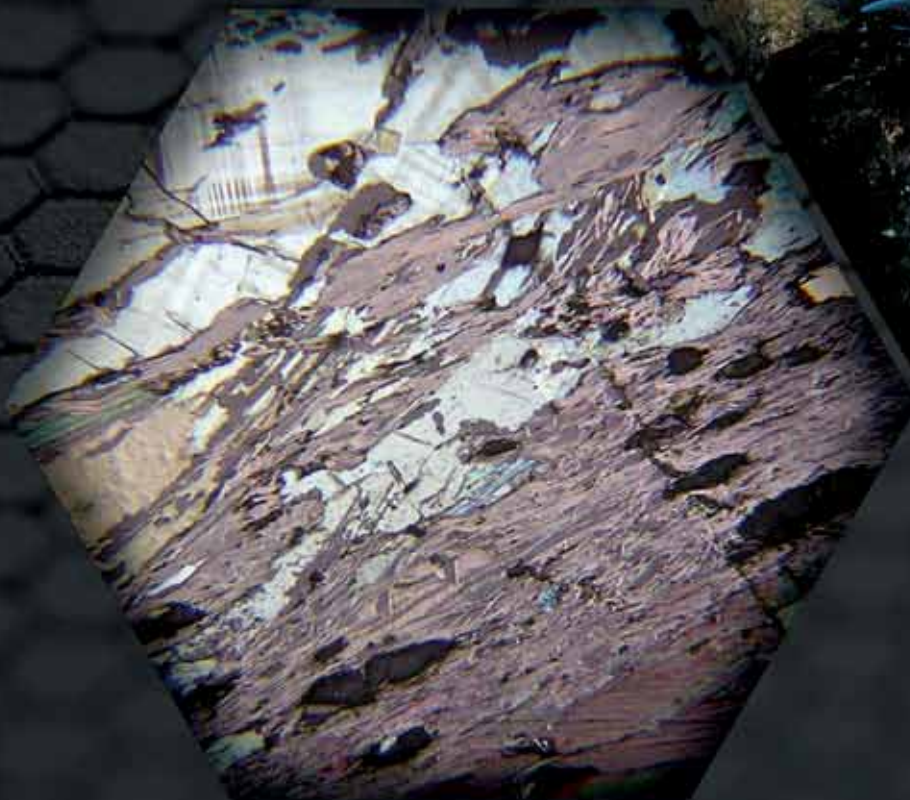


Lambo
Resources
Limited

REPLACEMENT PROSPECTUS

FLUOROTECHNICS LIMITED

ACN 099 098 192
(to be renamed 'Lambo Resources Limited')



REPLACEMENT PROSPECTUS

 **PATERSONS**
SECURITIES LIMITED

This document is important and requires your immediate attention.
It should be read in its entirety. If you are in doubt as to what you should do or how to deal with this document, you should consult your legal, financial or other professional adviser.

This Replacement Prospectus replaces the prospectus lodged by the Company with ASIC on 27 April 2012.

CORPORATE DIRECTORY

DIRECTORS & SENIOR MANAGEMENT

Richard Trevillion
Executive Chairman & CEO

Richard Taylor
Executive Director

Brian Damian Pethica
Executive Director

Ian Gilmour
Company Secretary

INVESTIGATING ACCOUNTANT

HLB Mann Judd
Level 19, 207 Kent Street
Sydney NSW 2000
Telephone: (02) 9020 4000

LEAD MANAGER

Patersons Securities Limited
Level 37, Riverside Centre
123 Eagle Street
Brisbane QLD 4000
Telephone: (07) 3737 8000

REGISTERED OFFICE

96 Stephens Road
South Brisbane QLD 4101
Telephone: (07) 3844 0613
Website: www.fluorotechnics.com

INDEPENDENT GEOLOGISTS

Remote Sensing and Geological Services

7 Charlton Court
Kingsley WA 6026
Telephone: (08) 9409 8890

Torridon Exploration

29 Hilsden Rd
Darlington WA 6070
Telephone: (08) 9299 6980

INDEPENDENT TENEMENT EXPERT

Austwide Mining Title Management Pty Ltd

Suite 6, 42 Dellamarta Rd
Wangara WA 6065
Telephone: (08) 9309 0400

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IMPORTANT INFORMATION

GENERAL

This Replacement Prospectus is dated 11 May 2012 and was lodged with ASIC on 11 May 2012. It replaces the prospectus dated 27 April 2012 and lodged with ASIC on 27 April 2012.

Neither ASIC nor ASX takes any responsibility for the contents of this Prospectus.

The Offer is made through this Prospectus.

It is important that you read this Prospectus carefully and in full before deciding to subscribe for Shares in the Company. In particular, you should consider the risk factors that could affect the financial performance of the Company in light of your personal circumstances (including financial and taxation issues).

DEFINED TERMS

Some of the terms used in this Prospectus have defined meanings. These are capitalised and are defined in section 11 of this Prospectus. Unless otherwise specified, a reference to a monetary amount is a reference to that amount in Australian dollars and a reference to a time is a reference to Australian Eastern Standard Time (AEST).

INVESTMENT ADVICE

This Prospectus does not provide investment advice and has been prepared without taking into account your financial objectives, financial situation or particular needs (including financial or taxation

issues). You should seek professional investment advice before subscribing for Shares under this Prospectus.

EXPIRY DATE

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

FOREIGN JURISDICTIONS

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law.

This Prospectus does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify Shares or to otherwise permit an offer of Shares outside of Australia and New Zealand.

ELECTRONIC PROSPECTUS

The Company proposes to make this Prospectus available on its website

www.fluorotechnics.com/prospectus.php

Any person accessing the electronic version of this Prospectus for the purpose of lodging an Application Form for Shares must be an Australian or New Zealand resident and must only access the information from

within Australia and New Zealand. Shares will only be issued under the electronic version of the Prospectus on receipt of an Application Form issued together with the electronic version of this Prospectus. Persons who access the electronic version of the Prospectus should ensure they download and consider the full Prospectus. No person should pass onto any other person an Application Form unless it is attached to or accompanies a paper version of the Prospectus or a complete and unaltered version of this Prospectus.

The website and its contents do not form part of this Prospectus and are not to be interpreted as part of, nor incorporated into, this Prospectus, which should form the basis of your investment decision.

DISCLAIMER

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

EXPOSURE PERIOD

The Corporations Act prohibits the Company from processing applications in the seven day period after the date of this Prospectus. This period is known as the "Exposure Period". The Exposure Period may be extended by ASIC by up to a

further seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds.

FORWARD LOOKING STATEMENTS

This Prospectus may contain forward looking statements which have not been based solely on historical facts but on the Company's expectations about future events and results. You should consider that as such statements relate to future matters they are subject to various inherent risks, uncertainties and assumptions that could cause actual results or events to differ materially from expectations described in the forward looking statement. Neither the Company, the Directors, nor any other person named, with their consent, in this Prospectus can assure you that any forward looking statement or implied result will be achieved.

FORECAST FINANCIAL INFORMATION

Given the speculative nature of resource exploration and development and the fact that the Company's proposed business is in an early stage of development, there are significant uncertainties associated with forecasting future revenues and expenses of the Company. On this basis and after considering ASIC Regulatory Guide 170, the Directors believe that reliable financial forecasts for the Company cannot be prepared and accordingly have not included financial forecasts in this Prospectus.

PRIVACY

By completing the Application Form accompanying this Prospectus, Applicants will be providing personal information to the Company (directly or via the Share Registry), contractors and third party service providers ("Collecting Parties"). The Privacy Act 1988 (Cth) governs the use of a person's personal information and sets out principles governing the ways in which organisations should treat personal information. The personal information that the Collecting Parties collect from investors on the Application Form is used to evaluate Applications, and in the case of successful Applications, to provide services and appropriate administration in relation to the Applicant's security holdings in the Company. If the Collecting Parties are obliged to do so by law, Applicants' personal information will be passed on to other parties strictly in accordance with legal requirements. Once personal information is no longer needed for our records, the Collecting Parties will destroy or de-identify it.

By submitting an Application Form, each Applicant agrees that the Collecting Parties may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company and their related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers and to the ASX and other regulatory authorities.

If an Applicant becomes a security holder, the Corporations Act requires that the Company includes information about the security holder (including name, address and details of the securities held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a security holder. Information contained in the Company's registers is also used to facilitate dividend and distribution payments and corporate communications (including the Company's financial results, annual report and other information that the Company may wish to communicate to its security holders) and for the purpose of compliance with legal and regulatory requirements.

If you do not provide the information required on the Application Form, the Collecting Parties (as relevant) may not be able to accept or process your Application.

An Applicant has a right to gain access to the information that the Collecting Parties hold about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the relevant Collecting Party's registered office. Such requests to the Company and the Share Registry should be directed to: Sydney Capital Partners

PHOTOGRAPHS AND DIAGRAMS

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

This is an important document that should be read in its entirety before making any investment decision.

KEY INFORMATION

KEY DATES

Date of Prospectus	27 April 2012
Opening Date of the Offer	12 May 2012
Closing Date of the Offer	25 May 2012 at 5.00pm
Expected Allotment Date	1 June 2012
Despatch of Holding Statements	1 June 2012
Commencement of trading on a normal settlement basis	6 June 2012

Other than the date of this Prospectus, the above dates are subject to change and are indicative only. The anticipated date of quotation of Shares on the ASX is subject to ASX approval. Unless otherwise indicated, all times are AEST. The Company reserves the right to vary the dates and times of the Offer, including to close the Offer early or to accept late Applications, without notifying any recipient of this Prospectus or any Applicants. The Company also reserves the right not to continue with the Offer at any time before the allotment of Shares to successful Applicants. Investors are encouraged to submit their Applications as soon as possible.

KEY OFFER STATISTICS

Total number of Shares available under the Offer	35,000,000
Offer Price	\$0.20 per Share
Total number of Shares on issue on completion of the Offer ¹	66,406,678
Total number of options on issue on completion of the Offer	3,541,667
Total proceeds from the Offer (Maximum)	\$7,000,000
Indicative market capitalisation and enterprise value	\$13,250,000
Pro forma net assets ²	\$6,088,399

- 1 Assumes all resolutions are passed at the General Meeting scheduled on 21st May 2012 and the 2011 Convertible Notes are converted.
- 2 As at 31 December 2011. Refer to section 9 for further information.

LETTER FROM THE CHAIRMAN

11 May 2012

Dear Investor,

On behalf of the Directors, it gives me great pleasure to offer you this opportunity to invest in Fluorotechnics.

On 5 March 2012 Fluorotechnics exercised its option to acquire all the shares of Lamboo Resources Pty Ltd and McKintosh Resources Pty Ltd (Lamboo Projects).

On raising the capital under this Prospectus, the Company will complete the acquisition of a portfolio of exploration projects ("Lamboo and McKintosh Projects") located in Western Australia and New South Wales where graphite and molybdenum represent priority targets.

Flake graphite has been identified in the tenements in East Kimberley. Our primary goal will be to undertake further drilling of the host graphitic schist to confirm the quantum and quality of graphite. Exploration programs including drilling will commence as soon as practicable after raising the capital under this Prospectus.

The graphite project is well placed near an existing haul road that connects with the Great Northern Highway 300 kilometres south of the port of Wyndham. The proximity of infrastructure and the prospectivity for graphite mineralization will provide the impetus for the Company's initial exploration program.

Similarly, our tenement at Valla in northern New South Wales is prospective for molybdenum and represents an exploration target for follow-up drilling.

Potential exists on other Lamboo Projects for other exploration activities including:

- Lode gold – copper mineralization and volcanic massive sulphide base metal mineralization in the Halls Creek area, East Kimberley Western Australia, and
- Nickel – copper mineralization in the McIntosh area, East Kimberley Western Australia.

In June 2010 the European Commission published a report on critical raw materials, which had been developed by an ad hoc group of the Raw Materials Supply Group. In Annexure V to its report, the Group has listed graphite as a critical raw material (see <http://ec.europa.eu/enterprise/policies/raw-materials/critical>). The US Geological Survey of the United States Department of the Interior, in its Mineral Commodity Summaries 2012, lists 100% net import reliance in 2011 for graphite, amongst other nonfuel minerals such as rare earths (see <http://minerals.usgs.gov/minerals/pubs/mcs/2012/mcs2012.pdf>). In 2011 the British Geological Survey listed Graphite just behind Rare Earths, and ahead of lithium in terms of supply criticality (see www.bgs.ac.uk/mineralsuk/statistics/riskList.html)

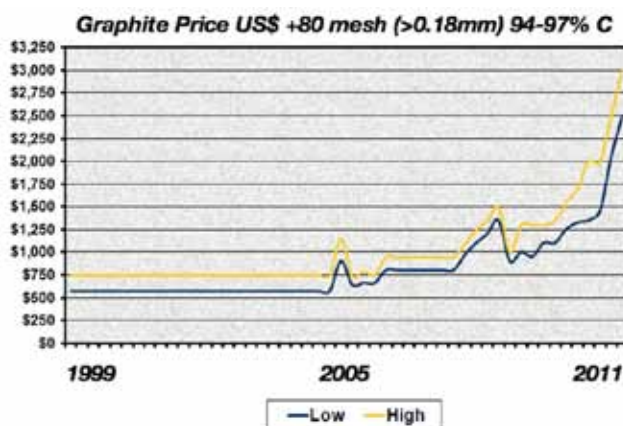
The term “natural graphite” refers to three types of graphite: vein/lump graphite (circa 1% market share), flake graphite (38% market share) and microcrystalline/amorphous/powder graphite (61% market share). Flake graphite is a mineral that is disseminated throughout the ore rock, as opposed to occurring in seams. World production of graphite was about 1.1 million tonnes per year in 2008 and 925,000 tonnes in 2011. China historically produced around 70% of the world’s graphite, with about 810,000 tonnes of the estimated 1.1 million tonnes produced in calendar 2008. China has openly indicated that they will become net importers of graphite, and has imposed a 20% export duty plus 17% VAT.

Worldwide demand for graphite slowly began to increase during the last half of 2009 and continued increasing steadily throughout 2010 and into 2011. Innovative refining techniques have enabled the use of improved graphite in carbon-graphite composites, electronics, foils, friction materials and special lubricant applications. Flexible graphite product lines such as graphoil (a thin graphite cloth) may be a fast growing market. Large scale fuel-cell applications are being developed that could consume as much graphite as all other uses combined. The industrial focus for high end applications is on flake graphite, which is essential for producing batteries, specifically lithium-ion, and for use in consumer electronics. Graphene developments appear likely to be another driver of flake graphite demand.

The Directors believe that key market drivers for flake graphite are:

1. Lithium Ion Batteries – current estimates are that annual flake graphite production will have to increase by a factor of six by 2020 to meet incremental requirements for batteries
2. Fuel cells – Hybrid and electric vehicles are expected to increase demand for high purity graphite in fuel cell and battery applications.

Current supply and demand expectations are reflected in recent graphite price trends:



Source: Industrial Minerals - March 2012 Industrial Minerals is an information portal about industrial minerals – see <http://indmin.com>

Molybdenum enhances the strength and corrosion resistance of many steel products (particularly stainless steel), so that there has been gradually growing consumption from about 430 million pounds in 2006 to 473 million pounds in 2010. Molybdenum plays an increasing role in the petroleum industry, from corrosion resistant pipelines to the catalysts used for the removal of organic sulphurs and other impurities in crude oil. It also has an important role in such industries as automotive and aerospace.

Through this Prospectus, Fluorotechnics is inviting investors to subscribe for Shares at an Offer Price of \$0.20 per Share. The offer is supported by Patersons as Broker to the Offer. You are encouraged to read the Prospectus carefully in its entirety before making your investment decision.

Yours sincerely

Richard Trevillion
Executive Chairman
Fluorotechnics Limited

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SECTION 1

INVESTMENT OVERVIEW



INVESTMENT OVERVIEW

Item	Summary
A. Introduction	
The Company	<p>The Company's historic business was the development and manufacture of fluorescent compounds and fluorescence based kits for the global biotechnology industry. Unfortunately due to the 'Global Financial Crisis' and changes to the pharmaceutical industry the business model was deemed unsustainable. Consequently the Company decided in 2010 to wind down its operations and seek acquisition opportunities.</p> <p>During the second half of 2011 the Company announced its focus would be acquiring resource assets. On 13th February 2012 the Company announced an option to acquire Lamboo Resources Pty Ltd and McKintosh Resources Pty Ltd. The option was exercised on 5 March 2012.</p>

B. Key features of the Company's business model

Key features of the Company.	<p>The Company exercised the option to acquire the shares of Lamboo Resources Pty Ltd (Lamboo) and McKintosh Resources Pty Ltd (McKintosh), subject to regulatory approval, confirmatory due diligence, financing and shareholder approval. The assets in these companies are prospective base and precious metals exploration assets located in McIntosh (WA), Valla (NSW) and Halls Creek (WA) (see Section 10.3 for further information).</p> <p>The tenements owned by Lamboo and McKintosh comprise exploration projects in the East Kimberley region of Western Australia and Northern NSW. The project tenements are either under application or granted and contain exploration targets for graphite, molybdenum, copper, zinc, gold, silver and nickel.</p> <p>The East Kimberley tenements offer potential for graphite and also cover the East Kimberley mineral field with potential for gold, copper, nickel and PGE exploration targets in an under-explored region. Potential for exploration targets for molybdenum – copper resource occurs in the mineralised Valla Adamellite (granite), and is rimmed by silver-gold lodes, in northern NSW.</p>
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Item	Summary
	<p>The Company has proposed an exploration program on its granted tenements that will commence as soon as possible upon a successful capital raise and completion of necessary permitting. The proposed exploration programs are in balance with the level of funds to be raised. All work programs and budgets are subject to initial results, and budgets may be diverted to more prospective projects as warranted. The enhanced Board is technically qualified to manage the proposed exploration program and plan further work depending on the results. Detailed information on the tenement portfolio is included in the Independent Geologist's Reports in Section 6 of this Prospectus and the Solicitor's Report on Tenements in Section 7 of this Prospectus.</p>

Further information Section 3, Section 6 and Section 10

C. Key risks

What are the key risks? The business, assets and operations of the Company are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the securities of the Company. The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which they can effectively be managed is limited. Set out below are specific risks that the Company is exposed to. Further risks associated with an investment in the Company are outlined in Section 4.

Further information Section 4

Commercialisation risk The business of commodity development and production involves a degree of risk. Amongst other things, success is dependent on the successful design, construction and operation of efficient gathering, processing and transportation facilities.

Further information Section 4

Regulatory risk The Company must receive the necessary regulatory and environmental approvals before it can implement all of its proposed activities.

Further information Section 4

Operational Risk If the Company decides to develop and commission a mine, the operations of the Company including mining and processing may be affected by a range of factors.

Further information Section 4

Resources and reserves The future success of the Company will depend on its ability to find or acquire reserves that are economically recoverable. There can be no assurance that the Company's planned exploration activities will result in significant resources or reserves or that it will have success in mining.

Further information Section 4

Item	Summary
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D. Financial Information

How much is being raised? The Company is raising \$7,000,000 through an issue of 35,000,000 shares at \$0.20 per share, with a minimum amount to be raised of \$3,500,000.

Further information Section 2

How will the proceeds be used? If the minimum amount is raised then funds raised will be used over two years to undertake further exploration and development work (\$1,925,500); staffing (\$300,000); payment of deferred directors salaries (\$356,364); cost of capital raise (\$474,000); working capital, corporate and administration costs (\$444,136). If the maximum amount is raised then funds raised will be used over two years to undertake further exploration and development work (\$4,415,500); staffing (\$500,000); payment of deferred directors salaries (\$356,364); cost of capital raise (\$660,000); working capital, corporate and administration costs (\$1,068,136).

Further information Section 2 and Section 10. Section 2.2 contains more detailed information about the Company's proposed expenditure programme

How many shares will be on issue following Offer? If all 35,000,000 shares are subscribed for then there will be 66,406,678 shares on issue.

Further information Section 10

E. Key people

It is the Company's intention that following completion of the Prospectus, the Board will comprise the following:

Directors

Richard Trevillion (Executive Chairman and CEO)
Craig Rugless (Executive- Technical Director)
Rod Williams (Non-Executive Director)
Richard Taylor (Non-executive Director)

The Directors have a broad range of skills and experience in exploration, mining and commercial and corporate management. Further information on the Directors is provided in Section 5 of this Prospectus.

Further information Section 5

G. Key terms of the Offer

Who is the issuer of this Prospectus? Fluorotechnics Limited (ACN 099 098 192)

Further information Section 1A

Item	Summary
What is being offered and at what price?	<p>The Company is offering to issue a minimum of 17,500,000 Shares, with the ability for the Company to accept oversubscriptions for a total of up to 35,000,000 Shares. All Shares issued pursuant to the Offer will rank equally in all respects with the Existing Shares of the Company.</p> <p>The Offer Price is \$0.20 per Share.</p> <p>The Offer is to be conducted in Australia and New Zealand. Only residents of Australia or New Zealand are eligible to participate in the Offer.</p> <p>The Offer is not underwritten.</p> <p><i>Further information Section 2</i></p>
What is the purpose of the Offer?	<p>The primary purpose for the Offer is to raise funds:</p> <ul style="list-style-type: none"> ● to undertake further exploration and development work in relation to the Lamboo Projects; ● for working capital purposes; and ● to meet the expenses of the Offer. <p>A secondary purpose for the Offer is to satisfy the requirements of Chapters 1 and 2 of the Listing Rules, as required due to the significance of the change in the nature of the Company's activities.</p> <p><i>Further information Section 2</i></p>
Who is eligible to participate in the Offer?	<p>The Offer is available to any person who is a resident of Australia or New Zealand and is eligible to participate.</p> <p><i>Further information Section 2</i></p>
What are the key dates of the Offer?	<p>Refer to the Key Information section for key dates of the Offer.</p> <p><i>Further information Key Information</i></p>
What are the cash proceeds to be raised?	<p>A minimum of \$3,500,000 and a maximum of \$7,000,000 will be raised under the Offer.</p> <p><i>Further information Section 2</i></p>
Is there a minimum subscription in respect of the Offer?	<p>The minimum level of subscription under the Offer of 17,500,000 shares at \$0.20 per shares to raise \$3,500,000.</p> <p><i>Further information Section 2</i></p>
Is there a maximum subscription in respect of the Offer?	<p>The maximum level of subscription under the Offer is 35,000,000 shares at \$0.20 per share to raise \$7,000,000.</p> <p><i>Further information Section 2</i></p>

Item	Summary
Are there any other conditions to the Offer?	<p>Completion of the Offer is conditional on the satisfaction of the following:</p> <ul style="list-style-type: none"> ● Shareholders approving all the relevant Resolutions put to them at the General Meeting scheduled for 21 May 2012; ● Minimum Subscription under the Offer being reached; ● ASX approving the reinstatement of the Shares to Quotation; and ● Acquisition completion having occurred. <p><i>Further information Section 2.4</i></p>
What is the minimum investment size under the Offer?	<p>The minimum Application is \$2,000, and in multiples of \$500 thereafter. The Company reserves the right to reject any Application or to allocate a lesser number of Shares than that applied for.</p> <p><i>Further information Section 2</i></p>
Will I be guaranteed a minimum allocation under the Offer?	<p>Offer - there is no guaranteed allocation of Shares to Applicants under the Offer. However, it is the Company's intention that subject to oversubscriptions, it will allot a minimum number of \$2,000 worth of Shares to each Eligible Applicant under the Offer.</p> <p><i>Further information Section 2</i></p>
Will any Shares issued under the Offer be subject to escrow?	<p>There is no escrow restriction on Shares issued under the Offer. However, some Shares issued as part of the Proposed Transaction to the Lamboo and McKintosh Vendors and the 2011 Convertible Note will be subject to escrow arrangements, as described in sections 2 and 10.</p> <p><i>Further information Section 2</i></p>
Is there any brokerage, commission or stamp duty payable by you?	<p>No brokerage, commission or stamp duty is payable by you on acquisition of Shares under the Offer.</p> <p><i>Further information Section 2</i></p>
What are the tax implications of investing in Shares?	<p>Generally, Shareholders will be subject to Australian tax on dividends and possibly CGT on a future disposal. The tax consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to investing.</p> <p><i>Further information Section 10</i></p>
Where can I find more information?	<ul style="list-style-type: none"> ● By reading this Prospectus; ● By speaking to your stockbroker, solicitor, accountant or other independent professional adviser; and/or ● www.fluorotechnics.com/prospectus.php <p>The website and its contents do not form part of this Prospectus and are not to be interpreted as part of, or incorporated into, this Prospectus.</p>

SECTION 2

DETAILS OF THE OFFER



DETAILS OF THE OFFER

2.1 DESCRIPTION OF THE OFFER

The Offer is a public offering of 35,000,000 Shares to be issued by the Company at the Offer Price of \$0.20 per Share, to raise \$7,000,000, with a minimum subscription of \$3,500,000.

All Shares issued under the Offer will be issued at the Offer Price and will rank equally with each other and with existing Shares. A summary of the rights attaching to the Shares is set out in section 10.

The Offer is open only to Australian and New Zealand residents. The Offer is not underwritten.

If \$7,000,000 is raised under the Offer, the total number of Shares on issue at the completion of the Offer will be 66,406,678. The following table summarises the Shares on issue before and after the Offer.

Capital Structure	Numbers Minimum Raise	Numbers Maximum Raise
Shares on issue at 31 December 2011	54,147,874	54,147,874
Consolidation of existing shares (16:1)	(50,763,632)	(50,763,632)
	3,384,242	3,384,242
Shares to be issued on acquisition of Lamboo and McKintosh	17,500,000	17,500,000
Prospectus issue (maximum)		35,000,000
Prospectus issue (minimum)	17,500,000	
Conversion of 2010 Convertible Note	1,041,667	1,041,667
Conversion of 2011 Convertible Note	4,730,769	4,730,769
Shares issued to Directors	4,750,000	4,750,000
PRO FORMA TOTAL	48,906,678	66,406,678
Options attributed to 2010 Convertible Notes	1,041,667	1,041,667
Options to be issued subject to successful raise and shareholder approval	2,500,000	2,500,000
Total options on completion of the Offer	3,541,667	3,541,667

2.2 PURPOSE OF THE OFFER AND USE OF PROCEEDS

The Offer is intended to raise gross proceeds of \$7,000,000, with a minimum subscription of \$3,500,000. The Company intends to use the proceeds from the Offer:

- (i) to undertake further exploration and development work in relation to the Lamboo Projects;
- (ii) to pay deferred salaries and service fees payable by the Company;
- (iii) for working capital purposes; and
- (iv) to meet the expenses of the Offer.

Because the proposed acquisition by the Company of Lamboo and McKintosh will result in a significant change in the nature of the Company's activities, the Company is required to re-comply with the requirements of Chapters 1 and 2 of the Listing Rules as if it were re-applying for admission to the Official List. This includes the preparation and issue of a prospectus by the Company which complies with the relevant provisions of the Corporations Act. The Offer has also been undertaken by the Company to comply with these requirements of the Listing Rules.

The following table provides a summary of the sources and proposed uses of funds raised under the Offer.

Use	\$'s on a \$3.5 m raise	\$'s on a \$7m raise
Drill, assay and related activities	1,425,500	3,515,500
Scoping (pre-feasibility)	500,000	900,000
Corporate & administration	300,000	400,000
Staffing	300,000	500,000
Capital raise	474,000	660,000
Deferred Directors Salaries	356,364	356,364
Working capital	144,136	668,136
TOTAL	3,500,000	7,000,000

The Company's full exploration programs set out in the reports in Section 6, exceed the funds available to the Company under the Offer. The Directors intend to initially prioritise exploration of the graphite projects and depending on the amount raised under the Offer, to apply exploration funds to activities they consider most appropriate in all the circumstances. Depending on the results of exploration activities and circumstances at the relevant time, the Directors may need to consider further fundraising options in the future, including debt and/or equity elements, to further develop the projects.

2.3 OFFER DETAILS

Who can apply?

Any person who is a resident of Australia or New Zealand.

How many Shares are offered under the Offer?

The Offer is for the issue of 35,000,000 Shares.

How to apply for Shares under the Offer?

You may apply for Shares under the Offer by completing and returning the Offer Application Form with accompanying payment to the Share Registry. There are instructions set out on the Offer Application Form to help you complete it.

Application Money (either via cheque or bank draft and accompanied by a valid and properly completed Offer Application Form) must be received by the Share Registry by 5 pm on 25th May 2012, unless the Company elects to close the Offer early, extend the Offer, or to accept late Applications either generally or in particular cases.

The Company reserves the right to reject any Offer Application Form which is not correctly completed or which is submitted by a person it believes may be an ineligible Applicant, or to waive or correct any errors made by an Applicant in completing any Application Form.

Minimum application amount

Applications under the Offer must be for a minimum of \$2,000 worth of Shares and in multiples of \$500 worth of Shares thereafter.

Guaranteed amount and allocation policy

There is no guaranteed allocation of Shares under the Offer. Allocation of Shares to Applicants under the Offer will be entirely at the Company's discretion and the Company retains an overriding right to accept any Application in full or in respect of a lesser number of Shares than applied for or decline an Application, at its discretion. If the value of the Applications under the Offer is greater than the value of Shares available in the Offer, Applications will be scaled back at the discretion of the Company.

In exercising any of its discretions referred to above, the Company will have regard to a range of factors including the time of receipt of Applications and receipt of cleared Application Money.

Address for return of Application Forms and Application Money

Applications and Application Money submitted via post must be mailed to:
Fluorotechnics Limited
C/- Boardroom Pty Limited
PO BOX 3993
SYDNEY NSW 2001

Closing date of the Offer

5 pm on 25th May 2012.
Applications and Application Money must be received by the Share Registry by no later than 5 pm on 25th May 2012, unless the Company elects to close the Offer early, extend the Offer, or to accept late Applications either generally or in particular cases. The Offer may be closed at any earlier date and time, without notice.

Applicants are therefore encouraged to submit their Applications as early as possible.

What happens if there are insufficient applications for Shares under the Offer?

The minimum subscription to be raised under this Prospectus is \$3,500,000. In accordance with section 723 of the Corporations Act, the Company will not issue Shares under this Prospectus unless this minimum subscription is achieved. In the event that this minimum subscription has not been raised within 4 months after the date of this Prospectus, the Offer will be cancelled and all Application Money will be refunded without interest in accordance with the Corporations Act.

Application Money will be held on trust until the minimum subscription is achieved, and if achieved, until Shares relevant to the Application are issued. Interest will not be paid on any Application Money that is refunded.

How to obtain a copy of this Prospectus and Application Form

By downloading a Prospectus from www.fluorotechnics.com.

What happens if all the relevant Resolutions are not passed at the General Meeting scheduled on 21st May 2012?

If all the relevant Resolutions (which exclude Resolution 5 – Change of Company Name) are not passed at the General Meeting, then the Offer will not proceed and the Company will refund all Application Money without interest in accordance with the Corporations Act. The Directors will then have to reconsider the Company's future, as it will effectively have no business serving as a basis for continued quotation of the Company's securities on ASX.

2.4 CONDITIONS OF THE OFFER

The Offer is conditional on each of the following matters being satisfied:

- (i) Shareholders approving all of the relevant Resolutions put to them at the General Meeting of the Company;
- (ii) a minimum subscription under the Offer of \$3,500,000 having been achieved;
- (iii) ASX approving the reinstatement of the Shares to Quotation; and
- (iv) Acquisition completion having occurred.

No Shares will be issued under this Prospectus unless each of the above conditions is satisfied.

2.5 QUOTATION OF SHARES ON THE ASX

The Offer is conditional upon the Company and its Shares being reinstated to Quotation.

The Company is already admitted to the Official List of ASX. However, trading in the Shares will be suspended as of the date of the General Meeting until the Company re-complies with all of the requirements under Chapters 1 and 2 of the Listing Rules.

Reinstatement of Quotation is at the discretion of ASX and will be subject to compliance by the Company with the Listing Rules and the Corporations Act. On reinstatement of Quotation, the Company expects the ASX code will continue to be FLS.

The Company will apply to the ASX for Quotation of Shares, including Shares issued under this Prospectus, no later than 7 days after the date of this Prospectus. If the Company does not make such an application within 7 days after the date of this Prospectus, or the Shares are not reinstated to Quotation within 3 months of the date of this Prospectus (or any longer period permitted by law), the Offer will be cancelled and all Application Money will be refunded without interest in accordance with the Corporations Act.

2.6 TRADING ON ASX

It is the responsibility of each of you to confirm your holding before trading in Shares. Applicants who sell Shares before they receive an initial statement of holding do so at their own risk. The Company, and the Share Registry disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial statement of holding, whether on the basis of a confirmation of allocation provided by any of them or otherwise. Shares are expected to commence trading on ASX on a normal settlement basis on or about 6 June 2012.

2.7 RESTRICTED SECURITIES

Subject to the Shares being reinstated to Quotation, some of the Shares are likely to be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months. The holders of any Shares that ASX classifies as restricted securities will be required to enter into appropriate restriction agreements with the Company prior to the Company's Shares being reinstated to Quotation.

As at the date of this Prospectus, the Company expects that the following Shares will be subject to escrow:

- 100% of the 17,500,000 Shares to be issued to the Lamboo Vendors as consideration for the acquisition of the Lamboo Assets will be escrowed for 12 months from the date on which the Shares are reinstated to Quotation; and
- 35% of the 4,730,769 Shares to be issued to the holders of the 2011 Convertible Notes on conversion of their 2011 Convertible Notes may have a partial escrow.

None of the 35,000,000 maximum shares to be issued under the Offer will be subject to escrow.

2.8 RESTRICTIONS ON DISTRIBUTION

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia or New Zealand. Investors in New Zealand should refer to section 10 for further information.

This Prospectus does not constitute an offer or invitation to subscribe for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

This Prospectus may not be released or distributed by you in the United States or to or for the account or benefit of any US Person, and may only be distributed to persons to whom the Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

The Shares have not been, and will not be, registered under the US Securities Act 1933 and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act 1933 and any other applicable securities laws.

2.9 AVAILABILITY OF FUNDS

You should ensure that sufficient funds are held in the relevant account to cover the amount specified in the Application Form. If the amount in the relevant account or your cheque for the Application Money (or the amount for which the cheque clears in time for allocation) is less than the amount specified on the Application Form, you may be taken to have applied for such lower dollar amount of Shares as for which your cleared Application Money will pay (and to have specified that amount on your Application Form) or your Application may be rejected.

Application Money received under the Offer will be held in trust in a special purpose account until Shares are issued to successful Applicants. Applicants whose Applications are not accepted, or who are allocated a lesser dollar amount of Shares than the amount applied for, will be mailed a refund (without interest) of all or part of their Application Money, as applicable. Interest will not be paid on any money refunded and any interest earned on Application Money pending the allocation or refund will be retained by the Company.

2.10 ACCEPTANCE OF APPLICATIONS

An Application is an offer by you to the Company to subscribe for Shares, for all or any of the Application Money specified in and accompanying the Application Form, at the Offer Price on the terms and conditions set out in this Prospectus including any supplementary or replacement Prospectus and the Application Form. To the extent permitted by law, the offer by you is irrevocable.

An Application may be accepted by the Company in respect of the full number of Shares specified in the Application Form or any of them, without further notice to you. Acceptance of an Application will give rise to a binding contract.

2.11 DISCRETION REGARDING THE OFFER

The Company reserves the right not to proceed with the Offer at any time before the allocation of Shares to Applicants. If the Offer is cancelled, all Application Money will be refunded (without interest).

The Company also reserves the right to close the Offer early, extend the Offer, accept late Applications either generally or in particular cases, reject any Application or allocate to any Applicant fewer Shares than applied for.

2.12 BROKERAGE, COMMISSION AND STAMP DUTY

No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer. See section 10 for details of the fees payable by the Company to the Lead Manager.

2.13 CHESS AND ISSUER SPONSORED HOLDINGS

The Company will operate an electronic CHESS sub-register and an electronic issuer sponsored sub-register. The Company will re-apply to participate in CHESS, in accordance with the Listing Rules and the ASX Settlement Operating Rules. When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of these two sub-registers, which will make up the Company's register of Shares. Following completion of the Offer, successful Applicants will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (HIN) for CHESS holders or, where applicable, the Security holder Reference Number (SRN) of issuer sponsored holders. Certificates will not be issued.

Shareholders will receive subsequent holding statements if there has been a change to their holding on the register (in the first week of the month following the change) and otherwise as required under the Listing Rule and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

2.14 ENQUIRIES

If you require assistance to complete the Application Form or to submit an Application, you should contact Sydney Capital Partners on (02) 8264 2487 from 9.00 am until 5.00 pm AEST Monday to Friday. If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should seek professional advice from your stockbroker, solicitor, accountant or other independent professional adviser.

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SECTION 3

PROJECT OVERVIEW



PROJECT OVERVIEW

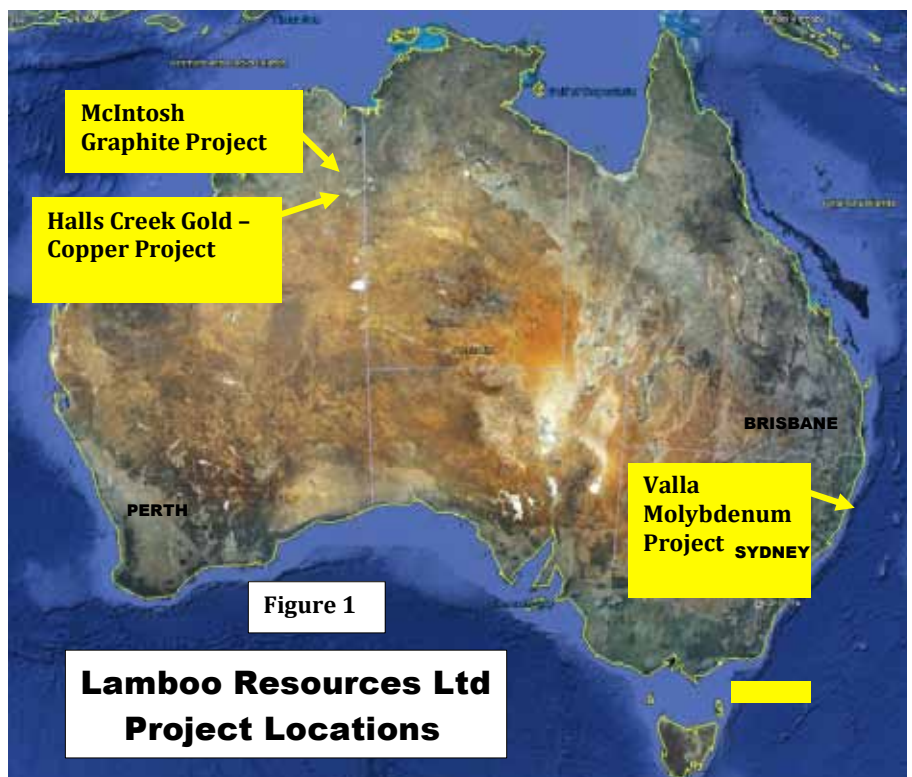
EXPLORATION FOCUS

The Company has acquired a number of projects in the East Kimberley, Western Australia and northern New South Wales prospective for graphite, molybdenum, base metals, gold and silver mineralisation (Figure 1). Geologists Craig Rugless and Rod Williams have extensive experience exploring in these regions and have built up a portfolio of 100% owned exploration assets in various stages of development. Rugless and Williams will join the Company team, with Rugless directing exploration.

