the Farm-in and Exploration Joint Venture Agreement with Crest will not be granted.

There is a risk that DCX may not meet minimum expenditure requirements that it must meet in order to earn its interest in the Crest JV Tenements.

Further, there is a risk that DCX may not be able to obtain the required funding to proceed with the Joint Venture beyond Decision to Mine.

The Directors are unable to predict the risk of:

- (i) financial failure or default by a participant in any joint venture or other contractual arrangement to which the Company (or its group, which would include Lighthouse after the Transaction) is or may become a party;
- (ii) insolvency or other managerial failure by any of the contractors used by the Company in any of its activities; or
- (iii) insolvency or other managerial failure by any of the other service providers used by the Company for any activities.

(e) **The Company and Lighthouse have no history of earnings and no production or revenues**

The Company and Lighthouse are mineral exploration companies, have no history of earnings, and do not have any producing mining operations. The Company has experienced losses from exploration activities (which would continue after the acquisition of Lighthouse pursuant to the Transaction) and the Company expects to continue to incur losses. No assurance can be given that the Company will identify a mineral deposit (including at the Sylvania Project, if the Transaction occurs) which is capable of being exploited economically or which is capable of supporting production activities.

The Company expects to continue to incur losses from exploration activities in the foreseeable future.

(f) **Future capital requirements**

The Company's capital requirements depend on numerous factors. The Company expects to require further financing in addition to amounts raised under the Capital Raising.

Additional funding may be raised by the Company via the issues of equity, debt or a combination of debt and equity or asset sales. 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 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.

(g) **New projects and acquisitions**

The Company may make acquisitions in the future as part of future growth plans. In this regard, the Directors of the Company will use their expertise and experience in the resources sector to assess the value of potential projects that have characteristics that the Directors consider are likely to provide returns to Shareholders.

There can be no guarantee that any new project acquisition or investment will eventuate from these pursuits, or that any acquisitions will result in a return for Shareholders. Such acquisitions may result in use of the Company's cash resources and/or the issuance of equity securities, which will dilute shareholdings.

(h) **Native title, cultural heritage and sacred sites**

Mining tenements in Australia are subject to native title laws and may be subject to future native title applications. Native title may preclude or delay granting of exploration and mining tenements or the ability of the Company to explore, develop and/or commercialise

the mining tenements. Considerable expenses may be incurred negotiating and resolving issues, including any compensation agreements reached in settling native title claims lodged over any of the mining tenements held or acquired by the Company (or Lighthouse).

The presence of Aboriginal sacred sites and cultural heritage artefacts on mining tenements is protected by Western Australian and Commonwealth laws. Any destruction or harming of such sites and artefacts may result in the Company incurring significant fines and court injunctions. The existence of such sites may limit or preclude exploration or mining activities on those sites, which may cause delays and additional expenses for the Company in obtaining clearances.

The Sylvania Project is situated within a number of Native Title Determination areas managed by various organisations including:

- Karlka Nyiyaparli Aboriginal Corporation RNTBC;
- Ngarlawangga Aboriginal Corporation RNTBC; and
- Jidi Jidi Aboriginal Corporation RNTBC;

on behalf of the Ngarlawangga, Nharnuwangga, Wajarri and Nyiyaparli Peoples.

Industry Specific Risks

(i) Nature of mineral exploration and mining

The business of mineral exploration, development and production is subject to risk by its nature. The Sylvania Project and the Company's existing projects are at an early stage of exploration (with no guarantee of ever becoming producing assets) and Shareholders should understand that mineral exploration, development and mining are high-risk enterprises, only occasionally providing high rewards.

The success of the Company depends, among other things, on successful exploration, feasibility of projects, securing and maintaining title to tenements and consents, successful design, construction, commissioning and operating of mining and processing facilities, successful development and production in accordance with forecasts and successful management of the operations. Exploration and mining activities may also be hampered by force majeure circumstances, land claims and unforeseen mining problems.

There is no assurance that exploration and development of the mineral tenement interests currently owned by the Company or the Sylvania Project, or any other projects that may be acquired in the future, will result in the discovery of mineral deposits which are capable of being exploited economically. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited. If such commercial viability is never attained, the Company may seek to transfer its property interests or otherwise realise value, or the Company may even be required to abandon its business and fail as a "going concern".

Whether a mineral deposit will be commercially viable depends on a number of factors, which include, without limitation, the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices, which fluctuate widely, and government regulations, including, without limitation, regulations relating to prices, taxes, royalties, land tenure, land use, exporting of minerals and environmental protection. The combination of these factors may result in the Company expending significant resources (financial and otherwise) on tenements without receiving a return. There is no certainty that expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries of an economically viable mineral deposit.

The Company has relied on and may continue to rely on consultants and others for mineral exploration and exploitation expertise. The Company believes that those consultants and others are competent and that they have carried out their work in accordance with internationally recognised industry standards. However, if the work conducted by those consultants or others is ultimately found to be incorrect or inadequate in any material respect, the Company may experience delays or increased costs in exploring or developing its tenements.

(j) **Results of studies**

Subject to the results of any future exploration and testing programs, the Company may progressively undertake a number of studies in respect to the Company's current projects or any new projects (including the Sylvania Project if Lighthouse is acquired). These studies may include scoping studies, pre-feasibility studies and bankable feasibility studies.

These studies may not occur, but if they are completed, they would be prepared within certain parameters designed to determine the economic feasibility of the relevant project within certain limits. There can be no guarantee that any of the studies will confirm the economic viability of the Company's projects or the results of other studies undertaken by the Company (e.g. the results of a feasibility study may materially differ to the results of a scoping study).

Further, even if a study determines the economics of the Company's projects, there can be no guarantee that the projects will be successfully brought into production as assumed or within the estimated parameters in the feasibility study, once production commences including but not limited to operating costs, mineral recoveries and commodity prices.

In addition, the ability of the Company to complete a study would be dependent on the Company's ability to raise further funds to complete the study as required.

(k) **Resource and Reserve estimates**

Ore reserve and mineral resource estimates are expressions of judgment based on drilling results, past experience with mining properties, knowledge, experience, industry practice and many other factors. Estimates which are valid when made may change substantially when new information becomes available. Mineral resource and ore reserve estimation is an interpretive process based on available data and interpretations and thus estimations may prove to be inaccurate. The Company has no ore reserves, and no ore reserves are defined in relation to the Sylvania Project. Further, such project may never become feasible and consequently no forecast is made of whether or not any ore reserve will be defined in future.

The actual quality and characteristics of mineral deposits cannot be known until mining takes place and will almost always differ from the assumptions used to develop resources. Further, ore reserves are valued based on future costs and future prices and, consequently, the actual ore reserves and mineral resources may differ from those estimated, which may result in either a positive or negative effect on operations.

Should the Company encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Company's operations.

(l) **Operational risks**

The operations of the Company may be affected by various factors which are beyond the control of the Company, such as failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration or mining, operational and technical difficulties encountered in exploration and mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages, delays in procuring, or increases in the costs of consumables, spare parts, plant and equipment, fire, explosions and other incidents beyond the control of the Company. The operations of the Company may also be affected by various other factors, including failures in internal controls and financial fraud.

These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Company currently intends to maintain insurance

within ranges of coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

(m) **Mine development**

No mines have been developed by the Company or Lighthouse. Possible future development of mining operations at the Company's existing projects or at the Sylvania Project or other tenements applied for or acquired by the Company may not occur and is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, the grant of tenure, availability of funding on reasonable terms for such development and favourable mining, processing, metallurgical, infrastructure, economic, heritage, environmental, engineering, social, government, native title and other legal matters and receiving the necessary approvals from all relevant authorities and parties.

None of the Company's existing projects or the Sylvania Project are currently economically feasible and there is no forecast made of whether any of them will be feasible in future.

If the Company commences production on any existing or future projects, its operations may be disrupted by a variety of risks and hazards which are beyond the control of the Company, such as weather patterns, unanticipated technical and operational difficulties encountered in exploration, development, extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

No assurance can be given that the Company will achieve commercial viability through the development of existing or future projects.

(n) **Metallurgical risks**

The economic viability of mineralisation depends on a number of factors such as the development of an economic process route for metal concentrates, which may or may not ultimately be successful. Further, changes in mineralogy may result in inconsistent metal recovery.

(o) **Environmental regulation risk**

The Company's existing projects and the Sylvania Project are subject to State and Federal laws and regulations regarding environmental matters. The governments and other authorities that administer and enforce environmental laws and regulations determine these requirements. As with all exploration projects and mining operations, the Company's and Lighthouse's activities are expected to have an impact on the environment, particularly, if they result in mine development.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop mineral deposits (including after it acquires Lighthouse). There are also risks that the Company or Lighthouse may breach environmental laws and regulations, with consequential adverse effects on the financial position and performance of the Company.

Further, the Company will require approvals from relevant authorities before it can undertake activities that are likely to impact the environment (including after it acquires Lighthouse). Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant

expenses and undertake significant investments which could have a material adverse effect on the Company's business, financial condition and results of operations.

(p) **Environmental liabilities risk**

The Company's activities are subject to potential risks and liabilities associated with (without limitation) the potential pollution of the environment and the necessary disposal of mining waste products resulting from mineral exploration and production. Insurance against environmental risk (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) is not generally available to the Company (or to other companies in the minerals industry) at a reasonable price. To the extent that the Company becomes subject to environmental liabilities, the satisfaction of any such liabilities would reduce funds otherwise available to the Company and could have a material adverse effect on the Company. Laws and regulations intended to ensure the protection of the environment are constantly changing and are generally becoming more restrictive.

(q) **Occupational Health and Safety Risk**

The Company is committed to providing a healthy and safe environment for its personnel, contractors and visitors. However, exploration, development and other mining industry activities have inherent risks and hazards. While the Company provides appropriate instructions, equipment, preventative measures, first aid information and training to all stakeholders through its occupational, health and safety management systems, health and safety incidents may nevertheless occur. Any illness, personal injury, death or damage to property resulting from the Company's activities may lead to a claim against the Company.

(r) **COVID-19**

The global economic outlook is facing uncertainty due to the current COVID-19 pandemic which is impacting global capital markets and companies' abilities to conduct business operations. The Company will seek to monitor and assess its ability to conduct operations in light of the COVID-19 pandemic. However, as the situation with respect to COVID-19 continues to develop (and various government restrictions may be implemented), there can be no assurance that the Company will be able to continue to mitigate any adverse effects of COVID-19 on its operations and planned business activities.

Further, the Company is ultimately exposed to the general economic conditions globally which could have an adverse effect on the operating and financial performance of the Company. A prolonged economic contraction as a result of COVID-19 and/or other factors could impact on the Company's ability to conduct its operations.

General Risks

(s) **Securities investments**

There are risks associated with any securities investment.

There is no guarantee that an active trading market in the Shares will continue or that the price of Shares will increase. The prices at which Shares trade may fluctuate in response to a number of factors.

Further, the stock market is prone to price and volume fluctuations. There can be no guarantee that trading prices will be sustained. These factors may materially affect the market price of the Shares, regardless of the Company's operational performance.

Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(t) **Economic risk**

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Similarly, share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating

performance. Factors that may contribute to that general economic climate and the market price of Shares include, but are not limited to:

- (i) changes in government policies, taxation and other laws;
- (ii) the strength of the equity and share markets in Australia and throughout the world;
- (iii) movement in, or outlook on, exchange rates, interest rates and inflation rates;
- (iv) industrial disputes in Australia and overseas;
- (v) changes in investor sentiment toward particular market sectors or commodities;
- (vi) financial failure or default by an entity with which the Company may become involved in a contractual relationship; and
- (vii) natural disasters, social upheaval, war or acts of terrorism.

(u) **Tax law and application**

The application of and changes in relevant tax laws (such as income tax, goods and services tax (or equivalent) and stamp duty), rules relating to deductible liabilities, or changes in the way those tax laws are interpreted, will or may impact the tax liabilities of the Company or the tax treatment of a Shareholder's investment. An interpretation or application of tax laws or regulations by a relevant tax authority that is contrary to the Company's view of those laws may increase the amount of tax paid or payable by the Company.

Both the level and basis of tax may change. Any changes to the current rates of taxes and/or any changes in tax rules and tax arrangements may increase the amount of tax paid or payable by the Company and may also impact Shareholders.

(v) **Commodity price volatility and exchange rate risks**

The Company is exposed to the risks of commodity price volatility and exchange rate fluctuations increasing the Company's costs.

Also, if the Company achieves success leading to mineral production (which may never occur), the revenue it will derive through the sale of product will expose the potential income of the Company to commodity price and exchange rate risks.

Commodity prices and exchange rates fluctuate and are affected by numerous factors beyond the control of the Company.

(w) **Dilution**

In certain circumstances, the Directors may issue equity securities without any vote or action by Shareholders. When the Company issues equity securities, the percentage ownership of Shareholders may be reduced and diluted.

(x) **Competition**

Like many industries, the resources industry is subject to domestic and global competition. The Company has no influence or control over the activities or actions of its competitors and these activities or actions may positively or negatively affect the operating and financial performance of the Company's projects and business.

Many of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. Many of the Company's competitors not only explore for and produce minerals, but also carry out refining operations and produce other products on a worldwide basis. There can be no assurance that the Company can compete effectively with these companies.

(y) **Reliance on key personnel**

The Company is reliant on a number of key personnel and consultants. The loss of one or more of these key contributors could have an adverse impact on the business of the Company. It may be difficult for the Company to continue to attract and retain suitably

qualified and experienced people, due to the relatively small size of the Company, compared with other industry participants.

(z) **Litigation risk**

Legal proceedings may arise from time to time in the course of the Company's activities. Legal proceedings brought by third parties including but not limited to joint venture partners or employees could negatively impact the Company (including after it acquires Lighthouse).

(aa) **Unforeseen expenses**

The Company may incur unforeseen expenses. In those circumstances, the expenditure proposals of the Company may be adversely affected.

(bb) **Force Majeure**

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company such as labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(cc) **Insurance**

The Company intends to insure its operations in accordance with industry practice. However, insurance of all risks associated with exploration, development and mining activities is not always available and, where it is available, the cost may be prohibitively high. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

(dd) **Change in regulations and regulatory risk**

Any material adverse changes in government policies, legislation or shifts in political attitude in Australia that affect mineral mining and exploration activities, tax laws, royalty regulations, government subsidies and environmental issues may affect the viability of a project or the Company. No assurance can be given that amendments to current laws and regulations or new rules and regulations will not be enacted, or that existing rules and regulations will not be applied in a manner which could substantially limit or affect the Company's business (including after it acquires Lighthouse).

The Company's activities are subject to extensive laws and regulations relating to numerous matters such as regulatory and third party consents, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, Native Title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to matters such as exploration, development, production and rehabilitation activities.

Obtaining necessary permits can be a time consuming process and there is a risk that the Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the exploration or development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more tenements.

(ee) **Accounting standards**

Australian Accounting Standards (**AAS**) are adopted by the Australian Accounting Standards Board (**AASB**) and are not within the control of the Company and its Directors. The AASB may, from time to time, introduce new or refined AAS, which may affect the

future measurement and recognition of key statement of profit or loss and statement of financial position items. There is also a risk that interpretation of existing AAS, including those relating to the measurement and recognition of key statement of profit or loss or statement of financial position items may differ. Any changes to the AAS or to the interpretation of those standards may have an adverse effect on the reported financial performance and position of the Company.

(ff) **Expected future events may not occur**

Certain statements in this Notice constitute forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Given these uncertainties, prospective Shareholders should not place undue reliance on such forward-looking statements. In addition, under no circumstances should forward looking statements be regarded as a representation or warranty by the Company, or any other person referred to in this Notice, that a particular outcome or future event is guaranteed.

(gg) **Trading in securities of the Company may not be liquid**

There is no guarantee that there will be an ongoing liquid market for securities of the Company. Accordingly, there is a risk that, should the market or Company's securities become illiquid, the Shareholders will be unable to realise their investment in the Company.

2.19 Proposal for the existing assets of the Company

The Company's current minerals project portfolio comprises the Edjudina Gold Project, the Newington Gold Project and the Monument Gold Project (currently under option). The Company currently proposes to continue to develop its existing projects as outlined in Section 2.144 above (assuming the Capital Raising is completed).

2.20 Inter-conditionality of resolutions

Resolutions 1-3 (inclusive), (being the Acquisition Resolutions) are inter-conditional, meaning that each of them will only take effect if all of them are approved by the requisite majority of Shareholders' votes at the Meeting. If any one of those Resolutions is not approved at the Meeting, none of them will take effect and the Transaction and other matters contemplated by the Acquisition Resolutions will not be completed pursuant to this Notice (unless the inter-conditionality of the Acquisition Resolutions is waived by the Board).

Resolutions 4-7 (inclusive) are conditional on the Acquisition Resolutions being approved, meaning that each of Resolutions 4-7 (inclusive) will only take effect if all of the Acquisition Resolutions are approved by the requisite majority of Shareholders' votes at the Meeting (unless the inter-conditionality of the Acquisition Resolutions is waived by the Board). For clarity, the Acquisition Resolutions are not dependent on any of Resolutions 4-7 being approved.

2.21 Plans for the Company if completion of the Transaction does not occur

Should completion of the Transaction not occur, the Company currently proposes to continue to develop its existing assets, although (subject in each case to the Board's discretion) it is anticipated that in that situation the Placement would not occur and the Board may withdraw the SPP. The Board would also consider any future opportunities available to the Company, such as asset acquisitions or disposals, acting in the best interests of the Company.

2.22 Chapter 11 of the Listing Rules

ASX has determined that Listing Rules 11.1.2 and 11.1.3 (concerning significant changes in the nature or scale of a listed company's activities) do not apply to the Transaction or the Capital Raising. Consequently, the Company will not be required to re-comply with ASX's admission tests in order to complete the Transaction and Capital Raising, nor to obtain shareholder approval under Listing Rule 11.1.2.

2.23 Chapter 2E of the Corporations Act

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

- (a) obtain the approval of its shareholders in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

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

In relation to the various financial benefits which related parties of the Company may receive (as detailed in this Notice) pursuant to the Transaction and Capital Raising, Shareholders' approval under section 208 of the Corporations Act is not required due to the application of exceptions to that section. In relation to the related party financial benefits pursuant to the Transaction (including as set out in Resolution 1 and in Section 2.133) and the potential participation of Messrs Langworthy and Morgan in the Private Placement (as set out in Resolutions 5 and 6), the arm's length terms exception in section 210 of the Corporations Act applies, because the related party participation in the Transaction and Private Placement would be on the same terms as unrelated participants and would be reasonable in the circumstances if the Company and the related parties were dealing at arm's length. In relation to the related party entitlement to participate in the Share Purchase Plan on the same terms as other Shareholders, the exception in section 215 of the Corporations Act applies, because the benefit of participating in the Share Purchase Plan would be given to related parties of the Company in their capacity as Shareholders and would not discriminate against the other members of the Company.

2.24 Forward looking statements

The forward looking statements in this Notice are based on the Company's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Notice. These risks include but are not limited to, the risks detailed in Section 2.188. Forward looking statements generally (but not always) include those containing words such as 'anticipate', 'estimates', 'should', 'will', 'expects', 'plans' or similar expressions.

2.25 Competent person statements

The information in this Notice that relates to Exploration Results is based on and fairly represents information and supporting documentation compiled by Mr Toby Wellman, a competent person who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM). Mr Wellman has sufficient experience that is relevant to the style of mineralisation and type 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 (the "JORC Code"). Mr Wellman is the Executive Technical Director and Exploration Manager of DiscovEx Resources Limited and consents to the inclusion in this Notice of the Exploration Results in the form and context in which they appear. Mr Wellman is also a director of Centrepeak Resources Group Pty Ltd (one of the Lighthouse vendors) and has minority interests in that entity and in Crest Investment Group Limited (another Lighthouse vendor).

Material in this Notice that relates to the Mineral Resources of the Prairie Downs Zn-Pb-Ag Deposit is based on and fairly represents information prepared by Mr Mark Drabble, a competent person who is a Member of the Australasian Institution of Mining and Metallurgy. Mr Drabble is an employee of Optiro Pty Ltd. Mr Drabble has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken 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 (the "JORC Code"). Mr Drabble consents to the inclusion in this Notice of the matters based on his information in the form and context in which it appears.

The information in this Notice related to the Mineral Resource at Spearhole is based on the information compiled by Mr David Randal Jenkins, a competent person who is a Member of the

Australian Institute of Geoscientists. Mr David Randal Jenkins is an employee of Terra Search and has sufficient experience in the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr David Randal Jenkins consents to the inclusion in this Notice of the matters based on his information in the form and context in which it appears. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

3. Resolution 1 – Approval of the Company's acquisition of Lighthouse Shares from Omni and the issue of Consideration Shares to Omni

3.1 General

Resolution 1 seeks the approval of Shareholders for the acquisition of 2,900,000 Lighthouse Shares (being 10.37% of all Lighthouse Shares) from Omni and the issue of 34,986,595 Consideration Shares to Omni as consideration for those Lighthouse Shares. Due to the application of the ASX Listing Rules, the 34,986,595 Consideration Shares (the subject of Resolution 1) to be issued by DCX in consideration for the Lighthouse Shares held by Omni will be subject to ASX-imposed escrow for a period of 12 months from their date of issue.

A detailed description of the proposed acquisition of Lighthouse by the Company (being the Transaction) is outlined in Section 2 above and information concerning Omni is detailed in Section 2.133.

Shareholders should also carefully consider the Independent Expert's Report prepared for the purpose of Resolution 1. The Independent Expert's Report comments on the fairness and reasonableness of the transaction the subject of Resolution 1 to the non-associated Shareholders. The Independent Expert has determined the transaction the subject of Resolution 1 fair and reasonable to the non-associated Shareholders.

Resolution 1 is an ordinary resolution.

Resolution 1 is subject to approval of Resolutions 2 and 3 unless the Board waives that inter-conditionality.

Mr Peter Langworthy will not act as the Chairperson in relation to Resolution 1 due to his personal interest in that Resolution arising from his interests in, and control of, Omni disclosed in Section 2.133. Instead, one of the other Directors is proposed to serve that role for Resolution 1. Such Chairperson intends to exercise all available undirected proxies in favour of Resolution 1.

3.2 Listing Rule 10.1

The Company is proposing to acquire Lighthouse, part of which includes the acquisition of Omni's Lighthouse Shares.

Listing Rule 10.1 provides that a listed company must not acquire or agree to acquire a substantial asset from, or dispose of or agree to dispose of a substantial asset to:

10.1.1 a related party;

10.1.2 a child entity;

10.1.3 a person who is, or was at any time in the 6 months before the transaction, a substantial (10% +) holder in the company;

10.1.4 an associate of a person referred to in Listing Rules 10.1.1 to 10.1.3; or

10.1.5 a person whose relationship with the company or a person referred to in Listing Rules 10.1.1 to 10.1.4 is such that, in ASX's opinion, the issue or agreement should be approved by shareholders,

unless it obtains the approval of its shareholders.

The proposed acquisition by the Company of the Lighthouse Shares held by Omni falls within Listing Rule 10.1.1 because Omni is a related party of the Company, as detailed in Section 2.133 and because Omni's Lighthouse Shares would qualify as a "substantial asset" pursuant to the Listing Rules. That acquisition therefore requires the approval of Shareholders under Listing Rule 10.1.

Resolution 1 seeks the required shareholder approval to the Company's acquisition of the Lighthouse Shares held by Omni under and for the purposes of Listing Rule 10.1 (among other things).

If Resolution 1 is passed and the other Acquisition Resolutions are passed, the Company will be able to proceed with the Transaction as detailed in Section 2 (noting that there are also other conditions precedent to the Transaction to be satisfied or waived, as listed in Section 2.4).

If Resolution 1 is not passed, the Company will not be able to proceed with the Transaction.

For the purposes of Listing Rule 10.5, information regarding the Company's acquisition of Lighthouse Shares from Omni is as follows:

The name of the person from whom the Company is acquiring the substantial asset.	Omni GeoX Pty Ltd, an entity controlled by Mr Peter Langworthy (Mr Langworthy holds a 76.98% controlling interest in Omni – see section 2.13 for full details). Mr Langworthy is a director (and the Chairperson) of the Company who is proposing to leave the Board after the Transaction is completed.
Which category in rules 10.1.1 – 10.1.5 the person falls within and why.	Listing Rule 10.1.1 – because Omni is a related party of the Company, as detailed in Section 2.133.
Details of the asset being acquired.	The Company proposes to acquire 2,900,000 Lighthouse Shares from Omni (being 10.37% of all Lighthouse Shares). Refer also to Section 2 and to the Independent Expert's Report.
The consideration for the acquisition or disposal.	34,986,595 Consideration Shares to be issued to Omni.
In the case of an acquisition, the intended source of funds (if any) to pay for the acquisition.	No funds are being used to pay for the acquisition, as the consideration proposed is the 34,986,595 Consideration Shares detailed above.
In the case of a disposal, the intended use of funds (if any) received for the disposal.	N/A.
The timetable for completing the acquisition or disposal.	See Sections 2.4 and 2.177.
If the acquisition or disposal is occurring under an agreement, a summary of any other material terms of the agreement.	See section 2.4.
A voting exclusion statement.	A voting exclusion statement is included in Resolution 1.
A report on the transaction from an independent expert. The report must state the expert's opinion as to whether the transaction is fair and reasonable to the holders of the entity's ordinary securities whose votes in favour of the transaction are not to be disregarded under rule 14.11. The expert's opinion as to whether the transaction is fair and reasonable must be displayed prominently in the notice of meeting and on the covering page of any accompanying documents.	The Independent Expert's Report is included in Schedule 1.

3.3 Listing Rule 10.11

As detailed above, the Company is proposing to issue 34,986,595 Consideration Shares to Omni in considering for the Lighthouse Shares held by Omni.

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

10.11.1 a related party;

10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;

10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;

10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or

10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The proposed issue of 34,986,595 Consideration Shares to Omni pursuant to Resolution 1 falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 1 seeks the required shareholder approval for that issue under and for the purposes of Listing Rule 10.11 (among other things).

If Resolution 1 is passed and the other Acquisition Resolutions are passed, the Company will be able to proceed with the Transaction as detailed in Section 2 (noting that there are also other conditions precedent to the Transaction to be satisfied or waived, as listed in Section 2.4).

If Resolution 1 is not passed, the Company will not be able to proceed with the Transaction.

Shareholder approval is not required under Listing Rule 7.1 for the issue of the 34,986,595 Consideration Shares to Omni pursuant to Resolution 1, because approval is being sought under Listing Rule 10.11, which is an exception to Listing Rule 7.1.

For the purposes of Listing Rule 10.13, information regarding the issue of Consideration Shares to Omni is as follows:

The name of the person to whom the 34,986,595 Consideration Shares will be issued under Resolution 1.	Omni GeoX Pty Ltd, an entity controlled by Mr Peter Langworthy (Mr Langworthy holds a 76.98% controlling interest in Omni – see section 2.13 for full details). Mr Langworthy is a director of the Company who is proposing to leave the Board after the Transaction is completed.
Which category in rules 10.11.1 – 10.11.5 the person falls within and why.	Listing Rule 10.11.1 – because Omni is a related party of the Company, as detailed in Section 2.13.
The number and class of securities to be issued to the person.	34,986,595 Consideration Shares.
If the securities are not fully paid ordinary securities, a summary of the material terms of the securities.	N/A.
The date or dates on or by which the entity will issue the securities, which must not be more than 1 month after the date of the meeting.	No later than 1 month after the date of the Meeting (or by such later date as ASX may permit pursuant to a waiver of the ASX Listing Rules).
The price or other consideration the entity will receive for the issue.	Consideration Shares are to be issued at a deemed (non-cash) issue price of \$0.004 per Share. Consideration the Company will receive for the 34,986,595 Consideration Shares is 2,900,000 Lighthouse Shares (being 10.37% of all Lighthouse Shares) from Omni.
The purpose of the issue, including the intended use of any funds raised by the issue.	As consideration for the acquisition of 2,900,000 Lighthouse Shares from Omni as part of the Transaction outlined in Section 2. No funds will be raised from the issue of the Consideration Securities.

If the person is: - a director and therefore a related party under rule 10.11.1; or - an associate of, or person connected with, a director under rules 10.11.4 or 10.14.5, and the issue is intended to remunerate or incentivise the director, details (including the amount) of the director's current total remuneration package.	N/A.
If the securities are issued under an agreement, a summary of any other material terms of the agreement.	See Section 2.4.
A voting exclusion statement.	A voting exclusion statement is included in Resolution 1.

3.4 Directors recommendation

The Directors (other than Mr Peter Langworthy who excludes himself due to his personal interest in Resolution 1) recommend that Shareholders vote in favour of Resolution 1.

4. Resolution 2 – Approval to issue Consideration Shares to Minority Shareholders, CRG, Crest and Gateway

4.1 General

Resolution 2 seeks Shareholder approval for the issue of 302,513,405 Consideration Shares (in aggregate) to all shareholders of Lighthouse (as listed in Section 2.77) other than Omni (which is instead the subject of Resolution 1), being:

- (a) A and R Assets Pty Ltd;
 - (b) A.C.N. 112 940 057 Pty Ltd;
 - (c) Big Bear Nominees Pty Ltd;
 - (d) Martin Ross Helean;
 - (e) Third Reef Pty Ltd;
 - (f) Jason Paul Skinner; and
 - (g) Bournville Pty Ltd,
- (together the **Minority Shareholders**);
- (h) CRG;
 - (i) Crest; and
 - (j) Gateway,

in consideration for their respective Lighthouse Shares pursuant to the Transaction.

Resolution 2 is an ordinary resolution.

Resolution 2 is subject to the approval of Resolutions 1 and 3, unless the Board waives that inter-conditionality.

The Chairperson intends to exercise all available undirected proxies in favour of Resolution 2.

4.2 Listing Rule 7.1

In accordance with Listing Rule 7.1, the Company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period.

Given the Consideration Shares to be issued under Resolution 2 will exceed the balance of the Company's 15% placement capacity and none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is required in accordance with Listing Rule 7.1. Resolution 2 consequently

seeks the required shareholder approval for the issue of 302,513,405 Consideration Shares for the purpose of Listing Rule 7.1 (and for all other purposes).

The effect of passing Resolution 2 (provided the other Acquisition Resolutions are also passed) will be to allow the Directors to issue 302,513,405 Consideration Shares in aggregate to the Minority Shareholders, CRG, Crest and Gateway (and/or their nominees) during the three-month period after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity. If Resolution 2 is not passed, the Company will not issue the Consideration Shares to those parties and the Transaction will not occur.

For the purposes of Listing Rule 7.3, information regarding the issue of Consideration Shares to the Minority Shareholders, CRG, Crest and Gateway is as follows:

The names of the persons to whom the entity will issue the securities or the basis upon which those persons were or will be identified or selected.	The following parties (and/or their respective nominee(s)): Crest Investment Group Limited Gateway Projects WA Pty Ltd Centrepeak Resources Group Pty Ltd A and R Assets Pty Ltd A.C.N. 112 940 057 Pty Ltd Big Bear Nominees Pty Ltd Martin Ross Helean Third Reef Pty Ltd Jason Paul Skinner Bournville Pty Ltd																							
The number and class of securities the entity will issue.	The following Consideration Shares will be issued to the following parties (and/or their respective nominee(s)): <table><thead><tr><th>Lighthouse vendor</th><th>Consideration Shares</th></tr></thead><tbody><tr><td>Crest Investment Group Limited</td><td>138,739,947</td></tr><tr><td>Gateway Projects WA Pty Ltd</td><td>90,482,574</td></tr><tr><td>Centrepeak Resources Group Pty Ltd</td><td>34,986,595</td></tr><tr><td>A and R Assets Pty Ltd</td><td>10,556,300</td></tr><tr><td>A.C.N. 112 940 057 Pty Ltd</td><td>8,445,040</td></tr><tr><td>Big Bear Nominees Pty Ltd</td><td>4,825,737</td></tr><tr><td>Martin Ross Helean</td><td>4,825,737</td></tr><tr><td>Third Reef Pty Ltd</td><td>4,825,737</td></tr><tr><td>Jason Paul Skinner</td><td>2,412,869</td></tr><tr><td>Bournville Pty Ltd</td><td>2,412,869</td></tr></tbody></table>		Lighthouse vendor	Consideration Shares	Crest Investment Group Limited	138,739,947	Gateway Projects WA Pty Ltd	90,482,574	Centrepeak Resources Group Pty Ltd	34,986,595	A and R Assets Pty Ltd	10,556,300	A.C.N. 112 940 057 Pty Ltd	8,445,040	Big Bear Nominees Pty Ltd	4,825,737	Martin Ross Helean	4,825,737	Third Reef Pty Ltd	4,825,737	Jason Paul Skinner	2,412,869	Bournville Pty Ltd	2,412,869
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Third Reef Pty Ltd	4,825,737																							
Jason Paul Skinner	2,412,869																							
Bournville Pty Ltd	2,412,869																							
If the securities are not fully paid ordinary securities, a summary of the material terms of the securities.	N/A.																							
The date or dates on or by which the entity will issue the securities.	No later than 3 months after the date of the Meeting (or by such later date as ASX may permit pursuant to a waiver of the ASX Listing Rules).																							

The price or other consideration the entity will receive for the securities.	Consideration Shares are to be issued at a deemed (non-cash) issue price of \$0.004 per Share. The consideration the Company will receive is 25,075,000 Lighthouse Shares (being 89.63% of all Lighthouse Shares) from Minority Shareholders, CRG, Crest and Gateway.
The purpose of the issue, including the intended use of any funds raised by the issue.	As consideration for the acquisition of 25,075,000 Lighthouse Shares from Minority Shareholders, CRG, Crest and Gateway as part of the Transaction outlined in Section 2. No funds will be raised from the issue of the Consideration Securities.
If the securities are being issued under an agreement, a summary of any other material terms of the agreement.	See Section 2.4.
If the securities are being issued under, or to fund, a reverse takeover, information about the reverse takeover.	N/A.
A voting exclusion statement.	A voting exclusion statement is included in Resolution 2.

4.3 Directors recommendation

The Directors other than Mr Bradley Drabsch and Mr Toby Wellman, given their respective interests in Resolution 2 as detailed in section 2.13, recommend that Shareholders vote in favour of Resolution 2.

5. Resolution 3 – Approval to issue Shares pursuant to the Private Placement

5.1 General

Resolution 3 seeks shareholder approval for the Private Placement of up to 875,000,000 Shares at an issue price of A\$0.004 each per Share, to raise up to A\$3.5 million. Refer to Section 2 for further information in relation to the Private Placement.

Resolution 3 is an ordinary resolution.

Resolution 3 is subject to the approval of Resolutions 1 and 2, unless the Board waives that inter-conditional.

The Chairperson intends to exercise all available undirected proxies in favour of Resolution 3.

5.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is contained in Section 4.2. Resolution 3 seeks the required shareholder approval for the issue of up to 875,000,000 Private Placement Shares for the purpose of Listing Rule 7.1 (and for all other purposes), up to 300,000,000 of which are proposed to be issued to Capricorn Metals Ltd (or its nominee) which is an ASX-listed company whose CEO, Mr Kim Massey, is proposed to join the Company's Board as a Non-Executive Director after completion of the Transaction.

The effect of passing Resolution 3 will be to allow the Directors to issue the Private Placement Shares during the three-month period after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity. If Resolution 3 is not passed, the Company will not be able to proceed with the issue of the Private Placement Shares and the Transaction will not occur (in each case unless the Board determines otherwise).

For the purposes of Listing Rule 7.3, information regarding the issue of Shares pursuant to the Private Placement is as follows:

The names of the persons to whom the entity will issue the securities or the basis upon which those persons were or will be identified or selected.	The Shares to be issued pursuant to the Private Placement will be issued to sophisticated and professional investors (which is proposed to include the issue of up to 300,000,000 of those Shares to Capricorn Metals Ltd (and or its nominee(s))).
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	The Private Placement Shares proposed to be issued to related parties, or associates of related parties of the Company, are also subject to approval under Resolutions 5 and 6, however the Board also reserves the discretion to issue up to the full number of 875,000,000 Private Placement Shares to unrelated parties of the Company, should approval not be received under Resolutions 5 and 6.
The number and class of securities the entity will issue.	Up to 875,000,000 Shares.
If the securities are not fully paid ordinary securities, a summary of the material terms of the securities.	N/A.
The date or dates on or by which the entity will issue the securities.	No later than 3 months after the date of the Meeting (or by such later date as ASX may permit pursuant to a waiver of the ASX Listing Rules).
The price or other consideration the entity will receive for the securities.	\$0.004 per Share.
The purpose of the issue, including the intended use of any funds raised by the issue.	The purpose of the issue is to raise funds, the intended use of which is outlined in Section 2.144.
If the securities are being issued under an agreement, a summary of any other material terms of the agreement.	The Private Placement Shares are proposed to be issued under subscription agreements that detail the price and terms of each Private Placement Share and that the issue was conditional on Shareholder approval being received for both the Transaction and the Private Placement.
If the securities are being issued under, or to fund, a reverse takeover, information about the reverse takeover.	N/A.
A voting exclusion statement.	A voting exclusion statement is included in Resolution 3.

5.3 Directors recommendation

The Directors recommend that Shareholders vote in favour of Resolution 3.

6. Resolution 4 – Approval to issue Shares pursuant to the Share Purchase Plan

6.1 General

Resolution 4 seeks Shareholder approval for the issue of up to 125,000,000 Shares at an issue price of A\$0.004 per Share pursuant to the Share Purchase Plan, to raise up to \$0.5 million. Refer to Section 2 for further information in relation to the Share Purchase Plan.

Resolution 4 is an ordinary resolution.

Resolution 4 is subject to the approval of the Acquisition Resolutions unless the Board waives that inter-conditionality.

The Chairperson intends to exercise all available undirected proxies in favour of Resolution 4.

6.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is contained in Section 4.2. Resolution 4 seeks Shareholder approval for the issue of up to 125,000,000 Shares at an issue price of A\$0.004 per Share pursuant to the Share Purchase Plan for the purpose of Listing Rule 7.1 (and for all other purposes).

Listing Rule 7.2 exception 5 provides an exception to Listing Rule 7.1 for certain share purchase plans. However, the Company's proposed Share Purchase Plan does not qualify for that exception, because the issue price of A\$0.004 per Share under the Share Purchase Plan is less than 80% of the relevant five day volume weighted average market price of Shares traded on ASX before the day on which the Share Purchase Plan was announced. That five day volume weighted average price was A\$0.0078, meaning that the issue price of A\$0.004 per Share is a 49% discount. Also, it is not presently ascertainable as to how this will compare to the market price leading up to the issue of Shares pursuant to the Share Purchase Plan.

The effect of passing Resolution 4 will be to allow the Directors to issue the Share Purchase Plan Shares during the three-month period after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity. If Resolution 4 is not passed, the Company will not proceed with the issue of the Share Purchase Plan Shares unless the Board decides otherwise.

For the purposes of Listing Rule 7.3, information regarding the issue of Shares pursuant to the Share Purchase Plan is as follows:

The names of the persons to whom the entity will issue the securities or the basis upon which those persons were or will be identified or selected.	The Share Purchase Plan Shares will be issued to Eligible Shareholders (as defined in Section 2.99) of the Company.
The number and class of securities the entity will issue.	Up to 125,000,000 Shares.
If the securities are not fully paid ordinary securities, a summary of the material terms of the securities.	N/A.
The date or dates on or by which the entity will issue the securities.	No later than 3 months after the date of the Meeting (or by such later date as ASX may permit pursuant to a waiver of the ASX Listing Rules). Refer also to the indicative timetable in Section 2.177.
The price or other consideration the entity will receive for the securities.	\$0.004 per Share.
The purpose of the issue, including the intended use of any funds raised by the issue.	The purpose of the issue is to raise funds, the intended use of which is outlined in Section 2.144.
If the securities are being issued under an agreement, a summary of any other material terms of the agreement.	The Share Purchase Plan Shares are to be issued under an offer document to be issued after the Meeting. See Section 2.99 for further information.
If the securities are being issued under, or to fund, a reverse takeover, information about the reverse takeover.	N/A.
A voting exclusion statement.	A voting exclusion statement is included in Resolution 3. Note: ASX has granted to the Company: (a) A waiver from Listing Rule 7.3.9 to the extent necessary to permit the Company to not include in Resolution 4 a voting exclusion statement that excludes the votes of persons who may participate in the Share Purchase Plan, on the following conditions:

	(i) that the Share Purchase Plan is not underwritten, or if it is underwritten, the Company excludes any votes cast in favour of that resolution by any proposed underwriter or sub-underwriter of the Share Purchase Plan; and (ii) that the Company excludes any votes cast in favour of that resolution by any investor who may receive Shares under any Share Purchase Plan shortfall. (b) A waiver from Listing Rule 10.11 to the extent necessary to permit the directors of the Company (and their associates) to participate in the Company's Share Purchase Plan without Shareholder approval on the following conditions: (i) Shareholders of the Company approve the Share Purchase Plan; and (ii) Directors and their associates are offered Shares under the Share Purchase Plan on the same terms as other Shareholders.
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6.3 Directors recommendation

The Directors recommend that Shareholders vote in favour of Resolution 4.

7. Resolution 5 – Approval to issue Shares to Mr Peter Langworthy pursuant to the Private Placement

7.1 General

Resolution 5 seeks shareholder approval for Mr Peter Langworthy (and/or his nominee(s)) to participate in the Private Placement to the extent of up to 12,500,000 Shares at \$0.004 per Share, for an aggregate investment of \$50,000.

Resolution 5 is an ordinary resolution.

Resolution 5 is subject to the approval of the Acquisition Resolutions unless the Board waives that inter-conditionality.

Mr Peter Langworthy will not act as the Chairperson in relation to Resolution 5 due to his personal interest in that Resolution arising from his proposed participation in the Private Placement. Instead, one of the other Directors is proposed to serve as Chairperson for Resolution 5. Such Chairperson intends to exercise all available undirected proxies in favour of Resolution 5.

7.2 Listing Rule 10.11

Refer to Section 3.3 for information in relation to Listing Rule 10.11.

The proposed issue of up to 12,500,000 Shares to Mr Langworthy (and/or his nominee(s)) pursuant to Resolution 5 falls within Listing Rule 10.11.1 (because Mr Langworthy is a Director and consequently a related party of the Company) and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 5 seeks the required shareholder approval for that issue under and for the purposes of Listing Rule 10.11 (and for all other purposes).

If Resolution 5 is passed and the Acquisition Resolutions are passed, the Company will be able to proceed with the Transaction and the Private Placement as detailed in Section 2 and may issue up to 12,500,000 of the Shares pursuant to the Private Placement to Mr Langworthy (and/or his nominee(s)). However, if Resolution 5 is passed but the Acquisition Resolutions are not all passed, absent a determination to the contrary by the Board, no Shares will be issued to Mr Langworthy (and/or his nominee(s)) pursuant to the Private Placement.

Shareholder approval is not required under Listing Rule 7.1 for the issue of up to 12,500,000 Shares to Mr Langworthy (and/or his nominee(s)) pursuant to Resolution 5, because approval is being sought under Listing Rule 10.11, which is an exception to Listing Rule 7.1.

If Resolution 5 is not passed, the Company will not be able to issue any Shares pursuant to the Private Placement to Mr Langworthy (and/or his nominee(s)), but this would not prevent the Company from proceeding with the Transaction and Private Placement (including by issuing up to the full 875 million Shares pursuant to the Private Placement to investors other than Mr Langworthy) if the Acquisition Resolutions are passed (noting that there are also other conditions precedent to the Transaction to be satisfied or waived, as listed in Section 2.4).

