AUSTRALIAN MOTOR FINANCE GROUP LIMITED
(subject to deed of company arrangement)
(ACN 121 257 412)

to be renamed

ORPHEUS ENERGY LIMITED

EXPLANATORY MEMORANDUM

Incorporating **Notice of General Meeting** and **Proxy Form**

General Meeting to be held on
Tuesday 30 November 2010 at 10:30am
at
Level 5, 44 Miller Street
North Sydney, NSW

This Explanatory Memorandum is dated 26 October 2010

This is an important document and should be read in its entirety. If you are in doubt as to the course you should follow, consult your financial or other professional adviser

For a glossary of terms see page 32

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CORPORATE DIRECTORY

Directors
Mr David Hickie
Mr Bruce Andrew
Mr Ilmars Draudins
Mr Mark McKenzie
Mr Jon O'Callaghan

Secretary
Mr Bruce Andrew

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10 Walker Avenue
West Perth WA 6005

Auditor
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Level 7
114 William Street
Melbourne VIC 3000

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EXECUTIVE SUMMARY

This Explanatory Memorandum contains: (a) the Notice of General Meeting directed at giving effect to the Framework Agreement; (b) an Independent Geologist's Report on the assets being acquired from Coalworks; (c) a Valuation Report; and, (d) an Independent Expert's Report with respect to Coalworks acquiring a relevant interest of more than 20% of the Company's issued capital.

Background

In October 2009, Australian Motor Finance Group Limited (**AMFG or Company**) entered into an agreement (**Framework Agreement**) with Coalworks Limited (**Coalworks**) and Orpheus Energy Group Pty Ltd (**OEG**) (a wholly owned subsidiary of Coalworks) with respect to being re-structured, re-capitalised and having its securities re-quoted on ASX. The Framework Agreement contemplated, inter alia, that AMFG would:

- enter into a deed of company arrangement (**DOCA**) whereby OEG agreed to advance a convertible loan of up to $500,000 to AMFG to extinguish its existing liabilities;
- be renamed Orpheus Energy Limited;
- consolidate the issued capital of AMFG on a 1 for 5 basis;
- acquire from Coalworks a portfolio of mineral projects as well as OEG, which plans to acquire rights to participate in further coal and industrial minerals projects (**Orpheus Acquisition**);
- install OEG management to manage the projects acquired from Coalworks;
- undertake a 1 for 1 rights issue of Shares to existing shareholders (**Rights Issue**) at 20 cents or more per Share (with one free attaching Option for every 2 Shares subscribed for) to raise up to $2.15 million or more;
- undertake a placement of up to 35 million Shares (**Placement**) at 20 cents or more per Share each to raise up to $7 million or more, with one free attaching Option for every 2 Shares issued; and
- enter into an arrangement with such party or parties as are nominated by Coalworks for the funding of compensation recovery proceedings by its 60% owned subsidiary, Australian Motor Finance Ltd (**AMF**), whereby AMFG divests of all of its interest in AMF (the structure of such divestment is to be determined) with any benefit that may result from such recovery proceedings to accrue, in part, pro rata to ordinary shareholders in the Company.

Moreover, it is contemplated that Coalworks will sub underwrite $500,000 of the Rights Issue. Once all of the above has been implemented and cleared all necessary creditor, shareholder, contractual and regulatory hurdles (**Completion**), a new board of directors comprised of persons with experience in coal and mineral projects will be appointed (please refer to Resolutions 16 to 18 – Appointment of Directors for further details).

On 18 January 2010, AMFG was placed into voluntary administration, as provided for in the Framework Agreement and, on 16 March 2010, it entered into a DOCA. Finalisation of the DOCA has been delayed by an appeal by Alcock Davis Danieli against rejection of that firm's proof of debt lodged with the Deed Administrator. The Company reserves its rights in respect of that refusal.

Since entering the Framework Agreement OEG has entered agreements to acquire additional assets details of which are set out in this Explanatory Memorandum.

In order to finance those acquisitions and to fund its operations pending completion of the transactions contemplated herein, OEG has been raising working capital by issuing notes. Upon completion of the transactions contemplated herein, each two $0.10 notes are convertible into 2 Shares and 1 Listed Option for every $0.20 advanced under the notes.

In order to limit the outflow of cash during the reconstruction of the Company, various agreements have been reached under which securities in the Company are to be issued subject to shareholder approval.

It is proposed that the Rights Issue and the Placement will be effected under a prospectus.

Structure of Resolutions

By way of explanation as to why various proposed resolutions deal with overlapping matters, it is noted that proposed resolutions 6, 7, 8, and 9 have been structured in the way they appear in order to obtain approvals for different legal purposes.

Projects to be Acquired

Following is a brief summary of the assets to be acquired by AMFG. Please refer to the *Independent Geologist's Report* for further details of the assets that AMFG is acquiring.

Indonesian Coal Projects

OEG has signed a Heads of Agreement for a farm in Joint Venture in Kalimantan that includes an advanced coal project known as "B26" referring to Blocks 2 and 6 west of Balikpapan in East Kalimantan. OEG believes that Blocks 2 and 6 contain a coal target of 7 to 10Mt* of export quality thermal coal including 2.4 to 3.4 Mt* covered by an existing mine plan. There is also potential for coking coal in the B26 project area. A total of 85 holes have been drilled over 3,171 metres that has enabled this preliminary mine plan to be outlined. Additional coal areas are to be reviewed as part of the strategic alliance agreement (refer below for further details). It is proposed to progress the existing advanced project to bankable feasibility status. A conceptual budget of less than US$5 million is targeted to achieve production that will be reviewed and subjected to a feasibility study. The project is close to a port site where coal can be barged to a trans-shipment station for loading to ocean going ships.

OEG will drive an aggressive project management program to achieve early production at the B26 coal project in Kalimantan. The combination of management teams from OEG and its local Indonesian partner and its associations will focus on a low CapEx project within a short time frame. OEG will also work with its Indonesian partners and network with a view to acquiring further quality coal projects in Indonesia.

Strategic Alliance with Existing Indonesian Producer

OEG has signed a strategic alliance agreement with PT Mega Coal International (**Mega**) which is a current producer of thermal coal in Indonesia and has a portfolio of coal projects in Kalimantan and Sulawesi which potentially could provide joint venture opportunities for OEG. The strategic alliance provides:

- identification of synergies and efficiencies with respect to OEG's proposed management and development of the B26 Coal Project;
- preparation by OEG and Mega of a list of suitable coal projects with a project assessment with respect to potential resource, project scope, CapEx and OpEx, and proposed timing for the various stages of each project, including consideration of the means by which infrastructure can be constructed for each project, and in particular methodologies to construct the mine and infrastructure and expected operating costs of each project;
- consideration of potential for the execution of further coal Joint Ventures between Mega and OEG; and
- review of potential coal projects in Indonesia utilizing coal to liquids technology and potential for creation of a consortium to develop a coal to liquids plant for such projects.

The presence of an Indonesian partner with extensive alliances and community associations in key mining areas, including OEG's B26 project, brings considerable support for OEG to commence early coal production.

Hodgson Vale Coal Deposit

In 2007 Coalworks was granted an exploration permit over the Hodgson Vale coal deposit just south of the Surat Basin in Queensland. Past historical reports indicate an open pit target of up to 50 Mt * thermal coal . In 2008 Coalworks completed a drilling program of 5 holes and intersected up to 8m of cumulative coal in 2 holes providing encouragement for further exploration. In terms of coal quality one past report states: "*Tests of the coal, by the Joint Coal Board, place it amongst Australia's best for conversion to liquid products such as petroleum and diesel fuel*". It is a hard bituminous black coal suitable for sale as a medium grade export thermal coal. Two target exploration areas are planned for the next phase of drilling.

Ashford Limestone Deposit

Coalworks also owns the Ashford Limestone Deposit. Past reports suggest a target of up to 20 to 40 Mt* of exceptionally high quality limestone giving encouragement that construction of a chemical process plant producing lime products or chemicals would be justified. Technical studies aimed at producing a flow sheet and progressing the studies to feasibility stage are planned on the basis of the existing limestone deposit with special emphasis on the market for value added limestone products or chemicals.

A number of value added products including Quicklime, Ground Calcium Carbonate (**GCC**) and Precipitated Calcium Carbonate (**PCC**) could be produced. Coalworks has conducted initial due diligence on whether a market exists for lime chemicals and believes that a number of chemical products would command a ready market, with standard grades of GCC selling at up to $164 per tonne into a world market of almost 72 million tonnes per annum. PCC is selling for up to $879 per tonne into a world market of around 13 million tonnes per annum**.

Wingen Bentonite Deposit

Coalworks has entered into a farm in joint venture to earn 50% of the Wingen Bentonite Deposit with the present owner, Plasminex Pty Ltd. The project is approximately 4 kilometres north of Unimin's Cressfield bentonite mine and it is believed the Wingen Bentontite Deposit can produce a similar commercial grade of bentonite to the operating Cressfield Mine. Department of Primary Industries records indicate a target of 1Mt to 1.8 Mt* of bentonite at this project. Initial reconnaissance and surface sampling has been carried out providing encouragement for a drilling program and further development.

Development Strategy

A corporate strategy has been developed to acquire and develop a series of Indonesian coal projects pursuant to the Strategic Alliance (see page 4 above) and for the B26 , Hodgson Vale, Ashford, and Wingen projects with the objective of AMFG becoming a high growth ASX listed energy and minerals explorer with substantial reserves of coal and minerals through project development, early coal production, and strategic alliances and acquisitions. In summary AMFG intends:

- ❖ developing the B26 coal project; and
- ❖ acquire and develop further Indonesian coal projects pursuant to the Strategic Alliance
- ❖ developing the Hodgson Vale coal project by resource assessment for thermal coal or value added coal products;
- ❖ developing its Ashford Lime deposit to produce high value chemicals;
- ❖ developing the Wingen Bentonite deposit to produce environmentally friendly products;
- ❖ to acquire further coal and minerals projects with special emphasis on energy.

Budgets and Programmes

Following is a summary of how the Company expects to allocate its capital over the next three years.

Details	**Year 1**	**Year 2**	**Year 3**
Hodgson Vale	195,000	305,000	150,000
Ashford	150,000	190,000	100,000
Wingen	150,000	300,000	50,000
B26 and strategic alliance	1,200,000	6,300,000	300,000
ASX listing and corporate costs	765,000		
Management and administration	500,000	500,000	500,000
	2,960,000	7,595,000	1,100,000

Funds allocated to the Company's projects will be applied through the exploration programs developed for each project over the first three years following the capital being raised and includes cash costs of acquisition (where relevant). The programmes in Year 2 and 3 are contingent on results of the programme for Year 1. Should the Company only raise its anticipated minimum subscription of $3 million, it will still have enough working capital to carry out its objectives.

Working capital will be applied to corporate overheads and capital expenditure as well as in any other manner consistent with achieving the Company's objectives. Investors should note that the Company's exploration philosophy ensures that exploration funding is only committed to those projects demonstrating significant mineralisation potential. Projects not demonstrating such potential will either be joint ventured or relinquished, thereby releasing funds to be directed towards more promising projects, and providing additional funding through joint venture arrangements for further exploration activity.

Reports by Competent Persons

AMFG has engaged three independent competent persons to prepare reports with regards to the transactions contemplated in this Explanatory Memorandum. Stantons International Securities have prepared an Independent Expert's Report. Stantons International Securities' report concludes that the relevant transactions are fair and reasonable. Ravensgate have prepared a valuation report on the assets being acquired. Minarco MineConsult have prepared an independent geological report on the assets being acquired. All three reports form part of this Explanatory Memorandum.

Competent Persons Statement

* The historical references marked above to tonnages are classified as "Exploration Results" under the JORC Code and do not constitute a JORC compliant mineral resource. The specified target ranges and potential quantity and grade of targeted coal or mineral in respect of the above projects in terms of the JORC Code are conceptual in nature and based on geological data reviewed by Minarco MineConsult included in this Explanatory Memorandum and Mr Wes Harder. There has been insufficient exploration to define a Coal or Mineral Resource under the JORC Code and it is uncertain if further exploration will result in the determination of a Coal or Mineral Resource.

The information above and elsewhere in this Explanatory Memorandum is based on information reviewed by Mr Wes Harder, who is a member of the Australian Institute of Mining and Metallurgy. Mr Harder, who is a director of OEG, qualifies as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves. Mr Harder consents to the inclusion in this Explanatory Memorandum of the matters based on his information in the form and context in which it appears.

**2007 production figures, 2010 prices

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY given for a General Meeting (**Meeting**) of Australian Motor Finance Group Limited (**AMFG** or **Company**) to be held at Level 5, 44 Miller st , North Sydney ,, NSW on Tuesday 30 November 2010 at 10:30am.

*The Explanatory Notes and Proxy Form accompanying this Notice of General Meeting (**Notice of Meeting**) are hereby incorporated in, and comprise part of, this Notice of Meeting.*

Special Business

That shareholders consider and, if thought fit, pass the following resolutions (with or without modification) as special resolutions.

1. Change of Company Name

That, pursuant to section 157 of the *Corporations Act 2001*, that the Company's name be changed from "Australian Motor Finance Group Limited" to "Orpheus Energy Limited".

2. Adoption of New Constitution

That, for all purposes (other than ASX Listing Rule 10.17), the regulations contained in the document tabled at the Meeting be approved and adopted as the new Constitution of the Company (with effect immediately upon this resolution being passed) in substitution for, and to the exclusion of, the existing Constitution of the Company.