Graphite represents a high priority target for exploration drilling. The graphite project is located approximately 100 km north of Halls Creek in the East Kimberley, Western Australia. The use of funds raised under this Prospectus will be prioritised to undertake the exploration activities of the graphite project.

The Valla Molybdenum project, located near Nambucca Heads in northern New South Wales represents an early drilling target. Results from initial activities and available funds will determine priority of future activities.

In addition, the company has acquired a portfolio of tenements in the East Kimberley that are at different stages of exploration and are considered to be prospective for gold, copper and nickel, with exploration targets identified.



MCINTOSH GRAPHITE PROJECT

The metamorphic terrain in the McIntosh project area is prospective for flake graphite. The graphite schist horizon outcrops within the tenements and has an approximate aggregate strike length of 10 km based on airborne EM data (Figure 3). Limited rotary air blast (RAB) drilling has shown that the graphitic schist stratigraphy can be over 40 m thick (Figure 2) and represents an obvious target for follow-up exploration including reverse circulation (RC) drilling and diamond drilling.

Petrographic examination confirms the presence of flake graphite occurring within the graphitic schist host and is associated with fibrous sillimanite, consistent with metamorphic terrain. The graphite schist at the discovery outcrop is unweathered and could qualify as mill feed from the surface if the project is developed. This would prove to be a major advantage in terms of the waste to ore ratio in any future open cut operation.

A haul road passes only 1 to 3 kilometres to the north of the main graphitic schist outcrop, and provides ready access to the all-weather Great Northern Highway (Highway 1) and the deep water port of Wyndham is 300 km to the north.

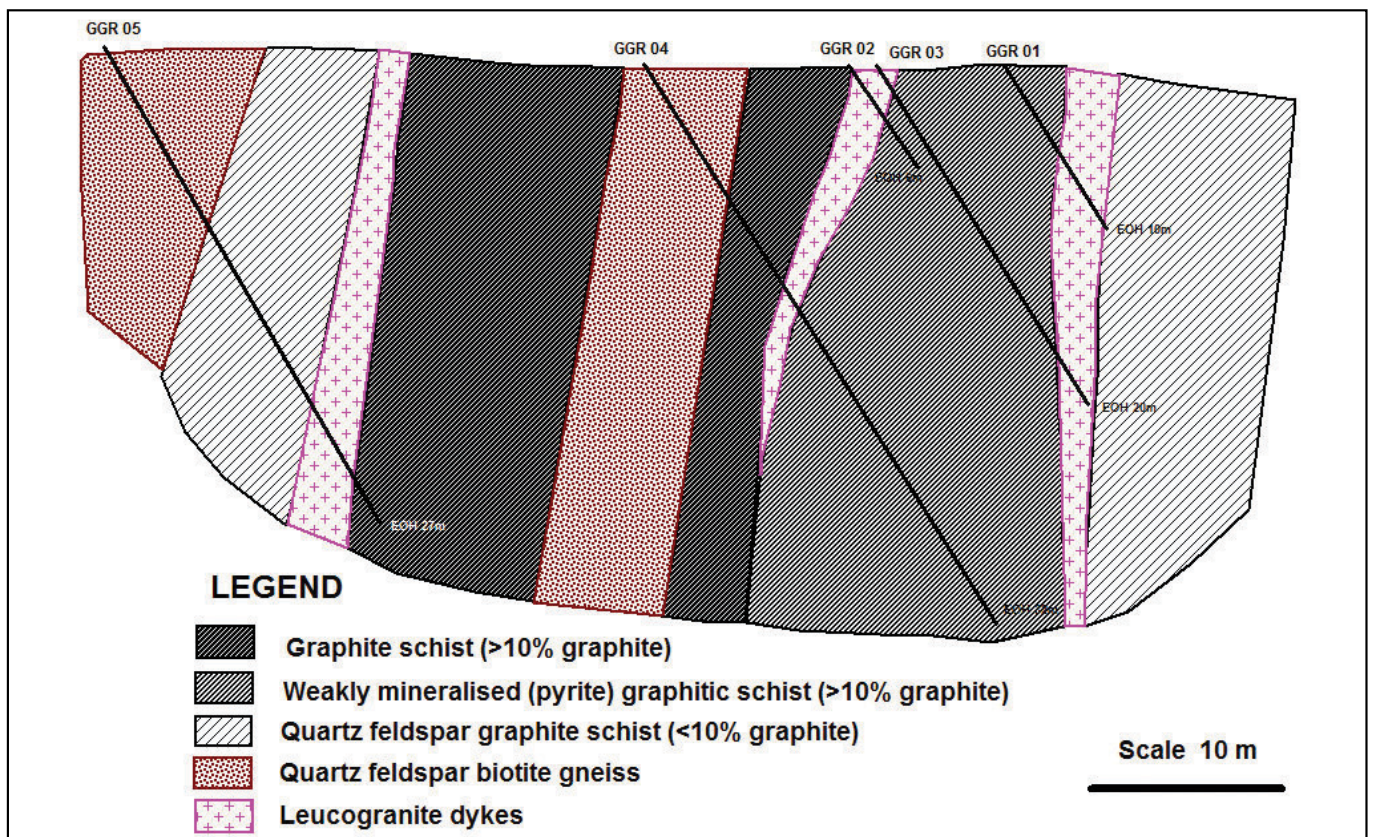


FIGURE 2 MCINTOSH GRAPHITE - Schematic RAB drill hole section showing graphitic schist horizons occurring within the metamorphic Tickalara Formation (based on drill hole data and surface geological mapping)

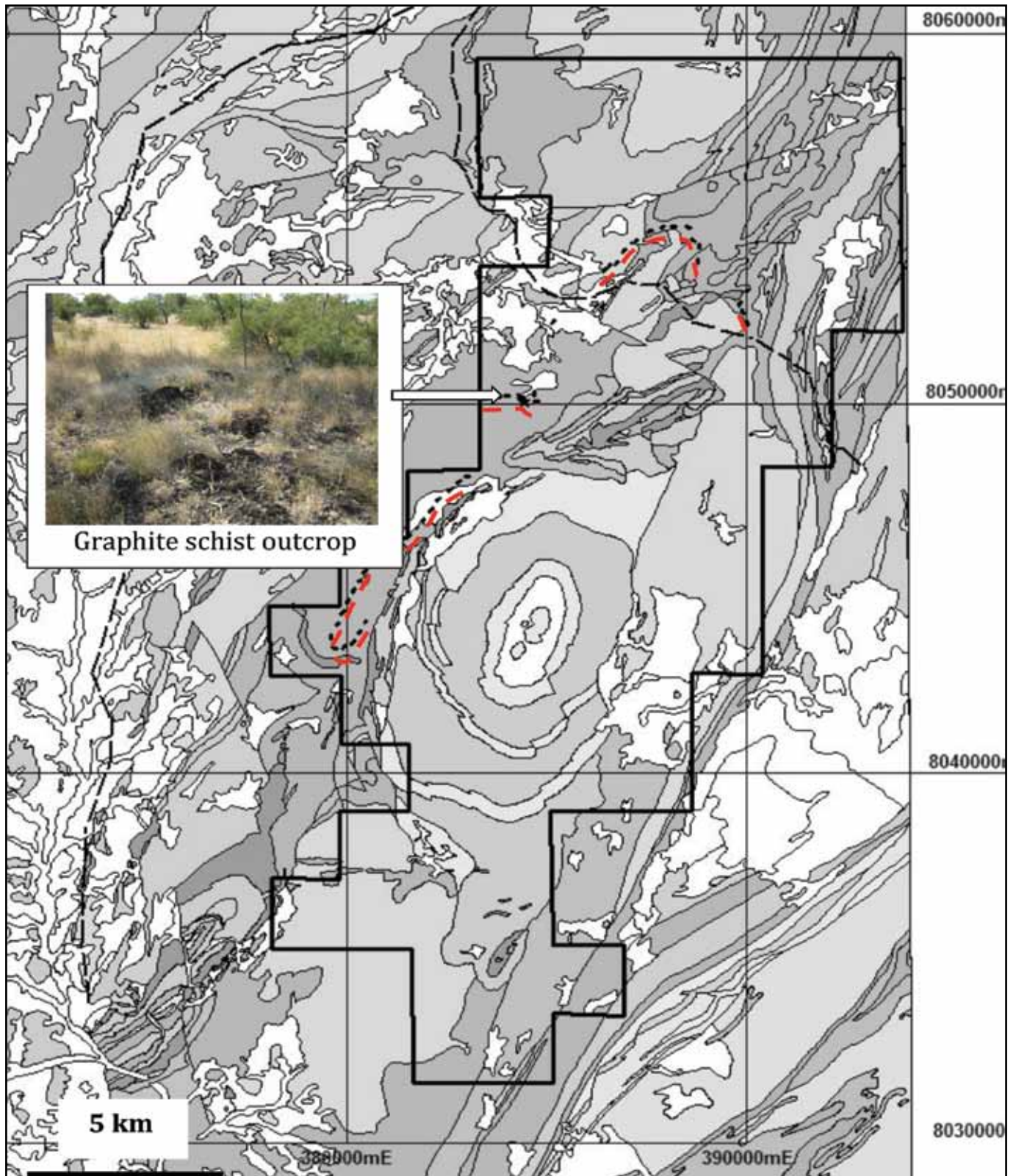


Figure 3 McIntosh Project showing the discovery outcrop (inset) and the interpreted trace of the graphitic schist horizon (red dashed line) based on airborne EM geophysical data.

VALLA MOLYBDENUM PROJECT

The Valla Project contains molybdenum mineralisation within Exploration Licence 6702 located 40km south southwest of Coffs Harbour and west of Nambucca Heads in, northern New South Wales (refer Independent Geologist Report – location plan).

Rock chip sampling at Marriott’s aggregate quarry (Figure 4), occurring near the contact of the Valla Adamellite, has confirmed the presence of Mo values (assays >1% Mo) with the tenor of mineralisation apparently increasing with depth. Strongly anomalous molybdenum values (>100 ppm Mo) occur over a strike length of 400 metres within the quarry and are associated with a largely untested west-northwesterly trending fault. Grades of up to 10% molybdenum have been achieved by Niton XRF analyses (EL6702 Annual Report – 2010-11 submitted to the NSW Dept. of Mines).

Anomalous Mo geochemical values in stream sediment samples have highlighted additional areas that contain known veinlet and disseminated molybdenite mineralization within the adamellite and are considered to be prospective for stockwork vein style molybdenite mineralization.



Figure 4 Valla Project showing Marriott’s quarry and high grade molybdenum mineralization (silvery grey mineral - inset)

Geological Models:

The Valla Adamellite represents a late, potash – rich intrusive that is consistent with the Cordilleran – style molybdenum deposits in the western USA and Canada, including the large Henderson molybdenum deposit. The granite intrusive is associated with a distinctive aeromagnetic aureole plus metallogenic zoning that includes a molybdenum – tungsten core grading out to a silver – lead and silver – arsenic – gold zones generated by hydrothermal fluids associated with the granite (refer Independent Geologist Report – location plan).

Proposed Work:

Subject to funds the Company plans to refine and to potentially extend these two targeted exploration areas by geophysical IP traversing and grid geochemical sampling of the Valla molybdenum prospects followed by RC and diamond drilling.

HALLS CREEK GOLD COPPER PROJECT

The Halls Creek Project is covered by three large exploration licence applications and eight prospecting licence applications covering a total area of 651 km² over the East Kimberley Mineral Field, near Halls Creek. The tenements extend up to 20 km to the northeast, 25 km northwest and 20 km north of Halls Creek (Figure 5) and cover diverse mineralization styles occurring in a number of prospects, including:

- *Lady Helen and Townsite gold silver prospects* occur to the north and east of the Loadstone monzogranite and are associated with WNW – ESE trending brittle shears mapped by the Geological Survey of Western Australia (GSWA). The mineralization is represented by epithermal – style siliceous lodes grading up to 62 g/t Au and 63 g/t Ag at Lady Helen prospect (Figures 6A & B) and 26.1 g/t Au, 22 g/t Ag, 2.6% Pb at Townsite prospect (Figure 6C).
- *Granite gold copper prospect* is represented by sheeted quartz veining occurring on the northern edge of the Loadstone monzogranite. The mineralization occurs within a pervasively hydrothermally altered granite host and exhibits potential affinities with a copper-gold style of mineralization associated with the monzogranite intrusive.
- *Bent Ridge gold copper prospect* represents multi-phase gossanous quartz veining (Figure 6D) associated with a significant inflection in the Caroline Fault representing a major fault splay off the Halls Creek Fault. The structure is associated with pyrophyllite and fuchsite – carbonate alteration representing significant alteration styles associated with hydrothermal gold –copper – silver mineralization.
- Potential for *volcanic hosted massive sulphide (VHMS) base metal mineralization*, associated with the felsic to intermediate volcanic and volcanoclastic Koongie Park Formation, is afforded by the tenement package that includes up to 20 km strike length of the fertile volcanic stratigraphy that contains known VHMS mineralization at Sandiego and Onedin (exclusions) to the south. VHMS prospects representing immediate exploration targets within the tenements include *Banjo, Ukelele and Highway prospects*.
- *The Milba Formation*, occurs to the east of the Koongie Park Formation and represents an earlier volcanic regime based on GSWA geological mapping. Base metal mineralization occurs within stratigraphically equivalent rocks at the Little Mt Isa and Ilmars base metal prospects, immediately to the north of the tenements.

There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Background:

The East Kimberley Mineral Field contains the first discovery of gold in Western Australia in 1885 at Old Halls Creek and has produced significant gold since that time. Prospecting in the seventies and eighties located significant high grade (10 to 60 g/t Au) mesothermal lode gold mineralisation at Nicholson's Find, west of the Halls Creek Fault, where Bulletin Resources Ltd (ASX:BNR) have recently reported an inferred and indicated resource of 1.38 million tonnes grading 5.58 g/t Au to the ASX on 10 February 2012. Similar styles of epithermal to mesothermal gold mineralisation has been located at Lady Helen and Townsite prospects within the Company's tenements, west of Halls Creek.

Proposed Work:

The Company has identified exploration targets in the Halls Creek Project and plans to commence drilling after the tenement applications have been granted and Native Title access agreements finalised. RC drilling can be directed at the series of parallel sheeted gold – silver - copper quartz lodes at Granite Prospect as well as the silicified lodes at Lady Helen and Townsite prospects. Bent Ridge is associated with a large untested gradient array IP anomaly and fuchsite altered gossanous structures that require follow-up by RC drilling. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

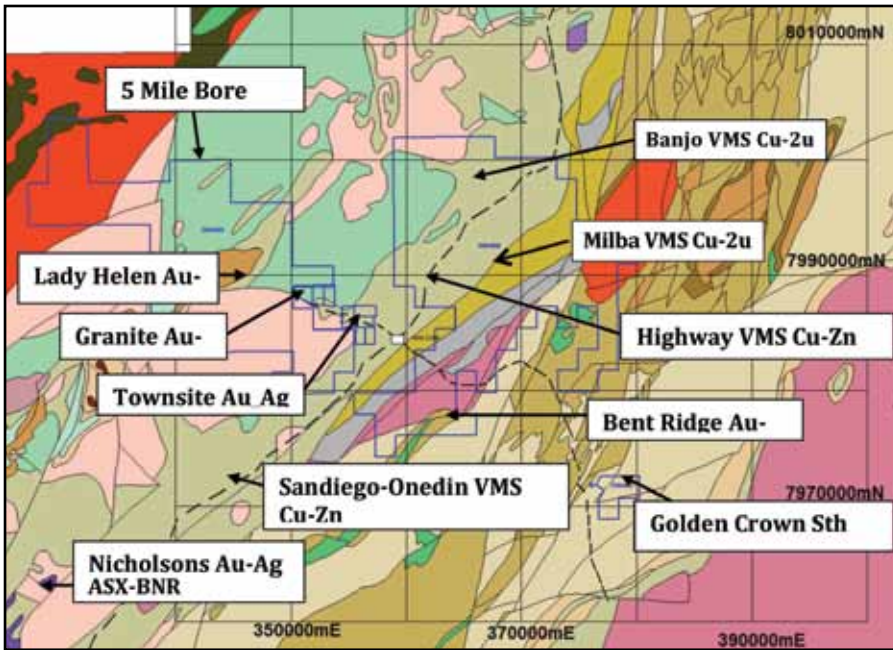


Figure 5 Halls Creek Project (blue outline) showing gold, silver, copper and zinc prospects (Geology by the Geological Survey of Western Australia - GSWA).



Figure 6A Lady Helen pyritic chalcedonic outcrop in a small pit. Assays up to 62 g/t Au and 63 g/t Ag have been achieved from rock samples.

Figure 6B Detail of pyritic chalcedonic lode at Lady Helen prospect.



Figure 6C Townsite gold – silver base metal lode containing up to 26.1 g/t Au in rock chip samples.

Figure 6D Gossan at Bent Ridge gold – copper prospect containing up to 0.59 g/t Au and 1300 ppm As in rock chips.

MCINTOSH NICKEL COPPER PROJECT

The McIntosh tenements are located east of the Great Northern Highway and 90 km north of Halls Creek in the East Kimberley region of Western Australia. The granted tenements cover an area of 187.9 km² while tenement applications total 51.5 km².

In addition to prospectivity for flake graphite, the tenements contain known copper – nickel mineralisation. The tenements are proximate to resources projects in the area including the Panton PG.M deposit (14.32 Mt at 5.2 g/t 3E PG.M plus Au - Platinum Australia Ltd ASX:PLA), the Savannah (Sally Malay) Ni – Cu deposit (5.412Mt @ 1.54% Ni, 0.78% Cu, 0.08% Co ASX: PAN) and the Copernicus deposit (487Kt @ 1.23% Ni, 0.82% Cu, 0.08% Co ASX: PAN & THX) (refer Figure 7). However, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource. Proximity to other mineral projects does not mean that the Company's projects will contain a Mineral Resource.

Geological Models:

The tenements cover the Melon South and Mini M layered mafic/ultramafic intrusives that are geologically equivalent to the Panton Sill that hosts the Panton platinum group metals (PG.M) deposit. Potential exist for Sally Malay – style gabbroid nickel - copper mineralisation at Melon North as well as the large McIntosh layered gabbro intrusive or lopolith to the south. The McIntosh intrusive exhibits geological similarities to the large Voisey Bay nickel – copper – cobalt deposit in Canada as well as the large low grade Santa Rita nickel – copper deposit in Brazil. However, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource. Proximity to other mineral projects does not mean that the Company's projects will contain a Mineral Resource.

Immediate exploration targets include,

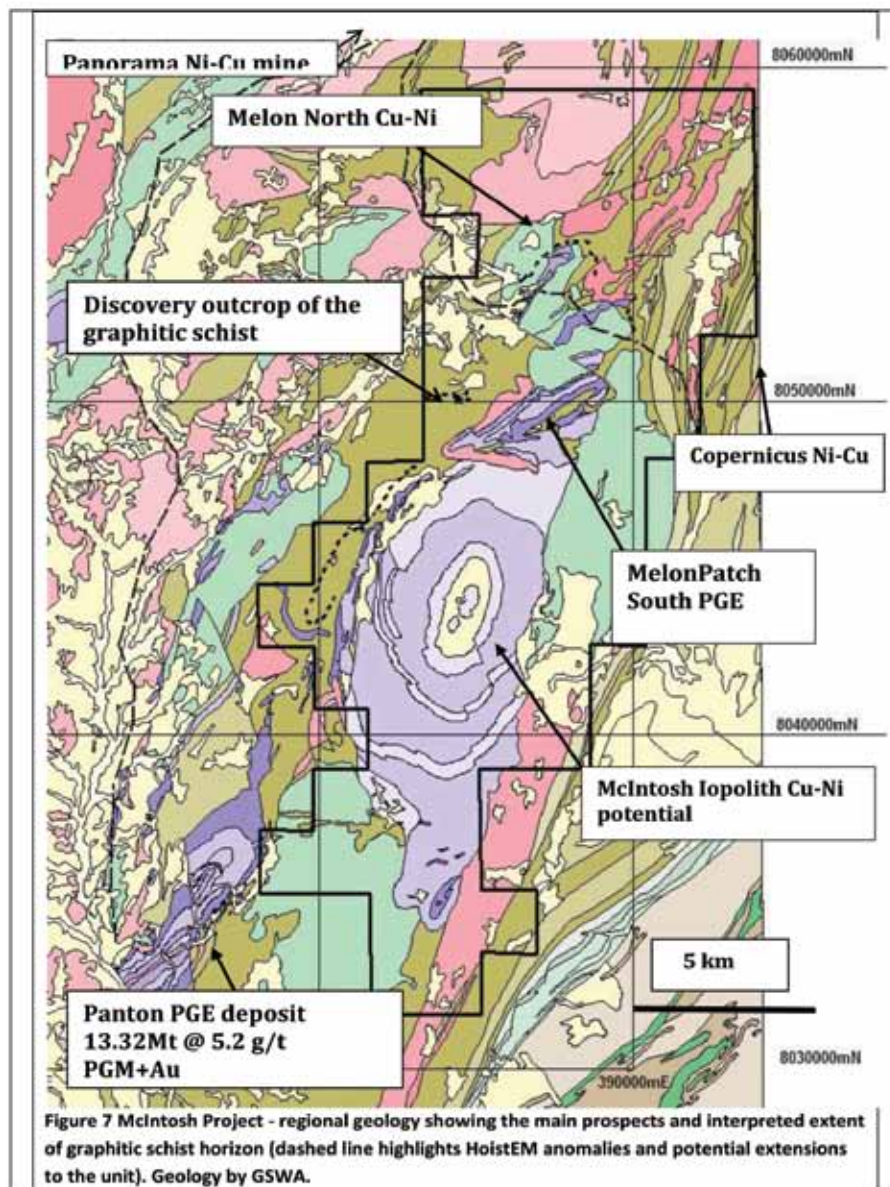
- *Melon North Nickel – Copper prospect* represents disseminated copper and nickel sulphides occurring within a metamorphosed differentiated gabbroic intrusive, comparable to the Sally Malay deposit to the north. MAGLAG geochemistry (refer Independent Geologist Report) is anomalous over a 400 m x 80 m area and corresponds with a dipole – dipole geophysical IP anomaly at depth and represents a walk-up drill target.

- *McIntosh Hills lopolith nickel – copper target* has potential for massive nickel – copper sulphide - PGM mineralisation associated with a differentiated gabbro intrusive. Anomalous “leakage” gossans associated with faults that crosscut the intrusive may indicate the presence of massive sulphides occurring within the core of the lopolith, similar to the setting at Voisey Bay in Canada.

Proposed Work:

Geophysical gradient array and dipole-dipole IP anomalies associated with known nickel – copper mineralisation at Melon North prospect will be followed-up by RC drilling. The chromite - PGM mineralised layered mafic/ultramafic intrusive at Melon South and Mini-M will require detailed geological mapping supported by MAGLAG geochemistry and geophysical IP traversing. The exploration targets will be followed – up by RC drilling.

Deep – probing, wide spaced dipole – dipole IP traverses over the McIntosh lopolith could provide the initial evidence of massive sulphides at depth. Recent work involving innovative geophysical seismic profiling that could potentially locate massive sulphides at depth will also be investigated.



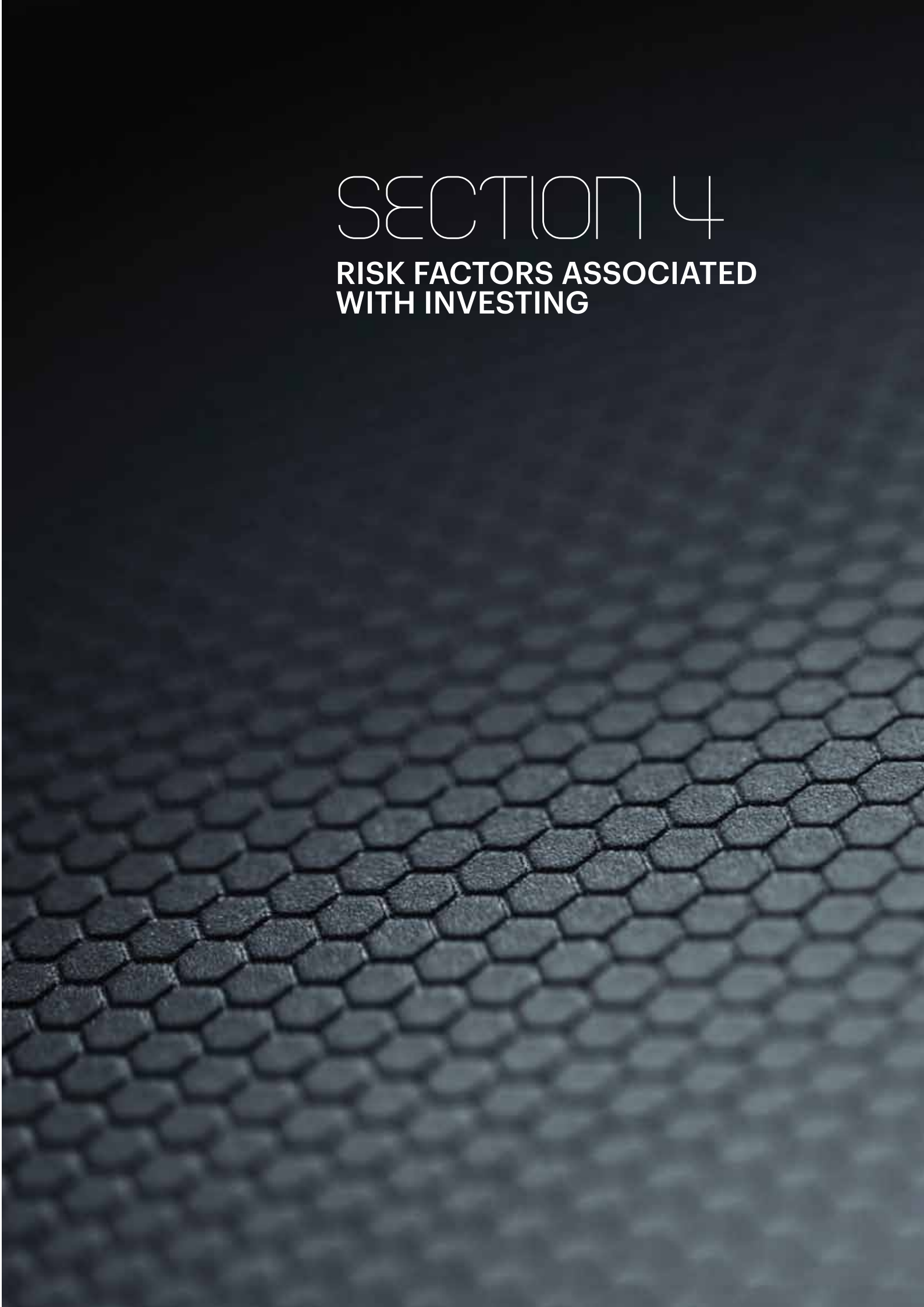
Tenement Schedule

The full list of tenements being acquired are set out below. Note: Pathfinder Exploration Pty Ltd and Norvale Pty Ltd have entered into novation agreements to transfer title into names of Lamboo Resources Pty Ltd and McKintosh Resources Pty Ltd as applicable.

Project	Tenement Name	Type	Ten No.	Current Holder	Blocks	Area km2
McIntosh	Melon Patch	E	E80/3864	McKintosh Resources Pty Ltd	9	29.2
WA	McIntosh Hills	E	E80/3928	McKintosh Resources Pty Ltd	25	81
	Melon North	E	E80/3906	McKintosh Resources Pty Ltd	16	51.8
	Melon South	E	E80/3907	McKintosh Resources Pty Ltd	3	9.7
	Black Granite	E	E80/4396	McKintosh Resources Pty Ltd	5	16.2
	White Rock South	ELA	E80/4688	McKintosh Resources Pty Ltd	12	39
				TOTAL	70	226.9
MCINTOSH WA	WHITE ROCK	ELA	E80/4655	Lamboo Resources Pty Ltd	4	12.5
Halls	Golden Crown South	ELA	E80/4676	Lamboo Resources Pty Ltd	4	12.96
Creek	Highway	ELA	E80/4677	Lamboo Resources Pty Ltd	106	343.44
WA	Granite	ELA	E80/4678	Lamboo Resources Pty Ltd	87	281.88
	Granite	PLA	P80/1776	Lamboo Resources Pty Ltd		0.17
	Granite	PLA	P80/1777	Lamboo Resources Pty Ltd		0.191
	Granite	PLA	P80/1778	Lamboo Resources Pty Ltd		0.169
	Granite	PLA	P80/1780	Lamboo Resources Pty Ltd		0.173
	Granite	PLA	P80/1783	Lamboo Resources Pty Ltd		0.197
	Granite	PLA	P80/1785	Lamboo Resources Pty Ltd		0.124
	Granite	PLA	P80/1786	Lamboo Resources Pty Ltd		0.161
	Granite	PLA	P80/1787	Lamboo Resources Pty Ltd		0.114
				TOTAL	197	639.58
Valla NSW	Valla	EL	EL6702	Lamboo Resources Pty Ltd	41	58

SECTION 4

RISK FACTORS ASSOCIATED WITH INVESTING



RISK FACTORS ASSOCIATED WITH INVESTING

Investors should be aware that an investment in the Company involves many risks, which may be higher than the risks associated with an investment in other companies.

Risks that the Directors believe are key risks are described in section 4.1. The key risks are the risks that have the potential, if they occurred, to result in very significant consequences for the Company and an investment in it. Other risks which are regarded by the Directors as potentially material are described in section 4.2.

Many of the risks described in this section 4 are outside the control of the Company, its Directors and management. As a result, there can be no guarantee that the Company will achieve its stated objectives.

Prospective investors should note that this section 4 does not contain an exhaustive list of the risks associated with an investment in the Company and should be considered in conjunction with other information disclosed in this Prospectus. You should have regard to your own investment objectives and financial circumstances, and should consider seeking professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest.

4.1 KEY RISKS

a) Exploration and evaluation risk

Potential investors should understand that mineral exploration and development are high risk undertakings. For example, the graphite exploration results at the McIntosh Projects may be of a different quality, tonnage or strip ratio from that estimated. The Company's strategy for reducing this risk is to select projects that have identified prospecting mineral targets. However, neither the Company, the Directors nor any other person named, with their consent, in this Prospectus can guarantee the success of these projects. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The Company's exploration and appraisal activities are dependent upon the grant and maintenance of appropriate licences, permits, resource consents, access arrangements and regulatory authorities (collectively, Authorisations) which may not be granted or may be withdrawn or made subject to limitations. Although the Authorisations may be renewed following expiry or granting (as the case may be), there can be no assurance that such Authorisations will be renewed or granted on the same terms. There are also risks that there could be delays in obtaining such Authorisations.

If the Company does not meet its work and/or expenditure obligations under its Authorisations, this may lead to a loss of such Authorisations.

b) Commercialisation risk

The business of commodity development and production involves a degree of risk. Amongst other things, success is dependent on the successful designing, construction and operation of efficient gathering, processing and transportation facilities. Even if the Company discovers or recovers potentially commercial quantities of graphite from its exploration activities, there is no guarantee that the Company will achieve a commercial return. The Company may not be able to mine the graphite at a reasonable cost, or successfully transport these resources to commercially viable markets, or sell the resources to customers at a rate which would cover its operating and capital costs.

c) Regulatory risk

The Company must receive the necessary regulatory and environmental approvals before it can implement all of its proposed activities (discussed in section 7). The process of obtaining the approvals may be lengthy and costly. There is also a risk that applications for these approvals are rejected.

Future changes to laws and regulations or accounting standards which apply to the Company could materially adversely affect the Company's future financial performance.

d) Going Concern risk

As noted in Section 3(d), the Company's Accounts for the half year ended 31 December 2011 have been subject to a *Emphasis of Matter* comment and to a conclusion that there existed a material uncertainty that cast doubt on the Company's ability to continue as a going concern. The Directors consider that, this concern should be capable of being addressed upon successful completion of the Offer and the application of the funds raised in accordance with the use of funds statement contained in Section 2.2 of this Prospectus.

4.2 OTHER OPERATIONAL RISKS

If the Company decides to develop and commission a mine, the operations of the Company including mining and processing may be affected by a range of factors. These include failure to achieve predicted grade in exploration, mining and processing, technical difficulties encountered in commissioning and operating plant and equipment, mechanical failure, metallurgical problems which affect extraction rates and costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increase in the costs of consumables, spare parts, plant and equipment.

a) Resources and reserves

The future success of the Company will depend on its ability to find or acquire reserves that are economically recoverable. There can be no assurance that the Company's planned exploration activities will result in significant resources or reserves or that it will have success in mining. Even if the Company is successful in finding or acquiring reserves or resources, reserve and resource estimates are estimates only and no assurance can be given that any particular level of recovery from resources or reserves will in fact be realised or that an identified resource will ever qualify as commercially viable which can be legally and economically exploited.

Market price fluctuations in the price of resources, as well as increased production costs or reduced recovery rates may render reserves and resources containing relatively lower grades of mineralisation uneconomic and may ultimately result in a restatement of reserves and/or resources. Short-term operating factors relating to reserves and resources, may cause a mining operation to be unprofitable in any particular accounting period and may adversely affect the Company's profitability.

b) Commodity price and foreign exchange risk

The Company's plans for revenue is to be derived mainly from the sale of reserves in the international resources market. The predominant currency in which trading will be conducted is in US dollars.

Consequently, the Company's financial position, operating results and future growth will closely depend on the market price of this commodity and exchange rate.

The commodity price of graphite and molybdenum are subject to fluctuations in response to changes in demand and/or supply and various other factors. These changes may be the result of uncertainty or several industry and macroeconomic factors beyond the control of the Company, including political instability, governmental regulation, forward selling by producers, climate, inflation, interest rates and currency exchange rates. If the price at which any resource is sold by the Company falls below production costs for a sustained period of time, the Company would be likely to experience losses, having a material adverse effect on the Company.

Any fluctuations in the Australian dollar as compared to foreign currencies have the potential to impact on the Australian dollar revenue and returns to the Group.

c) Native title risk

It is possible that a form of native title reflecting the entitlement of indigenous inhabitants to traditional lands may exist in respect of the Company's interest in the Lamboo Projects. In such cases, exploration and/or mining restrictions may be imposed on, or claims for compensation may be made against, the Group. The Directors intend to deal with any such matters by engaging relevant experts and taking expert advice.

d) Key personnel risk

The success of the Company and the Group depends to a significant extent on its key personnel, in particular the senior management team described in section 5.1. These individuals have extensive experience in and knowledge of the resources industry in the East Kimberly Region of Western Australia and Valla in Northern New South Wales. Changes that adversely affect the Group's ability to retain key personnel or an inability to recruit or retain suitable replacement or additional personnel could materially impact the Group's business, operational performance and financial results.

e) Competition risk

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

f) Force majeure events

Events such as acts of terrorism, an outbreak of international hostilities or natural disasters may occur within or outside Australia and they could have an impact on the Group's business. Any such force majeure events may have a negative impact on the value of an investment in Shares in the Company.

4.3 GENERAL RISKS

a) General economic conditions

In common with other companies, the Group may be affected by general economic conditions, including the level of interest rates, currency exchange rates, tax regulation and tax rates, global and national economic cycles, global and national political stability, employment rates, inflation and changing consumer demands. Any changes in government fiscal, monetary and regulatory policies of a Government may also adversely affect the Group's business.

b) Share market investments

An investment in Shares should be regarded as speculative. The price of Shares can rise or fall. A range of factors affecting stock markets generally or industries in which the Group's business is operated can affect it. Those matters are often beyond the control of the Group. In addition, liquidity in the trading of Shares (whether on the ASX or otherwise) can be affected by a range of matters beyond the control of the Group. Further, there is no guarantee of any return in respect of an investment in Shares, whether a return by way of profit or capital.

In particular, the prices of many stocks listed on the ASX have, in recent times, been subject to large fluctuations, which, in some cases, may have been unrelated to the operating performance of the individual companies concerned. Such fluctuations may adversely affect the market price of Shares.

c) Taxation risks

A change to the current taxation regime in Australia or overseas may affect the Company and its Shareholders. Personal tax liabilities are the responsibility of each individual investor. The Company is not responsible either for taxation or penalties incurred by investors.

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SECTION 5

MANAGEMENT, STAFF AND CORPORATE GOVERNANCE



5.1 BOARD

As at the date of this Prospectus, the Board comprises:

- Richard Trevillion – Executive Chairman and CEO
- Richard Taylor – Executive Director;
- Brian Damian Pethica – Executive Director

The Company has agreed for 2 nominees of the Vendor to join the Board following the completion of the acquisition. Dr Craig Rugless and Rod Williams have each provided their consents to act as a Director of the Company, subject to completion of the acquisition occurring. Mr Pethica has advised the Board he will resign as a Director 5 business days after the close of the Offer.

It is expected that shortly after the Shares are reinstated to Quotation, the Board will comprise of the following members:

Richard Trevillion

Executive Chairman and CEO

Richard is the founder of Amity Partners and Adillion Pty Ltd, both principal financial investment and corporate consulting businesses. He previously served as director within the corporate finance group at Close Brothers Corporate Finance. He has not been a director of any other Australian listed company in the last three years.

Craig Rugless

Executive Technical Director

Dr Craig Rugless is an economic geologist who has over 40 years of experience in exploration and project development in Australia and Oceania and 9 years as the director of a public company. Dr Rugless has been involved with the management of exploration programs in Kalgoorlie and Mt. Gibson in Western Australia that contributed to the location of significant ore deposits.