For the purposes of Listing Rule 10.13, information regarding the issue of Shares to Mr Peter Langworthy pursuant to the Private Placement is as follows:

The name of the person to whom Shares are proposed to be issued under Resolution 5.	Mr Peter Langworthy (and/or his nominee(s)).
Which category in rules 10.11.1 – 10.11.5 the person falls within and why.	Listing Rule 10.11.1 – related party as Mr Langworthy is a Director of the Company. Any party Mr Langworthy nominates to receive Shares would be expected to fall within the category in Listing Rule 10.11.4 as an associate of Mr Langworthy.
The number and class of securities to be issued to the person.	Up to 12,500,000 Shares.
If the securities are not fully paid ordinary securities, a summary of the material terms of the securities.	N/A.
The date or dates on or by which the entity will issue the securities, which must not be more than 1 month after the date of the meeting.	No later than 1 month after the date of the Meeting (or by such later date as ASX may permit pursuant to a waiver of the ASX Listing Rules).
The price or other consideration the entity will receive for the issue.	\$0.004 per Share.
The purpose of the issue, including the intended use of any funds raised by the issue.	The purpose of the issue is to raise funds, the intended use of which is outlined in section 2.144.
If the person is: - a director and therefore a related party under rule 10.11.1; or - an associate of, or person connected with, a director under rules 10.11.4 or 10.14.5, and the issue is intended to remunerate or incentivise the director, details (including the amount) of the director's current total remuneration package.	N/A.
If the securities are issued under an agreement, a summary of any other material terms of the agreement.	The Private Placement Shares are proposed to be issued under subscription agreements that detail the price and terms of each Private Placement Share and that the issue was conditional on Shareholder approval being received for both the Transaction and the Private Placement.
A voting exclusion statement.	A voting exclusion statement is included in Resolution 5.

7.3 Directors recommendation

The Directors other than Mr Peter Langworthy (who is the proposed recipient of Shares under Resolution 5) recommend that Shareholders vote in favour of Resolution 5.

8. Resolution 6 – Approval to issue Shares to Mr David Morgan pursuant to the Private Placement

8.1 General

Resolution 6 seeks shareholder approval for Mr David Morgan (and/or his nominee(s)) to participate in the Private Placement to the extent of up to 12,500,000 Shares at \$0.004 per Share, for an aggregate investment of \$50,000.

Resolution 6 is an ordinary resolution.

Resolution 6 is subject to the approval of the Acquisition Resolutions unless the Board waives that inter-conditionality.

The Chairperson intends to exercise all available undirected proxies in favour of Resolution 6.

8.2 Listing Rule 10.11

Refer to Section 3.3 for information in relation to Listing Rule 10.11.

The proposed issue of up to 12,500,000 Shares to Mr Morgan (and/or his nominee(s)) pursuant to Resolution 6 falls within Listing Rule 10.11.1 (because Mr Morgan is a Director and consequently a related party of the Company) and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 6 seeks the required shareholder approval for that issue under and for the purposes of Listing Rule 10.11 (and for all other purposes).

If Resolution 6 is passed and the Acquisition Resolutions are passed, the Company will be able to proceed with the Transaction and Private Placement as detailed in Section 2 and may issue up to 12,500,000 of the Shares pursuant to the Private Placement to Mr Morgan (and/or his nominee(s)). However, if Resolution 6 is passed but the Acquisition Resolutions are not all passed, absent a determination to the contrary by the Board, no Shares will be issued to Mr Morgan (and/or his nominee(s)) pursuant to the Private Placement.

Shareholder approval is not required under Listing Rule 7.1 for the issue of up to 12,500,000 Shares to Mr Morgan (and/or his nominee(s)) pursuant to Resolution 6, because approval is being sought under Listing Rule 10.11, which is an exception to Listing Rule 7.1.

If Resolution 6 is not passed, the Company will not be able to issue any Shares pursuant to the Private Placement to Mr Morgan (and/or his nominee(s)), but this would not prevent the Company from proceeding with the Transaction and Private Placement (including by issuing up to the full 875 million Shares pursuant to the Private Placement to investors other than Mr Morgan) if the Acquisition Resolutions are passed (noting that there are also other conditions precedent to the Transaction to be satisfied or waived, as listed in Section 2.4).

For the purposes of Listing Rule 10.13, information regarding the issue of Shares to Mr David Morgan pursuant to the Private Placement is as follows:

The name of the person to whom Shares are proposed to be issued under Resolution 6.	Mr David Morgan (and/or his nominee(s)).
Which category in rules 10.11.1 – 10.11.5 the person falls within and why.	Listing Rule 10.11.1 – related party as Mr Morgan is a Director of the Company. Any party Mr Morgan nominates to receive Shares would be expected to fall within the category in Listing Rule 10.11.4 as an associate of Mr Morgan.
The number and class of securities to be issued to the person.	Up to 12,500,000 Shares.
If the securities are not fully paid ordinary securities, a summary of the material terms of the securities.	N/A.
The date or dates on or by which the entity will issue the securities, which must not be more than 1 month after the date of the meeting.	No later than 1 month after the date of the Meeting (or by such later date as ASX may permit pursuant to a waiver of the ASX Listing Rules).
The price or other consideration the entity will receive for the issue.	\$0.004 per Share.

The purpose of the issue, including the intended use of any funds raised by the issue.	The purpose of the issue is to raise funds, the intended use of which is outlined in Section 2.144.
If the person is: - a director and therefore a related party under rule 10.11.1; or - an associate of, or person connected with, a director under rules 10.11.4 or 10.14.5, and the issue is intended to remunerate or incentivise the director, details (including the amount) of the director's current total remuneration package.	N/A.
If the securities are issued under an agreement, a summary of any other material terms of the agreement.	The Private Placement Shares are proposed to be issued under subscription agreements that detail the price and terms of each Private Placement Share and that the issue was conditional on Shareholder approval being received for both the Transaction and the Private Placement.
A voting exclusion statement.	A voting exclusion statement is included in Resolution 6.

8.3 Directors recommendation

The Directors other than Mr David Morgan (who is the proposed recipient of Shares under Resolution 6) recommend that Shareholders vote in favour of Resolution 6.

9. Resolution 7 – Approval to issue Advisor Shares

9.1 General

Resolution 7 seeks Shareholder approval for the issue of 35,000,000 Shares to Westar Capital (and/or its nominee(s)) (being the Advisor Shares), as an introduction fee in relation to the Transaction. The Company also appointed Westar Capital to act as the lead manager to the Private Placement.

Refer to Section 2.111 for a summary of the Company's Mandate with Westar Capital and details of all fees to be paid to Westar Capital by the Company in relation to the Transaction and Placement.

Resolution 7 is an ordinary resolution.

Resolution 7 is subject to the approval of the Acquisition Resolutions unless the Board waives that inter-conditionality.

The Chairperson intends to exercise all available undirected proxies in favour of Resolution 7.

9.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is contained in Section 4.2. Resolution 7 seeks Shareholder approval for the issue of 35,000,000 Advisor Shares to Westar Capital (and/or its nominee(s)) for the purpose of Listing Rule 7.1 (and for all other purposes).

The effect of passing Resolution 7 (provided the Acquisition Resolutions are also passed) will be to allow the Directors to issue 35,000,000 Advisor Shares to Westar Capital (and/or its nominee(s)) during the three-month period after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity. If Resolution 7 is not passed, the Company may, in its discretion, issue the Advisor Shares using the Company's 15% annual placement capacity.

For the purposes of Listing Rule 7.3, information regarding the issue of Advisor Shares is as follows:

The names of the persons to whom the entity will issue the securities or the basis upon which those persons were or will be identified or selected.	Westar Capital Limited ACN 009 372 838 (and/or its nominee(s))
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The number and class of securities the entity will issue.	35,000,000 Shares (being the Advisor Shares).
If the securities are not fully paid ordinary securities, a summary of the material terms of the securities.	N/A.
The date or dates on or by which the entity will issue the securities.	No later than 3 months after the date of the Meeting (or by such later date as ASX may permit pursuant to a waiver of the ASX Listing Rules).
The price or other consideration the entity will receive for the securities.	The Advisor Shares are to be issued as the Transaction introduction fee of \$140,000 (to be paid through the issue of the 35,000,000 Advisor Shares at a deemed issue price of \$0.004). The consideration for the Advisor Shares is therefore the introduction, by Westar Capital, of the Transaction to the Company.
The purpose of the issue, including the intended use of any funds raised by the issue.	The Advisor Shares are to be issued as the Transaction introduction fee. No cash will be paid by Westar Capital for the issue of the Advisor Shares.
If the securities are being issued under an agreement, a summary of any other material terms of the agreement.	See Section 2.111 for a summary of the Mandate entered into between the Company and Westar Capital.
If the securities are being issued under, or to fund, a reverse takeover, information about the reverse takeover.	N/A.
A voting exclusion statement.	A voting exclusion statement is included in Resolution 7.

9.3 Directors recommendation

The Directors recommend that Shareholders vote in favour of Resolution 7.

10. Glossary

1. Definitions

In the Notice and this Explanatory Memorandum, unless the context otherwise requires:

Acquisition Resolutions means Resolutions 1-3 (inclusive).

Advisor Shares has the meaning given in Section 2.11.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ABN 98 008 624 691 and, where the context requires, the Australian Securities Exchange operated by ASX Limited.

ASX Listing Rules or **Listing Rules** means the official listing rules of the ASX (as amended from time to time).

Board means the board of Directors from time to time.

Capital Raising means the Private Placement and the Share Purchase Plan.

Chairperson means the person appointed to chair the Meeting convened by the Notice.

Company or **DCX** means DiscovEx Resources Limited ACN 115 768 986.

Consideration Shares means the 337,500,000 Shares to be issued to the shareholders of Lighthouse (or their nominees) on a pro-rata basis in consideration for 100% of the Lighthouse Shares pursuant to the Transaction.

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

Crest means Crest Investment Group Limited ACN 621 752 172.

CRG means Centrepeak Resources Group Pty Ltd ACN 604 084 282.

Director means any director of the Company and **Directors** means all of them.

Eligible Shareholders has the meaning as set out in Section 2.99.

Explanatory Memorandum means this explanatory memorandum.

Gateway means Gateway Projects WA Pty Ltd ACN 161 934 649.

GML means Gateway Mining Limited ACN 008 402 391.

Independent Expert's Report means the report from Stantons International in Schedule 1.

Lighthouse means Lighthouse Resource Holdings Pty Ltd ACN 640 302 156.

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

Meeting has the meaning given in the introductory paragraph of the Notice.

Minority Shareholders means the holders of Lighthouse Shares who are not substantial shareholders of Lighthouse, being A and R Assets Pty Ltd, A.C.N. 112 940 057 Pty Ltd, Big Bear Nominees Pty Ltd, Martin Ross Helean, Third Reef Pty Ltd, Jason Paul Skinner and Bournville Pty Ltd.

Notice means the notice convening the Meeting and includes the agenda, Explanatory Memorandum, the Schedules and the Proxy Form.

Omni means Omni GeoX Pty Ltd ACN 157 875 744.

Option means an option to acquire a Share.

Private Placement has the meaning as set out Section 2.1.

Proxy Form means the proxy form attached to the Notice.

Record Date has the meaning as set out in Section 2.99.

Resolution means a resolution detailed in the Notice as the context requires.

Schedule means a schedule to this Explanatory Memorandum.

Section means a section of this Explanatory Memorandum.

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

Share Purchase Plan has the meaning as set out in Section 2.1.

Shareholder means a registered holder of one or more Shares.

Stantons International means Stantons International Securities Pty Ltd ABN 42 128 908 289.

Sylvania Project has the meaning as set out in Section 2.1.

Transaction means the Company's proposed acquisition of 100% of the Lighthouse Shares.

Westar Capital means Westar Capital Limited ACN 009 372 838.

WST means Western Standard Time, being the time in Perth, Western Australia.

2. Interpretation

In the Notice and this Explanatory Memorandum, headings and words in bold are for convenience only and do not affect the interpretation of the Notice and this Explanatory Memorandum and, unless the context otherwise requires:

- (a) words importing the singular include the plural and vice versa;
- (b) words importing a gender include any gender;
- (c) other parts of speech and grammatical forms of a word or phrase defined in the Notice or this Explanatory Memorandum have a corresponding meaning;
- (d) a term not specifically defined has the meaning given to it (if any) in the Corporations Act;
- (e) a reference to a statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances or by-laws amending, consolidating or replacing it, and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;
- (f) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document;
- (g) a reference to a body (including, without limitation, an institute, association or authority), whether statutory or not:
 - (i) which ceases to exist; or
 - (ii) whose powers or functions are transferred to another body,

is a reference to the body which replaces it or which substantially succeeds to its powers or functions;

- (h) “**include**” and “**including**” are not words of limitation; and
- (i) “\$” or “**A\$**” is a reference to Australian currency.

Schedule 1 – Independent Expert's Report

28 January 2021

The Directors
DiscovEx Resources Limited
Suite 5, 56 Kings Park Road
West Perth WA 6005

Dear Directors,

Independent Expert's Report for DiscovEx Resources Ltd Relating to Proposed Acquisition of Lighthouse Resource Holdings Pty Ltd

1 Executive Summary

Opinion

- 1.1 In our opinion, the proposed transaction outlined in Resolution 1 of the Notice of Meeting ("**NoM**") involving the issue of up to 34,986,595 ordinary shares in DiscovEx to Omni GeoX Pty Ltd ("**Omni**") ("**Resolution 1**") pursuant to the acquisition of Lighthouse Resource Holdings Pty Ltd ("**Lighthouse**") is considered **FAIR** and **REASONABLE** to the non-associated shareholders of DiscovEx as at the date of this report.

Introduction

- 1.2 Stantons International Securities Pty Ltd ("**SIS**") were engaged by the directors of DiscovEx Resources Limited ("**DiscovEx**", "**DCX**" or the "**Company**") to prepare an Independent Expert's Report ("**IER**") to determine the fairness and reasonableness of the proposal outlined in Resolution 1 of the attached NoM and Explanatory Statement ("**ES**"). The NoM will be released ahead of a general meeting of DiscovEx shareholders to be held on or around 5 March 2021.
- 1.3 DiscovEx is an Australian mineral exploration company listed on the Australian Securities Exchange ("**ASX**"). The Company's primary activity is gold exploration in Western Australia. The Company holds multiple exploration tenements comprising the Edjudina ("**Edjudina**") and Monument ("**Monument**") projects, both located near Laverton. In addition, the Company holds tenements and has several farm-in agreements for the Newington gold project ("**Newington**") near Southern Cross.
- 1.4 Lighthouse is a private Australian company involved in gold and base metal exploration, holding tenements over approximately 2,250 square kilometres in the southern Pilbara region of Western Australia ("**Sylvania**").
- 1.5 DiscovEx recently entered into agreements to purchase 100% of the shares of Lighthouse, in exchange for the issue up to 337,500,000 DiscovEx ordinary shares to be issued on a pro-rata basis to the vendors (the "**Acquisition**").
- 1.6 The conditions precedent to the Acquisition include that DiscovEx must complete a capital raising of at least \$3,500,000. In satisfaction of this condition, DiscovEx proposes a private placement of up to 875,000,000 ordinary shares at an issue price of \$0.004, to raise up to \$3,500,000 less fees to the lead manager as described at paragraph 1.8 (the "**Placement**"). Shareholder approval will

be sought for the Placement pursuant to Resolution 3 of the NoM, which is interdependent with Resolutions 1 and 2 pertaining to the Acquisition.

- 1.7 We note that the Company also proposes a share purchase plan to issue up to 125,000,000 ordinary shares to existing shareholders at an issue price of \$0.004 to raise up to \$500,000 pursuant to Resolution 4 of the NoM (the “**SPP**”). The SPP will occur contemporaneous to, and is conditional upon, the Acquisition and Placement, though is not a requirement under the terms of the Acquisition.
- 1.8 As part compensation for acting as lead manager for the Placement, DiscovEx proposes to issue 35,000,000 ordinary shares to Westar Capital Limited (“**Westar**”). Westar will also receive a cash payment worth 5% of the total funds raised under the Placement.
- 1.9 For the purpose of this IER, the transactions included in our assessment comprise both the Acquisition and Placement (collectively, the “**Transaction**”) since Resolutions 1, 2 and 3 in the NoM are interdependent upon one another. The SPP was not included in our assessment since it is not a condition for Resolution 1 to proceed. Since the payments to Westar are contractual obligations connected to the Placement this was included in our assessment of the Transaction, including the issue of shares that is the subject of Resolution 7.

Scope and Purpose of Report

Purpose

- 1.10 Omni currently holds a 10.37% shareholding interest in Lighthouse.
- 1.11 Entities controlled by Mr Peter Langworthy, the outgoing chairman of DiscovEx, control Omni via a 76.98% interest and Mr Langworthy is a director of Omni.
- 1.12 Accordingly, Omni is considered a related party of the Company.
- 1.13 Under ASX Listing Rule 10.1 (“**Rule 10.1**”), an entity must ensure that it does not agree to acquire a substantial asset from a related party without approval of the entity’s ordinary security holders.
- 1.14 For the purpose of the ASX Listing Rules, the shares in Lighthouse held by Omni are considered to be a substantial asset.
- 1.15 ASX Listing Rule 10.5 (“**Rule 10.5**”) prescribes that the NoM to approve a related party transaction under Rule 10.1 must include a report on the transaction provided by an independent expert.
- 1.16 Accordingly, DiscovEx intends to seek shareholder approval from the shareholders who are not restricted from voting on the proposal (the “**Non-Associated Shareholders**”) for Resolution 1, pursuant to Rule 10.1, and this IER provides an opinion on Resolution 1 of the NoM.
- 1.17 We note that the approval being sought under Resolution 1 of the NoM also covers ASX Listing Rule 10.11 (“**Rule 10.11**”), which specifies a company must not issue shares to a related party unless approval is obtained from the Non-Associated Shareholders.

Basis of Evaluation

- 1.18 With regard to Australian Securities and Investments Commission (“**ASIC**”) Regulatory Guide 111: Content of Expert Reports (“**RG111**”), we have assessed the Transaction (including Resolution 1) as:
- fair if the value of the financial benefit to be provided by the entity to the related parties is equal to or less than the value of the consideration received by the entity; and
 - reasonable if it is fair, or if despite not being fair there are sufficient reasons for Non-Associated Shareholders to accept the offer.

Assessment*DiscovEx Share Value Prior to the Transaction*

- 1.19 We assessed the fair market value of a DiscovEx ordinary share prior to the Transaction using both net assets and traded share price based methodologies.
- 1.20 SIS engaged Valuation and Resources Management ("VRM") as a technical specialist to provide fair market valuations for the mineral interests of DiscovEx and Lighthouse to assist our valuation. We have relied on the valuations provided by VRM in their report contained in Appendix E (the "VRM Report") in forming our opinion.
- 1.21 Our Net Assets methodology assessed fair market value of a DiscovEx ordinary share, prior to the Transaction and as at 18 January 2021, is as follows:

Table 1. Net Asset Valuation of DiscovEx Shares Prior to Transaction

	Ref	Low	Preferred	High
Mineral interests (\$)	Table 20	900,000	1,700,000	2,300,000
Add: other net assets (\$)	Table 18	1,588,708	1,588,708	1,588,708
Total net assets (\$)		2,488,708	3,288,708	3,888,708
Less: outstanding options value (\$)	Table 23	(483,517)	(483,517)	(483,517)
Value to ordinary shareholders (\$)		2,005,191	2,805,191	3,405,191
Number of shares outstanding	Table 5	1,196,164,076	1,196,164,076	1,196,164,076
DiscovEx pre-Transaction value per share (\$)		0.0017	0.0023	0.0028
Discount for minority interest (%)	7.23	23.1%	23.1%	23.1%
DiscovEx pre-Transaction value per share (\$) (minority interest)		0.0013	0.0018	0.0022

Source: SIS analysis

- 1.22 After also considering recent traded share prices of DiscovEx, including both ASX quoted prices and recent placements, we consider the fair market value of a DiscovEx share prior to the Transaction to be as follows.

Table 2. DiscovEx Pre-Transaction Value Summary

	Ref	Low	Preferred	High
Net assets (\$)	Table 19	0.0013	0.0018	0.0022
Traded market prices (\$)	Table 26	0.0040	0.0065	0.0072
Adopted value (\$)		0.0022	0.0040	0.0065

Source: SIS analysis

- 1.23 Accordingly, we assessed the fair value of a DiscovEx ordinary share prior to the Transaction to be between \$0.0022 and \$0.0065, with a preferred value of \$0.0040.

Fairness Assessment

- 1.24 Our fairness assessment of the Transaction (incorporating Resolution 1) is as set out below. Further details on the methodology and material assumptions can be found in Section 8.

Table 3. Fairness Assessment of Transaction

	Ref	Low	Preferred	High
Consideration received				
Lighthouse shares (\$)	Table 33	1,756,648	3,356,648	4,856,648
Placement (net of costs) (\$)	8.17	3,325,000	3,325,000	3,325,000
Total consideration received (\$)		5,081,648	6,681,648	8,181,648
Consideration Paid				
Number shares issued	Table 5	1,247,500,000	1,247,500,000	1,247,500,000
Value per share (\$)	Table 27	0.0022	0.0040	0.0065
Total consideration paid (\$)		2,744,500	4,990,000	8,108,750
Fairness conclusion		Fair	Fair	Fair

Source: SIS analysis

- 1.25 Accordingly, we consider Resolution 1 of the NoM, to be **FAIR** to the Non-Associated Shareholders.

Reasonableness Assessment

- 1.26 As the Transaction (including Resolution 1) is considered fair, under RG111.12 it is also considered reasonable. For informative purposes, we also considered the following likely advantages and disadvantages of the proposed Transaction to Non-Associated Shareholders.

Table 4. Reasonableness Assessment of Transaction

Advantages	Disadvantages
▪ The Transaction is fair ▪ Addition of Capricorn Metals Limited ("Capricorn") as a significant shareholder ▪ Addition of experienced mining executives to the board ▪ Addition of new prospective gold/base metal project ▪ Injection of funding to carry out exploration activities	▪ Significant dilution of Non-Associated Shareholders ▪ The Placement shares are issued at a discount to the market price ▪ May reduce opportunity for alternative acquisitions

Source: SIS analysis

Conclusion

- 1.27 In our opinion, the Transaction proposal subject to Resolution 1 is **FAIR** and **REASONABLE** to the Non-Associated Shareholders of DiscovEx.
- 1.28 This opinion must be read in conjunction with the more detailed analysis included in this report, together with the disclosures, Financial Services Guide, and appendices to this report.

Financial Services Guide

Dated 28 January 2021

Stantons International Securities Pty Ltd (Trading as Stantons International Securities)

Stantons International Securities Pty Ltd (ABN 42 128 908 289 and AFSL Licence No 448697) ("**SIS**" or "**we**" or "**us**" or "**ours**" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

Financial Services Guide

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

This FSG includes information about:

- a) who we are and how we can be contacted;
- b) the services we are authorized to provide under our **Australian Financial Services Licence, Licence No: 448697**;
- c) remuneration that we and/or our staff and any associated receive in connection with the general financial product advice;
- d) any relevant associations or relationships we have; and
- e) our complaints handling procedures and how you may access them.

Financial services we are licensed to provide

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

- Securities (such as shares, options and debt instruments)

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

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

General Financial Product Advice

In our report, we provide general financial product advice, not personal financial product advice, because it has been prepared without considering your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product. Where you do not understand the matters contained in the Independent Expert's Report, you should seek advice from a registered financial adviser.

Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis. Our fee for preparing this report is expected to be A\$20,000 exclusive of GST.

You have a right to request for further information in relation to the remuneration, the range of amounts or rates of remuneration and you can contact us for this information.

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

Remuneration or other benefits received by our employees

SIS and Stantons International Audit and Consulting Pty Ltd employees and contractors are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

Referrals

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

Associations and relationships

SIS is ultimately a wholly owned subsidiary of Stantons International Audit and Consulting Pty Ltd a professional advisory and accounting practice. From time to time, SIS and Stantons International Audit and Consulting Pty Ltd (that trades as Stantons International) and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints resolution

Internal complaints resolution process

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

The Complaints Officer
Stantons International Securities Pty Ltd
Level 2
1 Walker Avenue
WEST PERTH WA 6005

When we receive a written complaint, we will record the complaint, acknowledge receipt of the complaints within 10 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ("AFCA"). AFCA has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

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

Australian Financial Complaints Authority Limited
GPO Box 3
MELBOURNE VIC 3001

Telephone: 1800 931 678

SIS confirms that it has arrangements in place to ensure it continues to maintain professional indemnity insurance in accordance with s.912B of the Corporations Act 2001 (as amended). In particular our Professional Indemnity insurance, subject to its terms and conditions, provides indemnity up to the sum insured for SIS and our authorised representatives / representatives / employees in respect of our authorisations and obligations under our Australian Financial Services Licence. This insurance will continue to provide such coverage for any authorised representative / representative / employee who has ceased work with SIS for work done whilst engaged with us.

Contact details

You may contact us using the details set out at above or by phoning (08) 9481 3188 or faxing (08) 9321 1204.

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2 Summary of Transaction

Background

- 2.1 DiscovEx is an ASX listed Western Australian mineral exploration company primarily focused on gold exploration. Lighthouse is an Australian private company with various rights to acquire prospective gold and base metals exploration tenements in the southern Pilbara region of Western Australia. On 18 January 2021, DiscovEx announced it had agreed to acquire all outstanding ordinary shares of Lighthouse from its vendors via a series of share sale agreements ("**Share Sale Agreements**").

Proposed Transaction

- 2.2 Pursuant to the Share Sale Agreements, DiscovEx is seeking approval for the issue of ordinary shares in relation to the Acquisition of Lighthouse. The key terms of the proposed Acquisition are:
- DiscovEx propose to acquire a 100% interest in the outstanding equity of Lighthouse, being 27,975,000 ordinary shares; and
 - the vendors of Lighthouse are proposed to receive a total of 337,500,000 ordinary share in DiscovEx (the "**Consideration Shares**"), to be issued on a pro-rata basis.
- 2.3 The Share Sale Agreements contain a number of conditions precedent, including (but not limited to):
- DiscovEx completing a capital raising of at least \$3,500,000 (in aggregate) via a private placement, issuing 875,000,000 ordinary shares at an issue price of \$0.004 or another capital raising determined at DiscovEx's sole discretion ("**Capital Raising Requirement**");
 - DiscovEx obtaining shareholder approval for all required components of the Transaction, comprising the items contained in Resolutions 1,2 and 3 of the NoM;
 - agreement of all shareholders of Lighthouse to sell their shares to DiscovEx; and
 - all regulatory approvals being obtained, including any requirements of ASX.
- 2.4 In satisfaction of the Capital Raising Requirement, the following components of the Transaction are proposed to be undertaken contemporaneously with the Acquisition:
- DiscovEx are proposed to undertake a Placement of up to 875,000,000 ordinary shares to sophisticated and professional investors at an issue price of \$0.004 per share, to raise up to \$3,500,000 (before costs); and
 - Westar Capital are proposed to receive 35,000,000 ordinary shares at an issue price of \$0.004, as part compensation for acting as lead advisor to the Placement, in lieu of fees of \$140,000. Westar Capital will additionally receive a cash fee of 6% of funds raised.
- 2.5 In addition to the Placement, DiscovEx are proposed to undertake a SPP of up to 125,000,000 ordinary shares to existing shareholders at an issue price of \$0.004 per share, to raise up to \$500,000 (before costs).
- 2.6 On completion of the Transaction, it is proposed that Mr Peter Langworthy will resign from the position of Non-Executive Chairman of DiscovEx, to be replaced by Mr Heath Hellewell as a representative for Lighthouse.
- 2.7 We note that Resolutions 1, 2 and 3 of the NoM are interdependent upon one another and hence are all considered components of the overall Transaction for the purpose of this report, including:
- i) Resolution 1 seeking approval for the issue of up to 34,986,595 ordinary shares in DiscovEx to a related party being Omni;
 - ii) Resolution 2 seeking approval for the issue of the remaining 302,513,405 ordinary shares in DiscovEx to other vendors of Lighthouse under the Acquisition; and

- iii) Resolution 3 seeking approval for the issue of 875,000,000 ordinary shares in DiscovEx under the Placement.
- 2.8 In addition, the costs associated with the Placement are considered a component of the Transaction as they are contractually linked, including a cash payment of 5% of funds raised, and the issue of 35,000,000 ordinary shares in DiscovEx to Westar.
- 2.9 The potential impact on the capital structure of DiscovEx should the proposed Transaction complete is presented below.

Table 5. DiscovEx Capital Structure Implications of Proposed Transaction

Transaction	Number	Post Transaction and SPP Percentage Undiluted Ordinary Shares	Post Transaction and SPP Percentage of Fully Diluted Ordinary Shares
Total pre-Transaction ordinary shares	1,196,164,076	46.57%	43.83%
Transaction			
Lighthouse acquisition	337,500,000	13.14%	12.37%
Placement	875,000,000	34.06%	32.06%
Westar fee	35,000,000	1.36%	1.28%
Total shares issued under Transaction	1,247,500,000	48.57%	45.71%
Total shares post-Transaction	2,443,664,076	95.13%	89.55%
SPP	125,000,000	4.87%	4.58%
Total shares post-Transaction and SPP	2,568,664,076	100.00%	94.13%
Options outstanding	160,228,213		5.87%
Total fully diluted shares post-Transaction and SPP	2,728,892,289		100.00%

Source: ASX announcements, NoM

- 2.10 We note that as part of the proposed Placement, Capricorn has committed to becoming a substantial shareholder in DiscovEx via a contribution of \$1,200,000 (to receive 300,000,000 ordinary shares, or approximately 11% of the post Transaction fully diluted issued capital of DiscovEx). Capricorn is an ASX listed gold company that is currently developing the Karlawinda Gold Project located south-east of Newman, Western Australia, adjacent to Lighthouse's tenement interests.

3 Scope

Purpose of the Report

- 3.1 The directors of DiscovEx engaged SIS to prepare an IER with regard to the proposal contained in Resolution 1 of the NoM.
- 3.2 The shareholders of Lighthouse include Omni, who hold 2,900,000 shares representing a 10.37% interest.
- 3.3 Entities controlled by Mr Peter Langworthy hold a controlling interest of 76.98% in Omni. Mr Langworthy is a director of both DiscovEx and Omni.
- 3.4 Accordingly, Omni is considered to be a related party of DiscovEx for the purpose of the ASX Listing Rules.
- 3.5 ASX Listing Rule 10.1 states that an entity must ensure that neither the entity, nor any of its child entities, acquires or agrees to acquire a substantial asset from, or disposes of or agrees to dispose of a substantial asset to a related party of the entity without the approval of the holders of the entity's ordinary securities.
- 3.6 An asset is substantial if its value or the value of the consideration being paid or received by the entity for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity, as set out in the latest accounts provided to ASX.
- 3.7 If Resolution 1 is approved, Omni may receive up to 34,998,750 ordinary shares in DiscovEx. Based on the deemed issue price of \$0.004 of the Placement shares, the benefit to be received by Omni as compensation for the acquisition of its interest in Lighthouse is \$139,995.
- 3.8 As per the accounts of DiscovEx as at 30 June 2020, the Company's total equity value was \$1,464,620. Accordingly, Omni may receive compensation greater than 5% of the equity interests (being \$73,231) as a result of the Transaction.
- 3.9 Accordingly, the Company intends to seek approval from Non-Associated Shareholders for the Transaction as outlined in Resolution 1 of the NoM, pursuant to ASX Listing Rule 10.1.
- 3.10 ASX Listing Rule 10.5 prescribes that the NoM to approve a transaction under Rule 10.1 must include a report on the transaction from an independent expert. The report must state the expert's opinion as to whether the transaction is fair and reasonable to the holders of the entity's ordinary securities whose votes in favour of the Transaction are not to be disregarded.
- 3.11 ASX Listing Rule 10.11 states that an entity must not issue or agree to issue securities to a related party without the approval of the holders of the entity's ordinary securities. Accordingly, the Company is also seeking approval pursuant to ASX Listing Rule 10.11 under Resolution 1 of the NoM.
- 3.12 The directors of DiscovEx have engaged SIS to prepare an IER to assess the fairness and reasonableness of the proposal contained in Resolution 1 of the NoM.

Basis of Evaluation

- 3.13 In determining the fairness and reasonableness of the Transaction, we have had regard to the guidelines set out by ASIC's RG111.
- 3.14 RG111 requires a separate assessment of whether a transaction is "fair" and whether it is "reasonable".
- 3.15 We therefore considered the concepts of "fairness" and "reasonableness" separately. The basis of assessment selected and the reasons for that basis are discussed below.
- 3.16 We note that under RG111 the Transaction is not considered to be a control transaction.

Fairness

- 3.17 Under RG111.57, a proposed related party transaction is fair if the value of the financial benefit provided by the entity to the related party is equal to or less than the value of the consideration received by the entity. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.
- 3.18 Per RG111.58, where the financial benefit given by the entity is securities in the entity and the consideration is securities in another entity held by the related party, the value of the entity's securities should be compared to the value of the securities it is acquiring.
- 3.19 In valuing the financial benefit given and the consideration received by the entity, an expert should consider all material terms of the proposed transactions.
- 3.20 With regard to the above, we have assessed the Acquisition, including all components of the proposed Transaction, as fair if:
- the value of the financial benefit given by DiscovEx is less than or equal to;
 - the value of the consideration received by DiscovEx.
- 3.21 The value of a DiscovEx ordinary share is assessed at fair market value, which is defined by the International Glossary of Business Valuation Terms as:
- "The price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm's length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts."*
- 3.22 We note that we have defined the Transaction to include all proposed components that are interdependent with Resolution 1, either through the terms of the NoM or contractually.
- 3.23 While RG111 contains no explicit definition of value, we believe the above definition of fair market value is consistent with RG111.11 and common market practice.

Reasonableness

- 3.24 As per RG111.60, a proposed related party transaction is reasonable if it is fair, or if despite not being fair, the expert believes there are sufficient reasons for members to vote for the proposal.
- 3.25 We have therefore considered whether the advantages to Non-Associated Shareholders of approving the proposed Transaction outweigh the disadvantages.

Individual Circumstances

- 3.26 We have evaluated the proposed Transaction for Non-Associated Shareholders generically. We have not considered the effect on the circumstances of individual investors. Due to their personal circumstances, individual investors may place different emphasis on various aspects of the proposed Transaction from those adopted in this report. Accordingly, individuals may reach a different conclusion to ours on whether the proposed Transaction is fair and reasonable. If in doubt, investors should consult an independent financial adviser about the impact of the proposed Transaction on their specific financial circumstances.

4 Profile of DiscovEx

History and Principal Activities

- 4.1 DiscovEx is an ASX listed Western Australian mineral exploration company. The Company was previously named Syndicated Metals Limited and has historically focussed on gold and base metal exploration. DiscovEx's key exploration projects are outlined below.

Edjudina

- 4.2 The Edjudina project is a prospective gold project located near Laverton, approximately 700 km north-east of Perth. DiscovEx holds a 100% interest in the licences for five exploration tenements under application. In addition, DiscovEx is involved in two joint ventures related to Edjudina.
- 4.3 On 26 November 2019, DiscovEx entered into a joint venture with Gateway Projects WA Pty Ltd ("**Gateway**") involving four exploration tenements related to Edjudina (the "**Gateway JV Tenements**"). DiscovEx purchased an 80% interest in these tenements. Gateway retains the right to a 1.5% royalty on future production greater than 200,000 oz of gold or equivalent from the Gateway JV Tenements. DiscovEx has since divested its interest in two of the Gateway JV Tenements (refer paragraph 4.15)
- 4.4 On 15 April 2020, DiscovEx announced it had entered a joint venture with Crest Investments Group 3 Limited ("**Crest**"). DiscovEx holds earn-in rights to five granted tenements and five tenement applications (the "**Crest Edjudina JV Tenements**"), though currently holds no interest in the Crest Edjudina JV Tenements. DiscovEx may acquire an interest of up to 80% provided it completes the minimum required expenditure and maintains the tenements in good standing for two years from 15 April 2020.
- 4.5 Shown below are the Edjudina tenements DiscovEx holds or has the right to acquire an interest.

Table 6. Edjudina Tenements

Tenement	Type	Status	Date Granted	Expiry	Owner/ Applicant	Current DiscovEx Interest
DiscovEx 100% owned tenements						
E 39/2178	Exploration	Application	Pending	n/a	DiscovEx	100%
E 39/2181	Exploration	Application	Pending	n/a	DiscovEx	100%
E 39/2182	Exploration	Application	Pending	n/a	DiscovEx	100%
E 39/2186	Exploration	Application	Pending	n/a	DiscovEx	100%
Gateway JV Tenements						
E 39/1882	Exploration	Granted	19/01/2016	18/01/2021	Gateway	80%
E 39/1765	Exploration	Granted	20/03/2014	19/03/2024	Gateway	80%
Crest Edjudina JV Tenements (right to earn-in up to an 80% interest)						
P 31/2125	Prospecting	Application	Pending	n/a	Crest	nil
P 31/2126	Prospecting	Granted	2/04/2020	1/04/2024	Crest	nil
E 31/1187	Exploration	Granted	3/07/2019	2/07/2024	Crest	nil
E 31/1198	Exploration	Application	Pending	n/a	Crest	nil
E 39/2102	Exploration	Granted	3/04/2020	2/04/2025	Crest	nil
E 28/2884	Exploration	Granted	12/02/2020	11/02/2025	Crest	nil
E 39/2126	Exploration	Granted	3/04/2020	2/04/2025	Crest	nil
E 31/1227	Exploration	Application	Pending	n/a	Crest	nil
E 39/1198	Exploration	Application	Pending	n/a	Crest	nil
E 31/1219	Exploration	Application	Pending	n/a	Crest	nil

Source: S&P Market Intelligence, ASX announcements

Newington

- 4.6 The Newington project is a prospective gold project located 96 km north of Southern Cross, Western Australia, or approximately 380 km north-east of Perth. DiscovEx holds three tenements outright and is involved in several farm-in agreements to earn up to an 80-85% interest in tenements covering approximately 280 km².
- 4.7 In April 2019, the Company announced it had entered into an agreement whereby it has the right to earn-in an up to 85% interest in two tenements held by Newfield Resources Limited ("Newfield"). DiscovEx may earn an initial 70% interest by spending a minimum of \$300,000 on exploration within the first 12 months from 20 May 2019 and then \$600,000 the following year. To earn up to 85% DiscovEx must define a JORC 2012 Mineral Resource estimate and deliver a pre-feasibility study. DiscovEx must pay Newfield a further \$250,000, to be settled in either cash or shares at the election of Newfield. DiscovEx has spent approximately \$548,000 on the tenements.
- 4.8 In September 2019 DiscovEx executed farm-in agreements with private interests to earn an interest of up to 80% in four granted tenements. To earn the right to an 80% interest DiscovEx must spend \$550,000 on exploration over four years, drill a minimum of 2,000m, and maintain the tenements in good standing over the earn-in period. At a decision to mine, the minority 20% joint venture partner can elect to either contribute to the project development under industry standard joint venture terms or convert their interest to a net smelter royalty of 1.5% for gold products and 2% for all other non-gold commodities.
- 4.9 DiscovEx has an option agreement with Gateway and its wholly owned subsidiary Omni Projects Pty Ltd over the tenement E77/2309 exercisable on or before 11 April 2021. DiscovEx may at any time during the term of the option acquire the tenement for a \$300,000 payment deliverable in either cash or shares (at the discretion of Gateway) and granting a 1.5% gross revenue royalty over the tenement.
- 4.10 Shown below are the Newington tenements DiscovEx either holds or has the right to acquire an interest.

Table 7. Newington Tenements

Tenement	Type	Status	Date Granted	Expiry	Owner/ Applicant	Current DiscovEx Interest
DiscovEx 100% owned tenements						
E 77/2602	Exploration	Granted	23/01/2020	22/01/2025	DiscovEx	100%
E 77/2605	Exploration	Granted	12/02/2020	11/02/2025	DiscovEx	100%
E 77/2604	Exploration	Granted	12/02/2020	11/02/2025	DiscovEx	100%
DiscovEx holds rights to earn-in up to an 85% interest						
M 77/846	Mining Lease	Granted	26/02/2006	6/03/2027	Newfield	nil
M 77/422	Mining Lease	Granted	3/05/1990	6/05/2032	Newfield	nil
DiscovEx holds rights to earn-in up to an 80% interest						
E 77/2200	Exploration	Granted	17/10/2014	16/10/2024	Bildex ¹ ; Fleet ²	nil
P 77/4397	Prospecting	Granted	5/07/2017	4/07/2021	Fleet ²	nil
E 77/2326	Exploration	Granted	22/04/2016	21/04/2021	Fleet ²	nil
E 77/2558	Exploration	Granted	24/01/2019	23/01/2024	Fleet ²	nil
DiscovEx holds option to acquire 100% exercisable on or before 11 April 2021						
E 77/2309	Exploration	Granted	20/01/2016	19/01/2021	Gateway	nil

Source: S&P Market Intelligence, ASX announcements

¹ Bildex Holdings Pty Ltd² Fleet Nominees Pty Ltd

Monument

- 4.11 The Monument project is a prospective gold project located approximately 40 km west of Laverton, WA, approximately 750 km north-east of Perth. The Monument project comprises 25 tenements with an approximate area of 310 km².
- 4.12 Monument is the subject of an option agreement with Si6 Limited ("Si6"), who have the option to acquire 100% of the tenements comprising the project. Under the option agreement DiscovEx received an initial option fee of \$75,000 and may receive a further \$100,000 after six months and a payment of \$100,000 cash and \$300,000 in cash and/or shares on exercise. If the option to acquire is executed by Si6, DiscovEx will retain a 1.5% gross royalty.
- 4.13 Set out below is the schedule of Monument tenements that DiscovEx currently holds.

Table 8. Monument Tenements

Tenement	Type	Status	Date Granted	Expiry	Owner/ Applicant	Current DiscovEx Interest
DiscovEx holds 100% interest (Si6 holds option to acquire 100% interest)						
P 39/5456	Prospecting	Granted	8/04/2014	7/04/2022	DiscovEx	100%
P 39/5457	Prospecting	Granted	8/04/2014	7/04/2022	DiscovEx	100%
P 39/5519	Prospecting	Granted	16/06/2015	15/06/2023	DiscovEx	100%
E 39/1846	Exploration	Granted	17/06/2015	16/06/2025	DiscovEx	100%
E 39/2024	Exploration	Granted	3/07/2018	2/07/2023	DiscovEx	100%
E 39/1866	Exploration	Granted	2/02/2017	1/02/2022	DiscovEx	100%
E 39/2035	Exploration	Granted	3/07/2018	2/07/2023	DiscovEx	100%
E 39/2036	Exploration	Granted	3/07/2018	2/07/2023	DiscovEx	100%
P 39/5837	Prospecting	Granted	31/10/2018	30/10/2022	DiscovEx	100%
P 39/5855	Prospecting	Granted	4/07/2019	3/07/2023	DiscovEx	100%
P 39/5881	Prospecting	Application	Pending	n/a	DiscovEx	100%
P 39/5880	Prospecting	Granted	16/05/2019	15/05/2023	DiscovEx	100%
P 39/5882	Prospecting	Application	Pending	n/a	DiscovEx	100%
P 39/5899	Prospecting	Granted	2/10/2018	1/10/2022	DiscovEx	100%
P 39/5910	Prospecting	Granted	31/10/2018	30/10/2022	DiscovEx	100%
P 39/6031	Prospecting	Application	Pending	n/a	DiscovEx	100%
P 39/6053	Prospecting	Granted	7/04/2020	6/04/2024	DiscovEx	100%
P 39/6056	Prospecting	Granted	2/12/2020	1/12/2024	DiscovEx	100%
P 39/6058	Prospecting	Granted	3/12/2020	2/12/2024	DiscovEx	100%
P 39/6054	Prospecting	Granted	6/08/2020	5/08/2024	DiscovEx	100%
P 39/6051	Prospecting	Granted	7/04/2020	6/04/2024	DiscovEx	100%
P 39/6057	Prospecting	Granted	3/12/2020	2/12/2024	DiscovEx	100%
P 39/6055	Prospecting	Granted	2/12/2020	1/12/2024	DiscovEx	100%
P 39/6052	Prospecting	Granted	7/04/2020	6/04/2024	DiscovEx	100%
E 39/2139	Exploration	Granted	22/07/2020	21/07/2025	DiscovEx	100%

Source: S&P Market Intelligence, ASX announcements

Sylvania

- 4.14 DiscovEx has submitted applications for two tenements in the Sylvania project area that are separate from the Sylvania tenements proposed to be acquired from Lighthouse. If granted, DiscovEx will hold a 100% interest in these tenements. These tenements are set out below.