That shareholders consider and, if thought fit, pass the following resolutions (with or without modification) as ordinary resolutions.

3. Directors' Remuneration

That, for the purposes of ASX Listing Rule 10.17, directors' remuneration be set at an aggregate of $200,000 per annum, to be divided amongst the directors as they see fit and, in the absence of agreement, equally.

4. Consolidation of Capital

That the directors be authorised to effect the consolidation of the capital of the Company (including options) on a 1 for 5 basis (with the consolidation to take place prior to the issue of any other securities the subject of other resolutions in this Notice of General Meeting) and, where the consolidation results in any shareholder having a fractional entitlement, that the shareholder's entitlement be rounded up to the next whole number.

5. Transfer of Australian Motor Finance Limited

That, for the purposes of ASX Listing Rule 11.2 and for all other purposes, the directors be authorised to enter into an arrangement with such party or parties as are nominated by Coalworks Limited for the funding of compensation recovery proceedings by its 60% owned subsidiary, Australian Motor Finance Ltd (**AMF**), whereby the Company divests all of its interest in AMF (the structure of such divestment is to be determined) and any benefit that may result from such recovery proceedings will accrue, in part, pro rata to ordinary shareholders in the Company (as at a record date to be determined by the Directors).

6. Orpheus Acquisition

That, subject to Resolutions 1 to 4 and 7 to 18 being passed and for the purposes of ASX Listing Rule 7.1 and for all other purposes (other than ASX Listing Rule 11.1.2 and section 611, Item 7 of the Corporations Law), shareholders approve the acquisition from Coalworks Limited of its legal and beneficial interests in:

i) the Hodgson Vale Coal Project comprised in EPC 1145 (100%);

ii) the Ashford Lime Project comprised in EL 6511 (100%); and

iii) 100% of the shares in Orpheus Energy Group Pty Ltd (100%) (which holds the rights to a 51% interest in the B26 coal project in Indonesia and the right to earn a 50% interest in the Wingen Bentonite Project JV),

(herein after referred to as the **Orpheus Acquisition**), further details of which are set out in the *Explanatory Notes*,

AND FURTHER

in consideration for the acquisition of the Orpheus Acquisition, the directors are authorised to issue to Coalworks Limited (or its nominees):

iv) 25 million fully paid ordinary shares in the capital of the Company (**Shares**) and

v) 12.5 million options, each exercisable into a Share at 20 cents each on or before 31 December 2011,

and otherwise on the terms set out in the Explanatory Statement.

7. Orpheus Acquisition – Change in Nature of Business

That, for the purposes of ASX Listing Rule 11.1.2, shareholders approve the acquisition of assets from Coalworks Limited, referred to in Resolution 6, which will result in a change in the nature and scale of the Company's business.

8. Conversion of Equity Loan Facility to Shares and Options

That, for the purposes of ASX Listing Rules 7.1 and all other purposes (other than section 611, Item 7 of the Corporations Law), in consideration for Coalworks Limited agreeing to forgive loans that it has made to Orpheus Energy Group Pty Ltd, AMFG will:

i) convert $500,000 of the equity loan facility advanced by Coalworks to 5,000,000 fully paid ordinary shares (each a **Share**) in the capital of the AMFG and 2,500,000 options (**Options**), each exercisable into a Share at 20 cents each on or before 31 December 2011;

ii) in the event that Coalworks elects to convert the balance of the equity loan facility to Shares and Options on the same basis, convert such balance to additional Shares and Options not exceeding a further 5,000,000 Shares and 2,500,000 Options;

and otherwise on the terms set out in the *Explanatory Notes*.

9. Acquisition of Greater Than 20% Interest in the Company

That, for the purposes of section 611, Item 7 of the Corporations Act, Coalworks Limited (and/or its nominees) are authorised to acquire a relevant interest in:

a) the 25 million fully paid ordinary shares (**Shares**) referred to in Resolution 6;

b) up to 12.5 million Shares upon the exercise of the 12.5 million options referred to in Resolution 6;

c) up to 10,000,000 Shares referred to in Resolution 8; and

d) up to 5 million Shares upon the exercise of the 5 million options referred to in Resolution 8.

The Independent Expert has concluded that these transactions are fair and reasonable.

10. Conversion of Orpheus Notes to Shares

That, for the purpose of ASX Listing Rule 7.1 and all other purposes, in order to repay the Notes (**Notes**) issued by Orpheus Energy Group Pty Ltd, AMFG agrees to issue up to 30,000,000 fully paid ordinary shares (each a **Share**) in the capital of AMFG on the basis of 1 Share for every $0.10 of the paid up amount of the Notes and up to 15,000,000 options, each exercisable into a Share at 20 cents each on or before 31 December 2011, on the basis of 1 option for every 2 Shares issued and otherwise on the terms set out in the *Explanatory Notes*.

11. Placement of Securities for Cash

That, for the purposes of ASX Listing Rules 7.1 and all other purposes, the directors be authorised to issue up to 35 million fully paid ordinary shares (each a **Share**) in the capital of the Company at a price of 20 cents or more per share each and 17.5 million options, each exercisable into one Share by the payment of 20 cents on or before 31 December 2011 on the basis of 1 option being issued for no consideration for every 2 Shares so issued, and otherwise on the terms set out in the *Explanatory Notes*.

12. Issue of Securities in Consideration for Re-organisation

That, for the purposes of ASX Listing Rule 7.1 and all other purposes, the directors be authorised to issue 2.5 million fully paid ordinary shares (each a **Share**) in the capital of the Company and 1.25 million each exercisable into one Share by the payment of 20 cents on or before 31 December 2011 to the relevant parties, in the proportions, and on the terms set out in the *Explanatory Notes*.

13. Issue of Options to Promoters

That, for the purposes of:

i) ASX Listing Rule 7.1; and

ii) ASX Listing Rule 10.11 (but only insofar as Messrs King, Mitchell and Harder are concerned);

iii) and all other purposes,

the directors be authorised to issue 12,750,000 each exercisable into one fully paid ordinary share in the capital of the Company by the payment of 20 cents on or before 30 September 2014, to the relevant parties (including proposed directors), in the proportions, and on the terms set out in the *Explanatory Notes*.

14. Issue of Shares to Past and Current Directors

That, for the purposes of ASX Listing Rules 7.1 and 10.11 and all other purposes, the directors be authorised to issue 337,500 fully paid ordinary shares (each a **Share**) in the capital of the Company together with 168,750 options, each exercisable into one fully paid ordinary share in the capital of the Company by the payment of 20 cents on or before 31 December 2011, to past and current directors (or their respective nominees), details of which are set out in the notes to this resolution, on the basis of 1 option for every 2 shares issued, in the proportions, and on the terms set out in the *Explanatory Notes*.

15. Issue of Shares for Corporate Representation

That, for the purpose of ASX Listing Rules 7.1 and all other purposes, the directors be authorised to issue 1,750,000 fully paid ordinary shares in the capital of the Company together with 875,000 options, each exercisable into one fully paid ordinary share in the capital of the Company by the payment of 20 cents on or before 31 December 2011 to Sept Rouges Limited and otherwise on the terms set out in the *Explanatory Notes*.

Ordinary Business

That shareholders consider and, if thought fit, pass the following resolutions (with or without modification) as ordinary resolutions.

16. Appointment of Mr Wayne Mitchell as a Director

That Mr Wayne Mitchell, being eligible and having nominated himself to be a director of the Company, is hereby elected a director of the Company with effect from the settlement of the transaction contemplated by Resolution 6.

17. Appointment of Mr Wes Harder as a Director

That Mr Wes Harder, being eligible and having nominated himself to be a director of the Company, is hereby elected a director of the Company with effect from the settlement of the transaction contemplated by Resolution 6.

18. Appointment of Mr Anthony King as a Director

That Mr Anthony King, being eligible and having nominated himself to be a director of the Company, is hereby elected a director of the Company with effect from the settlement of the transaction contemplated by Resolution 6.

By Order of the Board

Bruce Andrew
Company Secretary

DATED this 26 October 2010

EXPLANATORY NOTES

SPECIAL RESOLUTIONS

Resolution 1 – Change of Company Name

Pursuant to the Framework Agreement, AMFG agreed to change its name to Orpheus Energy. Following Completion, the Company will concentrate on exploration and development of its newly acquired coal assets. The change of name better reflects this new focus of the Company. Please note that the change of name will only occur if the Orpheus Acquisition and other related resolutions are approved and will be effected upon Completion.

Resolution 2 – Adoption of New Constitution

Overview

Since the Company's present Constitution was adopted there have been numerous regulatory changes.

The proposed Constitution will enable the Company to take full advantage of technological efficiencies offered by, and the cost savings that may be accessed through, the internet as a medium of communication.

The Legal Effect of the Company's Constitution

The Constitution of a company typically sets out the rules governing matters such as the rights of members, the conduct of members' and Directors' meetings, powers of Directors and their appointment, and remuneration. The Corporations Act (2001) Cth, provides that a company's Constitution has effect as a 'statutory contract' between:

(i) the company and each member/shareholder;

(ii) the company and each Director and company secretary; and

(iii) a member/shareholder and each other member/shareholder.

under which each person agrees to observe and perform the Constitution and rules so far as they apply to that person.

Why a new Constitution is proposed

It is important that, given that a company's constitution has such an effect, it represents current practice and reflects the current state of the law. It is of further importance that a company's constitution be responsive to future change in the law, otherwise the constitution may contain redundant provisions.

The Board considers that it is appropriate for the Company to take this opportunity to update the Constitution

Some of the proposed principal amendments to the present Constitution are summarised below. Notwithstanding this summary, members should refer to the whole Constitution in order to determine the full force and effect.

Copy of the proposed Constitution

A copy of the proposed Constitution can be obtained prior to the Meeting as follows:

(i) in person from the Company's Registered Office; or

(ii) at no charge by writing to the Company Secretary at that address.

A copy of the proposed Constitution will also be available for inspection at the General Meeting.

Changes between Constitutions

Some of the material changes, which are incorporated in the proposed Constitution, include:

Removal of references to 'SCH Business Rules' and 'Corporations Law

Since 2001, Australia has had a 'Corporations Act' rather than a 'Corporations Law'. Accordingly, all references to 'Corporations Law' in the present Constitution need to be amended. Further, the references in the present Constitution to 'SCH Business Rules' are obsolete. The present equivalent of 'SCH Business Rules' is the 'ASX Settlement and Transfer Corporation (***ASTC***) Settlement Rules'. The change occurred as a result of a decision by the ASX to streamline its operations and establish separate entities to monitor markets, clearing and settlement. The ASTC was established as the settlement processing facility for all markets and administers the ASTC Settlement Rules, which covers payment, delivery and asset registration and the conduct of settlement participations.

Recommendation

As noted in paragraph 5.2, the Company wants to implement a Constitution which represents current practice and which changes and adapts to the laws of Australia. The proposed Constitution is a streamlined, modernised document. The Directors recommend the adoption of the proposed Constitution in its entirety.

ORDINARY RESOLUTIONS

Resolution 3 – Directors' Remuneration

Shareholders' attention is drawn to rules 88 to 90 of the proposed Constitution – these Rules address the remuneration of directors. Until further resolution of shareholders in general meeting, Rule 88.1 stipulates that a figure of $200,000 per annum as being the cap on directors fees for ordinary services as directors (excluding fees for executive directors, managing directors as well as fees for special exertion and for non directorial services and disbursements). By force of the ASX listing Rules, that amount includes superannuation contributions made by the Company (and any subsidiaries) for the benefit of non-executive directors and any fees that a non-executive director agrees to sacrifice on a pre-tax basis.

ASX Listing Rule 10.17 states that an entity must not increase the total amount of directors' fees payable by it without the approval of the holders of its ordinary securities. Hence this matter is being put to shareholders. The directors have been unable to determine the total quantum of the directors' fees that were previously payable and hence are unable to advise by how much (if at all) the current directors fees are an increase on the previous directors fees.

Director's Recommendation and Interests

All of the directors were available to consider the proposed resolution. However, as they all have a material personal interest in the outcome of the resolution they provide no recommendation other than having approved putting the resolution to shareholders.

Other than the information disclosed above or elsewhere in these Explanatory Notes, no director has an interest in the outcome of the proposed resolution (other than as directors of, and holders of securities in, the Company) and neither the directors nor the Company are aware of any other information that is reasonably required by shareholders in order to decide whether or not it is in the Company's interests to pass this proposed resolution.

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution by any person (**Participating Party**) who is any director or any person who is a proposed director and any person who for the purposes of Part 1.2 Division 2 of the Corporations Act would be regarded as a person associated with the Participating Party (**Associate**). However, the Company will not disregard a vote if it is cast by the Participating Party or Associate:

a) as proxy for another person who is entitled to vote in accordance with the directions on the proxy form; or

b) who is chairing the meeting, as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

Resolution 4 - Consolidation of Capital

Section 254H of the Corporations Act provides that a company may, by resolution passed in general meeting, consolidate and divide all or any of its shares into a larger or smaller number of shares.The Company's Constitution permits the same. If the resolution is approved, every five (5) Shares and five (5) Existing Options on issue will be consolidated into one (1) Share or one (1) Existing Option (as the case may be). Any fraction of a Share or Option resulting from the consolidation will be rounded up to the nearest whole number.