In addition to working for major companies including Australian Anglo American Ltd and Homestake Australia Ltd, Dr Rugless has developed a successful consultancy to the exploration industry and provided services such as detailed mineragraphic/petrographic studies, PIMA (Portable Infrared Mineral Analysis) mineral deposit vectoring studies based on alteration assemblages and innovative geochemical surveys for numerous base and precious metal deposits. The studies have been conducted in a variety of geological terrains ranging in age from Archaean to Tertiary and involving most styles of mineralisation, including epithermal gold – silver deposits (Australia, Fiji), epigenetic gold deposits (WA goldfields, Ghana & Canada), platinum group metals (PGM) associated with layered mafic/ultramafic complexes (WA, South Africa, USA), komatiitic and gabbroid style nickel – copper –

cobalt deposits (WA Goldfields & Kimberley, Canada, USA), sedimentary copper and stratabound SEDEX zinc – lead deposits (Kazakhstan, Canada, Australia), porphyry copper – gold – molybdenum deposits (Chile, Kazakhstan, Fiji) and volcanogenic massive sulphide (VMS) copper – zinc – lead – gold – silver deposits (Australia, Fiji, Canada).

Richard Taylor

Non-executive Director

Richard Taylor will become a Non-executive director following the close of the Offer.

Richard is a chartered accountant with 30 years' experience and is a member of the Australian Institute of Company Directors. He was formerly a tax partner for 20 years with a Big 4 chartered accounting firm. In this role, he was a lead partner in structuring and advising on mergers and acquisitions, helping companies IPO and structuring funding arrangements across a broad range of industries.

Richard is a director of Kresta Holdings Limited and Wintech Group Limited and was a director of Hunter Hall International Limited until he resigned on 29 April 2010. He has not been a director of any other Australian listed company in the last three years.

Rod Williams

Non-executive Director

Rod Williams is a geologist with over 40 years' experience in mineral exploration, evaluation, project development and mining. Following employment with WMC Ltd on base metal exploration, he moved to Rosebery, Tasmania with Electrolytic Zinc, being involved in underground mining and exploration for six years. In 1979 he moved to CSR Ltd. and for the majority of the next nine years managed exploration and evaluation in SE Australia for a range of base and precious metals. In 1988 he joined Hill Minerals (later Ashton Mining Limited) in WA being responsible for gold exploration in the Leonora area. From 1991 to 1993 he was involved in evaluation and development as Group Development Geologist. From 1993 to 1996 he consulted to number of companies in the WA gold industry. From 1996 he worked for Burdekin Pacific Ltd, becoming Exploration Manager in 1997. From 2000 to 2003 he was employed part time with Burdekin and otherwise engaged in geological consulting, project generation, evaluation and resource modeling plus pit optimization. Since 2004 he has been involved in project generation and consulting geological services. From 2005 to early 2012 he was the Technical Director of Xanadu Mines Ltd. From March 2012 he became a non-executive director of Xanadu Mines Limited. Activities in Mongolia for Xanadu included locating and drilling out a +300Mt coal resource under the JORC Code. Xanadu listed on the Australian Stock Exchange (ASX) in December 2010.

5.2 CORPORATE GOVERNANCE

The Board is responsible for the overall corporate governance of the Company, including adopting the appropriate policies and procedures and seeking to ensure Directors, management and employees fulfil their functions effectively and responsibly.

The Board has adopted corporate governance policies and practices by reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments (ASX Recommendations). Where the Company's practices depart from the ASX Recommendations, the Company intends to work towards compliance but does not consider that all practices are appropriate for the size and scale of the Company's operations. The board's policies and charters are set out in full in the corporate governance charter which can be found on the website under – www.fluorotechnics.com/corp_gov.php. The recommendations are summarised below.

5.3 MANAGEMENT AND OVERSIGHT

The Board

The company has established functions reserved for the board. These include:

- Strategy, including budget approval, performance, capital management and major capital expenditure.
- Risk management.
- Appointment and removal of the CEO and ratifying appointment of executives reporting to the CEO, executive remuneration, succession planning and delegating authority to the CEO.
- Monitoring the performance, including assessment of executives, the board and setting goals.
- Corporate governance.
- Board committees – establishing committees and their charters.

Details are available on the company's website, including the board charter.

The board has established functions delegated to senior management, via the CEO. These include:

- Management, through the CEO, is responsible for the day-to-day management of the company and is restricted as follows:
 - CEO has authority to commit the company to items with obligations not exceeding A\$250,000.
 - All proposed business acquisitions, irrespective of size, must be approved by the board.
 - All media releases, ASX announcements and other information to be provided to analysts must be subject to review by the Chairman.

Board and Committees

The board, through the Chairman, will carry out an annual evaluation to review the:

- Performance of the board compared to the requirements of the charter
- Setting of goals and objectives
- Performance of the committees
- Charter as required

The last board performance review was carried out in November 2009 by the Chairman, in conjunction with the Chairman of the Remuneration and Nomination Committee.

The board may, from time to time, use an independent adviser to assist in the reviews.

Management

The board has established the principles for evaluating the performance of senior executives. These will be reviewed during the coming year under the charter of the Remuneration and Nominations Committee and following the restructure of the company on completion of an acquisition.

5.4 STRUCTURE OF THE BOARD

Composition and balance of skills of directors

The composition of the board is critical for the success of the company and the number of directors and their skills will vary from time to time, depending on the circumstances of the company, as follows:

- The board will determine the appropriate number of directors from time to time.
- The board will comprise a variety of persons with diverse skills and experience relevant to the company and its circumstances at the time, and have regard to the geographical spread of the company's operations.
- The CEO will be a director and will also have the title of Managing Director.

Independence of Directors

The board will review annually whether or not each director is independent. It believes generally, that the best interest of the company will be served by the majority of directors being independent.

The board currently contains three non-independent directors.

The status of each director is as follows:

● Richard Trevillion – executive chairman & CEO	non-independent
● Richard Taylor – executive director	non-independent
● Brian Damian Pethica – executive director	non-independent

The definition of director independence used by the company is set out in the ASX corporate governance recommendation 2.1. Materiality levels will be determined in each case by the board, having regard to the circumstances at the time.

Appointment of Directors

If the board determines that there is a need to appoint another director for any reason the Remuneration and Nomination Committee will:

- Determine the skills, experience, qualifications appropriate, having regard to those existing directors.
- Agree the process to seek such a person.
- Set a timetable to appoint, having regards to the timing of the AGM and the requirements of the constitution.

Access to Independent Advice

Directors may obtain independent experts' advice to enable them to fulfil their obligations, at the expense of the company, and after obtaining approval from the Chairman.

Director Indemnification, Access and Insurance

To enable directors to fulfil their obligations, they must have access to information. It is also considered appropriate that directors, during and after their period of service, have access for a proper purpose, including defending a legal action, to the company's records. It is also common practice for directors to be indemnified out of the assets of the company, except where there has been a wilful breach of duty. It is also common practice for companies to maintain Directors' and Officers' Liability Insurance.

It is a policy of this board that deeds of protection, covering the above matters (and other appropriate matters) will be entered into with each of the directors. Shareholder approval was obtained at the 2008 AGM to enter into deeds with the then existing directors and to enter deeds with future directors. Richard Trevillion, Richard Taylor and Brian Damian Pethica were granted deeds of protection following their appointment as directors.

Performance Review

The company has established a Remuneration and Nomination Committee. Details of the charter of the committee are available on the website.

5.5 DECISION MAKING

Code of Conduct of Directors

The directors are expected to use their skills commensurate with their knowledge and experience to increase the value of the company. To meet this obligation they must act honestly and should:

- Execute due care and diligence.
- Not misuse information or their position for their own gain.
- Avoid or fully disclose conflicts.
- Ensure that the market is fully informed of all matters that require disclosure.
- Actively promote the reputation of the company.

Conflicts of interest that arise must be immediately disclosed and addressed by eliminating the conflict, abstaining from participation or, in exceptional cases, resigning.

Directors must comply with the law on disclosure of benefits and related party transactions. Directors must have access to all relevant information on the company and this is to be sought through the CEO or agreed arrangements.

All directors must maintain strict confidentiality in relation to company matters.

Directors must be aware of insider trading laws and strictly abide by the law and company policies.

Directors are to ensure that the financial statements are drawn up to comply with Australian Corporations Law and Accounting Standards.

Directors must also be aware of environmental impacts of the company's business and ensure the health, safety and wellbeing of the employees.

Deeds of access and indemnity insurance have and will be entered into with the directors to the extent permitted by law.

Code of Conduct for Employees

The purpose of the code of conduct is to:

- Ensure compliance with all relevant legislation.
- Fulfil the reasonable expectation of the communities in which the company operates by acknowledging the rights of various stakeholders.
- Enhance the reputation of the company with the financial and broader community.
- Improve the performance of the company.
- Inform employees of the board's expectation of them, including the obligations of raising and pursuing concerns of non-compliance or unethical behaviour, and
- Assisting in achieving the company's vision.

The Code of Conduct sets out the Company's commitment to doing business with employees, customers, suppliers, the community and other stakeholders in accordance with the Company's core values of:

- Quality is paramount
- Innovate and be creative
- Integrity and ethics
- Respect and support
- Communicate and build consensus
- Creating value

The Code of Conduct also sets out the:

- Responsibilities of all employees, special responsibilities of leaders and how to get advice.
- Expected conduct in various aspects of the daily working life including:
 - Diversity and equal opportunity
 - Safety, health and welfare
 - Fair trading – customers, suppliers, competitors
 - Conflicts of interest
 - Confidentiality of information
 - Privacy
 - Company resources
 - Reporting a breach of the code of conduct
 - Consequences of breaching the code of conduct

Trading in Securities

Directors and senior executives must first notify the Chairman of intention to trade in the company's securities. Subject to the below, the recommended time (in terms of avoiding suggestions of insider trading) for any Director or employee to deal in Company securities is during any period other than the following:

- 1 July until commencement of trading on the day after the date of the Company's full-year profit announcement;
- 1 January until commencement of trading on the day after the date of the Company's half-year profit announcement, or
- provided that the person is not in possession of any inside information relating to those securities.

This policy relates to directors and executives, spouses and other parties over whom they have significant influence. Interaction with the Media

To ensure clear and consistent messages to the stock exchange and the media, unless specifically approved otherwise, the Chairman and CEO are the only authorised spokespersons of the company.

5.6 INTEGRITY IN FINANCIAL REPORTING

Certificate from CEO / CFO

The CEO / CFO is required to provide a certificate to the board regarding the financial reports providing a true and fair view and being in accordance with accounting standards.

Audit Committee

The company has established an Audit and Risk Committee. The Company policy is for the committee to comprise only of non-executive directors, the chairman an independent director and not the chairman of the board and the majority of the members are independent directors. The Company has not complied with this policy during the current transition period.

The CEO attends meetings of the committee, by invitation.

The auditor attends meetings as agreed, including the meetings relating to the half-year and full-year financial statements.

The charter of the committee is on the company's website.

The responsibility of the committee includes:

- Risk management – ensuring policies are in place to identify, monitor treatments and to approve management's risk management plan.
- Financial reporting – including quarterly, half-year and full-year financial reporting and review of significant accounting policies.
- Reporting to the board on significant issues and making recommendations, as appropriate.
- Assessment of the adequacy of accounting, financial and internal controls, including receiving reports from the auditors on those matters.
- Appointment and assessment of external auditors and agreeing the scope of the external audit.
- Pre-approval of audit and non-audit services to be provided by the external auditor.
- Monitor the process in place to ensure compliance with laws and regulations.
- Ensure procedures are in place to address complaints regarding accounting matters.
- Assess performance of the committee annually.

External Auditors

The committee is responsible for:

- Selection of an auditor for recommendation to the board and shareholders.
- Reviewing the performance of the auditor.
- Approving non-audit work to be carried out by the auditor to ensure that it will not compromise the independence of the audit.
- Ensuring appropriate rotation of the audit engagement partner to comply with legislation.

5.7 TIMELY AND BALANCED DISCLOSURE

The Company has established written policies designed to ensure compliance with ASX Listing Rules and Corporations Act continuous disclosure requirements.

The policies identify the executives of the company accountable for compliance with the regulations and the company policy.

The policy is available on the company's website.

The policy is designed to provide shareholders and the market with timely, direct and equal access to information issued by the company and to promote investor confidence in the integrity of the company and its securities. ASX announcements and press releases are available on the company's website

5.8 RIGHTS OF SHAREHOLDERS

Communication Policy

The board will seek to ensure that shareholders are informed of all major developments affecting the company's state of affairs through:

- The annual report.
- Disclosures made to ASX.
- Notices and explanatory memorandum of the Annual General Meetings.
- The company's website, www.fluorotechnics.com.
- The engagement partner of the auditor being present at the AGM and available to answer relevant questions.

All ASX and press releases and other documents (e.g. prospectuses, rights issue documentation, etc.) are available on the company's website.

Shareholders are able to have access to their shareholder account in the register of members by accessing the Boardroom Pty Limited website – www.boardroomlimited.com.au, then InvestorServe. In addition, a whole range of registry forms are available under “Forms” on the Boardroom homepage, to assist shareholders.

5.9 RECOGNISE AND MANAGE RISK

Certificate from CEO / CFO

The CEO / CFO are required to provide a certificate to the board advising that the statement on the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which, in all material respects, implements the policies adopted by the board of directors. The certificate is also required to state that, to their knowledge, the risk management and internal compliance and control systems of the Group, are operating efficiently and effectively in all material respects.

Risk Management and Internal Compliance and Control

The board determines the company's risk profile and is responsible for overseeing and approving risk management strategy and policy via the Audit and Risk Committee. This includes:

- Establishing and monitoring the company's strategies, goals and objectives.
- Identifying and measuring risks that might impact on the achievement of those strategies, goals and objectives.
- Formulating risk management strategies and treatments to manage the identified risks.
- Monitoring and improving the effectiveness of risks and internal compliance controls.

Audit and Risk Committee

The audit and risk committee has been through an extensive process following Australian Standard 4360 on risk management.

The committee has agreed to periodically review the identification and treatment of risk to ensure they are still appropriate.

Management is expected to inform the Audit and Risk Committee of any situations that arise that may warrant a review of any risk and/or its treatment.

The general area of risks covered in the above process included:

- Sales
- Working capital
- New products
- Competition
- Production
- Human resources and key personnel
- Foreign exchange rates
- Intellectual property
- Quality systems
- Financial controls
- Stakeholders

Internal Controls

Internal controls have been developed and will be continually under review and improved as necessary as an important element in the treatment of many risks.

5.10 REMUNERATION POLICIES

Non-Executive Directors

Fees paid to non-executive directors are generally be around the market average and such fees are inclusive of statutory superannuation. Directors will not be entitled to a termination benefit, other than statutory entitlements. Directors will not participate in share or option plans, except with approval of the shareholders.

The fee pool available to the board is \$300,000. From this pool, the Chairman receives an annual fee of \$90,000 and non-executive directors \$65,000. Fees were paid at these rates up until March 2011 when all non-executive directors became executives.

Senior Executive

Remuneration packages will generally be set to be competitive to both retain executives and attract executives to the company. Packages will comprise a fixed element and variable incentive components.

Short-term incentives will be in the form of cash and be subject to various performance measures linked to the short-term objectives of the company.

Long-term incentives will be through participation in share or option plans, which will be subject to achievement of performance milestones.

Termination benefits, other than statutory entitlements, will not exceed 6 months

Remuneration and Nomination Committee

A Remuneration and Nomination Committee has been established. The charter of the committee is available on the company's website.

It is Company policy for the committee chairman to be an independent non-executive director and not the chairman of the board and for all members of the committee to be non-executive directors and the majority being independent.

The above requirements have not been met during the current period of transition of the company.

The role of the committee includes:

- Providing advice in relation to remuneration packages of senior executives, non-executive directors and executive directors, equity-based incentive plans and other employee benefit programs.
- Reviewing the company's recruitment, retention and termination policies.
- Reviewing the company's superannuation arrangements.
- Reviewing succession plans of senior executives and executive directors.
- Recommending individuals for nomination as members of the board and its committees.
- Ensuring the performance of senior executives and members of the board are reviewed at least annually.
- Considering those aspects of the company's remuneration policies and packages, including equity-based incentives which should be subject to shareholder approval.
- Monitoring the size and composition of the board.

5.11 DEEDS OF ACCESS AND INDEMNITY

Each of the current Directors has entered into a deed of access and indemnity with the Company. Each of the proposed Directors will also enter into a deed of access and indemnity with the Company on substantially the same terms. Refer to section 10.12 for details.

SECTION 6 I

INDEPENDENT GEOLOGISTS' REPORT

REMOTE SENSING AND GEOLOGICAL SERVICES

7 Charlton Court
KINGSLEY, WA 6026
Tel/Fax (61) (8) 9409 8890
email: rsandgs@inet.com.au

INDEPENDENT GEOLOGISTS' REPORT

The Directors
Fluorotechnics Ltd.
96 Stevens Road
South Brisbane
QLD 4101

19 April 2012

Dear Sirs,

Remote Sensing and Geological Services Ltd (RS&GS) have been commissioned by Lamboo Resources to provide an Independent Geologists Report on base and precious metal properties in the East Kimberley Region of Western Australia. This report is to be included in a Prospectus to be lodged with the Australian Securities and Investments Commission on or about the 24th April 2012. RS&GS have not been requested to provide an independent valuation of the properties nor to comment on the fairness of any vendor considerations.

This review of the Lamboo Resources mineral properties is based on information provided by that company, on technical information provided by Government Agencies and on relevant reports and documents produced by exploration companies. No site visits were undertaken for the purposes of preparing this report because RS&GS is familiar with most of the Lamboo Resources properties, their geology and their mineralization, having completed evaluations on them over a number of years.

The Lamboo Resources properties lie within the Halls Creek Mobile Zone (HCMZ) and consist of five granted and one Exploration Licenses Application covering in the McIntosh Gabbro, and three Exploration Licenses covering rocks considered prospective for gold and base metals around the township of Halls Creek. The status of these tenements has not been verified by RS&GS and is as provided by Lamboo Resources.

This Independent Geologists Report has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (the VALMIN Code), which is binding upon members of the Australasian Institute of Mining and Metallurgy (AusIMM), and the rules and guidelines issued by such bodies as the ASIC and Australian Stock Exchange which relate to Independent Expert Reports.

The Lamboo Resources properties are considered to be exploration projects which, while they do not have determined mineral resources, are considered to have been acquired on the basis of sound technical merit and to have reasonable exploration potential for the commodities indicated in the Geological Consultants Report. Their legal status, including Native Title considerations associated with the tenure of these properties is reviewed in the Solicitor's Report which appears elsewhere in this prospectus and has not been independently verified by RS&GS.

The sole author of this report, Mr H. Davies, is the Principal of RS&GS, a Geological Consultancy established in 1983 to provide services to the Exploration and Mining Companies. He has an Honours Degree in Geology and a Diploma in Remote Sensing gained at the Institute of Aerospace Surveys and Earth Sciences in Holland and is a Member of the Australasian Institute of Mining and Metallurgy.

Mr Davies is a geologist with over 40 years professional experience in the mineral exploration and mining industry and has worked throughout Australia, Southern Africa, Central America, Indonesia and the Philippines. He has extensive experience of mineral property evaluations in the HCMZ and was the discoverer of the Sally Malay/Savannah copper nickel deposit in 1974, after which he carried out resource drilling of the deposit over a number of years and to an advanced resource level. He is therefore familiar with many aspects of the HCMZ geology and of its mineral occurrences.

Mr Davies has no material interest in either Lamboo Resources or its mineral properties and his relationship with the company is that of an independent consultant geologist.

Yours faithfully

A handwritten signature in black ink, appearing to read 'H Davies', followed by a short horizontal line.

H Davies
Principal

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1 EXECUTIVE SUMMARY

Lamboo Resources Ltd (Lamboo Resources) has interests in a number of Exploration Tenements in the Halls Creek Mobile Zone (HCMZ) of northern Western Australia and an interest in a molybdenum-copper deposit in the Valla area of NSW. This report deals only with the Kimberley properties. The Lamboo Resources tenements consisting of one group of six Exploration Licenses covering the McIntosh Project, sixty kilometers north north east of Halls Creek, and three Exploration Licenses and eight Prospecting Licenses located near the township of Halls Creek (Figure 1).

The tenements all contain Palaeoproterozoic rocks which form part of a tectonised sequence constrained within the north- northeast trending HCMZ-Central and Eastern Zones. These host a range of volcanogenic, mafic and felsic igneous intrusive-hosted mineral occurrences together with hydrothermal gold and layered gabbro hosted Platinum Group Metals (PGM's).

Lamboo Resources have identified potential for volcanogenic massive sulphide copper-lead-zinc-gold-silver mineralization within the Koongie Park and Milba stratigraphic units at the Banjo and Ukulele Prospect within their Halls Creek tenements, together with strong MAGSTREAM geochemical targets at their Milba Prospect. The Highway Prospect, an outcropping coarse copper-stained volcanoclastic unit within the Koongie Park Formation, contains significant copper, lead, zinc and silver mineralization and offers a more proximal volcanic target.

Of significance are the Sandiego and Onedin deposits which lie on the south western strike extension of the Koongie Park Formation just south of Lamboo Resources tenement and have JORC compliant resources of, respectively, 2.2mt at 1.4% copper, 0.4% lead 4.1% zinc with gold and silver credits, and 3m/t at 0.9% copper, 3.2% zinc and gold and silver credits.

There are a number of gold mineralized, fault controlled, hydrothermal targets within the Halls Creek project tenements. Prime of these is the Lady Helen Prospect, an arcuate pyritic auriferous lode that assayed up to 2 oz to the tonne for both gold and silver in rock chip samples. It flanks the Lodestone Monzogranite west of Halls Creek and has been traced over a 12 kilometre strike. Geophysical (Induced Polarisation - IP) targets along this indicate the presence of sulphides at depth and these have yet to be drilled. The Granite prospect consists of a series of west-northwest trending hydrothermal sheets positioned along the northern border of the Loadstone Monzogranite where limited reverse circulation drilling has intersected 10m at 0.3g/t gold and 0.3% copper in microdolerite.

The Springvale Fault is a major structure, only overshadowed by the cratonic scale Halls Creek Fault. The Five Mile Prospect is a siliceous gossan that parallels the Springvale Fault, rock samples of which have shown high levels of gold, copper, lead and zinc. The Townsite Prospect is another, as yet untested, siliceous lode from which reef samples have assayed up to 26.1g/t gold and

22g/t silver together with a high lead and arsenic content. The Old Halls Creek Prospect is a carbonated quartz reef hosted, gold and silver mineralized target adjacent to the Golden Crown gold deposit where Northern Star Ltd report reverse circulation drill intercepts of 4m of 284.21 g/t, 4m of 16.32g/t and 4m of 6.01g/t gold, together with other, lower grade, intercepts. The mineralization is a mix of quartz reef, tensional veinlets and quartz stockworks within the Olympio and Biscay Formations located east of the Halls Creek Fault.

The Bent Ridge prospect lies at the point of divergence of a shear off the Caroline Fault, which is itself a splay off the Halls Creek Fault. This structure lies nine kilometers south east of Halls Creek and marks the boundary between the Eastern and Central Zones of the HCMZ. It is characterized by outcropping multiphase, quartz infused, breccia together with low temperature acid alteration of the host rock and MAGSTREAM-sample gold anomalism. This mineralized system appears to be large with hydrothermal alteration, gold anomalism and strong geophysical (IP) targets extending over at least 12 kilometres. Its geochemistry is regarded as enigmatic, containing as it does, high gold, anomalous platinum, copper, lead, zinc and arsenic, and highly anomalous chromium. The target requires more geophysical and geochemical work, but on existing information is regarded as a 'walk up' drill target.

The McIntosh Project is located sixty kilometers north of Halls Creek and not far west of the Halls Creek Fault. The tenement package encloses a number of gabbroic and ultramafic rocks, including the McIntosh Gabbro – the largest mafic layered intrusion in the HCMZ. Platinum Group Metals, chromium, gold and copper-nickel mineralization has been discovered along the western and northern edges in two of the layered prospects known as the Melon Patch South and Melon Patch North prospects and additional PGM mineralization has been discovered in a third layered intrusive at Mini M and Togo to the south west.

The style of mineralization at Melon Patch South is similar to the Panton Sill which is located 15 kilometres to the south. This has been shown by Platinum Australia Limited to contain a global resource of 14.3Mt at 5.2g/t PGM plus gold within chromitite banding. The Melon Patch North prospect is identified as a copper-nickel sulphide target with similarities to Sally Malay/Savannah, which lies 30 kilometres to the north. The deposit hosts 3.7Mt of massive and semi massive high grade nickel-copper mineralization, mobilized from considerable depths. . Importantly, in October 2001 Platinum Australia Ltd identified a 200 metre wide zone of low grade PGM-nickel-copper-cobalt mineralization north of the known resource. They describe this as a new type of PGM-base metal deposit of considerable geological significance extending over a strike length of 2000 metres and to a depth in excess of 150 metres”.

Melon Patch North has similarities to Sally Malay and the presence of nickel-copper mineralization has been confirmed by surface sampling which gave up to 0.45% Ni, 0.3% Cu and 1.08g/t Au. In addition MAGLAG and Induced Polarisation surveys have provided walk-up drill targets ready for testing, while a HoistEM survey flown by Panoramic Resources Ltd have detected a separate conductor displaced to the east of the IP target.

A flake graphite deposit has been discovered west of the Melon Patch South layered mafic-ultramafic intrusive. The graphitic material lies within a sillimanite schist, interbedded with quartzo-feldspathic units and can exceed 10% by volume of the host rock, with some areas believed to contain up to 40% graphite. The sillimanite host has been traced over 10km within the Lamboo Resources tenement, with potential to exceed this. Coarse graphite (>180 microns) is a high value product with current market prices exceeding \$2000 per tonne for the product. The material has the additional advantage that it can be treated on site, lies near a haul road, and has surfaced highway access to the port of Wyndham, 300 kilometres to the north. There may be iron and copper sulphide credits within the graphitic material.

The above mineral properties all represent Exploration Areas as defined by the Valmin Code and their assessment is therefore subjected to normal mineral exploration risk factors. With this in mind, a review of the exploration data on each of the projects clearly indicates that they have good potential to contain significant resources of the commodities indicated.

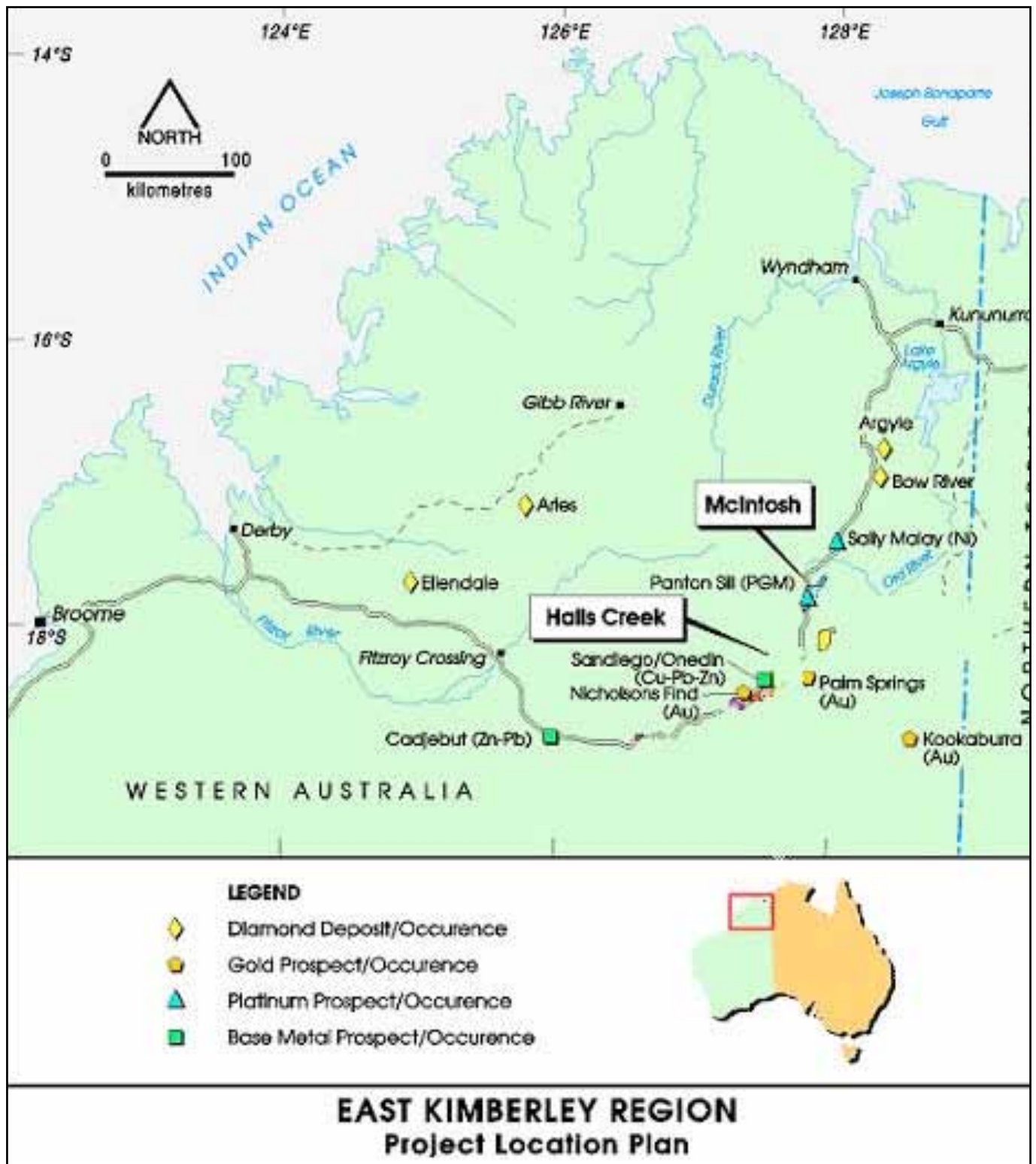


FIGURE 1

2 PROJECT SETTING

The Lamboo Resources Ltd tenements cover a twenty kilometre strike of the HCMZ around the township of Halls Creek, and a layered mafic to ultramafic complex at the McIntosh Hills lopolith sixty kilometers north of Halls Creek. The HCMZ is a zoned highly tectonized corridor sandwiched between the Kimberley Basin to the west and the Ord/Osmond Basins to the East and bounded, respectively, by the Greenvale Fault and the Halls Creek Fault. Within the HCMZ the Lamboo Resources projects lie principally within the Central Zone of three tectonic, fault bounded, subdivisions known as the Western, Central and Eastern Zones.

The HCMZ was formed by tectonic and intrusive activity over a period of 1.5 billion years of the Halls Creek Orogeny, during which time high levels of deformation and intrusion occurred. Igneous activity ranged from the intrusion of ultramafic to granitic rocks and wholesale metamorphism of all but the younger intrusives took place. Metamorphic grade generally increased from south to north along the orogen, from low level greenschist facies in the south to high level amphibolite to granulite facies in the north. Before and during these metamorphic and plutonic events a wide range of metal deposits were emplaced. Prime among these are syn-depositional volcanogenic copper-lead-zinc, hydrothermal gold, gabbro-associated copper-nickel-cobalt and PGM's and diamond deposits. Three deposits are currently being mined, that at Argyle (diamonds), at Sally Malay (Ni-Cu), and at Nicholson's Find (gold), but significant additional resources have been proven at Copernicus (Ni-Cu), Koongie Park (Cu-Pb-Zn) and Panton (Cr-Pt-Pd-Au).

Most of these discoveries occurred after the 1960's and subsequent exploration, farming and tourism have contributed greatly to opening up the Kimberly region. The Great Northern Highway has been an all-weather road for some time, and the Lamboo Resources tenements are all located within 25 kilometres of this. During the dry season the tenements are serviced by graded station roads and station tracks. The climate of the Kimberley region is monsoonal between November and April when most of the annual rainfall of 350mm to 400mm falls, and field activities are therefore constrained principally to the intervening mild, dry winters. The topography of the region varies from being rugged with good geological exposure to undulating or flat, degraded and dissected, terrain. Vegetation cover consists of spinifex and stunted trees in the more elevated country and savannah grasslands in the southern parts of the project area.

As far as infrastructure is concerned, the Savanah nickel copper concentrate is shipped to China from the port of Wyndham, 200 kilometres north of McIntosh, and the facilities require no expansion to cope with increased mining activity of the type of commodities sought. In addition, the Ord Dam Project has surplus power capacity to provide for new mining activity.

3 THE HALLS CREEK PROJECT

3.1 GEOGRAPHY AND TENURE

The Halls Creek Project tenements comprise two large Exploration Licenses, eight Prospecting Licenses and a small Exploration License located near the site of the Old Halls Creek township (Figure 2). The tenement holdings are listed in the Lamboo Resources tenement schedule and secure a 20 kilometre segment of the HCMZ. This is centred on Halls Creek and includes portions of all three zones of the Halls Creek Orogen. The Great Northern Highway follows the course of the Highway Fault and also a splay off this named the Angelo Fault. To the west of these shears the terrain is gently elevated or eluviated and incised by ephemeral drainage systems. The rocks in the south western part of the tenement are degraded and lateritised while to the east the topography changes dramatically to form a series of parallel ridges which is often dissected by an intricate trellis drainage system.

Figure 2 Halls Creek Project tenements (blue outline) in relation to the Paleoproterozoic HCMZ geology and the main prospects (red stars). Lodestone monzogranite is represented by the light pink unit. Nicholsons gold deposit (yellow triangle) and Sandiego - Onedin VMS deposits (purple squares). GSWA Geology.

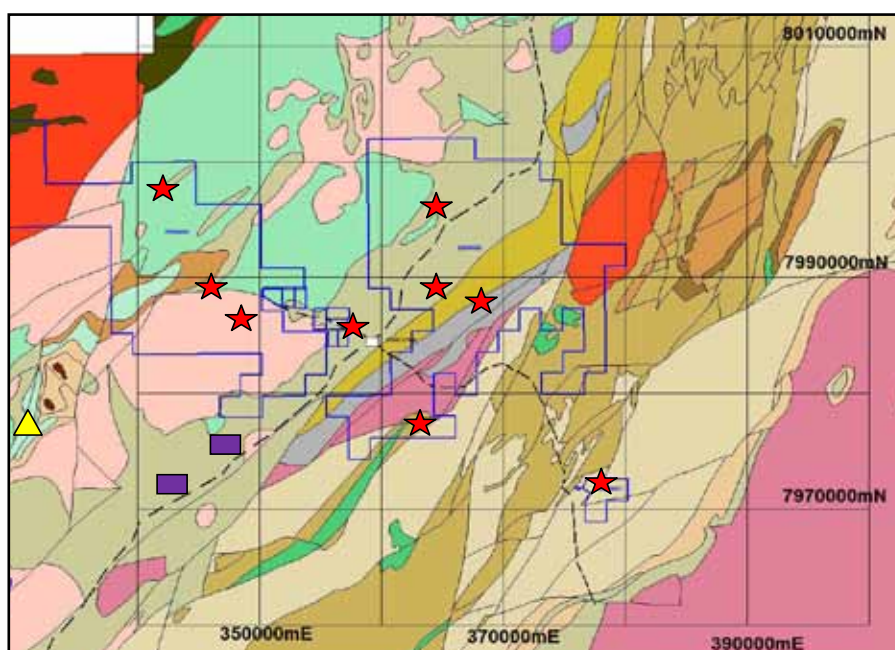


FIGURE 2 HALLS CREEK PROJECT TENEMENTS (BLUE OUTLINE) IN RELATION TO THE PALEOPROTEROZOIC HCMZ GEOLOGY AND THE MAIN PROSPECTS (RED STARS).

Lodestone monzogranite is represented by the light pink unit. Nicholsons gold deposit (yellow triangle) and Sandiego - Onedin VMS deposits (purple squares). GSWA Geology.

3.2 GEOLOGY

The Koongie Park Formation is the oldest of the Palaeoproterozoic rocks in the HCMZ and contains a significant number of base metal occurrences which conform to a stratabound volcanic and sedimentary model. It has been informally subdivided into the Coolibar tuff, Camp shale and Weldon Creek lava members of which the Camp shale hosts the Sandiego, Onedin and Mount Angelo North deposits, along with numerous smaller VMS prospects. This unit is a complex suite of chert, chloritic schist, banded magnetite or pyrrhotite-chlorite rock, black shale, andesitic lavas and volcanoclastic rock.

To the east it is faulted against the Milba Formation which forms a fault bounded wedge between the Central and Eastern Zones of the HCMZ. It consists of a suite of clastic sediments, marble, impure calcareous rocks, chert and minor mafic lavas and intrusives and its chronological relationship with the Koongie Park Formation is uncertain. Faulted wedges of Moola Bulla Formation and Olympio Formation clastics cut the eastern parts of the tenement package and form part of a monotonous series of geosynclinal sediments.

The largest intrusive in the area is the Loadstone Monzogranite, a potassium enriched intrusive with elevated radiometric characteristics, but the eastern edge of the Lamboo Resources tenements also cover segments of the Sophie Downs granite dome. The north western extremities of the tenements include intrusives of the Wild Dog Creek Gabbro which constitute part of the sheet-like gabbros known as Group IV.

3.3 EXPLORATION HISTORY

The first gold discovery in Western Australia was made east of Halls Creek in 1882 but the remoteness of the region proved too daunting until the early 1960's when the Geological Survey of Western Australia and the Bureau of Mineral Resources carried out regional mapping and succeeded in locating several base metal gossans. A number of mining companies-Geopeko, Pickands Mather and Company International and Australian Anglo American Corporation and International Nickel Corporation Ltd. completed regional stream sediment and gossan searches, targeting copper-nickel, copper lead and zinc and tin tungsten mineralization around and to the north of Halls Creek.

Some of these programs continued from the late 1960's through into the 1970's with some success. In the 1970's Kennecott Exploration Australia Pty Ltd targeted copper-lead-zinc around Halls Creek and their work led to the discovery of the first significant volcanogenic base metal mineralization in the region at Koongie Park. Subsequent geophysical surveys and drill testing led to the discoveries of Sandiego and Onedin, south west of Halls Creek.

Exploration and development of the stratiform-volcanogenic base metal mineralisation model in this region was continued by a number of companies including Newmont Australia Ltd, North Broken Hill and Asarco Australia Ltd. The presence of high grade mineralization was confirmed by Anglo Australian Resources Ltd metallurgical drilling which intersected 41.6m at 10.89% Zn and 6.2m at 2.14% Cu with 462g/t Ag. Between 1995 and 1997 Stockdale Prospecting, the Australian arm of De Beers, completed a regional stream sediment sampling programme which included MAGSTREAM sampling, this providing further targets for exploration.