Table 9. DiscovEx's Sylvania Tenements

Tenement	Type	Status	Date Granted	Expiry	Owner/ Applicant	Current DiscovEx Interest
DiscovEx 100% tenement applications						
E52/3884	Exploration	Application	Pending	n/a	DiscovEx	100%
E52/3901	Exploration	Application	Pending	n/a	DiscovEx	100%

Source: ASX announcements

Recent Developments

- 4.15 As announced on ASX on 31 December 2020, DiscovEx divested its 80% interest in the exploration tenements E31/1134 and E31/1150, located in the Yerilla District 150 kilometres northeast of Kalgoorlie, Western Australia. The tenements formed part of Edjudina. The Company received 184,615 ordinary shares in the acquirer, OreCorp Limited, as compensation.

Board of Directors

- 4.16 The current board of directors of DiscovEx, as at 28 January 2020, are:

Table 10. DiscovEx Board of Directors

Director	Position	Date Appointed	Details
Peter Langworthy	Non-Executive Chairman	20 Mar 12	Geologist with a career spanning more than 32 years in mineral exploration and project development in Australia and Indonesia. Mr Langworthy is a non-executive director of Silver Mines Ltd and Managing Director of Gateway Mining Ltd. He has previously held several executive and non-executive positions in ASX listed mineral exploration companies
Bradley Drabsch	Managing Director	1 Dec 19	Mining executive and geologist who has worked in a wide range of commodities globally. He is a founding director of Centrepeak Resources Group Pty Ltd ("CRG"), which sold the Karlawinda gold project to Capricorn. He is also a director of High Grade Metals Ltd and non-executive chairman of Megado Gold Ltd (both ASX listed companies)
Toby Wellman	Technical Director	1 Dec 19	More than 19 years' experience across exploration, development and production geology across a variety of commodities
David Morgan	Non-Executive Director	20 Mar 12	Mining engineer and mechanical engineer with 35 years' experience in the mining industry in Australia and Africa. He has previously held a variety of executive development and mine operation roles

Source: S&P Capital IQ

- 4.17 We note that on completion of the Transaction, it is proposed that Peter Langworthy will relinquish his position as Non-Executive Chairman, with Heath Hellewell appointed to this role, subject to completion of the Transaction. Mr Hellewell is an experienced exploration geologist who has held senior positions in several mining and exploration companies, including Doray Minerals Ltd, Independence Group NL (ASX:IGO), Resolute Mining Ltd (ASX:RSG), and DeBeers Australia Pty Ltd.
- 4.18 Additionally, as announced on 18 January 2021, Kim Massey is proposed to be appointed as a non-executive director subject to completion of the Transaction. Mr Massie is the Chief Executive Officer of Capricorn, who will potentially acquire 300,000,000 ordinary shares in DiscovEx as part of the Placement. Mr Massie previously held the position of Chief Financial Officer for ASX listed gold producer Regis Resources Ltd for approximately 10 years.

Financial Performance

- 4.19 DiscovEx's audited Statements of Profit or Loss and Other Comprehensive Income for the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020 are set out below.

Table 11. DiscovEx Statement of Profit or Loss and Other Comprehensive Income

	Audited 12 months to 30 June 2018 (\$)	Audited 12 months to 30 June 2019 (\$)	Audited 12 months to 30 June 2020 (\$)
Revenue			
Interest income	30,893	12,164	3,645
Gain on disposal of listed securities	-	-	61,741
Gain on disposal of non-current assets held for sale	-	34,173	-
Listed shares received for asset disposal	-	666,667	-
Proceeds from relinquishment of Barbara Copper Project royalty	-	460,000	-
Sundry income	9,930	127,189	60,240
Total revenue	40,823	1,300,193	125,626
Expenses			
Administration expenses	(363,758)	(483,322)	(433,171)
Occupancy expenses	(40,393)	(45,665)	(41,278)
Depreciation expenses	(6,662)	(7,100)	(3,666)
Employee benefits expenses	(134,456)	(238,919)	(107,290)
Exploration expenditure written off	(135,332)	(483,268)	(774,833)
Exploration expenditure impairment	(4,577,481)	(824,090)	(3,002,790)
Loss on fair value of financial assets	-	(56,929)	(313,590)
Share based payments	(150,719)	(24,438)	(59,901)
Total expenses	(5,408,801)	(2,163,731)	(4,736,519)
Loss before income tax expense	(5,367,978)	(863,538)	(4,610,893)
Income tax benefit	-	823,581	24,263
Net income/(loss) for period	(5,367,978)	(39,957)	(4,586,630)
Other comprehensive income/(loss)	-	-	-
Total comprehensive income/(loss)	(5,367,978)	(39,957)	(4,586,630)

Source: S&P Capital IQ

Financial Position

- 4.20 Set out below is the audited Statement of Financial Position of DiscovEx as at 30 June 2020, and the unaudited Statement of Financial Position as at 30 November 2020. We have made the following adjustments to estimate DiscovEx's financial position as at 18 January 2021 (being the valuation date adopted in this IER – see paragraph 7.2).

- An increase in financial assets of \$121,103 due to the acquisition of 184,615 ordinary shares in OreCorp as part the sale of two exploration tenements announced on ASX on 31 December 2020 (refer to paragraph 4.15). Exploration and evaluation expenditure decreased by \$157,202, with the balance of \$36,099 recorded as a loss on disposal.

- The cash balance was reduced by \$66,485 in order to reconcile to the 31 December 2020 quarterly cash flow report.

Table 12. DiscovEx Statement of Financial Position

	Audited as at 30 June 2020 (\$)	Unaudited as at 30 November 2020 (\$)	Adjustments (\$)	Adjusted as at 12 January 2021 (\$)
Current assets				
Cash and cash equivalents	909,506	1,418,485	(66,485)	1,352,000
Financial assets at fair value through profit or loss	70,000	151,395	121,103	272,498
Trade and other receivables	43,562	33,582	-	33,582
Total current assets	1,023,068	1,603,462	54,618	1,658,080
Non-current assets				
Property plant and equipment	10,516	16,217	-	16,217
Exploration and evaluation costs	610,737	1,262,876	(157,202)	1,105,674
Total non-current assets	621,253	1,279,093	(157,202)	1,121,891
Total assets	1,644,321	2,882,555	(102,584)	2,779,971
Current liabilities				
Trade and other payables	(171,158)	(73,058)	-	(73,058)
Provisions	(8,543)	(12,531)	-	(12,531)
Total current liabilities	(179,701)	(85,589)	-	(85,589)
Total liabilities	(179,701)	(85,589)	-	(85,589)
Total net assets/(liabilities)	1,464,620	2,796,966	(102,584)	2,694,382
Equity				
Issued capital	28,157,930	29,481,179	-	29,481,179
Share based payments reserve	255,040	374,481	-	374,481
Accumulated losses	(26,948,350)	(27,058,694)	(102,584)	(27,161,278)
Total equity	1,464,620	2,796,966	(102,584)	2,694,382

Source: DiscovEx Annual Report 2020, management accounts

- 4.21 We note that since the most recent audited accounts were released, DiscovEx issued 231,879,874 ordinary shares under a placement to sophisticated and professional investors on 9 July 2020, to raise \$1,507,219 (before costs) at \$0.0065 per share.

Current Equity Position

4.22 As at 28 January 2021, the equity capital structure of DiscovEx was as follows.

Table 13. DiscovEx Current Equity Structure

Security	Number	Exercise price (\$)	Expiry date
Ordinary shares	1,196,164,076	n/a	n/a
Ordinary shares on issue	1,196,164,076		
Unlisted employee options	5,333,331	0.0226	30/08/2021
Unlisted employee options	5,333,334	0.0234	30/08/2021
Unlisted employee options	3,000,001	0.0312	30/08/2021
Unlisted Managing Director options	1,666,666	0.0135	9/09/2022
Unlisted Managing Director options	1,666,667	0.0158	9/09/2022
Unlisted Managing Director options	1,666,667	0.0180	9/09/2022
Unlisted options (Newfield Resources Ltd)	10,000,000	0.0300	20/05/2022
Unlisted placement options	62,561,547	0.0200	9/12/2022
Unlisted director options	16,000,000	0.0170	1/12/2023
Unlisted director options	16,000,000	0.0225	1/12/2023
Unlisted director options	16,000,000	0.0315	1/12/2023
Unlisted placement lead manager options	20,000,000	0.0130	20/08/2022
Unlisted options	1,000,000	0.0130	20/08/2024
Total options on issue	160,228,213		
Fully diluted ordinary shares	1,356,392,289	n/a	n/a

Source: DiscovEx 2020 Annual Report, ASX announcements

4.24 The top 20 ordinary shareholders as at 21 January 2021 were as follows.

Table 14. Top 20 Shareholders

Shareholder	Number of shares	Percentage of total shares (%)
Newfield Resources Ltd.	30,000,000	2.51%
Lei Wang	27,466,697	2.30%
Gateway	26,315,789	2.20%
Harmanis Holdings Pty Ltd <Harman Family A/C>	24,000,000	2.01%
Hawkestone Resources Pty Ltd	20,000,000	1.67%
Bowman Gate Pty. Ltd. <The Discovery A/C>	19,184,615	1.60%
E & E Hall Pty. Ltd <E & E Hall P/L S/F A/C>	19,000,000	1.59%
Yingze Sun	18,000,000	1.50%
Strickland Consulting Pty. Ltd <The Law Family A/C>	17,000,000	1.42%
Jericho Exploration Pty Ltd <The Langworthy Family A/C>	15,814,907	1.32%
Sun Metals Corporation Pty Ltd	13,600,000	1.14%
Catherine May Griffiths & Ronald Griffiths <Griffiths Family A/C>	13,267,581	1.11%
Gecko Resources Pty Ltd	13,000,000	1.09%
Bradley James Drabsch <Oceantobush A/C>	12,500,000	1.05%
Toby Wellman <Serpentine Investment A/C>	12,500,000	1.05%
Nedlands Nominees Pty Ltd <Windandsea Investments A/C>	12,500,000	1.05%
Saroda Holding Pty Ltd <Sciarrone Family S/F A/C>	11,402,381	0.95%
Saroda Holdings Pty Ltd <Sciarrone Family A/C>	10,917,534	0.91%
Xeen Pty Ltd <French Super Fund A/C>	10,663,462	0.89%
Emlyn Holdings Pty Ltd <Glyn Dwr A/C>	10,595,885	0.89%
Total Top 20	337,728,851	28.23%
Total ordinary shares	1,196,164,076	100.00%

Source: Computershare

5 Profile of Lighthouse

History and Principal Activities

- 5.1 Lighthouse is an Australian private mineral exploration company incorporated on 15 April 2020. Lighthouse has underlying agreements to acquire an interest in various tenements that comprise the Sylvania gold and base metal project covering approximately 2,250 square kilometres in the southern Pilbara area of Western Australia. The Sylvania tenements are located approximately 50 km south-west of Newman, and approximately 140km north-east of Newman. Lighthouse is a party to a series of agreements with Gateway and Crest providing the right to acquire (in exchange for Lighthouse shares which have been issued) the Sylvania tenements as follows.

Gateway Tenements

- 5.2 Lighthouse has the right to acquire tenements from Gateway for 7,500,000 ordinary shares, comprising two granted tenements (the "**Gateway Tenements**"). Gateway holds the right to a 1.5% gross revenue royalty, which will be maintained following completion of the Acquisition.

Crest Tenements

- 5.3 Lighthouse has the right to acquire tenements from Crest for 11,500,000 ordinary shares, comprising five granted tenements and three applications (the "**Crest Tenements**"). We note that Lighthouse has applied to withdraw its application for E52/3807, though this area is included Lighthouse's E52/3889 application. The tenement applications E52/3800 and E52/3843 are considered unlikely to be granted, since the areas involved are subject to earlier applications that take precedence.

Crest JV Tenements

- 5.4 Lighthouse has the right to earn-in to three tenements that remain the subject of a joint venture between Crest and Lighthouse (the "**Crest JV Tenements**"). Lighthouse paid \$10,000 and must keep the tenements in good standing for two years to earn a 90% interest in the Crest JV Tenements. Currently, Lighthouse holds no interest in the Crest JV Tenements. Lighthouse must continue to fund 100% of the expenditure on the Crest JV Tenements until a decision to mine is made. Upon a decision to mine Crest may contribute to expenditure based on its project interest or may convert its interest to a 1% gross revenue royalty.

List of Tenements

- 5.5 Set out below are the tenements over which Lighthouse has or may acquire an interest.

Table 15. Lighthouse Tenements

Tenement	Type	Status	Date Granted	Expiry Date	Holder	Lighthouse Right to Acquire
Gateway Tenements (Lighthouse 100% owned)						
E 52/3365	Exploration	Granted	15/05/2017	14/05/2022	Gateway	100%
E 52/3366	Exploration	Granted	15/05/2017	14/05/2022	Gateway	100%
Crest Tenements (Lighthouse 100% owned)						
E 46/1341	Exploration	Granted	22/07/2020	21/07/2025	Crest	100%
E 46/1342	Exploration	Granted	22/07/2020	21/07/2025	Crest	100%
E 52/3638	Exploration	Granted	13/01/2020	12/01/2025	Crest	100%
E 52/3748	Exploration	Granted	4/08/2020	3/08/2025	Crest	100%
E 52/3784	Exploration	Granted	4/08/2020	3/08/2025	Crest	100%
E 52/3800	Exploration	Application	n/a	n/a	Crest	100%
E 52/3807	Exploration	Application	n/a	n/a	Crest	100%
E 52/3843	Exploration	Application	n/a	n/a	Crest	100%
Crest JV Tenements (Lighthouse earning-in up to 90% interest)						
E 52/3774	Exploration	Application	n/a	n/a	Crest	nil
E 52/3775	Exploration	Application	n/a	n/a	Crest	nil
E 52/3780	Exploration	Application	n/a	n/a	Crest	nil
Lighthouse applications						
E 52/3887	Exploration	Application	n/a	n/a	n/a	n/a
E 52/3888	Exploration	Application	n/a	n/a	n/a	n/a
E 52/3889	Exploration	Application	n/a	n/a	n/a	n/a
E 52/3890	Exploration	Application	n/a	n/a	n/a	n/a

Source: ASX announcements

Current Directors

5.6 The current board of directors of Lighthouse as at 28 January 2021 are:

- Mr Heath Hellewell; and
- Mr Scott Brown.

Ownership

5.7 As at 28 January 2021, there are 27,975,000 ordinary shares outstanding in Lighthouse.

5.8 The current significant shareholders of Lighthouse are as follows, including the directors who are common to either DiscovEx or Lighthouse.

Table 16. Lighthouse Significant Shareholders

Shareholder	Shares	Percentage	Noteworthy Directors
Crest	11,500,000	41.11%	Peter Langworthy, Scott Brown, Heath Hellewell
Gateway	7,500,000	26.81%	Peter Langworthy, Scott Brown
CRG	2,900,000	10.37%	Bradley Drabsch, Heath Hellewell, Toby Wellman
Omni	2,900,000	10.37%	Peter Langworthy, Scott Brown
Minority shareholders	3,175,000	11.35%	
Total	27,975,000		

Source: NoM

- 5.9 Gateway is a wholly owned subsidiary of the ASX listed company Gateway Mining Limited ("GML"). Entities controlled by DiscovEx directors Messrs Langworthy, Drabsch and Morgan, and Lighthouse directors Brown and Hellewell each have de-minimis direct shareholdings in GML. Additionally, Crest holds 2.03% and Omni holds 7.78% of GML. Mr Langworthy and Mr Brown are on the board of GML.
- 5.10 Omni and CRG each hold a 10.64% interest in Crest. Entities controlled by Messrs Langworthy, Hellewell, Brown, Drabsch and Wellman each have de-minimis shareholdings in Crest.
- 5.11 CRG is an unlisted private company with shareholders including Mr Hellewell (37.66%), Mr Drabsch (16.44%), Mr Wellman (2.63%) and Omni (0.89%).
- 5.12 As outlined in paragraph 3.3, entities controlled by Mr Langworthy hold an interest of 76.98% in Omni, and hence Omni is considered a related party of DiscovEx for the purpose of the ASX Listing Rules.

Financial Position

- 5.13 The financial position of Lighthouse as at 30 November 2020 based on unaudited management accounts is as follows. We note Lighthouse's past accounting treatment was to expense all exploration expenditure.

Table 17. Lighthouse Statement of Financial Position

Unaudited as at 30 November 2020 (\$)	
Current assets	
Cash and cash equivalents	156,648
Total current assets	156,648
Total assets	156,648
Total liabilities	-
Total net assets/(liabilities)	156,648
Equity	
Issued capital	618,750
Accumulated losses	(462,102)
Total equity	156,648

Source: Lighthouse management accounts

6 Valuation Methodology

Available Methodologies

- 6.1 In assessing the value of DiscovEx, we have considered a range of common market practice valuation methodologies in accordance with RG111, including those listed below.
- Capitalisation of future maintainable earnings (“FME”)
 - Discounted future cash flows (“DCF”)
 - Asset based methods (“Net Assets”)
 - Quoted market prices or analysis of traded share prices
 - Common industry rule-based methodologies
- 6.2 Each of these methods is appropriate in certain circumstances and often more than one approach is applied. The choice of methods depends on several factors such as the nature of the business being valued, the return on the assets employed in the business, the valuation methodologies usually applied to value such businesses and the availability of required information. A detailed description of these methods and when they are appropriate is provided in Appendix B..

Selected Methodology – DiscovEx Shares

- 6.3 Our primary valuation methodology used to value the shares of DiscovEx is a Net Assets based approach on a going concern basis, using the mineral interest values ascribed in the VRM Report.
- 6.4 In selecting an appropriate valuation methodology to value the shares of DiscovEx, we considered the following factors:
- DiscovEx made losses in each of the financial years ending 30 June 2018, 2019 and 2020. As such the FME methodology is not considered appropriate.
 - Reliable cash flow forecasts are not available and therefore DCF methodology is not appropriate.
 - DiscovEx is predominantly a mineral exploration company that derives its value from the exploration licenses that it holds. Accordingly, the Net Assets based approach is considered appropriate.
 - Trading of DiscovEx’s ordinary shares on ASX demonstrates a reasonable level of liquidity.
 - A Net Assets approach was used to value Lighthouse and using the same methodology for DiscovEx shares provides a more comparable value assessment.

Secondary Methodology – DiscovEx Shares

- 6.5 High traded volumes of DiscovEx shares on ASX over the past 12 months indicate a reasonable level of liquidity. However, we also considered other market-based factors affecting the reliability of traded share prices for valuation purposes (refer paragraphs 7.27 to 7.32) and accordingly determined that traded share prices were appropriate as a secondary cross-check methodology.

Selected Methodology – Lighthouse Shares

- 6.6 In selecting an appropriate valuation methodology to value the shares of Lighthouse, we considered the following factors:
- Lighthouse is a recently formed entity with no history of earnings.
 - Reliable cash flow forecasts are not available and therefore DCF methodology is not

appropriate.

- Lighthouse is not publicly traded and therefore no quoted market price exists.
- Lighthouse predominantly derives its value from the rights it holds over resource tenements. Accordingly, a Net Assets based approach is considered appropriate to value Lighthouse.

6.7 Accordingly, we conducted our valuation of Lighthouse shares using a Net Assets based approach, based on the market values ascribed to the mineral interests in the VRM Report. Due to a lack of other available methodologies, no secondary valuation was considered.

7 Valuation of DiscovEx Shares

DiscovEx Pre-Transaction Net Asset Valuation

7.1 To assess the value of a DiscovEx ordinary share prior to the proposed Transaction, we took a Net Assets approach, which sums the assessed values of DiscovEx' assets and liabilities to arrive at a net value of the Company.

7.2 In relation to our approach, we note the following:

- The valuation is conducted as at 18 January 2021, being the date the Transaction was announced via ASX.
- The value of DiscovEx's resource project assets were adopted as assessed by VRM and summarised in paragraphs 7.5 to 0.
- We assessed the estimated book values of DiscovEx's non-project related assets and liabilities as at 18 January 2021 as below. Values are based on 30 November 2020 unaudited management accounts and adjusted for material movements between 30 November 2020 and 18 January 2021 (refer Table 12). We note that DiscovEx's primary assets are comprised of liquid assets for which realisation costs are likely negligible.

Table 18. Other Net Assets Calculation

	Ref	Value (\$)
Cash and cash equivalents	Table 12	1,352,000
Financial assets at fair value through profit or loss	Table 12	272,498
Trade and other receivables	Table 12	33,582
Property plant and equipment	Table 12	16,217
Trade and other payables	Table 12	(73,058)
Provisions	Table 12	(12,531)
Other net assets		1,588,708

Source: SIS analysis

- In accordance with RG111.15, we are required to consider the funding requirements where capital is required to develop a project, such as the Edjudina, Newington and Monument projects held by DiscovEx. The project values assigned by VRM are based primarily on comparable transaction multiples, which incorporate funding risk, and accordingly no adjustments were made.
 - We have been advised that DiscovEx has not been involved in any material transactions after 30 November 2020 other than those already referred to in this report.
- 7.3 Our pre-Transaction Net Assets based valuation of DiscovEx, as at the valuation date of 18 January 2021, is set out below.

Table 19. Valuation of DiscovEx Shares Prior to Transaction

	Ref	Low	Preferred	High
Mineral interests (\$)	Table 20	900,000	1,700,000	2,300,000
Add: other net assets (\$)	Table 18	1,588,708	1,588,708	1,588,708
Total net assets (\$)		2,488,708	3,288,708	3,888,708
Less: outstanding option value (\$)	Table 23	(483,517)	(483,517)	(483,517)
Value to ordinary shareholders (\$)		2,005,191	2,805,191	3,405,191
Number of shares outstanding	Table 5	1,196,164,076	1,196,164,076	1,196,164,076
DiscovEx pre-Transaction value per share (\$)		0.0017	0.0023	0.0028
Discount for minority interest (%)	7.23	23.1%	23.1%	23.1%
DiscovEx pre-Transaction value per share (\$) (minority interest)		0.0013	0.0018	0.0022

Source: SIS analysis

- 7.4 Accordingly, under Net Assets on a going concern methodology, relying on the values attributed to DiscovEx's mineral interests attributed by VRM, the value of a DiscovEx share prior to the Transaction on a minority interest basis has been assessed to be between \$0.0013 and \$0.0022, with a preferred value of \$0.0018.

VRM Report

Engagement of VRM

- 7.5 SIS engaged VRM as a technical specialist to undertake a market valuation of the mineral interests of DiscovEx. We have used and relied on the VRM Report and note that VRM has declared that:
- VRM is a suitably qualified consulting firm and has relevant experience in assessing the merits and preparing asset valuations of gold and base metal projects. The principal author of the VRM Report, Mr Paul Dunbar, is also suitably qualified and experienced.
 - VRM is independent of all parties involved in the Transaction.

VRM Valuation Summary

- 7.6 Valuations in the VRM Report have been completed under the following assumptions:
- A gold price of US\$1,833.05 per ounce as at 18 January 2021
 - A US\$ to A\$ exchange rate of 0.7685 as at 18 January 2021, and accordingly the assumed gold price is A\$2,385.13 per ounce
 - The owners of the mineral interests can obtain the required funding to continue exploration activities
 - The mining licenses will remain active and all other regulatory approvals for exploration and mining are either active or may be obtained in the required and expected time frame
 - Tenement applications that do not hold priority or first in line applications are excluded from the valuation

- As all of the projects are considered early stage, royalty interests are not sufficiently certain or material to be included in the valuation

7.7 The values assigned to the tenement interests held by DiscovEx in the VRM Report are summarised below.

Table 20. VRM Valuation of DiscovEx's Mineral Interests

	Low (\$)	Preferred (\$)	High (\$)
Edjudina	470,000	830,000	1,180,000
Crest Edjudina JV	10,000	230,000	450,000
Monument	310,000	540,000	580,000
Newington	-	-	-
Sylvania (DCX owned)	60,000	100,000	140,000
Total	900,000	1,700,000	2,300,000

Source: VRM Report

7.8 It is noted that the Monument project may be divested under an option agreement, with the total value of the consideration that DiscovEx may receive being \$575,000, and accordingly this is considered the maximum value of Monument to DiscovEx.

Primary Methodology - Comparable Transactions (Market Based)

- 7.9 The primary valuation methodology adopted in the VRM Report was an area based multiple based on comparable transactions involving predominantly gold projects over the past five years. 45 comparable transactions were selected involving projects with a total area of at least 100 square kilometres.
- 7.10 An area-based multiple was calculated for each comparable transaction to determine the price paid per square kilometre, which was normalised based on the relative gold prices from the transaction date to the valuation date.
- 7.11 Based on this analysis, VRM assessed the appropriate area based multiple to be between \$1,000 km² and \$2,500 km², with a preferred value of \$1,750 km².
- 7.12 Since many of the DiscovEx project areas are the subject of option or joint venture agreements, VRM assumes DiscovEx will earn its interest in these projects and incur the required expenditure. Accordingly, the valuation subtracts the required expenditure for DiscovEx to earn into these tenements. An inherent assumption is that future expenditure on these tenements will neither increase nor decrease the value of the tenement.
- 7.13 VRM's area based comparable transactions valuation for the existing mineral interests of DiscovEx is summarised below.

Table 21. VRM Report Area Based Comparable Transaction Valuation

	Project Area (km2)	Low (\$)	Preferred (\$)	High (\$)
Multiple		\$1,000/km2	1,750/km2	2,500/km2
Edjudina	473.26	470,000	830,000	1,180,000
Crest Edjudina JV	292.40	290,000	510,000	730,000
Expenditure required on Crest Edjudina JV		(280,000)	(280,000)	(280,000)
Value of Crest Edjudina to DiscovEx		10,000	230,000	450,000
Monument (capped at option value)	307.60	310,000	540,000	575,000
Newington	206.39	210,000	360,000	520,000
Expenditure required to acquire equity		(1,200,000)	(1,200,000)	(1,200,000)
Value of Newington to DiscovEx		-	-	-
Sylvania	56.82	60,000	100,000	140,000
Totals (rounded)	1,336.47	900,000	1,700,000	2,300,000

Source: VRM Report

Secondary Methodology - Geoscientific (Cost Based)

- 7.14 The Geoscientific or Kilburn approach was used as a secondary valuation methodology. The Geoscientific method involves the application of value determining factors to several aspects of a project. These are the proximity to and along a strike of a major deposit (off-property factors); the occurrence of a mineral system on the tenement (on property factors); the success of previous exploration within the tenements (anomaly factors); and the geological prospectivity of the geological terrain covered by the mineral claims or tenements (geological factors).
- 7.15 The other key input to the Geoscientific method valuation is the Base Acquisition Cost ("BAC"). The VRM Report derived the BAC as the exploration commitment to maintain the tenement in good standing for the next year, while the costs of the tenement applications, annual tenement rents and targeting have not been included.
- 7.16 A discount of 50% was applied to tenements which are under application to account for uncertainty involved in the granting of these tenements.
- 7.17 Gold market prices at 18 January 2021 were assessed to be at a premium compared to historical levels, and accordingly VRM applied a 10% premium to the technical Geoscientific valuations of DiscovEx's gold assets.

Table 22. VRM Report Geoscientific Method Valuation

	Low (\$)	Preferred (\$)	High (\$)
Edjudina	350,000	770,000	1,180,000
Crest Edjudina JV	190,000	390,000	560,000
Required expenditure	(280,000)	(280,000)	(280,000)
Value of Crest Edjudina JV to DiscovEx	-	110,000	280,000
Monument tenements	520,000	1,100,000	1,700,000
Monument (capped at option value)	520,000	575,000	575,000
Newington	580,000	1,240,000	1,880,000
Required expenditure	(1,200,000)	(1,200,000)	(1,200,000)
Value of Newington to DiscovEx	-	40,000	680,000
Sylvania	20,000	30,000	40,000
Total (rounded)	900,000	1,500,000	2,800,000

Source: VRM Report

VRM Preferred Valuation

- 7.18 Using comparable transactions as its primary method VRM considers the value of DiscovEx's mineral assets to be between \$900,000 and \$2,300,000, with a preferred value of \$1,700,000. The secondary methodology provides a cross-check on the valuation that is not inconsistent with the primary methodology.

Existing Options Valuation

- 7.19 We note the Company had 160,228,213 options on issue as at 18 January 2021.
- 7.20 We derived a value for existing options using the Black Scholes option methodology with input assumptions as follows:
- A valuation date of 12 January 2021, being the last day on which DiscovEx shares traded prior to the announcement of the Transaction.
 - Exercise prices and expiry dates as per the terms of each option tranche.
 - An underlying spot price of DiscovEx shares of \$0.008 as per the closing price on ASX as at 12 January 2021.
 - The Australian government bond rates for the nearest available time period commensurate with the remaining term of each option was used as a proxy for the risk-free rate.
 - Volatility of 115%, based on the historical average volatility of DiscovEx shares traded on ASX over the past five years to 12 January 2021.
 - No dividends to be paid or announced by DiscovEx during the term of any outstanding option.
- 7.21 Set out below is a summary of the Black Scholes derived valuations for the existing options over DiscovEx shares.

Table 23. DiscovEx Options Values

Option	Issue date	Number	Exercise Price (\$)	Expiry Date	Black Scholes Value (\$)	Total Value (\$)
Unlisted employee options	11 Oct 2017	5,333,331	\$0.0226	30-Aug-21	\$0.0007	3,916
Unlisted employee options	11 Oct 2017	5,333,334	\$0.0234	30-Aug-21	\$0.0007	3,687
Unlisted employee options	11 Oct 2017	3,000,001	\$0.0312	30-Aug-21	\$0.0004	1,212
Unlisted Managing Director options	25 Oct 2018	1,666,666	\$0.0135	9-Sep-22	\$0.0034	5,588
Unlisted Managing Director options	25 Oct 2018	1,666,667	\$0.0158	9-Sep-22	\$0.0031	5,108
Unlisted Managing Director options	25 Oct 2018	1,666,667	\$0.0180	9-Sep-22	\$0.0028	4,717
Unlisted options (Newfield Resources)	20 May 2019	10,000,000	\$0.0300	20-May-22	\$0.0015	15,338
Unlisted placement options	9 Dec 2019	62,561,547	\$0.0200	9-Dec-22	\$0.0030	186,535
Unlisted director options	17 Mar 2020	16,000,000	\$0.0170	1-Dec-23	\$0.0043	68,789
Unlisted director options	17 Mar 2020	16,000,000	\$0.0225	1-Dec-23	\$0.0039	62,174
Unlisted director options	17 Mar 2020	16,000,000	\$0.0315	1-Dec-23	\$0.0034	54,231
Unlisted placement manager options	20 Aug 2020	20,000,000	\$0.0130	20-Aug-22	\$0.0034	67,008
Unlisted options	20 Aug 2020	1,000,000	\$0.0130	20-Aug-24	\$0.0052	5,216
Total		160,228,213				483,517

Source: SIS analysis

Discount for Minority Interest

- 7.22 We note a Net Asset valuation assumes a 100% controlling interest in the company. We consider the value of a DiscovEx share, from the perspective of the Company, to be the minority interest value since that is the value that would likely be received by the Company if they were to sell new shares (i.e. undertake a capital raising). Accordingly, we applied a discount to our Net Assets valuation to determine the value on a minority interest basis.
- 7.23 Generally, historical evidence of control premiums offered on takeovers for small cap companies are in the range of 20% to 40%³ (although outcomes outside this are not uncommon) with 30% a commonly accepted benchmark where a 100% interest is being acquired. We considered the factors outlined in Appendix C and concluded that there are no material grounds to deviate from this commonly accepted benchmark. We have therefore applied a minority interest discount of 23.1% (being the inverse of a 30% control premium) to the value of a DiscovEx share.

Secondary Methodology - Traded Market Price Basis

Analysis of Trading History

- 7.24 We considered the recent trading history of DiscovEx shares on the ASX prior to the announcement of the Transaction, as traded prices following the announcement may incorporate the impact of the Transaction.
- 7.25 Quoted market prices reflect a minority interest in the Company.
- 7.26 We note that DiscovEx ordinary shares were placed into a trading halt on 13 January 2020 pending the announcement of the Transaction. Accordingly, the trading history of DiscovEx on ASX to 12 January 2020 is set out below.

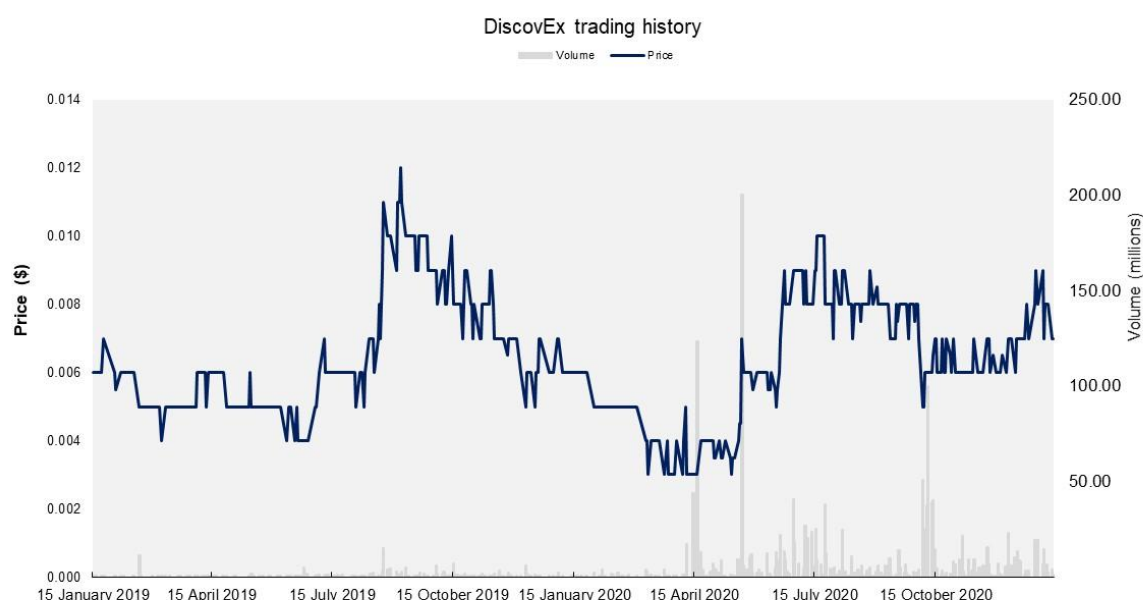
³ "Control Premium Study 2017", RSM

Table 24. DiscovEx ASX Trading History to 12 January 2021

Trading Days	Low Price (\$)	High Price (\$)	Volume Weighted Average Price ("VWAP") (\$)	Cumulative Volume Traded	Percentage of Issued Shares (%)	Annual Equivalent (%)
1 Day	0.007	0.007	0.0070	1,232,700	0.10%	26.28%
10 Days	0.007	0.009	0.0083	65,406,880	7.00%	178.43%
30 Days	0.006	0.009	0.0075	185,182,780	15.43%	131.14%
60 Days	0.005	0.009	0.0070	312,878,050	26.41%	112.26%
90 Days	0.004	0.009	0.0066	710,131,070	59.39%	168.26%
180 Days	0.003	0.011	0.0072	1,440,490,880	127.40%	180.48%
1 Year (255 trading days)	0.002	0.011	0.0065	1,712,731,240	159.81%	159.81%

Source: S&P Capital IQ, SIS analysis

Figure 1. DiscovEx ASX Trading History – 2 years to 12 January 2021



Source: S&P Capital IQ

7.27 Generally, the market is a fair indicator of what a share is worth, however in order for a quoted market price to be a reliable indicator of a company's value, the company's share must trade in a "liquid and active" market. We consider that a liquid and active market would typically be characterised by:

- regular trading in the company's securities;
- trading of at least 1% of a company's securities on a weekly basis;
- the spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of the company; and
- no significant but unexplained movements in the share price.

- 7.28 The shares of DiscovEx have historically demonstrated a level of liquidity well above 1% per week, with 159.81% of the outstanding ordinary shares being traded in the twelve-month period prior to the announcement of the Transaction. Accordingly, we considered historical traded prices of DiscovEx shares as a secondary methodology.
- 7.29 We note that prior to the announcement of the Transaction, DiscovEx shares had traded on 30 consecutive trading days, and trading had occurred on 220 days in the past year (255 trading days), representing trading on 86.27% of days.
- 7.30 As per RG111.58/111.32, we have also considered the volatility of the market price of DiscovEx shares. The historical volatility of DiscovEx shares to 12 January 2021 over various periods is shown below.

Table 25. Volatility

Period	Low (\$)	High (\$)	Volatility (%)
1 year	0.002	0.011	166.50
2 year	0.002	0.014	151.75
3 year	0.002	0.021	135.95
Long-term average	n/a	n/a	115

Source: S&P Capital IQ, SIS analysis

- 7.31 We note that these volatilities are relatively high for an ASX listed company, though are not unusual for a junior exploration company.
- 7.32 Other key considerations for assessing traded prices of DiscovEx shares include:
- DiscovEx shares typically demonstrate a relatively high bid-ask spread, due to the ASX minimum tick size of \$0.001 representing a large percentage of the current market price
 - Early-stage mineral exploration company valuations are typically highly subjective and therefore investors may hold a wide range of opinions on the value of the shares
 - Trading in early-stage exploration company shares such as DiscovEx may be driven by technical chartist traders, market sentiment, the involvement of key individuals and/or expectation/speculation of corporate activity
 - DiscovEx is not covered by any major research analysts
 - DiscovEx is not included in any indices
- 7.33 We note that on 9 July 2020, the Company completed a placement of 231,879,874 ordinary shares at an issue price of \$0.0065. We further note that the issue price of the proposed Placement and SPP is \$0.004. We considered placement share prices when assessing our range of traded share price indicators.

DiscovEx Quoted Market Price Valuation

- 7.34 Taking into consideration the above, we assessed traded share prices of a DiscovEx share prior to the Transaction to indicate the following range.

Table 26. Quoted Market Price Valuation of DiscovEx

	Low (\$)	Preferred (\$)	High (\$)
Traded market price	0.0040	0.0065	0.0072

Source: SIS analysis

- 7.35 We note that the low and preferred values are based on the low value and VWAP over the 90-day period prior to 12 January 2021 and supported by the placement prices on 9 July 2020 of \$0.0065

and the proposed Placement and SPP at \$0.0040. The high value is consistent with the VWAP over the 180 days prior to 12 January 2021.

Reconciliation of Technical Value to Traded Share Prices

- 7.36 Our Net Assets based valuation of a DiscovEx share is within the range of \$0.0013 and \$0.0022 with a preferred value of \$0.0018.
- 7.37 Our quoted market price based valuation of a DiscovEx share is within the range \$0.0040 and \$0.0072 with a preferred value of \$0.0065.
- 7.38 We note the material difference between traded prices and the assessed Net Assets based value of DiscovEx shares. We also note it is not unusual for the market to price mineral exploration companies at significant discounts or premiums to appraised technical values due to various market factors. The possible reasons for this are as outlined at Paragraphs 7.31 and 7.32.
- 7.39 For these reasons, traded share prices are considered to be more susceptible to short term fluctuations than a valuation based on longer term fundamental parameters. Accordingly, we consider a Net Asset methodology to be appropriate as a primary methodology, though we have taken into account trade share price history given the reasonable level of liquidity demonstrated by DiscovEx shares.

Conclusion on the Value of DiscovEx Shares

- 7.40 Based on the above analysis, we have considered the fair market value of a DiscovEx ordinary share prior to the Transaction to be as follows.

Table 27. DiscovEx Shares Valuation Summary

	Ref	Low (\$)	Preferred (\$)	High (\$)
Net Assets (\$)	Table 19	0.0013	0.0018	0.0022
Traded market price (\$)	Table 26	0.0040	0.0065	0.0072
Adopted value (\$)		0.0022	0.0040	0.0065

Source: SIS analysis

- 7.41 For the purpose of this report, incorporating both Net Assets as a going concern and quoted market prices, we have assessed the value of a DiscovEx share pre-Transaction to be between \$0.0022 and \$0.0065 with a preferred value of \$0.0040.

8 Fairness Evaluation

Evaluation Methodology

- 8.1 In determining the fairness and reasonableness of the Transaction incorporating Resolution 1, we have had regard to the guidelines set out by ASIC's RG111.
- 8.2 The Transaction is not considered to be a control transaction under RG111. Therefore, RG111.11 is not applicable, and no control premium has been applied.
- 8.3 As per RG111, the Transaction is considered to be fair if:
- the value of the financial benefit to be provided by the entity to the related parties is less than or equal to;
 - the value of the consideration provided by the entity.

DiscovEx Pre-Transaction Valuation

- 8.4 For the purpose of assessing the Transaction, our assessed value of a DiscovEx share prior to the Transaction is as follows.

Table 28. DiscovEx Pre-Transaction Share Value

	Ref	Low	Preferred	High
Net Assets (\$)	Table 27	0.0013	0.0018	0.0022
Traded market price (\$)	Table 27	0.0040	0.0065	0.0072
Adopted value (\$)	Table 27	0.0022	0.0040	0.0065

Source: SIS analysis

Lighthouse Valuation

- 8.5 To assess the value of a share in Lighthouse, we adopted a Net Assets approach.
- 8.6 We have relied upon values of the mineral interests of Lighthouse as assessed in the VRM Report.

VRM Report

- 8.7 We note that the assumptions in the VRM Report relating to the valuations of the Lighthouse tenement interests are the same as those outlined in paragraph 7.6.
- 8.8 The value ascribed in the VRM Report to Lighthouse's mineral interests is as set out below.

Table 29. VRM Valuation

	Low (\$)	Preferred (\$)	High (\$)
Lighthouse, Crest, Crest JV and Gateway	1,600,000	3,200,000	4,700,000
Total	1,600,000	3,200,000	4,700,000

Source: VRM Report

- 8.9 The primary valuation methodology adopted in the VRM Report was an area based multiple based on comparable transactions, using the same approach that was applied to the Company's existing mineral interests.
- 8.10 Set out below is the comparable transactions valuation of Lighthouse's mineral assets.

Table 30. VRM Report Area Based Comparable Transaction Valuation – Lighthouse Mineral Interests

	Project Area (km2)	Low (\$)	Preferred (\$)	High (\$)
Multiple		\$1,000/km2	1,750/km2	2,500/km2
Lighthouse, Crest, Crest JV and Gateway tenements	2,072.34	2,070,000	3,630,000	5,180,000
Expenditure required on Crest Sylvania JV		(450,000)	(450,000)	(450,000)
Lighthouse Total Exploration Asset Value	2,072.34	1,600,000	3,200,000	4,700,000

Source: VRM Report

- 8.11 The Geoscientific or Kilburn approach was used as a secondary valuation methodology.
- 8.12 The Sylvania project was treated as a base metal project due to the nature of the previous exploration conducted on the tenements. Accordingly, VRM discounted the geotechnical valuations by 5% given the slightly depressed base metal prices as at 18 January 2021.