The effect of the consolidation is to reduce the number of Shares from 53,801,662* to approximately 10,760,332* and the number of Existing Options from up to 27,558,748* to approximately 5,511,749* and increase the exercise price of Existing Options by a factor of 5.

Upon completing the consolidation of capital, the Company will despatch a notice to security holders advising them of the number of securities they held prior to consolidation, and the number of securities they hold post consolidation. The Company will also arrange for new certificates/holding statements to be issued to security holders in due course. [*subject to rounding and adjustment to correct register]

Following is the proposed timetable*:

Event	Business day
Reorganisation approved	0
Last day for trading in pre-reorganised securities	1
Trading in reorganised securities would ordinarily commence on a deferred settlement basis	2
Last day to register transfers on a pre-reorganisation basis	6
Send notice to security holders	7
Register securities on a post-reorganisation basis	7
Issue holding statements	7
Dispatch date	11
Deferred settlement market would ordinarily end	11
Last day for securities to be entered into the holders' security holdings	11
Send notice to security holders	11

**The actual timetable for the consolidation will be announced to the market once known.*

Resolution 5 – Transfer of Australian Motor Finance Limited

Pursuant to the Framework Agreement, AMFG and Coalworks agreed to enter into an arrangement with such party or parties as are nominated by Coalworks for the funding (limited to the extent stipulated below) of compensation recovery proceedings (**Proceedings**) by its 60% owned subsidiary, Australian Motor Finance Ltd (**AMF**). AMFG is to divest all of its interest in AMF (the recipient structure (**Recovery Vehicle**) of such divestment is yet to be determined – the vehicle may be a body corporate, trust or otherwise) with any benefit that may result from such recovery proceedings to accrue, up to 60% (and either directly or indirectly), pro rata to ordinary shareholders in the Company (**Shareholders**) as at a record date to be set (but such date to be prior to the issue of securities contemplated by the accompanying Notice of Meeting).

Coalworks has agreed that it will contribute or cause to be contributed (by way transfer issue or otherwise) 500,000 shares in AMFG (notionally valued at $100,000 at 20 cents per share) to the Recovery Vehicle (in return for a 20% stake therein). Moreover, subject to the transactions contemplated by this Notice of Meeting being effected (shareholders should note that the agreement is conditional on shareholder approval), AMFG will contribute an amount of $100,000 in cash (in return for another 20% stake therein). The funding provided by Coalworks will initially be applied to effecting the divestment, then to endeavouring to ascertain facts germane to a possible cause of action and undertaking an assessment of whether there is a cause of action (if any) in respect of which to initiate the Proceedings. The commencement and pursuit of the Proceedings will be subject to the merits and viability thereof, in the opinion of Coalworks (based on legal advice), justifying the same. If further funding is required it is possible that the proportionate entitlement of shareholders may, in order to secure funding, will be diminished from the 60% threshold stated above.

It is intended that shareholders will be granted a stake in the Recovery Vehicle (for no consideration). Whilst no firm decision has been made with respect to the overall proportion that shareholders will have in the Recovery Vehicle, at this point it is expected that around 60% (subject to dilution to secure further funding if required) will be set-aside for shareholders. The stake may take any form including, without limitations, a shareholding, a unit holding or right to take as a beneficiary under a trust or other entitlement. The record date for determining shareholders' entitlement to a stake in the Recovery Vehicle has yet to be determined however, it is anticipated that the date will be prior to the issue of securities contemplated by the accompanying Notice of Meeting. The record date will be announced to ASX in accordance with the requirements of ASX Listing Rules.

The administrator has placed no value on AMF or the proceedings. Moreover, the directors do not believe that pursuing a compensation recovery action is viable from AMFG's perspective, particularly given the new direction and focus of the Company. As AMF has no carrying value in the books of AMFG, it is not expected that the issue of any stake in the Recovery Vehicle will, of itself, have any tax implications. If the Recovery Vehicle makes any recovery, this may have tax implications, as might a distribution in specie or surplus cash upon the winding up of the Recovery Vehicle. Shareholders should seek independent advice as to the tax implications in their particular circumstances.

Director's Recommendation and Interests

All of the directors were available to consider the proposed resolution. None of the directors have a material personal interest in the outcome of the resolution. Each of the directors, having approved putting the resolution to shareholders, recommend that non-associated shareholders vote in favour of the resolution as they consider the transfer of AMF to the Recovery Vehicle to be in the best interests of the Company and its shareholders.

Other than the information disclosed above or elsewhere in these Explanatory Notes, no director has an interest in the outcome of the proposed resolution (other than as directors of, and holders of securities in, the Company) and neither the directors nor the Company are aware of any other information that is reasonably required by shareholders in order to decide whether or not it is in the Company's interests to pass this proposed resolution.

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution by any person (**Participating Party**) who is Coalworks and any other person that may participate in, or obtain a benefit from (except a benefit solely in the capacity as a shareholder if the resolution is passed), the proposed issue of securities and any person who for the purposes of Part 1.2 Division 2 of the Corporations Act would be regarded as a person associated with the Participating Party (**Associate**). However, the Company will not disregard a vote if it is cast by the Participating Party or Associate:

a) as proxy for another person who is entitled to vote in accordance with the directions on the proxy form; or

c) who is chairing the meeting, as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

Resolution 6 – Orpheus Acquisition

Introduction

ASX Listing Rule 7.1 states that a company listed on ASX cannot, during any 12-month period, issue greater than 15% of its ordinary securities on issue without shareholder approval. This resolution is put to shareholders to approve the issue of 25 million Shares and 12.5 million Options (exercisable at 20 cents each on or before 31 December 2011) to Coalworks (or its nominees) as part consideration for the Orpheus Acquisition.

Terms of Acquisition

In consideration for the Orpheus Acquisition, the Company agreed to issue 25 million Shares and 12.5 million Options to Coalworks pursuant to the Framework Agreement and transactions entered into under it. Please refer to the Executive Summary for further details with respect to the Framework Agreement. Also, please refer to the *Independent Geologist's Report* Section for details of the assets acquired pursuant to the Orpheus Acquisition.

Number and Price

The Company proposes to issue 25 million Shares and 12.5 million Options as consideration for the Orpheus Acquisition. These Shares and Options will be issued on a date yet to be determined but in any event by no later than 30 December 2010; it is intended that allotment will occur on a single date. For the purposes of ASX Listing Rule 7.3, the notional issue price of each Share is 20 cents.

Allottees

The Shares and Options will be issued to Coalworks (or its nominees).

Use of Funds Raised

No funds will be raised from the issue of the Shares. The Shares will be issued as consideration for the Orpheus Acquisition.

Terms of Securities to be Issued

The Shares will rank pari passu with existing Shares from the date they are issued. Please refer to Terms of Listed Options for full details of the terms and conditions of the Options.

Directors' Recommendations and Interests

All of the directors were available to consider the proposed resolution. None of the directors have a material personal interest in the outcome of the resolution. Each of the directors, having approved putting the resolution to shareholders, recommend that non-associated shareholders vote in favour of the resolution as they consider the Orpheus Acquisition to be in the best interests of the Company and its shareholders.

Other than the information disclosed above or elsewhere in this Explanatory Memorandum, no director has an interest in the outcome of the proposed resolution (other than as directors of, and holders of securities in, the Company) and neither the directors nor the Company are aware of any other information that is reasonably required by non-associated shareholders in order to decide whether or not it is in the Company's interests to pass the proposed resolution.

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution by any person (**Participating Party**) who is Coalworks and any other person that may participate in, or obtain a benefit from (except a benefit solely in the capacity as a shareholder if the resolution is passed), the proposed issue of securities and any person who for the purposes of Part 1.2 Division 2 of the Corporations Act would be regarded as a person associated with the Participating Party (**Associate**). However, the Company will not disregard a vote if it is cast by the Participating Party or Associate:

a) as proxy for another person who is entitled to vote in accordance with the directions on the proxy form; or

b) who is chairing the meeting, as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

Resolution 7 – Orpheus Acquisition – Change in Nature of Business

Introduction

ASX Listing Rule 11 requires a company to obtain the approval of shareholders if it proposes to make a significant change to the nature or scale of its activities.

The Company is presently insolvent but for the support of Coalworks and remains subject to a deed of company arrangement (**DOCA**). The Company has no assets of material value and is not undertaking any activities beyond observing the DOCA and seeking to observe and perform its obligations under the Framework Agreement. Prior to going into administration the Company's principal activity was financing.

As a result of the Orpheus Acquisition, the Company's principal activity will be to develop the Hodgson Vale, Ashford, Wingen, B26 project and Strategic Alliance. The Company's objective will then be to become a high growth ASX listed energy and minerals explorer with substantial reserves of coal and minerals through project development and strategic alliances and acquisitions. In summary AMFG intends:

❖ developing the Hodgson Vale coal project by resource assessment for thermal coal or value added coal products;

❖ developing its Ashford Lime deposit to produce high value chemicals;

❖ developing the Wingen Bentonite deposit to produce environmentally friendly products;

❖ developing the B26 project; and

❖ to acquire further coal and minerals projects with special emphasis on energy.

In the result that the Orpheus Acquisition and the other resolutions herein are approved, then both the nature and scale of the Company's activities will significantly change.

Orpheus Acquisition

In consideration for the Orpheus Acquisition, the Company agreed to issue 25 million Shares and 12.5 million Options to Coalworks pursuant to the Framework Agreement and transactions entered into under it. Please refer to the Executive Summary for further details with respect to the Framework Agreement. Also, please refer to the *Independent Geologist's Report* Section for details of the assets acquired pursuant to the Orpheus Acquisition.

Capital Structure

The capital structure of the Company following the consolidation of capital, completion of the Orpheus Acquisition, the Rights Issue and the Placement is summarised below:

Share Capital	Number
Existing Shares [1]	10,760,332
Rights Issue [1]	10,760,332
Placement	35,000,000
Orpheus Acquisition	25,000,000
Repayment of Equity Loan Facility [2]	5,000,000
Conversion of Orpheus Notes	30,000,000
Past and current directors	337,500
Corporate representation	1,750,000
Other Shares	2,500,000
Total issued capital	**121,108,164**

Notes
1. Subject to rounding discrepancies following the consolidation of capital.
2. Note that up to a further 5 million Shares may be issued pursuant to the repayment of the Equity Loan Facility.

Options	Number
Existing Options [1]	5,511,749
Rights Issue [1]	5,380,166
Placement	17,500,000
Orpheus Acquisition	12,500,000
Repayment of Equity Loan Facility [2]	2,500,000
Conversion of Orpheus Notes	15,000,000
Promoter Options	12,750,000
Past and current directors	168,750
Corporate representation	875,000
Other Options	1,250,000
Total options	**73,435,665**

Notes
1. 27,558,748 options expiring between 31.12.2010 and 12.12.2011 at strike prices of 52.5 cents to 84 cents are intended for reconstruction to 5,511,749 options with strike prices of between \$2.62 and \$4.20 per option (subject to rounding discrepancies following the consolidation of capital).
2. Note that up to a further 2.5 million Listed Options may be issued pursuant to the repayment of the Equity Loan Facility.

Pro forma Balance Sheet

Please refer to the Independent Expert's Report for AMFG's pro forma balance sheet following completion of the Orpheus Acquisition, the Rights Issue and the Placement.

Directors' Recommendations and Interests

All of the directors were available to consider the proposed resolution. None of the directors have a material personal interest in the outcome of the resolution. Each of the directors, having approved putting the resolution to shareholders, recommend that non-associated shareholders vote in favour of the resolution as they consider the Orpheus Acquisition to be in the best interests of the Company and its shareholders.

Other than the information disclosed above or elsewhere in this Explanatory Memorandum, no director has an interest in the outcome of the proposed resolution (other than as directors of, and holders of securities in, the Company) and neither the directors nor the Company are aware of any other information that is reasonably required by non-associated shareholders in order to decide whether or not it is in the Company's interests to pass the proposed resolution.

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution by any person (**Participating Party**) who is Coalworks and any other person that may participate in, or obtain a benefit from (except a benefit solely in the capacity as a shareholder if the resolution is passed), the proposed issue of securities and any person who for the purposes of Part 1.2 Division 2 of the Corporations Act would be regarded as a person associated with the Participating Party (**Associate**). However, the Company will not disregard a vote if it is cast by the Participating Party or Associate:

a) as proxy for another person who is entitled to vote in accordance with the directions on the proxy form; or

c) who is chairing the meeting, as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

Resolution 8 – Conversion of Equity Loan Facility to Shares and Options

This resolution is put to shareholders, for the purposes of ASX Listing Rules 7.1 and for all other purposes (other than section 611, Item 7 of the Corporations Law), to approve the issue of Shares in consideration for Coalworks providing the Equity Loan Facility Agreement with respect to the Re-organisation.

Number and Price

The resolution provides that shareholders approve the issue of up to 10,000,000 Shares and 5,000,000 Listed Options with the issue to occur on a date yet to be determined but in any event no later than 30 December 2010; it is intended that allotment will occur on a single date. The issue price will be $0.10 per Share (with free attaching option for every 2 Shares issued).

Allottees

The securities the subject of this resolution will be issued to Coalworks Limited (or its nominees).

Use of Funds

As at the date of this Explanatory Memorandum, over $769,000 has been advanced by Coalworks pursuant to an Equity Loan Facility Agreement. These funds have been applied to satisfy the claims of creditors under the DOCA and to compensate Coalworks for costs or losses sustained in the reconstruction of the Company and the current transactions to be approved.