3.4 EXPLORATION PROJECTS, TARGETS AND POTENTIAL

3.4.1 VOLCANOGENIC COPPER LEAD ZINC TARGETS

The Halls Creek Project tenements cover a strike of over 20 kilometres of Koongie Park and Milba rocks. These are bounded by north east trending crustal dislocations which include the Highway, Angelo and Caroline Faults. The Koongie Park formation, along with underlying basalts, are deformed into tight north-northeast trending folds within which lie the Onedin, Gosford and Sandiego volcanogenic base metal deposits. Several of these lie on hinge zones of folds within the deformed Koongie Park sequence and are thought to be partly remobilized into these dilatationary

receptacles. Drilling has shown that they contain substantial resources of copper and zinc viz: Sandiego – 5Mt @ 1.74% Cu and Onedin – 8Mt @ 3.57% Zn.

● *Banjo and Ukulele Prospects (E80/4677)*

Extensions to the Koongie Park strata which hosts the Sandiego and Onedin prospects, trend into Lamboo Resources tenements and a number of targets conforming to the Koongie Park volcanogenic model have already been identified. Among these are the Banjo and Ukulele volcanogenic prospects. These lie 25 kilometres north of Halls Creek within felsic to intermediate volcanics and volcanoclastic rocks of the Koongie Park Formation and display typical hydrothermal alteration with chlorite, sericite and disseminated sulphide. Soil sampling has delineated coincident lead, zinc, antimony and arsenic anomalies over a strike of 2.7 kilometres, which contains both prospects. Gossan samples have assayed up to 350ppm copper, 1100ppm lead, 2500ppm zinc, 2300ppm arsenic and 87ppb gold at the Banjo prospect.

These gossans are probably heavily leached at surface and improvement in grade of mineralization at depth is normal. Shallow auger drilling beneath gossan at Banjo, for example, has intersected mineralization grades of 1.16% copper, 8.61% lead, 50.5g/t silver and 0.25g/t gold. Following on from this initial work, in 1996, 54 rotary air blast holes for 1214 metres were drilled at both Banjo and Ukulele. The most robust intersection was 16 metres of mineralization containing up to 559 ppm lead, 1400ppm zinc and 0.23g/t gold, but narrower intersections gave higher grade viz: 3 metres at 5.2% lead, 1.02g/t gold and 327g/t silver at Ukulele.

● *Milba Prospect (E80/4677)*

The Milba prospect consists of siliceous gossans or exhalites within felsic tuff and volcanoclastics. Petrology has shown that the exhalite retains metals and sulphides including native gold and silver, pyrite, chalcopyrite and sphalerite. It is enveloped by a large MAGSTREAM lead, zinc and copper anomaly and is located ten kilometers north of Halls Creek. This target has been delineated over five kilometers and is supported by rock sample results which contain up to 500ppb gold, 88g/t silver, 2% lead, 0.36% zinc and 590ppm arsenic.

● *Highway Prospect (E80/4677)*

Secondary copper within coarse, hydrothermally altered, felsic pyroclastic rocks outcrops in Koongie Park Formation beds at the Highway Prospect, 5 kilometres north of Halls Creek, and indicates a near-vent mineral occurrence. Rock samples assayed 0.54% copper, 0.2% lead, 0.59% zinc, 9.5g/t silver and 46ppb gold.

3.4.2 GOLD-SILVER TARGETS

There are a number of hydrothermal/epithermal gold targets, most of which contain some silver, with or without copper. They are primarily shear controlled and maybe brittle-fracture injections, as with the Lady Helen prospect, or more substantial polyphase stockworked structures such as Bent Ridge. All are characterized by their affirmation of good gold grades in rock samples and/or stream/ soil samples and by the lack of any real exploratory testing of their potential.

● *Lady Helen Prospect (E80/4678)*

The Lady Helen prospect consists of a steeply north dipping, two metre wide, grey cherty quartz which strikes over at least 1600m and alongside which is an old, 3m deep, partly collapsed winze. The target, which is located eleven kilometers west-northwest of Halls Creek, rims the northern contact of the Loadstone monzogranite and has been traced over twelve kilometres of strike. It is probably genetically coupled to major shears of identical orientation mapped to the east by the GSWA and is characteristically a pyritic chalcedonic lode. Samples of this material collected in the 1980's assayed 44g/t gold and 35g/t silver, but other samples contained 62g/t gold and 63g/t silver.

In 1981 nine vertical drill holes were drilled directly into the reef, described as a ferruginous and silicified boxworked gossan and of these, hole MBO1P gave an intersection of from 7.85g/t to 30.2 g/t gold in the first four metres, after

which the hole appears to have passed through the mineralized zone and gave only low values for gold. MPO2P yielded 5.17g/t from 1-2m, while MBO6P gave 2.3g/t from 6-7m. Two angle holes beneath MBO1P intersected grades of less than a gram to the tonne. In 2008 an Induced Polarisation (IP) survey was completed across the Lady Helen target and defined a series of anomalies along strike to the east and south of the old workings.

● *The Granite Prospect (E80/4678)*

This gold prospect is located nine kilometers north west of Halls Creek and lies on the northern edge of the Loadstone Monzogranite where samples of sheeted quartz veins have returned up to 11.5g/t gold. A small amount of drilling intersected 10m at 0.3g/t gold and 0.3% copper at shallow depths in a weathered microdiorite. The gold is localized within west north-west trending sheeted hydrothermal quartz veins that rim the northern part of the Monzogranite. This zone has been tested by gradient array Induced Polarization surveys which have given results commensurate with the presence of siliceous sulphidic lenses at depth.

● *The Townsite Prospect (P80/1777)*

This is a west north-west trending silicified cataclastic lode, samples of which assayed up to 26.1g/t gold, 22g/t silver, 2.6% lead and 1.5% arsenic. This material is contained within two 400m long en echelon auger anomalies with values up to 28ppb gold.

● *Bent Ridge (E80/4677)*

The Bent Ridge mineralization outcrops 8 kilometres to the south east of Halls Creek and does not conform to the classic hydrothermal/epithermal gold bearing systems described previously. It lies at an inflection in the Caroline Fault and the intersection of a secondary splay off this. Indications of mineralization, including mineralized rock samples, MAGSTREAM anomalies and gradient array induced polarization chargeability responses indicate a target of substance as these this anomalism extends over twelve kilometers of strike

Its geochemistry is polymetallic and contains elements not normally associated with quartz vein systems, including an array of anomalous base metals and high levels of chromium. It is multi-phase and heavily altered, carbonated and argillic with abundant pyrophyllite, and fuchsite-carbonate. These are styles often associated with gold-copper-silver mineralization. Gossans from the ridge assayed up to 1.38g/t gold with anomalous arsenic and lead. Others contained high lead – 1270ppm while others contain anomalous uranium and rare earths.

● *Golden Crown Gold-Silver (E80/4676)*

The gold mineralization lies within quartz-carbonate veins and stockwork at the contact of the Olympio and Biscay Formations east of the Halls Creek Fault. The area is cut by north north east and north east trending faults and is tightly deformed. The area contains numerous historic gold mines and the 323000 tonnes/3.2 g/t Nicholson's Find gold deposit lies not far away. The Golden Crown deposit lies adjacent to the Lamboo Resources Exploration License and drilling of this gold mineralization gave very high grades of gold viz: 4m at 284.2g/t and 4m at 16.32g/t.

3.5 EXPLORATION STRATEGY

The Halls Creek Project tenements are at the application stage and are expected to be granted by the West Australian Department of Mines and Petroleum either towards the end of 2012 or early 2013. However, preliminary work can be done including data base compilation and re-assessment of previous exploration programs as well as limited field evaluations. Budgetary allowances for this preliminary work are incorporated in the McIntosh Expenditure Schedule.

4 THE MCINTOSH PROJECT

4.1 GEOGRAPHY AND TENURE

The McIntosh Project consists of five contiguous Exploration Licenses and one License Application. These are located between 45km and 75km north of Halls Creek and all lie within 10km of the Great Northern Highway. Local access is by station roads, tracks and the access road which services the Copernicus copper-nickel deposit. The terrain is dominated by the concentric rugged form of the McIntosh Hills which directly reflect the morphology of the McIntosh Gabbro.

This is one of the largest gabbroic intrusions in the region and covers over 70 square kilometers. The presence of resistant, massive layering within this structure cause elevation differences of up to 80 metres and these produce a strong feature clearly visible on satellite imagery. A suite of Lamboo Resources-held PGM-chromite and copper-nickel prospects, arrayed around the northern and western edge of the McIntosh gabbro at a lesser elevation, constitute the main McIntosh Gabbro targets. The gabbroic intrusions are hosted by high grade metamorphics of the Tickalara Formation containing significant graphite schist horizons.

4.2 GEOLOGICAL SETTING

The McIntosh Gabbro lies within the Central Zone of the HCMZ and just west of the Halls Creek Fault (Figure 3). The Fault is a cratonic scale structure up to several kilometers wide which gives off secondary splays that penetrative as far as the Central Zone within this region. These dissect and displace the PGM-chromitite bearing Panton Sill to the south west of the McIntosh gabbro and sculpt the eastern edge of the Gabbro. Clearly such structures are relatively youthful and, as far as the very ancient Halls Creek Fault is concerned, are chronologically instructive. The Tickalara Metamorphics form the basement to the McIntosh Gabbro suite and are composed of metamorphosed mafic volcanic and volcanoclastic rocks, lithic and calcareous sediments and minor banded ironstones. An early and deformed metagranite wraps around the nose of the South Melon Patch ultramafics

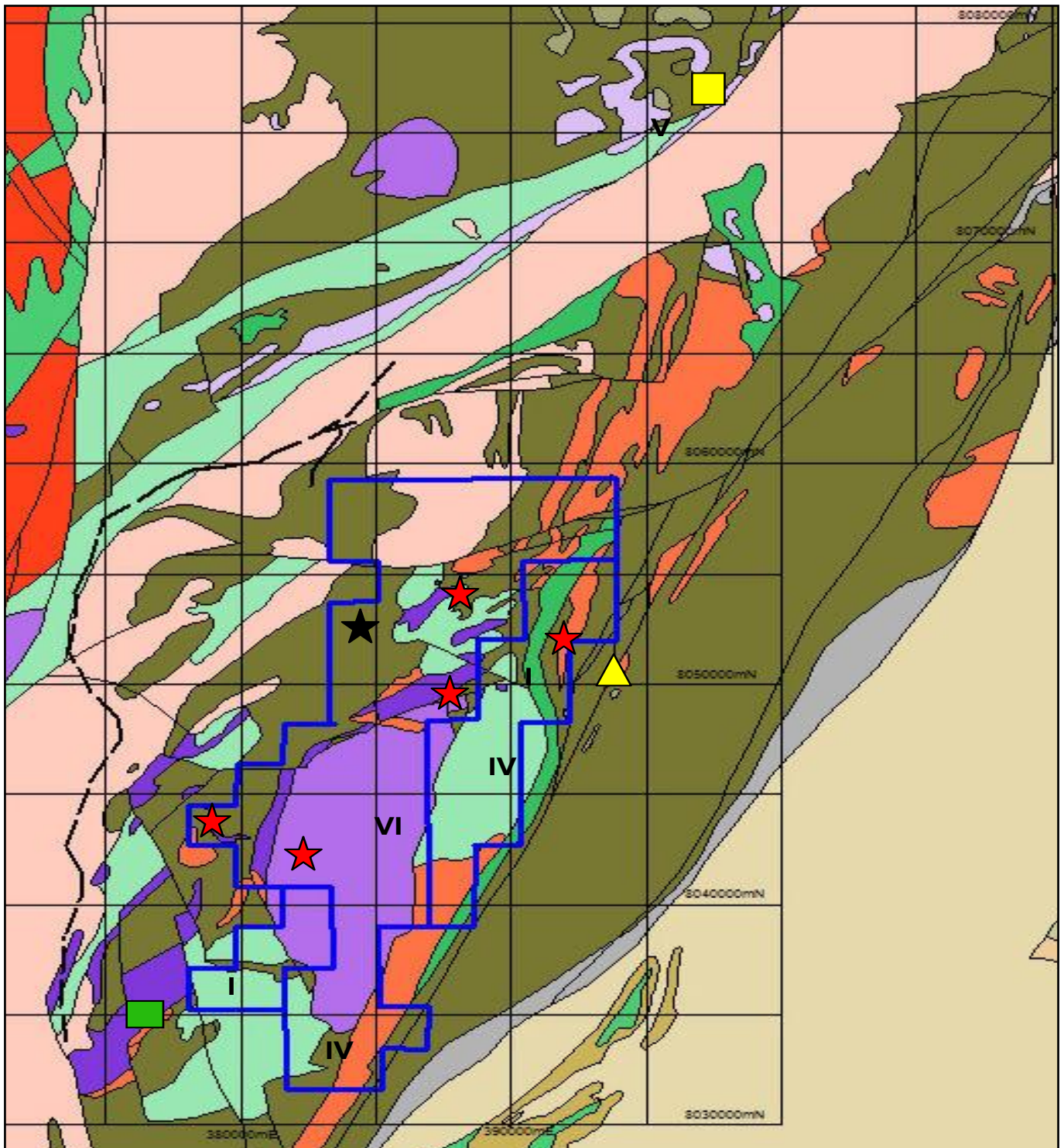


FIGURE 3 THE MCINTOSH PROJECT OCCURS WITHIN THE LAMBOO COMPLEX OF THE HCMZ.

Layered intrusives are in various shades of purple and annotated according to the grouping (Group I to VI). Lamboo Ni-Cu and PGE prospects (red stars) and McIntosh graphite (black star). Major deposits include the Panton Sill PGE (green square), Copernicus Ni-Cu (yellow triangle) and Sally Malay/Panaroma Ni - Cu (yellow square). GSWA geology.

There are a large number of mafic-ultramafic intrusions in the region, many of which are metaliferous and largely fall into two camps, viz: those containing copper and nickel sulphides, and those containing PGM-chromitite seams. Because of the economic value of these metals their gabbroic hosts have been subjected to a concerted campaign of mineral exploration and geological evaluations. This studies has shown an evolution of magmatism that continued over 20 million years – from 1856Ma for Group I intrusives to 1830 Ma for Group VI. The Panton Sill and all other ultrabasic and mafic differentiates, including those containing the copper-nickel and PGM targets of Lamboo Resources, fall into the Group I category while the McIntosh Gabbros are considered to lie within Group VI. The layered Wild Dog Creek gabbro intrusion that partly encases the McIntosh suite is considered to belong to Group IV.

The Sally Malay copper-nickel-cobalt bearing suite, located 30 km north of McIntosh, lies within Group V and is the only deposit in the region currently to be economically exploited. Its reserves are estimated at 3.85Mt at 1.79% Ni, 0.73% Cu and 0.1% Co but it seems likely that these will be exceeded as the sulphides are mobilized from depth and neither the primary magma chamber nor the sulphide source has been encountered during drilling and mining. One of the most important elements of the Sally Malay deposit are its small surface outcrop relative to its depth extent – this may lie in a ratio of between 10:1 and 20:1 (depth:strike). This minimal expression at outcrop may have favorable implications for the McIntosh project.

In 2005 Platinum Australia announced a resource of 14.3Mt grading 5.2g/t PGM+Au at the Panton Sill PGE project, immediately south and west of Lamboo Resources' tenement, and affirmed that this is the largest and highest grade PGM resource known in Australia. They also indicate that one of the two reefs (the Top Reef) is of higher grade and wider than that mined in South Africa. At the time the main impediment to development of the Panton Project was quoted as the modest PGM price and high A\$. Metallurgy was not regarded as deleterious to the advancement of the project. . Importantly in October 2001 Platinum Australia Ltd identified a 200 metre wide zone of low grade PGM-nickel-copper-cobalt mineralization north of the known resource. They describe this as a new type of PGM-base metal deposit of considerable geological significance extending over a strike length of 2000 metres and a depth in excess of 150 metres.

4.3 EXPLORATION HISTORY

Regional geochemical programs have been carried out over the McIntosh region by a number of multinational corporations, including Australian Anglo American Ltd, International Nickel Limited, Dampier Mining Co Ltd, Geopeko and Stratin Minerals Pty. Ltd in the 1970's and 80's. Most of these surveys were dependent on the incised and intricate nature of the drainages present in the region and were found to be an effective means of detecting a range of mineral occurrences, including nickel copper and PGM-chromite occurrences. This regional work quickly revealed the exploration potential of the McIntosh geology and led to further testing.

Though Anglo American defined anomalous chromitite containing up to 1.7ppm Pt and 2.5ppm Pd, they failed to follow through with drilling and this was left to Freeport who, following a comprehensive stream sediment sampling programme over the entire McIntosh area, drilled two diamond holes which failed to intersect the most prospective stratigraphic target. Nevertheless they encountered PGM's in hole MC1D (0.5m at 675ppb Pd and 90ppb Pt), and in MC2D (3.5m at 538ppm Pd) amongst broad zones of anomalous PGM's. Similar PGM's have been encountered in the Panton North prospect, including 0.68g/t PGM-Au over 9.74m in hole ADD4.

Geopeko conducted the most comprehensive drilling programme in the area, completing six diamond drill holes (MP1-MP6) and their studies led them to believe that the Melon Patch intrusive and the Panton Sill were intruded prior to regional metamorphism and that the Melon North intrusive was better preserved than that at Melon South which exhibited sudden changes in thickness. In 1989 their drilling defined two chromitite seams viz: 0.54m at 360ppb Pt and 58ppb Au between 44.39m and 44.93m and 1.17m at 640ppb Pd with 300ppb Pt and 120 ppb Au between 82.83m and 84.0m in MP1. Values of a similar order were intersected over widths of 0.5m-1m down dip of these intercepts in MP6

while a hole drilled by Freeport confirmed a thickening of the mineralized zones along strike in hole MC2D. In 1991 World Geoscience Corporation flew a Multiclient Airborne Magnetic Survey with a line spacing of 400m over the region.

In 2001 MAGLAGE geochemical sampling programs were completed by Pathfinder Exploration Pty Ltd and costeaming over anomalies gave broad intercepts of PGE mineralization which Platinum Australia Pty Ltd then tested with the RC drilling of holes SMP001 to SMP006. These tested only a small part of the 3.5km strike of the chromitite horizon but succeeded in intersecting 10m at 1g/t combined PGE+Au and 36m averaging 0.61g/t PGE+Au. In 2006 Sally Malay Exploration Pty Ltd, the exploration arm of Sally Malay Mining Ltd flew a HoistEM and magnetometer survey over most of the McIntosh Gabbro and Melon Patch prospects in a search for additional sulphide ore for their project (Figure 4). The EM system detected a number of anomalies, most of which were spurious and none related to nickel iron sulphides.

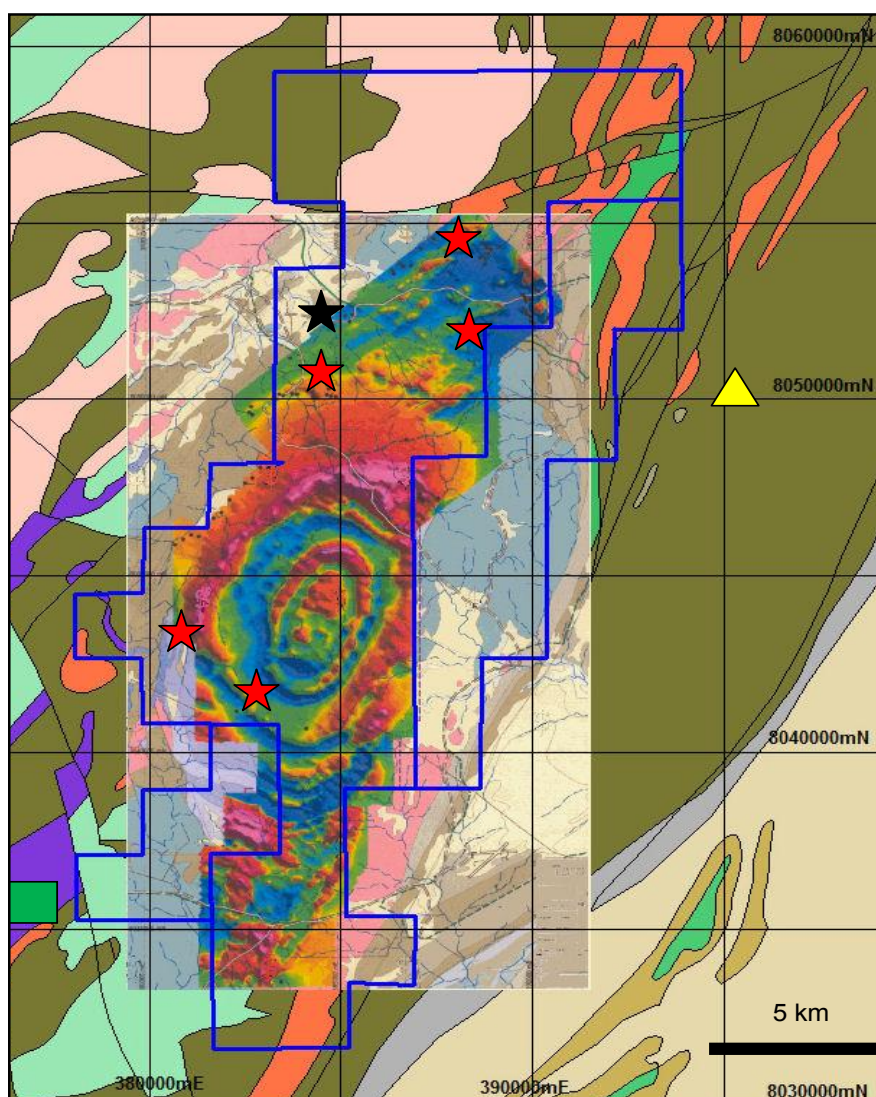


FIGURE 4 DETAILED TMI IMAGE HIGHLIGHTING THE MCINTOSH HILLS LOPOLITH AND SHOWING HOISTEM CONDUCTORS (BLACK DOTS). Lamboo Resources prospects (red stars). McIntosh graphite (black star). Copernicus Ni - Cu deposit (yellow triangle). Panton Sill PGE (green square). GSWA geology.

4.4 EXPLORATION PROJECTS, TARGETS AND POTENTIAL

The chromitite and nickel-copper bearing rocks of the Melon Patch area are thought to be the equivalent of the Panton layered mafic/ultramafics, and from the Upper Panton River to the Melon Patch Intrusion the Panton Intrusion is probably a continuous body. It therefore has an aggregate strike of 30 kilometres and an estimated thickness of 800 metres or so. The apparent dismemberment of the Panton Intrusion into the various prospects is most probably a result of earlier folding and faulting.

This folding is universally recognized at the Melon Patch South prospect, but is also thought to be causal in producing the patchy distribution of the chromitites at other locations. The Panton Intrusion, and therefore their Melon Patch equivalents are thought to have been emplaced near the end of a high-grade metamorphic event and there is rarely any discord between the body of the intrusives and the Tickalara metamorphics. These considerations may have important implications for exploration.

The Lamboo Resources tenements cover the McIntosh Lopolith and three copper-nickel and PGM-chromitite mineralized prospects. The potential of these have been recognized since the 1970's and while regional exploratory programs including geochemical and geological surveys have improved the status of the targets, drilling has failed to advance this to a significant degree. This is principally because the number of holes drilled was small and because most failed to reach target depths.

The petrological controls for the PGM fraction is now reasonably well understood and shows that a peridotitic unit is important and that fractionation within this has constrained the mineralization further. Where drilling has intersected target zones, grades of a gram to the tonne have been shown to exist. More drilling is required to test the potential of these properties.

4.4.1 MELON PATCH NORTH (E80/3864)

The Melon Patch North layered intrusive contains copper-nickel mineralization at three separate locations. The mineralization outcrops within recrystallized ultramafic pods within a suite containing gabbro, leucogabbro and anorthosite. The east-trending Melon Patch Fracture Zone cuts through the ultramafic and displays alteration and alkali intrusion similar to that observed at the Wills Creek prospect where channel sampling gave results of 10g/t gold over 10m.

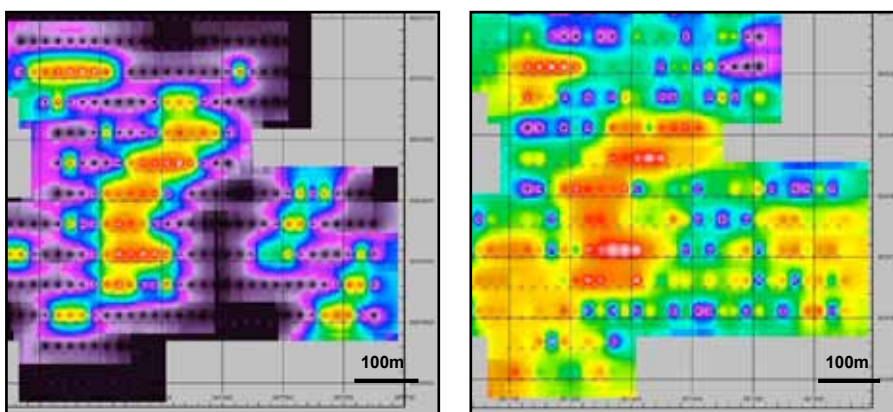


FIGURE 5A – Melon Ni (ppm) Image (red/white >500ppm, peak value 3605 ppm)

FIGURE 5B – Melon Cu (ppm) Image (red/white >500ppm, peak value 2528 ppm)

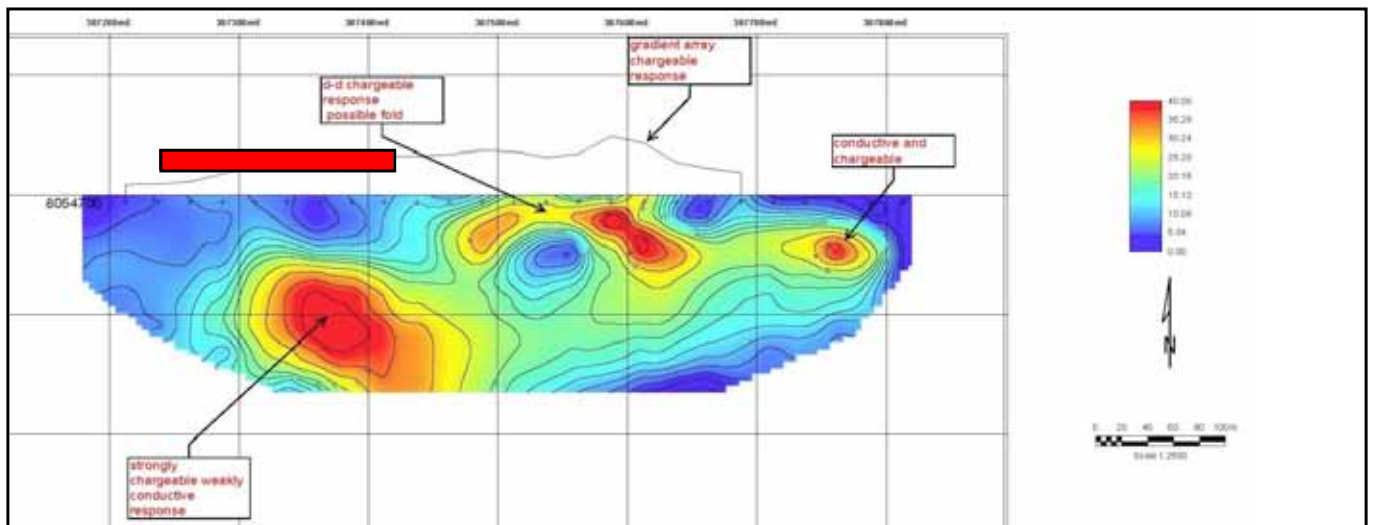


FIGURE 6 - IP dipole dipole traverse at Melon Patch North Ni – Cu prospect showing a strongly chargeable zone (red/orange colours) corresponding with anomalous MAGLAG nickel – copper geochemistry (red box).

4.4.2 MELON PATCH SOUTH (E80/3864)

The intrusive flanks the northern edge of the McIntosh Gabbro and is folded by the last major (D4) deformation event. This produced a tight southwest plunging anticline, succeeded by north to northwest trending faults with lateral displacements of up to 150 metres. Chromitite seams with PGM's are contained within a lower hartzburgite-pyroxenite layer which is slightly different in composition to that at Panton where the PGM host is mainly dunitic.

MAGLAG sampling has outlined two PGM mineralized zones, the strongest of which is 1.5 kilometres long and assayed up to 389ppb platinum, The second is about 800 metres long and the drilling of both in the 1980's gave results which were degraded by poor recovery and a failure to reach target depth. Some samples of chromititic seams gave up to 2.42g/t PGE+Au.

4.4.3 MINI M-TOGO (E80/3907 & E80/3928)

The Mini M is an arcuate splay off the Panton ultramafics and contains a similar style of layered, chromitite-bearing PGM style of mineralization. The Togo Prospect is located at the base of the McIntosh Gabbro and trends parallel to its layering and is known to contain thin (5 to 15cm) bands of chromitite. These were discovered by Australian Anglo American in the early 1970's, and they obtained grades of 2g/t Pt and 5g/t Pd for the Mini M prospect and 0.86g/t Pt and 1.1g/t Pd for Togo.

These compare favorably with the Panton Sill where, in 1982-3, Geopeko reported grades of 1.11g/t Pt and 1.6g/t Pd. The chromitite bands are repeated within the layered ultramafic segregate and increase in grade toward its lower contact. Gossan Float with 1450ppm Ni and 680 ppm Cu was also found. The historic work was augmented by the MAGLAG sampling of Pathfinder Exploration Pty Ltd which defined PGE mineralization at both the Togo and Mini M intrusives.

4.4.4 MCINTOSH GABBRO (E80/3928 & E80/4688)

At its core the McIntosh Group VI lopolith dips inward at 30-40 degrees. It steepens to the south before wedging out into the Wild Dog gabbros. The entire structure as covered by the Freeport stream sediment survey and lacks copper, nickel and PGM anomalism, except near its base where several PGM anomalies occur just above the Panton ultramafics. The Panoramic HoistEM Survey shows strong magnetic layers within the gabbros up to the highest core levels.

4.5 EXPLORATION POTENTIAL

The McIntosh Project includes the McIntosh Gabbro lopolith and the Panton layered suite. There is a substantial exploration database, covering the Panton suit and show it to be under-explored. A geological studies commissioned by Platinum Australia Pty Ltd indicate that the ultramafic segments are genetically linked, even though they are structurally fragmented. It is the important philosophical aspect that they should be viewed as a single entity with a strike of 30 kilometres or so.

In this regard there is good potential for economic grades of combined PGM's and gold. The style of chromitite hosted mineralization differs from the Panton Project where mineralization consists of narrow, high grade (4-5g/t combined PGM) chromitite seams. The broad (36m @ 0.61g/t) zones of lower grade mineralization may have may have special significance and there is also potential for thinner, magmatically upgraded PGM's under colluvium.

The large depth to outcrop ratio of the Sally Malay Ni-Cu-Co sulphide body, estimated at between 10:1 and 20:1 and its potential to well exceed the calculated reserve tonnages of ore provides a template for the exploration for secondary chamber and feeders within the huge primary McIntosh Gabbro magmatic system or within its older Group 1 layered attachments. If such systems are present they most likely lie at the base of the lopolith or within the Group 1 units. There is a lesser potential for similar occurrences on the sheared eastern side of the lopolith.

4.6 EXPLORATION STRATEGY

The McIntosh Project has a substantial exploration data base including geochemical surveys, a HoistEM survey, some geological mapping and drilling. This requires improvement in the following areas:

- High resolution satellite imagery and spectral analysis applications are required to upgrade geological mapping for target generation.
- Detailed geological mapping of the entire Panton Group I mafic-ultramafic suite.
- Detailed grid geochemistry applied to target areas.
- Drilling of targets following these surveys.

This strategy takes into consideration the potential for small outcropping but depth-extensive nickel-copper sulphide bodies of the Sally Malay type, and for the development of low grade, large tonnage chromitite-associated PGE+gold mineralization.

Goethitic gossan outcrops discovered by Australian Anglo American (AAA) Ltd in 1978 at Melon Patch North assayed up to 0.45% nickel, 0.3% copper, and 1.08g/t gold and AAA drilled four reverse circulation holes, three of which intersected strongly anomalous copper and nickel mineralization at shallow depth. These intersections were 13.3m at 0.17% Cu and 0.27% Ni, 28.5m at 0.27% Cu and 0.12% Ni and 9.5m at 0.21% Cu and 0.19% Ni. In the early 1980's Theseus Mining drilled another four holes with intercepts of 36m at 0.22% Cu and 0.23%Ni.in hole MEP1, 35m at 0.18%Cu and 0.21%Ni in MEP02 and 10m at 0.37% Cu and 0.45% Ni in MEP03. These early programs have been shallow with the maximum vertical depth of penetration being only 58 metres.

Melon Patch North is consequently considered to have potential for disseminated and massive metal associations of this kind. The intrusive is located roughly six kilometers north of McIntosh and is spatially linked to the gabbro. The ultramafic sequence follows the curved western edge of the McIntosh gabbro and, with few breaks, links with the Panton Sill layered sequence to the south. The PGM – bearing chromitite horizons were first picked as anomalies of up to 1.7ppm platinum and 2.5ppm palladium in one of Australian Anglo American's (Anglo) stream sediment surveys in the early 1970's. These results were not followed up by drilling.

Further regional stream sediment sampling was carried out by Freeport to cover the McIntosh gabbro and Melon Patch intrusives and additional sampling were completed by Geopeko and International Nickel (Inco) and Australmin

all completed grass-roots exploration on the prospect in the 1980's. This geochemistry was improved upon by a Pathfinder initiative in the late 1990's which reprocessed some of the data and augmented it with additional sampling to show that the Melon Patch intrusives are defined by an anomalous metal province which includes PGM, chromium, copper and nickel, all of which delineated a potential mineralized corridor over 4-5 kilometres (refer Figures 7A & B).

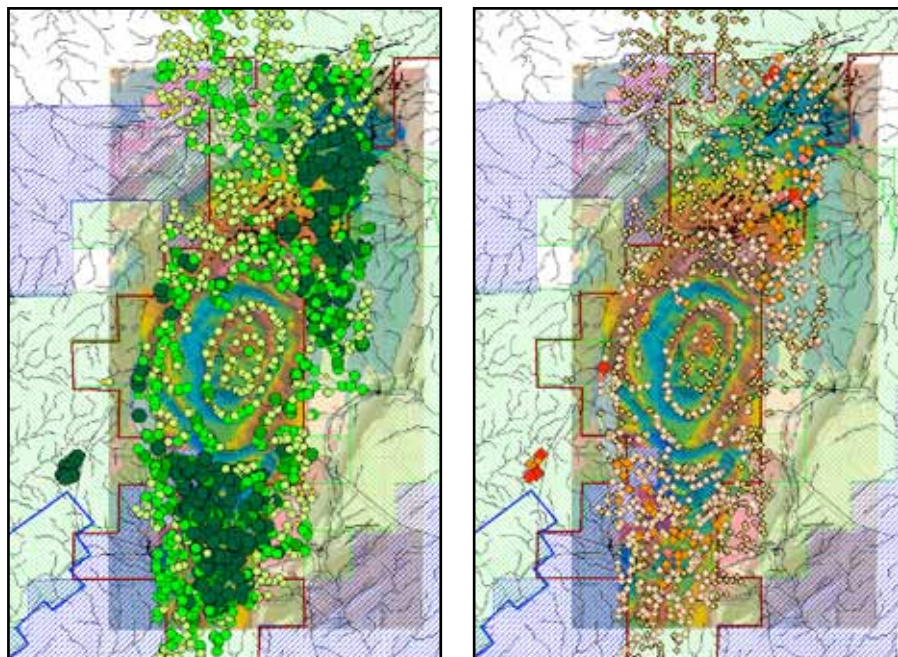


FIGURE 7A MCINTOSH PROJECT - Standardised Ni (ppm) historic (Anglo & Inco) stream sediment values (>250 ppm, 200 – 250 ppm, 150 – 200 ppm).

FIGURE 7B MCINTOSH PROJECT - Standardised Cu (ppm) historic (Anglo & Inco) stream sediment values (>250 ppm, 200 – 250 ppm, 150 – 200 ppm)

In addition to these stream sediment sample initiatives, several drilling programs were undertaken. Freeport drilled two diamond holes into one of the anomalous targets and intersected narrow zones of anomalous PGM mineralization (0.09ppb Pt and 0.67ppm Pd over 0.5m). Geopeko then drilled six diamond holes (MP1-MP6) and equated the layering of the Melon Patch intrusion with that of the Panton Sill. Their drill results yielded further narrow but anomalous zones of PGE mineralization.

The Melon Patch North nickel-copper mineralization has similarities to the nearby Copernicus deposit held by Panoramic Resources Ltd and Thundearra Resources Ltd. The prospect was included in the Anglo-Inco geochemical surveys and defined the chromitite seams at Melon Patch and their concomitant PGE mineralization which gave up to 1.7ppm platinum and 2.5ppm palladium.

In July 2000 Pathfinder Exploration Pty Ltd carried out a grid-based MAGLAG sampling programme over the Panton Sill, with all samples being subjected to multi-element assay. The survey was quite effective in defining the main PGE mineralized chromitiferous horizons in the Panton and that these results were comparable to those of the Melon Patch layered mafic/ultramafic intrusive.

At Melon Patch North a portable Niton XRF analysis of a grid MAGLAG geochemical survey of 235 samples has been added to the data base. This has defined a nickel-copper anomaly extending over an area of 400 by 80 metres, coincident with ore-grade nickel and copper values in rock samples, including a number of samples that contained up to 0.4% copper and 0.48% nickel and strongly anomalous zinc values of up to 3.9%, this being possibly associated with a graphitic schist (Figures 5A & B). Goethitic lenses within anorthositic and gabbroic units of the Alice Downs Ultramafic suite assayed up to 1.26% nickel and 0.57% copper in scree-covered gossan zones traced over 100m of strike.

Towards the end of 2010 a MAGSTREAM stream sediment sampling programme was completed near the Melon Ni-Cu prospect and 26 samples were analyzed for a multi-element suite of metals. PGM results were not available, but copper and nickel defined an arcuate anomalous zone that required follow up.

A gradient array and dipole-dipole Induced Polarisation (IP) survey detected several strongly chargeable zones at depths of about 100 metres below the MAGLAG anomaly and coincident with a Sally Malay Mining Ltd Electro Magnetic (EM) anomaly at Melon Patch North (Figure 6). IP surveys are used to detect disseminated iron or iron-base metal sulphide deposits, while EM surveys will generally detect massive sulphides or some other conductors such as graphite. Rotary Air Blast drilling was used to test the IP target but missed the anomaly. Nevertheless it intersected 0.23% copper and 0.24% nickel from surface, together with 0.3% copper and 0.45% nickel from 29 metres depth. The anomalies still remain to be tested and represent walk-up targets for drilling.