Table 31. VRM Report Geoscientific Valuation of Lighthouse's Mineral Assets

	Low (\$)	Preferred (\$)	High (\$)
Sylvania	860,000	1,530,000	2,200,000
Required expenditure	(450,000)	(450,000)	(450,000)
Lighthouse Total Exploration Asset Value	400,000	1,100,000	1,800,000

- 8.13 VRM noted the secondary cross check methodology indicated lower values than the primary methodology and outlines possible rationale for this on page 46 of the VRM Report. VRM concluded that the comparable transactions approach was the most appropriate in determining their assessed values.
- 8.14 Accordingly, based on the comparable transaction methodology, the value of the Lighthouse exploration assets which are to be acquired by DiscovEx is considered to be between \$1,600,000 and \$4,700,000, with a preferred value of \$3,200,000.

Lighthouse Share Value

- 8.15 Our assessed value of a Lighthouse share as at 18 January 2021, using a Net Assets methodology is as follows. We note the other net assets are comprised solely of cash (refer 5.13).

Table 32. Lighthouse Net Assets Valuation

	Ref	Low	Preferred	High
Sylvania Project	Table 29	1,600,000	3,200,000	4,700,000
Add: Other net assets	Table 17	156,648	156,648	156,648
Total net assets		1,756,648	3,356,648	4,856,648
Number of shares outstanding	Table 16	27,975,000	27,975,000	27,975,000
Lighthouse value per share (\$)		0.0628	0.1200	0.1736

Source: SIS analysis

- 8.16 Our assessed value of a share in Lighthouse is between \$0.0628 and \$0.1736 with a preferred value of \$0.1200.

Fairness Assessment

- 8.17 Our assessed value of the financial consideration to be received and the value of the financial consideration to be provided by DiscovEx is set out below. We note that our valuation is subject to the following assumptions:

- All components that are interdependent on one another are considered part of the Transaction, including the Acquisition, the Placement and costs associated with the Placement. The SPP was not included as it is not a condition for Resolution 1 to proceed.
- The Placement will be completed, including raising \$3,500,000 less a 5% cash fee payable to Westar, for a net raise of \$3,325,000.

Table 33. Transaction Fairness Assessment

	Ref	Low	Preferred	High
Value Received				
Acquisition				
Lighthouse value per share (\$)	Table 32	0.0628	0.1200	0.1736
Number of shares outstanding	Table 16	27,975,000	27,975,000	27,975,000
Total Acquisition value (\$)		1,756,648	3,356,648	4,856,648
Placement				
Net Placement cash received (\$)	8.17	3,325,000	3,325,000	3,325,000
Total Placement value (\$)		3,325,000	3,325,000	3,325,000
Total value received (\$)		5,081,648	6,681,648	8,181,648
Consideration Paid				
Shares issued				
Lighthouse Acquisition	Table 5	337,500,000	337,500,000	337,500,000
Placement shares	Table 5	875,000,000	875,000,000	875,000,000
Westar facilitation fee shares	Table 5	35,000,000	35,000,000	35,000,000
Total Shares Issued		1,247,500,000	1,247,500,000	1,247,500,000
DiscovEx share value (\$)	Table 27	0.0022	0.0040	0.0065
Total consideration paid (\$)		2,744,500	4,990,000	8,108,750
Fairness conclusion		Fair	Fair	Fair

Source: SIS analysis

Fairness Opinion

As the value of the financial benefit to be received by DiscovEx under the Transaction is greater than the value of the financial benefit to be provided, the proposed Transaction, including the issue of 34,986,595 ordinary shares to Omni per Resolution 1 of the NoM, is considered to be **FAIR** to the Non-Associated Shareholders of DiscovEx.

9 Reasonableness Evaluation

9.1 Under RG111, a transaction is considered "reasonable" if it is "fair". As the transaction outlined in Resolution 1 of the NoM is considered **FAIR**, it is also considered **REASONABLE**.

9.2 For the information of the Non-Associated Shareholders, we note below some of the advantages, disadvantages, and other factors relating to the Transaction.

Advantages

The Transaction is considered fair.

9.3 As per our assessment in Section 8, the Transaction is fair to the Non-Associated Shareholders.

Addition of Capricorn as a significant shareholder

9.4 Capricorn will take an approximate 12% interest as a strategic investor in DiscovEx as a result of the Transaction. Capricorn is the owner of the Karlawinda gold project which is located in close proximity to Sylvania and is currently under development. Capricorn is a successful gold company, and its involvement may provide DiscovEx with expertise and credibility.

Addition of experienced directors to the board

9.5 Mr Heath Hellewell will be added as a director as a result of the Transaction. Mr Hellewell is an experienced exploration geologist and mining executive with a history of working with ASX listed companies. Mr Hellewell is regarded as being instrumental in Capricorn's acquisition of Karlawinda.

Addition of new prospective resource project

9.6 DiscovEx will obtain an interest in the Sylvania project which is prospective for gold and base metals.

Injection of funding to carry out exploration activities

9.7 The Acquisition of Lighthouse facilitates the Placement capital raising, due to their interdependence, and may also attract investors to the SPP. Accordingly, completing the Transaction will provide the Company with an injection of funds via the raising of up to \$3,500,000 (before costs) under the Placement and up to \$500,000 under the SPP. This will provide capital for the Company to carry out exploration activities on its tenements.

Disadvantages

Significant dilution of Non-Associated Shareholders

9.8 Under the Transaction, up to 1,247,500,000 ordinary shares may be issued. Accordingly, the current shareholders of DiscovEx may be diluted to a 45.94% interest in the ordinary shares (on a fully diluted basis) of the post-Transaction entity.

Placement shares issued at a discount to market price

9.9 New shares will be issued under the Placement at \$0.004 per share, which represent a discount to the current market price of DiscovEx shares traded on ASX.

Limits opportunity for alternative acquisitions

9.10 Completing the Transaction may reduce the likelihood of the Company making alternative acquisitions, which may represent superior opportunities for DiscovEx.

10 Opinions

- 10.1 The proposed Transaction, including the proposal outlined in Resolution 1 of the NoM that allows for the issue of up of 34,986,595 ordinary shares to Omni is considered **FAIR** and **REASONABLE** to the Non-Associated Shareholders of DiscovEx as at the date of this report.

11 Other Considerations

- 11.1 We note that Lighthouse does not currently hold the Crest Tenements, Crest JV Tenements and Gateway Tenements and has agreements providing it the right to acquire them only. Under the Share Sale Agreements, the Transaction is not conditional upon the transfer of the tenements to Lighthouse. Transaction documentation, where applicable, has been lodged with the Western Australian Department of Mines, Industry Regulation and Safety, however there is no guarantee that the transfer will be completed. For the purpose of this Report, we have assumed that the tenement transfer will proceed, however we note that there is a risk that they may not, and the value that would be received by DiscovEx under the Transaction would be lower.

12 Shareholders Decision

- 12.1 SIS has been engaged to prepare an IER setting out whether in its opinion the proposal to allow the Transaction is fair and reasonable and to state reasons for that opinion. SIS has not been engaged to provide a recommendation to shareholders as to whether to approve the Transaction.
- 12.2 The decision whether to approve Resolution 1 pertaining to the issue of shares to Omni (and all other resolutions relating to the Transaction) or not is a matter for individual shareholders based on each shareholder's views as to the value, their expectations about future market conditions and their particular circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure, and tax position. If in any doubt as to the action they should take in relation to the proposal under Resolution 1, shareholders should consult their own professional advisor.
- 12.3 Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in DiscovEx. This is an investment decision upon which SIS does not offer an opinion and is independent on whether to accept the proposal under Resolution 1. Shareholders should consult their own professional advisor in this regard.

13 Source of Information

- 13.1 In making our assessment as to whether the proposed Transaction, including the terms under Resolution 1, are fair and reasonable to Non-Associated Shareholders, we have reviewed published available information and other unpublished information of the Company that is relevant to the current circumstances. In addition, we have held discussion with the management of DiscovEx about the present and future operations of the Company. Statements and opinions contained in this report are given in good faith, but in the preparation of this report we have relied in part on information provided by the directors and management of DiscovEx.
- 13.2 Information we have received includes, but is not limited to:
- Drafts of the NoM and ES to shareholders of DiscovEx to 28 January 2021
 - Details of historical market trading of DiscovEx shares to 28 January 2021
 - DiscovEx Annual Reports for the years ended 30 June 2019 and 30 June 2020
 - ASX announcements made by the Company to 28 January 2021
 - Transaction related agreements
 - DiscovEx management accounts as at 30 November 2020
 - Various tenement sale agreements, royalty agreements and option agreements relating to tenements held (or with a right to acquire) by DiscovEx
- 13.3 Our report includes the appendices, our declarations, and our Financial Services Guide.

Yours Faithfully

STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)

A handwritten signature in black ink, appearing to read 'Samir', with a stylized flourish extending from the end.

Samir Tirodkar
Director

APPENDIX A

GLOSSARY

	Definition
Acquisition	The acquisition of 100% of the outstanding capital of Lighthouse by DiscovEx in exchange for the issue of up to 337,500,000 ordinary shares
AFCA	Australian Financial Complaints Authority
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BAC	Base Acquisition Cost
Capital Raising Requirement	The condition precedent to the Acquisition that the Company must complete a capital raising of at least \$3,500,000
Capricorn	Capricorn Metals Limited
Company	DiscovEx Resources Limited
Consideration Shares	337,500,000 ordinary shares in DiscovEx proposed to be issued to the vendors of Lighthouse pursuant to Resolutions 1 and 2 of the NoM
Crest	Crest Investment 3 Group Limited
Crest JV Tenements	3 tenements that remain the subject of a joint venture between Crest and Lighthouse for which Lighthouse has the right to earn-in up to a 90% interest
Crest Tenements	5 granted tenements and 3 applications held by Crest for which Lighthouse has agreed to the right to acquire
CRG	Centrepeak Resources Group Pty Ltd
DCF	Discounted cash flows valuation methodology
DCX	DiscovEx Resources Limited
DiscovEx	DiscovEx Resources Limited
Crest Edjudina JV Tenements	5 granted and 3 tenement applications held by Crest that form part of Edjudina to which DiscovEx has the right to earn-in up to an 80% interest
Edjudina	A prospective gold project located near Laverton
ES	Explanatory Statement
FME	Capitalisation of future maintainable earnings valuation methodology
FSG	Financial Services Guide
Gateway	Gateway Projects WA Pty Ltd
Gateway JV Tenements	A joint venture with Gateway involving four exploration tenements related to Edjudina (two having since been divested), in which DiscovEx holds an 80% interest
Gateway Tenements	2 granted tenements that form part of Sylvania that were acquired by Lighthouse from Gateway
GML	Gateway Mining Ltd
IER	Independent Expert's Report
Lighthouse	Lighthouse Resource Holdings Pty Ltd
Monument	A prospective gold project located approximately 40 km west of Laverton, WA comprising 25 tenements
Net Assets	Net Asset based valuation methodologies
Newfield	Newfield Resources Limited
Newington	A prospective gold project located 96 km north of Southern Cross, WA
NoM	Notice of Meeting
Non-Associated Shareholders	The DiscovEx shareholders who are not excluded from voting on the proposal contemplated under Resolution 1
Omni	Omni Geox Pty Ltd

	Definition (cont)
Placement	Private placement of up to 875,000,000 ordinary shares of DiscovEx at an issue price of \$0.004, to be completed as a component of the Transaction
RG111	ASIC Regulatory Guide 111: Content of Expert Reports
Resolution 1	The resolution of the NoM seeking approval for the issue of 34,986,585 ordinary shares in DiscovEx to Omni
Rule 10.1	ASX Listing Rule 10.1
Rule 10.5	ASX Listing Rule 10.5
Rule 10.11	ASX Listing Rule 10.11
Share Sale Agreements	Agreements between DiscovEx and the vendors of Lighthouse for the sale of all their ordinary shares
SPP	Share purchase plan issuing up to 125,000,000 ordinary shares of DiscovEx at an issue price of \$0.004, to be completed as a component of the Transaction
Si6	Si6 Limited
SIS	Stantons International Securities Pty Ltd
Sylvania	A prospective gold and base metals project in the southern Pilbara region of WA
Transaction	The Acquisition and the Placement (including costs)
Westar	Westar Capital Ltd
VRM	Valuation and Resource Management
VRM Report	The Independent Technical Assessment and Valuation Report produced by VRM, dated 27 January 2021
VWAP	Volume Weighted Average Price

APPENDIX B

VALUATION METHODOLOGIES

Introduction

In preparing this report we have considered several valuation approaches and methods. These approaches and methods are consistent with:

- Market practice
- The methods recommended by the Australian Securities and Investments Commission in Regulatory Guide 111
- The International Valuation Standards
- The International Glossary of Business Valuation Terms

A valuation approach is a general way of determining an estimate of value of a business, business ownership interest, security or intangible asset. Within each valuation approach there are a number of specific valuation methods, which are specific ways to determine an estimate of value.

There are three general valuation approaches as follows:

i) **Income Approaches**

Provides an indication of value by converting future cash flows to a single present value. Examples of an income approach are:

- The discounted cash flow method ("**DCF**")
- The capitalisation of future maintainable earnings method ("**FME**")

ii) **Asset/Cost Approaches**

Provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or construction.

iii) **Market Approaches**

Provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. The main examples of the market approach are:

- Analysis of recent trading
- Industry rules of thumb

1. **Discounted Cash Flow Method**

Of the various methods noted above, the DCF method has the strongest theoretical basis. The DCF method estimates the value of a business by discounting expected future cash flows to a present value using an appropriate discount rate. A DCF valuation requires:

- A forecast of expected future cash flows
- An appropriate discount rate
- An estimate of terminal value

It is necessary to project cash flows over a suitable period of time (generally regarded as being at least five years) to arrive at the net cash flow in each period. For a finite life project or asset this would need to be done for the life of the project. This can be a difficult exercise requiring a significant number of assumptions

such as revenue and cost drivers, capital expenditure requirements, working capital movements and taxation.

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

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

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

A DCF approach is usually preferred when valuing:

- Early-stage companies or projects
- Limited life assets such as a mine or toll concession
- Companies where significant growth is expected in future cash flows
- Projects with volatile earnings

It may also be preferred if other methods are not suitable, for example if there is a lack of reliable evidence to support an FME approach. However, it may not be appropriate if:

- Reliable forecasts of cash flow are not available and cannot be determined
- There is an inadequate return on investment, in which case a higher value may be realised by liquidating the assets than through continuing the business

A DCF approach is not recommended when assets are expected to earn below the cost of capital. Also, when valuing a minority interest in a company, care needs to be taken if a DCF based on earnings for the whole business is prepared, as the holder of a minority interest would not have access to, or control of, those cash flows.

2. Capitalisation of Future Maintainable Earnings Method

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

- A level of future maintainable earnings
- An appropriate capitalisation rate or multiple

Any of the following measures of earnings can be used:

Revenue – mostly used for early stage, fast growing companies that do not make a positive EBITDA or as a cross-check of a valuation conclusion derived using another method.

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

EBITA – in most cases EBITA will be more reliable than EBITDA as it takes account of the capital intensity of the business

EBIT – whilst commonly used in practice, multiples of EBITA are usually more reliable as they remove the impact of amortisation which is a non-cash accounting entry that does not reflect a need for future capital investment (unlike depreciation)

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

Multiples of EBITDA, EBITA and EBIT are commonly used to value whole businesses for acquisition purposes where gearing is in the control of the acquirer. In contrast, NPAT (or P/E) multiples are often used for valuing minority interests in a company as the investor has no control over the level of debt.

A normalised level of maintainable earnings needs to be determined for the selected earnings measure. This excludes the impact of any gains or losses that are not expected to reoccur and allows for the full year impact of any changes (such as acquisitions or disposals) made part way through a given financial year.

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

- Using the comparable trading multiples, market multiples are derived from the trading prices of stocks of companies that are engaged in the same or similar lines of business that are actively traded on a free and open market, such as the ASX
- The comparable transactions method is a method whereby multiples are derived from transactions of significant interests in companies engaged in the same or similar lines of business.
- It is also possible to build a multiple from first principles based on an appropriate discount rate and growth expectations.

It is important to use the same earnings periods (historical, current or forecast) for calculating comparable multiples, as the period used for determining FME. For example, a multiple based on historical earnings of comparable companies should be applied to historical earnings of the subject of the valuation and not to forecast earnings.

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

- There are no (or very few) suitable alternative listed companies or transaction benchmarks for comparison
- The asset has a limited life
- Future earnings or cash flows are expected to be volatile
- There are negative earnings, or the earnings of a business are insufficient to justify a value exceeding the underlying net assets
- Working capital requirements are not expected to remain stable

3. Asset or Cost Approaches

The asset approach to value assumes that the current value of all assets (tangible and intangible) less the current value of the liabilities should equate to the current value of the entity. Specifically, an asset approach is defined as a general way of determining a value indication of a business, business ownership interest, or security using one or more methods based on the value of the assets net of liabilities. A cost approach is defined as a general way of determining a value indication of an individual asset by quantifying the amount of money required to replace the future service capability of that asset.

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

- Orderly realization
- Forced liquidation
- Net assets on a going concern

The orderly realisation of assets method estimates fair market value by determining the amounts that would be distributed to shareholders, after payments of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. The forced liquidation method is similar to the orderly realisation of assets except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimates the fair market values of the net assets of a company but does not take account of realisation costs.

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

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

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

Asset based methods are not appropriate if:

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

An asset-based approach is often considered as a floor value for a business assuming the business has the option to realise all of its assets and liabilities.

4. Analysis of Recent Trading

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

5. Industry Specific Rule of Thumb

Industry specific rules of thumb are used in certain industries. These methods typically involve a multiple of an operating figure such as traffic for internet businesses or number of beds for a nursing home. These methods are typically fairly crude and therefore only appropriate as a cross-check to a valuation determined by an alternative method.

Selecting an Appropriate Valuation Approach and Method

The choice of an appropriate valuation approach and methodology is subjective and depends on several factors such as whether a methodology is prescribed, the company's historical and projected financial performance, stage of maturity, the nature of the company's operations and availability of information. The selection of an appropriate valuation method should be guided by the actual practices adopted by potential acquirers of the company involved and the information available.

APPENDIX C

CONTROL PREMIUM

Background

The difference between a control value and a minority value is described as a control premium. The opposite of a control premium is a minority discount (also known as a discount for lack of control). A control premium is said to exist because the holder of a controlling stake has several rights that a minority holder does not enjoy (subject to shareholders agreements and other legal constraints), including to:

- Appoint or change operational management
- Appoint or change members of the board
- Determine management compensation
- Determine owner's remuneration, including remuneration to related party employees
- Determine the size and timing of dividends
- Control the dissemination of information about the company
- Set the strategic focus of the organisation, including acquisitions, divestments, and any restructuring
- Set the financial structure of the company (debt / equity mix)
- Block any or all of the above actions

The most common approach to quantifying a control premium is to analyse the size of premiums implied from prices paid in corporate takeovers. Another method is the comparison between prices of voting and non-voting shares in the same company. We note that the size of the control premium should generally be an outcome of a valuation and not an input into one, as there is significant judgement involved.

Based on historical takeover premia that have been paid in Australian acquisitions in the period 2005-2015, the majority of takeovers have included a premium in the range of 20-50%, with 30% being the most commonly occurring. This is in line with standard industry practice, which tends to use a 30% premium for control as a standard.

Intermediate Levels of Ownership

There are several intermediate levels of ownership between a portfolio interest and 100% ownership. Different levels of ownership/strategic stakes will confer different degrees of control and rights as shown below.

- 90% - can compulsorily purchase remaining shares if certain conditions are satisfied
- 75% - power to pass special resolutions
- <50% - gives control depending on the structure of other interests (but not absolute control)
- <25% - ability to block a special resolution
- <20% - power to elect directors, generally gives significant influence, depending on other shareholding blocks
- < 20% generally has only limited influence

Conceptually, the value of each of these interests lies somewhere between the portfolio value (liquid minority value) and the value of a 100% interest (control value). Each of these levels confers different degrees of control and therefore different levels of control premium or minority discount.

APPENDIX D

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities Pty Ltd trading as Stantons International Securities dated 28 January 2021, relating to the proposed Transaction.

At the date of this report, Stantons International Securities does not have any interest in the outcome of the proposal. There are no relationships with DiscovEx other than Stantons International Securities acting as an independent expert for the purposes of this report. Stantons International Audit and Consulting Pty Ltd ("SIAC") (the parent entity of Stantons International Securities) and Stantons International Securities undertook an independence assessment and considered that there are no existing relationships between Stantons International Securities and the parties participating in the Transaction detailed in this report which would affect our ability to provide an independent opinion. The fee (excluding disbursements) to be received for the preparation of this report is based on time spent at normal professional rates plus out of pocket expenses. Our fee for preparing this report is expected to be up to A\$20,000 exclusive of GST. The fee is payable regardless of the outcome. With the exception of that fee, neither Stantons International Securities nor Mr Samir Tirodkar have received, nor will or may they receive any pecuniary or other benefits, whether directly or indirectly for or in connection with the preparation of this report. Stantons International Securities prepared another IER for the Company (then named Syndicated Metals Limited) in September 2018.

Stantons International Securities does not hold any securities in DiscovEx. There are no pecuniary or other interests of Stantons International Securities that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities and Mr Samir Tirodkar have consented to the inclusion of this report in the form and context in which it is included as an annexure to the NoM.

QUALIFICATIONS

We advise Stantons International Securities Pty Ltd is the holder of an Australian Financial Services License (No 448697) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions involving securities. Stantons International Securities Pty Ltd has extensive experience in providing advice pertaining to mergers, acquisitions and strategic financial planning for both listed and unlisted businesses.

Mr Samir Tirodkar, the person with overall responsibility for this report, has experience in the preparation of valuations for companies, particularly in the context of listed company corporate transactions, including the fairness and reasonableness of such transactions. The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the tasks they have performed.

DECLARATION

This report has been prepared at the request of DiscovEx in order to assist Non-Associated Shareholders of DiscovEx to assess the merits of the Transaction to which this report relates. This report has been prepared for the benefit of DiscovEx shareholders and those persons only who are entitled to receive a copy for the purposes under the Corporations Act 2001 and does not provide a general expression of Stantons International Securities' opinion as to the longer-term value of DiscovEx, its subsidiaries and/or assets. Stantons International Securities does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of DiscovEx or their subsidiaries, businesses, other assets and liabilities. Neither the whole, nor any part of this report, nor any reference thereto, may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities to the form and context in which it appears.

DISCLAIMER

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

Stantons International Securities (and SIAC, its directors, employees or consultants) for the preparation of this report.

DECLARATION AND INDEMNITY

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

- (a) to make no claim by it or its officers against Stantons International Securities (and SIAC) to recover any loss or damage which DiscovEx may suffer as a result of reasonable reliance by Stantons International Securities on the information provided by DiscovEx; and
- (b) to indemnify Stantons International Securities against any claim arising (wholly or in part) from DiscovEx, or any of its officers, providing Stantons International Securities with any false or misleading information or in the failure of DiscovEx or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities.

A final draft of this report was presented to DiscovEx for a review of factual information contained in the report. Comments received relating to factual matters were considered, however the valuation methodologies and conclusions did not change as a result of any feedback from DiscovEx.

APPENDIX E

VALUATION AND RESOURCE MANAGEMENT INDEPENDENT TECHNICAL ASSESSMENT AND VALUATION REPORT DATED 28 JANUARY 2021

INDEPENDENT TECHNICAL ASSESSMENT & VALUATION REPORT

Presented To:
Discovex Resources Limited



Date Issued:
28 January 2021



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Principal Author	Paul Dunbar BSc Hons (Geology) M AusIMM M AIG  Date: 27 January 2021
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Valuation Date	18 January 2021

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Executive Summary

Stantons International Securities Pty Ltd (Stantons) engaged Valuation and Resource Management Pty Ltd (VRM) to prepare an Independent Technical Assessment and Valuation report (ITAR or the Report) on the mineral assets currently owned by DiscovEx Ltd (ASX: DCX) (DiscovEx or the Company) and a series of tenements to be acquired as a part of the proposed transaction. Stantons was commissioned by DiscovEx to prepare an Independent Expert's Report (IER) for inclusion in a Notice of Meeting to approve the tenement acquisition and to assist the shareholders of DiscovEx in either approving or rejecting the proposed transaction.

This Report is a public document, in the format of an ITAR and is prepared in accordance with the guidelines of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets – The VALMIN Code (2015 edition) (VALMIN). VRM understands that Stantons will include the Report within its IER relating to the proposed transaction.

This Report is a technical review and valuation opinion of the mineral assets either owned by or under option to Discovex, being the Edjudina and the Monument gold projects located in the Eastern Goldfields of Western Australia (WA) and the Newfield gold project located in the Southern Cross region of WA. In addition to the current DCX projects this report also provides a valuation opinion of the Sylvania Project, the acquisition of which is the reason for this report. Applying the principles of the VALMIN Code VRM has used several valuation methods to determine the value for the gold mineral assets. Importantly, as neither the principal author nor VRM hold an Australian Financial Securities Licence, this valuation is not a valuation of DiscovEx but rather an asset valuation of the projects.

This valuation is current as of 18 January 2021. VRM provided a final version of this report to DiscovEx via Stantons on 27 January 2021.

As commodity prices, exchange rates and cost inputs fluctuate this valuation is subject to change over time. The valuation derived by VRM is based on information provided by DiscovEx along with publicly available data including ASX releases and published technical information. Importantly this valuation is based on the beneficial interest of DiscovEx in the various projects and Joint Ventures as at the valuation date. VRM has made reasonable endeavours to confirm the accuracy, validity and completeness of the technical data which forms the basis of this Report. The opinions and statements in this Report are given in good faith and under the belief that they are accurate and not false nor misleading.

The default currency is Australian dollars (unless otherwise stated). As with all technical valuations the valuation included in this Report is the likely value of the mineral projects and not an absolute value. A range of likely values for the various mineral assets is provided with that range indicating the accuracy of the valuation.

DiscovEx Projects - WA Gold Projects

The Western Australian gold projects held by or under option to DiscovEx consist of the Edjudina, Monument and Newfield projects. All these projects are considered to be early stage exploration projects with only one small Mineral Resource Estimate within the Monument project (DCX ASX Release 10 September 2018). The Edjudina project consists of a series of tenements with three applications owned 100% by DiscovEx and two Joint Ventures, one of which DiscovEx has an 80% interest while the company is currently earning into the second JV. The Newfield project consists of three tenements which DCX owns 100% and a series of JV and option tenements with three separate parties under which DCX is currently earning its interest or has an option to acquire an interest. The Monument project is currently 100% owned by DiscovEx however in August 2020 the company signed a twelve month option agreement whereby, if executed it will only retain a small royalty on possible future production (DCX ASX release 29 August 2020). Under the option agreement, should it be exercised, DCX will have been paid a total of \$575,000 being an initial option fee totalling \$75,000, an additional payment after six months of \$100,000 and a final \$400,000 with these payments being a combination of shares and cash. At the date of this report DCX has received cash and shares worth \$75,000 as a part of the option agreement.

In addition to the Western Australian projects DCX also holds a 17.5% in eleven tenements in the Tick Hill region of north western Queensland. DCX divested the project in 2019 and retains the non-contributing and non-management interest until a decision to mine. Due to the illiquid nature of this minority holding, in VRM's opinion, it would not be possible to determine a reliable market value of the retained interest in this early stage exploration project. This is due to the difficulties in identifying a non-related party interested in purchasing the interest until significant additional work has been completed.

Potential Acquisition Projects - WA Gold and Base Metal Projects

The Sylvania Base Metal Project which are the reason for this report and valuation are located near Newman in the southern Pilbara region of Western Australia. The tenements that will be acquired if the proposed transaction is approved are considered to be early stage exploration assets with significant base metal potential. The project tenements have had considerable base metal exploration which has resulted in the delineation of a small low grade JORC 2012 Mineral Resource estimate at the Prairie Downs deposit (BMV ASX release (now FFR) 25 May 2015). VRM's review of the previous exploration has highlighted the exploration potential for additional base metal mineralisation. There has been minimal previous gold exploration within the area. Given the location of the tenements on the western edge of the Sylvania Inlier and the Karlawinda Gold Project with the associated 2.1Moz Bibra gold deposit (CMM ASX release 17 April 2020) which is on the southern edge of the inlier the area is also considered to have exploration potential for orogenic gold mineralisation similar to the Bibra deposit located approximately 60 km to the East of the project.

VRM has estimated the value of the projects on an equity ownership basis considering the technical information supporting their exploration prospectivity. There is a small Mineral Resource Estimate within the Monument Project that has been prepared by applying the guidelines of the Australasian Code for

Reporting of Exploration Targets, Mineral Resources and Ore Reserves - The JORC Code 2012 Edition (JORC) however the Resource estimate not been used as the primary valuation. This is due to the size of the Resource and the exploration potential away from the resource in the large tenement holding.

The primary valuation method used for all of the projects was a comparable transaction based on the project area and the beneficial or potential interest held by DCX in the projects as at the valuation date. Secondary valuations have been determined based on the geoscientific or Kilburn valuation approach. VRM notes that there is an option agreement under which DCX is in the process of divesting the Monument Gold Project for a total of \$575,000 which is broadly in line with the valuation that VRM has estimated for the project.

This report documents the technical aspects of the tenements along with explaining valuations for the properties applying the principles and guidelines of the VALMIN and JORC Codes.

Conclusions

The review found that while the gold projects have exploration potential these are all best described as early stage gold projects. DCX is currently earning equity in multiple Joint Ventures (JV's) covering the Edjudina and Newfield projects. Additionally, there is an executed option agreement whereby DCX is divesting the Monument gold project while retaining a small royalty on possible future production from the project.

Considering both the mineralisation currently identified and the exploration potential in VRM's opinion, the mineral assets currently owned by DiscovEx have a market value to DCX at the valuation date of between \$0.9 million and \$2.3 million with a preferred valuation of \$1.7 million. This valuation excludes the Queensland tenements due to the uncertainty in determining a market value for a non-controlling and non-contributing minority interest in the early stage tenements.

In addition to the current DCX projects this report also details of the market value of the Lighthouse projects including the Sylvania Gold and Base Metal Project. In VRM's opinion these projects have a market value, after accounting for earn-in expenditure on one joint venture of between \$1.6 million and \$4.7 million with a preferred valuation of \$3.2million.

1. Introduction

Valuation and Resource Management Pty Ltd (VRM), was engaged by Stantons International Securities Pty Ltd (Stantons) to undertake an Independent Technical Assessment and Valuation Report (Report or ITAR) on the Mineral assets of DiscovEx Resources Limited (DiscovEx, the company or DCX) being the existing DiscovEx projects of Edjudina, Newington and Monument Projects and the Sylvania gold and base Metal Project which may be acquired as a part of the proposed transaction. This is in relation to the proposed acquisition of the Sylvia Gold and Base Metal Project by the DiscovEx from Lighthouse Resource Holdings Limited (Lighthouse). Lighthouse has several directors and large shareholders who have been determined to be related parties to DiscovEx and therefore to complete the transaction Stantons was engaged by DiscovEx to prepare an Independent Expert's Report (IER). The IER will be included in a notice of meeting (NoM) to assist the non-conflicted shareholders of DiscovEx to approve or reject the proposed transaction.

VRM understands that this ITAR will be included in the Independent Experts Report (IER) being prepared by Stantons. Stantons will refer to, and rely on, the VRM report and mineral asset valuation which will be attached to its IER to inform the DiscovEx shareholders as to the fairness and reasonableness of the proposed transaction.

Paul Dunbar of VRM was contacted to undertake a valuation of the mineral assets of DiscovEx and Lighthouse located in Western Australia (WA). Stantons engaged VRM for the purposes of the ITAR and all correspondence was directed through Stantons.

VRM has estimated the value considering the exploration potential within the projects as no Mineral Resources have been estimated on the granted tenements. The technical information supporting the prospectivity of the licences and the valuation of the tenements is on a 100% interest basis to determine a market value for the licences as at 18 January 2021 and considering information up to the valuation date.

1.1. Compliance with the JORC and VALMIN Codes and ASIC Regulatory Guides

The ITAR is prepared applying the guidelines and principles of the 2015 VALMIN Code and the 2012 JORC Code. Both industry codes are mandatory for all members of the Australasian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG). These codes are also requirements under Australian Securities and Investments Commission (ASIC) rules and guidelines and the listing rules of the Australian Securities Exchange (ASX).

This ITAR is a Public Report as described in the VALMIN Code (Clause 5) and the JORC Code (Clause 9). It is based on, and fairly reflects, the information and supporting documentation provided by DiscovEx and associated Competent Persons as referenced in this ITAR and additional publicly available information.

1.2. Scope of Work

VRM's primary obligation in preparing mineral asset reports is to independently describe mineral projects applying the guidelines of the JORC and VALMIN Codes. These require that the Report contains all the

relevant information at the date of disclosure, which investors and their professional advisors would reasonably require in making a reasoned and balanced judgement regarding the project.

VRM has compiled the valuation based upon the principle of reviewing and interrogating both the documentation of DiscovEx and previous exploration within the areas. This Report is a summary of the work conducted, completed and reported by the various explorers to 18 January 2021 based on information supplied to VRM by DiscovEx and other information sourced from the public domain, to the extent required by the VALMIN and JORC Codes.

VRM understands that the objective of this study is to provide:

- Summaries of the regional and local geology, the security of the tenure, a summary of the recent and previous exploration,
- Review of the mineral assets to determine the most appropriate valuation techniques for the assets based on the development stages of the projects and amount of available information.
- Provide an independent valuation on the mineral assets of DiscovEx as at 18 January 2021.

VRM understands that its reviews and valuations will be relied upon and appended to an IER prepared by Stantons for inclusion in Notice of Meeting (NoM), to assist DiscovEx shareholders in their decision regarding the proposed transaction. As such, it is understood that VRM's review and valuation will be a public document.

1.3. Statement of Independence

VRM was engaged to undertake an ITAR. This work was conducted applying the principles of the JORC and VALMIN Codes, which in turn reference ASIC Regulatory guide 111 Content of Expert Reports (RG111) and ASIC Regulatory guide 112 Independence of Experts (RG112).

Mr Paul Dunbar and Ms Lynda Burnett of VRM have not had any association with DiscovEx or Lighthouse, their individual employees, or any interest in the securities of DiscovEx or Lighthouse which could be regarded as affecting their ability to give an independent, objective and unbiased opinion. Neither VRM, Mr Dunbar nor Ms Burnett hold an Australian Financial Services Licence (AFSL) and the valuation contained within this Report is limited to a valuation of the mineral assets being reviewed. VRM will be paid a fee for this work based on standard commercial rates for professional services. The fee is not contingent on the results of this review and is \$29,000 (excluding GST).

1.4. Competent Persons Declaration and Qualifications

This Report was prepared by Mr Paul Dunbar as the primary author with contributions from Ms Lynda Burnett.

The Report and information that relates to geology, exploration and the mineral asset valuation is based on information compiled by Mr Paul Dunbar, BSc (Hons), MSc (Minex), a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and Member of the Australian

Institute of Geoscientists (AIG). Mr Dunbar is a Director of VRM and has sufficient experience, which is relevant to the style of mineralisation, geology and type of deposit under consideration and to the activity being undertaken to qualify as a competent person under the under the 2012 edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (the 2012 JORC Code) and a specialist under the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (the 2015 VALMIN Code). Mr Dunbar consents to the inclusion in the report of the matters based on his information in the form and context in which it appears

Between 18 January 2021 and the date of this Report, nothing has come to the attention of VRM unless otherwise noted in the Report that would cause any material change to the conclusions.

1.5. Reliance on Experts

The Sylviana Base Metal Project including the Prairie Downs Base Metal Mineral Resource Estimates (MRE) were updated in 2015 in accordance with the guidelines of the JORC Code 2012 and completed by independent consultants for the previous owners of the project then known as Brumby Resources Limited (Brumby, ASX BMY) but re named to Firefly Resources (ASX FFR). VRM has therefore placed reliance on the Optiro report by Mr Mark Drabble being the independent Competent Persons for the JORC 2012 MRE as reported by Brumby Resources (ASX BMY, now Firefly Resources ASX FFR). Additionally, the MRE undertaken on the Monument Project was undertaken by Mr Matthew Karl of Mining Plus Pty Ltd, an independent consultant to DCX.

While VRM relies on these independent experts in reporting these JORC 2012 MRE's in this report it has not validated these resources, the underlying geological or drilling datasets, the resource models used to estimate the resources, and importantly has not used these estimates in the valuation. The MRE's have not been used in the valuation due to their size and limited potential, in VRM's opinion, for these resources to be converted to Reserves in the short term and it being considered that the project's exploration potential has accurately captured the value of the projects. Additionally, the tenements that contain the Prairie Downs deposit were surrendered by the previous owners and are therefore considered to have minimal value and the Monument Project is currently subject to an agreement where Six Sigma Metals has the right to acquire all of the project including the small inferred MRE in the project.

Mr Dunbar and Ms Burnett the authors of this report are not qualified to provide extensive commentary on the legal aspects of the mineral properties or the compliance with the legislative environment and permitting in WA. In relation to the tenement standing, VRM has relied on information from an independent tenement specialist who has searched the Department of Mines, Industry Regulation and Safety (DMIRS) online tenement database, Mineral Titles online to confirm the validity of the tenements including previous expenditure. As required by the VALMIN Code the status of the tenements is detailed within this Report. VRM relies on the documentation of the Competent Person and JORC Table 1 associated with the MRE.

1.6. Sources of Information

All information and conclusions within this report are based on information made available to VRM to assist with this report by DiscovEx Resources and other relevant publicly available data to 18 January 2021. Reference has been made to other sources of information, published and unpublished, including government reports and reports prepared by previous interested parties and Joint Venturers to the areas, where it has been considered necessary. VRM has, as far as possible and making all reasonable enquiries, attempted to confirm the authenticity and completeness of the technical data used in the preparation of this Report and to ensure that it had access to all relevant technical information. VRM has relied on the information contained within the reports, articles and databases provided by DiscovEx as detailed in the reference list. A draft of this Report was provided to DiscovEx Resources, via Stantons to identify and address any factual errors or omissions prior to finalisation of the Report. The valuation sections of the Report were not provided to the companies until the technical aspects were validated and the Report was declared final.

1.7. Site Visits

No specific site visits have occurred as a part of this Report or valuation. VRM is satisfied that all information has been made available to it to undertake this valuation and report and that given the projects are all considered as early stage exploration projects a site visit would not provide any additional information that would modify the opinions or valuation contained in this report. While no specific site visit was undertaken for this report Mr Paul Dunbar has previously worked on several of the gold projects between 2007 and 2010 and in the general area of the projects in the 2006 (for the base metal projects).

For the Queensland Projects limited recent exploration has been conducted on the tenement area and VRM is satisfied that a site visit would not provide any additional material information that would modify the opinion or valuation of the assets.

2. Mineral Assets

The mineral assets included in this valuation include the Sylvania project, containing the Prairie Downs base metal deposit and regional projects, the Eastern Goldfields projects containing the Edjudina and Monument tenements and the Newington project, all within Western Australia. The assets also include a 17.5% interest in the Tick Hill Regional tenements in Queensland.

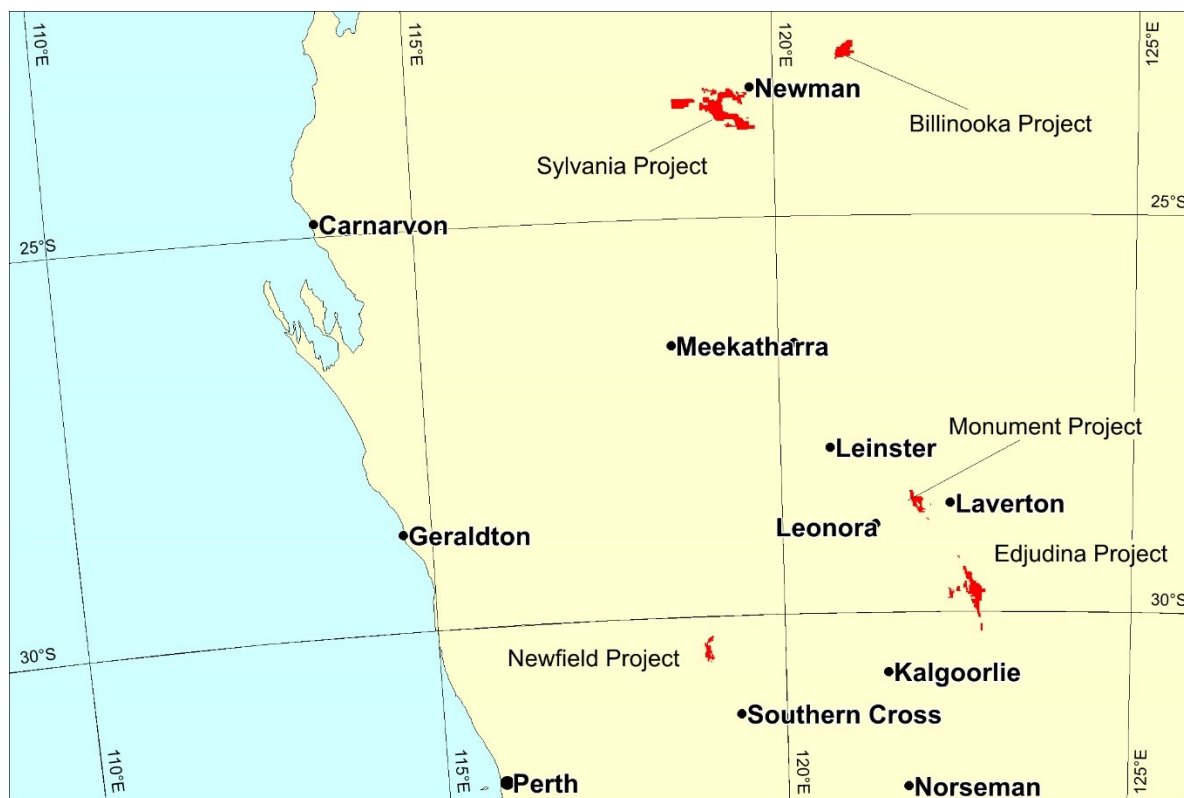


Figure 1 Project Location Plan

2.1. Tenure

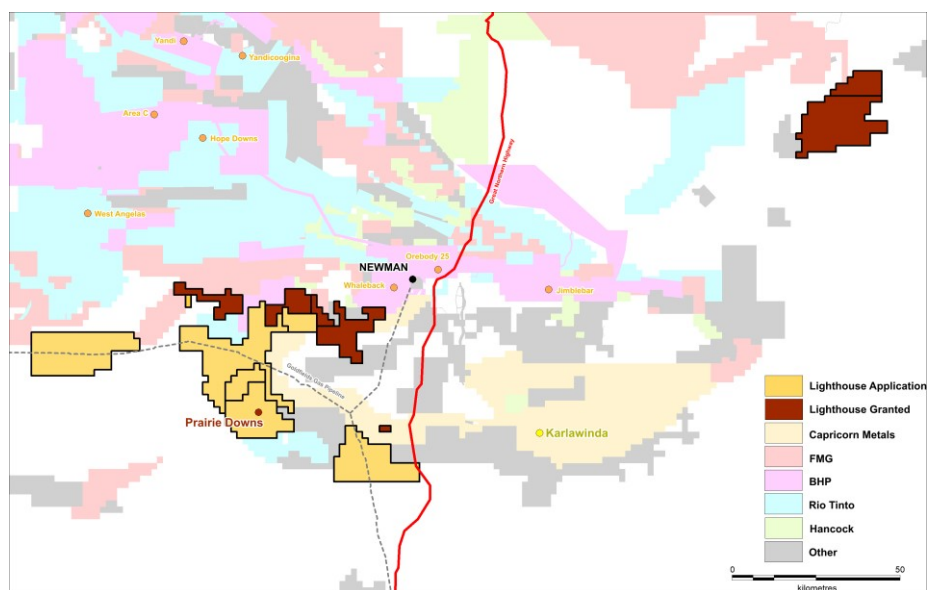
All tenements where DCX has a beneficial interest, where it has an executed agreement to acquire an interest via a Joint Venture or the tenements that are subject to the proposed transaction are detailed in Table 1 with additional information included regarding adjacent or associated Joint Ventures below.