The liability under the Equity Loan Facility Agreement will be extinguished to the extent of $500,000 by the issue of 5,000,000 Shares and 2,500,000 Options. The balance of liability under the Equity Loan Facility Agreement will either be repaid in cash or extinguished by the issue of Shares and Options on the same basis (at the election of Coalworks) and if Coalworks elects to receive the balance in Shares and Options then such Shares and Options shall not exceed a further 5,000,000 Shares and 2,500,000 Options.

Terms of Securities

The Shares referred to in this resolution will rank pari passu with existing Shares from the date of issue. Please refer to Terms of Listed Options for full details of the terms and conditions of the Options.

Directors' Interests & Recommendations

All of the directors were available to consider the proposed resolution. None of the directors have a material personal interest in the outcome of the resolution. Each of the directors, having approved putting the resolution to shareholders, recommend that non-associated shareholders vote in favour of the resolution as they consider the Orpheus Acquisition to be in the best interests of the Company and its shareholders.

Other than the information disclosed above or elsewhere in these Explanatory Notes, no director has an interest in the outcome of the proposed resolution (other than as directors of, and holders of securities in, the Company) and neither the directors nor the Company are aware of any other information that is reasonably required by shareholders in order to decide whether or not it is in the Company's interests to pass this proposed resolution.

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution by any person (**Participating Party**) who is Coalworks and any other person that may participate in, or obtain a benefit from (except a benefit solely in the capacity as a shareholder if the resolution is passed), the proposed issue of securities and any person who for the purposes of Part 1.2 Division 2 of the Corporations Act would be regarded as a person associated with the Participating Party (**Associate**). However, the Company will not disregard a vote if it is cast by the Participating Party or Associate:

a) as proxy for another person who is entitled to vote in accordance with the directions on the proxy form; or

d) who is chairing the meeting, as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

Resolution 9 – Acquisition of Greater than 20% Interest in the Company

Section 606 of the Corporations Act states that a person may not acquire a relevant interest in issued voting shares of a listed company through a transaction if, because of the transaction, that person's voting power in the company increases from 20% or below to more than 20% unless that person acquires the relevant interest under one of the exceptions set out in section 611 of the Corporations Act.

Section 611, Item 7 of the Corporations Act allows shareholders, in general meeting, to approve an acquisition of voting shares where that acquisition would otherwise be prohibited by section 606 of the Corporations Act. The Australian Securities and Investment Commission's (**ASIC**) Policy Statement 74 sets out the information which ASIC considers should be provided to shareholders of a company in relation to resolutions put to a general meeting for the purpose of section 611, Item 7 of the Corporations Act. This information is set out below.

Identity of the Persons Who Will Have a Relevant Interest

Coalworks will acquire a relevant interest in Shares as set out below. Coalworks will have a relevant interest in the Shares before Completion of the Orpheus Acquisition in that it has made a convertible loan to the Company which maybe be converted to Shares. Coalworks (and its associates) will have a relevant interest in up to 5,000,000 Shares in respect of the initial $500,000 of the Equity Loan Facility and up to a further 5,000,000 Shares in respect of the balance of the funds owed in respect of the Equity Loan Facility.

The following table (including notes) sets out the maximum relevant interest that Coalworks may acquire as a result of the transactions contemplated by this Explanatory Memorandum:

Details of Relevant Interest (Shares)[3]	Number	Cumulative % of Voting Shares[1 & 3]
Shares issued for Orpheus Acquisition	25,000,000	)
Shares issued for conversion of Equity Loan Facility	10,000,000	) 27.75%
Options issued for Orpheus Acquisition [2]	12,500,000	)
Options issued for conversion of Equity Loan Facility	5,000,000	) 36.56%

Notes

1. Assumes the following:
   - 10.76 million Shares are issued to the existing Shareholders pursuant to the proposed Rights Issue
   - a further 35 million Shares are issued pursuant to the placement (Resolution 11)
   - 25 million Shares and 12.5 million Listed Options are issued pursuant to the Orpheus Acquisition;
   - 10 million Shares and 5 million Listed Options are issued pursuant to the Equity Loan Facility (Resolution 8);
   - 30 million Shares are issued pursuant to the conversion of the Orpheus Notes to Shares;
   - 2.5 million Shares are issued to other parties (Resolution 12);
   - 337,500 Shares are issued to past and current directors in lieu of directors' fees;
   - 1.75 million Shares are issued to Sept Rouges; and
   - none of the Options issued pursuant the resolutions the subject of this Notice of Meeting are exercised (except as noted in Note 2 below).

   If any of the preceding issues does not occur, Coalworks'' relevant interest (as a percentage of issued capital) will increase proportionately or if any of the Options issued pursuant the resolutions the subject of this Notice of Meeting is exercised then Coalworks' relevant interest (as a percentage of issued capital) will be reduced.
2. Assumes all of the 12.5 million Options issued to Coalworks pursuant to the Orpheus Acquisition and all of the 2.5 million Options issued to Coalworks for the conversion of the Equity Loan Facility are exercised (and none of the other options are exercised). However, if any other options are exercised, Coalworks' relevant interest (as a percentage of issued capital) will be reduced.
3. Excludes any Shares acquired pursuant to Coalworks proposed sub underwriting of the Rights Issue and Placement. Note that the acquisition of any such Shares by Coalworks is an exemption to the general prohibition in section 606 of the Corporations Act (section 611, Item 10).

Statement from Persons with a Relevant Interest

Following Completion of the Orpheus Acquisition, the nature and scale of the Company's activities will have significantly changed. The Company's main assets will be the assets acquired pursuant to the Orpheus Acquisition and cash. Other than as disclosed elsewhere in this Explanatory Memorandum, the current intentions of Coalworks, with respect to the future of the Company, is summarised as follows:

a) Coalworks intends to seek the appointment of Messrs Wayne Mitchell, Wesley Harder and Anthony King as directors of the Company pursuant to the terms of the Framework Agreement.

b) The business of the Company will change as a result of the Orpheus Acquisition. Other than as set out elsewhere in this Explanatory Memorandum, Coalworks has no intention to change the business of the Company following Completion.

c) The directors of the Company have proposed to raise up to approximately $9 million by undertaking Rights Issue and the Placement. Up to an additional $3 million is being raised by the issue of notes by OEG prior to its acquisition by the Company. Other than these capital raisings, the Company has no present intention to inject further capital into the Company.

d) Other than the changes proposed to the Company's board by Resolutions 16 to 18 and to the company secretary, Coalworks has no intention to change the board and officers of the Company. The present employees and consultants of the Company (if any) will be retained.

e) Other than the issue of securities as consideration for the Orpheus Acquisition, Loan Facility and Notes (as contemplated in Resolutions 6,8,9 and 10, Coalworks has no intention to undertake any transfer of property between itself and the Company, or any person associated with it.

f) Coalworks has no intention to redeploy the fixed assets of the Company.

g) Coalworks has no intention to significantly change the financial or dividend policies of the Company (note that the Company does not yet have a dividend policy).

Analysis of Issue of Securities

An Independent Expert's Report (**IER**) prepared by Stantons International Securities is included in this Explanatory Memorandum and sets out a detailed examination of the proposed issues of securities to Coalworks. Stantons International Securities have concluded that the issue of securities to Coalworks is **fair and reasonable** to the non-associated shareholders of the Company. The directors recommend that shareholders read this Explanatory Memorandum in its entirety and the IER in full in order to make an informed decision in relation to the proposed issue of securities (including the issue of Shares upon exercise of Options) under Resolutions 6, 7 and 8.

Other Information

Other than the information set out in this Explanatory Memorandum and IER, the directors are not aware of any other information that would be reasonably required by shareholders to make a decision in relation to the proposed resolution.

Directors' Recommendations and Interests

All of the directors were available to consider the proposed resolution. None of the directors have a material personal interest in the outcome of the resolution. Each of the directors, having approved putting the resolution to shareholders, recommend that non-associated shareholders vote in favour of the resolution as they consider the Orpheus Acquisition to be in the best interests of the Company and its shareholders.

Other than the information disclosed above or elsewhere in this Explanatory Memorandum, no director has an interest in the outcome of the proposed resolution (other than as directors of, and holders of securities in, the Company) and neither the directors nor the Company are aware of any other information that is reasonably required by non-associated shareholders in order to decide whether or not it is in the Company's interests to pass the proposed resolution.

Voting Exclusion Statement

The Company will disregard any votes cast on the following resolutions by any person (**Participating Party**) who is Coalworks and any other person that may participate in, or obtain a benefit from (except a benefit solely in the capacity as a shareholder if the resolution is passed), the proposed issue of securities and any person who for the purposes of Part 1.2 Division 2 of the Corporations Act would be regarded as a person associated with the Participating Party (**Associate**). However, the Company will not disregard a vote if it is cast by the Participating Party or Associate:

a) as proxy for another person who is entitled to vote in accordance with the directions on the proxy form; or

b) who is chairing the meeting, as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

Resolution 10 – Conversion of Orpheus Notes to Shares

This resolution is put to shareholders, for the purposes of ASX Listing Rules 7.1 and for all other purposes, to approve the issue of Shares pursuant to the conversion of notes issued to finance OEG's operations pending completion of the transactions contemplated herein. The terms of the notes provide that upon completion of the transactions contemplated herein, each two $0.10 notes are convertible into 2 Shares and 1 Listed Option.

Number and Price

The resolution provides that shareholders approve the issue of up to 30,000,000 Shares at 10 cents each, together with one free attaching Listed Option for every 2 Shares subscribed (ie, up to 15,000,000 Listed Options), with the issue to occur on a date yet to be determined but in any event by no later than 30 December 2010; it is intended that allotment will occur on a single date.

Allottees

The securities the subject of this resolution will be issued to various sophisticated, professional and other investors.

Use of Funds

The noteholders advanced funds to OEG in order primarily to finance the acquisition of B26. The noteholders advanced these funds on the basis that, upon AMFG acquiring OEG, AMFG would issue them Shares on the basis of 1 Share for every 10 cents advanced (together with one free attaching Listed Option for every 2 Shares issued).

Terms of Securities

The Shares referred to in this resolution will rank pari passu with existing Shares from the date of issue. Please refer to Terms of Listed Options for full details of the terms and conditions of the Options.

Directors' Interests & Recommendations

All of the directors were available to consider the proposed resolution. None of the directors have a material personal interest in the outcome of the resolution. Each of the directors, having approved putting the resolution to shareholders, recommend that non-associated shareholders vote in favour of the resolution as they consider the Orpheus Acquisition to be in the best interests of the Company and its shareholders.

Other than the information disclosed above or elsewhere in these Explanatory Notes, no director has an interest in the outcome of the proposed resolution (other than as directors of, and holders of securities in, the Company) and neither the directors nor the Company are aware of any other information that is reasonably required by shareholders in order to decide whether or not it is in the Company's interests to pass this proposed resolution.

Voting Exclusion Statement

The Company will disregard any votes cast on the resolution by any person (**Participating Party**) who is a person that may participate in, or obtain a benefit from (except a benefit solely in the capacity as a shareholder if the resolution is passed), the proposed issue of securities and any person who for the purposes of Part 1.2 Division 2 of the Corporations Act would be regarded as a person associated with the Participating Party (**Associate**). However, the Company will not disregard a vote if it is cast by the Participating Party or Associate:

a) as proxy for another person who is entitled to vote in accordance with the directions on the proxy form; or

b) who is chairing the meeting, as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

Resolution 11 - Placement of Securities

This resolution is put to shareholders, for the purposes of ASX Listing Rule 7.1 and for all other purposes, to approve the issue of securities pursuant to the Placement.

Number and Price

The Company will issue up to:

1. 35 million Shares at an issue price of 20 cents or more each to raise up to $7 million or more; and
2. 17.5 million Options, each exercisable into one Share by the payment of 20 cents on or before 31 December 2011, with 1 option being issued for no additional consideration for every 2 Shares subscribed for,

with the issue to occur on a date yet to be determined but in any event by no later than 28 February 2011; it is intended that allotment will occur on a single date.

Allottees

The securities the subject of this resolution will be issued at the discretion of the directors but will not be made to related parties.

Use of Funds

Please refer to Budgets and Programmes at the front of this Explanatory Memorandum for details of how the funds raised from the Placement will be applied.

Terms of Securities

The Shares referred to in this resolution will rank pari passu with existing Shares from the date of issue. The terms of the Options referred to in this resolution are set out in the section of these *Explanatory Notes* entitled *Terms of - Listed* Options.

Directors' Recommendations and Interests

All of the directors were available to consider the proposed resolution. None of the directors have a material personal interest in the outcome of the resolution. Each of the directors, having approved putting the resolution to shareholders, recommend that non-associated shareholders vote in favour of the resolution as they consider the Orpheus Acquisition to be in the best interests of the Company and its shareholders.

Other than the information disclosed above or elsewhere in this Explanatory Memorandum, no director has an interest in the outcome of the proposed resolution (other than as directors of, and holders of securities in, the Company) and neither the directors nor the Company are aware of any other information that is reasonably required by non-associated shareholders in order to decide whether or not it is in the Company's interests to pass the proposed resolution.