4.7 EXPLORATION INFORMATION

The McIntosh Project comprises granted tenements and contains both Ni-Cu and PGE+Ni-Cu targets at various stages of evaluation. Lamboo Resources intend to continue exploration of these by the application of ground geophysical IP surveying and expansion of the soil/MSGLAG geochemical programs that have proved so successful previously. Melon Patch north is ready for RC drilling of its IP anomaly target and for resource drilling of defined mineralized zones.

The Melon Patch South PGE, Togo and Mini M require further MAGLAG sampling and IP surveying. Small surface-area targets of the Sally Malay type require a composite approach of the above technologies fused with satellite imager interpretation to define lithological and structural anomalies. All prospective mafic-ultramafic zones would benefit from the upgraded geological information associated with the interpretive use of this information.

Lamboo Resources have provided a schedule of expenditure to advance the project during the first and second year. This has been reviewed and is considered to be realistic and to have the capacity to effectively build on existing information. It allows for adequate expenditures for geochemical surveys (\$105 000), Ground Geophysics (\$245 000), Auger and RC drilling (\$1 665 000), and geological surveys and evaluations (\$330 000) with tenement administration and other costs (\$270 000), giving a combined total for years 1 and 2 of \$2,615,000).

4.8 NON-METALLIC RESOURCES

4.8.1 MCINTOSH GRAPHITE (E80/3864, E80/3906 & E80/3928)

A potential flake graphite resource has been confirmed west of the Melon South layered mafic/ultramafic intrusive within the surrounding high grade metamorphic Tickalara Formation occurring within the McIntosh Project. High grade metamorphism of the original carbonaceous sedimentary stratigraphy will potentially produce coarse flake graphite (Figure 8). Preliminary RAB drilling shows that the graphite lies within a sillimanite schist and can make up more than 10% of this rock with some high grade graphitic material estimated to make up to 40% of the rock. The material is not oxidized at surface and the unit contains narrow quartzo-feldspathic bands which, together with the schists form a package, shown by drilling, to be up to 47 metres wide. The interpreted strike length of the graphitic unit is estimated to be over 10 kilometres within the tenement and there is potential to extend this further.

Graphite was previously regarded as an impediment to mineral exploration because its high electro-magnetic conductivity, as measured during airborne surveys, duplicated that of base metal and iron sulphide. However in recent years its value as a coarse-flake (> 180 microns) product has escalated sharply and is presently over \$2000 per tonne. The material has the advantage of being treatable on site, of having a haul road which passes 3 kilometres to the north and connects to the Great Northern Highway, and port facilities at Wyndham, 300 kilometres to the north.

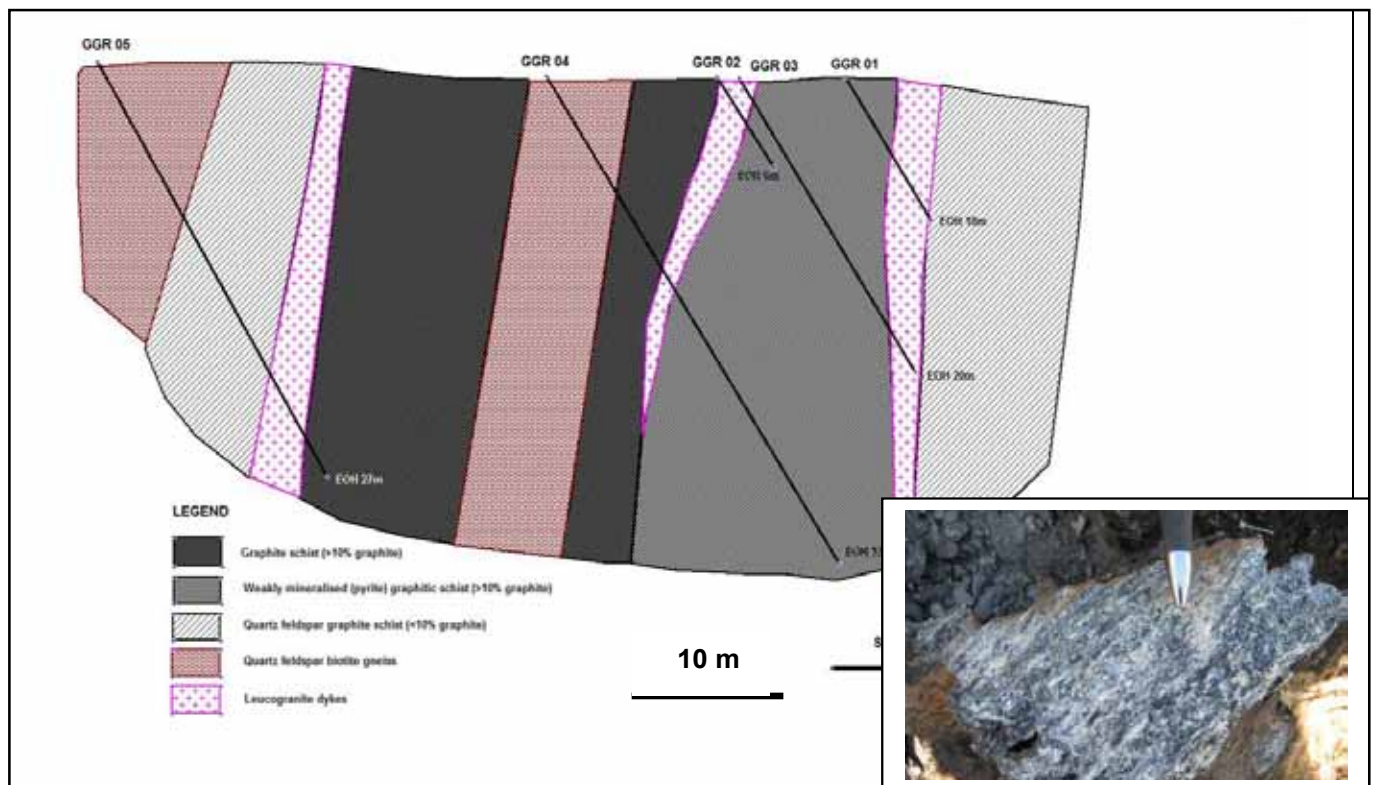


FIGURE 8 MCINTOSH GRAPHITE - Schematic RAB drill hole section showing graphitic schist horizons occurring within the high grade metamorphic Tickalara Formation (based on drill hole data and surface geological mapping). Inset - detail - detail of a hand specimen of graphitic schist (graphite - dk grey to black) from the McIntosh Graphite.

PLANNED EXPLORATION PROGRAMS

5 PLANNED EXPLORATION PROGRAMS

5.1 MCINTOSH PROJECT

The McIntosh Project comprises granted tenements and contains a variety Ni – Cu, PGE – chromite – Ni – Cu and graphite targets at various stages of exploration maturity. The coming field season should involve the continuation of ground geophysical IP surveying as well as an expansion of the soil/MAGLAG geochemical program that has successfully defined the mineralisation at Melon North.

McIntosh Graphite represents the priority target and should be defined by geological and ground geophysical methods prior to initiating a drilling program. RC drilling can be used to define the stratigraphic controls on the graphitic schist horizons and provide preliminary data on the tenor of the carbon content. However, a systematic diamond drilling program will be required to define a JORC resource that could be immediately followed by prefeasibility and feasibility studies required to establish an economic graphite deposit.

Melon North represents a walk-up RC drill target following – up a strong IP anomaly. Resource definition drilling at Melon Patch North could involve an extended RC drilling program. Additional targets at Melon Patch South PGE, Mini M and Togo will require further soil/MAGLAG geochemical sampling and geophysical IP surveying, followed – up by RC drilling. Sally Malay/Panorama – style Ni - Cu targets should be further investigated within the project area by following-up stream sediment anomalies and implementing detailed follow-up programs.

5.2 HALLS CREEK PROJECT

The Halls Creek project tenements are at the application stage and are expected to be granted by the Western Australian Department of Mines and Petroleum either towards the end of 2012 or early 2013. However preliminary work can be done including data base compilation and re-assessment of previous exploration programs as well as limited follow-up on the ground.

TABLE 1 - PLANNED EXPENDITURE

Activity	Y1 (2012)	Y2 (2013)	Total
Geochemical soil/MAGLAG Surveys	\$35,000	\$70,000	\$105,000
Ground Geophysical Surveys	\$125,000	\$120,000	\$245,000
Auger Drilling	\$25,000	\$30,000	\$55,000
RC Drilling	\$250,000	\$250,000	\$500,000
Diamond drilling (graphite)	\$500,000	\$750,000	\$1,250,000
Prefeasibility/feasibility studies	\$300,000	\$500,000	\$800,000
Analyses	\$200,000	\$500,000	\$700,000
Tenement Management	\$20,000	\$25,000	\$45,000
Rents/rates	\$50,000	\$50,000	\$100,000
Personnel	\$165,000	\$275,000	\$440,000
Travel/accommodation	\$70,000	\$55,000	\$125,000
TOTAL	\$1,740,000	\$2,625,000	\$4,365,000

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6 REFERENCES

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GLOSSARY OF TECHNICAL TERMS

7 GLOSSARY OF TECHNICAL TERMS

acid	A term applied to igneous rocks having a high percentage of silica than orthoclase feldspar, the limiting figure commonly adopted being 66%
aeromagnetic survey	A survey undertaken by helicopter or fixed-wing aircraft for the purpose of recording magnetic characteristics of rocks by measuring deviations in the earth's magnetic field.
alluvial	Pertaining to silt, sand and gravel transported and deposited by a river.
alteration	Change in mineral and chemical composition of rocks commonly brought about by reactions to weathering or to hydrothermal solutions.
amphibolite facies	An assemblage of minerals formed at moderate to high temperatures (450 to 700 degrees centigrade) during regional metamorphism, characterized by the presence of amphibole and biotite.
amphibolites	A metamorphic rock characterized by the presence of amphibole and some plagioclase.
andesite	A rock composed of andesine and one or more mafic constituents
anorthosite	A plutonic rock composed almost entirely of plagioclase, usually labradorite. It is the monomineralic equivalent of gabbro, but lacks pyroxene.
Archaean	An era of geological time spanning the period from 3800 million years to 2500 million years before present.
banded iron formation	A rock composed of iron oxides and cherty silic, and possessing a marked banded appearance
basin	A large depression within which sediments are sequentially deposited and lithified.
brecciated	Broken into angular fragments by tectonic or hydraulic forces.
carbonated	Infused with calcium and magnesium or iron and CO ₃ -essential components of limestone and marbles, often a product of alteration.
cataclastic	Texture found in metamorphic rocks in which brittle minerals have been flattened and broken by pressure and tectonic forces.
chert	Fine grained sedimentary rock composed of cryptocrystalline silica.

chlorite	A green hydrated aluminium iron magnesium silicate mineral (mica) common in metamorphic rocks or as an alteration product.
chromitite	A rock composed of chromite
coluvium	Weathered material transported largely by gravity and usually proximal to the source area.
contact	Surface which marks the change between rocs of different type.
craton	Large and usully ancient stable mass of the earths crust.
deformation	A general term for the process of folding, faulting, shearing, compression or extension of rocks as a result of stress.
disseminated	Distribution of fine mineral such as pyrite evenly throughout a rock.
dolerite	A medium grain mafic rock.
dunite	A peridotite consisting almost wholly of the mineral olivine.
electro Magnetic (EM)	Geophysical process used to measure electromagnetic waves in the earth's surface.
epithermal	Pertaining to ore formed at shallow depths by ascending hot solutions
extrusive	Pertaining to igneous material poured out on the surface of the earth in a molten state and to fragmental material of all sizes erupted from volcanic vents.
fault	A fracture or fracture zone, along which displacement of opposing sides has occurred.
felsic	Light coloured rocks containing an abundance of feldspars, feldspathoids and silica.
fold	A planar sequence of rocks or a feature bent about an axis.
formation	Large persistent layer of a single rock type.
fuchsite	A chromium mica – usually of distinctive apple green colour.
gabbro	A coarse grained intrusive rock, which is low in silica and has relatively high levels of iron and magnesium minerals
goethite	A mineral of the formula $FeO(OH)$ of the limonite –iron oxide group.
gossan	A ferruginous deposit remaining after the oxidation of the original sulphide minerals in a vein or ore zone
granite dome	A dome shaped intrusive of granitic composition – granite plutons generally intrude the surrounding rock as irregular to rounded domal masses.
granulite facies	A metamorphic rock of even sized interlocking granular minerals–of high temperature origin.
greenschist facies	A metamorphic basic rock which owes its origin to the abundance of chlorite.
hartzburgite	A peridotite of the minerals olivine and orthopyroxene.
HoistEM	An airborne electromagnetic survey method used for the detection of massive or semi-massive metal sulphide conductors such as pyrite and chalcopyrite.
hydrothermal alteration	Rocks altered to different minerals through the action of hot fluids, generated from or driven by, igneous bodies commonly producing mineralization.

igneous	A rock formed by crystallization from a molten magma.
Induced polarization (IP)	A geophysical survey method measuring the rate of an electric current, used to identify disseminated sulphide deposits.
lava	Fluid rock of volcanic origin –or the cooled product of this effusion.
lithology	A generalized term for a rock type, particularly attributed to sedimentary rocks.
lopolith	Saucer-shaped igneous intrusion with concave upward form.
mafic	Descriptive of rocks composed dominantly of magnesium and iron rock-forming silicates.
MAGLAG	Type of sample consisting of the magnetic component of surface lag material
magnetite	A natural occurring oxide of iron (Fe ₃ O ₄) which exhibits magnetic properties.
MAGSTREAM	Type of sample consisting of magnetic component of stream sediments.
malachite	A green hydrated carbonate ore of copper Cu ₂ (oh) ₂ CO ₃
marble	Metamorphosed carbonate rock.
massive sulphide	Rock containing abundant sulphides that can form close to 100% of the mass.
metagranite	A granitic rock that has been metamorphosed.
metamorphic	A rock that has been altered by physical and chemical processes involving heat, pressure and derived fluids
microdiorite	An igneous rock of dioritic composition where the constituent minerals have crystallized more quickly to produce a finer grain size.
microdolerite	An igneous rock of doleritic composition where the constituent minerals have crystallized more quickly to produce a finer grain size.
mineralization	The concentration of metals and their compounds in rock, and the processes involved therein.
mobile zone	An elongate belt in the earths crust, usually occurring at the collision zone between two crustal blocks, within which major deformation, igneous activity and metamorphism has occurred.
monzogranite	A granular plutonic rock containing approximately equal amounts of orthoclase and plagioclase feldspar, but usually with a low quartz content.
Niton XRF	A commercially produced, hand held machine which measures the X Ray Fluorescence of minerals, giving a quick and accurate reading of the presence of a range of these and the quantities present within a rock or soil sample.
olivine	An olive green magnesium-iron silicate (Mg, Fe) ₂ SiO ₄ , common in mafic and ultramafic igneous rocks.
orogen	The process of mountain making especially by folding of the earths crust.
Palaeoproterozoic	Early Proterozoic era of geological time, between 2,500 million years and 1,600 million years ago.
plutonic	Pertaining to igneous rocks that have formed beneath the surface of the earth by consolidation from magma.

plunge	The inclination of a fold axis, measured in the vertical plane.
proximal volcanic	Near-vent, pertaining to coarse volcanic debris or volcanogenic sulphide assemblages originating from the volcanic vent.
pyrite	An iron sulphide mineral, FeS ₂ .
pyroclastic	Detrital volcanic material that has been explosively ejected from a volcanic vent
pyrophyllite	An aluminium silicate mineral indicative of hydrothermal alteration.
pyroxenite	A medium or coarse grained rock consisting of pyroxene.
quartz	A mineral composed of silicon dioxide, SiO ₂ .
Rotary air blast (RAB)	A method of drilling using compressed air and a hammer-bit. Usually for testing to shallow depths as the sample may be subjected to minor contamination.
schist	A micaceous crystalline metamorphic rock having a foliated or parallel structure due to the recrystallisation of the constituent minerals
sericite	A mica mineral very common as an
shale	A mica mineral very common as an alteration product in metamorphic or hydrothermally altered rocks.
shear	A zone in which rocks have been dislocated and deformed primarily by ductile means in response to applied stresses.
siliceous	Containing silica.
sphalerite	A zinc iron sulphide, the principal ore of zinc.
stockwork	A form of mineralization of interpenetrating veins, veinlets and breccia fill.
stratigraphy	Sequence of layering formed in rocks by the deposition from a fluid, usually applied to sedimentary rocks but also to igneous rocks showing compositional variations within former magma chambers.
strike	Horizontal direction or trend of a geological structure.
sulphide	A metallic mineral containing sulphur, usually comprising or associated with mineralization.
tectonized	Results of the forces involved in or the resulting structures of, movement in the earth's crust.
tuff	A rock formed by compacted small volcanic fragments, may be air or water borne.
ultramafic	An igneous rock in which more than 90% of the minerals are ferromagnesium minerals, with only trace quartz and feldspar, synonymous with ultrabasic.
vein	A thin sheet like intrusion into a fissure or crack, commonly bearing quartz.
volcanoclastic	Pertaining to clastic rocks containing abundant volcanic material.
volcanogenic	Pertaining to volcanic activity – products include metal sulphides and volcanoclastic sediments.

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SECTION 6 ii

INDEPENDENT CONSULTANT GEOLOGISTS' REPORT

TORRIDON EXPLORATION VALLA PROJECT

29 Hilsden Road
Darlington WA 6070

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SUMMARY AND INTRODUCTION

1 SUMMARY

The Valla project on the central-north coast of NSW has a history of prospecting dating from the 1880s. Silver, molybdenum, gold, arsenic and antimony have been produced from small workings in and around the Valla project. The geology is composed of Palaeozoic metasediments that have been intruded by the Triassic Valla Adamellite.

Fluorotechnics Ltd's (Fluorotechnics or the Company) plans to explore for molybdenum, silver and gold with their initial focus being for molybdenum in and around Marriotts Quarry northwest of Mount England where sampling has identified molybdenum mineralisation over 400m on the eastern side of the quarry. Silver has been mined from high grade veins at a number of prospects in the southern part of the Project, notably at Tewinga. These are to be investigated as a matter of priority by Fluorotechnics.

2 INTRODUCTION

The Valla project (the Project) covers ground with an extensive history of mining and prospecting dating back to the 1880s with the discovery of gold and arsenic to the east of the Project and antimony in the northern part of the Project. In the early twentieth century silver was discovered in the south and molybdenum associated with granitic rocks around Pickett Hill and Mount England. Fluorotechnics' interest in the ground is primarily for molybdenum, silver and to a lesser extent gold. The Company has entered into an option arrangement, subject to the appropriate approvals and due diligence, such that it has the right to acquire the businesses of two companies that own the Valla and other mineral exploration projects for \$3.5M to be paid in equity. Details of this agreement are described in detail elsewhere in the Prospectus.

The Project is located on the central-north coast of NSW, halfway between Sydney and Brisbane, 40km south southwest of Coffs Harbour and eight kilometres northwest of Nambucca Heads, Figure 1.

The Project covers steep hills of native forest with cleared farm land on the slopes and in the valleys. Some parts have been subdivided into small hobby farms and large residential blocks. The northern part of the tenement is covered by the Newry State Forest. The central part is covered by the flood plain of Deep Creek, where alluvium masks the underlying bedrock and there are numerous, sinuous, generally eastward-flowing creeks throughout. Vehicle access is by numerous roads and tracks. Both the Pacific Highway and the Sydney to Brisbane railway line run down the eastern side of the Project. The area is well serviced by road and rail transport and has a readily available local workforce.

The Project is covered by a single tenement, EL6702 is held in the names of Norvale Pty Ltd and Pathfinder Exploration Pty Ltd (together referred to as

the Vendors). At the time of writing the tenement is undergoing a reduction in size. The exact details are unknown but enquiries by the author suggest that it will be 30 blocks. The tenement situation is outside the author's area of expertise and is dealt with elsewhere in the Prospectus.

There are two small areas excised from the tenement; a very small part of a Nature Reserve on the central western boundary of the tenement that will have no effect on the ground's prospectivity. The Nunguu Mirral Aboriginal Area covers the summit of Pickett Hill and part of the molybdenum-copper-tungsten anomaly (see the Geology & Mineralisation section of this report) on the northern end of the Valla Adamellite,

Table 1 Valla Project, EL6702, Tenement Details

Tenement Number	Holders	Grant Date	Expiry Date	Area	
				Blocks	Km ²
EL6702	Norvale Pty Ltd and Pathfinder Exploration Pty Ltd	16/01/07	15/01/13	30	88



Figure 1 - Valla Project Location

3 GEOLOGY & MINERALISATION

The Project covers Palaeozoic metasediments of the Nambucca Block, which is part of the New England Fold Belt. In the Valla project these metasediments are composed of the early Permian Nambucca Beds, composed of phyllites with minor sandstones. The phyllites are composed of muscovite, chlorite and quartz and have been regionally metamorphosed to low greenschist facies. They have been further contact metamorphosed to hornfels by the intrusion of the Valla Adamellite. The adamellite intruded the phyllites in the Middle Triassic although there is isotopic evidence that suggests it could be early Jurassic in age. Williams (1982) describes the Valla Adamellite intrusion as being composed of three lithologies:

1. In the northeast part of the intrusion and outside the Project there is a small body (0.5km²) of plagioclase, orthoclase, quartz and biotite granite with minor disseminated sulphides,
2. At Pickett Hill there is an orthoclase, quartz, plagioclase, biotite granodiorite,
3. At Mount England the intrusion is composed of an orthoclase, quartz, plagioclase, biotite adamellite that contains numerous sedimentary xenoliths. The adamellite at Marriott's quarry on the western flank of Mount England hosts veins of molybdenite.

Rugless and Williams (2009) described granitic rock samples from Marriotts Quarry at Valla as leucocratic syenogranite, being composed of major quartz and alkali (potash) feldspar with lesser plagioclase feldspar and minor to trace amounts of biotite and sericite. There are numerous dykes most likely associated with the intrusion of the adamellite which Turvey (1981) claimed fell into four types:

1. Feldspar-porphyry dykes,
2. Aplite dykes,
3. Weathered feldspathic dykes,
4. Greisen dykes.

Turvey (1981) believed that there "is a recurring association of granitic dykes with mineralisation".

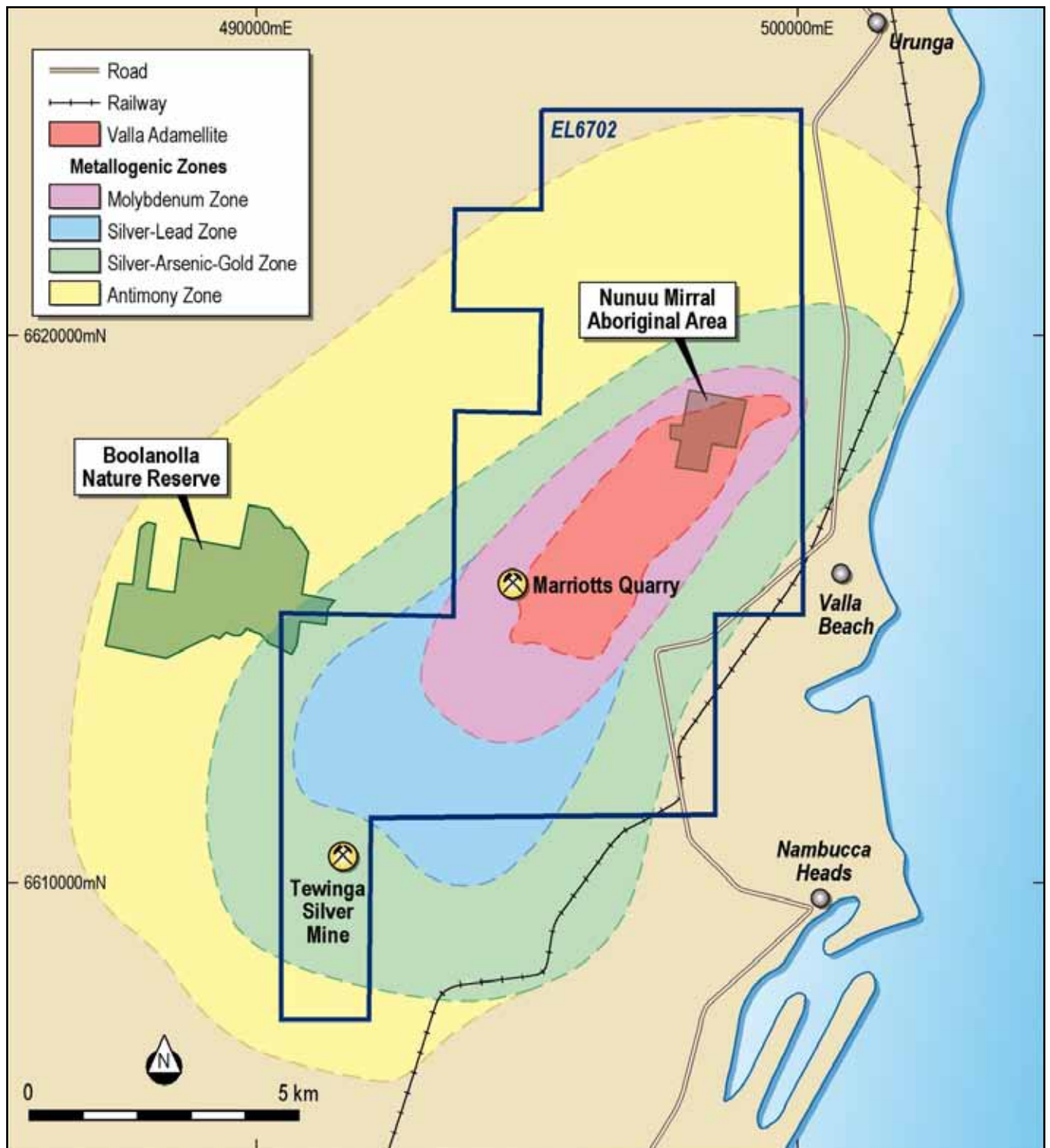
The intrusion of the Valla Adamellite into the metasediments created a contact metamorphic zone of hornfels which is clearly visible in the thorium channel of the radiometric image (Rugless and Williams, 2011).

Mineralisation within the Project covers a variety of commodities and styles although all are believed to be associated with the Valla Adamellite. The largest mining operation in the area was the Valla Mine, also known as the Deep Creek mine, to the northeast of the Project. The deposit was discovered in 1878 and produced gold and arsenic intermittently between 1889 and 1932 (Harper et al, 1932). At about the same time numerous antimony-bearing veins were reported and worked, within the Project to the north of Pickett Hill in what is now the Newry State Forest.

Fluorotechnics' main interest is in vein, stockwork and disseminated molybdenite mineralisation associated with the Valla Adamellite; currently the best exposure of which is in Marriotts Quarry at Valla, Photograph 1. Stream sediment sampling by the Geological Survey of NSW and later by CSR Limited indicates that where it is exposed around Mount England and Pickett Hill the Valla Adamellite is geochemically enriched in molybdenum, copper and tungsten, see Section ** of this report. This style of mineralisation has the potential for large tonnage deposits and has only been investigated by surface sampling and prospecting.

A number of silver prospects were discovered south of the Valla Adamellite, in the southern part of the Project and to the southeast. One of the larger prospects is the Tewinga Silver Mine, Figure 2 which was discovered in 1929. The silver was hosted by a quartz lode that subsequently analysed "over 200 ounces to the ton" (Osborne, 1975). The extent of the lode was exposed in pits and trenches, it was found to have a strike length of 400m, vary from 0.2m to 0.9m wide and have an orientation of "a little west of north" with an easterly dip. The silver was reported to be present as the mineral stephanite, a sulphide mineral of silver and antimony (Ag_5SbS_4) (www.mindat.org). The prospect was worked intermittently until 1935. In which time a 23.5t parcel of ore yielded 3,471 ounces of silver, at a grade of 147.7 ounces/tonne (Osborne, 1975). In the same area there are a number of silver prospects, including the Silver Star Mine with a lode that has been traced over 1.2km with an orientation varying between 350 and 010 with steep westward dip. At its southern end it is three metres to 4.5m wide over a strike length of 800m. In addition to silver these prospects contain lead, antimony and arsenic which are reported as occurring as earthy minerals with arsenopyrite and pyrite.

Geological mapping and geochemical sampling has identified concentric metallogenic zones around the Valla Adamellite with the molybdenum (plus copper and tungsten) zone, with a silver-lead zone to south and surrounded by a silver-arsenic zone, which in turn is surrounded by an antimony zone. This zonation is shown schematically in Figure 2. These zones probably relate the decreasing temperature of hydrothermal solutions emanating from the Valla Adamellite. Similar zoning has long been recognised around the tin granites of Cornwall and other centres of granite-related mineralisation. The stream sediment sampling clearly supports this view of geochemical zoning as shown by molybdenum, copper and tungsten values, Figure 2.





Typical Molybdenum mineralization Marriotts Quarry at Valla.

4 EXPLORATION HISTORY

Mining in the area started in the 1880s when arsenic and gold were first mined at the Valla mine to the northeast of the Project. Since that time gold, silver, arsenic, antimony and molybdenite, have been produced albeit on a small scale from the area now covered by the Valla project and its immediate vicinity.

In the mid-1970s the Geological Survey of NSW undertook stream sediment sampling in the Newry State Forest at the northern end of the Project (Suppel and Hobbs, 1978). This work identified anomalous values of arsenic and gold in the Newry State Forest. It is reported that the Geological Survey of NSW also undertook an Induced Polarisation (IP) survey in the general area of Ward's Silver mine to the southeast of the Project but whatever the findings no follow-up work was undertaken (Rugless and Williams 2011). Williams (2005) reported that a company had endeavoured to mine the Wards silver mine to the southeast of the project in the early 1980s but apparently without success.

Modern exploration for molybdenum in the Valla area started with CSR limited (CSR) who undertook a study of the granites in the New England Fold Belt in the early 1980s. They concluded that the Valla Adamellite and other similar intrusions in the area were prospective for molybdenum. This view is supported by old mining records and stream sediment sampling that had been undertaken by the Geological Survey of NSW and later stream sediment sampling by CSR in the area surrounding Mount England. Further anomalous arsenic values were identified on the western side of the Project. From this work it has been recognised that there are broadly concentric metallogenic zones around the Valla Adamellite, Figure 2. Geological mapping undertaken by Turvey (1981) for an honours thesis represents the only detailed geological mapping on the Project. Turvey also re-examined recorded mineral occurrences describing the geology of the Valla area (Williams, 1982).

In 1987 Talisman Mining and Exploration Ltd and Crown Capital Resources Ltd (Crown Capital) held tenure over the Valla project. Crown Capital undertook a detailed literature research and acquired a 200m line spaced, combined airborne radiometric and aeromagnetic survey however they undertook very little field work (Rutherford, 1988).

Norvale and Pathfinder had previously held part of what is now the Valla project between 2004 and the application of the current tenement. Their interest was initially in the silver potential of the Tewing area but later extended to molybdenite, particularly at Marriotts Quarry. Rock chip samples containing fine quartz stockwork veining (Rugless and Williams, 2005) in the southern part of the Project were anomalous in both gold and silver.

Broad spaced soil sampling generally supported the idea of the concentric metallogenic zones around the Valla Adamellite.

5 RECENT EXPLORATION

Exploration licence 6702 was granted in January 2007, since that time all available topographic, geological, geochemical and geophysical data have been compiled and can be plotted in a GIS format.

In 2007 Supersorb Environmental (Supersorb), under an agreement with Norvale and Pathfinder, re-assessed all the earlier exploration data and identified the primary area of interest for molybdenum mineralisation to be the adamellite and the surrounding contact metamorphic zone. Land access agreements with key landholders within the area of interest were negotiated allowing for exploration to start. However in 2008 Supersorb went into administration and subsequently withdrew from the Project.

In 2008 the focus of attention was expanded to include the very high grade silver prospects at Tewinga at the southern end of the Project. A review of the rock chip samples taken in 2005 was undertaken whereby earlier laboratory analyses were compared to readings taken with a portable XRF analyser. The reported results show a relatively good correlation and confirmed the strongly anomalous molybdenum and copper values (Rugless and Williams, 2009). Spectra data for the Valla Adamellite confirmed its potassium-rich nature, particularly mineralised samples from Marriotts Quarry compared to an unmineralised sample from Pickett Hill.

In 2010 a review of the earlier stream sediment sampling by the Geological Survey of NSW and CSR Ltd confirmed anomalous molybdenum and copper values over the northern and southern parts of the Valla Adamellite. The potential pathfinder elements antimony and arsenic were investigated as possible indicators of further silver and gold mineralisation. The stream sediment results not only picked-up known occurrences but may point to new areas for investigation.

A detailed geochemical and petrological study of rock chip samples from Marriotts Quarry was carried out. Scans from a portable XRF analyser indicated that the Valla Adamellite is anomalous in molybdenum, copper and arsenic over an aggregate of 400m, along the eastern side of the quarry. The petrological examination shows that the molybdenum mineralisation is hosted by granitic rocks that vary in composition from quartz syenite to leucocratic syenogranite. They have been subject to strong potassic metasomatism with quartz flooding and brecciation of the matrix (Rugless and Williams, 2011). The sulphide mineralisation includes: molybdenite, chalcopyrite, pyrite with traces of galena and sphalerite. Rock chip samples taken in and around Marriotts Quarry show high levels of rhenium, reportedly associated with high molybdenum values (Rugless, Personal Communication, 2012) The potassium channel of the radiometric data shows the Valla Adamellite to be highly potassic, Figure 3 and the thorium channel picks out the contact metamorphic aureole that surrounds the adamellite. The aeromagnetic data shows the Valla Adamellite to form a strong bulls-eye anomaly.

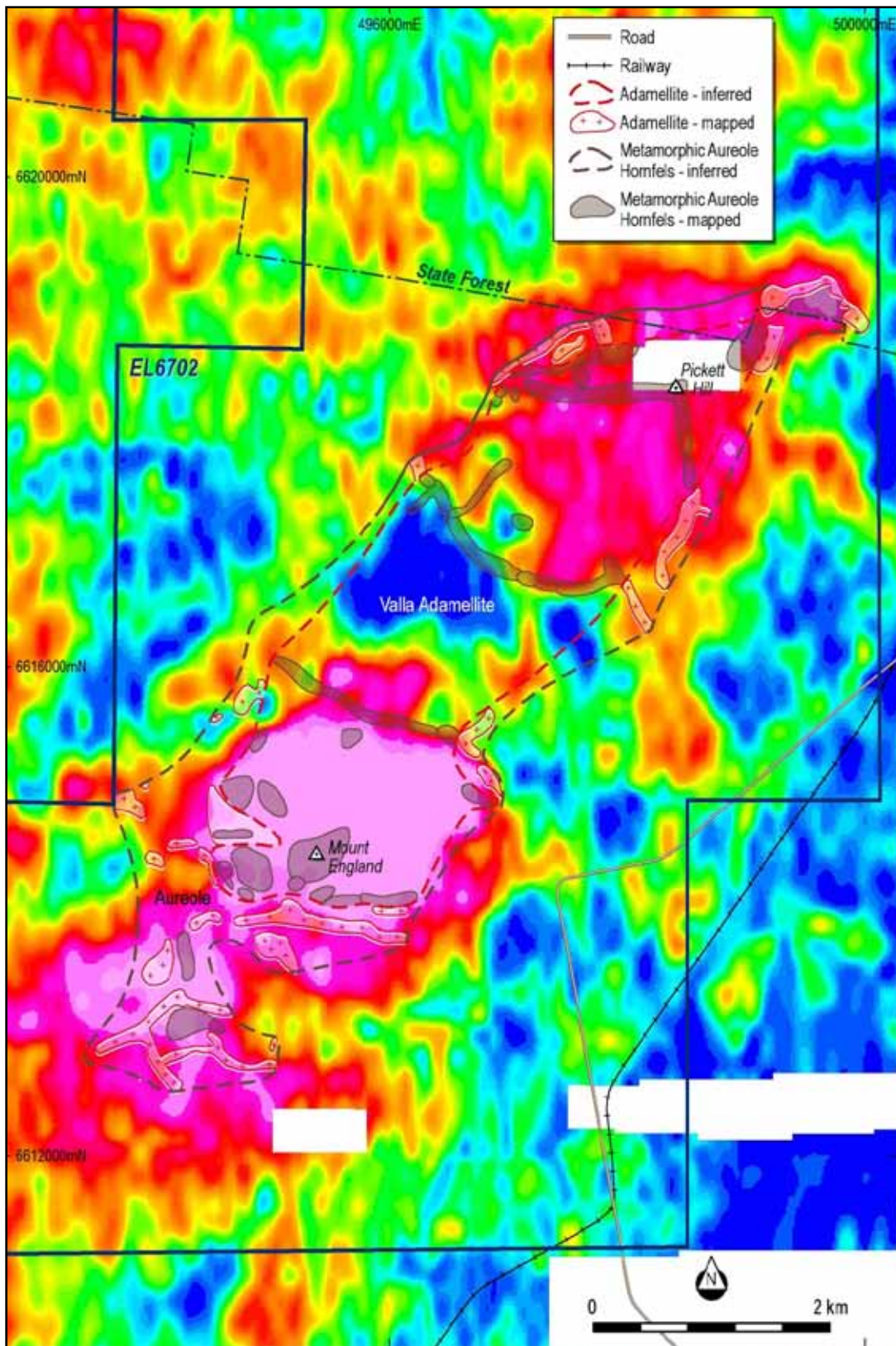


Figure 3 Valla Project, Radiometric Image - Potassium Channel with Geology, By Turvey (1981)

PROPOSED EXPLORATION PROGRAMME

6 PROPOSED EXPLORATION PROGRAMME

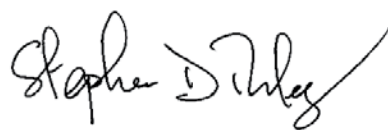
Fluorotechnics have proposed an exploration programme that will focus on the established molybdenum-copper and silver-gold targets. These targets are to be defined by additional geochemical sampling and IP surveys. The target will then be tested by a combination of reverse circulation (RC) and diamond drilling. It is the Company's intention to drill the molybdenum mineralisation at Marriotts quarry as soon as a drill rig is available. The budget for the first two years of exploration is summarised in the table below.