Acquisition Projects - Sylvania

The tenement portfolio making up the Mineral Assets of Lighthouse are detailed in Table 1. These tenements are a mix of granted tenements and tenement applications. There is extensive over pegging of several of the tenements owned by Lighthouse and Crest however VRM has reviewed the application dates for each of the tenements and any competing tenement applications along with any objections and is of the opinion that the tenements, as listed in the DCX ASX release and detailed in this report, are able to be granted and that Lighthouse or the current applicants have priority to these tenements. Tenement applications that are not considered to be priority or first in line applications have been excluded from the valuation.

The Sylvania tenements held by Lighthouse are shown in Figure 2.

Tenement information for tenements where DCX has a beneficial interest as at the valuation date or the tenements that are a part of the proposed transaction are summarised below Table 1. There are several tenements within the Edjudina and Newington projects that are subject to option agreements or Joint Ventures where DCX is earning an interest in the tenements but as at the valuation date DCX has no direct registerable beneficial interest. For these tenements VRM has reviewed the material Joint Venture terms in the various ASX releases associated with the projects and has valued DCX's interest in the associated tenements or option tenements based on the disclosed commercial agreements and deducted the expenditure required to acquire the interest from the valuation to determine a value of the project tenements to DCX at the valuation date..



(Source supplied Lighthouse Resource Holdings Pty Ltd)

Figure 2 Location of the Sylvania tenements

On June 20 2020, Lighthouse Resource Holdings Pty Ltd (Lighthouse) entered a binding option to acquire the Prairie Downs Exploration Licences E52/3365 and E52/3366 from Gateway Projects WA Pty Ltd (Gateway). On 2 July 2020 Lighthouse entered a binding option to acquire the Prairie Downs Exploration Licences E46/1341, E46/1342, E52/3638, E52/3748 and E52/3784 and Exploration Licence Applications E52/3742, E52/3795, E52/3800, E52/3807, E52/3843, E52/3844. Lighthouse also has a Farm-in and Exploration Joint Venture Agreement with Crest Investment Group 3 Limited (Crest) over three tenement applications within the Sylvania Project (the Crest JV Tenements). Lighthouse currently has no interest in the Crest JV Tenements. Details of the Crest 3 Farm-in and JV agreement are appended to the DCX ASX release of 18 January 2021.

Edjudina Project

In addition to the four 100% owned DCX tenement applications the Edjudina Gold Project consists of two separate Joint Ventures. One of these Joint Ventures was formed when DCX purchased an 80% interest in four tenements (Gateway JV) (with two tenements divested in late 2020) while DCX is currently earning its potential 80% interest in the Crest tenements (Crest Edjudina JV). DCX currently has no beneficial interest

in the Crest JV tenements until it has completed the minimum expenditure for each tenement and maintained the tenements in good standing for two years. This timeframe commenced on 15 April 2020 (DCX ASX release 15 April 2020). The Crest JV covers granted tenements E31/2102, E31/2126, E31/2102, P31/2126, E28/2884 and E31/1187 along with the following tenement applications: E31/1198, E31/1227 E31/2102 and P31/2125.

At the valuation date DCX held no beneficial interest in the Crest Edjudina JV tenements however, VRM considers it highly likely that DCX will earn its equity in the tenements and has on that basis valued DCX's interest in the tenements assuming that DCX has earned its equity in the tenements and deducted the expenditure that DCX is required to spend to earn its interest in the Crest Edjudina JV to determine a value of the JV tenements that is attributable to DCX as at the valuation date.

Monument Project

The Monument Project which is currently owned 100% by DCX however it has effectively been divested under a one year option agreement whereby DCX will sell 100% of the project to Six Sigma Metals Limited with DCX retaining a 1.5% Gross Royalty (DCX ASX release of 25 August 2020). Under that option agreement DCX will receive a total of \$575,000 in cash and shares being a two stage option fee of \$175,000 and an execution payment of \$100,000 in cash and \$300,000 in cash and / or shares in Six Sigma Metals. As at the valuation date the option has not been executed.

Newington Project

In addition to the three tenements that the company holds outright DCX has entered into two Joint Ventures and also holds an option agreement for one tenement that combined constitute the Newfield Project.

In April 2019 the company announced it had entered into an agreement where it could purchase the right to earn up to 85% in M77/422 and M77/846 on completion of staged farm in exploration of \$900,000 over two years from 20 May 2019 to date reported Form 5 expenditure on the tenements by DCX totalling approximately \$470,000. Therefore, DCX is required to expend an additional \$430,000 before 19 May 2021 to earn its interest in the mining leases.

In September 2019 DCX increased its landholding at the Newington Gold Project by executing a farm-in agreement with private interests for E77/2200, E77/2326, E77/2558 and P77/4397. Under the agreement DCX has the right to earn up to 80% of the tenements by exploration expenditure of \$550,000 over four years, drilling a minimum of 2,000m of drilling over the farm-in period; and maintaining the tenements in good standing for the duration of the farm-in period.

In April 2019 DCX extended an initial one year option agreement between DCX, Gateway Mining Limited and Omni Projects Pty Ltd for exploration licence E77/2309. This option was extended by a further year in April 2020 (DCX ASX Announcement 11 April 2019 and April 2020). The option is now exercisable by paying \$300,000 in cash or shares on or before 11 April 2021.

As DCX held, at the valuation date, no beneficial interest in the Joint Venture or option tenements however in VRM's opinion it is likely that DCX will earn the interest and on that basis VRM has included the JV and option tenements in this report and valuation.

Queensland (Tick Hill Regional) tenements

The tenements comprise eleven exploration permits being EPM9083, EPM11013, EPM14366, EPM14369, EPM17637, EPM18980, EPM19008, EPM25435, EPM25439, EPM25853, EPM25972. DiscovEx has a 17.5% free carried interest as a result of the sale of 82.5% of the project to Carnaby Resources.

On 12 March 2019 Berkut Minerals Limited announced the purchase of 82.5% of a group of tenements in the Tick Hill area from DCX (then named Syndicated Metals), (293.3km² – EPM's 9083, 11013, 14366, 14369, 17637, 18980, 19008, 25435, 25439, 25853, 25972,). The purchase was part of a larger transaction which involved the purchase of the Tick Hill mining leases and the raising of capital, a management change and a name change from Berkut Minerals Limited to Carnaby Metals Ltd. DCX received 5.1 million new Carnaby shares at a nominal 25c escrowed for 12 months (ASX:CNB 12 March 2020). Resulting in a market value of the project being \$1.275 million for 82.5%. Based in this transaction the 17.5% free carried interest in the project would have a market value of ≈\$270,000. DCX divested these shares in 2020.

Table 1 Tenement Schedule for DiscovEx Resources as at 18 January 2021

Tenements	Project	Holder	Stats	Grant / Application	Expiry
E77/2602	Newington	DCX	Live	23/01/2020	22/01/2025
E77/2604	Newington	DCX	Live	12/02/2020	11/02/2025
E77/2605	Newington	DCX	Live	12/02/2020	11/02/2025
E77/2309	Newington	Gateway Option	Live	20/01/2016	19/01/2021
M77/422	Newington	Newfield JV	Live	3/05/1990	6/05/1932
M77/846	Newington	Newfield JV	Live	26/02/2006	6/03/2027
P77/4397	Newington	Newington JV	Live	5/07/2017	4/07/2021
E77/2200	Newington	Newington JV	Live	17/10/2014	16/10/2024
E77/2326	Newington	Newington JV	Live	22/04/2016	21/04/2021
E77/2558	Newington	Newington JV	Live	24/01/2019	23/01/2024
E39/1846	Monument	DCX - Divested	Live	5/01/2015	4/01/2023
E39/1866	Monument	DCX - Divested	Live	5/01/2015	4/01/2023
E39/2024	Monument	DCX - Divested	Live	12/08/2016	11/08/2020
E39/2035	Monument	DCX - Divested	Live	12/08/2016	11/08/2020
E39/2036	Monument	DCX - Divested	Live	12/08/2016	11/08/2020
E39/2139	Monument	DCX - Divested	Live	31/03/2020	30/03/2024
P39/5456	Monument	DCX - Divested	Live	5/07/2019	4/07/2023
P39/5457	Monument	DCX - Divested	Live	5/07/2019	4/07/2023
P39/5519	Monument	DCX - Divested	Live	23/10/2019	22/10/2023
P39/5837	Monument	DCX - Divested	Live	23/10/2019	22/10/2023
P39/5855	Monument	DCX - Divested	Live	23/10/2019	22/10/2023
P39/5880	Monument	DCX - Divested	Live	23/10/2019	22/10/2023
P39/5881	Monument	DCX - Divested	Application		
P39/5882	Monument	DCX - Divested	Application		
P39/5899	Monument	DCX - Divested	Live	23/10/2019	22/10/2023
P39/5910	Monument	DCX - Divested	Live	23/10/2019	22/10/2023
P39/6031	Monument	DCX - Divested	Application		
P39/6051	Monument	DCX - Divested	Live	23/10/2019	22/10/2023

Tenements	Project	Holder	Stats	Grant / Application	Expiry
P39/6052	Monument	DCX - Divested	Live	23/10/2019	22/10/2023
P39/6053	Monument	DCX - Divested	Live	23/10/2019	22/10/2023
P39/6054	Monument	DCX - Divested	Live	20/02/2020	19/02/2024
P39/6055	Monument	DCX - Divested	Application	2/12/2020	1/12/2024
P39/6056	Monument	DCX - Divested	Application	2/12/2020	1/12/2024
P39/6057	Monument	DCX - Divested	Application	3/12/2020	2/12/2024
P39/6058	Monument	DCX - Divested	Application	3/12/2020	2/12/2024
E39/1765	Edjudina	DCX Gateway JV	Live	20/03/2014	19/03/2024
E39/1882	Edjudina	DCX Gateway JV	Live	19/01/2016	18/01/2021
E39/2181	Edjudina	DCX	Application	29/05/2020	
E39/2182	Edjudina	DCX	Application	30/05/2020	
E39/2178	Edjudina	DCX	Application	9/04/2020	
E39/2186	Edjudina	DCX	Application	25/06/2020	
E28/2884	Edjudina	Crest Edjudina JV	Live	12/02/2020	11/02/2025
E31/1198	Edjudina	Crest Edjudina JV	Application	10/10/2018	
E31/1187	Edjudina	Crest Edjudina JV	Live	3/07/2019	2/07/2024
E39/2102	Edjudina	Crest Edjudina JV	Live	3/04/2020	2/04/2025
E31/1227	Edjudina	Crest Edjudina JV	Application	16/09/2019	
E31/1219	Edjudina	Crest Edjudina JV	Application	26/07/2019	
P31/2125	Edjudina	Crest Edjudina JV	Application	6/07/2018	
P31/2126	Edjudina	Crest Edjudina JV	Live	2/04/2020	1/04/2024
E39/2126	Edjudina	Crest Edjudina JV	Live	3/04/2020	2/04/2025
E46/1341	Sylvania	Crest	Live	22/07/2020	21/07/2025
E46/1342	Sylvania	Crest	Live	22/07/2020	21/07/2025
E52/3365	Sylvania	Gateway	Live	15/05/2017	14/05/2022
E52/3366	Sylvania	Gateway	Live	15/05/2017	14/05/2022
E52/3638	Sylvania	Crest	Live	13/01/2020	12/01/2025
E52/3748	Sylvania	Crest	Live	4/08/2020	3/08/2025
E52/3774	Sylvania	Crest JV	Application	19/11/2019	
E52/3775	Sylvania	Crest JV	Application	21/11/2019	
E52/3780	Sylvania	Crest JV	Application	26/11/2019	
E52/3784	Sylvania	Crest	Live	4/08/2020	3/08/2025
E52/3800	Sylvania		Application	24/02/2020	
E52/3807	Sylvania		Application	10/03/2020	
E52/3843	Sylvania		Application	26/06/2020	
E52/3887	Sylvania	Lighthouse	Application	15/10/2020	
E52/3888	Sylvania	Lighthouse	Application	15/10/2020	
E52/3889	Sylvania	Lighthouse	Application	15/10/2020	
E52/3890	Sylvania	Lighthouse	Application	15/10/2020	
E52/3884	Sylvania	DCX	Application	8/10/2020	

Notes

Most of the Tenements in the Sylvania Project have at least some over pegging by other tenements VRM has only valued the tenements that are considered to be priority applications ("first in line")

Tenement Holder Abbreviations Lighthouse – Lighthouse Resources, DCX – DiscovEx Resources Limited, Gateway – Gateway Projects W.A. Pty Ltd, Crest (inc Crest JV and Crest Edjudina JV) – Crest Investment Group 3 Limited, DCX Divested MEPL – Monument Exploration Pty Ltd and under option to Six Sigma Metals.

VRM notes that DCX also holds a tenement application E52/3901 which over pegs one of the Crest tenements but it is not a priority tenement and has therefore been excluded.

Where there is no date in the Expiry column the date in the Grant / Application date is the application date

E31/1219 is included in the table and valuation however it is second in line to E31/1220 which is held by a separate party but has been included in the tenement schedule as it is still a valid application until the first in line tenement is granted.

VRM independently confirmed the status of the Western Australian tenements on the Department of Mines, Industry Regulation and Safety (DMIRS) online tenement database, Mineral Titles Online accessed on 21 January 2021.

2.2. Accessibility

The Sylvania Project licences are centred approximately 50 kilometres south west of Newman. There are two separate tenements in the Sylvania project that are located 140km north east of Newman. Access to the area is via the sealed Great Northern Highway via Meekatharra from Perth. Numerous gazetted roads, station and exploration tracks provide access to and within the tenements to the main prospect areas.

Eastern Goldfields

The Eastern Goldfields projects have very different access and adjacent infrastructure. The Monument Project is accessed from Kalgoorlie via the sealed Kalgoorlie to Wiluna highway then from Leonora via the Laverton road which passes directly south of the project. Access within the project is via station and exploration tracks. The Project is located approximately 40km to the east of Leonora.

The Edjudina Project area is accessed from Kalgoorlie via the well maintained unsealed Yarri road. Once in the general area access is via exploration tracks and station tracks. There is no other infrastructure in the project area which would provide an impediment to any potential development.

Newington

The Newington project is accessed from Southern Cross via Bullfinch with the Mt Jackson road passing through the project area. From the Mt Jackson road access is via existing mining roads and exploration tracks. There is minimal infrastructure on site. The recent mining, which occurred in 2001 – 2005 consisted of a small scale underground operation with the ore toll treated either at the Greenfields or Marvel Loch processing facilities (DCX ASX release 11 April 2019)

Queensland Tenements

The Tick Hill Regional tenements are located approximately 100km south east of Mount Isa. Access is via the Mount Isa-Duchess-Tick Hill road and via station tracks to individual prospects.

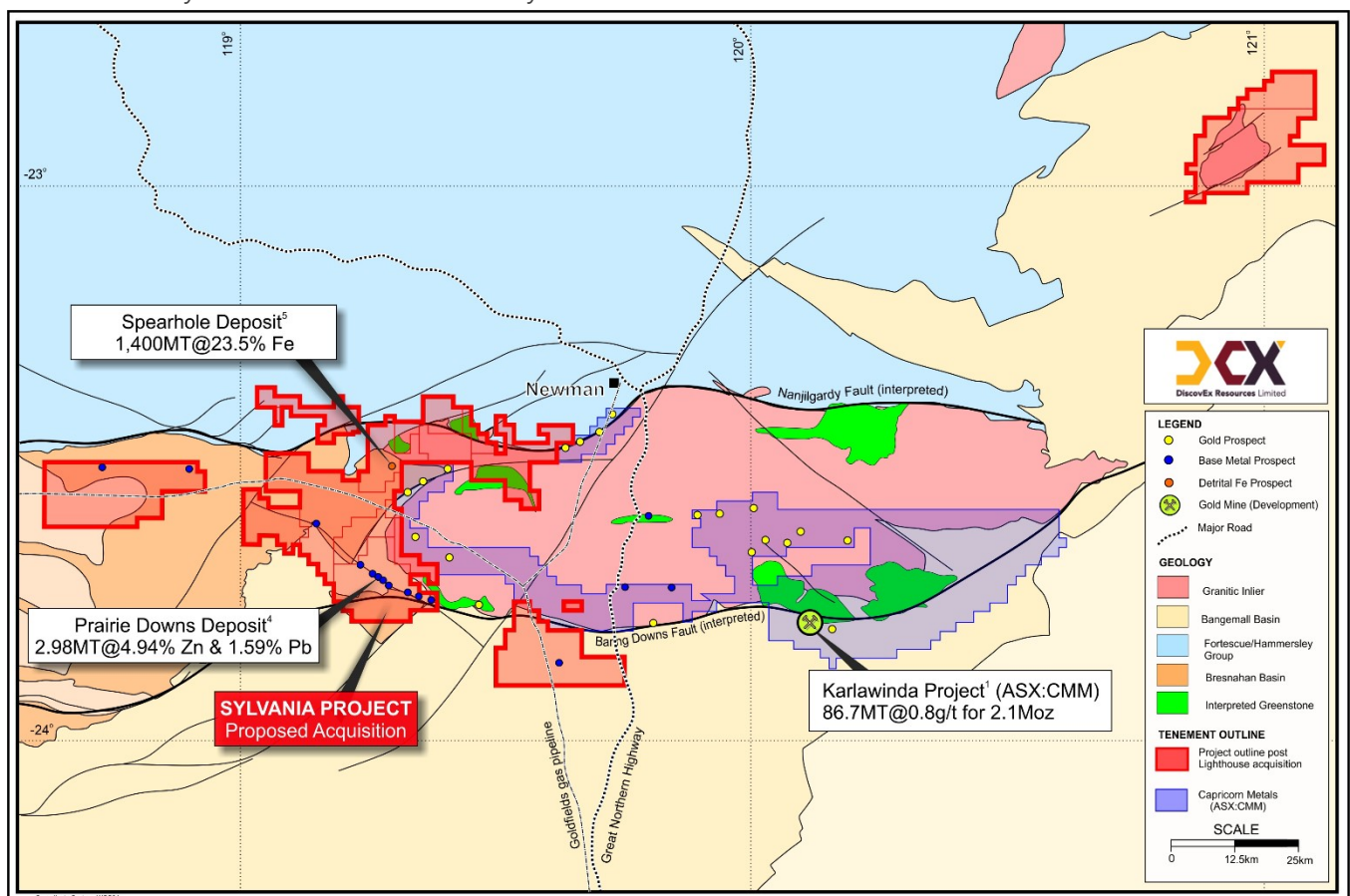
3. Sylvania Project

3.1. Geological Setting

The Sylvania Project tenements are centred around the western margin of the Archean Sylvania Dome, a deformed granite-greenstone belt, on the southern margin of the Pilbara Craton (Figure 3). The dome is bounded to the north by younger 2765-2300Ma Hamersley Group sediments and volcanics and to the west and south by younger Bresnahan Basin and Bangemall Basin sediments respectively.

The North Eastern Sylvania Project tenements are located on Bangemall Basin sediments. Here gravity data shows evidence of a covered interpreted Archean domal feature. Likewise, the most western tenement area also contains an interpreted domal feature using gravity underlying Bresnahan Basin sediments.

The age of the Bresnahan Group (c. 1600 Ma) is constrained by the general age limits of the Capricorn Orogeny (2200 - 1600 Ma). The lower Bangemall Basin sediments dated at 1500 Ma which lie unconformably over the Bresnahan and Sylvania inlier.



(Source DiscovEx Resources, 2021)

Figure 3 Geological Setting of the Sylvania project red

Seismic data interpretation (Thorne et al 2020) shows the interpreted Nanjilgardy and Baring Downs Faults (Figure 3) which bound the Sylvania inlier and extend under later basin sediments are long lived deep

mantle tapping structures. Gold mineralisation further east at Capricorn Metal's 2.1Moz Karlawinda Bore project is spatially associated with the Baring Downs Fault.

Base metal zinc lead silver mineralisation including Prairie, Wolf and Husky are associated with the Prairie Downs Fault, a low angle regional splay fault off the Baring Downs Fault. Mineralisation is described as structurally hosted in high level epithermal quartz and breccia deposits both in Fortescue Group Mafic volcanics and in fan derived sedimentary units of the Zinc Group host-rocks, a fanglomerate wedge in the fault hanging wall. Reynolds and Wilson (2012) described the mineralisation textures and relationships as compatible with mineralisation in a long-lived fault splay where older 'mesothermal' type veining and alteration has been overprinted by the main mineralising event under brittle higher-level conditions.

The age of mineralisation is not well defined but is considered most likely to have occurred soon after deposition of the Zinc Group host rocks. The Zinc Group appears to pre-date Bresnahan Group sediments whose composition indicates quite different provenance, and Prairie Downs Formation clastic (basal Bangemall Basin). This would imply a pre-Bangemall age for mineralisation, possibly relates to extensional collapse at the end of the Capricorn orogeny around 1800-1700 Ma (Reynolds and Wilson, 2012).

Other mineralisation in the form of channel iron deposits in the drainages of Hammersley Group banded iron rich sediments has also been periodically explored, such as the Spearhole creek deposit 25km north of Prairie Downs.

3.2 Previous Exploration and Mining

Tyler et al (1991), notes alluvial gold around Deadman Flat on the southern margin of the Sylvania Dome just east of Prairie Downs, off tenement. Base metal mineralisation was also described by (Blockley, 1971) as follows, "galena and cerussite, together with copper minerals, occur in a gangue of barite and ferruginous quartz discontinuously along a 2.4 km length of the Prairie Downs Fault."

Prairie Downs Main Area (E52/3774, E52/3775, E52/3780, E52/3800).

Previous work documented in the GSWA WAMEX open file system has focused on the delineation of resources along the Prairie Downs Fault (PDF). Reynolds and Wilson (2012) summarise the work to 2012 which comprised of reconnaissance surface sampling, mapping and drilling along the fault and with RC and diamond drilling defining an initial resource in 1972 of 200,000t @ 8% Zinc, 1.5% Lead and 7.5% Silver. The most recent Mineral Resource Estimate was undertaken by Optiro (Brumby Resources Limited (ASX:BMV) (now FireFly Resources (ASX:FFR) ASX release 25 May 2015 (Optiro – M Drabble 2015) in 2015 with the MRE being classified as both Indicated and Inferred totalling 3Mt at 5% Zinc, 1.6% lead and 15g/t silver. See Table 2 for the details of the MRE.

Table 2 JORC 2012 Mineral Resource Estimate for the Prairie Downs Base Metal Deposit

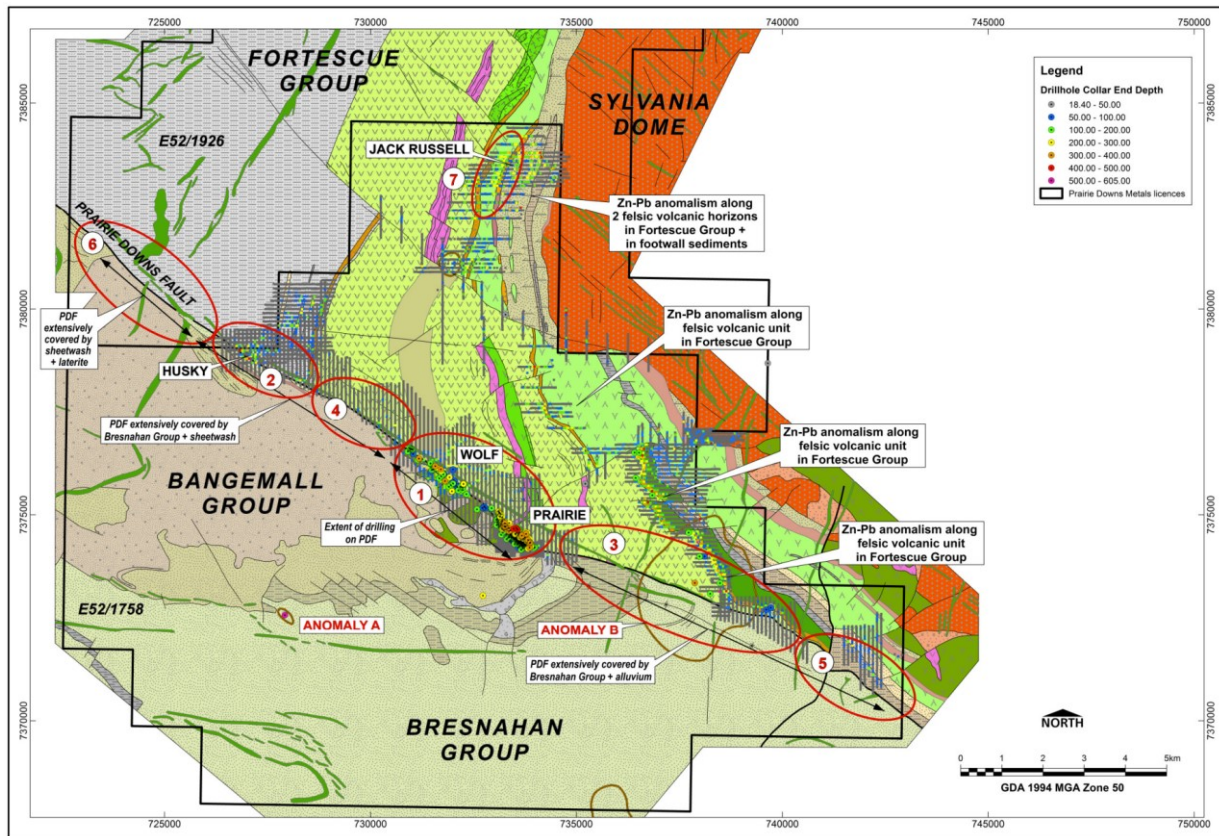
Zone	Resource classification	Tonnes	Zinc (%)	Lead (%)	Silver (ppm)
Central	Indicated	310,000	5.55	1.69	15.8
East	Indicated	930,000	6.68	1.73	22.2
Main Splay	Indicated	670,000	3.75	1.01	6.3
West	Indicated	360,000	3.88	2.24	11.8
Total Indicated		2,280,000	5.22	1.59	15.0
Central	Inferred	220,000	3.62	1.88	18.4
East	Inferred	140,000	5.81	1.73	21.1
Intermediate Splay	Inferred	90,000	4.62	1.69	22.4
Main Splay	Inferred	190,000	3.13	1.24	5.9
West	Inferred	70,000	3.51	1.17	6.8
Total Inferred		700,000	4.03	1.58	14.9
Total		2,980,000	4.94	1.59	15.0

Note JORC 2012 MRE ESTIMATED BY Optiro (ASX RELEASE 25 May 2015) AT A 1% CUT OFF GRADE

Broad ranging soil and stream sediment surveys combined with mapping have been conducted in the Prairie Downs area with most base metal anomalism highlighting the Prairie Downs fault as the most prospective target. As a result of this work, other fault zones and stratigraphic packages particularly within the Fortescue group were also identified as anomalous but most were downgraded as formational anomalies or showed very low level anomalism once drilled.

Regional airborne magnetics and radiometrics in 2006 identified two magnetic features which were investigated by deep drilling over a number of years due to holes not extending deep enough and being deepened. The target called "Anomaly A" drilled by Ivernica in 2010, did return 2.4m @ 0.57 g/t Au from 549m in quartz veins with disseminated pyrite in a mafic intrusion (Figure 4).

Figure 4 shows the areas of most activity and recommended targets, numbered from Reynolds and Wilson 2012



(Source Reynolds and Wilson 2012)

Figure 4 Geology of the Prairie Downs tenements covered by (ELA52/3800) showing drilling location and depths, XRF soil Zn Pb anomalism and structural and magnetic targets

Since 2012 very little work was done until Marindi Metals in 2017 and 2018 collected rock chips and assayed for gold in epithermal quartz with results up to 0.27g/t Au. Marindi also drilled high grade lead and silver mineralisation at the Husky prospect 8km north west of Prairie Downs with a best intercept of 9m @ 10.8% Pb and 72g/t Ag. No resources at Husky or Wolf have been quoted and no further work has been conducted on the ground.

On E52/3780 a large low grade channel iron deposit was drilled by Dynasty Resources who announced a JORC 2004 resource in October 2010 of 1.4 billion tonnes at 23.5% Fe. The resource lies at surface with the detrital iron mineralisation contained within an iron-enriched drainage system between outcropping Brockman and Marra Mamba Iron Formations. Dynasty with their Chinese partner Hebei Xinghua was considering exploitation via physical beneficiation of the material to produce a higher grade >60% ore. The project did not proceed, and the tenement was surrendered in May 2016, after which the area became part of the larger Marindi Metals project.

Bulloo Downs (E52/3887, E52/3742, E52/3784, E52/3843, E52/3844, E52/3890)

The tenement group geology consists of Bagemall Basin sediments. The sediments are interpreted to unconformably overly the Archean Sylvania Dome. Elsewhere to the east, Capricorn's Karlawinda Bore gold deposit and Francopan prospect lie in a similar structural and stratigraphic setting.

The tenement group lies east of the Prairie main group. Previous exploration has covered base metal, nickel iron gold and diamonds via prospecting, stream sediment sampling, rock chip sampling and soil sampling during the 1990s. More recently from 2008-2013, Warwick Resources and Atlas Iron explored for channel iron deposits. RC Drilling identified thin low grade accumulations of no economic significance.

Angelo West (E52/3748, E52/3795, E52/3807, E52/3888, E52/3889)

The tenements lie west of the main Prairie downs group. The geology consists of Bresnahan group sediments. Gravity data indicates the possibility of doming shown as a large circular gravity low. It is thought the "dome" may represent Archean basement rocks in a similar structural setting to the Sylvania Dome where the southern margin of the dome is prospective for orogenic gold deposits such as Karlawinda bore (Figure 5).

Previous work includes uranium exploration in the 1970s for sandstone hosted deposits, and channel iron exploration drilling by Poondanoo Exploration Pty Ltd from 2005-2006.

Spearhole Creek (E52/3638, E52/3365, E52/3366)

The tenements are located immediately north of the main Prairie Downs group. The ground straddles the contact of the north western margin of the Archean Sylvania Dome and Fortescue group which unconformably lies over the Sylvania Dome. Reconnaissance exploration drilling has explored for channel iron mineralisation. A large stream sediment survey by KKR Resources in 1994 identified a number of anomalous gold anomalies which were followed up with soil surveys which failed to confirm the anomalism.

Little other work of any consequence has been conducted.

Prairie Downs West (E52/3884)

The tenements have had no exploration since the 1970s when CRA conducted uranium exploration for sandstone hosted deposits.

North Eastern Sylvania tenements (E46/1341, E46/1342)

The tenements are located 140km east northeast of Newman. Gravity data indicates the possibility of doming shown as a large circular gravity low. It is thought the "dome" may represent Archean basement rocks in a similar structural setting to the Sylvania Dome where the southern margin is prospective for orogenic gold deposits such as Karlawinda bore (Figure 5).

Titan Resources in 1994 conducted stream sediment sampling for gold with some weakly anomalous samples but failed to develop the anomalies further with follow up sampling. Rock chop sampling of quartz veining in granite and of known barite occurrences failed to define any further gold anomalies. Little other work of any consequence has been conducted.

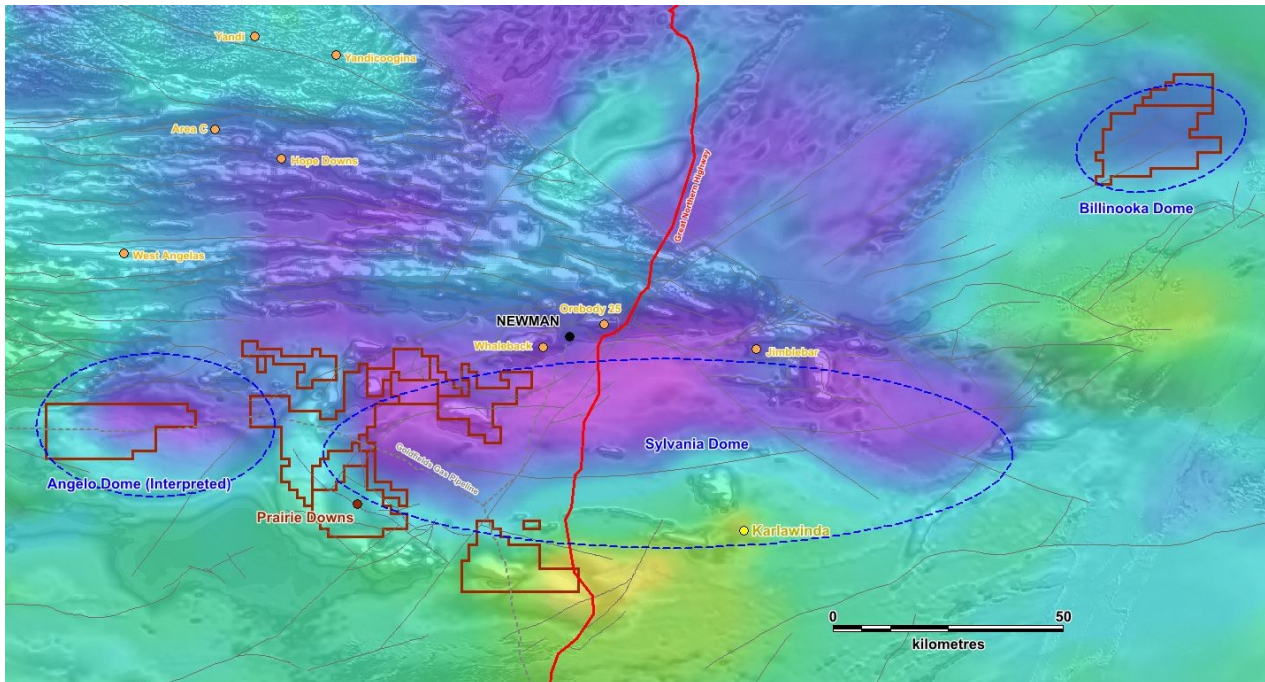
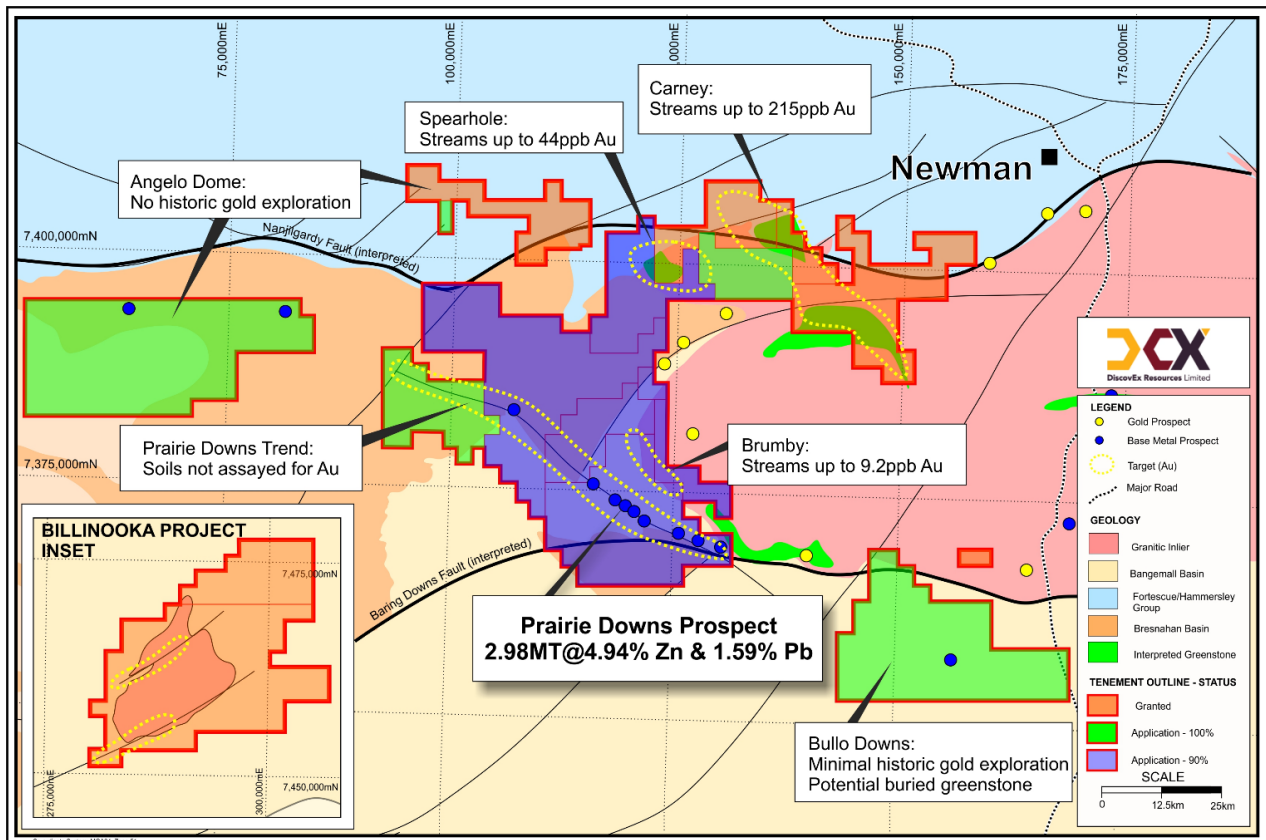


Figure 5 Geological Setting of the Sylvania project with regional geophysics drapes (magnetics and gravity) and major structures and interpreted domes

Figure 6 below shows a summary of the tenements and various target areas and project areas referred to in the text.



(Source DiscovEx Resources, 2020)

Figure 6 Geological Setting of the Sylvania project with some target areas shown

4. Eastern Goldfields Projects and Joint Ventures

DiscovEx has two separate projects within the Western Australian Eastern Goldfields, being the Edjudina and Monument Gold projects Figure 7. The 307.6km² Monument project, 100% owned by DCX, is located adjacent to the Mt Morgan gold project owned by Dacian Gold Limited while the 917.4km² Edjudina Project, located immediately south of the ≈385,000oz Fortitude Gold Deposit owned by Matsa Resources. Edjudina consists of three tenement applications covering 271.3km² owned 100% by DCX, four granted tenements covering 226.8km² where DCX purchased its 80% interest (from Gateway Mining Limited (Gateway) with Gateway retaining 20% free carried) (DCX ASX release 6 and 26 November 2019) and eight tenements (both granted and applications) that total 419.3km² where it is earning up to 80% interest however under the JV terms it currently has no beneficial interest (DCX ASX releases 13 March and 15 April 2020).

The Monument Project which is currently owned 100% by DCX has effectively been divested under a one year option agreement whereby DCX will divest 100% of the project to Six Sigma Metals with DCX retaining a 1.5% Gross Royalty (DCX ASX release of 25 August 2020). Under that option agreement DCX will receive a total of \$575,000 in cash and shares being a two stage option fee of \$175,000 and an execution payment of \$100,000 in cash and \$300,000 in cash and / or shares in Six Sigma Metals. As at the valuation date the option has not been executed, therefore VRM has included the Monument Project in the valuation however it is noted that consideration for the project is within the valuation range that VRM's has determined for the project. As the project is in the process of being divested VRM has only provided a very brief summary of the project's exploration history and has not undertaken an extensive review of the small Mineral Resource Estimate contained within the project. Much of the exploration history has been sourced from the various ASX releases including the recent Six Sigma Metal ASX releases of 25 August 2020, and 9 November 2020 along with the DCX annual and quarterly reports.

In addition to the 100% owned DCX tenement applications the Edjudina Gold Project consists of two separate Joint Ventures, one where DCX purchased its 80% interest in the tenements (Gateway JV) while DCX is currently earning its potential interest 80% in the Crest Investment Group Limited tenements (Crest JV). DCX currently has no beneficial interest in the Crest JV tenements until it has completed the minimum expenditure for each tenement and maintained the tenements in good standing for two years. This timeframe commenced on 15 April 2020 (DCX ASX release 15 April 2020). VRM has valued the tenements that DCX currently has a beneficial interest and determined a valuation of the tenements which DCX is earning its interest by valuing the tenements and then deducting the expenditure that DCX is required to spend to acquire the interest in the JV.

4.1 Geological Setting

The Edjudina and Monument Gold Projects is located in the Eastern Goldfields Superterrane of the Yilgarn Craton. Figure 7 shows the regional geology based on the 1:2.5million GSWA geology with the main terrain boundary shown in blue with the main access roads and regional towns also shown.

The Edjudina Project is located on the Terrane boundary between the Burtville Terrane and the Kurnalpi Terrane to the east of the Hootanui fault system as defined by Cassidy et.al (2006). Within the Burtville Terrain there is an additional subdivision to separate Domains with the Edjudina Gold Project being located within the eastern portion of the Laverton Domain of the Kurnalpi Terrain and the western zone of the Duketon Domain of the Burtville Terrain.

The to the north of the Edjudina project the Duketon Domain includes intermediate and felsic volcanic rocks and associated mafic to ultramafic rocks in the central and eastern parts of the Duketon greenstone belt as well as greenstone assemblages dominated by mafic and ultramafic volcanic and fine-grained sedimentary rocks (Barley et al., 2003). The Laverton Domain includes mafic and ultramafic volcanic rocks, banded iron-formation, fine grained volcanogenic sedimentary rocks. Within the Edjudina project the dominant lithologies are mafic volcanics and granitic gneisses.

The Monument Project is located within the Kurnalpi Terrane with the dominant lithologies being mafic and felsic volcanic rocks, banded iron-formation, fine grained sedimentary rocks with granitic intrusions being monzogranites to granodiorites and granitic gneisses.

Within the Eastern Goldfields Superterrane the Kalgoorlie region has the largest gold endowment with the Laverton region being having the second largest endowment. Significant deposits in the Laverton area include Sunrise Dam, Granny Smith, Wallaby, Mt Morgan, Westralia, Jupiter, Red October, and Lancefield.

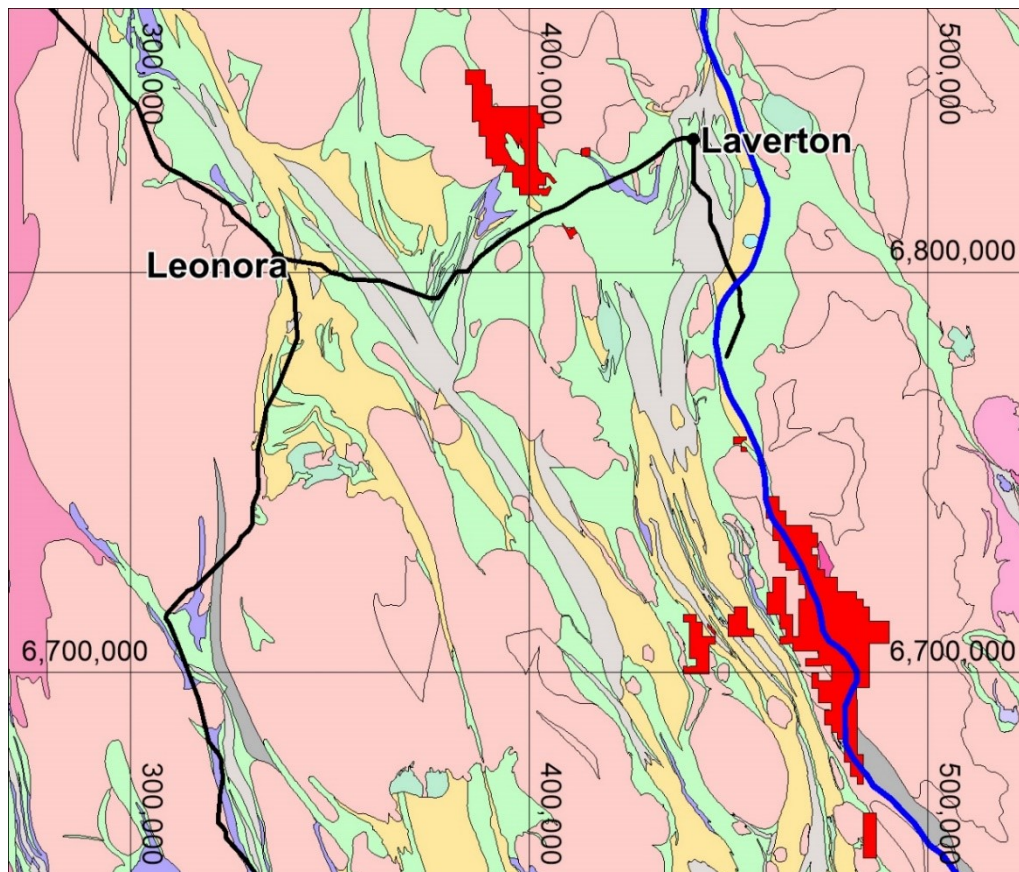


Figure 7 Regional geology (based on GSWA Regional mapping)

4.2 Previous Exploration

There has been no modern mining activities on the Monument or Edjudina Projects.