Voting Exclusion Statement

The Company will disregard any votes cast on the resolution by any person (**Participating Party**) who is a person that may participate in, or obtain a benefit from (except a benefit solely in the capacity as a shareholder if the resolution is passed), the proposed issue of securities and any person who for the purposes of Part 1.2 Division 2 of the Corporations Act would be regarded as a person associated with the Participating Party (**Associate**). However, the Company will not disregard a vote if it is cast by the Participating Party or Associate:

a) as proxy for another person who is entitled to vote in accordance with the directions on the proxy form; or

b) who is chairing the meeting, as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

Resolution 12 - Issue of Securities in Consideration for Re-organisation

This resolution is put to shareholders, for the purposes of ASX Listing Rule 7.1 and for all other purposes, to approve the issue of securities to CentreCapital Limited (or its nominee(s)) in consideration for it providing services with respect to the Re-organisation.

Number and Price

The resolution provides that shareholders approve the issue of 2.5 million Shares (at $0.20 per Share) and 1.25 million free attaching Options with the issue to occur on a date yet to be determined but in any event by no later than 30 December 2010; it is intended that allotment will occur on a single date.

Allottees

The securities the subject of this resolution will be issued to CentreCapital Limited (or its nominee(s)).

Use of Funds

The Shares and Options are being issued in lieu of cash payment for services provided to the Company with respect to the re-organisation of the Company. Hence, no funds will be raised from the issue of the Shares and Options.

Terms of Securities

The Shares referred to in this resolution will rank pari passu with existing Shares from the date of issue. Please refer to Terms of Listed Options for the terms of the Options.

Directors' Interests & Recommendations

All of the directors were available to consider the proposed resolution. None of the directors have a material personal interest in the outcome of the resolution. Each of the directors, having approved putting the resolution to shareholders, recommend that non-associated shareholders vote in favour of the resolution as they consider the Orpheus Acquisition to be in the best interests of the Company and its shareholders.

Other than the information disclosed above or elsewhere in these Explanatory Notes, no director has an interest in the outcome of the proposed resolution (other than as directors of, and holders of securities in, the Company) and neither the directors nor the Company are aware of any other information that is reasonably required by shareholders in order to decide whether or not it is in the Company's interests to pass this proposed resolution.

Voting Exclusion Statement

The Company will disregard any votes cast on the resolution by any person (**Participating Party**) who is CentreCapital Limited and any other person that may participate in, or obtain a benefit from (except a benefit solely in the capacity as a shareholder if the resolution is passed), the proposed issue of securities and any person who for the purposes of Part 1.2 Division 2 of the Corporations Act would be regarded as a person associated with the Participating Party (**Associate**). However, the Company will not disregard a vote if it is cast by the Participating Party or Associate:

a) as proxy for another person who is entitled to vote in accordance with the directions on the proxy form; or

b) who is chairing the meeting, as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

Resolution 13 – Issue of Options to Promoters

This resolution is put to shareholders, for the purposes of:

a) ASX Listing Rules 7.1; and

c) 10.11 (but only insofar as the proposed directors are concerned); and

d) for all other purposes;

to approve the issue of Promoter Options to various parties (including proposed directors) in consideration for providing services with respect to the re-organisation generally as well as the acquisition of B26 and provide an incentive to promote the Company. If approval is given under ASX Listing Rule 10.11 then approval is not required for the purpose of ASX Listing Rule 7.1.

The options will be issued to CWK Nominees Pty Ltd to hold the rights subject to the following conditions. The Options will not vest with any of the parties listed below until the later of the cessation of any ASX escrow requirements (ASX has indicated the Options will escrowed for 24 months from the date the Company is requoted on the official lists) and 30 September 2014 PROVIDED THAT in order to qualify for the Options a party must remain a consultant/director of the Group until 30 September 2014. Options may be nominated by the consultant/director to be held by a third party (as disclosed in the table below)

Any options not vesting by 30 September 2014 will be notified to the Company as requiring cancellation.

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Number and Price

The resolution provides that shareholders approve the issue of 12,750,000 Options with the issue to occur on a date yet to be determined but in any event by no later than 30 December 2010; it is intended that allotment will occur on a single date.

Allottees

The securities the subject of this resolution will be issued to the following parties (or their nominee(s)):

Consultant	**No of unvested rights to Options**
Wayne Mitchell *	3,000,000
Corrina Consulting **	1,500,000
Ark Super Fund ***	1,000,000
Bestvale Resource Consultants Pty Ltd ****	2,750,000
Robby Holdings Pty Ltd ****	1,500,000
Florims Pty Ltd ****	1,000,000
Octopi Pty Ltd ****	1,000,000
Garf Pty Ltd ****	1,000,000
Total	**12,750,000**

* A proposed director of AMFG.

** An entity related to Wes Harder, a proposed director of AMFG.

*** An entity related to Anthony King, a proposed director of AMFG.

**** Approval in relation to these persons is not required nor is it sought for purpose of ASX Listing Rule 10.11.

Use of Funds

The Options are being issued in lieu of cash payment for services provided to the Company with respect to the re-organisation of the Company and the acquisition of B26 and as an incentive to promote the Company. Hence, no funds will be raised from the issue of the Options.

Terms of Securities

Please refer to Terms of Promoter Options for the terms of the Options.

Other Information

The ASX has advised that it will require these Options to be subjected to escrow for 24 months from the date of quotation (the escrow period will lapse after the options Expiry Date).

The current directors consider that the benefit proposed to be provided to the proposed directors under this resolution is on terms which mean approval does not need to be obtained for the purposes of Chapter 2E. The primary purpose of the issue of options to the proposed directors is not to raise capital but to remunerate and provide an incentive to them.

The opportunity cost of the issue of the options is the funds that could have been received by the Company if it was to issue the options to ordinary investors.

The market price of the Company's shares during the term of the options would normally determine whether or not the option holder exercises the option. At the time any options are exercised and shares issued pursuant to the exercise of any option, the Company's shares may be trading on ASX at a price that is higher than the exercise price of the options. Where this is the case, the opportunity cost may be that the Company could have received greater consideration for the issue of the shares than the 20 cents issue price.

During the 3 months prior to the date of this Notice of Meeting, the Company's shares have not traded (as the Company's securities are suspended from trading on ASX). Pursuant to the resolutions set out elsewhere in this Notice of Meeting, the Company is proposing to issue Shares at 20 cents each.

If the options issued pursuant this resolution are exercised, the issue of shares pursuant to the exercise of those options will dilute the holdings of the existing shareholders.

Directors' Interests & Recommendations

All of the directors were available to consider the proposed resolution. Mr Wayne Mitchell, Mr Wes Harder and Mr Anthony King, who are proposed directors of the Company, have a material personal interest in the resolution. None of the existing directors have a material personal interest in the outcome of the resolution. Each of the existing directors, having approved putting the resolution to shareholders, recommend that non-associated shareholders vote in favour of the resolution as they consider the issue of Promoter Options to the various parties (including proposed directors) to be in the best interests of the Company and its shareholders.

Other than the information disclosed above or elsewhere in these Explanatory Notes, no director has an interest in the outcome of the proposed resolution (other than as directors of, and holders of securities in, the Company) and neither the directors nor the Company are aware of any other information that is reasonably required by shareholders in order to decide whether or not it is in the Company's interests to pass this proposed resolution.

Voting Exclusion Statement

The Company will disregard any votes cast on the resolution by any person (**Participating Party**) who is a person that may participate in, or obtain a benefit from (except a benefit solely in the capacity as a shareholder if the resolution is passed), the proposed issue of securities and any person who for the purposes of Part 1.2 Division 2 of the Corporations Act would be regarded as a person associated with the Participating Party (**Associate**). However, the Company will not disregard a vote if it is cast by the Participating Party or Associate:

a) as proxy for another person who is entitled to vote in accordance with the directions on the proxy form; or

b) who is chairing the meeting, as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

Resolution 14 - Issue of Shares to Past and Current Directors

This resolution is put to shareholders, for the purposes of ASX Listing Rules 7.1 and 10.11 and for all other purposes, to approve the issue of Shares and Listed Options to past and current directors (or their nominees) in lieu of directors' fees. If approval is given under ASX Listing Rule 10.11 then approval is not required for the purpose of ASX Listing Rule 7.1.

Number and Price

The resolution provides that shareholders approve the issue of 337,500 Shares and 168,750 Listed Options with the issue to occur on a date yet to be determined but in any event by no later than 30 December 2010; it is intended that allotment will occur on a single date.

Allottees

The securities the subject of this resolution will be issued to the following parties (or their nominee(s)):

Director	Shares	Listed Options
Richard Green *	50,000	25,000
Bruce Andrews *	62,500	31,250
Mark Menzies **	75,000	37,500
Ilmars Draudins **	75,000	37,500
Jon O'Callaghan **	75,000	37,500
Total	**337,500**	**168,750**

* Past director.

** Current Director.

Use of Funds

The Shares and Listed Options are being issued in lieu of cash payment of director's fees. Hence, no funds will be raised from the issue of the Shares or Listed Options.

Terms of Securities

The Shares referred to in this resolution will rank pari passu with existing Shares from the date of issue. Please refer to Terms of Listed Options for the terms of the Listed Options.

Other Information

The current directors consider that the benefit proposed to be provided to the proposed directors under this resolution is on terms which mean approval does not need to be obtained for the purposes of Chapter 2E. The primary purpose of the issue of options is not to raise capital but to reward Messrs Green, Andrews, Menzies, Draudins and O'Callaghan for their efforts in assisting the reorganisation of the Company. The opportunity cost of the issue of the options is the funds that could have been received by the Company if it was to issue the options to ordinary investors.

The market price of the Company's shares during the term of the options would normally determine whether or not the option holder exercises the option. At the time any options are exercised and shares issued pursuant to the exercise of any option, the Company's shares may be trading on ASX at a price that is higher than the exercise price of the options. Where this is the case, the opportunity cost may be that the Company could have received greater consideration for the issue of the shares than the 20 cents issue price.

During the 3 months prior to the date of this Notice of Meeting, the Company's shares have not traded (as the Company's securities are suspended from trading on ASX). Pursuant to the resolutions set out elsewhere in this Notice of Meeting, the Company is proposing to issue Shares at 20 cents each.

If the options issued pursuant this resolution are exercised, the issue of shares pursuant to the exercise of those options will dilute the holdings of the existing shareholders.

Directors' Interests & Recommendations

All of the directors were available to consider the proposed resolution. All of the existing directors have a material personal interest in the resolution. Each of the existing directors approved putting the resolution to shareholders but otherwise makes no recommendation as to how the non-associated shareholders should vote on this resolution.

Other than the information disclosed above or elsewhere in these Explanatory Notes, no director has an interest in the outcome of the proposed resolution (other than as directors of, and holders of securities in, the Company) and neither the directors nor the Company are aware of any other information that is reasonably required by shareholders in order to decide whether or not it is in the Company's interests to pass this proposed resolution.

Voting Exclusion Statement

The Company will disregard any votes cast on the resolution by any person (**Participating Party**) who is a person that may participate in, or obtain a benefit from (except a benefit solely in the capacity as a shareholder if the resolution is passed), the proposed issue of securities and any person who for the purposes of Part 1.2 Division 2 of the Corporations Act would be regarded as a person associated with the Participating Party (**Associate**). However, the Company will not disregard a vote if it is cast by the Participating Party or Associate:

a) as proxy for another person who is entitled to vote in accordance with the directions on the proxy form; or

b) who is chairing the meeting, as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

Resolution 15 – Issue of Shares for Corporate Representation

This resolution is put to shareholders, for the purposes of ASX Listing Rules 7.1 and for all other purposes, to approve the issue of Shares to Sept Rouges Limited for providing services with respect to the acquisition of B26.

Number and Price

That shareholders approve the issue of 1,750,000 Shares and 875,000 options with the issue to occur on a date to be determined but in any event by no later than 30 December 2010; it is intended that allotment will occur on a single date. Each Share will be issued at the nominal price of $0.20 with the Options being free.

Allottees

The securities the subject of this resolution will be issued to Sept Rouges Limited.

Use of Funds

The Shares and Listed Options are being issued in lieu of cash payment for services provided to the Company with respect to the re-organisation of the Company and the acquisition of B26. Hence, no funds will be raised from the issue of the Shares and Listed Options.

Terms of Securities

The Shares referred to in this resolution will rank pari passu with existing Shares from the date of issue. Please refer to Terms of Listed Options for full details of the terms and conditions of the Options.

Directors' Interests & Recommendations

All of the directors were available to consider the proposed resolution. None of the existing directors have a material personal interest in the outcome of the resolution. Each of the existing directors, having approved putting the resolution to shareholders, recommend that non-associated shareholders vote in favour of the resolution as they consider the issue of Promoter Options to the various parties (including proposed directors) to be in the best interests of the Company and its shareholders.

Other than the information disclosed above or elsewhere in these Explanatory Notes, no director has an interest in the outcome of the proposed resolution (other than as directors of, and holders of securities in, the Company) and neither the directors nor the Company are aware of any other information that is reasonably required by shareholders in order to decide whether or not it is in the Company's interests to pass this proposed resolution.