It is recognised that the proposed programme will be modified as the results dictate however in the author's opinion the proposed exploration programme and budget will allow for the Valla project to be comprehensively explored.

TABLE 2 PROPOSED EXPLORATION BUDGET

Activity	Year 1 (2012)	Year 2 (2013)	Total
Geochemical Sampling	\$40,000	\$40,000	\$80,000
Geophysical Surveys	\$60,000	\$40,000	\$100,000
Auger Drilling	\$30,000	\$30,000	\$60,000
RC/Diamond Drilling	\$700,000	\$1,050,000	\$1,750,000
Tenement Management	\$10,000	\$15,000	\$25,000
Geological Personnel	\$120,000	\$180,000	\$300,000
Travel/Accommodation	\$60,000	\$80,000	\$140,000
TOTAL	\$1,020,000	\$1,435,000	\$2,455,000

For and on behalf of Torridon Exploration



Stephen Turley MSc MAIG
Consultant Geologist

GLOSSARY

7 GLOSSARY

Adamellite	An out dated geological term referring to a type of granitic rock with approximately equal amounts of alkali feldspar and plagioclase feldspar, now referred to as a monzonite or monzogranite
Alkali Feldspars	Very common rock-forming minerals, feldspars typically containing potassium (potash) and sodium.
Aplite	Light coloured igneous composed primarily of quartz and mica
Arsenopyrite	A sulphide mineral of arsenic and iron
Brecciation	A rock is fractured into (typically) coarse angular fragments
Chalcopyrite	A sulphide mineral of copper and iron
Chlorite	Group of typically green minerals similar to mica
Greenschist Facies	A low to moderate metamorphic grade often containing green minerals
Greisen	Rock composed of mica, quartz, often with minor minerals like fluorite, topaz, tourmaline and cassiterite
Induced Polarization (IP)	An electrical geophysical technique used to identify disseminated sulphide mineralisation
Jurassic	Geological period of the Mesozoic Era, dating from 200My to 146My
Leucocratic	Light coloured igneous rock
Metasediment	A sediment that has been metamorphosed
Molybdenite	A sulphide and major ore mineral of molybdenum
Muscovite	Clear or white mica mineral
Palaeozoic	Geological Era (period of time) dating from 542My to 299My
Pathfinder Elements	Geochemical pathfinder elements use one typically more abundant element to look for a less abundant element, for instance using arsenic to look for gold
Phyllite	Fine grained rocks that have been metamorphosed to slaty type of rock
Plagioclase Feldspar	Very common rock-forming mineral, feldspars containing calcium and sodium

Porphyry	Term used to describe igneous rocks that exhibit larger isolated crystals in a finer grained matrix
Potassic Metasomatism	Alteration of rocks by potassium-rich fluids, typically derived from a cooling granitic body
Pyrite	A very common sulphide mineral of iron
Quartz Flooding	A rock is flooded by quartz-rich fluids
Rhenium	A rare silvery-white metal with a high density and boiling point
Spectra Data	Data that record the atomic spectra for instance when a rock is bombarded by X rays
Stockwork	Irregular mass of usually small interlacing veins, typical for ores of tin and molybdenum
Syenogranite	A variety of granitic rock composed of alkali feldspar with subordinate plagioclase and quartz typically with biotite and hornblende
Triassic	Geological period of the Mesozoic Era, dating from 251My to 200My

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8 REFERENCES

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Valla Report

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SECTION 7

**SOLICITORS REPORT
ON TENEMENTS**





SOLICITORS REPORT ON TENEMENTS

Chairman
Fluorotechnics Limited
96 Stevens Road
SOUTH BRISBANE QLD 4101

29 March 2012

Dear Sir,

DUE DILIGENCE REPORT

We have been instructed to report upon granted mining Tenements ("Tenements") and Applications for mining Tenements ("Applications") located in Western Australia and New South Wales and held by Pathfinder Exploration Pty Ltd ("Pathfinder") and Norvale Pty Ltd ("Norvale").

Details of the Tenements and Applications are listed in schedule 'A1' attached to this report. Schedule 'A2' which forms a key part of this Report contains important particulars of all the Western Australia Tenements and Applications examined together with comments on matters to do with their standing and issues that might affect operations.

OPINION

As a result of our searches and enquiries, subject to the exceptions and assumptions set out in this report, we are of the opinion that:

- i. The information we provide in relation to the Tenements and Applications is accurate;
- ii. Based on the assumptions referred to in this Report, the Tenements have been validly granted and are in good standing;
- iii. All applicable rents and other fees due under the Mining Act 1978 (WA) in respect of the Tenements have been paid;
- iv. All expenditure requirements for the Tenements have been complied with;
- v. The Tenements are subject to conditions imposed by the Department of Mines and Petroleum ("DMP"). Their key conditions are set out in the attached schedule 'A2' and should be noted; and
- vi. The Tenements in the McIntosh Project were granted under the Native Title Act 1993(Cth) Future Act procedures and on the assumption that those procedures were properly conducted by the State, the Tenements are valid.

PERTH

Post Office Box 1434 Wangara
Western Australia 6947
Telephone: (08) 9309 0400
Facsimile: (08) 9309 0499
Email: reception@austwidemining.com.au

Austwide Mining Title Management Pty Ltd
is the Trustee Company
for the Humberston Family Trust
ABN 80 386 756 916

DARWIN

GPO Box 1364 Darwin
Northern Territory 0801
Telephone: (08) 8981 2799
Facsimile: (08) 8941 0226
Web: www.austwidemining.com.au

ASSUMPTIONS

For the purpose of this Report:

- i. We have assumed that the information provided by or obtained from the DMP, the National Native Title Tribunal, the Department of Indigenous Affairs, Pathfinder and Norvale is accurate and complete;
- ii. The completeness and conformity to originals of all copies of documents submitted to us;
- iii. References to area as outlined in Schedules 'A1' and 'A2' are taken from searches obtained from the DMP. We have not undertaken any surveys of the land the subject of the Tenements and Applications;
- iv. The Tenement Applications comprise applications for tenements and we express no opinion as to if and when such applications will be granted; and
- v. We have assumed compliance by Pathfinder and Norvale with the terms and conditions of the relevant legislations.

Searches

For the purpose of completing this Due Diligence, we have conducted searches and made the following enquiries in relation to the Tenements and Applications during the period 1 March 2012 to 29 March 2012:

- i. DMP
We have reviewed searches of the Tenements and Applications in the register maintained by the DMP pursuant to the Mining Act 1978 (WA) ("Mining Act").
- ii. Tengraph Quick Appraisal Searches
We have conducted and reviewed Tengraph Quick Appraisal Searches obtained online from the DMP website.
- iii. National Native Title Tribunal
We have obtained extracts of registered native title claims and native title determinations that apply to the Tenements and Applications as determined by the National Native Title Tribunal ("NNTT").
- iv. Aboriginal Heritage and Sacred Site Searches
We have conducted searches of the online register of Aboriginal heritage and sacred sites maintained by the Department of Indigenous Affairs ("DIA") for any DIA Surveys conducted and any Aboriginal sites established pursuant to the Aboriginal Heritage Act 1972 located on the Tenements and Applications.

Where necessary, follow up investigations were conducted with DMP and other Government bodies.

Transfers

We have not reviewed any Material Contracts pertaining to the Tenements and Applications including those relating to the acquisition of the McIntosh Project from 3D Resources Ltd.

It is noted that, Exploration Licences 80/3864, 80/3928, 80/3906, 80/3907, 80/4396 and 80/4688, are currently being transferred to McKintosh Resources Pty Ltd whilst all remaining Tenements and Applications are being transferred to Lamboo Resources Pty Ltd. We have not reviewed any Material Contracts pertaining to these transfers.

PROJECT DETAILS

Pathfinder Exploration Pty Ltd and Norvale Pty Ltd are the Registered Holders of 6 Tenements and 13 Applications which are managed under the following Project names:

(a) McIntosh WA Project

THE TABLE OUTLINES THE 5 TENEMENTS AND 2 APPLICATIONS UNDERLYING THE MCINTOSH WA PROJECT.

Tenement No.	Registered Holder	Application Date	Granted	Expiry
E80/3864	Pathfinder Exploration Pty Ltd	29/1/2007	8/04/2008	7/04/2013
E80/3928	Pathfinder Exploration Pty Ltd	17/4/2007	2/06/2009	1/06/2014
E80/3906	Pathfinder Exploration Pty Ltd	16/3/2007	3/12/2008	2/12/2013
E80/3907	Pathfinder Exploration Pty Ltd	16/3/2007	3/12/2008	2/12/2013
E80/4396	Pathfinder Exploration Pty Ltd	22/01/2010	2/08/2011	1/08/2016
E80/4688	Pathfinder Exploration Pty Ltd	15/2/2012	-	-
E80/4655	Pathfinder Exploration & Norvale Pty Ltd	24/10/2011	-	-

(b) Halls Creek WA Project

THE TABLE BELOW OUTLINES THE APPLICATIONS UNDERLYING THE HALLS CREEK WA PROJECT.

Tenement No.	Registered Holder	Application Date	Granted	Expiry
E80/4676	Pathfinder Exploration & Norvale Pty Ltd	13/01/2012	-	-
E80/4677	Pathfinder Exploration & Norvale Pty Ltd	13/01/2012	-	-
E80/4678	Pathfinder Exploration & Norvale Pty Ltd	13/01/2012	-	-
P80/1776	Pathfinder Exploration & Norvale Pty Ltd	19/12/2011	-	-
P80/1777	Pathfinder Exploration & Norvale Pty Ltd	19/12/2011	-	-
P80/1778	Pathfinder Exploration & Norvale Pty Ltd	19/12/2011	-	-
P80/1780	Pathfinder Exploration & Norvale Pty Ltd	19/12/2011	-	-
P80/1783	Pathfinder Exploration & Norvale Pty Ltd	19/12/2011	-	-
P80/1785	Pathfinder Exploration & Norvale Pty Ltd	5/01/2012	-	-
P80/1786	Pathfinder Exploration & Norvale Pty Ltd	5/01/2012	-	-
P80/1787	Pathfinder Exploration & Norvale Pty Ltd	5/01/2012	-	-

(b) Valla NSW Project

THE TABLE BELOW OUTLINES THE TENEMENT UNDERLYING THE VALLA NSW PROJECT.

Tenement No.	Registered Holder	Granted	Expiry
EL6702	Pathfinder Exploration & Norvale Pty Ltd	16/01/2007	15/01/2013

GENERAL INFORMATION IN RELATION TO MINING TENEMENTS

Numerous licence types can be applied for and granted in Western Australia pursuant to the Mining Act, namely, Prospecting Licences, Exploration Licences, Mining Leases, General Purpose Leases, Miscellaneous Licences and Retention Licences.

The Tenements and Applications comprised in the West Australia McIntosh and Halls Creek Projects consist of Exploration and Prospecting Licences.

i. Prospecting Licences

Part IV of the Mining Act deals with Prospecting Licences.

Prospecting Licences are granted in relation to areas not exceeding 200 hectares.

Subject to the various conditions, the holder of a granted prospecting licence under the Mining Act is entitled to enter the land for the purposes of prospecting for minerals and to undertake operations and works necessary for the purpose including digging pits, trenches, holes, sinking bores and tunnelling. The holder is also authorised to excavate, extract or remove earth, soil, rock, stone, fluid or mineral bearing substances not exceeding 500 tonnes over the term of the licence.

Prospecting Licences applied for after 10 February 2006 when the Mining Amendment Act 39/2004 was introduced, remain in force for a period of 4 years from the date of grant. This period can be extended by four years through application to and approval by the Minister on prescribed grounds.

Sections 49(1) and 75(7) of the Mining Act confer on the holder of a Prospecting Licence which is in force, the right to apply for and have granted one or more Mining Leases over any part of the land the subject of that Licence. An application for a Mining Lease will have the effect of keeping the underlying Prospecting Licence alive beyond its expiry date until such time as the Mining Lease application is determined.

ii. Exploration Licences

Part IV Division 2 of the Mining Act deals with Exploration Licences.

The holder of an exploration licence is authorised to enter the land for the purpose of exploration for minerals and to excavate, extract or remove earth, soil, rock, stone, fluid or mineral bearing substances not exceeding 1,000 tonnes over the term of the licence.

An exploration licence applied for after 10 February 2006 remains in force for up to 5 years and may in prescribed circumstances and at the discretion of the Minister, be extended over whole or part of the Exploration Licence for a further period of 5 years, followed by 2 year periods.

At the end of 5 years, the holder must relinquish an area which constitutes not less than 40% of the area of the licence if the exploration licence is extended beyond the initial five year term. The requirements to relinquish may be deferred by 1 year in prescribed circumstances.

The Mining Act provides that during the first year of its term, an exploration licence may not be assigned, transferred, sublet or made the subject of any trust or other dealing without the written consent of the Minister and any such transaction entered into without that consent will be void.

Sections 67(1) and 75(7) of the Mining Act confer on the holder of an Exploration Licence which is in force, the right to apply for and have granted one or more Mining Leases over any part of the land the subject of that Licence. An application for a Mining Lease will have the effect of keeping the underlying Exploration Licence alive beyond its expiry date until such time as the Mining Lease application is determined. It should be noted that a Mining Lease can only be applied for when accompanied by a mineralization report or a proposal.

iii. General Conditions

Tenements are granted subject to various conditions prescribed by the Mining Act including but not limited to the payment of rent, compliance with the minimum expenditure commitments, meeting reporting requirements, environmental conditions as well as any other conditions that may be imposed by the Minister in respect of a particular tenement.

Further, Tenements are also subject to conditions pursuant to the requirements of the Aboriginal Heritage Act 1972(WA), Environmental Protection Act 1986(WA), Rights in Water and Irrigation Act 1914(WA) and Conservation and Land Management Act 1984(WA).

MCINTOSH WA PROJECT

The McIntosh WA Project comprises of 5 granted Exploration Licences and 2 Exploration Licence Applications.

i. Application for Exploration Licences 80/4655 and 80/4688

Exploration Licence 80/4655 was applied for on 24 October 2011 and with no Mining Act Objections lodged, was recommended for grant on 2 December 2011. The Application is currently progressing through the Native Title Process with the Native Title section 29 Notification close date being 8 June 2012. No Native Title objections have been lodged to date.

Exploration Licence 80/4688 was applied for on 15 February 2012. No Mining Act Objections have been lodged and it is expected that the Application will be recommended for grant and progressed to the Native Title Process.

ii. Terms and Approaching Expiries

All Tenements in the McIntosh Project were applied for following the commencement of the Mining Amendment Act 39/2004 on 10th February 2006 and have been validly granted for the periods specified in schedule 'A2'.

Exploration Licences 80/3906 & 80/3907 are due to expire on 2 December 2013 and are subject to the requirement to surrender 40% of the areas on that date. Provision exists to apply for extensions for further five year periods subject

to meeting prescribed criteria. A one year deferral of the surrender requirement can also be applied for and maybe granted if prescribed grounds exist.

iii. Rents

For the current anniversary period, Tenements in the McIntosh Project will attract annual rents totalling \$9,569.00.

Rental payments are required to be lodged within 30 days of the respective tenement anniversary dates. Please see the below table for an outline of the rental payments due in the 2012 anniversary period.

Tenement	Rent Payable	Anniversary Date
E80/3864	\$1,588.50	7 April 2012
E80/3928	\$4,059.50	1 June 2012
E80/3906	\$2,824.00	2 December 2012
E80/3907	\$529.50	2 December 2012
E80/4396	\$567.50	1 August 2012
E80/4688	N/A	-
E80/4655	N/A	-
TOTAL	\$9,569.00	-

iv. Expenditure Operation Reports (Form 5's)

Tenements in the McIntosh Project are subject to an annual aggregate expenditure commitment of \$118,000.

The Expenditure Reports of Operations (Form 5s) are required to be lodged within 60 days of the respective tenement anniversary dates. Applications for Exemption (Form 18s) in respect to expenditure shortfalls are also required to be lodged within 60 days.

Overall expenditure on the project has been good with no exemptions from expenditure requested since the various Tenements were granted.

Below is a table outlining the various expenditure requirements for the Tenements and when the next Form 5's are due.

Tenement	Expenditure Commitment	Due Date
E80/3864	\$30,000.00	7 April 2012
E80/3928	\$23,000.00	1 June 2012
E80/3906	\$30,000.00	2 December 2012
E80/3907	\$20,000.00	2 December 2012
E80/4396	\$15,000.00	1 August 2012
E80/4688	N/A	-
E80/4655	N/A	-
TOTAL	\$118,000.00	-

v. Underlying Land Tenure

The Tenements are situated within the Mabel Downs Pastoral Lease (3114/672) and the Alice Downs Pastoral Lease (3114/652).

In addition to conforming to the requirements of the Mining Act, registered holders are also encouraged to foster good relationships with pastoralists pursuant to The "Code of Conduct for Minerals Exploration on Pastoral Leases" that is published and jointly endorsed by the Pastoralists and Graziers Association of WA (inc).

We are not aware of any adverse dealings between Pathfinder, Norvale and the pastoralists.

vi. Current Dealings and Encumbrances

Although various caveats have been lodged against the Tenements since they were granted by Sally Malay Exploration Pty Ltd and Shire of Halls Creek, these have all been withdrawn.

There are no current encumbrances affecting the Tenements.

vii. Conditions of Grant

The Tenements are mostly situated within the Ord River Irrigation District. As well as the standard conditions, others have been imposed to reflect the environmental sensitivity of the general area.

Prior to any ground disturbing activities being undertaken on the Tenements, written notification outlining the time frame, type and extent of the activities must be forwarded to the Department of Water in Kunnamurra, 7 days prior to commencement. Various activities are also prohibited within 50 meters of irrigation channels, drains, wetlands or watercourses without the express consent of the Director of Environment at the DMP and the Department of Water.

viii. Annual Mineral Exploration and Technical Reporting

The Register does not provide information on the current status of annual reporting and inquiries with DMP were necessary.

For the periods 2010-2012, the DMP initiated forfeiture proceedings on Exploration Licences 80/3864 & 80/3928 for non-compliance with mineral exploration reporting provisions. A fine was imposed on all occasions and the matters have now been finalised. No further action is required by the DMP.

It is advised that all reporting is up to date and there are no outstanding data requests.

ix. Shire Rates

The Tenements are situated within the Shire of Halls Creek. Information provided by the Shire indicates there are no monies outstanding as at the date of this Report.

x. Native Title

The Tenements are within the boundaries of the registered Malarngowem Native Title Claims.

Other than in order to ascertain the status of the pending Applications, we have not conducted any investigations into the position of the Native Title claims affecting the project areas.

Since 2003, there has been government policy requiring tenement applicants to enter into Regional Standard Heritage Agreements for exploration and prospecting licences. In this respect, we suggest a review of all Heritage Agreements entered into with the Native Title Claimants to ascertain Pathfinder and Norvale's obligations.

Searches were undertaken of the online register of Aboriginal heritage and sacred sites maintained by the Western Australian Department of Indigenous Affairs (DIA) to search for Aboriginal sites located on the Tenements and Applications.

The DIA searches have revealed that 38 Aboriginal Sites are located within the boundaries of most of the Tenements. It is essential to ensure that any interference with the Sites will be in strict conformity with the provisions of the Aboriginal Heritage Act 1972 (WA) and the Heritage of Western Australia Act 1990, WA.

THE HALLS CREEK WA PROJECT

The Halls Creek Project comprises of 3 Exploration Licence Applications and 8 Prospecting Licence Applications. They were all applied for between 19 December 2011 and 13 January 2012.

No Mining Act Objections have been lodged against the Applications. Exploration Licences 80/4677 and 80/4678 have been recommended for grant and are awaiting referral to the Native Title Process. Prospecting Licences 80/1776, 80/1777, 80/1778, 80/1780, 80/1783, were referred to the Native Title Process on 30 January 2012. They encroach upon the Ngarrawanji Claim area and as such the Native Title Claimants may object to the Applications. Prospecting Licences 80/1785-80/1787 were also referred to the Native Title Process on 30 January 2012 but do not encroach on any registered claim areas. Once the Applications are advertised and the four month objection period expires unless objections are lodged, the Applications will progress towards grant.

VALLA NSW PROJECT

Exploration Licence 6702 forms the basis of the Valla Project. It covers a total area of 41 Units and therefore a Security of \$10,000 is currently held by the Department of Industry & Investments in NSW. The Tenement is due to expire on 15 January 2013 and an application requesting retention of the whole area has been lodged. The matter is still pending.

CONCLUSION

Austwide Mining Title Management Pty Ltd was only involved in the preparation of this Report and has no interest or financial relationship with Pathfinder Exploration Pty Ltd and Norvale Pty Ltd. Other than professional fees received for the preparation of this Report, no direct or indirect benefits have been received.

Yours faithfully,

AUSTWIDE MINING TITLE MANAGEMENT PTY LTD



JACQUI CHAMIA (LLB, MBA)

LEGAL COUNSEL, PERTH OFFICE

SCHEDULE A1 - SUMMARY OF TENEMENTS

Project	Tenement	Current Holder	Area km2	Application Date	Grant Date	Expiry Date
McIntosh	E80/3864	Pathfinder Exploration Pty Ltd	29.2	29/1/07	8/4/2008	7/4/2008
WA	E80/3928	Pathfinder Exploration Pty Ltd	81	17/4/07	2/6/2009	1/6/2014
	E80/3906	Pathfinder Exploration Pty Ltd	51.8	16/3/2007	3/12/2008	2/12/2013
	E80/3907	Pathfinder Exploration Pty Ltd	9.7	16/3/2007	3/12/2008	2/12/2013
	E80/4396	Pathfinder Exploration Pty Ltd	16.2	22/1/2010	2/8/2011	1/8/2016
	E80/4655	Pathfinder Exploration Pty Ltd & Norvale Pty Ltd	12.5	24/10/2011	-	-
	E80/4688	Pathfinder Exploration Pty Ltd	12BL	15/2/2012	-	-
Halls	E80/4676	Pathfinder Exploration Pty Ltd & Norvale Pty Ltd	12.96	13/1/2012	-	-
Creek	E80/4677	Pathfinder Exploration Pty Ltd & Norvale Pty Ltd	343.44	13/1/2012	-	-
WA	E80/4678	Pathfinder Exploration Pty Ltd & Norvale Pty Ltd	281.88	13/1/2012	-	-
	P80/1776	Pathfinder Exploration Pty Ltd & Norvale Pty Ltd	0.17	19/12/2011	-	-
	P80/1777	Pathfinder Exploration Pty Ltd & Norvale Pty Ltd	0.191	19/12/2011	-	-
	P80/1778	Pathfinder Exploration Pty Ltd & Norvale Pty Ltd	0.169	19/12/2011	-	-
	P80/1780	Pathfinder Exploration Pty Ltd & Norvale Pty Ltd	0.173	19/12/2011	-	-
	P80/1783	Pathfinder Exploration Pty Ltd & Norvale Pty Ltd	0.197	19/12/2011	-	-
	P80/1785	Pathfinder Exploration Pty Ltd & Norvale Pty Ltd	0.124	5/1/2012	-	-
	P80/1786	Pathfinder Exploration Pty Ltd & Norvale Pty Ltd	0.161	5/1/2012	-	-
	P80/1787	Pathfinder Exploration Pty Ltd & Norvale Pty Ltd	0.114	5/1/2012	-	-
Valla	EL6702	Pathfinder Exploration Pty Ltd & Norvale Pty Ltd	58		16/1/2007	15/1/2013
NSW						

SCHEDULE A2														
DUE DILIGENCE - PATHFINDER EXPLORATION PTY LTD & NORVALE PTY LTD														
Tenement No.	Registered Holders	Registered Interest	Area	Term			Current Annual Rent			Current Bonds	Annual Share Rates	Minimum Annual Statutory Expenditure Requirement for the next expenditure period	Last Form 5	
				Commenced	Expiry		Amount	Date Paid					Date Lodged	Amount Claimed
E80/3864	Pathfinder Exploration Pty Ltd	500/500	9BL	8/Apr/2008	7/Apr/2013		\$1,588.50	9/May/2011	N/A	Nothing outstanding as per the Shire of Halls Creek	\$30,000.00	7/Jun/2011	\$22,161.00	
Encumbrances				Exclusions			Expenditure History			General Comments				
<p>Subject to standard conditions and endorsements including the following additional conditions:</p> <p>The rights of ingress to and egress from Miscellaneous Licence 80/52 being at all times preserved to the licensee and no interference with the purpose or installations connected to the licence.</p> <p>Consent to Mine on Irrigation District ID/1 (Old River) given subject to:</p> <p>*Written notification, where practicable, of the time frame, type and extent of proposed ground disturbing activities being forwarded to the Department of Water Kunurra seven days prior to commencement of those activities.</p> <p>*Any significant waterway (flowing or not), wetland or its fringing vegetation that may exist on site not being disturbed or removed without prior written approval from the Department of Water.</p> <p>*The storage and disposal of hydrocarbons, chemicals and potentially hazardous substances being in accordance with the Department of Water's Guidelines and Water Quality Protection Notes.</p> <p>Activities on any existing or designated future irrigation area, or on any strip of land within 50 metres of an irrigation channel.</p>				Prospecting Licence 80/1427			Since grant, the expenditure requirements have been met.			<p>This Licence is due to expire on 7 April 2013. As it was applied for after 10 February 2008, provisions exist to extend the term of the Licence for a further period of 5 years and afterwards for a further period or periods of 2 years.</p> <p>There is also a requirement to surrender 40% of the blocks on 7 April 2013 however the Minister may defer this for 12 months.</p> <p>The Tenement was the subject of an application for forfeiture by the DMP for non-compliance with the reporting requirements. The requisite report was subsequently lodged and the DMP imposed a penalty of \$450. This was paid on 27 March 2012. The matter is now finalised.</p> <p>The Tenement forms part of Group C191/2010 McIntosh with a report due on 30 October annually.</p> <p>Malgomew Native Title Claimants have a registered claim over the area encompassed by the tenement. A review of the Native Title, Heritage Protection and Mineral Exploration Agreement that was entered into with Pathfinder is recommended.</p> <p>The Tenement was previously held by 3D Resources Ltd and Earth Australia Minerals Pty Ltd. Confirmation required as to the content of any agreements that may have been entered between the parties and any remnant rights they might have.</p>				
Encumbrances				Exclusions			Expenditure History			General Comments				
E80/3928	Pathfinder Exploration Pty Ltd	100%	23BL	2/Jun/2009	1/Jun/2014		\$4,059.50	9/Jun/2011	N/A	Nothing outstanding as per the Shire of Halls Creek	\$23,000.00	31/May/2011	\$23,013.00	
<p>*Any significant waterway (flowing or not), wetland or its fringing vegetation that may exist on site not being disturbed or removed without prior written approval from the Department of Water.</p> <p>*The storage and disposal of hydrocarbons, chemicals and potentially hazardous substances being in accordance with the Department of Water's Guidelines and Water Quality Protection Notes.</p> <p>Activities on any existing or designated future irrigation area, or on any strip of land within 50 metres of an irrigation channel.</p>										<p>Underlying land tenure: Mabel Downs Pastoral Lease 3114/872</p>				

SCHEDULE A2									
DUE DILIGENCE- PATHFINDER EXPLORATION PTY LTD & NORVALE PTY LTD									
No current encumbrances									
Subject to standard conditions and endorsements including the following additional conditions:									
Exploration Licences 80/2290 and 80/2716;									
Halls Creek 1464; v Halls Creek 1536; a									
No interference with Geodetic Survey Station S47 and mining within 15 metres thereof being confined to below a depth of 15 metres from the natural surface.									
Any significant waterway (flowing or not), wetland or its fringing vegetation that may exist on site not being disturbed or removed without prior written approval from the Department of Water.									
Activities on any existing or designated future irrigation area, or on any strip of land within 50 metres of an irrigation channel, drain wetland or watercourse being confined to surface geological, geophysical and or geochemical surveys and drilling unless the written approval of the Department of Water is first obtained.									
Excavation activities are prohibited on any existing or designated future irrigation districts, or on any area of land within 50 metres of the banks of an irrigation channel, drain, wetland or watercourse, unless undertaken with the written permission from the Director, Environment, DMP and the Department of Water.									
Since grant, the expenditure requirements have been met.									
The Tenement was the subject of an application for forfeiture by the DMP for non-compliance with the reporting requirements. The requisite report was subsequently lodged and the DMP imposed a penalty of \$450. This was paid on 27 March 2012. The matter is now finalised.									
The Tenement forms part of Group C191/2010 McIntosh with a report due on 30 October annually.									
Malampowem Native Title Claimants have a registered claim over the area encompassed by the tenement. A review of the Native Title, Heritage Protection and Mineral Exploration Agreement that was entered into with Pathfinder is recommended.									
The Tenement was previously held by 3D Resources Ltd and Earth Australia Minerals Pty Ltd. Confirmation required as to the content of any agreements that may have been entered between the parties and any remnant rights they might have.									
Underlying land tenure: Alice Downs Pastoral Lease 3114/652 Mabel Downs Pastoral Lease 3114/672									
Tenement No. E80/3906	Registered Holders Pathfinder Exploration Pty Ltd	Registered Interest 100%	Area 16BL	Term		Current Annual Rent		Last Form 5	
				Commenced 3/Dec/2008	Expiry 2/Dec/2013	Amount \$2,624.00	Date Paid 11/Jan/2012	Minimum Annual Statutory Expenditure Requirement for the next expenditure period \$20,000.00	Annual Shire Rates Nothing outstanding as per the Shire of Halls Creek
Encumbrances				Exclusions		Expenditure History		General Comments	

SCHEDULE A2

DUE DILIGENCE- PATHFINDER EXPLORATION PTY LTD & NORVALE PTY LTD

Tenement No.	Registered Holders	Registered Interest	Area	Term		Current Annual Rent		Current Bonds	Minimum Annual Statutory Expenditure Requirement	Last Form 5	
				Commenced	Expiry	Amount	Date Paid			Date Lodged	Amount Claimed
E80/3907	Pathfinder Exploration Pty Ltd	100%	3 BL	3/Dec/2008	2/Dec/2013	\$529.50	11/Jan/2012	N/A	\$20,000.00	9/Feb/2012	\$17,833.00
<p>No current encumbrances</p> <p>Subject to standard conditions and endorsements including the following additional conditions:</p> <p>Written notification, where practicable, of the time frame, type and extent of proposed ground disturbing activities being forwarded to the Department of Water's Kimberley office seven days prior to commencement of these activities.</p> <p>The storage and disposal of hydrocarbons, chemicals and potentially hazardous substances being in accordance with the Department of Water's Guidelines and Water Quality Protection Notes.</p> <p>Activities on any existing or designated future irrigation area, or on any strip of land within 50 metres of an irrigation channel, drain, wetland or watercourse being confined to surface geological, geophysical and or geochemical surveys and drilling unless the written approval of the Department of Water is first obtained.</p> <p>Excavation activities are prohibited on any existing or designated future irrigation districts, or on any area of land within 50 metres of the banks of an irrigation channel, drain, wetland or watercourse, unless undertaken with the written permission from the Director, Environment, DoIR and the Department of Water.</p>				<p>Late Exploration Licence 80/1685</p> <p>Mining Lease 80/416</p>		<p>Since grant, the expenditure requirements have been met.</p>		<p>This Licence is due to expire on 2 December 2013. As it was applied for after 10 February 2006, provisions exist to extend the term of the Licence for a further period of 5 years and afterwards for a further period or periods of 2 years.</p> <p>There is also a requirement to surrender 40% of the blocks on 2 December 2013 however the Minister may defer this for 12 months.</p> <p>The Tenement forms part of Group C191/2010 McIntosh with a report due on 30 October annually.</p> <p>Marrigowern Native Title Claimants have a registered claim over the area encompassed by the tenement. A review of the Native Title, Heritage Protection and Mineral Exploration Agreement that was entered into with Pathfinder is recommended.</p> <p>The Tenement was previously held by 3D Resources Ltd and Earth Australia Minerals Pty Ltd. Confirmation required as to the content of any agreements that may have been entered between the parties and any remnant rights they might have.</p> <p>Underlying land tenure: Mabel Downs Pastoral Lease 3114/872</p>			
Encumbrances				Exclusions		Expenditure History		General Comments			

SCHEDULE A2

DUE DILIGENCE - PATHFINDER EXPLORATION PTY LTD & NORVALE PTY LTD

<p>No current encumbrances</p>	<p>Exploration Licence 802280</p>	<p>With the exception of the 2011 expenditure period, exemptions from expenditure have always been requested and granted</p>	<p>An extension of time was granted on 1 February 2012 in which to lodge the Form 5 Expenditure Operations Report.</p>
<p>Subject to standard conditions and endorsements including the following additional conditions:</p> <p>Written notification, where practicable, of the time frame, type and extent of proposed ground disturbing activities being forwarded to the Department of Water's Kimberley office seven days prior to commencement of those activities.</p> <p>The storage and disposal of hydrocarbons, chemicals and potentially hazardous substances being in accordance with the Department of Water's Guidelines and Water Quality Protection Notes.</p> <p>Activities on any existing or designated future irrigation area, or on any strip of land within 50 metres of an irrigation channel, drain wetland or watercourse being confined to surface geological, geophysical and or geochemical surveys and drilling unless the written approval of the Department of Water is first obtained.</p> <p>Excavation activities are prohibited on any existing or designated future irrigation districts, or on any area of land within 50 metres of the banks of an irrigation channel, drain, wetland or watercourse, unless undertaken with the written permission from the Director, Environment, DoIR and the Department of Water.</p>	<p>With the exception of the 2011 expenditure period, exemptions from expenditure have always been requested and granted</p>	<p>This Licence is due to expire on 2 December 2013. As it was applied for after 10 February 2006, provisions exist to extend the term of the Licence for a further period of 5 years and afterwards for a further period or periods of 2 years.</p> <p>There is also a requirement to surrender 40% of the blocks on 2 December 2013 however the Minister may defer this for 12 months.</p> <p>The Tenement forms part of Group C191/2010 McIntosh with a report due on 30 October annually.</p> <p>Maitingowern Native Title Claimants have a registered claim over the area encompassed by the tenement. A review of the Native Title, Heritage Protection and Mineral Exploration Agreement that was entered into with Pathfinder is recommended.</p> <p>The Tenement was previously held by 3D Resources Ltd and Earth Australia Minerals Pty Ltd. Confirmation required as to the content of any agreements that may have been entered between the parties and any remnant rights they might have.</p> <p>Underlying land tenure: Mabel Downs Pastoral Lease 3114672</p>	<p>This Licence is due to expire on 2 December 2013. As it was applied for after 10 February 2006, provisions exist to extend the term of the Licence for a further period of 5 years and afterwards for a further period or periods of 2 years.</p> <p>There is also a requirement to surrender 40% of the blocks on 2 December 2013 however the Minister may defer this for 12 months.</p> <p>The Tenement forms part of Group C191/2010 McIntosh with a report due on 30 October annually.</p> <p>Maitingowern Native Title Claimants have a registered claim over the area encompassed by the tenement. A review of the Native Title, Heritage Protection and Mineral Exploration Agreement that was entered into with Pathfinder is recommended.</p> <p>The Tenement was previously held by 3D Resources Ltd and Earth Australia Minerals Pty Ltd. Confirmation required as to the content of any agreements that may have been entered between the parties and any remnant rights they might have.</p> <p>Underlying land tenure: Mabel Downs Pastoral Lease 3114672</p>
<p>Tenement No. E80/4396</p>	<p>Registered Holders Pathfinder Exploration Pty Ltd</p>	<p>Registered Interest 100%</p>	<p>Area 5BL</p>
<p>Encumbrances</p>	<p>Conditions</p>	<p>Excisions</p>	<p>Expenditure History</p>
<p>Minimum Annual Statutory Expenditure Requirement for the next expenditure period</p>	<p>Annual Shire Rates</p>	<p>Current Bonds</p>	<p>Current Annual Rent</p>
<p>\$15,000.00</p>	<p>Nothing outstanding as per the Shire of Halls Creek</p>	<p>N/A</p>	<p>Amount \$567.50</p>
<p>Date Lodged</p>	<p>Date Paid</p>	<p>Expiry</p>	<p>Term</p>
<p>N/A</p>	<p>22/Jan/2010</p>	<p>1/Aug/2016</p>	<p>Commenced 2/Aug/2011</p>
<p>Amount Claimed</p>	<p>Amount</p>	<p>Expiry</p>	<p>Term</p>
<p>N/A</p>	<p>\$567.50</p>	<p>1/Aug/2016</p>	<p>Commenced 2/Aug/2011</p>
<p>General Comments</p>			

SCHEDULE A2

DUE DILIGENCE- PATHFINDER EXPLORATION PTY LTD & NORVALE PTY LTD

No current encumbrances		Subject to standard conditions and endorsements including the following additional conditions:		Mining Lease 80/105 Exploration Licence 80/2290.		The tenement is in the first year of grant.		The Tenement forms part of Group C191/2010 McIntosh with a report due on 30 October annually.					
Written notification, where practicable, of the time frame, type and extent of proposed ground disturbing activities being forwarded to the Department of Water's Kimberley office seven days prior to commencement of those activities.		The storage and disposal of hydrocarbons, chemicals and potentially hazardous substances being in accordance with the Department of Water's Guidelines and Water Quality Protection Notes.		NB: The grant of this licence does not include the land the subject of prior Exploration Licence 80/2290. If the prior licence expires, is surrendered or forfeited that land may be included in this licence, subject to the provisions of the Third Schedule of the Mining Regulations 1981 titled "Transitional provisions relating to Geocentric Datum of Australia"		Malmgownen Native Title Claimants have a registered claim over the area encompassed by the tenement and confirmation is required as to whether there is a Heritage Agreement in place.		Underlying land tenure: Alice Downs Pastoral Lease 3114/652 Mabel Downs Pastoral Lease 3114/672					
Activities on any existing or designated future irrigation area, or on any strip of land within 50 metres of an irrigation channel, drain wetland or watercourse being confined to surface geological, geophysical and or geochemical surveys and drilling unless the written approval of the Department of Water is first obtained.		Excavation activities are prohibited on any existing or designated future irrigation districts, or on any area of land within 50 metres of the banks of an irrigation channel, drain, wetland or watercourse, unless undertaken with the written permission from the DMP and DOW.		Term		Current Annual Rent		Expenditure Requirement for the next expenditure period		Last Form 5			
Registered Holders		Registered Interest		Commenced		Date Paid		Annual Shire Rates		Date Lodged			
Pathfinder Exploration Pty Ltd		50%		N/A		N/A		N/A		N/A			
Norvale Pty Ltd		50%		N/A		N/A		N/A		N/A			
Encumbrances		Conditions		Exclusions		Expenditure History		General Comments					
N/A		N/A		N/A		N/A		N/A		The application was recommended for grant and referred to the Native Title Process on 12 January 2012. It was then advertised under s.29 of the Native Title Act 1993 and placed in the "Expedited Process". This Application encroaches 100% on the Malmgownen Native Title Claim Group and they have the opportunity to object during the four month period from the day the Application was advertised (8 February 2012). If the affected claim group objects, their representative, Kimberley Land Council, will most likely offer their preferred Heritage Protection Agreement and it is subject to negotiation between the parties. The Applicant may however, also choose to request that the matter proceeds to an inquiry if an objection is lodged. If the four month period from the date of advertisement expires (8 June 2012) and there are no outstanding objections the Application will then be processed to grant.			