Monument Project

The Monument Project consists of 25 licences with the majority being contained within 6 exploration licences as shown in Figure 8 and detailed in Table 1.

There has been extensive previous exploration on the project however as the project is subject to an option agreement whereby the entire project will be divested, should the option be exercised, the exploration history is not detailed in this report. A brief review of the DCX ASX releases has identified several targets which have been reviewed to determine a likely market value in this report as the option over the project has not been exercised as at the valuation date. VRM's considers that in the current market conditions toward gold projects it is likely that the option will be exercised.

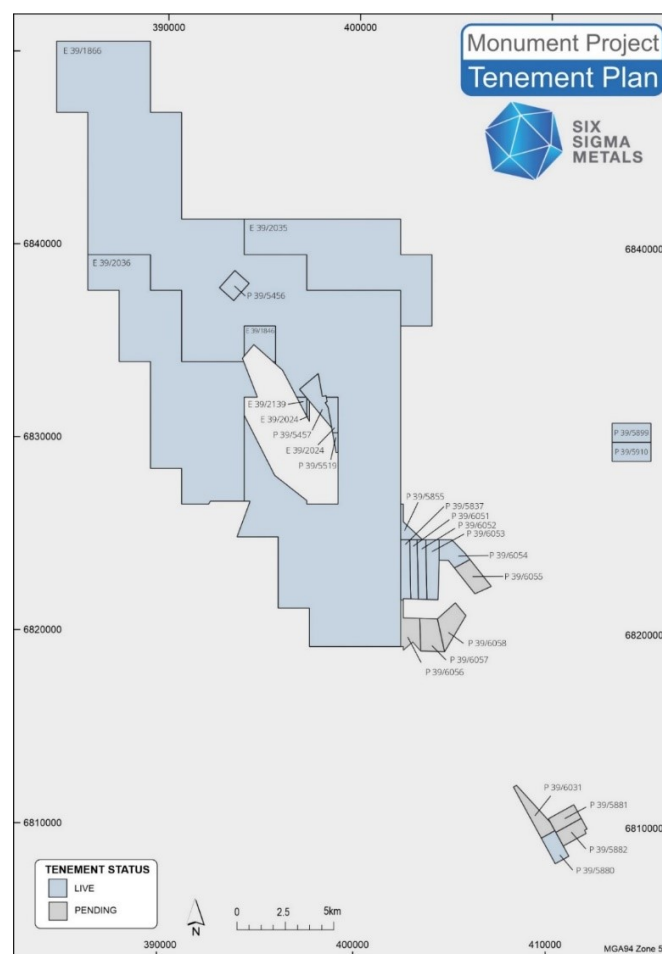


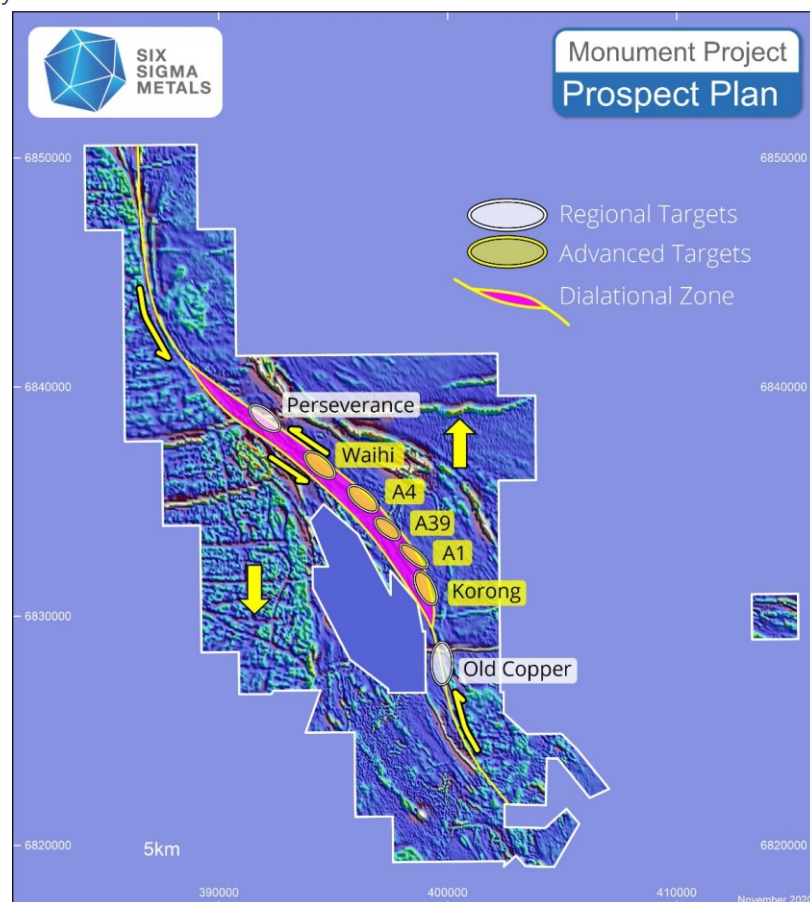
Figure 8 Monument Project Tenement Plan

The Project is located in an overturned western limb of the Mt Margaret anticline, which plunges moderately to the south and has a north-north west trending fold axis. Rock types are dominated by mafic volcanic, mafic intrusive units, minor ultramafic and metasediments, and a narrow band (<100m wide) of a regionally continuous BIF. These primary rock types have been intruded by concordant and discordant felsic porphyry dykes and sills as well as local thin lamprophyre dykes. All rocks have undergone regional greenschist facies metamorphism.

The most advanced target is at the Korong Prospect, where an initial JORC (2012) compliant Inferred Mineral

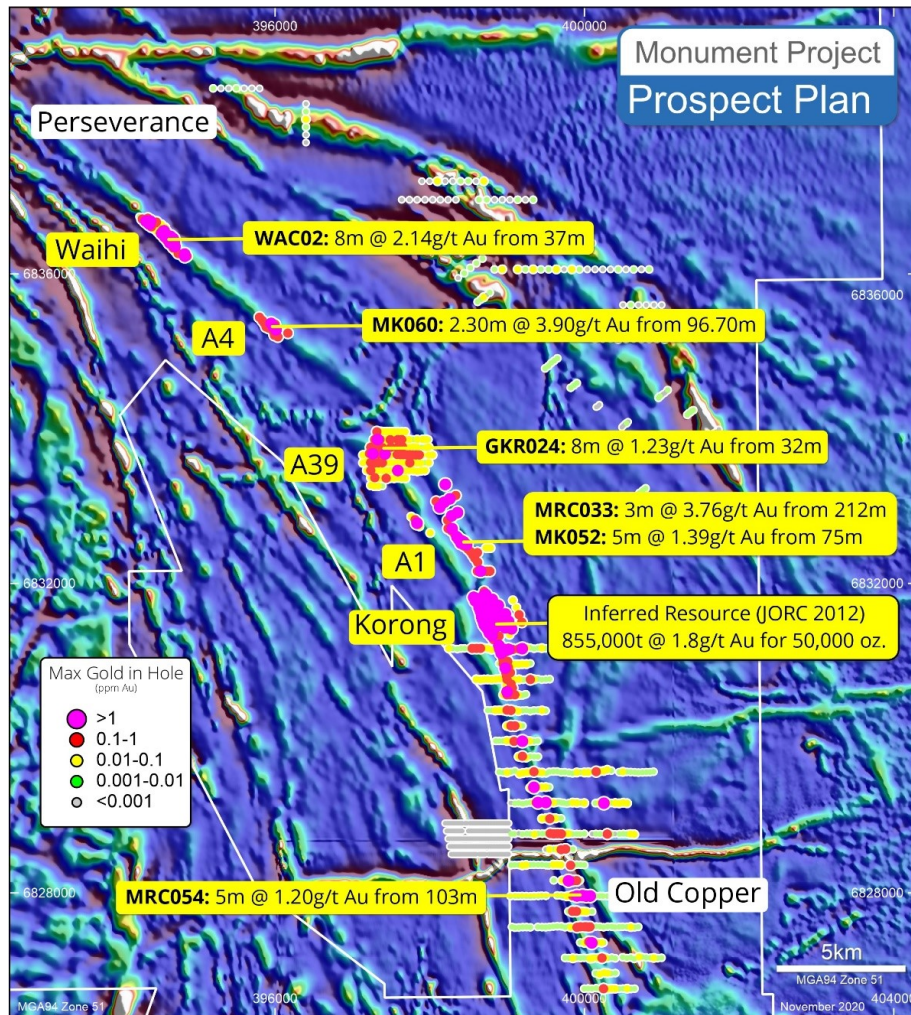
Resource Estimate (Korong Resource) of 0.86Mt at 1.8g/t Au for 50,000 oz Au was estimated by Mining Plus Pty Ltd (ASX:DCX announcement of 10 September 2018). The Korong Resource was estimated at a 0.5ppm cut-off within an AUD\$2,025 optimised pit shell and using a 2ppm cut-off outside of the shell. It is open along strike and down dip. Figure 12 shows a long section through the Korong deposit with an interpreted northerly plunge to the mineralisation and several targets identified. Six Sigma Metals have identified several additional targets within the deposit and the adjacent prospects as shown in Figure 11.

Previous exploration along the BIF horizon has identified multiple targets (Figure 9) north and south of the Korong resource, many with drill intersections greater than 1g/t gold (Figure 10), including Waihi, Korong South, Anomaly 4, Anomaly 39, A1 North and Old Copper along with the Perseverance target which is an undrilled soil anomaly.



Source Six Sigma Metals ASX release 9 November 2020

Figure 9 Monument Project Targets and Structural Interpretation



Source Six Sigma Metals ASX release 9 November 2020

Figure 10 Drill collar plan showing max gold in hole for the Monument Project

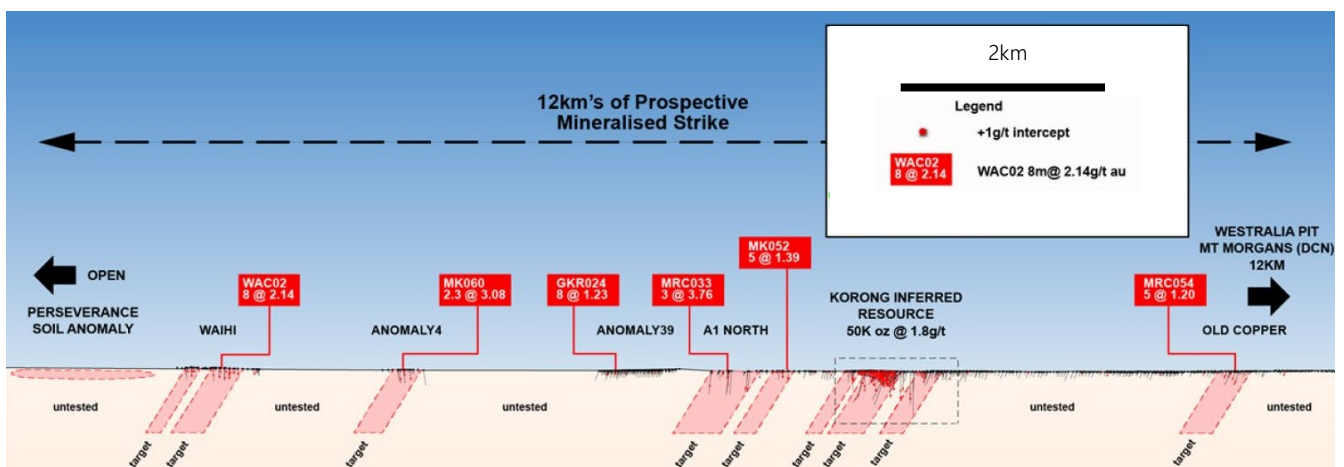
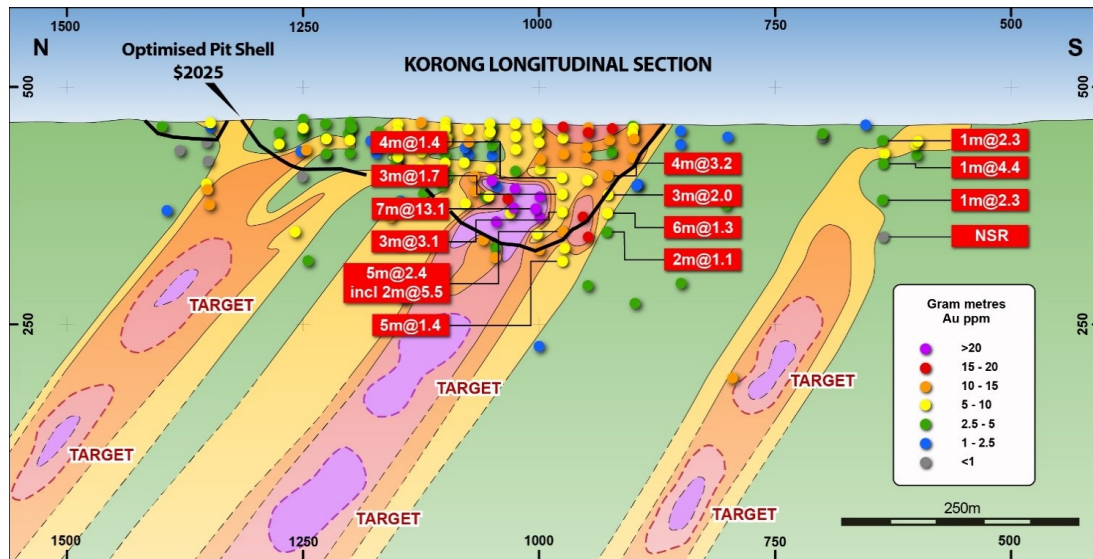


Figure 11 Long Section of the Monument Project (modified from Six Sigma Metals)

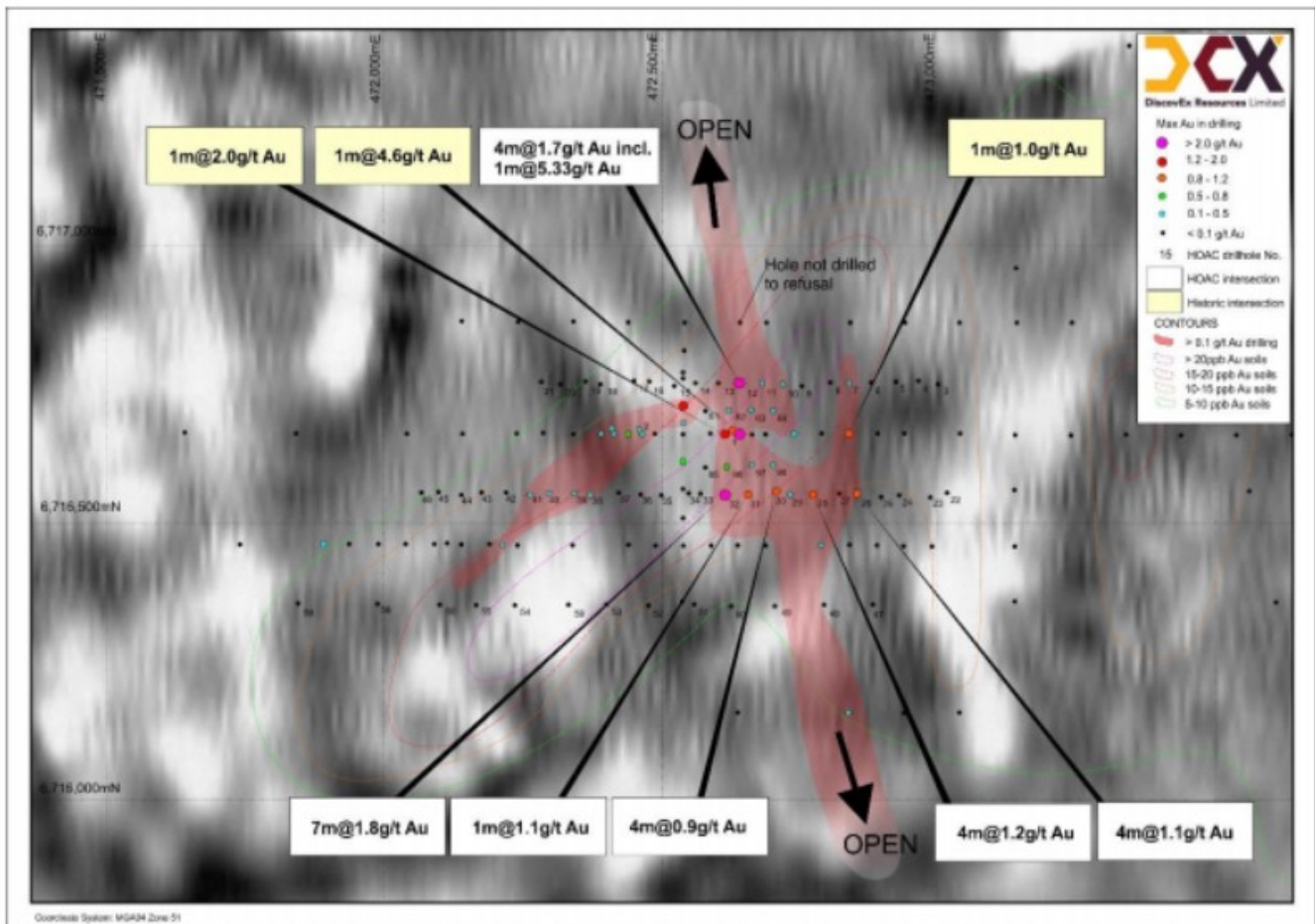


Source DCX ASX release 10 Sept 2018

Figure 12 Long Section of the Korong Resource with interpreted gold lodes and targets

Edjudina

Prior work on the Edjudina project, especially around the eastern tenements mostly occurred in the 1980's and 1990's and included soil sampling, aeromagnetic surveys and minor ground magnetics with drilling generally Rotary Air Blast (RAB) or aircore drilling which is generally limited to highly weathered bedrock with limited or no basement testing of primary mineralisation. During this exploration there was minimal reverse circulation (RC) or diamond drilling in the tenements. Several targets were identified, based on surface sampling and shallow drilling including at Phantom and Hornet however the source of the supergene mineralisation has not determined.



Note drill intersections are as reported by DCX in various ASX releases from 2020

Figure 13 Previous shallow drill intersections at the Hornet prospect

Exploration by DCX in early 2020 included an initial 98 hole, 4,963m Aircore drilling program at Hornet and Hornet East with this drilling delineating large low grade anomalism as shown in Figure 13. The regolith in the area is dominated by a 20-25m deep paleochannel above a leached upper saprolite (approx. 10m thick). The gold anomalism of up to 100ppb above the leached upper saprolite. The lower saprolite is between 5m and 20m thick. All holes intersected granitoid at lithologies upon blade refusal.

To determine the source of the supergene anomaly a RC and Diamond drilling program was conducted in mid-2020 with 2,470m of RC and 420.7m of diamond drilling (Figure 14). The RC drilling confirmed the supergene anomalism however no primary mineralisation was identified. The best drill intersection from the RC drilling was 4m at 1.51g/t gold from 40m in HORC016 within a broader zone of 12m at 0.63g/t gold from 40m. The only other hole to intersect >0.5g/t gold was HORC004 which intersected 16m at 0.53g/t gold from 44m (DCX ASX release 5 October 2020). To date no assay results have been released to the public for the two diamond drill holes. Additional geochemical work is planned to assist in targeting bedrock mineralisation at Hornet.

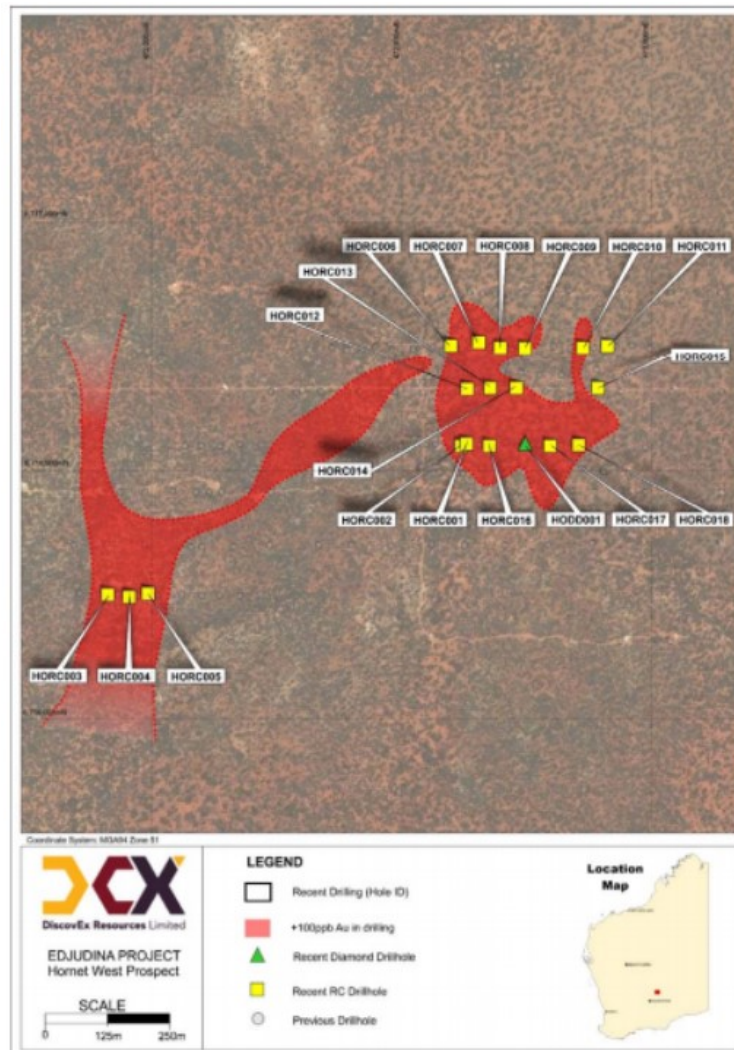


Figure 14 DCX RC and Diamond drilling collar plan overlain on the >100ppb supergene Gold Interpretation

DiscovEx has now adjusted its exploration strategy for the project toward initial testing of the regional structural targets while the additional work and interpretation is undertaken at Horner. Several conceptual structural targets have been identified as identified in Figure 15 below. These targets remain untested and are considered conceptual at this stage with additional exploration required to validate the current structural interpretation. In addition to the extensions of the faults identified by the Western Australian Geological Survey (GSWA) as the Barnicoat and Hootanui faults additional exploration is required in the tenements located approximately 20km to the west, to the west of the Celia Fault system where additional modern exploration is required adjacent historical mines of the Golden Wallaby – Yarri Wallaby and Wallaby trend.

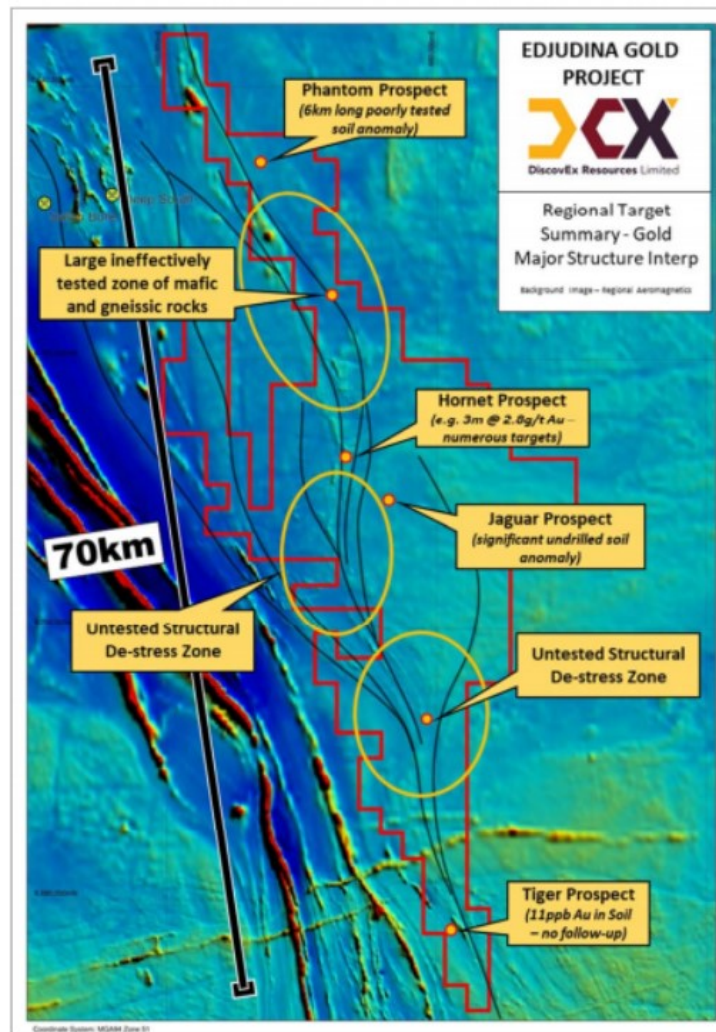


Figure 15 Edjudina Project Regional Structural targets

5 Newington Project

5.1 Geological Setting

The Newington Project is located at the northern extent of the Southern Cross greenstone belt. In the central Yilgarn of Western Australia. The project geology is a typical granite greenstone geological package with the greenstones generally metamorphosed to greenschist to amphibolite metamorphic grades with the stratigraphy in the area dominated by metamorphosed mafic volcanics. There is a strong structural control on the mineralisation in the project.

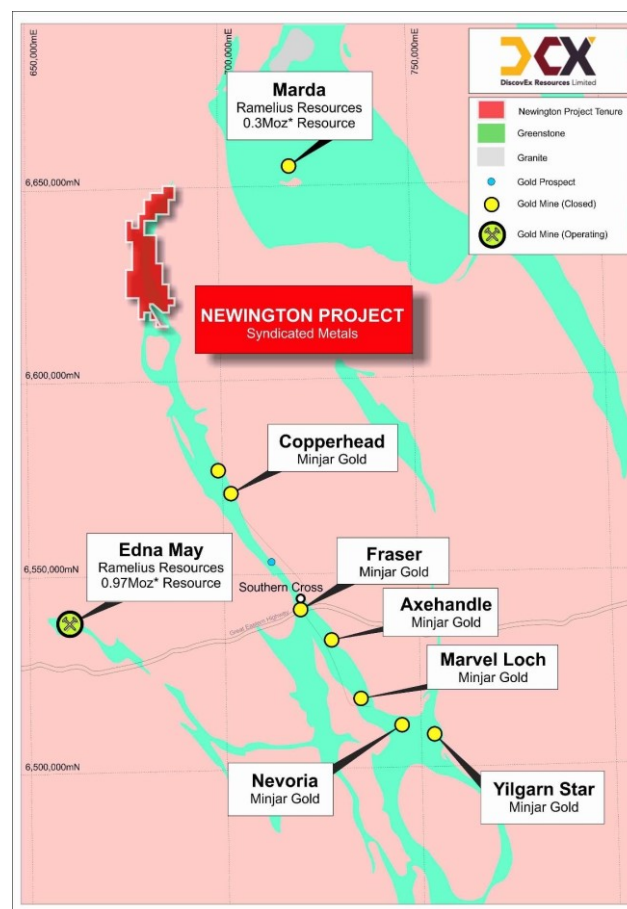
5.2 Previous Exploration and Mining

The majority of the project tenements are associated with option agreements and Joint Ventures whereby DCX has the right to earn an interest in the project tenements under specific agreements. As at the valuation date DCX has not exercised the options or earned any interest in the majority of the project tenements. There are only three tenements where DCX currently has a beneficial interest, these are

E77/2602, E77/2604 and E77/2605. These tenements are all peripheral to the main exploration targets within the project. Based on a soil sampling programme that DiscovEx completed there appears to be laterally extensive cover to the north and north east of the project area. This includes E77/2602.

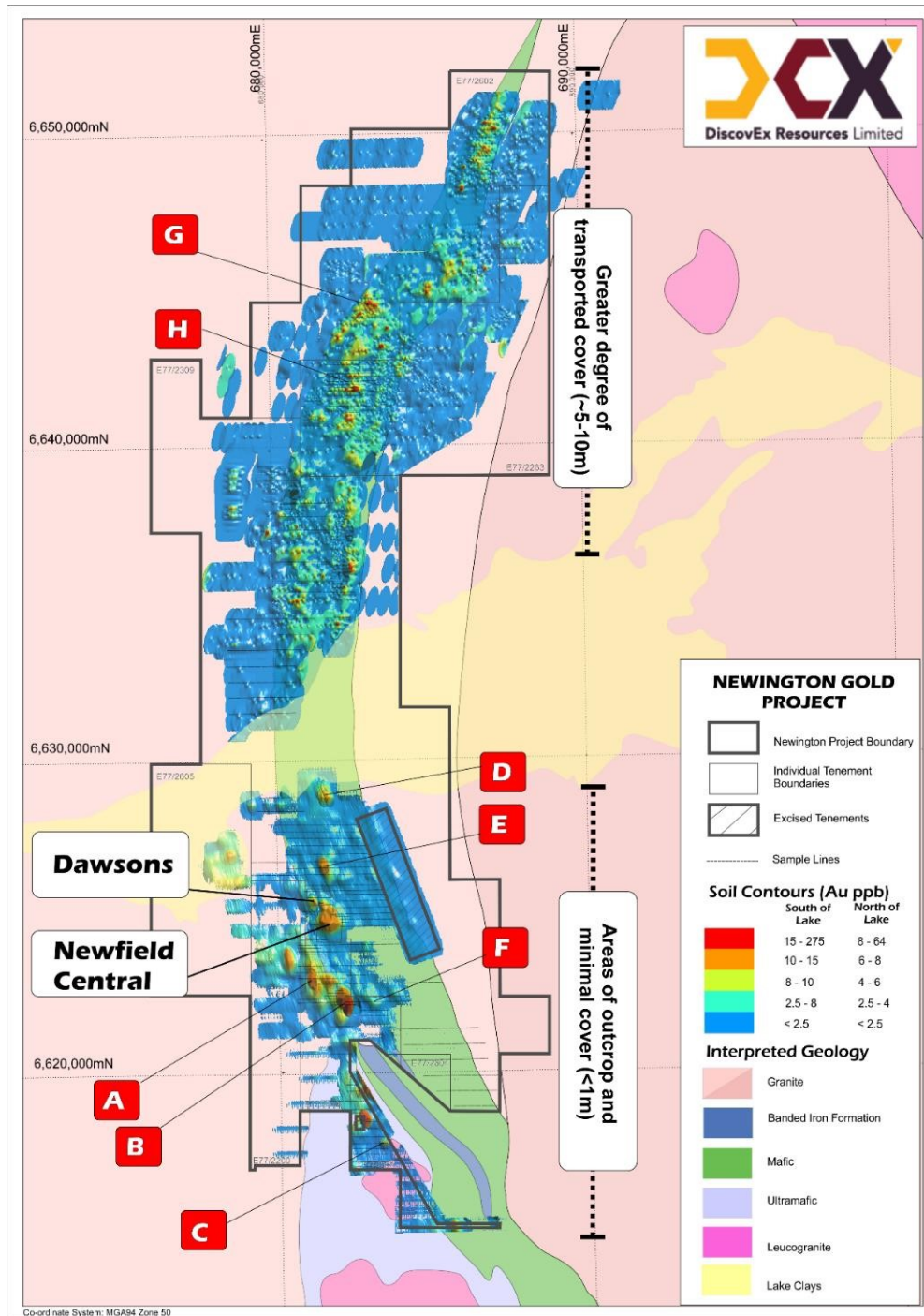
There has been recent gold production from Newfiled Central deposit where approximately 32,366 oz was produced with the average ore grade of 24.53g/t gold.

This mineralisation and exploration activities, other than soil samples as shown in Figure 17 are on the tenements where DCX has no direct beneficial interest as at the valuation date. While the Joint Venture tenements and the Gateway tenement where DCX has an option to acquire the tenement are highly prospective and have significant recent exploration encouragement the tenements where DCX currently has a beneficial interest, being E77/2602 and E77/2604 are dominated by granites with no or minimal exploration potential. E77/2602 which lies at the northern extent of the project and the Southern Cross greenstone belt has extensive transported cover between 5 and 10m which significantly impacts the exploration activities and limits targeting tools to more conceptual targets rather than geochemical targeting which is viable in areas of thin or no cover.



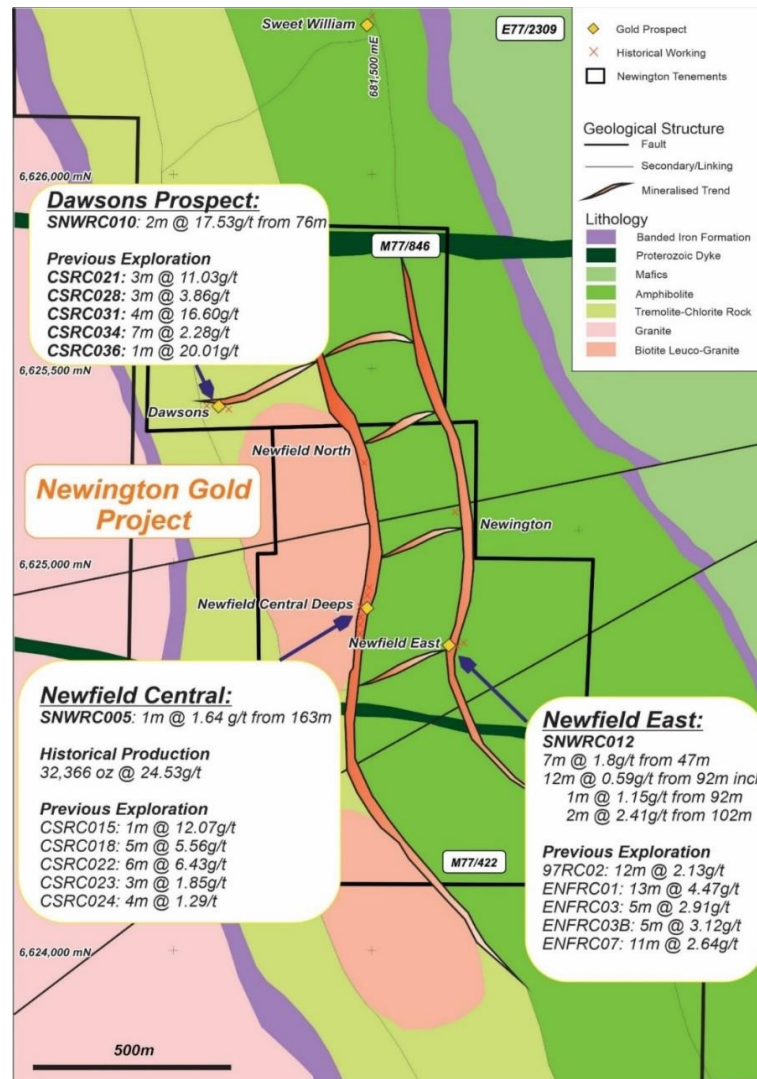
Source DiscovEx 2020

Figure 16 Newington Project Location Plan relative to the other gold deposits in the region



Source DiscovEx 2020 Annual Report

Figure 17 Monument Project DiscovEx Soil sampling



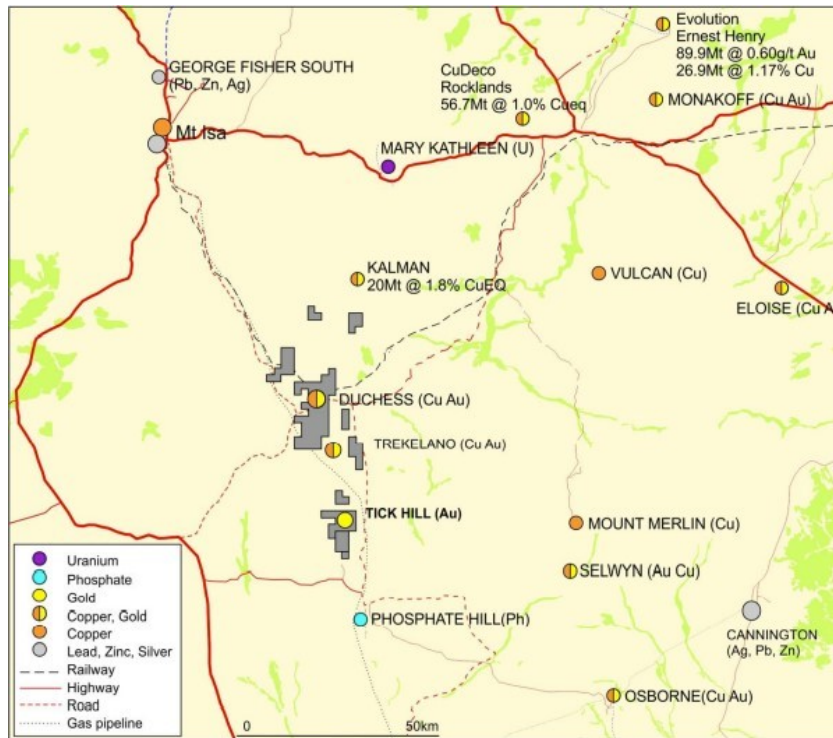
Source DCX 2020 Annual Report Note DCX has at the valuation date no beneficial interest in these tenements.

Figure 18 Newington Project Significant drill intersections

6 Tick Hill Regional Tenements

6.1 Geological Setting

The Queensland tenements are located in Tick Hill Mine Project Region. DCX divested an 82.5% interest in 293.3km² of exploration tenements (EPM's 9083, 11013, 14366, 14369, 17637, 18980, 19008, 25435, 25439, 25853, 25972). DCX retains a residual free carried interest of 17.5%. Figure 19 shows the location of the prospects and exploration activity undertaken since DCX divested the tenements to Carnaby.



(Source Carnaby Resources, 2020)

Figure 19 Location of the Tick Hill Regional projects (DiscovEx 17.5%) with prospect areas shown.

The Tick Hill Region is in the southern part of the Paleoproterozoic Mary Kathleen Fold Belt part of the Proterozoic Mount Isa Inlier in North West Queensland. The fold belt is part of the metamorphosed Leichardt Super basin comprising basalt, quartzites, felsic volcanics and calc-silicate metasediments. The Mary Kathleen Fold Belt is centred on the long (80+ km) narrow Wonga Belt, a zone of strongly deformed felsic metavolcanic and metasedimentary rocks intruded by the Wonga Granite around 1750-1720Ma, metagabbro, and metadolerite (Holcombe et al., 1992).

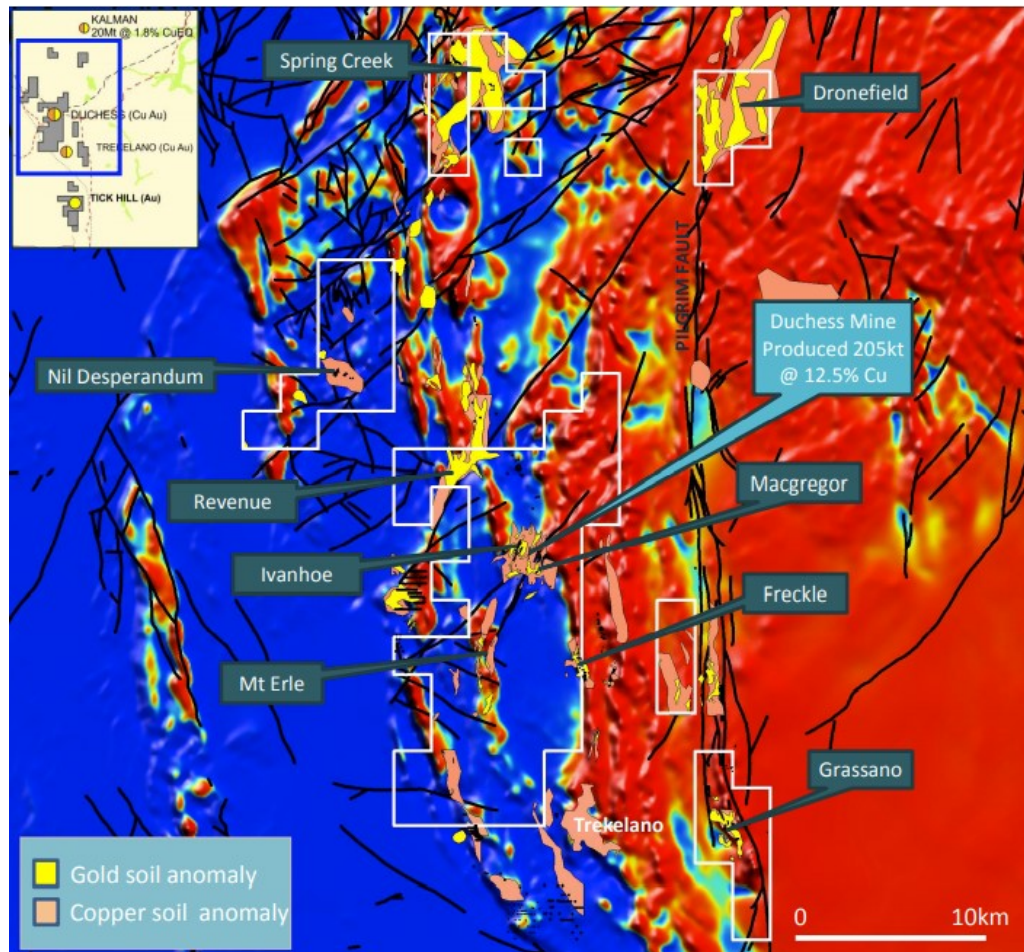
High strain seen in the belt is attributed by Holcombe et al (1992) to an approximately 1750Ma mid-crustal (8-10km depth) sub-horizontal detachment surface formed during north-south extension, which was later folded. The Tick Hill area is interpreted as the southern extension of the high strain Wonga Zone (Forrestal et al., 1998)

The area is considered prospective for Iron Oxide Copper Gold (IOCG) deposits, sediment hosted Broken Hill- Cannington style silver lead zinc deposits, structurally controlled copper, gold, cobalt deposits and high grade Tick Hill style gold deposits.

6.2 Previous Exploration and Mining

The area is considered by Carnaby 2019, 2020 to have been largely unexplored for over 20 years since the Tick Hill mine, operated by Mount Isa Mines (MIM), closed in 1995.

A number of prospect areas in the northern part of the tenement holding are defined by soil copper and gold geochemistry (Figure 20)



(Source Carnaby Resources, 2020)

Figure 20 Northern Tick Hill Regional prospects with soil geochemistry and structural interpretation overlain on magnetics.

The Duchess area hosted mining from 1900-1940 where 205,000t of 12% Copper was extracted.