Voting Exclusion Statement

The Company will disregard any votes cast on the resolution by any person (**Participating Party**) who is Sept Rouges Limited and any other person that may participate in, or obtain a benefit from (except a benefit solely in the capacity as a shareholder if the resolution is passed), the proposed issue of securities and any person who for the purposes of Part 1.2 Division 2 of the Corporations Act would be regarded as a person associated with the Participating Party (**Associate**). However, the Company will not disregard a vote if it is cast by the Participating Party or Associate:

a) as proxy for another person who is entitled to vote in accordance with the directions on the proxy form; or

b) who is chairing the meeting, as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

Resolutions 16 to 18 – Appointment of Directors

Upon Completion, three new directors will be appointed to the board and all of the existing directors will resign. Following is a brief summary of each of the proposed directors' experience and qualifications.

Mr Wayne Mitchell

Mr Mitchell is a qualified accountant with over 20 years extensive senior management experience in the natural resource sector, both in Australia and in South East Asia. In the early 1970's, Mr Mitchell and two partners were the initial promoters and developers of Thailand's major zinc deposit located at Mae Sot, Northern Thailand. This resource deposit is now owned and operated by a Thai public company, Padaeng Industry Company Ltd. Mr Mitchell specialises in the areas of financial planning, fund raising and project evaluation.

Mr Mitchell is also a past Chairman of listed company Central Victorian Gold Mines NL and a director of Diversified Mineral Resources NL where he initiated and led the project team for the Burton Downs Coal project taken over by Portman Mining before being sold for more than $200 million. He is presently a senior executive for a textile group based in Australia and Thailand and is a founding shareholder of Coalworks Ltd

Mr Wes Harder

Mr. Harder is a former coal analyst with Jackson Stockbrokers Ltd and has previously worked as a resource analyst and stockbroker with a number of stockbrokers including Ord Minnett and Frank Renouf. He has also worked as a field exploration geologist for over 15 years in Australia and its near neighbours including Sumatra and Irian Jaya in Indonesia, mainland Papua New Guinea and New Britain Island, many parts of the Solomon Islands and Fiji. In Australia he worked in the states of New South Wales, Queensland, Northern Territory and Tasmania. He has worked in tropical/temperate and wet and arid environments searching for a range of mineral commodities including gold, copper and uranium for such major companies as Newmont Mining Inc, Placer Prospecting Ltd and Pancontinental Mining Limited. He was CEO and founding director of Zinico Resources NL and its successors and is a founding shareholder of Coalworks Ltd

Mr Anthony King

Mr King is a professional metallurgist and qualified geologist with over 20 years operational and technical experience within the resource industry. A graduate of the University of Cape Town South Africa, Mr King worked for Cominco in the mid 70s as geologist in the field carrying out exploration programs and later held senior positions as company chemist for Ardlethan Tin, Gold Copper Exploration Pty Ltd and Great Northern Mining Corporation Ltd. During this time he completed another degree in earth science at Macquarie University, Sydney and, in 1987, established Tableland Analytical, of which he is principal providing mill, processing design, assay and metallurgical services to the resource industry. Mr King is a former director of Allegiance Mining NL where he was General Manager – Operations. He has also been involved in design and construction of coal washing plants and has participated in a wide variety of resource projects.

TERMS OF LISTED OPTIONS

Following are the terms of the listed options (**Listed Options**) that will be issued pursuant to Resolutions 6,8,9,10,11,12,14 and 15.

a) Definitions:
   i) **Exercise Price** means the exercise price of each Listed Option being 20 cents if exercised on or before the Expiry Date.
   ii) **Expiry Date** means 5.00pm (EST) on 31 December 2011.
   iii) **Exercise Notice** means the form prescribed by the Company from time to time for the purpose of exercising Options.
   iv) **Option Holder** means the person or persons registered as the holder of one or more Options from time to time.
   v) **Share** means one fully paid ordinary share in the capital of the Company.

c) Each Option carries the right to subscribe for one Share.

d) Options may be exercised by delivering to the Company's registered office or the Company's share registry an Exercise Notice at any time prior to the Exercise Date.

e) The Exercise Notice must state the number of Options to be exercised and be accompanied by the relevant holding statement(s) and a cheque (in Australian currency) made payable to the Company for an amount being the result of the Exercise Price multiplied by the number of Options being exercised.

f) Following receipt of a properly executed Exercise Notice and application monies in respect of the exercise of any Options, the Company will issue the resultant Shares and deliver notification of shareholdings.

g) The Company will make application to have the Shares (issued pursuant to an exercise of Options) listed for quotation by ASX within 7 days of the date of issue.

h) Shares issued pursuant to an exercise of Options shall rank, from the date of issue, pari passu with existing Shares in all respects.

i) Options carry no right to participate in pro rata issues of securities to shareholders unless the Options are exercised before the record date for determining entitlements to the relevant pro rata issue.

j) Each Option Holder will be notified by the Company of any proposed pro rata issue of securities to shareholders in accordance with the Listing Rules.

k) In the event of a reorganisation (including reconstruction, consolidation, subdivision, reduction, or return) of the capital of the Company, the terms of the Options will be changed to the extent necessary to comply with the requirements of the Listing Rules (in force at the time of the reorganisation).

TERMS OF PROMOTER OPTIONS

Following are the terms of the options (**Promoter Options**) that will be issued pursuant to Resolution 13:

a) Definitions:

i) **Exercise Price** means the exercise price of each Promoter Option being 20 cents if exercised on or before the Expiry Date.

ii) **Expiry Date** means 5.00pm (EST) on 30 September 2014.

iii) **Exercise Notice** means the form prescribed by the Company from time to time for the purpose of exercising Options.

iv) **Option Holder** means the person or persons registered as the holder of one or more Options from time to time.

v) **Share** means one fully paid ordinary share in the capital of the Company.

a) Each Option carries the right to subscribe for one Share.

b) Options may be exercised by delivering to the Company's registered office or the Company's share registry an Exercise Notice at any time prior to the Exercise Date.

c) The Exercise Notice must state the number of Options to be exercised and be accompanied by the relevant holding statement(s) and a cheque (in Australian currency) made payable to the Company for an amount being the result of the Exercise Price multiplied by the number of Options being exercised.

d) Following receipt of a properly executed Exercise Notice and application monies in respect of the exercise of any Options, the Company will issue the resultant Shares and deliver notification of shareholdings.

e) The Company will make application to have the Shares (issued pursuant to an exercise of Options) listed for quotation by ASX within 7 days of the date of issue.

f) Shares issued pursuant to an exercise of Options shall rank, from the date of issue, pari passu with existing Shares in all respects.

g) Options carry no right to participate in pro rata issues of securities to shareholders unless the Options are exercised before the record date for determining entitlements to the relevant pro rata issue.

h) Each Option Holder will be notified by the Company of any proposed pro rata issue of securities to shareholders in accordance with the Listing Rules.

i) In the event of a reorganisation (including reconstruction, consolidation, subdivision, reduction, or return) of the capital of the Company, the terms of the Options will be changed to the extent necessary to comply with the requirements of the Listing Rules (in force at the time of the reorganisation).

PRO FORMA BALANCE SHEET

Please refer to the Independent Expert's Report for AMFG's pro forma balance sheet following completion of the Orpheus Acquisition, the Rights Issue and the Placement.

DEFINED TERMS

AMFG or Company	Australian Motor Finance Group Limited (ACN 121 257 412).
ASIC	Australian Securities & Investments Commission.
ASX	Australian Securities Exchange Limited (ABN 98 008 624 691).
Board	Board of directors of the Company as constituted from time to time.

Coalworks	Coalworks Limited (ACN 114 702 831).
Completion	The point in time where the Orpheus Acquisition has been settled, including giving effect to the Resolutions in this Notice of General Meeting and all other necessary creditor, shareholder, contractual and regulatory hurdles have been cleared.
Constitution	Constitution of the Company as amended from time to time.
Corporations Act	Corporations Act 2001.
DOCA	The Deed of Company Arrangement entered into by the Company on 16 March 2010.
Equity Loan Facility	Means the agreement between AMFG and OEG whereby OEG agreed to advance funds for the purpose of giving effect to the Framework Agreement.
Existing Options	Various series of options that have been previously been issued having (pre-consolidation) exercise prices ranging from 25 cents to 40 cents and expiry dates ranging from 31 December 2010 to 12 December 2011.
Listed Options	An option to acquire a Share, exercisable at 20 cents each on or before 31 December 2011.
Listing Rules	Listing rules of ASX and any other rules of ASX that are applicable while the Company is admitted to the Official List, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.
OEG	Orpheus Energy Group Pty Ltd (ACN 138 389 590).
Official List	Official list of entities that ASX has admitted and not removed.
Orpheus Acquisition	Acquisition from Coalworks of a portfolio of coal and mineral projects as well as OEG, which plans to acquire rights to participate in further coal and industrial minerals projects.
Placement	The proposed placement of up to 35 million Shares at 20 cents each, with one free attaching Option for every 2 Shares subscribed for.
Promoter Options	An option to acquire a Share, exercisable at 20 cents each on or before 30 September 2014
Rights Issue	The proposed 1 for 1 rights issue of Shares to existing shareholders at 20 cents per Share (with one free attaching Option for every 2 Shares subscribed for).
Share	Fully paid ordinary share in the capital of the Company.
Strategic Alliance	The Strategic Alliance between PT Mega Coal International and Orpheus Energy Group Pty Ltd referred to on page 4 of this memorandum.

INDEPENDENT EXPERT'S REPORT

See Report of Stanton's International Securities attached

INDEPENDENT GEOLOGIST'S REPORT

See Report of Minarco MineConsult attached

VALUATION REPORT

See report of Ravensgate attached.

PROXY FORM

AUSTRALIAN MOTOR FINANCE GROUP LIMITED

(subject to deed of company arrangement)

(ACN 121 257 412)

to be renamed

ORPHEUS ENERGY LIMITED

Shareholder's Name & Address

Please write your name(s) above

Number & Street/PO Box Number City/Town State Post Code

Appointment of Proxy

I/We appoint as proxy to vote in accordance with the following directions (or if no directions have been given, as the proxy or Chairperson see fit) at the Meeting to be held at Institute of Chartered Accountants, 37 York Street, Sydney, NSW on 28 November 2010 at 10:00am (and at any adjournment thereof).

OR *the Chairperson of the Meeting*

Name of person you are appointing (if not the Meeting Chairperson)

IF YOU DO **NOT** WISH TO DIRECT YOUR PROXY HOW TO VOTE, PLEASE PLACE A MARK IN THIS BOX *

* **The Chairman intends to vote undirected proxies in favour of all resolutions.** By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

		For	Against	Abstain**
1	Change of Company Name			
2	Adoption of New Constitution			
3	Directors' Remuneration			
4	Consolidation of Capital			
5	Transfer of Australian Motor Finance Limited			
6	Orpheus Acquisition			
7	Orpheus Acquisition – Change in Nature of Business			
8	Conversion of Equity Loan Facility to Shares and Options			
9	Acquisition of Greater Than 20% Interest in the Company			
10	Conversion of Orpheus Notes to Shares			
11	Placement of Securities for Cash			
12	Issue of Securities in Consideration for Re organisation			
13	Issue of Options to Promoters			
14	Issue of Shares to Past and Current Directors			
15	Issue of Shares for Corporate Representation			
16	Appointment of Mr Wayne Mitchell as a Director			
17	Appointment of Mr Wes Harder as a Director			
18	Appointment of Mr Anthony King as a Director			

**If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item.

Appointing a Second Proxy (if applicable)

The number of shares applicable to this proxy form or % The percentage of your voting rights

Contact Telephone Number

Area Code Telephone Number

Signature(s)

Shareholder 1	Shareholder 2	Shareholder 3
Director	Director/Secretary	Sole Director and Secretary

Company Seal (if required)

Proxies may be lodged either by facsimile on (03) 9654 3935, by mail or delivery to the registered office of the Company at c/- Wantrup & Associates, Level 7,160 Queen Street, Melbourne VIC 3000. To be valid, a proxy form must be received by at the registered office of the Company not less than 48 hours before the time appointed for the Meeting. For assistance in completing this form, please refer to the rear of this form.

INSTRUCTIONS FOR COMPLETION OF THE PROXY FORM

Shareholder's Name & Address

This is the name and address of the shareholder as it appears on the Company's share register. For the purposes of the Meeting, shares will be taken to be held by those persons who are the registered holders thereof 48 hours before the time appointed for the commencement of the Meeting.

Appointment of Proxy

A shareholder entitled to attend and vote at the Meeting is entitled to appoint not more than two other persons (whether shareholders or not) as proxy or proxies to attend in the shareholder's place at the Meeting. The proxy has the same right as the shareholder to speak and vote at the Meeting. If you leave this section blank, the Chairperson of the Meeting will be your proxy to vote your shares even if you attend the Meeting (unless you revoke your proxy before the Meeting).

Vote on Resolutions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite the resolution/s you wish to direct your proxy to vote on. If you do so, all your shares will be voted in accordance with your direction. You can split your vote on any resolution/s by inserting the number/s of shares you wish to vote in the appropriate box/es. Please ensure you clearly mark the box in black or blue ink by placing a mark or the number of shares you are voting.

Appointing a Second Proxy

If a shareholder appoints two proxies and the appointment does not specify the proportion or number of the shareholder's votes, each proxy may exercise half of the votes.

Contact Telephone Number

This will help us if there are any problems with your proxy form.

Signature(s)

Each shareholder must sign this form. If your shares are held in joint names, all shareholders must sign in the boxes. If you are signing as an Attorney, then the Power of Attorney must have been noted by the Company or be duly stamped and accompany this form. Only duly authorised officer/s can sign on behalf of a company. Please sign in the boxes provided which state the office held by the signatory.