SCHEDULE A2													
DUE DILIGENCE- PATHFINDER EXPLORATION PTY LTD & NORVALE PTY LTD													
Tenement No.	Registered Holders	Registered Interest	Area	Term		Current Annual Rent		Current Bonds	Annual Shire Rates	Expenditure Requirement for the next expenditure period	Last Form 5		
				Commenced	Expiry	Amount	Date Paid				Date Lodged	Amount Claimed	
E80/4676	Pathfinder Exploration Pty Ltd Norvale Pty Ltd	50% 50%	4BL	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
N/A	Encumbrances	Conditions	Excisions	Excisions	Expenditure History	Expenditure History	General Comments	<p>This Application has been recommended for grant but not yet referred to the Native Title process. Once it has been referred it will then be advertised under s.29 of the Native Title Act 1993 and placed in the "Expedited Process". The Application encroaches 100% on the Koonjig-Elvire Claim and the Native Title Claim Group will have the opportunity to object during a four month period from the day of advertisement to the Application being placed within the Expedited Procedure. If the affected claim group objects, their representative, Kimberley Land Council, will most likely offer their preferred Heritage Protection Agreement and it is subject to negotiation between the parties. The Applicant may however, also choose to request that the matter proceeds to an inquiry if an objection is lodged. If the four month period from the date of advertisement expires and there are no outstanding objections the Application will then be processed to grant.</p>					
E80/4677	Pathfinder Exploration Pty Ltd Norvale Pty Ltd	50% 50%	108BL	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
N/A	Encumbrances	Conditions	Excisions	Excisions	Expenditure History	Expenditure History	General Comments	<p>This Application has been recommended for grant but not yet referred to the Native Title process. Once it has been referred it will then be advertised under s.29 of the Native Title Act 1993 and placed in the "Expedited Process". This Application encroaches across four separate claims – Ngarawariji (30.2%), Koonjig-Elvire (20.9%), Malampowem (21.7%) and Janu (16.6%). These claims will have the opportunity to object during a four month period from the day of advertisement to the Application being placed within the Expedited Procedure. . If the affected claim groups object, their representative, Kimberley Land Council, will most likely offer their preferred Heritage Protection Agreement and it is subject to negotiation between the parties. The Applicant may however, also choose to request that the matter proceeds to an inquiry if an objection is lodged. If the four month period from the date of advertisement expires and there are no outstanding objections the Application will then be processed to grant.</p>					
E80/4678	Pathfinder Exploration Pty Ltd Norvale Pty Ltd	50% 50%	87BL	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
N/A	Encumbrances	Conditions	Excisions	Excisions	Expenditure History	Expenditure History	General Comments	<p>This Application has been recommended for grant but not yet referred to the Native Title process. Once it has been referred it will then be advertised under s.29 of the Native Title Act 1993 and placed in the "Expedited Process". This Application encroaches across four separate claims – Ngarawariji (30.2%), Koonjig-Elvire (20.9%), Malampowem (21.7%) and Janu (16.6%). These claims will have the opportunity to object during a four month period from the day of advertisement to the Application being placed within the Expedited Procedure. . If the affected claim groups object, their representative, Kimberley Land Council, will most likely offer their preferred Heritage Protection Agreement and it is subject to negotiation between the parties. The Applicant may however, also choose to request that the matter proceeds to an inquiry if an objection is lodged. If the four month period from the date of advertisement expires and there are no outstanding objections the Application will then be processed to grant.</p>					

SCHEDULE A2													
DUE DILLIGENCE - PATHFINDER EXPLORATION PTY LTD & NORVALE PTY LTD													
N/A													
N/A													
This Application has not yet been recommended for grant but was referred to the Native Title process on the 30th January 2012 and is awaiting to be advertised under s.29 of the Native Title Act 1993 and placed in the "Expedited Process". This Application encroaches 84.9% on the Ngarrawanji Claim. This claim will have the opportunity to object during a four month period from the day of advertisement to the Application being placed within the Expedited Procedure. If the affected claim group objects, their representative, Kimberley Land Council, will most likely offer their preferred Heritage Protection Agreement and it is subject to negotiation between the parties. The Applicant may however, also choose to request that the matter proceeds to an inquiry if an objection is lodged. If the four month period from the date of advertisement expires and there are no outstanding objections the Application will then be processed to grant.													
N/A													
This Application has not yet been recommended for grant but was referred to the Native Title process on the 30th January 2012 and is awaiting to be advertised under s.29 of the Native Title Act 1993 and placed in the "Expedited Process". This Application encroaches 100% on the Ngarrawanji Claim. This claim will have the opportunity to object during a four month period from the day of advertisement to the Application being placed within the Expedited Procedure. If the affected claim group objects, their representative, Kimberley Land Council, will most likely offer their preferred Heritage Protection Agreement and it is subject to negotiation between the parties. The Applicant may however, also choose to request that the matter proceeds to an inquiry if an objection is lodged. If the four month period from the date of advertisement expires and there are no outstanding objections the Application will then be processed to grant.													
Tenement No. P80/1778	Registered Holders		Registered Interest	Area	Term		Current Annual Rent		Current Bonds	Expenditure Requirement for the next expenditure period	Last Form 5		
	Pathfinder Exploration Pty Ltd	Norvale Pty Ltd			50%	50%	169.11860HA	Commenced			Expiry	Amount	Date Paid
Encumbrances													
N/A													
Expenditure History													
N/A													
General Comments													
This Application has not yet been recommended for grant but was referred to the Native Title process on the 30th January 2012 and is awaiting to be advertised under s.29 of the Native Title Act 1993 and placed in the "Expedited Process". This Application encroaches 100% on the Ngarrawanji Claim. This claim will have the opportunity to object during a four month period from the day of advertisement to the Application being placed within the Expedited Procedure. If the affected claim group objects, their representative, Kimberley Land Council, will most likely offer their preferred Heritage Protection Agreement and it is subject to negotiation between the parties. The Applicant may however, also choose to request that the matter proceeds to an inquiry if an objection is lodged. If the four month period from the date of advertisement expires and there are no outstanding objections the Application will then be processed to grant.													
Tenement No. P80/1780	Registered Holders		Registered Interest	Area	Term		Current Annual Rent		Current Bonds	Expenditure Requirement for the next expenditure period	Last Form 5		
	Pathfinder Exploration Pty Ltd	Norvale Pty Ltd			50%	50%	173.09HA	Commenced			Expiry	Amount	Date Paid
Encumbrances													
N/A													
Expenditure History													
N/A													
General Comments													
This Application has not yet been recommended for grant but was referred to the Native Title process on the 30th January 2012 and is awaiting to be advertised under s.29 of the Native Title Act 1993 and placed in the "Expedited Process". This Application encroaches 100% on the Ngarrawanji Claim. This claim will have the opportunity to object during a four month period from the day of advertisement to the Application being placed within the Expedited Procedure. If the affected claim group objects, their representative, Kimberley Land Council, will most likely offer their preferred Heritage Protection Agreement and it is subject to negotiation between the parties. The Applicant may however, also choose to request that the matter proceeds to an inquiry if an objection is lodged. If the four month period from the date of advertisement expires and there are no outstanding objections the Application will then be processed to grant.													

SCHEDULE A2

DUE DILIGENCE- PATHFINDER EXPLORATION PTY LTD & NORVALE PTY LTD

N/A		N/A		N/A		N/A		N/A		N/A		N/A		
Tenement No.	Registered Holders	Registered Interest	Area	Term		Current Annual Rent		Current Bonds	Annual Shire Rates	Expenditure Requirement for the next expenditure period	Last Form 5			
				Commenced	Expiry	Amount	Date Paid				Date Lodged	Amount Claimed		
P80/1783	Pathfinder Exploration Pty Ltd Norvale Pty Ltd	50% 50%	196.54HA	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Encumbrances													General Comments	
N/A													This Application has not yet been recommended for grant but was referred to the Native Title process on the 30th January 2012 and is awaiting to be advertised under s.29 of the Native Title Act 1993 and placed in the "Expedited Process". This Application encroaches 47.9% on the Ngarrawanji Claim. This claim will have the opportunity to object during a four month period from the day of advertisement to the Application being placed within the Expedited Procedure. If the affected claim group objects, their representative, Kimberley Land Council, will most likely offer their preferred Heritage Protection Agreement and it is subject to negotiation between the parties. The Applicant may however, also choose to request that the matter proceeds to an inquiry if an objection is lodged. If the four month period from the date of advertisement expires and there are no outstanding objections the Application will then be processed to grant.	
N/A													This Application has not yet been recommended for grant but was referred to the Native Title process on the 30th January 2012 and is awaiting to be advertised under s.29 of the Native Title Act 1993 and placed in the "Expedited Process". This Application encroaches 100% on the Ngarrawanji Claim. This claim will have the opportunity to object during a four month period from the day of advertisement to the Application being placed within the Expedited Procedure. If the affected claim group objects, their representative, Kimberley Land Council, will most likely offer their preferred Heritage Protection Agreement and it is subject to negotiation between the parties. The Applicant may however, also choose to request that the matter proceeds to an inquiry if an objection is lodged. If the four month period from the date of advertisement expires and there are no outstanding objections the Application will then be processed to grant.	
N/A													This Application has not yet been recommended for grant but was referred to the Native Title process on the 30th January 2012 and is awaiting to be advertised under s.29 of the Native Title Act 1993 and placed in the "Expedited Process". This Application does not yet encroach on any claim. Once the four month objection period finishes, unless there is a new claim registered during this period which objects, this Application should progress towards grant.	
Encumbrances													General Comments	
N/A													This Application has not yet been recommended for grant but was referred to the Native Title process on the 30th January 2012 and is awaiting to be advertised under s.29 of the Native Title Act 1993 and placed in the "Expedited Process". This Application does not yet encroach on any claim. Once the four month objection period finishes, unless there is a new claim registered during this period which objects, this Application should progress towards grant.	
N/A													This Application has not yet been recommended for grant but was referred to the Native Title process on the 30th January 2012 and is awaiting to be advertised under s.29 of the Native Title Act 1993 and placed in the "Expedited Process". This Application does not yet encroach on any claim. Once the four month objection period finishes, unless there is a new claim registered during this period which objects, this Application should progress towards grant.	

SECTION 8

INVESTIGATING ACCOUNTANT'S REPORT



8 May 2012

The Directors
Fluorotechnics Limited
96 Stephens Road
South Brisbane QLD 4101

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT

INTRODUCTION

This Investigating Accountant's Report ("Report") has been prepared for inclusion in a replacement prospectus (Prospectus) to be dated on or about 9 May 2012 ("Prospectus") for the issue by Fluorotechnics Limited ("FLS") of up to a maximum of 35,000,000 ordinary shares at an issue price of 20 cents each to raise a total of up to \$7,000,000 before the expenses of the issue. The minimum subscription is 17,500,000 shares at an issue price of 20 cents each to raise a total of \$3,500,000 before the expenses of the issue.

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

STRUCTURE OF REPORT

This Report has been divided into the following sections:

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

HLB Mann Judd ("HLB") was appointed as the Company's auditor on 25 September 2002.

HLB Mann Judd (NSW Partnership) ABN 34 482 821 289

Level 19 207 Kent Street Sydney NSW 2000 Australia | Telephone +61 (0)2 9020 4000 | Fax +61 (0)2 9020 4190

Email: mailbox@hlbnsw.com.au | Website: www.hlb.com.au

Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (NSW Partnership) is a member of  International. A world-wide network of independent accounting firms and business advisers.

1. BACKGROUND INFORMATION

FLS was listed on the Australian Securities Exchange on 8 August 2008. The current directors of FLS are:

Mr Richard Ian Trevillion	Chairman & Managing Director
Mr Brian Damian Pethica	Executive Director
Mr Richard Hazen Taylor	Executive Director

As at the date of this Report, the issued share capital of the Company is 54,147,874 fully paid ordinary shares.

We understand that the funds raised by the issue of shares under the Prospectus will be applied as follows:

- mining exploration;
- general working capital (administration and other expenses); and
- expenses of the Offer.

Further details are set out in section 2 of the Prospectus.

2. SCOPE OF REPORT

HLB has been requested to prepare this Report presenting the following information, all as set out in Appendix 1 to this Report:

- (a) Consolidated Balance Sheets of FLS and its controlled entities (“the group”) as at 30 June 2011 and 31 December 2011. These Balance Sheets have been prepared in accordance with the measurement and recognition requirements (but not all disclosure requirements) of Australian Accounting Standards;
- (b) Consolidated Statements of Comprehensive Income of the group for the year ended 30 June 2011 and the half-year ended 31 December 2011. These Statements have been prepared in accordance with the measurement and recognition requirements (but not all disclosure requirements) of Australian Accounting Standards;
- (c) Consolidated Statement of Changes in Equity of the group for the half-year ended 31 December 2011. This Statement has been prepared in accordance with the measurement and recognition requirements (but not all disclosure requirements) of Australian Accounting Standards;
- (d) Pro forma Consolidated Balance Sheets of the group as at 31 December 2011 including the matters referred to in 3(a) below. These Balance Sheets have been prepared in accordance with the measurement and recognition requirements (but not all disclosure requirements) of Australian Accounting Standards.
- (e) Pro forma Consolidated Statements of Comprehensive Income of the group for the half-year ended 31 December 2011, including the matters referred to in 3(b) below. These Statements have been prepared in accordance with the measurement and recognition requirements (but not all disclosure requirements) of Australian Accounting Standards.

2. SCOPE OF THE REPORT (continued)

- (f) Pro forma Consolidated Statements of Changes in Equity of the group showing changes as a result of the matters referred to in 3(a) below. These Statements have been prepared in accordance with the measurement and recognition requirements (but not all disclosure requirements) of Australian Accounting Standards.

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

We performed a review of the historical financial information for the half-year ended 31 December 2011, and performed an audit of the historical financial information for the year ended 30 June 2011, and a review of the pro forma financial information for the half-year ended 31 December 2011, of the group, as referred to in paragraphs (a), (b), (c), (d), (e) and f above in order to ensure consistency in the application of applicable Accounting Standards and other mandatory professional reporting requirements. Our review of the historical financial information was carried out in accordance with Australian Standard on Review Engagements *ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our audit of the historical financial information was carried out in accordance with Australian Auditing Standards. Our review of the pro forma financial information was carried out in accordance with Australian Standard on Review Engagements 2405 “*Review of Historical Financial Information Other than a Financial Report*” and included such enquiries and procedures which we considered necessary for the purposes of this Report. Our review of the pro forma financial information was limited primarily to an examination of the pro forma information, analytical review procedures and discussions with senior management. A review of this nature provides less assurance than an audit and, accordingly, this Report does not express an audit opinion on the pro forma information included in this Report or elsewhere in the Prospectus.

Our review report on the consolidated financial report for the half-year ended 31 December 2011 has previously been issued. Our audit report on the consolidated financial report of FLS for the year ended 30 June 2011 has also previously been issued. Comments on our review report are included at 3(d) below.

In relation to the information presented in this Report:

- (a) support by another person, corporation or an unrelated entity has not been assumed;
- (b) the amounts shown in respect of assets do not purport to be the amounts that would have been realised if the assets were sold at the date of this Report; and
- (c) the realisation basis of accounting has been adopted in the consolidated balance sheet of FLS as at 31 December 2011. Adjustments made to that balance sheet as at 31 December 2011 have been made using the going concern basis of accounting.

3. FINANCIAL INFORMATION

(a) Pro forma Balance Sheet

Appendix 1 includes pro forma consolidated Balance Sheets of FLS as at 31 December 2011 as they would appear after incorporating the following significant events and proposed transactions by the Company subsequent to 31 December 2011, as if they had happened on 31 December 2011:

- (i) The consolidation of the company's shares by issuing 1 new share for each 16 existing shares.
- (ii) The issue by FLS of 14,000,000 shares to the vendors of Lamboo Resources Pty Ltd ("Lamboo") and 3,500,000 shares to the vendors of McKintosh Resources Pty Ltd ("McKintosh") as consideration for the acquisition by FLS of Lamboo and McKintosh, a total of 17,500,000 shares.
- (iii) The issue by the Company pursuant to the Prospectus of 35,000,000 ordinary shares at an issue price of 20 cents each, raising \$7,000,000 ("the maximum"), or of 17,500,000 ordinary shares at an issue price of 20 cents each, raising \$3,500,000 ("the minimum").
- (iv) The conversion of \$500,000 convertible notes, and the resultant:
 - (a) issue of 1,041,667 new FLS shares; and
 - (b) issue of 1,041,667 options which entitled the holders to acquire 1,041,667 new shares at an exercise price of \$0.48 per option.
- (v) The conversion of \$615,000 convertible notes, and the resultant issue of 4,730,770 new FLS shares at a 35% discount on the issue price per ordinary share under the prospectus i.e. 13c per share.
- (vi) The issue to 3 Directors of a total of 4,750,000 new FLS shares.
- (vii) Payment of accrued directors fees of \$356,364.
- (viii) The issue to Patersons Securities Limited of 2,500,000 options, each of which entitles the holder to acquire 1 new share at an exercise price of \$0.40 per option. The options expire on 31 May 2015. See Section 10.3 (e)
- (ix) The write off to the issued capital account of the costs of the Prospectus, being an estimated \$660,000 (maximum) or \$474,000 (minimum) as detailed below:

	Maximum	Minimum
	\$	\$
ASIC Fees	2,137	2,137
ASX Fees	35,686	26,336
Broker Commissions	350,000	175,000
Advisor Fees	210,735	210,735
Expert Report Fees	29,500	29,500
Printing and Miscellaneous	31,942	30,292
	660,000	474,000

3. FINANCIAL INFORMATION (continued)

(b) Pro forma Statements of Comprehensive Income

Appendix 1 also includes pro forma Statements of Comprehensive Income for the period ended 31 December 2011 as they would appear after incorporating the matters referred to in 3(a) above.

(c) Pro forma Statement of Changes in Equity

Appendix 1 also includes pro forma Statements of Changes in Equity showing changes that would appear after incorporating the matters referred to in 3(a) above.

(d) Auditor's Review Report

(i) *Emphasis of Matter – Realisation Basis*

Our Auditor's Review Report on the consolidated financial statements of FLS for the half-year ended 31 December 2011 included a paragraph (known as an "Emphasis of Matter" paragraph) entitled "Accounts prepared on a Realisation Basis" which draws attention to the change in accounting from the "going concern" basis to the "realisation" basis.

The Emphasis of Matter paragraph does not modify our auditor's opinion on those financial statements.

The Emphasis of Matter paragraph drew attention to Note 2 to the interim financial report for the half-year ended 31 December 2011, which indicates that the consolidated entity recorded a loss after income tax from continuing operations for the half-year ended 31 December 2011 of \$637,244, also, the balance sheet of the consolidated entity as at 31 December 2011 discloses a deficiency of net assets of \$1,427,436, and a deficiency of current assets of continuing operations in relation to current liabilities of continuing operations of \$1,457,301.

These conditions, along with other matters as set forth in the abovementioned Note 2, indicated the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, the interim financial report was prepared on a realisation basis.

Should FLS raise the funds sought by way of the Prospectus, the ability of FLS to continue as a going concern will be reviewed as part of the audit process for the year ending 30 June 2012.

(ii) *Emphasis of Matter – Discontinued Operation*

Our Auditor's Review Report on the consolidated financial statements for the half-year ended 31 December 2011 also included an "Emphasis of Matter" paragraph in relation to the Directors' disclosure of a significant uncertainty in respect of the outcome of the Administration process of the subsidiary Gelcompany GmbH. An Administrator was appointed to this company in October 2011.

The Emphasis of Matter paragraph does not modify our auditor's opinion on those financial statements.

3. FINANCIAL INFORMATION (continued)

The interim financial report discloses that there is significant uncertainty as to:

- (a) The outcome of the Administration process; and
- (b) Whether FLS will be liable for any liabilities of Gelco, although the Directors consider that FLS should not be liable for any such liabilities.

For full details of the Emphasis of Matter paragraphs, refer to the interim financial report of FLS for the half-year ended 31 December 2011.

4. SUBSEQUENT EVENTS

In our opinion, there have been no material items, transactions or events subsequent to 31 December 2011 not otherwise disclosed in the Prospectus that have come to our attention during the course of our review that would require comment in, or adjustment to, the content of this Report or which would cause such information included in this Report to be misleading.

5. STATEMENTS

- (a) Based on our review, the historical financial information of FLS for the year ended 30 June 2011 and for the half-year ended 31 December 2011, as set out in Appendix 1 to this Report, presents fairly the financial position of the group as at those dates and the performance of the group for those periods in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Australian Accounting Standards and other mandatory reporting requirements in Australia for the periods then ended; and
- (b) Based on our review of the pro forma financial information of the group as at 31 December 2011, and for the half-year ended 31 December 2011, as set out in Appendix 1 to this Report, we have not become aware of any matter that causes us to believe that the pro forma financial information does not present fairly the financial position of FLS as at that date, and its performance for the half-year then ended, in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory reporting requirements in Australia, as if the transactions referred to in Section 3 (a) of this Report had occurred as at 31 December 2011.

6. DECLARATION

- (a) HLB will be paid its usual professional fees based on time involved for the preparation of this Report and review of the financial information, at our normal professional rates (expected to be \$15,000).
- (b) Apart from the aforementioned fees, neither HLB nor any of its associates will receive any other benefits, either directly or indirectly, for or in connection with the preparation of this Report.
- (c) Neither HLB, nor any of its employees or associated persons, has any interest in FLS or the promotion of the Company.

6. DECLARATION (continued)

- (d) Unless specifically referred to in this Report, or elsewhere in the Prospectus, HLB was not involved in the preparation of any other part of the Prospectus and did not cause the issue of any other part of the Prospectus. Accordingly, HLB makes no representations or warranties as to the completeness or accuracy of the information contained in any other part of the Prospectus.
- (e) HLB has consented to the inclusion of this Report in the Prospectus in the form and context in which it appears. The inclusion of this Report should not be taken as an endorsement of the Company or a recommendation by HLB of any participation in the Company by an intending subscriber.

Yours faithfully



D K Swindells
Partner

SECTION 9

FINANCIAL INFORMATION



**FLUOROTECHNICS LIMITED
CONSOLIDATED BALANCE SHEETS**

	Note	30 June 2011	31 Dec 2011	Pro Forma Maximum as at 31 Dec 2011	Pro Forma Minimum as at 31 Dec 2011
		\$	\$	\$	\$
ASSETS					
Current Assets					
Cash and cash equivalents	2	191,639	351,631	6,396,102	3,082,102
Trade and other receivables		83,796	78,494	78,494	78,494
Total Current Assets		275,435	430,125	6,474,596	3,160,596
Non-Current Assets					
Other assets		30,468	29,865	29,865	29,865
Capitalised exploration expenditure	5	-	-	-	-
Total Non-current Assets		30,468	29,865	29,865	29,865
TOTAL ASSETS		305,903	459,990	6,504,461	3,190,461
LIABILITIES					
Current Liabilities					
Trade and other payables		550,171	598,241	241,877	241,877
Borrowings	6	722,628	1,289,185	174,185	174,185
Employee entitlements		17,876	-	-	-
Total Current Liabilities		1,290,675	1,887,426	416,062	416,062
TOTAL LIABILITIES		1,290,675	1,887,426	416,062	416,062
NET ASSETS (DEFICIENCY)		(984,772)	(1,427,436)	6,088,399	2,774,399
EQUITY					
Contributed equity	3	18,796,705	18,796,705	29,910,823	26,596,823
Reserves		469,131	-	60,735	60,735
Accumulated losses		(20,250,608)	(20,224,141)	(23,883,159)	(23,883,159)
TOTAL EQUITY (DEFICIENCY)		(984,772)	(1,427,436)	6,088,399	2,774,399

The above balance sheets should be read in conjunction with the accompanying notes.

FLUOROTECHNICS LIMITED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Year Ended 30 June 2011	Half-year Ended 31 Dec 2011	Half-year Ended 31 Dec 2011 Pro Forma Maximum	Half-year Ended 31 Dec 2011 Pro Forma Minimum
		\$	\$	\$	\$
Income		1,309,535	77,754	77,754	77,754
Cost of goods sold		(1,479,733)	-	-	-
Tenement acquisition costs written off	5	-	-	(3,499,900)	(3,499,900)
Directors remuneration	9	-	-	(159,118)	(159,118)
Research and development		(299,050)	-	-	-
Intellectual property		(40,839)	-	-	-
Marketing and business development		(448,858)	-	-	-
Corporate and administration		(784,428)	(714,998)	(714,998)	(714,998)
Finance costs		(19,515)	-	-	-
(Impairment loss) reversal of impairment loss		124,574	-	-	-
Loss from continuing operations		(1,638,314)	(637,244)	(4,296,262)	(4,296,262)
Profit/(loss) from discontinued operations		(764,012)	540,411	540,411	540,411
Loss for the period		(2,402,326)	(96,833)	(3,755,851)	(3,755,851)
Other Comprehensive Income					
Exchange differences on translation of foreign operations		656,631	-	-	-
Total comprehensive loss for the period		(1,745,695)	(96,833)	(3,755,851)	(3,755,851)

This above statements of comprehensive income should be read in conjunction with the accompanying notes.

FLUOROTECHNICS LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

APPENDIX 1

	Contributed equity	Foreign currency translation reserve	Options Reserve	Share based payments reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2011	18,796,705	345,831	-	123,300	(20,250,608)	(984,772)
Comprehensive income for the year, excluding transfer of foreign exchange difference on deconsolidation of Gelcompany GmbH	-	57,226	-	-	(499,890)	(442,664)
Foreign exchange difference relating to Gelcompany GmbH transferred from foreign currency translation reserve to accumulated losses	-	(403,057)	-	-	403,057	-
Total comprehensive income for the year	-	(345,831)	-	-	(96,833)	(442,664)
Transactions with owners in their capacity as owners:						
Transferred to accumulated losses on cancellation of options	-	-	-	(123,300)	123,300	-
Balance at 31 December 2011	18,796,705	-	-	-	(20,224,141)	(1,427,436)

Pro forma changes - Maximum

Balance at 31 December 2011	18,796,705	-	-	-	(20,224,141)	(1,427,436)
Issue of shares under prospectus	11,774,118	-	-	-	-	11,774,118
Costs of share issue	(660,000)	-	60,735	-	-	(599,265)
Tenement acquisition costs written off	-	-	-	-	(3,499,900)	(3,499,900)
Directors remuneration	-	-	-	-	(159,118)	(159,118)
Pro forma Maximum Balance at 31 December 2011	29,910,823	-	60,735	-	(23,883,159)	6,088,399

Pro forma changes - Minimum

Balance at 31 December 2011	18,796,705	-	-	-	(20,224,141)	(1,427,436)
Issue of shares under prospectus	8,274,118	-	-	-	-	8,274,118
Costs of share issue	(474,000)	-	60,735	-	-	(413,265)
Tenement acquisition costs written off	-	-	-	-	(3,499,900)	(3,499,900)
Directors remuneration	-	-	-	-	(159,118)	(159,118)
Pro forma Minimum Balance at 31 December 2011	26,596,823	-	60,735	-	(23,883,159)	2,774,399

The above statements of changes in equity should be read in conjunction with the accompanying notes.

**FLUOROTECHNICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of the historical and pro forma financial information reported under Australian Accounting Standards of the consolidated entity consisting of Fluorotechnics Limited and the entities it controls or controlled (“the Group” or “the FLS Group”) are shown below.

(a) Basis of preparation

The financial information has been prepared in accordance with the measurement and recognition requirements (but not all disclosure requirements) of Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, including Australian Accounting Interpretations, and the *Corporations Act 2001*.

Historical Cost Convention

The financial information has been prepared under the historical cost convention, except for the assets of FLS Group at 31 December 2011 which have been recognised on a realisation basis.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial information incorporates the assets and liabilities of FLS and its subsidiaries and the results of these companies. Subsidiaries are all those entities over which the FLS Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the FLS Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the FLS Group.

Inter-company transactions, balances and unrealised income and expenses on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the FLS Group.

**FLUOROTECHNICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)**
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
(c) Pro forma transactions

The pro forma Balance Sheets and Statement of Comprehensive Income have been derived from the historical financial information as at 31 December 2011, adjusted to give effect to the following actual or proposed significant events and transactions by the Company subsequent to 31 December 2011 as if they had occurred on 31 December 2011:

- (i) The consolidation of the company's shares by issuing 1 new share for each 16 existing shares.
- (ii) The issue by FLS of 14,000,000 shares to the vendors of Lamboo Resources Pty Ltd ("Lamboo") and 3,500,000 shares to the vendors of McKintosh Resources Pty Ltd ("McKintosh") as consideration for the acquisition by FLS of Lamboo and McKintosh, a total of 17,500,000 shares.
- (iii) The issue by the Company pursuant to the Prospectus of 35,000,000 ordinary shares at an issue price of 20 cents each, raising \$7,000,000 ("the maximum"), or of 17,500,000 ordinary shares at an issue price of 20 cents each, raising \$3,500,000 ("the minimum").
- (iv) The conversion of \$500,000 convertible notes, and the resultant:
 - (a) issue of 1,041,667 new FLS shares; and
 - (b) issue of 1,041,667 options which entitled the holders to acquire 1,041,667 new shares at an exercise price of \$0.48 per option.
- (v) The conversion of \$615,000 convertible notes, and the resultant issue of 4,730,770 new FLS shares at a 35% discount on the issue price per ordinary share under the prospectus i.e. 13c per share.
- (vi) The issue to 3 Directors of a total of 4,750,000 new FLS shares.
- (vii) Payment of accrued directors fees of \$356,364.
- (viii) The issue to Patersons Securities Limited of 2,500,000 options, each of which entitles the holder to acquire 1 new share at an exercise price of \$0.40 per option. The options expire on 31 May 2015.
- (ix) The write off to the issued capital account of the costs of the Prospectus, being an estimated \$660,000 (maximum) or \$474,000 (minimum) as detailed below:

	Maximum	Minimum
	\$	\$
ASIC Fees	2,137	2,137
ASX Fees	35,686	26,336
Broker Commissions	350,000	175,000
Advisor Fees	210,735	210,735
Expert Report Fees	29,500	29,500
Printing and Miscellaneous	31,942	30,292
	660,000	474,000

**FLUOROTECHNICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(d) Impairment of non-financial assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Other assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

(e) Trade and Other Receivables

Trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

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

(f) Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

**FLUOROTECHNICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(g) Foreign currency translation**

Both the functional and presentation currency of the Group is Australian dollars (A\$). Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction.

Amounts payable to or by the Group in foreign currency have been translated into Australian currency at the exchange rates current at balance date. Gains and losses arising from fluctuations in exchange rates are included in profit or loss.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

When a foreign operation is sold, a proportionate share of such exchange difference is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

(h) Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds

(i) Acquisition, Exploration, Evaluation and Development Expenditure

Acquisition, exploration, evaluation and development costs of mining tenements are written off as incurred.

FLUOROTECHNICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Sales of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

(k) Trade and other payables

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

(l) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method.

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

(m) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a diminishing value basis over the estimated useful life of the asset as follows:

Plant and equipment – over 3 to 5 years

**FLUOROTECHNICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)**
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
(n) Investments and Other Financial Assets
(i) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the FLS Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet. Subsequent to initial recognition at fair value plus any directly attributable transaction costs, loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment losses.

(ii) Fair value Through Profit or Loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Assets in this category are classified as current assets.

Financial assets at fair value through profit or loss are carried at their fair value. Realised and unrealised gains and losses arising from changes in the fair value of the 'Financial assets at fair value through profit or loss' category are included in profit or loss in the period in which they arise.

2. CASH AND CASH EQUIVALENTS

	<i>Reviewed 31 Dec 2011</i>	<i>Pro forma Adjustments</i>	<i>Pro forma 31 Dec 2011 Maximum</i>	<i>Pro forma 31 Dec 2011 Minimum</i>
	\$	\$	\$	\$
Balance as at 31 Dec 2011	351,631	-	351,631	351,631
Cash from shares issued pursuant to this Prospectus (Maximum)	-	7,000,000	7,000,000	
Cash from shares issued pursuant to this Prospectus (Minimum)	-	3,500,000		3,500,000
Share issue costs – cash (Maximum)	-	(599,265)	(599,265)	
Share issue costs – cash (Minimum)	-	(413,265)		(413,265)
Directors fees & salaries paid	-	(356,364)	(356,364)	(356,364)
Cash acquired on acquisition of subsidiaries		100	100	100
Pro forma balance as at 31 Dec 2011	<u>351,631</u>		<u>6,396,102</u>	<u>3,082,102</u>

**FLUOROTECHNICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)**

	<i>Audited 31 Dec 2011</i>	<i>Pro forma Adjustments</i>	<i>Pro forma 31 Dec 2011 Maximum</i>	<i>Pro forma 31 Dec 2011 Minimum</i>
	\$	\$	\$	\$
3. ISSUED CAPITAL				
Issued and paid up share capital				
Ordinary fully paid shares	18,796,705	-	18,796,705	18,796,705
Prospectus issue (Maximum)	-	7,000,000	7,000,000	-
Prospectus issue (Minimum)	-	3,500,000	-	3,500,000
Conversion of \$500,000 of convertible notes pursuant to this Prospectus	-	500,000	500,000	500,000
Conversion of \$615,000 of convertible notes pursuant to this Prospectus	-	615,000	615,000	615,000
Shares issued on acquisition of Lamboo and McKintosh	-	3,500,000	3,500,000	3,500,000
Shares issued to Directors	-	159,118	159,118	159,118
Share issue costs (Maximum)	-	(660,000)	(660,000)	-
Share issue costs (Minimum)	-	(474,000)	-	(474,000)
Balance at end of period	<u>18,796,705</u>		<u>29,910,823</u>	<u>26,596,823</u>
			<i>Number</i>	<i>Number</i>
Pro forma movements in number of fully paid ordinary shares since 31 Dec 2011:				
Shares on issue at 31 Dec 2011			54,147,874	54,147,874
Pro forma adjustments:				
Consolidation of existing shares (16:1)			<u>(50,763,632)</u>	<u>(50,763,632)</u>
			3,384,242	3,384,242
Shares issued on acquisition of Lamboo and McKintosh			17,500,000	17,500,000
Prospectus issue (Maximum)			35,000,000	-
Prospectus issue (Minimum)			-	17,500,000
Conversion of \$500,000 convertible notes on hand at 31 December 2011 (Note 6)			1,041,667	1,041,667
Conversion of \$615,000 convertible notes on hand at 31 December 2011 (Note 6)			4,730,769	4,730,769
Shares issued to Directors (Note 9)			4,750,000	4,750,000
Pro forma total			<u>66,406,678</u>	<u>48,906,678</u>

APPENDIX 1

FLUOROTECHNICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

4. OPTIONS

Details of options on issue are set out below:

	<i>Audited 31 Dec 2011 Number</i>	<i>Pro forma Adjustments Number</i>	<i>Pro forma 31 Dec 2011 Maximum Number</i>	<i>Pro forma 31 Dec 2011 Minimum Number</i>
Options - fully vested and expiring 28 February 2012 (exercise price \$0.55)	39,063	-	-	-
Less: Lapse of options on 28 February 2012	-	(39,063)	-	-
Issue of 1,041,667 options ⁽ⁱ⁾ (refer Note 6)	-	1,041,667	1,041,667	1,041,667
Options – fully vested and expiring 31 May 2015 (exercise price \$0.40) ⁽ⁱⁱ⁾	<u> </u>	2,500,000	<u>2,500,000</u>	<u>2,500,000</u>
	<u>39,063</u>		<u>3,541,667</u>	<u>3,541,667</u>

(i) The directors consider that these options are valued at \$Nil.

(ii) These options have been valued at \$60,735

	<i>Audited 31 Dec 2011 \$</i>	<i>Pro forma Adjustments \$</i>	<i>Pro forma 31 Dec 2011 Maximum \$</i>	<i>Pro forma 31 Dec 2011 Minimum \$</i>
5. TENEMENT ACQUISITION COSTS				
Tenement acquisition costs	-	3,499,000	3,499,000	3,499,000
Less: Tenement acquisition costs written off	<u> </u>	(3,499,000)	<u>(3,499,000)</u>	<u>(3,499,000)</u>
Balance at end of period	<u> </u>		<u> </u>	<u> </u>

6. BORROWINGS

Secured loan from Directors	174,185		174,185	174,185
2010 convertible notes issued December 2010	500,000		500,000	500,000
2011 convertible notes issued August 2011	<u>615,000</u>		<u>615,000</u>	<u>615,000</u>
Total Borrowings	1,289,185		1,289,185	1,289,185
Pro-forma adjustments:				
Conversion \$500,000 of convertible notes	-	(500,000)	(500,000)	(500,000)
Conversion \$615,000 of convertible notes	<u> </u>	(615,000)	<u>(615,000)</u>	<u>(615,000)</u>
Balance at end of period	<u>1,289,185</u>		<u>174,185</u>	<u>174,185</u>

**FLUOROTECHNICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)****6. BORROWINGS (continued)***(i) 2011 Convertible Notes*

The key terms of the \$615,000 2011 Convertible Notes are summarised below:

(a) \$515,000

- The notes are non interest bearing.
- The notes, subject to shareholder approval, convert into ordinary shares when minimum subscriptions have been reached under an offer of share by Fluorotechnics to the public under a Prospectus and this occurs within 24 months (“End Date”) of the date of the Convertible Note Subscription Agreement (“Agreement Date”).
- The conversion into ordinary shares will occur at a discount of 35% of the issue price under the Prospectus.
- The notes are redeemable by the Noteholder if:
 - An insolvency event (as defined by the Agreement) occurs in relation to Fluorotechnics
 - The company breaches a material clause of the Agreement.
 - The notes are not converted by the End Date and shareholders or government agency approval is required for their conversion, and the Noteholder (acting reasonably and in good faith, and after consultation with the Company) considers that such approval is withheld or will not be obtained.
- The notes are not transferrable without written approval of the Company.