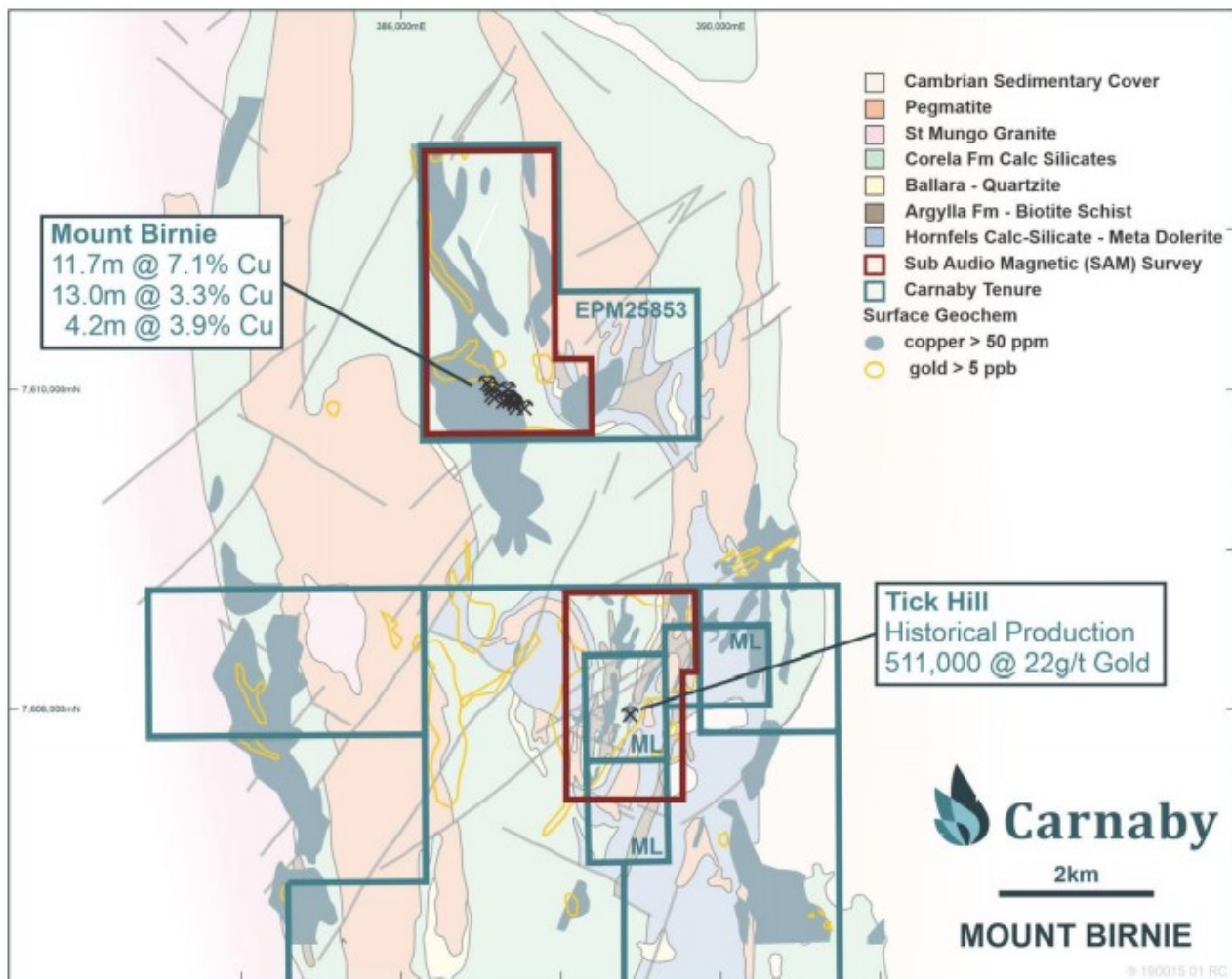
Other prospect area results include the

- Nil Desperandum with historical drill results of; 19m @ 2.3% Cu and 0.56g/t Au and 6m @ 5.2% Cu & 0.84g/t Au
- Freckle with untested off hole conductor and drilling; FR-1, 6m @ 1.5% Cu and 0.9g/t Au and 6m @ 3.15% Cu and 1.33g/t Au,
- Mt Erle with gold-copper anomalism and historical open pits on the west margin of the Duchess granite. Stream sediment gold anomaly bigger than Tick Hill up to 1.1 g/t gold
- Spring Creek with a large copper and gold surface geochemical anomaly in excess of 5 km length with initial drilling intersecting up to 5 m @ 0.60% copper and 0.65 g/t gold
- Dronefield on interpreted major crustal-scale Pilgrim fault with widespread 5 km Cu-Au
- Grassano up to 114 g/t gold rock chips

In the southern tenements around Tick Hill the Mt Birnie prospect, 4km north of Tick Hill, was drilled by Carnaby in 2019 with results including:

MBC006 - 3m @ 9.3% Cu, 1.0 g/t Au and 2 m @ 9.5% Cu within 17 m @ 3.1% Cu
MBC002 - 6m @ 4.4% Cu within 15m @ 2.10% Cu
MBC004 - 8 m @ 1.8% Cu within 21m @ 0.9% Cu

The mineralisation remains open along strike and at depth and is associated with a 4 km long copper gold surface anomaly with numerous historical workings (Figure 21).



Presentation October 2019)

Figure 21 Southern Tick Hill Area tenements showing location of Mt Birnie with soil geochemistry and 2019 drillhole results

5. Valuation Methodology

The VALMIN Code outlines various valuation approaches that are applicable for Properties at various stages of the development pipeline. These include valuations based on market-based transactions, income or costs as shown in Table 3 and provides a guide as to the most applicable valuation techniques for different assets.

Table 3 VALMIN Code 2015 valuation approaches suitable for Mineral Properties.

Valuation Approaches suitable for mineral properties

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

All of the projects are best described as early stage exploration projects. There are two Mineral Resource Estimated within the projects however due to the small size of the resource within the Monument Project and the Prairie Downs Base Metal Resource having had minimal recent exploration these resources have not been used as a primary valuation method. There are no declared Ore Reserves nor any completed feasibility studies, therefore in VRM's opinion an income approach is not considered a viable valuation method.

VRM is of the view that a market-based approach is more the most suitable valuation method. On that basis the valuation of the projects is based on a comparable transaction (market-based approach) based on the area of the projects and the beneficial interest that DCX has in those projects. A geoscientific (Kilburn) approach has been used as a secondary valuation method with this method being cost-based.

5.1. Previous Valuations

VRM is not aware of any relevant valuation reports on the projects.

5.2. Valuation Subject to Change

The valuation of any mineral Property is subject to several critical inputs most of these change over time and this valuation is using information available as of 18 January 2021 being the valuation date of this Report and considering information up to 18 January 2021. This valuation is subject to change due to updates in the geological understanding, variable assumptions and mining conditions, climatic variability that may impact on the development assumptions, the ability and timing of available funding to advance the properties, the current and future metal prices, exchange rates, political, social, environmental aspects of a possible development, a multitude of input costs including but not limited to fuel and energy prices, steel prices, labour rates and supply and demand dynamics for critical aspects of the potential

development like mining equipment. While VRM has undertaken a review of several key technical aspects that could impact the valuation there are numerous factors that are beyond the control of VRM.

As at the date of this Report in VRM's opinion there have been no significant changes in the underlying inputs or circumstances that would make a material impact on the outcomes or findings of this Report.

5.3. General assumptions

The Mineral Assets of DiscovEx are valued using appropriate methodologies as described Table 3 and in the following sections. The valuation is based on several specific assumptions detailed above, including the following general assumptions.

- That all information provided to VRM is accurate and can be relied upon,
- The valuations only relate to the DiscovEx Mineral Assets located within tenements controlled by the Company and not the Company itself nor its shares or market value,
- That the mineral rights, tenement security and statutory obligations were fairly stated to VRM and that the mineral licences will remain active,
- That all other regulatory approvals for exploration and mining are either active or will be obtained in the required and expected timeframe,
- That the owners of the mineral assets can obtain the required funding to continue exploration activities,
- The gold (where it is used / considered in the valuation) is as at 18 January 2021, being US\$1,833.05/oz (www.kitco.com London PM Fix Price),
- At the valuation date (18 January 2021) the US\$ - AUS\$ exchange rate of 0.7685 (www.xe.com) resulting in an Australian dollar price of AUS\$2,385.13/oz gold.
- All currency in this report are Australian Dollars or AUS\$, unless otherwise noted, if a particular value is in United States Dollars, it is prefixed with US\$.

5.4. Market Based Valuations

As the projects being valued in this Report are dominantly prospective for gold or base metals (zinc and lead) it is important to note the current market conditions for these metals.

The gold price is fundamentally different to many of the other commodities as the gold price is frequently seen as a pseudo currency and is considered by many as a safe-haven investment option, especially in the current monetary policies of many of the major countries reserve banks. Global uncertainty in regard to the outbreak of COVID-19 and the resulting impact to the world economy has driven an increase in the gold price during early 2020. Figure 22 shows the gold price over the last five years.



(Source: www.kitco.com)

Figure 22 US Dollar five year gold price graph

5.5. Valuation of Advanced Properties

There are several valuation methods that are suitable for advanced Properties (where there are significant reported Mineral Resources or Ore Reserves) including the following:

- An income valuation approach for example financial modelling including discounted cash flow (DCF) valuations.,
- Comparable Market Based transactions including Resource and Reserve Multiples
- Joint Venture Transactions
- Yardstick valuations

As at the Valuation Date there were no current Ore Reserves estimated for the projects, therefore VRM does not consider an income based valuation approach to be a viable valuation method. Additionally, the reported Mineral Resources are not considered to be a significant driver of the value of the Lighthouse or DiscovEx projects, therefore comparable transactions using Resource Multiples is not considered a viable valuation methodology.

5.6. Exploration Asset Valuation

To generate a value of an early stage exploration Property or the exploration potential away from a mineral deposit it is important to value all the separate parts of the mineral assets under consideration. In the case of the advanced Properties the most significant value drivers for the overall Property are the declared Mineral Resources or Ore Reserves, while for earlier stage Properties a significant contributor to the Property's value is the exploration potential. There are several ways to determine the potential of pre-resource Properties, these being:

- Comparable transactions (purchase) based on the Properties' area
- Joint Venture terms based on the Properties' area
- A Geoscientific (Kilburn) Valuation

- A prospectivity enhancement multiplier (PEM)

The comparable transaction multiples can accurately reflect the market value of a project. The multiples can be strongly related to the project area so can be conservative for small areas and overstate large areas. In VRM's opinion it is therefore critical to select projects that are similar in area, prospectivity and at a similar exploration stage. To account for the variability of transaction multiples at different times of a commodity cycle it is critical to normalise these multiples against the prevailing commodity prices. In this case as most of the projects are gold related (and the projects in the comparable database are predominantly gold focussed) the multiples have been normalised to the gold price at the valuation date compared to the gold price at the transaction date (for each of the comparable transactions). VRM considers a Geoscientific or Kilburn valuation as a robust valuation method. It is the view of VRM that the least transparent and most variable valuation method is a PEM valuation as this depends on an assessment of the effectiveness of the expenditure.

5.6.1.Comparable Market Based Transactions – Area Based

A comparable transactional valuation is a simple and easily understood valuation method which is broadly based on the real estate approach to valuation. The methodology to determine the Comparable transactions based on a project's area is undertaken using the same methodology as for advanced projects section; however transactional value is applied to the project's area rather than the Mineral Resources or Ore Reserves. The Joint Venture terms valuation is similar to the comparable transactions based on the project area, other than a discount to the Joint Venture terms is applied to account for the time value of money (an appropriate discount rate is applied) and a discount to the earn-in expenditure to account for the chance that the Joint Venture earn-in expenditure is not completed in the agreed timeframe.

5.6.2.Geoscientific (Kilburn) Valuation

One valuation technique that is widely used to determine the value of a project that is at an early exploration stage without any Mineral Resources or Ore Reserve estimates was developed and is described in an article published in the CIM bulletin by Kilburn (1990). This method is widely termed the geoscientific method where a series of factors within a project are assessed for their potential.

While this technique is somewhat subjective and open to interpretation it is a method that when applied correctly by a suitably experienced specialist enables an accurate estimate of the value of the project. There are five critical aspects that need to be considered when using a Kilburn or Geoscientific valuation, these are the base acquisition cost, which put simply is the cost to acquire and continue to retain the tenements being valued. The other aspects are the proximity to both adjacent to and along strike of a major deposit (Off Property Factors), the occurrence of a mineral system on the tenement (On Property Factors), the success of previous exploration within the tenement (Anomaly Factors) and the geological prospectivity of the geological terrain covered by the mineral claims or tenements (Geological Factors). In early stage projects often the anomaly factors and geological factors have limited information.

While this valuation method is robust and transparent it can generate a very wide range in valuations, especially when the ranking criteria are assigned to a large tenement. This method was initially developed in Canada where the mineral claims are generally small therefore reducing the potential errors associated with spreading both favourable and unfavourable ranking criteria to be spread over a large tenement. Therefore, VRM either values each tenement or breaks down a larger tenement into areas of higher and lower prospectivity.

Table 4 documents the ranking criteria while the inputs and assumptions that were used to derive the base acquisition cost (BAC) for each tenement are detailed in the valuation section below.

VRM determines the BAC based on the holding cost of maintaining the tenement for the next year. That cost is determined by the minimum exploration commitment required on the tenement. The BAC is derived from the Western Australian DMIRS.

The technical valuation derived from the Kilburn ranking factors are frequently adjusted to reflect the geopolitical risks associated with the location of the project and the current market conditions toward a specific commodity or geological terrain. These adjustments can either increase or decrease the technical value to derive the fair market valuation.

Using the ranking criteria from Table 4 along with the base acquisition costs tabulated in the appendices an overall technical valuation is determined.

The technical valuation can be discounted or increased to derive a market valuation. A market factor was derived to account for the status of the gold and base metal markets which is currently elevated as shown in Figure 22. On that basis, the technical valuations for the gold projects are inflated by 10% for the status of the gold market conditions while the base metal valuations have been discounted by 5% to account for the current base metal market. There has been no discount applied for the, environmental, access, locational or geopolitical risks associated with the projects.

For early stage Projects (where there are no Mineral Resources estimated), VRM considers the Geoscientific (Kilburn) Valuation method to be a very robust and is commonly used valuation method used.

Table 4 Ranking criteria are used to determine the geoscientific technical valuation.

Geoscientific Ranking Criteria				
Rating	Off-property factor	On-property factor	Anomaly factor	Geological factor
0.1				Generally unfavourable geological setting
0.5			Extensive previous exploration with poor results	Poor geological setting
0.9			Poor results to date	Generally unfavourable geological setting, under cover
1.0	No known mineralisation in district	No known mineralisation within	No targets defined	Generally favourable geological setting
1.5	Mineralisation identified	Mineralisation identified	Target identified; initial indications positive	
2.0	Resource targets identified	Exploration targets identified	Significant intersections – not correlated on section	Favourable geological setting
2.5				
3.0	Along strike or adjacent to known mineralisation	Mine or abundant workings with significant previous production	Several significant ore grade intersections that can be correlated	Mineralised zones exposed in prospective host rocks
3.5				
4.0	Along strike from a major mine(s)	Major mine with significant historical production		
5.0	Along strike from world class mine			

5.6.3. Prospectivity Enhancement Multiplier (PEM) Valuation

As outlined in Table 3 above and in the VALMIN Code a cost - based or appraised value method is an appropriate valuation technique for early stage exploration Properties. Under this method, the previous exploration expenditure is assessed as either improving or decreasing the potential of the Property. The prospectivity enhancement multiplier (PEM) involves a factor which is directly related to the success of the exploration expenditure to advance the Property. There are several alternate PEM factors that can be used depending on the specific Property and commodity being evaluated. Onley, (1994) included several guidelines for the use and selection of appropriate PEM criteria. The PEM ranking criteria used in this report are outlined in Table 5 below. VRM considers the PEM valuation method as a secondary valuation method and no higher PEM ranges are used once a JORC 2012 resource has been estimated. In the opinion of the author, it is preferable to use resource multiples for comparable transactions once a JORC 2012 resource has been estimated.

Table 5 Prospectivity Enhancement Multiplier (PEM) ranking criteria

PEM Ranking Criteria	
Range	Criteria
0.2 – 0.5	Exploration downgrade the potential
0.5 – 1	Exploration has maintained the potential
1.0 – 1.3	Exploration has slightly increased the potential
1.3 – 1.5	Exploration has considerably increased the potential
1.5 – 2.0	Limited Preliminary Drilling intersected interesting mineralised intersections
2.0 – 2.5	Detailed Drilling has defined targets with potential economic interest
2.5 – 3.0	A Mineral Resource has been estimated at an Inferred category

VRM has assessed the viability of undertaking a PEM valuation of the projects and has determined that it is not a suitable method especially for the Sylvania project as it is dominated by tenement applications or are very recently granted tenements.

6 Project Valuation

The principal mineral assets valued as a part of this ITAR are the Edjudina, Monument, Newfield gold projects and the Sylvania base metal project. The value of the 17.5% free carried interest in the Queensland projects has been valued based on the transaction whereby DCX divested its 82.5% interest for shares in Carnaby Resources for a total of 5.1 million shares at a deemed price of \$0.25 or a total of \$1.275 million. This results in the remaining 17.5% being valued at approximately \$270,000 however VRM considers that it would be difficult to divest DCX's share in the project. Therefore, the market value of a non-contributing, non-controlling interest in early stage exploration tenure is, at the valuation date, highly uncertain and therefore no value has been attributed to the Queensland tenements.

In VRM's opinion an income valuation approach is not considered a viable valuation method for the Projects given the early stage exploration status of each of the projects. No feasibility studies have been completed and there are only two projects with JORC Mineral Resource Estimates. Therefore, VRM has undertaken a valuation based on several techniques, these being a comparable transaction (Area based multiplier) and a Kilburn or Geoscientific valuation method. Importantly a significant portion of the DCX projects are currently under option or Joint Venture agreements with DCX only having a registered or beneficial interest in a small number of tenements. The equity that DCX is currently earning in most of the Joint Ventures is based on tenement expenditure on an extended timeframe with the expenditure being linked to maintaining the tenements in good standing and meeting the compulsory minimum exploration expenditure. Unlike most Joint Venture agreements there is not a staged earn-in and DCX will, assuming it undertakes the required expenditure, achieve between 80% and 85% of the Joint Venture tenements. On the basis that DCX is undertaking the required expenditure and the JV expenditure is linked to the statutory expenditure VRM considers it is reasonable to assume that DCX will earn its Joint Venture equity in the projects. The area of each of the projects has been determined based on either the current or potential equity that DCX can acquire on the various tenements.

7.1.1 Comparable Transactions – Area Based Multiples

VRM reviewed a series of early stage mineral project transactions in Western Australia over the past five years. A total of 118 transactions were identified as being potentially comparable with the majority of these being for assets where gold was the primary commodity being targeted. An area based multiple was calculated for each transaction to determine the price paid per square kilometre (AUS\$/km²). The area based multiple was then normalised to the transaction date considering the relative gold prices to account for market fluctuations. Given the high variance in values of tenements, small tenements, more advanced projects, tenements containing known mineral fields or abundant occurrences along with projects with large joint venture expenditure on moderate size projects were excluded from the overall dataset. Only transactions for projects with a total area over 100km² were used in determining the comparable multiples. The final set of data used to derive the valuation included 45 transactions as detailed in Appendix A.

From the analysis of completed transactions, VRM determined average, median, and various percentiles of the data at the transaction date as well as normalised to the valuation date (refer Appendix A). The projects that are considered potentially comparable transacted at an area multiple of between \$75/km² and \$28,283/km². The average was \$4,214/km² and the median was \$1,599/km² with the 25th and 75th percentile values being \$520/km² and \$6,340/km². These multiples are based on completed transactions that are generally a mixture of granted tenements and tenement applications, on that basis it is considered reasonable to use these multiples on the various projects.

In VRM's opinion the most suitable and accurate area based multiples for the projects, based on their size, exploration stage and potential is within a range of \$1,000/km² and \$2,500/km² with the preferred multiple being \$1,750/km². In VRM's opinion these multiples should be applied to the Western Australian projects of DiscovEx and Lighthouse.

The area based transaction multiples detailed above as supported by the information in Appendix A have been used along with the tenement areas for each project as determined by the granted tenements or the tenement applications where there are no competing tenement applications to derive the value of each of the projects. VRM notes that three of the DCX projects are included in the comparable transaction database as detailed in Appendix A and that the normalised multiples for these transactions are \$1,599/km² for the transaction where DCX acquired the Monument project in 2016, \$1,516/km² for the initial Joint Venture with Gateway on the Edjudina tenements while the transaction on the Crest Edjudina JV was at \$180/km². While these transactions are directly comparable VRM selected the multiples based on the extended dataset and based the preferred multiples on the median of the comparable transactions.

Table 6 Area Based Comparable Transaction valuation

Comparable Transaction Valuation Summary – Project Basis				
	Project Area (km ²)	Lower (\$1,000/km ²)	Preferred (\$1,750/km ²)	Upper (\$2,500/km ²)
Current DCX Projects				
Edjudina				
(100% DCX and Gateway JV)	473.26	\$0.47	\$0.83	\$1.18
Crest Edjudina JV	292.40	\$0.29	\$0.51	\$0.73
Monument	307.6	\$0.31	\$0.54	\$0.77
Newington				
(Inc various JV's and option tenements)	206.39	\$0.21	\$0.36	\$0.52
Sylvania – DCX 100%	56.82	\$0.06	\$0.10	\$0.14
Total Valuation DCX Tenements (AUS\$)	1336.47	\$1.34	\$2.34	3.34
Transaction Tenements Sylvania Project				
Lighthouse, Crest, Crest JV and Gateway tenements	2072.34	\$2.07	\$3.63	\$5.18
Total Valuation Transaction Tenements (AUS\$)	2072.34	\$2.07	\$3.63	\$5.18

Note the project area is determined by the overall project area multiplied by the current or potential equity of DiscovEx.
Appropriate rounding has been applied to the area and valuation.

Importantly the valuations in Table 6 are for the equity that DCX can acquire in the various projects it is critical to account for the expenditure required to attain that equity. On that basis VRM has determined the expenditure required to earn or acquire the equity in the various projects and deducted that expenditure from the project valuation detailed in Table 6 to determine the value of the projects to DCX as at the valuation date these valuations are documented in Table 7. The value of the Monument project to DCX has been capped at the value that DCX can attain from the divestment of the project. The value of the Crest JV within the Sylvania project has been determined as the tenement value of the Crest JV tenements less the expenditure that is required for Lighthouse to attain its JV interest in the JV.

Table 7 Value of the various Projects to DCX at the valuation date - Comparable Transactions Method

Value of DCX Equity at Valuation Date – Project Basis			
	Lower	Preferred	Upper
Current DCX Projects			
Edjudina Project	\$0.47	\$0.83	\$1.18
Crest Edjudina JV	\$0.29	\$0.51	\$0.73
Expenditure Required on Crest Edjudina JV	\$0.28	\$0.28	\$0.28
Value of Crest Edjudina JV to DCX	\$0.01	\$0.23	\$0.45
Monument (capped at option value)	\$0.31	\$0.54	\$0.58
Newington (Inc various JV's and option tenements)	\$0.21	\$0.36	\$0.52
Expenditure Required to acquire equity	\$1.2	\$1.2	\$1.2
Value of Newington to DCX	\$0	\$0	\$0
Sylvania – DCX 100%	\$0.06	\$0.10	\$0.14
Value of DCX Mineral Assets (AUS\$ million)	\$0.9	\$1.7	\$2.3
Transaction Tenements Sylvania Project			
Lighthouse, Crest, Crest JV and Gateway tenements	\$2.07	\$3.63	\$5.18
Expenditure Required Crest Sylvania JV	\$0.45	\$0.45	\$0.45
Total Valuation Sylvania Project (AUS\$ million)	\$1.6	\$3.2	\$4.7

Notes: Appropriate rounding has been done to the totals and the totals may not add due to rounding.

The required Crest Edjudina JV of \$277,790 has been determined based on the minimum expenditure for the past year for the granted tenements and assuming that all the tenement applications are granted shortly.

The Crest Sylvania JV totals \$450,000 (two years at \$225,000 each year) assumes that the tenement applications are granted shortly.

The Newington required expenditure is based on the exercise of the Gateway option (\$300,000), the remaining JV expenditure on the Newfield tenements (\$430,000) and the exploration commitment of \$550,000 less the form 5 expenditure of (\$81,448) reported in the last year for a total remaining expenditure requirement of approximately \$1.2 million.

The Monument project value is capped at \$575,000, being the value of the option whereby DCX is divesting the project.

VRM considers the Mineral Assets being the Edjudina, Monument, Newfield, the single DCX Sylvania tenement to have a market value (after accounting for the expenditure required to earn the DCX equity),

based on the area based comparable transaction method of between \$0.9 million and \$2.3 million with a preferred valuation of \$1.7 million.

The Sylvania Project consisting of the Lighthouse, Crest and Gateway tenements and the Crest JV tenements are estimated by VRM to have a market value, based on the area based comparable transaction method of between \$1.6 million and \$4.7 million with a preferred valuation of \$3.2 million.

7.1.2 Geoscientific Valuation

There are several specific inputs that are critical in determining a valid Geoscientific or Kilburn valuation, these are ensuring that the specialist undertaking the valuation has a good understanding of the mineralisation styles within the overall region, the tenements and has access to all the exploration and geological information to ensure that the rankings are based on a thorough knowledge of the projects. In addition to ensuring the rankings are correct deriving the base acquisition costs (BAC) is critical as that is the primary driver of the final value. In this case the BAC is derived by the exploration commitment to maintain the tenement in good standing while the costs of the tenement applications, annual tenement rents and targeting have not been included.

The Geoscientific rankings were derived for each of the Kilburn ranking criteria with the off property criteria, on property criteria, the anomaly factor and geology criteria estimated for each tenement following the ratings listed in Table 4. When these ranking criteria are combined with the base acquisition cost both of which are detailed in Appendix B with additional discounts for the equity that DCX has, has the right to earn, or the potential equity on the Sylvania project in the various tenements. An additional discount of 50% has been applied for tenement applications to account for the uncertainty associated with the grant of the tenements including heritage, environmental or regulatory delays in any grant of the tenements. The ranking criteria, BAC, equity and tenement grant status are multiplied to determine the technical value as summarised for each project in Table 8.

Table 8 Technical Valuation for the DiscovEx exploration tenements

Geoscientific Technical Valuation Summary by Project			
Project	Lower (\$)	Preferred (\$)	Upper (\$)
Current DCX Projects			
Edjudina			
(100% DCX and Gateway JV)	\$311,800	\$693,600	\$1,075,400
Crest Edjudina JV	\$164,400	\$345,600	\$526,800
Monument	\$476,600	\$960,100	\$1,464,000
Newington			
(Inc various JV's and option tenements)	\$533,000	\$1,130,150	\$1,727,300
Sylvania - DCX	\$16,500	\$28,350	\$40,200
Total Valuation DCX Tenements (AUS\$)	\$1,502,300	\$3,157,800	\$4,833,700
Transaction Tenements - Sylvania Project			
Sylvania	\$876,600	\$1,572,400	\$2,268,200
Total Valuation Transaction Tenements (AUS\$)	\$876,600	\$1,572,400	\$2,268,200

Note Appropriate rounding has been undertaken and totals may not add due to rounding.

Table 8 details the technical value of the exploration potential of the tenement while the Market Value of the project is based on a location and market discount or premium. The current gold market is considered to represent a premium and therefore a factor of 10% was applied to the technical value to account for the current market while the base metal market is considered to be slightly depressed and therefore a 5% reduction has been assigned to the Sylvania project. The Sylvania project has been discounted and treated as a Base Metal Project due to the historical and previous exploration all being for base metals and no or minimal previous gold exploration within the Sylvania project. VRM does note that DCX has reported that it intends to explore the project for gold and base metals. The location of the licences is considered favourable and therefore no geopolitical or environmental adjustment was applied. Overall, the market valuation is detailed in Table 9.

Table 9 Market Valuation for the DiscovEx exploration tenements

Geoscientific Market Valuation Summary by Project			
Project	Lower (\$)	Preferred (\$)	Upper (\$)
Current DCX Projects			
Edjudina	\$0.4	\$0.8	\$1.2
Crest Edjudina JV	\$0.2	\$0.4	\$0.6
Monument	\$0.5	\$1.1	\$1.7
Newington (Inc various JV's and option tenements)	\$0.6	\$1.2	\$1.9
Sylvania - DCX	\$0.02	\$0.03	\$0.04
Total Valuation DCX Tenements (AUS\$)	\$1.7	\$3.6	\$5.3
Transaction Tenements – Combined Sylvania Project			
Sylvania	\$0.9	\$1.5	\$2.2
Total Valuation Transaction Tenements (AUS\$)	\$0.9	\$1.5	\$2.2

Note totals may not sum due to rounding and appropriate rounding has been undertaken.

As has been undertaken for the Market based valuations above VRM has deducted the expenditure required for DCX to acquire its equity in the various projects from the market value of the tenements detailed in Table 9 with the value of the DCX equity (at the valuation date) in the various projects using the geoscientific method being detailed in Table 11 below. Importantly this methodology assumes that the future expenditure on the project tenements does not significantly improve or reduce the value of the project tenements and that DCX will continue with the various Joint Ventures. There is a risk that DCX will elect to withdraw from the various JV's and not earn the equity that it is entitled to earn in the projects due to poor exploration results or other factors.

Table 10 Value of the various Projects to DCX at the valuation date - Geoscientific Method

Geoscientific Market Valuation Summary by Project			
Project	Lower (\$ million)	Preferred (\$ million)	Upper (\$ million)
Current DCX Projects			
Edjudina			
(Gateway JV and DCX tenements)	\$0.35	\$0.77	\$1.18
Crest Edjudina JV tenements	\$0.19	\$0.39	\$0.56
Required Expenditure	\$0.28	\$0.28	\$0.28
Value of Crest Edjudina JV to DCX	\$0	\$0.11	\$0.28
Monument tenements	\$0.52	\$1.1	\$1.7
Monument Capped at the Option Value	\$0.52	\$0.575	\$0.575
Newington tenements (Inc various JV's and option tenements)	\$0.58	\$1.24	\$1.88
Required Expenditure	\$1.2	\$1.2	\$1.2
Value of Newington to DCX	\$0	\$0.04	\$0.68
Sylvania - DCX	\$0.02	\$0.03	\$0.04
Total Valuation DCX Tenements (AUS\$ million)	\$0.9	\$1.5	\$2.8
Transaction Tenements – Sylvania Project			
Sylvania	\$0.86	\$1.53	\$2.20
Required Expenditure on Crest Sylvania JV	\$0.45	\$0.45	\$0.45
Total Valuation Transaction Tenements (AUS\$)	\$0.4	\$1.1	\$1.8

Notes: Appropriate rounding has been done to the totals and the totals may not add due to rounding.

The required Crest Edjudina JV of \$277,790 has been determined based on the minimum expenditure for the past year for the granted tenements and assuming that all the tenement applications are granted shortly.

The Crest Sylvania JV totals \$450,000 (two years at \$225,000 each year) assumes that the tenement applications are granted shortly.

The Newington required expenditure is based on the exercise of the Gateway option (\$300,000), the remaining JV expenditure on the Newfield tenements (\$430,000) and the exploration commitment of \$550,000 less the form 5 expenditure of (\$81,448) reported in the last year for a total remaining expenditure requirement of approximately \$1.2 million.

The Monument project value is capped at \$575,000, being the value of the option whereby DCX is divesting the project.

For the DiscovEx exploration properties the market valuation as determined by the Geoscientific or Kilburn valuation method and detailed in Table 10 has resulted in a value between \$0.9 million and \$2.8 million with a preferred valuation of \$1.5 million. While the Lighthouse tenements potentially being acquired by DCX are estimated to be between \$0.4 million and \$1.8 million with a preferred valuation of \$1.1 million.

VRM does note that the valuation range for the Lighthouse tenements, as determined by the Geoscientific or Kilburn method of \$0.4 - \$1.8 million is lower than the range determined by the comparable transaction method of \$1.6 – \$4.7 million. While there is some overlap in the ranges the difference is due to the large proportion of the Sylvania Project tenements being applications which under the Geoscientific or Kilburn method has been discounted by 50% to account for the tenement applications. In addition to the discount to the valuation due to the tenement applications this method is considered to undervalue the gold exploration potential of the Sylvania project due to the lack of previous gold exploration, the lack of other previous workings in the area and no gold historical workings. Overall VRM considers that the Geoscientific or Kilburn method remains a valid and viable valuation method however in this case it is only used as a secondary valuation / cross check of the validity of the comparable transaction valuation method.

8 Risks and Opportunities

As with all mineral assets there are several risks and opportunities, therefore these risks and opportunities are also linked to the valuation of those assets. Some non-geological or mining related technical risks and opportunities that are common to most projects include the risks associated with security of tenure, native title claims, environmental approvals, social, geopolitical and regulatory approval risks.

As with all exploration projects, a key technical risk is that further exploration will not result in identifying a body of mineralisation sufficiently large to be considered an economic resource. These risks have been considered in this valuation and to the extent possible have been included in the market values of the projects.

One additional risk in this valuation is the contractual risks associated with the large number of Joint Ventures where DCX does not hold a beneficial or registerable interest in the tenements until specific tenement expenditure commitments have been met, some of these expenditure commitments are over an extended timeframe with no direct DCX equity in some of the Crest Edjudina JV tenements for three years. This risk is considered minimal as there are reported to be legally binding Joint Venture agreements in place which, should the expenditure be achieved, result in DCX attaining an 80% interest in the tenements.

Additional risks are associated with the Lighthouse tenements due to most of the tenements being applications however the risk of these tenements not being granted is considered to be minimal as they cover areas that have previously been granted and it is considered likely that the grant of the tenements should progress via the standard regulatory approvals process.

9 Preferred Valuations

Based on the valuation techniques detailed above, Table 11 provides a summary of the valuations derived by the various techniques with the preferred valuation range documented in Table 12.

The preferred valuation that VRM has determined is based on the comparable transaction. This valuation is supported by the geoscientific / Kilburn method is considered a secondary valuation method. A PEM valuation was not undertaken as a large number of the tenements are either applications, relatively new leases, are very early stage / conceptual tenements or tenements with minimal recent exploration. This method would in this case would likely undervalue the exploration potential within the tenements.

Table 11 DiscovEx Mineral Assets Valuation Summary by method

Valuation summary by various methods					
Valuation Technique	Valuation Type	Project	Lower (\$M)	Preferred (\$M)	Upper (\$M)
Comparable Transactions	Primary	DCX Projects	\$0.9	\$1.7	\$2.3
		Lighthouse Projects	\$1.6	\$3.2	\$4.7
Kilburn / Geoscientific	Secondary	DCX Projects	\$0.9	\$1.5	\$2.8
		Lighthouse Projects	\$0.4	\$1.1	\$1.8

Table 12 Mineral Assets Valuation as at 18 January 2021

Comparable transaction valuation summary			
	Lower	Preferred	Upper
Current DCX Projects			
Edjudina (100% DCX and Gateway JV)	\$0.47	\$0.83	\$1.18
Crest Edjudina JV	\$0.01	\$0.23	\$0.45
Monument	\$0.31	\$0.54	\$0.58
Newington (various JV's and option tenements)	\$0	\$0	\$0
Sylvania – DCX 100%	\$0.06	\$0.10	\$0.14
Total Valuation DCX Tenements (AUS\$)	\$0.9	\$1.70	\$2.3
Transaction Tenements - Sylvania Project			
Lighthouse, Crest, Crest JV and Gateway tenements	\$1.6	\$3.2	\$4.7
Total Valuation Transaction Tenements (AUS\$)	\$1.6	\$3.2	\$4.7

Note the totals may not add due to rounding.

In VRM's opinion the valuation of the Mineral Assets currently owned by DiscovEx as outlined in Table 12, ranges from \$0.9 million to \$2.3 million with a preferred valuation of \$1.7 million and the projects owned by Lighthouse are between \$1.6 million to \$4.7 million with a preferred valuation of \$3.2 million.

10 References

The references below document the main documents referred to in this report however the various ASX releases for the various companies including DiscovEx Resources have not been included in the reference list

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11 Glossary

Below are brief descriptions of some terms used in this report. For further information or for terms that are not described here, please refer to internet sources such as Webmineral www.webmineral.com, Wikipedia www.wikipedia.org,

The following terms are taken from the 2015 VALMIN Code

Annual Report means a document published by public corporations on a yearly basis to provide shareholders, the public and the government with financial data, a summary of ownership and the accounting practices used to prepare the report.

Australasian means Australia, New Zealand, Papua New Guinea and their off-shore territories.

Code of Ethics means the Code of Ethics of the relevant Professional Organisation or Recognised Professional Organisations.

Corporations Act means the Australian Corporations Act 2001 (Cth).

Experts are persons defined in the Corporations Act whose profession or reputation gives authority to a statement made by him or her in relation to a matter. A Practitioner may be an Expert. Also see Clause 2.1.

Exploration Results is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

Feasibility Study means a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre-feasibility Study.

Financial Reporting Standards means Australian statements of generally accepted accounting practice in the relevant jurisdiction in accordance with the Australian Accounting Standards Board (AASB) and the Corporations Act.

Independent Expert Report means a Public Report as may be required by the Corporations Act, the Listing Rules of the ASX or other security exchanges prepared by a Practitioner who is acknowledged as being independent of the Commissioning Entity. Also see ASIC Regulatory Guides RG 111 and RG 112 as well as Clause 5.5 of the VALMIN Code for guidance on Independent Expert Reports.

Information Memoranda means documents used in financing of projects detailing the project and financing arrangements.

Investment Value means the benefit of an asset to the owner or prospective owner for individual investment or operational objectives.

Life-of-Mine Plan means a design and costing study of an existing or proposed mining operation where all Modifying Factors have been considered in sufficient detail to demonstrate at the time of reporting that extraction is reasonably justified. Such a study should be inclusive of all development and mining activities proposed through to the effective closure of the existing or proposed mining operation.

Market Value means the estimated amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should exchange on the date of Valuation between a willing

buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. Also see Clause 8.1 for guidance on Market Value.

Materiality or being **Material** requires that a Public Report contains all the relevant information that investors and their professional advisors would reasonably require, and reasonably expect to find in the report, for the purpose of making a reasoned and balanced judgement regarding the Technical Assessment or Mineral Asset Valuation being reported. Where relevant information is not supplied, an explanation must be provided to justify its exclusion. Also see Clause 3.2 for guidance on what is Material.

Member means a person who has been accepted and entitled to the post-nominals associated with the AIG or the AusIMM or both. Alternatively, it may be a person who is a member of a Recognised Professional Organisation included in a list promulgated from time to time.

Mineable means those parts of the mineralised body, both economic and uneconomic, that are extracted or to be extracted during the normal course of mining.

Mineral Asset means all property including (but not limited to) tangible property, intellectual property, mining and exploration Tenure and other rights held or acquired in connection with the exploration, development of and production from those Tenures. This may include the plant, equipment and infrastructure owned or acquired for the development, extraction and processing of Minerals in connection with that Tenure.

Most Mineral Assets can be classified as either:

- (a) **Early-stage Exploration Projects** – Tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified;
- (b) **Advanced Exploration Projects** – Tenure holdings where considerable exploration has been undertaken and specific targets identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category;
- (c) **Pre-Development Projects** – Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken;
- (d) **Development Projects** – Tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a Pre-Feasibility Study;
- (e) **Production Projects** – Tenure holdings – particularly mines, wellfields and processing plants – that have been commissioned and are in production.

Mine Design means a framework of mining components and processes taking into account mining methods, access to the Mineralisation, personnel, material handling, ventilation, water, power and other technical requirements spanning commissioning, operation and closure so that mine planning can be undertaken.

Mine Planning includes production planning, scheduling and economic studies within the Mine Design taking into account geological structures and mineralisation, associated infrastructure and constraints, and other relevant aspects that span commissioning, operation and closure.

Mineral means any naturally occurring material found in or on the Earth's crust that is either useful to or has a value placed on it by humankind, or both. This excludes hydrocarbons, which are classified as Petroleum.

Mineralisation means any single mineral or combination of minerals occurring in a mass, or deposit, of economic interest. The term is intended to cover all forms in which mineralisation might occur, whether by class of deposit, mode of occurrence, genesis or composition.

Mineral Project means any exploration, development or production activity, including a royalty or similar interest in these activities, in respect of Minerals.

Mineral Securities means those Securities issued by a body corporate or an unincorporated body whose business includes exploration, development or extraction and processing of Minerals.

Mineral Resources is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

Mining means all activities related to extraction of Minerals by any method (e.g. quarries, open cast, open cut, solution mining, dredging etc).

Mining Industry means the business of exploring for, extracting, processing and marketing Minerals.

Modifying Factors is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

Ore Reserves is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

Petroleum means any naturally occurring hydrocarbon in a gaseous or liquid state, including coal-based methane, tar sands and oil-shale.

Petroleum Resource and **Petroleum Reserve** are defined in the current version of the Petroleum Resources Management System (PRMS) published by the Society of Petroleum Engineers, the American Association of Petroleum Geologists, the World Petroleum Council and the Society of Petroleum Evaluation Engineers. Refer to <http://www.spe.org> for further information.

Practitioner is an Expert as defined in the Corporations Act, who prepares a Public Report on a Technical Assessment or Valuation Report for Mineral Assets. This collective term includes Specialists and Securities Experts.

Preliminary Feasibility Study (Pre-Feasibility Study) means a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors that are sufficient for a Competent Person, acting reasonably, to determine if all or part of the Mineral Resources may be converted to an Ore Reserve at the time of reporting. A Pre-Feasibility Study is at a lower confidence level than a Feasibility Study.

Professional Organisation means a self-regulating body, such as one of engineers or geoscientists or of both, that:

- (a) admits members primarily on the basis of their academic qualifications and professional experience;
- (b) requires compliance with professional standards of expertise and behaviour according to a Code of Ethics established by the organisation; and
- (c) has enforceable disciplinary powers, including that of suspension or expulsion of a member, should its Code of Ethics be breached.

Public Presentation means the process of presenting a topic or project to a public audience. It may include, but not be limited to, a demonstration, lecture or speech meant to inform, persuade or build good will.

Public Report means a report prepared for the purpose of informing investors or potential investors and their advisers when making investment decisions, or to satisfy regulatory requirements. It includes, but is not limited to, Annual Reports, Quarterly Reports, press releases, Information Memoranda, Technical Assessment Reports, Valuation Reports, Independent Expert Reports, website postings and Public Presentations. Also see Clause 5 for guidance on Public Reports.

Quarterly Report means a document published by public corporations on a quarterly basis to provide shareholders, the public and the government with financial data, a summary of ownership and the accounting practices used to prepare the report.

Reasonableness implies that an assessment which is impartial, rational, realistic and logical in its treatment of the inputs to a Valuation or Technical Assessment has been used, to the extent that another Practitioner with the same information would make a similar Technical Assessment or Valuation.

Royalty or Royalty Interest means the amount of benefit accruing to the royalty owner from the royalty share of production.

Securities has the meaning as defined in the Corporations Act.

Securities Expert are persons whose profession, reputation or experience provides them with the authority to assess or value Securities in compliance with the requirements of the Corporations Act, ASIC Regulatory Guides and ASX Listing Rules.

Scoping Study means an order of magnitude technical and economic study of the potential viability of Mineral Resources. It includes appropriate assessments of realistically assumed Modifying Factors together with any other relevant operational factors that are necessary to demonstrate at the time of reporting that progress to a Pre-Feasibility Study can be reasonably justified.

Specialist are persons whose profession, reputation or relevant industry experience in a technical discipline (such as geology, mine engineering or metallurgy) provides them with the authority to assess or value Mineral Assets.

Status in relation to Tenure means an assessment of the security of title to the Tenure.

Technical Assessment is an evaluation prepared by a Specialist of the technical aspects of a Mineral Asset. Depending on the development status of the Mineral Asset, a Technical Assessment may include the review of geology, mining methods, metallurgical processes and recoveries, provision of infrastructure and environmental aspects.

Technical Assessment Report involves the Technical Assessment of elements that may affect the economic benefit of a Mineral Asset.

Technical Value is an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations.

Tenure is any form of title, right, licence, permit or lease granted by the responsible government in accordance with its mining legislation that confers on the holder certain rights to explore for and/or extract agreed minerals that may be (or is known to be) contained. Tenure can include third-party ownership of the Minerals (for example, a royalty stream). Tenure and Title have the same connotation as Tenement.