Stantons International Pty Ltd trading as
Stantons International Securities
ABN 41 103 088 697
AFS Licence No. 319600

LEVEL 1, 1 HAVELOCK STREET
WEST PERTH WA 6005, AUSTRALIA
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204
www.stantons.com.au

11 August 2010

The Directors
Australian Motor Finance Group Limited (Subject to a Deed of Company Arrangement)
Level 7, 160 Queen Street
MELBOURNE VIC 3000

Dear Sirs

Re: AUSTRALIAN MOTOR FINANCE GROUP LIMITED (SUBJECT TO A DEED OF COMPANY ARRANGEMENT) ("AMFG" OR "THE COMPANY") (ABN 67 121 257 412) ON THE PROPOSAL TO ISSUE SHARES AND SHARE OPTIONS TO COALWORKS LIMITED OR NOMINEES ("COALWORKS") TO ACQUIRE COAL, LIME AND INDUSTRIAL MINERAL PROSPECTS AND ACQUIRING ALL OF THE SHARES IN ORPHEUS ENERGY GROUP PTY LTD AND ISSUING SHARES AND SHARE OPTIONS TO COALWORKS TO ELIMINATE AN EQUITY LOAN MORE FULLY DESCRIBED BELOW. MEETING OF AMFG SHAREHOLDERS PURSUANT TO SECTION 611 (ITEM 7) OF THE CORPORATIONS ACT 2001 ("TCA")

1. Introduction

1.1 We have been requested by the Directors of AMFG to prepare an Independent Expert's Report to determine the fairness and reasonableness of several proposals outlined in resolution 8 in a Notice of Meeting of Shareholders of AMFG ("Notice") and the accompanying Explanatory Notes to Shareholders ("ENS"). AMFG proposes to acquire from Coalworks, Coalworks legal and beneficial interest in:

- the Hodgson Vale Coal Project comprised in EPC 1145 (100%);
- the Ashford Lime Project comprised in EL 6511;
- a right to earn a 50% interest in the Wingen Bentonite Joint venture (Wingen Maid Project") entered into by Orpheus Energy Group Pty Ltd ("OEG") and
- 100% of the issued capital of OEG that has or is acquiring rights to participate in further coal and industrial minerals projects (which includes a potential 51% interest in the B26 coal project in Indonesia)

(herein as referred to the Orpheus Acquisition Assets) for the consideration of the issue to Coalworks of 25,000,000 consolidated shares in AMFG (plan to consolidate the existing shares in AMFG on a 1 for 5 basis) ("Orpheus Acquisition Shares") and 12,500,000 consolidated share options, exercisable at 20 cents each, on or before 31 December 2011 ("Orpheus Acquisition Options") as noted below and in resolutions 6 and 8 in the Notice and ENS of AMFG to be forwarded to the AMFG shareholders in August 2010 for a meeting to be held in September 2010. Further details on the Orpheus Acquisition Assets (including the proposed joint venture right) are referred to in the Independent Technical (Geologist's) Report ("Independent Geologist's Report") prepared by Minarco-MineConsult of Sydney NSW ("Minarco") attached to the Notice. In addition, a valuation of the Orpheus Acquisition Assets (including OEG's mineral asset interests) by Ravensgate Pty Ltd is attached as an Appendix to the ENS. For the purpose of this report the proposed acquisition of all of the Orpheus Acquisition Assets from Coalworks is known as the Orpheus Acquisition. Resolution 6 refers to the Orpheus Acquisition and resolution 8 (part thereof) relates to the proposal to issue the 25,000,000 Orpheus Acquisition Shares and allow the exercise of the 12,500,000 Orpheus Acquisition Options being issued to Coalworks as the consideration to acquire the Orpheus Acquisition Assets. The Orpheus Acquisition in regard to the Hodgson Vale Coal Project and the

Ashford Lime Project is pursuant to a Deed of Option whereby AMFG has the right to acquire such projects for the consideration noted above. The Option must be exercised by 30 September 2010 (unless the option is extended in writing by mutual agreement) and completion must occur within 7 days after commencement of quotation of the ordinary shares of AFMG on the Official List of the ASX ("relisting"). The Orpheus Acquisition in regard to the acquisition of all of the shares in OEG is pursuant to a Deed of Option Over Shares whereby AMFG has the right to acquire such OEG shares for the consideration of $2 and the assumption of liabilities of OEG. The Option must be exercised by 30 September 2010 (unless the option is extended in writing by mutual agreement) and completion must occur within 7 days after commencement of quotation of the ordinary shares of AFMG on the Official List of the ASX.

OEG in April 2010 signed an Option and Joint Venture Deed with Plasminex Pty Ltd ("Plasminex") whereby OEG has a 6 month option to ascertain the prospectivity of the Wingen Maid Project (a bentonite prospect covered by EL7142 and ELA 3657) by payment of the mining bond on ELA3757. OEG, if it exercises the option, must spend $500,000 on stage 1 (as defined) to earn a 50% interest in the Wingen Bentonite Joint Venture. It is proposed that either the right will be transferred to AMFG or AMFG will acquire the right by acquiring all of the shares in OEG. To date, OEG has funded a $10,000 Mining Bond over EL7142 and commencement of the joint venture has yet to officially commence. OEG to 8 August 2010 has issued or agree to issue 6,000,000 Converting Notes at an issue price of $0.10 each to raise a gross $600,000 that are convertible into 6,000,000 ordinary shares in AMFG (along with 3,000,000 free attached Converting Share Options that may be converted into 3,000,000 shares in AMFG exercisable at 20 cents each, on or before 31 December 2011). It is proposed that following the recapitalisation of AMFG by the consolidation of every 5 shares into 1 share that the 6,000,000 Converting Notes issued will be converted to 6,000,000 post consolidated ordinary shares in AMFG and such Converting Notes will be issued on AMFG's shares being re-quoted on the ASX. OEG is in the process of issuing more Converting Notes and that the maximum amount to be taken will be $3,000,000 and thus resolution 9 allows for the issue of up to 30,000,000 shares (and up to 15,000,000 free attached share options) to be issued to the Converting Note holders once AMFG acquires all of the shares in OEG. It is proposed that the shares in OEG will be transferred to AMFG for a nominal consideration of $2. As noted below, the Orpheus Acquisition consideration has been assessed at $5,505,000 being $5,000,000 for the 25,000,000 Orpheus Acquisition Shares and $505,000 for the Orpheus Acquisition Options on the basis that the AMFG shares to be issued will be issued on relisting (currently AMFG shares are near worthless). However, AMFG may also need to reimburse Coalworks an amount of up to $500,000 (part of a debt owing by OEG to Coalworks) as noted in section 1.2 below. Refer below for further details on recapitalisation of AMFG. The issue of the Converting Notes was to partly fund OEG earning up to a 51% interest in two coal projects in Indonesia, being the B26 Coal Project.

1.2 The second proposal is for AMFG to issue 5,000,000 post consolidation shares ("Coalworks Shares") to Coalworks in consideration for Coalworks agreeing to forgive a converting loan ("Equity Loan") of up to $132,557 that Coalworks has or will make to AMFG so that AMFG can repay all existing trade creditors and other liabilities and a further $367,443 of a debt owed by OEG to Coalworks. Coalworks agrees to convert the Equity Loan Facility made to AMFG by issuing 5,000,000 Coalworks Shares as noted above. The repayment of the Equity Loan by way of the issue of up to 5,000,000 Coalworks Shares to Coalworks is as noted in resolution 7 in the Notice. Resolution 8 (part thereof) refer to the proposals to allow the issue of up to 5,000,000 Coalworks Shares to AMFG. OEG owes Coalworks approximately $768,450 as at 30 June 2010 ("OEG Debt") that includes the $132,557 noted above. The OEG Debt may increase in total between 1 July 2010 and the date that AMFG takes control of OEG. In total $500,000 of the OEG Debt will be extinguished by the issue of the 5,000,000 Coalworks Shares and the balance (that will be limited to a further $500,000) will either be paid in cash or may, at the election of Coalworks be settled by AMFG issuing further shares and share options to Coalworks. The limit of the OEG Debt is thus $1,000,000 that will be extinguished by the issue of 5,000,000 Coalworks Shares and either payment of $500,000 cash to Coalworks or the issue of a further 5,000,000 shares by AMFG at a deemed issue price of 10 cents each ("Additional Coalworks Shares") at the option of Coalworks.

If Additional Coalworks Shares are issued, Coalworks will be issued one free attached share option ("Additional Coalworks Options") for every two Additional Coalworks Shares issued. Resolution 8 (part thereof) also refers to the proposal to allow the issue of up to 5,000,000 Additional Coalworks Shares to AMFG and up to 2,500,000 Additional Coalworks Options.

1.3 In addition, there are seventeen other resolutions being put to the shareholders. Resolution 1 relates to the proposal to change the name of AMFG to Orpheus Energy Limited. Resolution 2 relates to the proposal to adopt a new Constitution. Resolution 3 relates to setting aggregate director fees at $200,000. Resolution 4 relates to the proposal to consolidate the capital of AMF on a 1 for 5 basis. Resolution 5 relates to the proposal to divest its shareholding interest in Australian Motor Finance Limited ("AMF") and allow nominees of Coalworks to fund recovery proceedings by AMF. Further details are noted in the ENS attached to the Notice. Resolution 6 relates to the Orpheus Acquisition and resolution 7 relates to the proposal to allow the Equity Loan (up to $1,000,000) to be converted into shares in AMFG and issue Coalworks Shares and potential Additional Coalworks Shares and Options to Coalworks following the consolidation. Resolution 8, the subject of this report relates to the seeking of approval under Section 611(Item7) of TCA relating to the issue of the Orpheus Acquisition Shares and Orpheus Acquisition Options, the issue of 5,000,000 Coalworks Shares by AMFG and the possibility of issuing a further 5,000,000 Additional Coalworks Shares by AMFG and allowing the exercise of up to 2,500,000 Additional Coalworks Options to Coalworks. Resolution 9 relates to the approval to allow the conversion of up to 30,000,000 Converting Notes that may be issued by OEG (along with up to 15,000,000 free attached Converting Share Options) to be converted into up to 30,000,000 ordinary shares (Converting Shares) in AMFG (and possibly the up to 15,000,000 share options being converted into up to 15,000,000 ordinary shares in AMFG at 20 cents each, on or before 31 December 2011). To 8 August 2010, OEG has issued or agreed to issue 6,000,000 Converting Notes. Resolution 10 relates to the proposal to issue up to 35 million post consolidated shares at 20 cents each ("Placement Shares") and 17,500,000 post consolidated share options (exercisable at 20 cents each, on or before 31 December 2011 ("Placement Options") to investors to raise an initial up to $7,000,000. The minimum capital rasing will be $2,000,000 to be raised from the Rights Issue Shares referred to below and the directors also have the right to place up to an additional 10,000,000 Placement Shares (and 5,000,000 Placement Options). However, the directors now reserve the right to increase the amounts to be raised by these capital raisings (refer clause 4.1 below). Resolution 11 relates to the proposal to issue up to 2,500,000 post consolidated shares at 20 cents each ("Issue Shares") and 1,250,000 post consolidated share options (exercisable at 20 cents each, on or before 31 December 2011 ("Issue Options") to parties as outlined in the ENS as consideration for the re-organisation and recapitalisation of AMFG. Resolution 12 relates to the proposal to issue 12,750,000 share options ("Promoter Options") exercisable at 10 cents each, on or before 31 December 2011. Resolution 13 relates to the issue of 337,500 shares and 168,750 share options, (exercisable at 20 cents each on or before 31 December 2011) payable to certain directors and past directors of AMFG. Resolution 14 relates to the issue of 1,750,000 post consolidated shares ("Corporate Shares") and 875,000 share options exercisable at 20 cents each on or before 31 December 2011 ("Corporate Options") to parties that have provided corporate services to the Company and assisted in its recapitalisation and the proposed acquisition of a 51% effective interest in the B26 Coal Project. Resolution 15 relates to the removal of the existing auditors of the Company. Resolutions 16, 17 and 18 relate respectively to the appointments as director of AMFG, Messrs Wayne Mitchell, Wes Harder and Anthony King. It is also noted that it is proposed to undertake a 1 for 1 rights issue ("Rights Issue") to all shareholders registered before the issue of any shares and share options proposed to be issued pursuant to resolutions 5 to 14 at 20 cents each to raise up to $2,152,066 (up to 10,760,332 shares) ("Rights Issue Shares") of which $500,000 (2,500,000 post consolidated shares) will be underwritten by Coalworks. We are not reporting on the merits or otherwise of resolutions 1 to 6 and 9 to 18 but do note that the passing of resolution 8 (that we are reporting on) are part of the re-organisation and recapitalisation process of AMFG and resolutions 1 to 6 and 9 to 18 are part of such process. In effect to determine the fairness and reasonableness of the proposals under resolution 8, we need to consider the fairness and reasonableness of the Orpheus Acquisition (resolution 6) and the Equity Loan conversion (resolution 7) as the considerations include the issue of shares and options (Orpheus Acquisition Shares and Orpheus Acquisition Options and Coalworks Shares).

1.4 Under section 606 of TCA, a person must not acquire a relevant interest in issued voting shares in a company if because of the transaction, that persons or someone else's voting power in the company increases:

(a) from 20% or below to more than 20%; or
(b) from a starting point that is above 20% and below 90%.