(b) \$100,000

The remaining \$100,000 notes were issued on the same terms as described above, except that they will be convertible at the lower of the price described for the \$515,000 of Convertible Notes and a 35% discount on an ordinary share issue occurring prior to the capital raising under the Prospectus.

(ii) 2010 Convertible Notes

In December 2010 Fluorotechnics raised \$500,000 through the issue of 2010 Convertible Notes.

The key terms of the 2010 Convertible Notes are:

- Convertible into ordinary shares at any time by the investors over the 18 months term of the notes at \$0.03 (now \$0.48) per share. Automatic conversion of the notes will also occur at the earlier of 6, 9, 12 or 15 months (the ‘Early Conversion Dates’) after issue of the notes at \$0.03 (now \$0.48) per ordinary share if the volume weighted average price of Fluorotechnics ordinary shares in the 10 business days prior to the Early Conversion Dates is at least \$0.03 (now \$0.48). If the notes have not previously converted they will mandatorily convert at \$0.03 (now \$0.48) per share after 18 months from the date of issue of the notes.

**FLUOROTECHNICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)**
6. BORROWINGS (continued)

- The conversion rate of the notes is 1 for 1 and they also bear 1 free attaching option. The exercise price per option is \$0.03 (now \$0.48) i.e. 1,041,667 new shares and 1,041,667 options.
- The options expire 2 years after the date of issue of the notes.
- There is no interest payable on the notes.
- The notes are redeemable by the Noteholder if:
 - An insolvency event (as defined in the Agreement) occurs in relation to Fluorotechnics
 - The company breaches a material covenant or undertaking contained in the agreement.
 - The company incurs debts which rank ahead of the Convertible Note
- The principal sum of the notes is potentially repayable if there is a default event.

7. INCOME TAX

The Group has significant income tax losses as at 31 December 2011. The benefit of these losses has not been recognised as the ability of the Group to obtain a benefit for these losses is not considered probable.

8. CONTINGENCIES AND COMMITMENTS

Details of material contracts are outlined in Section 10 of the Prospectus.

The Directors are not aware of any other contingencies.

9. RELATED PARTY TRANSACTIONS

Details of Directors' interests in the Company's issued capital and transactions with the Company are included in Section 10 of the Prospectus.

The pro forma financial information includes the issue to the 3 Directors of the following shares:

	<i>Number</i>	<i>Pro forma Adjustments</i>	<i>Pro forma 31 Dec 2011 Maximum</i>	<i>Pro forma 31 Dec 2011 Minimum</i>
		\$	\$	\$
Issue of Ordinary Shares to directors:				
R Trevillion	2,700,000	89,390	89,390	89,390
R Taylor	1,800,000	59,594	59,594	59,594
B D Pethica	250,000	10,134	10,134	10,134
Balance at end of period	<u>4,750,000</u>		<u>159,118</u>	<u>159,118</u>

FLUOROTECHNICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)

9. RELATED PARTY TRANSACTIONS (continued)

Directors have valued these shares at the date of the prospectus at a total of \$159,118, based on:

- (i) Shares vesting when share price of FLS reaches \$0.35 per share, and on or before 23 April 2017;
- (ii) Risk free interest rate of 3.29% p.a.;
- (iii) Volatility of similar exploration companies, of 46.4%.

Terms of the issue of these shares are as follows:

1. The ordinary shares can only vest within the 5 years after their issue.
2. All ordinary shares vest if the share price reaches \$0.35 per share (“vesting date”), unless the Board and the Executive agree that the ordinary shares vest at a later date.
3. Half the ordinary shares on vesting under clause 2 above are transferable immediately and have no restrictions in dealing in those ordinary shares, unless the vesting day occurs in a Share Sale Restriction Period, in which case, there is a prohibition of their sale until the end of that period.
4. There is a restriction on dealing with the remaining half of the vested ordinary shares and they cannot be sold until the earlier of:
 - Five years from the date of issue of the ordinary shares (except if this date falls within a Share Sale Restriction Period, in which case, there is a prohibition of sale until the end of that restriction period),
 - The first day after two years after the date of vesting of the ordinary share (except if this date falls within a Share Sale Restriction Period, in which case, there is a prohibition of sale until the end of that restriction period),
 - Cessation of employment of the Executive, and
 - A time otherwise specified by the Board.
5. If the Executive ceases employment with the company for whatever reason prior to a vesting date, the Executive will be entitled to a pro rata vesting of half of his ordinary shares based on the Share Price being between \$0.20 and \$0.35 at the time of leaving and these ordinary shares will have no sale restrictions. The other half of the Executive’s ordinary shares may also vest at the discretion of the Board at the time of the Executive leaving the Company. For instance, if the Executive has 2,700,000 ordinary shares on the date of cessation of employment and the Share price at that time is \$0.32, the number of ordinary shares that immediately vest is 1,080,000, with a further 1,080,000 at the discretion of the Board. As a further example, if the Share Price is \$0.25 and the Executive likewise has 2,700,000 ordinary shares, the number of Shares that immediately vest is 450,000, with a further 450,000 at the discretion of the Board. Any ordinary shares that do not vest under this clause upon the cessation of employment are not capable of vesting at a future date.
6. If there is a change of control of the company, all the ordinary shares immediately vest and there are no restrictions on their exercise or sale.

**FLUOROTECHNICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)**

9. RELATED PARTY TRANSACTIONS (continued)

7. If vested ordinary shares are subject to an escrow agreement and otherwise not subject to a restriction in dealing in those shares under the Rules, then the shares are subject to a restriction in dealing in those shares until the termination of the escrow agreement.
8. If the ordinary shares held by an Executive are no longer capable of vesting, the Executive and the Company will work together to determine a method of buying back, transferring, or cancelling the ordinary shares in such a manner which is not detrimental to the Executive.

The shares issued to Mr Pethica are not subject to the abovementioned conditions relating to ceasing employment (5 above).

SECTION 10

ADDITIONAL INFORMATION



10.1 CORPORATE BACKGROUND

The capital structure of the Company following completion of the Offer (assuming full subscription) and scheduled General Meeting is summarised below:

Shares	\$3.5m	\$7m
Shares currently on issue (post consolidation)	3,384,242	3,384,242
Shares issued on Acquisition of Lamboo (1)	17,500,000	17,500,000
Shares to be issued pursuant to the Offer	17,500,000	35,000,000
Shares attributed to 2010 Convertible Notes (2)	1,041,667	1,041,667
Shares attributed to 2011 Convertible Notes (3)	4,730,769	4,730,769
Shares to be issued to Directors (4)	4,750,000	4,750,000
Total Shares on completion of the Offer	48,906,678	66,406,678

Options	\$3.5m	\$7m
Options currently on issue	0	0
Options attributed to 2010 Convertible Notes (5)	1,041,667	1,041,667
Options to be issued subject to successful raise and shareholder approval (6)	2,500,000	2,500,000
Total Options on completion of the Offer	3,541,667	3,541,667

- (1) The issuance of Shares on completion of the Acquisition of the Lamboo Projects is subject to Shareholder approval at the General Meeting scheduled for 21 May 2012
- (2) The 2010 Convertible Notes convert on or before 20 June 2012
- (3) The 2011 Convertible Notes convert 5 days after the successful completion of the Offering
- (4) The issuance of Shares is subject to the Shareholders approval at the General Meeting scheduled for 21 May 2012.
- (5) 2010 Convertible Note holders will be entitled to 1:1 options to shares at an exercise price of \$0.48
- (6) The issuance of options is subject to Shareholder approval at an exercise price of \$0.40.

The Company's financial year end is 30 June.

10.2 CONSTITUTION AND RIGHTS ATTACHING TO THE SHARES

The rights attaching to the Shares are derived from a combination of the Company's constitution, the Corporations Act and the general law. All Shares issued under this Prospectus are ordinary shares of the one class and rank equally in all respect with the other ordinary shares on issue.

A copy of the Company's constitution may be obtained from the Company's website or inspected at the Company's registered office during normal business hours.

Full details of the rights attaching to Shares are set out in the Constitution.

The following is a broad summary of the rights and liabilities of the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

(a) *General Meetings*

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) *Voting Rights*

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- i. each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- ii. on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- iii. on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) *Dividend Rights*

Subject to and in accordance with the Corporations Act, the ASX Listing Rules, the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) *Winding up*

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit.

(e) *Shareholder liability*

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) *Transfer of Shares*

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(g) *Variation of Rights*

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by special resolution passed at a separate meeting of the holders of the shares of that class.

(h) *Alteration of Constitution*

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

10.3 MATERIAL CONTRACTS

a) *Share Purchase and Subscription Agreement*

On 13 February 2012 the Company obtained an option to acquire the assets and equity of Lamboo Resources Pty Limited and McKintosh Resources Pty Ltd for \$3,500,000 payable in Shares of Fluorotechnics. On 5 March 2012 the option was exercised and the acquisition (Proposed Transaction) will conclude following Shareholder approval scheduled for 21 May 2012.

In seeking that approval from Shareholders, the Directors have advised in the Notice of Meeting and Explanatory Statement as follows:

Value of consideration to be received for Company Shares

The Directors consider that the value to be received by Shareholders in exchange for issuing the shares which provide control, is to be measured by the opportunity associated with the assets of Lamboo and McKintosh.

The Directors consider the flake graphite assets as the primary source of value for shareholders, given the Company's strategy to focus on this commodity. Hence any potential value in the molybdenum, gold, and other metal prospects is regarded as potential upside without being factored into the Directors' assessment.

The Directors have analyzed a number of ASX and foreign listed companies whose values are regarded as primarily represented by their flake graphite assets. It was noted that nearly all of them have not yet delineated any JORC compliant or equivalent resource and that none of the ASX listed companies were in production. The assets were therefore regarded as comparable to the assets of Lamboo and McKintosh.

The Directors considered the median value of these companies on the basis of market capitalization less cash and based on the median value, identified a benchmark value for comparable flake graphite projects.

Having regard to the geological reports on the projects and the Directors' assessment of the projects, the consideration payable to Lamboo and McKintosh is at a significant discount to this benchmark.

Conclusion

The current value of the Company's shares prior to the Proposed Transaction is close to nil.

Based on the Directors' analysis of comparable flake graphite assets and the discount to the median value of those assets reflected in the consideration payable by the Company, and considering the current value of the Company's shares as nil, the Directors consider it likely that the effect of completion of the Proposed Transaction is that the value of the Company's shares will increase.

The Directors make no recommendation as to the fairness and reasonableness of the Proposed Transaction. The Directors note that ASIC Regulatory Guide 111 states that if the value of the consideration being received by the shareholders (in this case in the form of the assets of Lamboo and McKintosh) is equal to or greater than the value of the securities being issued as consideration for the assets, then the transaction is generally be regarded as fair. The Regulatory Guide further provides that if a transaction is fair, it is generally regarded as reasonable.

b) 2010 Convertible Note Agreements

On 20 December 2010 the Company raised \$500,000 through issue of a Convertible Note at a price of \$0.48 per share (\$0.03 per share preconsolidation). In addition, the note holders received a 1 for 1 option for shares held. The option exercise price is \$0.48. The 2010 Convertible Note covers 18 months from the date of the issuance of the Notes, that is 20 June 2012.

c) 2011 Convertible Note Subscription Agreements

On 30 August 2011 the Company raised \$615,000 through a Convertible Note at a 35% discount on the issue price per ordinary share under the Offer. Conversion of the notes is subject to the minimum subscription under the Offer being reached on or prior to the date which is 24 months after the date of the Convertible Note Subscription Agreement (End Date) and shareholder approval to the conversion having been obtained on or prior to the End Date.

Noteholders have 3 months from the occurrence of a Redemption Event to give the Company a redemption notice. Once the Company receives a redemption notice from a Noteholder, it must redeem all of that Noteholder's Notes within 15 business days by paying the Noteholder the principal amount of their Notes.

d) *Agreements with key persons*

The current executive directors being Richard Trevillion, Richard Taylor and Brian Damian Pethica have entered into an executive service agreement (ESA) effective 13 March 2012. Each executive must faithfully serve the Company in a conscientious and professional manner and promote the Company's interests and welfare.

Under the ESA with Richard Trevillion, he is to provide managerial and operational services in the capacity of Executive Chairman and CEO. Richard Trevillion is to be paid \$200,000 pa as a full time employee. Richard Taylor is to provide managerial services in the capacity of Executive Director. At the conclusion of the Offer Richard Taylor will reduce his role and becomes a Non-executive Director. Richard Taylor is to be paid \$100,000 pa as Executive Director and then this will be adjusted to \$65,000 when he becomes a Non-executive Director. Brian Damian Pethica is to provide managerial and corporate services and is to be paid \$100,000 whilst being a director. Within 5 business days from the successful conclusion of the Offer Brian Damian Pethica will resign as a director. In addition, the base salaries for Dr Craig Rugless will be \$175,000 and Rod Williams \$65,000.

The ESA has no period of term however a 6 month notice period for termination by either party applies.

e) *Lead Manager Engagement Letter*

The Company signed a Lead Manager engagement letter with Patersons Securities Limited (Patersons) on 23rd April 2012 for the raising of between \$3.5 million and \$7 million through this Offer on terms and conditions considered by the Directors to be standard for this type of agreement. Patersons will be entitled to a Management fee of 1% of gross amounts raised and a Selling fee of 4% of gross amounts raised. Patersons Securities Limited has also been granted an Option to acquire 2,500,000 shares with an exercise price of \$0.40. The Option can only be exercised on or before 31st May 2015.

10.4 ESCROW ARRANGEMENTS

Shares to be issued on the acquisition of Lamboo and McKintosh are expected to be escrowed for at least 12 months. The 2011 Convertible Notes convert after the completion of the proposed Offer. The resulting shares or some part of them may be subject to limited ASX escrow.

The Directors Shares may be subject to ASX escrow.

10.5 LEGAL PROCEEDINGS

Other than as set out in this Prospectus, the Directors are not aware of any litigation, pending or threatened litigation or other legal proceedings which may have a material adverse effect on the Company.

10.6 SUBSTANTIAL SHAREHOLDERS

Those Shareholders holding 5% or more of the Shares on issue at the date of this Prospectus and on completion of the Offer (assuming full subscription) are set out in the following table:

As at the date of:	Prospectus		Completion of Offer*	
	(Pre consolidated)		(Post Consolidated)	
Shareholders	Shares	%	Shares	%
JP Morgan Nominees Australia (Hunter Hall Holdings)	19,817,820	36.6	1,238,613	1.9
Griffin Super Fund	2,775,075	5.1	173,442	0.3
Pathfinder Exploration Pty Limited	-	-	10,500,000	15.8
Norvale Pty Limited	-	-	7,500,000	11.3

*Shareholding from Offer not factored into the calculations of substantial shareholdings.

10.7 TAXATION

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

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

10.8 NEW ZEALAND MUTUAL RECOGNITION

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008. This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 and Regulations (Australia) set out how the offer must be made. There are differences in how securities are regulated under Australian law. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities. Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Securities Commission, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

a) *Payments that are not in New Zealand dollars*

The offer may involve a currency exchange risk. The currency for the securities is Australian dollars not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

b) *Securities that are able to be traded on a financial market*

If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

10.9 DIRECTORS' INTERESTS AND BENEFITS

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director holds at the time of lodgement of this Prospectus with ASIC, or has held in the 2 years before lodgement of this Prospectus with ASIC, an interest in:

- (i) the formation or promotion of the Company;
- (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion; or
- (iii) the Offer.

Other than as disclosed in this Prospectus, no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to a Director or proposed Director:

- (i) to induce a person to become, or qualify as a Director; or
- (ii) for services provided by a Director or proposed Director in connection with the formation or promotion of the Company or the Offer.

10.10 DIRECTORS' SHAREHOLDINGS AND REMUNERATION

As at the date of this Prospectus, the following Directors and proposed Directors (and their respective associates) hold relevant interests in the following Shares and their remuneration is:

Director / proposed Director	Number of Shares Post Consolidation	Remuneration \$
Richard Trevillion - Executive Chairman	2,700,000	200,000
Richard Taylor - Executive Director	1,953,932	100,000(1)
Brian Damian Pethica - Executive Director	250,000	100,000(2)
Dr Craig Rugless - Executive Technical Director	10,500,000(3)	175,000
Rod Williams - Non-executive Director	7,000,000(3)	65,000

(1) At the conclusion of the Offer Richard Taylor will become a Non-executive Director and the director fees will adjust to \$65,000

(2) 5 days following the successful conclusion to the Offer, Brian Damian Pethica will resign as a Director

(3) Shares to be held following the conclusion of the Acquisition of the Lamboo Project which will occur on the passing of relevant resolution at the General Meeting scheduled for 21 May 2012.

The Directors and the proposed Directors (and their respective associates) are entitled to participate in the Offer.

10.11 OTHER RELATED PARTY TRANSACTIONS

There are no other related party transactions.

10.12 DEED OF ACCESS AND INDEMNITY

Each of the Directors has entered into a deed of indemnity and access with the Company. Under the deed, the Company agrees in favour of the Director to:

Indemnify against any loss:

- i) they incur or become liable for, directly or indirectly from an act or omission that occurs when they are a Director; or
- ii) which arises, directly or indirectly, from the period that they were a Director or relates to their directorship, or which they would not otherwise have incurred, or would not otherwise have become liable for, if they had not been a Director or had not otherwise been involved in our affairs; or
- iii) which arises out of any Proceedings associated with holding office.

Each indemnity:

- i) must be interpreted so that the indemnity does not breach the Corporations Act 2001, but it is otherwise to be given the widest possible interpretation to ensure that the Director receives the maximum benefit allowed by law; and
- ii) is in addition to and not in derogation of any other indemnity given to the Director including any indemnity given under the Corporations Act 2001 or the company constituent documents, as applicable.

Access to documents: the company is to provide unrestricted access to and to provide copies of:

- i) board papers, minutes of directors' meetings, minutes of committee meetings and any documents referred to in the previously mentioned documents for the period that they were a director, and for the committees of which they were a member.
- ii) other documents in the Company's possession or available to it that the Director has reasonable grounds for believing are relevant to protecting their interests, reputation or defending a claim or Proceedings, made or threatened.

10.13 CONSENTS AND LIABILITY STATEMENTS

Patersons Securities Limited has given, and at the time of lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as Lead Manager to the Offer in the form and context in which it has been named. HLB Mann Judd has given, and at the time of lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as the Company's auditor and Investigating Accountant in the form and context in which it has been named.

Remote Sensing and Geological Services & Torridon Exploration have given, and at the time of lodgement of this Prospectus have not withdrawn, its consent to be named in this Prospectus as the independent geologists and authors of the Independent Geologist's Reports in the form and context in which it has been named.

Austwide Mining Title Management Pty Ltd has given, and at the time of lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as the author of the Solicitor's Report on tenements in the form and context in which it has been named.

Boardroom Pty Limited has given, and at the time of lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as the Share Registry in the form and context in which it has been named.

Sydney Capital Partners has given, and at the time of lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as the Project Manager for the Prospectus in the form and context in which it has been named.

Each person referred to in this section has not authorised or caused the issue of this Prospectus and expressly disclaims and takes no responsibility for any statements or omissions in the Prospectus except as stated above.

10.14 OTHER INTERESTS OF PEOPLE INVOLVED IN THE OFFER

Other than as set out below or elsewhere in this Prospectus, no person named in this Prospectus as performing any function in a professional, advisory or other capacity in connection with this Prospectus, nor any firm in which such person is a partner or employee has:

- (i) within the two years before lodgement of this Prospectus, any interest in the promotion of the Company, in any property acquired or proposed to be acquired by the Company or in the offer of Shares under this Prospectus; or
- (ii) been paid or agreed to be paid any benefit for the services provided by that person in conjunction with the formation or promotion of the Company or the Offer.

Patersons Securities Limited have been granted an Option to acquire 2,500,000 shares with an exercise price of \$0.40. The Option can be exercised within 3 years to 31 May 2015.

In considerations for their services, Sydney Capital Partners will be paid \$75,000 (excluding disbursements and GST). Parties associated with SCP were granted rights to acquire shares to the value of \$75,000.

10.15 EXPENSES OF THE OFFER

Items of expenditure	\$'s on a \$3.5m raise	\$'s on a \$7m raise
ASIC Fees	2,137	2,137
ASX Fees	26,336	35,686
Broker Commissions	175,000	350,000
Advisor Fees	210,735	210,735
Expert Report Fees	29,500	29,500
Printing and Miscellaneous	30,292	31,942
TOTAL	474,00	660,000

10.16 GOVERNING LAW

This Prospectus and the contracts that arise from the acceptance of the Applications are governed by the law applicable in New South Wales, and each Applicant submits to the exclusive jurisdiction of the courts of New South Wales.

10.17 DIRECTOR'S STATEMENT AND SIGNATURE

Each Director has given and has not, at the date of this Prospectus, withdrawn his consent to the lodgement of this Prospectus with ASIC. This prospectus has been signed under section 351 of the Corporations Act for lodgement with ASIC by Richard Trevillion.

Richard Trevillion
Executive Chairman and CEO

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SECTION 11

DEFINITIONS



DEFINITIONS

2010 Convertible Note	The convertible notes issued by the Company in December 2010.
2011 Convertible Note	The convertible notes issued by the Company in August 2011.
Acquisition	The acquisition by the Company of all of the Vendor's shares pursuant to the Share Purchase & Subscription Agreement.
Acquisition Completion Date	The date of completion of the Acquisition.
AEST	Australian Eastern Standard Time.
Allotment Date	The date on which Shares issued under this Prospectus will be allotted to successful Applicants.
Applicant	A person who submits an Application.
Application	A valid application made to subscribe for Shares under this Prospectus.
Application Form	The application form attached to or accompanying this Prospectus.
Application Money	Money received from Applicants in respect of their Applications.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited (ACN 008 624 691) or, where the context requires, the financial market it operates.
ASX Listing Rules or Listing Rules	The official listing rules of ASX.
ASX Settlement	ASX Settlement Pty Limited (ABN 49 008 504 532).
ASX Settlement Operating Rules	The rules of ASX Settlement.

Board	The board of Directors of the Company from time to time.
CGT	Capital gains tax.
CHESS	Clearing House Electronic Sub-Register System, operated by ASX Settlement.
Closing Date	The closing date of the Offer, which is expected to be 25th May 2012, unless varied.
Company	Fluorotechnics Limited (ACN 099 098 192), which is proposed to be renamed 'Lamboo Resources Limited'.
Constitution	The constitution of the Company from time to time.
Corporations Act	Corporations Act 2001 (Cth).
Director	A director of the Company.
EBITDA	Earnings before interest, tax, depreciation and amortisation.
EBIT	Earnings before interest and tax.
Eligible Persons	A person who is a resident of Australia or New Zealand.
Existing Directors	The existing Directors, being Richard Trevillion, Richard Taylor and Brian Damian Pethica.
Existing Shares	Shares in the Company held by Existing Shareholders as at the date of this Prospectus.
Existing Shareholders	Current shareholders of the Company as at the date of this Prospectus.
FY	financial year ended 30 June of any year (eg. FY2012 means the financial year ended 30 June 2012).
General Meeting	The meeting of members of the Company scheduled to be held on 21 May 2012, or any adjournment thereof.
Group	Comprises the Company and its subsidiaries, including Lamboo Resources Pty Ltd and McKintosh Resources Pty Ltd.
GST	Goods and services tax.
Investigating Accountant	HLB Mann Judd.
Mineral Resource	a Mineral Resource as defined in article 19 of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC) 2004 edition.

Minimum Subscription	The minimum subscription under the Offer, being \$3,500,000.
Offer	The offer under this Prospectus of Shares for issue by the Company.
Offer Price	\$0.20 per Share.
Offer Period	The period from the Opening Date to the Closing Date.
Official List	The official list of entities that the ASX has admitted and not removed.
Lamboo Project(s)	The assets owned by Lamboo Resources Pty Ltd and McKintosh Resources Pty Ltd
Opening Date	The opening date of the Offer, which is expected to be 12 May 2012.
Prospectus	This Replacement Prospectus, both in print and electronic form, as modified or varied by any supplementary document lodged with ASIC.
Quotation	Official quotation by ASX.
Replacement Prospectus	This Replacement Prospectus, which replaces the Company's Prospectus dated 27 April 2012.
Restricted Securities	Shares classified by the ASX as being subject to the restriction provisions of the Listing Rules.
Share Purchase & Subscription Agreement	The share purchase and subscription agreement entered into between the Company, the Buyer and the Vendor on 13 February 2012, as summarised in section 10 of this Prospectus.
Share Registry	Boardroom Pty Limited.
Shareholder	A registered holder of Shares.
Share	A fully paid ordinary share in the capital of the Company.
Subsidiary	Has the meaning given in section 46 of the Corporations Act.
Transaction Resolutions	Resolutions 1 to 8 as set out in the notice of General Meeting dated 18th April 2012.
US	United States of America.
US Person	Has the meaning given in Rule 902(k) under Resolution S of the US Securities Act of 1933.
Vendor	Lamboo Resources Pty Ltd and McKintosh Resources Pty Ltd

SECTION 12

TECHNICAL TERMS



TECHNICAL TERMS

Term	Abbreviation / Description
Adamellite	A coarse grained intrusive rock intermediate in composition between granite and granodiorite.
Aircore drilling	A type of reverse circulation rotary drilling technique in which a small diameter core is air-lifted up the inside of the drill string. Suited to sticky clays and unconsolidated rock.
Alluvium (alluvial)	(Related to) sediment deposited by a stream or river.
Alteration	Change in the mineralogical and chemical composition of a rock, generally produced by hydrothermal fluids or by weathering.
Apophyses	Small off-shoots from a larger intrusive body.
Arsenopyrite	A sulphide mineral of iron and arsenic (FeAsS).
Auger drilling	Drilling by a helical screw which is driven into the ground with rotation; the earth is lifted up the borehole by the blade of the screw. It is generally cheap and fast.
Biotite	A common rock forming silicate mineral of the mica group, containing varying proportions of potassium, iron magnesium and aluminium.
Boss	Small generally rounded intrusive body of rock.
Breccia/Brecciation	(Creation of) a rock consisting of angular broken rock fragments held together by a fine-grained matrix.
Cainozoic	The most recent era of geological time See table.

Calcareous	Calcium bearing, usually referring to sediments.
Calcite	Calcium carbonate (CaCO ₃), a common mineral constituent of sedimentary rocks, particularly limestone.
Carboniferous	Geological time period – See table
Cassiterite	Tin oxide (SnO ₂), the common tin ore mineral.
Chalcopyrite	Copper and iron sulphide.
Chert	A hard, dense microcrystalline or cryptocrystalline siliceous rock.
Colluvial/Colluvium	(Concerning) a loose deposit of rock debris accumulated through the action of gravity at the base of a cliff or slope
Cryptocrystalline	A rock or mineral aggregate where the crystals are too small to recognise under an ordinary microscope; used to describe chert.
Devonian	Geological time period
Diamond drilling	Drilling by an annular diamond impregnated drill bit attached to the end of hollow drill rods to cut a cylindrical core of solid rock. Generally expensive and slow, but gives more comprehensive geological information about the rocks.
Dyke	A tabular igneous intrusion cutting across bedding or other planar structures.
EPM	Exploration Permit for minerals, the form of exploration tenure under Queensland law.
Fault	A fracture in a rock mass, with movement of one side past the other.
Feldspar	A common group of silicate minerals containing varying amounts of aluminium, sodium, potassium and calcium.
Fold	When one or a stack of originally flat and planar surfaces, such as sedimentary strata, are bent or curved as a result of plastic deformation.
Galena	A common lead sulphide.
Gangue	Waste rock or mineral associated with Ores.
GIS	Geographical Information System.

Gneiss	A foliated rock formed by regional metamorphism, in which bands of granular minerals alternate with bands of minerals with a flaky or elongate prismatic habit.
Gossan, Gossanous	An iron rich, often spongy rock found at or near the surface, produced by the weathering and oxidation of sulphide minerals and the leaching out of the sulphur and often some of the metals.
Grade	Average quantity of ore or metal in a specified quantity of rock.
Granite/Granitic	Coarse-grained acid igneous rock containing quartz and feldspar.
Granodiorite	A plutonic rock consisting of quartz calcium/sodium-rich and potassium-rich feldspars as well as some mafic minerals such as biotite, hornblende etc.
Hornblende	A common constituent of many igneous and metamorphic rocks and the principal mineral of amphibolites.
Hornfels	Metamorphic rock formed by rocks heated by contact with a hot igneous body. It is fine-grained, brittle, and lacks foliation (a planar structure).
Igneous	Rocks formed from a molten state.
IP resistivity	Induced Polarisation, an electrical geophysical exploration method.
JORC Code	Joint Ore Reserve Committee.
Jurassic	Geological time period.
Kimberlitic	An intrusive rock type - a common source rock for diamonds.
Leucocratic	A term applied to igneous rocks consisting mainly of light-coloured minerals such as quartz, feldspars, white micas etc.
Mafic	An igneous rock with high magnesium and iron content, usually dark in colour.
Molybdenite	Molybdenum sulphide (MoS_2) the principal ore of molybdenum.
Molybdite	Molybdenum oxide (MoO_3) often formed by oxidation of molybdenite.
Pathfinder (in geochemistry)	An element used to indicate the presence of another element.
Percussion drilling	A drilling technique in which rock is broken into fragments and the cuttings are recovered using air or water pressure.

Permian	Geological time period.
Petrological	Referring to the study of rocks, in particular examination under a microscope.
Porphyry/Porphyritic	An igneous rock in which larger crystals (“phenocrysts”) are scattered through a matrix of smaller crystals (“groundmass”)/descriptive of rocks displaying such textures.
Powellite	A calcium molybdenum oxide (CaMoO ₄).
Pyrite	Yellow lustrous iron sulphide mineral (CuS ₂).
Pyrrhotite	A magnetic iron sulphide (Fe _{1-x} S).
Quaternary	The second period of the Cainozoic era.
Scheelite	A tungsten mineral, calcium tungstates CaWO ₄ .
Schist	A regionally metamorphosed rock that is characterised by a parallel alignment of the bulk of the constituent minerals.
Shear/Sheared	A deformation resulting from stresses that cause parts of a body to slide relative to each other in a direction parallel to their plane of contact.
Sill	A sheet like igneous body that conforms to bedding or other structural planes.
Silurian Geological time period	See table
Sphalerite	The main zinc ore, zinc sulphide.
Stockwork	Three dimensional network of irregular veinlets.
Stream sediment	Sample taken of stream gravels and assayed.
Sulphide	A chemical compound or mineral containing sulphur in its lowest oxidation state.
Talus	An accumulation of rock fragments that have been mechanically weathered and transported by gravity over a short distance.
Tenement	An area granted for exploration or mining purposes.
Till	A sediment or sedimentary rock formed from glacial debris.

Triassic Geological time period

See table

Turbidite/turbiditic

Sediments which are transported and deposited by density flows.

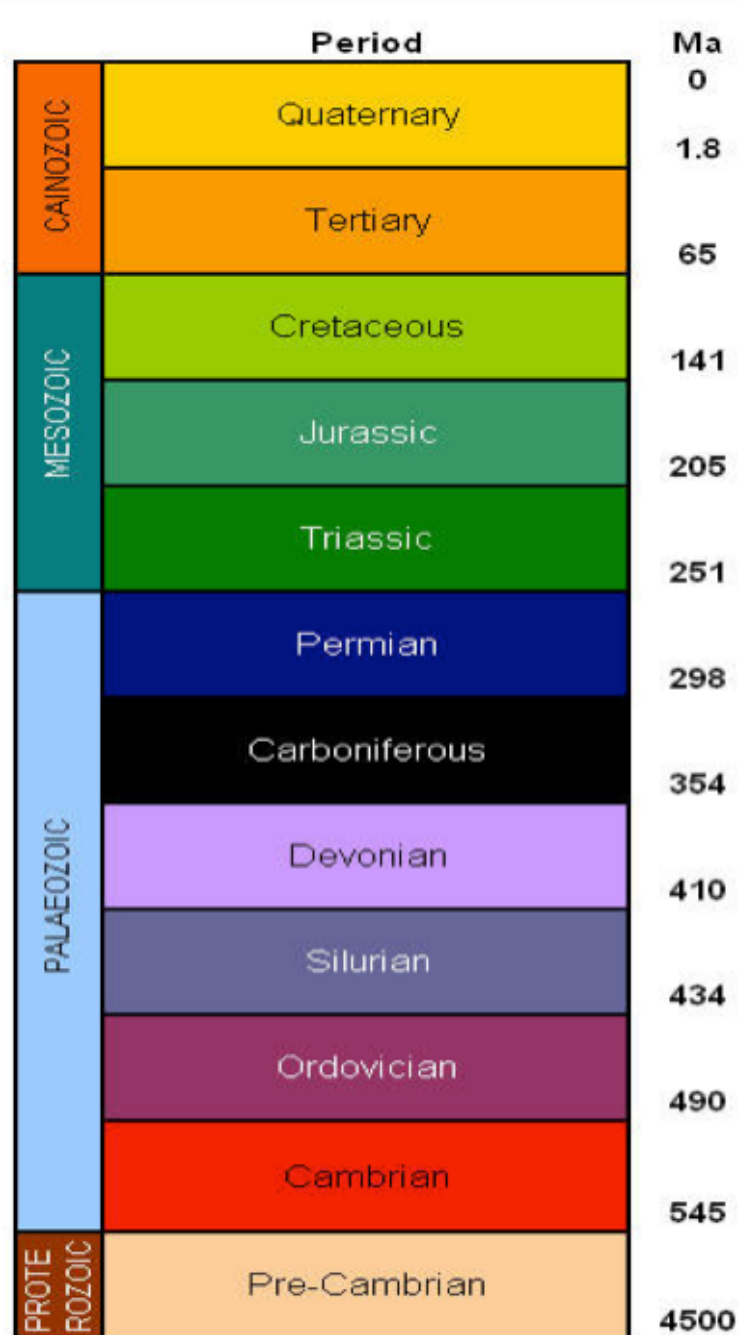
VLF-EM survey

Very Low Frequency Electromagnetic – a geophysical surveying method that measures the secondary magnetic field developed around a conductor. A technique commonly used to search for massive sulphides.

Zone/Zoning

A region or stratum distinguished by composition or content.

**Simplified Geological Time Scale
(Ma = millions of years before the present):**



APPLICATION FORM



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↳ PIN CHEQUE(S) HERE

Application form

Fluorotechnics Limited

(to be renamed Lamboo Resources Limited)

ACN 099 098 192

Broker Code	Advertiser Code
<input style="width: 90%;" type="text"/>	<input style="width: 90%;" type="text"/>

Fill out this Application form if you wish to apply for shares in Fluorotechnics Limited (to be renamed Lamboo Resources Limited)

- Please read the Replacement Prospectus dated 11 May 2012.
- Follow the instructions to complete this Application form (see reverse).
- Print clearly in capital letters using black or blue pen.

A

Number of shares you are applying for

x \$0.20 per share =

B

Total amount payable

Minimum of 10,000 shares to be applied for and thereafter in multiples of 5,000 shares.

C Write the name(s) you wish to register the shares in (*see reverse for instructions*)

Applicant 1

Name of Applicant 2 or < Account Designation >

Name of Applicant 3 or < Account Designation >

D Write your postal address here

Number / Street

Suburb/Town State Postcode

E CHESS participant – Holder Identification Number (HIN)

X

F Enter your Tax File Number(s), ABN, or exemption category

Applicant #1	Applicant #2
Applicant #3	

G Cheque payment details

Name of drawer of cheque	Cheque No.	BSB No.	Account No.	Cheque Amount A\$

H Contact telephone number (daytime/work/mobile)

I Email address

J Shareholder Communications (tick all boxes that apply)

No hard copy of Annual Report required	<input type="checkbox"/>	No hard copy of other shareholder communications required	<input type="checkbox"/>
Yes I am happy to receive all notices & reports via the email address listed above	<input type="checkbox"/>		

By submitting this Application form, I/We declare that this Application is completed and lodged according to the Prospectus and the instructions on the reverse of the Application form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the constitution of Fluorotechnics Limited. I/We was/were given access to the Electronic Prospectus together with the application form. I/We represent, warrant and undertake to the Company that our subscription for the above securities will not cause the Company or me/us to violate the securities or other laws of Australia or any other jurisdiction which may be applicable to this subscription for securities in the Company

GUIDE TO THE APPLICATION FORM

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS.

These instructions are cross-referenced to each section of the Application Form.

Instructions

- A. If applying for Shares insert the **number** of Shares for which you wish to subscribe at Item **A** (not less than **10,000** and then in multiples of **2,500**). Multiply by **\$0.20** AUD to calculate the total for Shares and enter the **\$amount** at **B**.
- C. Write your **full name**. Initials are not acceptable for first names.
- D. Enter your **postal address** for all correspondence. All communications to you from Fluorotechnics Limited will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E. If you are sponsored in CHESS by a stockbroker or other CHESS participant, you may enter your CHESS HIN if you would like the allocation to be directed to your HIN.
NB: your registration details provided must match your CHESS account exactly.
- F. Enter your Australian **tax file number** ("TFN") or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN /ABN of each joint Applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.
- G. Complete **cheque details** as requested. Make your cheque payable to "**Fluorotechnics Limited FLOAT ACCOUNT**" in Australian currency, cross it and mark it "**Not Negotiable**". Cheques must be made in Australian currency, and cheques must be drawn on an Australian Bank.
- H. Enter your **contact details** so we may contact you regarding your Application Form or Application Monies.
- I. Enter your **email address** so we may contact you regarding your Application Form or Application Monies or other correspondence.
- J. We encourage all shareholders to elect to receive the Annual Report and all other shareholder communications and correspondence via email. The benefits to shareholders are in the potential cost savings and the faster delivery of information. The benefits for our environment are also substantial.

CORRECT FORMS OF REGISTRABLE TITLE

Note that **ONLY** legal entities can hold the Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to Fluorotechnics Limited. At least one full name and surname is required for each natural person.

Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

Lodgement - Please mail your completed Application Form with cheque(s) attached to the following address:

Delivery address:

Fluorotechnics Limited
C/- Boardroom Pty Limited
Level 7
207 Kent Street
SYDNEY NSW 2000

Mailing address:

Fluorotechnics Limited
C/- Boardroom Pty Limited
PO Box 3993
SYDNEY NSW 2001

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Boardroom Pty Limited on: Tel: (02) 9290 9600

Privacy Statement:

Boardroom Pty Ltd advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a security holder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Information is collected to administer your security holding and if some or all of the information is not collected then it might not be possible to administer your security holding. Your personal information