Transparency or being **Transparent** requires that the reader of a Public Report is provided with sufficient information, the presentation of which is clear and unambiguous, to understand the report and not be misled by this information or by omission of Material information that is known to the Practitioner.

Valuation is the process of determining the monetary Value of a Mineral Asset at a set Valuation Date.

Valuation Approach means a grouping of valuation methods for which there is a common underlying rationale or basis.

Valuation Date means the reference date on which the monetary amount of a Valuation in real (dollars of the day) terms is current. This date could be different from the dates of finalisation of the Public Report or the cut-off date of available data. The Valuation Date and date of finalisation of the Public Report **must** not be more than 12 months apart.

Valuation Methods means a subset of Valuation Approaches and may represent variations on a common rationale or basis.

Valuation Report expresses an opinion as to monetary Value of a Mineral Asset but specifically excludes commentary on the value of any related Securities.

Value means the Market Value of a Mineral Asset.

Appendix A - Comparable Gold transactions

Project	Date	Purchaser	Vendor	Consideration (100% basis) (A\$M)	Equity Acquired (%)	Area (km ²)	VRM Area Multiple (A\$/km ²)	VRM Area Multiple Normalised (A\$/km ²)
Jillewarra Project	Oct-20	S2 Resources	Black Raven Mining	11.76	51%	790	\$14,886.08	\$13,325.94
Porphyry Project	Sep-20	Pacific American	Salazar	2.29	35%	114.76	\$19,954.69	\$17,894.15
Reedy South Project	Sep-20	White Cliff Minerals	Investor Group	0.85	100%	156	\$5,448.72	\$4,886.08
EL38/3302	Sep-20	Tigers Paw	Trigg Mining	0.12	100%	293.85	\$408.37	\$366.20
Phantom tenements	Sep-20	Carawine Resources	Phantom Resources	0.23	100%	1,004.65	\$228.94	\$205.30
Thunderstruck	Sep-20	Carawine Resources	Thunderstruck Investments	0.26	90%	168.14	\$1,546.33	\$1,386.65
Side Well Project	Jul-20	Great Boulder	Zebina	1.13	75%	131.74	\$8,577.50	\$7,782.47
Yarri East	Jul-20	Black Cat Syndicate	Investor Group	0.2	100%	210	\$952.38	\$864.11
Biranup Project	Jul-20	New Energy Metals	VRX Silica	1.25	100%	393	\$3,180.66	\$2,885.85
Mt Magnet Project	Jul-20	Blaze International	Eastern Goldfields	1.25	100%	147	\$8,503.40	\$7,715.23
Pincunah and Jimblebar	Jul-20	Trek Metals	Australian Commercial	0.4	100%	265	\$1,509.43	\$1,369.53
Meentheena and Coongan	Jul-20	Azure Minerals	Creasy Group	2.57	70%	884	\$2,907.24	\$2,637.77
Gidgee Project	Jul-20	Gateway Mining	Golden Mile Resources	1.24	51%	421.62	\$2,941.04	\$2,668.44
78 tenements	Jun-20	Novo Resources	Creasy Group	9.24	100%	2,232.00	\$4,139.78	\$3,929.86
Challa Project	Jun-20	Platina Resources	Investor Group	0.23	100%	293	\$784.98	\$745.18
Koongulla Project	Jun-20	Boadicea Resources	Undisclosed	0.02	95%	240	\$83.33	\$79.11
Pascalie and Gnama	Jun-20	Scandi Vanadium	Thomas Edward Langley	1.32	100%	118	\$11,186.44	\$10,619.18
Wells Group	Apr-20	NTM Gold	Kingwest Resources	0.13	100%	426	\$305.16	\$272.88
Polelle Project	Apr-20	Castle Minerals	Investor Group	1.01	100%	144.5	\$6,989.62	\$6,250.13
Two tenements	Apr-20	Bulletin Resources	Encounter Resources	0.03	100%	198	\$151.52	\$135.49
Jundee South	Apr-20	Avenira	Faurex	0.35	100%	720	\$486.11	\$434.68
Crest tenements	Mar-20	DiscovEx Resources	Crest Investment Group	0.06	80%	310	\$193.55	\$180.39
Sandstone Project	Feb-20	Westar Resources	Rafaella Resources	0.15	100%	255.89	\$586.19	\$583.43
Desdemona South Project	Dec-19	Genesis Minerals	Kin Mining	1.67	60%	156	\$10,705.13	\$11,889.20
NWA Ni Sulphide &	Dec-19	Dreadnought	Gianni Peter	1.1	100%	146.37	\$7,515.20	\$8,346.44
Edjudina Project	Nov-19	Syndicated Metals	Gateway Mining	0.31	80%	226.34	\$1,369.62	\$1,516.48
Fourteen tenements	Nov-19	Golden Mile	Chalice Gold Mines	0.2	100%	455.85	\$438.74	\$485.79
Tempest Project	Nov-19	Nelson Resources	Undisclosed	0.02	100%	105	\$190.48	\$210.90

Project	Date	Purchaser	Vendor	Consideration (100% basis) (A\$M)	Equity Acquired (%)	Area (km ²)	VRM Area Multiple (A\$/km ²)	VRM Area Multiple Normalised (A\$/km ²)
Zuleika Project	Oct-19	Dampier Gold	Torian Resources	3.33	30%	222	\$15,000.00	\$16,275.86
Whiteheads Project	Aug-19	Great Boulder	Zebina Minerals	0.67	75%	185	\$3,621.62	\$3,900.05
Lake Rebecca Project	Jul-19	Bulletin	Matsa Resources	0.16	80%	172	\$930.23	\$1,096.50
E59/2310 and E59/2309	Mar-19	Blaze Internationa	IronClad Prospecting	0.14	100%	132.25	\$1,058.60	\$1,373.91
Bronzewing South Project	Mar-19	Hammer Metals	Investor Group	0.55	100%	111	\$4,954.95	\$6,430.79
Abbotts Project	Oct-18	Thundelarra	Doray Minerals	0.18	100%	450	\$400.00	\$557.65
Three tenements	Sep-18	Nexus Minerals	Newmont Mining	0.01	100%	190	\$52.63	\$75.43
45/4807	Jun-18	Rio	Alloy Resources	0.77	70%	424.02	\$1,815.95	\$2,533.51
South Yamarna	Feb-18	GoldRoad Resources	Sumitomo	14	50%	2,467.00	\$5,674.91	\$8,004.62
Two Licences	Feb-18	Riversgold Resources	Alloy Resources	0.21	70%	321.57	\$653.05	\$921.14
Cue Project	Sep-17	Cue Consolidated	Western Mining	0.72	100%	462	\$1,558.44	\$2,256.37
West Pilbara Gold	Sep-16	Chalice Gold	Red Hill Iron	1.96	51%	1,390.00	\$1,410.07	\$1,919.54
Monument Gold Project	Jul-16	Syndicated Metals	Monument Exploration	0.25	100%	210	\$1,190.48	\$1,599.21
Mount Fisher	May-16	Doray Minerals	Rox Resources	9.8	51%	480	\$20,416.67	\$28,283.33
Mt Gill & Kurrajong	May-16	GoldRoad Resources	Breaker Resources	0.05	100%	221	\$226.24	\$313.42
Kalgoorlie and Menzies	Mar-16	Intermin Resources	Metaliko Resources	0.38	100%	141	\$2,695.04	\$3,868.82
MGK Resources	Sep-15	Latitude Consolidated	Private Consortium	0.11	80%	297	\$370.37	\$554.71

Note only projects over 100km² have been included and several Joint Ventures where there was an abnormally high earn-in and uncertain expenditure hurdles have been excluded. An analysis of this dataset resulted in the following multiples. Yellow highlighted normalised values are transactions that are associated with the projects being valued in this report.

	Non Normalised Multiples (\$/km ²)	Normalised Multiples (\$/km ²)
Average	\$3,960.00	\$4,214.04
Median	\$1,509.43	\$1,599.21
25th Percentile	\$423.56	\$520.25
75th Percentile	\$5,561.81	\$6,340.46
Maximum	\$20,416.67	\$28,283.33
Minimum	\$52.63	\$75.43

Based on this analysis VRM considers given the early stage of the projects that a valuation based on a range of comparable transaction multiples from \$1,000/km² to \$2,500/km² with a preferred multiple of \$1,750/km² is reasonable for the DiscovEx Resources Projects.

Appendix B - Geoscientific Valuation

Geoscientific Rankings for each tenement, note a 50% reduction in the valuation was applied to tenement applications to account for risks of the tenement being granted due to environmental, social or regulatory delays. The ranking criteria are determined based on Table 4. The Technical Valuation and Market Valuations in Appendix B are the value of the equity that DCX can acquire in tenements before the exploration expenditure commitments required to be spent by DCX to earn the JV equity in the tenements being deducted from the values in these tables.

Tenements	Project	Status	Blocks	Area Ha	BAC (AUS\$)	Equity	Grant Discount	Off Property		On Property		Anomaly Factor		Geology Factor	
								Low	High	Low	High	Low	High	Low	High
E77/2602	Newington	Live	18		20,000	100%	100%	1.5	2	1	1.3	1	1.3	1	1.5
E77/2604	Newington	Live	4		15,000	100%	100%	1	1.1	1	1.1	0.9	1	0.8	1.2
E77/2605	Newington	Live	8		20,000	100%	100%	1	1.1	1	1.1	0.9	1	0.1	0.5
E77/2309	Newington	Live	45		90,000	100%	100%	2	2.5	1.1	1.5	1	1.3	0.9	1.5
M77/422	Newington	Live		85.51	10,000	85%	100%	2	2.5	2	2.5	1.5	2	2	2.5
M77/846	Newington	Live		38.87	10,000	85%	100%	2	2.5	2	2.5	1.5	2	2	2.5
P77/4397	Newington	Live		49.39	2,000	80%	100%	1	1.1	1	1.1	1	1.2	0.5	1.5
E77/2200	Newington	Live	5		30,000	80%	100%	1	1.1	1	1.1	1	1.3	0.5	0.8
E77/2326	Newington	Live	4		20,000	80%	100%	2	3	1.5	2	1.5	2	1	1.5
E77/2558	Newington	Live	2		15,000	80%	100%	1.5	2	1.3	1.5	1	1.5	1	1.5
E39/1846	Monument	Live	1		15,000	100%	100%	1.5	2	1.2	1.6	1.2	1.5	1	1.5
E39/1866	Monument	Live	69		103,500	100%	100%	1.5	2	1.5	2	1.3	1.5	1	1.5
E39/2024	Monument	Live	1		10,000	100%	100%	1.5	2	1.5	2	1.3	1.5	1	1.5
E39/2035	Monument	Live	10		20,000	100%	100%	1	1.5	1	1.2	0.9	1	0.1	0.5
E39/2036	Monument	Live	18		20,000	100%	100%	1	1.5	1	1.2	0.9	1	0.1	0.5
E39/2139	Monument	Live	1		10,000	100%	100%	1.5	2	1	1.5	1	1.3	1	1.5
P39/5456	Monument	Live		120	4,800	100%	100%	1.5	2	1	1.5	1	1.5	0.9	1.5
P39/5457	Monument	Live		170	6,800	100%	100%	1.5	2	1	1.2	1	1.3	0.9	1.2
P39/5519	Monument	Live		20.02	2,000	100%	100%	1.5	2	1	1.2	1	1.3	0.9	1.2
P39/5837	Monument	Live		155	6,200	100%	100%	1.5	2	1	1.2	1	1.3	0.1	0.5
P39/5855	Monument	Live		71.48	2,880	100%	100%	1.5	2	1	1.2	1	1.3	0.1	0.5
P39/5880	Monument	Live		122	4,880	100%	100%	1	1.5	1	1.1	0.9	1.1	0.9	1.1
P39/5881	Monument	Application		122	4,880	100%	50%	1	1.5	1	1.1	0.9	1.1	0.9	1.1
P39/5882	Monument	Application		119	4,760	100%	50%	1	1.5	1	1.1	0.9	1.1	0.9	1.1
P39/5899	Monument	Live		199	7,960	100%	100%	1	1.5	1	1.2	1	1.3	0.9	1.2
P39/5910	Monument	Live		200	8,000	100%	100%	1	1.5	1	1.2	1	1.3	0.9	1.2
P39/6031	Monument	Application		161	6,440	100%	50%	1	1.5	1	1.1	0.9	1.1	0.5	1.1

Tenements	Project	Status	Blocks	Area Ha	BAC (AUS\$)	Equity	Grant Discount	Off Property		On Property		Anomaly Factor		Geology Factor	
								Low	High	Low	High	Low	High	Low	High
P39/6051	Monument	Live		120.0293	4,840	100%	100%	1.5	2	1	1.2	1	1.3	0.1	0.5
P39/6052	Monument	Live		137.4896	5,520	100%	100%	1.5	2	1	1.2	1	1.3	0.5	1
P39/6053	Monument	Live		200.3567	8,040	100%	100%	2	2.5	1	1.2	1	1.3	0.9	1.2
P39/6054	Monument	Live		145.3076	5,840	100%	100%	2	2.5	1	1.2	1	1.3	0.9	1.2
P39/6055	Monument	Application		158.0495	6,322	100%	50%	2	2.5	1	1.2	1	1.3	0.9	1.2
P39/6056	Monument	Application		160.6743	6,427	100%	50%	1.5	2	1	1.2	1	1.3	0.9	1.1
P39/6057	Monument	Application		182.4775	7,299	100%	50%	1.5	2	1	1.2	1	1.3	1	1.1
P39/6058	Monument	Application		182.9451	7,318	100%	50%	1.5	2	1	1.2	1	1.3	0.9	1.1
E39/1765	Edjudina	Live	26		52,000	80%	100%	2.5	3	1.5	2	1.5	2	1	1.5
E39/1882	Edjudina	Live	36		49,500	80%	100%	1	1.5	1	1.5	1	1.5	0.5	0.9
E39/1882	Edjudina	Live	36		4,500	80%	100%	2.5	3	1.5	2	1.5	2	0.9	1.5
E39/2181	Edjudina	Application	12		20,000	100%	50%	1	1.2	1	1.5	1	1.5	0.5	0.8
E39/2182	Edjudina	Application	30		30,000	100%	50%	1	1.2	1	1.5	1	1.5	0.5	0.8
E39/2178	Edjudina	Application	49		49,000	100%	50%	1	1.2	1	1.5	1	1.5	0.5	0.8
E39/2186	Edjudina	Application	18		20,000	100%	50%	1.5	2	1	1.2	1	1.2	1	1.2
E28/2884	Edjudina	Live	12		20,000	80%	100%	1.2	2	1	1.2	1	1.2	0.5	1
E31/1198	Edjudina	Application	25		25,000	80%	50%	1	1.5	1	1.2	0.9	1.2	0.8	1
E31/1187	Edjudina	Live	42		42,000	80%	100%	1	1.2	1	1.2	0.9	1.2	0.5	1
E39/2102	Edjudina	Live	21		21,000	80%	100%	2	2.5	1	1.2	1	1.2	1	1.5
E31/1227	Edjudina	Application	12		20,000	80%	50%	2	2.5	1.5	2	1	1.5	1.5	2
E31/1219	Edjudina	Application	8		20,000	80%	50%	2	2.5	1	1.5	0.9	1.3	1	1.5
P31/2125	Edjudina	Application		37.00	2,000	80%	50%	2	2.5	1	1.5	1	1.2	2	2.5
P31/2126	Edjudina	Live		184.87	7,395	80%	100%	2	2.5	1	1.5	1	1.2	2	2.5
E39/2126	Edjudina	Live	3		15,000	80%	100%	2	2.5	1	1.3	1	1.2	0.9	1.2
E46/1341	Sylvania	Live	28		28,000	100%	100%	1	1.1	1	1.2	0.9	1.3	0.9	1.1
E46/1342	Sylvania	Live	106		106,000	100%	100%	1	1.1	1	1.2	0.9	1.3	0.9	1.1
E52/3365	Sylvania	Live	28		42,000	100%	100%	1	1.3	1.1	1.5	0.9	1	0.9	1.2
E52/3366	Sylvania	Live	50		75,000	100%	100%	1	1.3	1.1	1.5	0.9	1	0.9	1.2
E52/3638	Sylvania	Live	9		20,000	100%	100%	1	1.3	1.1	1.5	0.9	1	0.9	1.2
E52/3742	Sylvania	Application	82		82,000	-	50%								
E52/3748	Sylvania	Live	27		27,000	100%	100%	1	1.1	1	1.1	1	1.2	0.9	1.4
E52/3774	Sylvania	Application	26		26,000	90%	50%	1	1.5	1	1.5	1	1.2	1	1.5
E52/3775	Sylvania	Application	68		68,000	90%	50%	2	2.5	1.5	2.5	2	2.5	2	2.5
E52/3780	Sylvania	Application	131		131,000	90%	50%	1	1.3	1.1	1.5	0.9	1	0.9	1.2
E52/3784	Sylvania	Live	2		15,000	100%	100%	1	1.2	1	1.2	1	1.2	0.5	1.2
E52/3795	Sylvania	Application	2		15,000		50%								
E52/3800	Sylvania	Application	94		94,000	-	50%								
E52/3807	Sylvania	Application	109		109,000	-	50%								
E52/3843	Sylvania	Application	70		70,000	-	50%	1	1.3	1	1.3	1	1.2	1	1.5
E52/3844	Sylvania	Application	18		20,000		50%								

Tenements	Project	Status	Blocks	Area Ha	BAC (AUS\$)	Equity	Grant Discount	Off Property		On Property		Anomaly Factor		Geology Factor	
								Low	High	Low	High	Low	High	Low	High
E52/3887	Sylvania	Application	82		82,000	100%	50%	1	1.1	1	1.1	1	1.2	0.9	1.4
E52/3888	Sylvania	Application	2		15,000	100%	50%	1	1.1	1	1.1	1	1.2	0.9	1.4
E52/3889	Sylvania	Application	109		109,000	100%	50%	1	1.1	1	1.1	1	1.2	0.9	1.4
E52/3890	Sylvania	Application	18		20,000	100%	50%	1	1.3	1	1.2	9	1	1	1.2
E52/3884	Sylvania	Application	33		33,000	100%	50%	1	1.3	1	1.2	1	1.2	1	1.3

Notes

#1 E39/1882 has been divided into two sections with one being 3 blocks and the other 33 blocks to account for the different ranking criteria due to the disparity in the exploration potential within the project.

#2 These tenements overlap with other tenements listed and the ranking criteria have been included for the overlapping tenements.

Table of the Technical and Market Valuations for the DiscovEx Resources Tenements

Tenements	Projects	Technical Valuation (AUS\$)			Market Valuation (AUS\$ M)		
		Lower	Preferred	Upper	Lower	Preferred	Upper
E77/2602	Newington	\$30,000	\$65,700	\$101,400	\$0.03	\$0.07	\$0.11
E77/2604	Newington	\$10,800	\$16,300	\$21,800	\$0.01	\$0.02	\$0.02
E77/2605	Newington	\$1,800	\$6,950	\$12,100	\$-	\$0.01	\$0.01
E77/2309	Newington	\$178,200	\$418,150	\$658,100	\$0.20	\$0.46	\$0.72
M77/422	Newington	\$102,000	\$183,800	\$265,600	\$0.11	\$0.20	\$0.29
M77/846	Newington	\$102,000	\$183,800	\$265,600	\$0.11	\$0.20	\$0.29
P77/4397	Newington	\$800	\$2,150	\$3,500	\$-	\$-	\$-
E77/2200	Newington	\$12,000	\$21,100	\$30,200	\$0.01	\$0.02	\$0.03
E77/2326	Newington	\$72,000	\$180,000	\$288,000	\$0.08	\$0.20	\$0.32
E77/2558	Newington	\$23,400	\$52,200	\$81,000	\$0.03	\$0.06	\$0.09
Total	Newington	\$533,000	\$1,130,150	\$1,727,300	\$0.58	\$1.24	\$1.88
E39/1846	Monument	\$32,400	\$70,200	\$108,000	\$0.04	\$0.08	\$0.12
E39/1866	Monument	\$302,700	\$617,100	\$931,500	\$0.33	\$0.68	\$1.02
E39/2024	Monument	\$29,300	\$59,650	\$90,000	\$0.03	\$0.07	\$0.10
E39/2035	Monument	\$1,800	\$9,900	\$18,000	\$-	\$0.01	\$0.02
E39/2036	Monument	\$1,800	\$9,900	\$18,000	\$-	\$0.01	\$0.02
E39/2139	Monument	\$15,000	\$36,750	\$58,500	\$0.02	\$0.04	\$0.06
P39/5456	Monument	\$6,500	\$19,450	\$32,400	\$0.01	\$0.02	\$0.04
P39/5457	Monument	\$9,200	\$17,350	\$25,500	\$0.01	\$0.02	\$0.03
P39/5519	Monument	\$2,700	\$5,100	\$7,500	\$-	\$0.01	\$0.01
P39/5837	Monument	\$900	\$5,300	\$9,700	\$-	\$0.01	\$0.01
P39/5855	Monument	\$400	\$2,450	\$4,500	\$-	\$-	\$-

Tenements	Projects	Technical Valuation (AUS\$)			Market Valuation (AUS\$ M)		
		Lower	Preferred	Upper	Lower	Preferred	Upper
P39/5880	Monument	\$4,000	\$6,850	\$9,700	\$-	\$0.01	\$0.01
P39/5881	Monument	\$2,000	\$3,450	\$4,900	\$-	\$-	\$0.01
P39/5882	Monument	\$1,900	\$3,350	\$4,800	\$-	\$-	\$0.01
P39/5899	Monument	\$7,200	\$14,800	\$22,400	\$0.01	\$0.02	\$0.02
P39/5910	Monument	\$7,200	\$14,850	\$22,500	\$0.01	\$0.02	\$0.02
P39/6031	Monument	\$1,400	\$3,900	\$6,400	\$-	\$-	\$0.01
P39/6051	Monument	\$700	\$4,150	\$7,600	\$-	\$-	\$0.01
P39/6052	Monument	\$4,100	\$10,650	\$17,200	\$-	\$0.01	\$0.02
P39/6053	Monument	\$14,500	\$26,050	\$37,600	\$0.02	\$0.03	\$0.04
P39/6054	Monument	\$10,500	\$18,900	\$27,300	\$0.01	\$0.02	\$0.03
P39/6055	Monument	\$5,700	\$10,250	\$14,800	\$0.01	\$0.01	\$0.02
P39/6056	Monument	\$4,300	\$7,650	\$11,000	\$-	\$0.01	\$0.01
P39/6057	Monument	\$5,500	\$9,000	\$12,500	\$0.01	\$0.01	\$0.01
P39/6058	Monument	\$4,900	\$8,750	\$12,600	\$0.01	\$0.01	\$0.01
Total	Monument	\$476,600	\$960,100	\$1,464,000	\$0.52	\$1.10	\$1.66
E39/1765	Edjudina	\$234,000	\$491,400	\$748,800	\$0.26	\$0.54	\$0.82
E39/1882 33 blocks	Edjudina	\$19,800	\$70,050	\$120,300	\$0.02	\$0.08	\$0.13
E39/1882 Structure - 3 blocks	Edjudina	\$18,200	\$41,500	\$64,800	\$0.02	\$0.05	\$0.07
E39/2181	Edjudina	\$5,000	\$13,300	\$21,600	\$0.01	\$0.01	\$0.02
E39/2182	Edjudina	\$7,500	\$19,950	\$32,400	\$0.01	\$0.02	\$0.04
E39/2178	Edjudina	\$12,300	\$32,600	\$52,900	\$0.01	\$0.04	\$0.06
E39/2186	Edjudina	\$15,000	\$24,800	\$34,600	\$0.02	\$0.03	\$0.04
Total	Existing Gateway JV	\$311,800	\$693,600	\$1,075,400	\$0.35	\$0.77	\$1.18
E28/2884	Edjudina	\$9,600	\$27,850	\$46,100	\$0.01	\$0.03	\$0.05
E31/1198	Edjudina	\$7,200	\$14,400	\$21,600	\$0.01	\$0.02	\$0.02
E31/1187	Edjudina	\$15,100	\$36,600	\$58,100	\$0.02	\$0.04	\$0.06
E39/2102	Edjudina	\$33,600	\$62,150	\$90,700	\$0.04	\$0.07	\$0.10
E31/1227	Edjudina	\$36,000	\$78,000	\$120,000	\$0.04	\$0.09	\$0.13
E31/1219	Edjudina	\$14,400	\$36,450	\$58,500	\$0.02	\$0.04	\$0.06
P31/2125	Edjudina	\$3,200	\$6,100	\$9,000	\$-	\$0.01	\$0.01
P31/2126	Edjudina	\$23,700	\$45,150	\$66,600	\$0.03	\$0.05	\$0.07
E39/2126	Edjudina	\$21,600	\$38,900	\$56,200	\$0.02	\$0.04	\$0.06
Total	Crest Edjudina JV	\$164,400	\$345,600	\$526,800	\$0.19	\$0.39	\$0.56
E46/1341	Sylvania	\$22,700	\$37,800	\$52,900	\$0.02	\$0.04	\$0.06
E46/1342	Sylvania	\$85,900	\$143,000	\$200,100	\$0.09	\$0.16	\$0.22
E52/3365	Sylvania	\$37,400	\$67,850	\$98,300	\$0.04	\$0.06	\$0.09
E52/3366	Sylvania	\$66,800	\$121,150	\$175,500	\$0.06	\$0.12	\$0.17

Tenements	Projects	Technical Valuation (AUS\$)			Market Valuation (AUS\$ M)		
		Lower	Preferred	Upper	Lower	Preferred	Upper
E52/3638	Sylvania	\$17,800	\$32,300	\$46,800	\$0.02	\$0.03	\$0.04
E52/3742 ^{#2}	Sylvania	\$-	\$-	\$-	\$-	\$-	\$-
E52/3748	Sylvania	\$24,300	\$39,600	\$54,900	\$0.02	\$0.04	\$0.05
E52/3774	Sylvania	\$11,700	\$29,550	\$47,400	\$0.01	\$0.03	\$0.05
E52/3775	Sylvania	\$367,200	\$781,250	\$1,195,300	\$0.35	\$0.74	\$1.14
E52/3780	Sylvania	\$52,500	\$95,200	\$137,900	\$0.05	\$0.09	\$0.13
E52/3784	Sylvania	\$7,500	\$19,300	\$31,100	\$0.01	\$0.02	\$0.03
E52/3795 ^{#2}	Sylvania	\$-	\$-	\$-	\$-	\$-	\$-
E52/3800 ^{#2}	Sylvania	\$-	\$-	\$-	\$-	\$-	\$-
E52/3807 ^{#2}	Sylvania	\$-	\$-	\$-	\$-	\$-	\$-
E52/3843 ^{#2}	Sylvania	\$-	\$-	\$-	\$-	\$-	\$-
E52/3844 ^{#2}	Sylvania	\$-	\$-	\$-	\$-	\$-	\$-
E52/3887	Sylvania	\$36,900	\$60,100	\$83,300	\$0.04	\$0.06	\$0.08
E52/3888	Sylvania	\$6,800	\$11,000	\$15,200	\$0.01	\$0.01	\$0.01
E52/3889	Sylvania	\$49,100	\$79,950	\$110,800	\$0.05	\$0.08	\$0.11
E52/3890	Sylvania	\$90,000	\$54,350	\$18,700	\$0.09	\$0.05	\$0.02
Total	Sylvania Acquisition	\$876,600	\$1,572,400	\$2,268,200	\$0.86	\$1.53	\$2.20
E52/3884	Sylvania	\$16,500	\$28,350	\$40,200	\$0.02	\$0.03	\$0.04
Total	Sylvania DCX	\$16,500	\$28,350	\$40,200	\$0.02	\$0.03	\$0.04

Notes

#1 E39/1882 has been divided into two sections with one being 3 blocks and the other 33 blocks to account for the different ranking criteria due to the disparity in the exploration potential within the project.

#2 These tenements overlap with other tenements listed and the ranking criteria have been included for the overlapping tenements.

Schedule 2 – Sylvania Project Tenements and Tenement Applications

The Crest 3 Tenements in the table below comprise five granted tenements and three application tenements. Work can commence on the granted tenements immediately. Tenement E52/3800 is over-pegging two other tenements (see the note in the table). This tenement is not likely to be granted as it is third in time. Withdrawal documentation has been submitted to DMIRS with respect to E52/3807 but is yet to be processed. This does not affect the project landholding as E52/3889 (a Lighthouse tenement) is the second in time application held by Lighthouse. As E52/3843 is third in time, it is unlikely to be granted and has not been included in DCX's exploration planning.

The Crest Tenements details:

Tenement ID	Status	Holder/applicant	Grant Date	Expiry Date
E46/1341	Live	Crest Investment Group 3 (CIG 3)	22/07/2020	21/07/2025
E46/1342	Live	Crest Investment Group 3 (CIG 3)	22/07/2020	21/07/2025
E52/3638	Live	Crest Investment Group 3 (CIG 3)	13/01/2020	12/01/2025
E52/3748	Live	Crest Investment Group 3 (CIG 3)	4/08/2020	3/08/2025
E52/3784	Live	Crest Investment Group 3 (CIG 3)	4/08/2020	3/08/2025
E52/3800	Pending	Crest Investment Group 3 (CIG 3)	Overpeg of Crest JV Tenements E52/3774, E52/3775	
E52/3807	Pending	Crest Investment Group 3 (CIG 3)	Withdrawal Pending	
E52/3843	Pending	Crest Investment Group 3 (CIG 3)	3 rd in time Unlikely to grant, not included in diagrams for this reason	

The Gateway tenements in the table below are granted and work can commence on these immediately.

The Gateway Tenements details:

Tenement ID	Status	Holder	Grant Date	Expiry Date
E52/3365	Live	Gateway Projects WA Pty Ltd	15/05/2017	14/05/2022
E52/3366	Live	Gateway Projects WA Pty Ltd	15/05/2017	14/05/2022

The Crest JV tenements (details of the JV terms appear in Schedule 4) referred to in the table below are applications. The standard application processes are being undertaken and DCX sees no reason that these tenements will not proceed to grant once all normal procedures have been completed by the WA DMIRS (Western Australian Department of Mines, Industry Regulation and Safety). DCX is not in a position to accurately advise when DMIRS will complete the application process. Reconnaissance style sampling and mapping activities may be undertaken whilst the tenements are in application.

The Crest JV Tenements details:

Tenement ID	Status	Holder/applicant
E52/3774	Pending	JV: LHR earning 90%
E52/3775	Pending	JV: LHR earning 90%
E52/3780	Pending	JV: LHR earning 90%

The Lighthouse tenements referred to in the table below are applications. The standard application processes are being undertaken and DCX sees no reason that these tenements will not proceed to grant once all normal procedures have been completed by the WA DMIRS (Western Australian Department of Mines, Industry Regulation and Safety). DCX is not in a position to accurately advise when DMIRS will complete the application process. Reconnaissance style sampling and mapping activities may be undertaken whilst the tenements are in application.

The Lighthouse Tenements details:

Tenement ID	Status	Holder/applicant
E52/3887	Pending	Lighthouse Resources (LHR)
E52/3888	Pending	Lighthouse Resources (LHR)
E52/3889	Pending	Lighthouse Resources (LHR) (Overpeg of Crest Tenement E52/3807)
E52/3890	Pending	Lighthouse Resources (LHR)

Schedule 3 – Pro forma consolidated statement of financial position

	Consolidated 30 November 2020 Pre- Acquisition & capital raising (unaudited)	Adjustments	Consolidated 30 November 2020 Post- Acquisition & capital raising (pro-forma unaudited)
	\$	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	1,418,485	3,981,648	5,400,133
Financial assets at fair value through profit or loss	151,395	-	151,395
Trade and other receivables	33,582	-	33,582
TOTAL CURRENT ASSETS	1,603,462	3,981,648	5,585,110
NON CURRENT ASSETS			
Property, plant and equipment	16,217	-	16,217
Exploration and evaluation costs	1,262,876	1,193,352	2,456,228
TOTAL NON CURRENT ASSETS	1,279,093	1,193,352	2,472,445
TOTAL ASSETS	2,882,555	5,175,000	8,057,555
CURRENT LIABILITIES			
Trade and other payables	73,058	-	73,058
Provisions	12,531	-	12,531
TOTAL CURRENT LIABILITIES	85,589	-	85,589
TOTAL LIABILITIES	85,589	-	85,589
NET ASSETS	2,796,966	5,175,000	7,971,966
EQUITY			
Issued capital	29,481,179	5,175,000	34,656,179
Share based payments reserve	374,481	-	374,481
Accumulated losses	(27,058,694)	-	(27,058,694)
TOTAL EQUITY	2,796,966	5,175,000	7,971,966

Note: The pro-forma consolidated statement of financial position includes the proposed issue of 337,500,000 Consideration Shares at \$0.004 per share, for a total of \$1,350,000 for the acquisition of Lighthouse and 35,000,000 Advisor Shares at a deemed issue price of \$0.004 per share, for a total of \$140,000. Under the requirements of AASB2 the actual value of the Consideration Shares issued will be based upon the Company's share price on the date that the shares are issued and as such the value may vary to that included in the pro-forma consolidated statement of financial position.

Schedule 4 – Summaries of Crest JV Agreement and Gateway Royalty Deed

Summary of Crest JV Agreement

Farm-in and Exploration Joint Venture Agreement between **CREST INVESTMENT GROUP 3 LIMITED** ACN 626 884 900 ("**Crest**") and **LIGHTHOUSE RESOURCE HOLDINGS PTY LTD** ACN 640 302 156 ("**Lighthouse**") dated 27 November 2020.

Relevant Definitions:

Commencement Date: means 27 November 2020.

Decision to Mine: means a decision to commence a Mining Operation on the Tenements.

Earn-in Period: means the period of two (2) years commencing on the Commencement Date and expiring on the second anniversary of the Commencement Date.

Joint Venture Property: means the Tenements, the Mining Information and all rights, title, interests, claims, benefits and all other property of whatever kind, real or personal, owned by any Joint Venture Party for the purposes of the Joint Venture.

Mining Operation: means the pre-stripping, mining, milling and concentrating of any Minerals on an area of the Tenements, including the construction, development, maintenance and operation of buildings, plant, machinery and facilities required for the purpose thereof.

Tenements: means E52/3774, E52/3775 and E52/3780.

Grant of Tenement Applications: The Parties acknowledged that as at the date of execution of the Crest JV Agreement, the Tenements were applications made in the sole name and interest of Crest and upon grant of the applications, the Tenements will be registered in the name of Crest as legal and beneficial owner of each Tenements. Crest confirmed that it was not aware of any reason why the Tenements applications may not be awarded or granted to Crest.

Consideration and Farm-In Expenditure:

- (a) Upon execution of the Crest JV Agreement, Lighthouse paid Crest a non-refundable payment of \$10,000.
- (b) During the Earn-In Period, Lighthouse must contribute to Expenditure for the minimum amount required to maintain the Tenements in good standing ("**Farm-in Expenditure**").
- (c) If Lighthouse fails to comply with clause (b) above by the end of the Earn-In Period, it is deemed to have given notice of withdrawal from the Crest JV Agreement to Crest with immediate effect.

Right of Lighthouse to withdraw: Lighthouse may withdraw from the Crest JV Agreement for any cause or without cause by giving notice of withdrawal to Crest (unless it has or is deemed to have already done so), at any time after the first anniversary of the Commencement Date and prior to the end of the Earn-in Period.

Farm-In Expenditure Notice: If Lighthouse meets the Farm-in Expenditure, Lighthouse must give to Crest notice of the amount of Expenditure that it has made or incurred ("**Farm-in Expenditure Notice**").

Formation of Joint Venture: Upon Lighthouse giving to Crest the Farm-in Expenditure Notice:

- (i) the Joint Venture Parties are deemed to be associated in an unincorporated Joint Venture for the purpose of conducting Exploration and potentially conducting Mining Operations;
- (ii) Lighthouse is deemed to have earned and acquired from Crest, and Crest is deemed to have assigned to Lighthouse, a 90% participating interest in the Joint Venture; and
- (iii) the Tenements and the Mining Information constitute Joint Venture Property; and
- (iv) the date of the Farm-in Expenditure Notice is deemed the "**Earning Completion Date**".

Transfer of interest in the Tenements:

- (a) On and from the Earning Completion Date, the Tenements are to be held in the names of the Joint Venture Parties in proportion to their respective participating interests.
- (b) To give effect to clause (a) above, Crest must execute, for the purpose of registering with the mines department, a transfer to Lighthouse of the shares in the Tenements that are commensurate with Lighthouse's participating interest promptly after Earning Completion Date and until such time as the transfers are registered with the mines department, Lighthouse's interest in the Tenements are deemed to be held on trust by Crest for the benefit of Lighthouse.

Obligations to Contribute to Expenditure: Crest is not required to contribute towards Expenditure prior to the Decision to Mine for conducting a Mining Operation. From the date of the Decision to Mine, Crest will be liable to contribute to Expenditure in proportion to its participating interest.

Other JV Terms: the Crest JV Agreement contains various other customary JV terms, such as standard rights and obligations of the Joint Venture Parties, management of the Tenements until Earning Completion Date, programmes and budgets, management committees, manager, rehabilitation requirements, announcement of mineral resource estimates, feasibility study and Decision to Mine, dilution, assignment, priority of operations, dispute resolutions, GST, and standard warranties and representations.

Summary of Royalty Deed

Royalty Deed between **GATEWAY PROJECTS WA PTY LTD (ACN 161 934 649) (Payee), GATEWAY MINING LIMITED (ACN 008 402 391) (Gateway)** and **LIGHTHOUSE RESOURCE HOLDINGS PTY LTD (ACN 640 302 156) (Payer)** dated 30 June 2020.

Relevant Definitions:

Interest: means the amount payable calculated at the average bid rate for bills (as defined in the *Bills of Exchange Act 1909* (Cth)) having a tenor of 90 days which is displayed on the page of the Reuters Monitor System designated "BBSY" plus 2 per cent calculated on a daily basis and compounded with monthly rests, or such other similar rate of interest as the parties may agree.

Mineral: has the meaning given in the Mining Act.

Mining Act: means the *Mining Act 1978* (WA) and includes any regulations made pursuant to that Act.

Mining Area: means the area within the boundaries of the Tenements where mining activities are conducted from time to time during the term of the Royalty Deed.

Payer's Percentage Share: means the percentage beneficial ownership interest held by the Payer in the Tenements and that share as it changes from time to time.

Products: means a Mineral or metallic product extracted and recovered from Minerals in the Mining Area which is capable of being sold or otherwise disposed of.

Royalty: means 1.5% of Gross Revenue received by the Payer in respect of the Payer's Percentage Share of the sale of all Products recovered and sold in each Royalty Period.

Royalty Period: means the period commencing on the later of:

- (a) 30 June 2020; and
- (b) the date on which the extraction and recovery of any Product commences from the Mining Area, and ending on the next to occur of 31 March, 30 June, 30 September and 31 December and every subsequent calendar quarter ending upon 30 June, 30 September, 31 December and 31 March.

Statutory Tenement Obligations: means the minimum work and expenditure which the holder of a Tenement is required by the Mining Act or the terms and conditions of a Tenement to incur in respect of that Tenement in any given Tenement year.

Tenements: means:

- (a) E52/3365 (Payer's Percentage Share - 100%) and E52/3366 (Payer's Percentage Share - 100%); and

- (b) any application for a tenement and any present or future renewal, extension, variation, conversion, amalgamation, replacement or substitution of the whole or any part of, or which relate to the same ground as, the tenement listed in (a) above, including any mining lease.

Royalty:

- a) As from 30 June 2020, for each Royalty Period in which any Product is produced and sold, removed or otherwise disposed of, the Payer agrees to pay to the Payee the Royalty calculated in accordance with the Royalty Deed.
- b) The obligation to pay the Royalty accrues upon the receipt by the Payer of the Payer's Percentage Share of revenue received from the sale or other disposal of Products, or as otherwise set out in the Royalty Deed.

Payment: The Payer will pay the Royalty to the Payee within 30 days after the end of each Royalty Period in immediately available funds without demand, reduction or set-off.

Deduction from Royalty and other payments: If the Payer is required by law to deduct any tax, duty, impost, charge or withholding from a payment of Royalty (**Tax Deduction**), the Payer must:

- a) promptly, upon becoming aware that it is required to make the Tax Deduction, or if there is any change in the rate or the basis of the Tax Deduction, notify the Payee of the amount, date and proposed recipient of the required Tax Deduction;
- b) make the Tax Deduction and pay the minimum amount required by law to the relevant authority within the time allowed; and
- c) within 30 days of making either the Tax Deduction or any payment required in connection with that Tax Deduction, deliver to the Payee evidence satisfactory to the Payee, acting reasonably, that the Tax Deduction has been made and paid as required.

Interest: If the Payer fails to pay the Royalty due under the Royalty Deed on or before the due date for payment, then the Payer must also pay to the Payee immediately on demand:

- (a) Interest on the overdue amount from the day after the due date for payment up to and including the date upon which the moneys are paid, calculated on a daily basis and compounded with monthly rests; and
- (b) all costs and expenses (including legal costs and expenses on a full indemnity basis) incurred by the Payee which are attributable to the Payer's failure to pay by due date.

Maintenance of Tenements: The Payer will at its cost for the duration of the Royalty Deed:

- (a) ensure all Statutory Tenement Obligations conditions are met or exemptions obtained in respect of all the Tenements.
- (b) observe the provisions of the Mining Act and all other laws affecting the Tenements, including lodging in good time all required reports, paying all fees, rents, rates, royalties, taxes and other similar payments due;
- (c) renew and extend each Tenement, which is not otherwise relinquished or surrendered in accordance with this Deed, as and when it becomes due for renewal and extension in accordance with the Mining Act;
- (d) not relinquish and surrender any of the Tenements except in accordance with the Royalty Deed or the Mining Act or the terms and conditions of the Tenements; and
- (e) not permit the creation of any encumbrance or sell, assign or otherwise deal with or dispose of the whole or any part of its interest or right in a Tenement except in accordance with the Royalty Deed.

Other Royalty Deed Terms: the Royalty Deed contains various other customary royalty terms, relating to mining operations, records, relinquished tenements, caveat and standard clauses regarding assignment, indemnity and guarantees, dispute resolutions, GST, confidentiality and notices.



DiscovEx Resources Limited
ABN 61 115 768 986

DCX

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

Need assistance?



Phone:
1300 850 505 (within Australia)
+61 3 9415 4862 (outside Australia)



Online:
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00 AM (AWST) on Wednesday, 3 March 2021.**

Proxy Form

How to Vote on Items of Business

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

APPOINTMENT OF PROXY

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

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

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

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

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

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999
SRN/HIN: I9999999999
PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



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

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



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



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

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



the Chairman
of the Meeting

OR

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of DiscovEx Resources Limited to be held at PKF Boardroom, Level 5, 35 Havelock Street, West Perth, Western Australia on Friday, 5 March 2021 at 10:00 AM (AWST) and at any adjournment or postponement of that meeting.

Step 2 Items of Business

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

		For	Against	Abstain
1	Approval of the Company's acquisition of Lighthouse Shares from Omni and the issue of Consideration Shares to Omni	☐	☐	☐
2	Approval to issue Consideration Shares to the Minority Shareholders, CRG, Crest and Gateway	☐	☐	☐
3	Approval to issue Shares pursuant to the Private Placement	☐	☐	☐
4	Approval to issue Shares pursuant to the Share Purchase Plan	☐	☐	☐
5	Approval to issue Shares to Mr Peter Langworthy pursuant to the Private Placement	☐	☐	☐
6	Approval to issue Shares to Mr David Morgan pursuant to the Private Placement	☐	☐	☐
7	Approval to issue Advisor Shares	☐	☐	☐

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

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

DCX

999999A



Computershare