Under section 611 (Item 7) of TCA, section 606 does not apply in relation to any acquisition of shares in a company approved by resolution passed at a general meeting at which no votes were cast in favour of the resolution by the acquirer or the disposer or their respective associates. An independent expert is required to report on the fairness and reasonableness of the transaction pursuant to a section 611 (Item 7) meeting.

If the Orpheus Acquisition proceeds along with the issue of the 5,000,000 Coalworks Shares, Coalworks could own approximately 26.42% of the expanded ordinary issued capital of AMFG before the exercise of any share options, including the Orpheus Acquisition Options. This percentage is calculated after the issue of the 2,500,000 Issue Shares to various parties, the issue of 35,000,000 Placement Shares, the issue of 6,000,000 shares from the exercise of the 6,000,000 OEG Converting Notes (Converting Shares), the issue of 2,500,000 Rights Issue Shares (it is also noted that Coalworks will underwrite up to $500,000 (2,500,000 shares) of the proposed Right Issue (up to 10,760,332 shares at 20 cents each), the issue of 337,500 Director Shares and the issue of 2,000,000 Corporate Shares. If we assumed the minimum 10,000,000 Placement Shares were to be issued but only 2,500,000 shares are issued to Coalworks via the Rights Issue, the percentage interest of Coalworks in AMFG could be approximately 50.12%. Refer paragraph 2.2 below for possible shareholdings of Coalworks post the passing and consummation of resolutions 1 to 18 and undertaking the Rights Issue. It is noted that no shareholder approval is required to issue 2,500,000 shares to Coalworks under an underwriting agreement.

1.5 Therefore a notice prepared in relation to a meeting of shareholders convened for the purposes of section 611 (Item 7) of TCA must be accompanied by an independent expert's report stating whether the proposals noted under resolution 8 being the issue to Coalworks of 25,000,000 Orpheus Acquisition Shares and allowing the exercise of 12,500,000 Orpheus Acquisition Options and the issue to Coalworks of 5,000,000 Coalworks Shares (and the possibility of 5,000,000 Additional Coalworks Shares and allowing the exercise of up to 2,500,000 Additional Coalworks Options) are fair and reasonable. To assist shareholders in making a decision, the directors have requested that Stantons International Securities prepare an independent expert's report, which must state whether, in the opinion of the independent expert, the issues of the said Orpheus Acquisition Shares, 5,000,000 Coalworks Shares, exercise of the Orpheus Acquisition Options, the issue (at Coalworks election) of 5,000,000 Additional Coalworks Shares and allowing the exercise of up to 2,500,000 Additional Coalworks Options are fair and reasonable to the non-associated shareholders of AMFG (not associated with Coalworks).

1.6 Apart from this introduction, this report considers the following:

- Summary of opinions
- Implications of the proposals
- Corporate history and nature of business of AMFG
- Future direction of AMFG
- Basis of valuation of AMFG shares and options
- Value of consideration
- Basis of valuation of the Orpheus Acquisition Assets
- Premium for Control
- Conclusion as to fairness
- Reasonableness of the offers

- Conclusion as to reasonableness
- Sources of information
- Appendix A and Financial Services Guide

1.7 In determining the fairness and reasonableness of the acquisition of the Orpheus Acquisition Assets, we have had regard for the definitions set out by the Australian Securities and Investments Commission ("ASIC") in its Regulatory Guide 111, "Content of Expert Reports". Regulatory Guide 111 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness). The concept of "fairness" is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in the above mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the "target" and irrespective of whether the consideration is scrip or cash. An offer is "reasonable" if it is fair. An offer may also be reasonable, if despite not being "fair", there are sufficient grounds for security holders to accept the offer in the absence of any higher bid before the close of the offer. It also states that, where an acquisition of shares by way of an allotment is to be approved by shareholders pursuant to section 611 (Item 7) of TCA, it is desirable to commission a report by an independent expert stating whether or not the proposal is fair and reasonable, having regards to the proposed allottee (in this case Coalworks) and whether a premium for potential control is being paid by the allottee.

Accordingly, our report relating to the issue to Coalworks of the Orpheus Acquisition Shares, the exercise of the Orpheus Acquisition Options, the issue of the Coalworks Shares to Coalworks and the possibility of issuing a further 5,000,000 Additional Coalworks Shares and allowing 2,500,000 Additional Coalworks Shares to be exercised by Coalworks is concerned with the fairness and reasonableness of the proposals with respect to the existing non-associated shareholders of AMFG (not associated with Coalworks) and whether Coalworks are paying a premium for potential control.

1.8 The valuation of mineral interests and the valuation of future profitability and cash flows are extremely subjective as they involve assumptions regarding future events that are not capable of independent substantiation. Based on the underlying values attributable to the Orpheus Acquisition Assets and taking into account the advantages, disadvantages and other factors described below, in our opinion the proposals pursuant to resolution 8(a) and (b) (issue of 25,000,000 Orpheus Acquisition Shares and 12,500,000 Orpheus Acquisition Options (and allowing such share options to be exercised) are fair and reasonable to the existing shareholders of AMFG. **The proposals with Coalworks are in affect part of a recapitalisation of AMFG and in the absence of such a proposal or something similar, there is every possibility that AMFG could be placed into liquidation. Assuming that the current value of an AMFG share is nil, the proposals collectively would be considered fair.**

The consideration to repay the Equity Loan of up to $1,000,000 (that includes the $132,557 note above) is the issue of 5,000,000 Coalworks Shares and either paying up to a further $500,000 in cash to Coalworks or issue up to 5,000,000 Additional Coalworks Shares and up to 2,500,000 Additional Coalworks Options to Coalworks. The Coalworks Shares and Additional Coalworks Shares (if issued) are deemed to be valued at 20 cents each (as the Coalworks Shares and possibly the Additional Coalworks Shares will only be issued post an AMFG relisting and the fair value of an AMFG share may be worth the 20 cent issue price under the capital raising). Thus, the total consideration payable by AMFG to extinguish the Equity Loan may be $1,000,000 based on 5,000,000 Coalworks Shares and 5,000,000 Additional Coalworks Shares being issued. The IFRIC Interpretation 19 "Extinguishing Financial Liabilities" notes that the fair value of the equity (shares) issued is to be used when shares are issued to extinguish a financial liability. In this case, the fair value will be deemed to be 20 cents per Coalworks Share and thus a loss on extinguishment will occur of $500,000 (5,000,000 Coalworks Shares issued at a deemed $1,000,000) to extinguish the first $500,000 of the Equity Loan. Net assets are not affected. The potential accounting loss on the additional up to $500,000 of the Equity Loan if settled by shares cannot be determined with any accuracy as the share price of an AMFG share at date of issue of any Additional Coalworks Shares and Additional Coalworks

Options is unknown. If the price was say 25 cents, the accounting loss would be $750,000 plus the value ascribed to the Additional Coalworks Options and if the price was 15 cents, the accounting loss would be $250,000 plus the value ascribed to the Additional Coalworks Options. On its own, such proposals are not fair (assuming a 20 cent per share issue price). **However, the proposals with Coalworks are in affect part of a recapitalisation of AMFG and in the absence of such a proposal or something similar, there is every possibility that AMFG could be placed into liquidation. Assuming that the current value of an AMFG share is nil, the proposal to issue 5,000,000 Coalworks Shares (as part of the recapitalisation of AMFG) and the possibility of issuing a further 5,000,000 Additional Coalworks Shares and allowing the exercise of up to 2,500,000 Additional Coalworks Options would be considered fair and reasonable to the shareholders of AMFG.**

2. Implications of the Proposals

2.1 As at 10 August 2010, there were 53,801,663 ordinary fully paid shares on issue in AMFG. It is proposed that the existing shares (and share options) on issue will be consolidated on a 1 for 5 basis as envisaged in resolution 4 in the Notice so that immediately prior to the issue of shares and share options pursuant to resolutions 6 to 14 their would be 10,760,332 shares on issue. The significant fully paid shareholders as at 29 June 2010 based on the top 20 shareholders list (after adjusting for the 1 for 5 consolidation of capital that has yet to occur) were believed to be:

	No. of fully paid shares (after 1 for 5 consolidation as per resolution 4)	**% of issued fully paid shares**
Mrs Michelle Ledhey	602,466	5.60
Third Pleshette Pty Limited	476,190	4.43
Bestvale Resources Consultants Pty Ltd	467,841	4.35
Octopi Enterprises Pty Ltd	467,841	4.35
Garf Pty Ltd	467,841	4.35
	2,477,179	23.08

The top 40 shareholders at 29 June 2010 owned approximately 65.07% of the ordinary issued capital of the Company.

2.2 Assuming all resolutions 1 to 18 are passed and consummated, the movement in the issued capital of the Company could be:

	Maximum **Number**	Minimum **Number**
Shares on issue 10 August 2010	53,801,663	53,801,663
1 for 5 consolidation of capital (resolution 4)	10,760,332	10,760,332
Issue of the Orpheus Shares (resolutions 6 and 8)	25,000,000	25,000,000
Issue of Coalworks Shares (resolutions 7 and 8)	5,000,000	5,000,000
Issue of Issue Shares (resolution 11)	2,500,000	2,500,000
Balance before Placement Shares and Rights Issue Shares	43,260,332	43,260,332
Issue of Placement Shares (resolution 10)	35,000,000	10,000,000
Rights Issue to existing shareholders	10,760,332	2,500,000
Issue of Director Shares (resolution 13)	337,500	337,500
Issue of Corporate Shares (resolution 14)	1,750,000	1,750,000
Issue of Converting Shares from the conversion of Converting Notes issued by OEG	30,000,000	6,000,000
Balance before exercise of any share options and Additional Coalworks Shares	**121,108,164**	**63,847,832**

Potential issue of further shares		
Additional Coalworks Shares	5,000,000	5,000,000
Exercise of Additional Coalworks Options	2,500,000	2,500,000
Exercise of the Orpheus Acquisition Options	12,500,000	12,500,000
Balance before exercise of other share options	141,108,164	83,847,832
Exercise of the Issue Options	1,250,000	1,250,000
Exercise of the Placement Options	17,500,000	5,000,000
Exercise of Rights Issue Options	5,380,166	1,250,000
Exercise of Converting Share Options	15,000,000	3,000,000
Exercise of Promoter Options	12,750,000	12,750,000
Exercise of Director Options	168,750	168,750
Exercise of Corporate Options	875,000	875,000
Potential shares on issue	**194,032,080**	**108,141,582**

In relation to the Additional Coalworks Shares, based on the 30 June 2010 un-audited accounts the minimum number of shares that could be issued would be 2,684,500 however we have assumed that up to 5,000,000 Additional Coalworks Shares (and up to 2,500,000 Additional Coalworks Options) would be issued for both the maximum and minimum calculations (assuming the Equity Debt above $500,000 is not settled by a cash payment by AMFG to Coalworks.

If the Orpheus Acquisition proceeds along with the issue of the Coalworks Shares, the collective interest of Coalworks will own approximately 50.12% (32,000,000 shares out of 63,847,832) of the expanded ordinary issued capital of AMFG before the exercise of any share options, including the Orpheus Acquisition Options and the minimum number of Placement Shares are issued (10,000,000) and assuming only 2,500,000 shares are issued to Coalworks as a result of underwriting $500,000 (2,500,000 shares) of the proposed Rights Issue. The percentage shareholding interest of Coalworks after the issue of say 35,000,000 Placement Shares (instead of 10,000,000 Placement Shares) and all of the 10,760,332 shares were issued pursuant to the Rights Issue (but Coalworks were issued 2,500,000 shares pursuant to the underwriting agreement) would be approximately 36.02%. The percentage interest in the capital of AMFG can be higher if Coalworks exercises the Orpheus Acquisition Options noted above. If only the Orpheus Acquisition Options are exercised, Coalworks could control between approximately 33.31% and 58.29% of the issued capital of AMFG depending on the number of Placement Shares and Rights Issue Shares that are issued. If all Issue Options, Placement Options, Converting Share Options, Promoter Options, Director Options and Corporate Options are also exercised, Coalworks shareholding interest could approximate between 23.86% and 44.22% (approximately between 26.80% and 49.24% if 5,000,000 Additional Coalworks Shares are issued and the Additional Coalworks Options are exercised). The maximum percentage that could be owned by Coalworks approximates 62.58% (depending on the number of shares issued under the Public Issue, the number of other share options exercised and the number of Additional Coalworks Shares that may be issued and the number of Additional Coalworks Options that may be exercised). All of the above percentages pertaining to Coalworks are assuming Coalworks contributes 500,000 shares to the “Recovery Vehicle” as more fully described in the ENS under the heading “Resolution 5 - Transfer of Australian Motor Finance Limited”.

It is assumed that the existing share options exercisable at 262.5 cents (on a post 1 for 5 consolidation basis) and the existing share options exercisable at 420 cents (on a post 1 for 5 consolidation basis) will not be exercised before the expiry dates. As noted above, Coalworks will own a total of 12,500,000 Orpheus Acquisition Options, exercisable at 20 cents, each on or before 31 December 2011. There will also be on issue 1,250,000 Issue Options, between 5,000,000 and 20,000,000 Placement Options (depending on the amount raised from the Public Issue) and 3,000,000 (and up to 30,000,000) Converting Share Options, 168,750 Director Options and 875,000 Corporate Options, all exercisable at 20 cents each, on or before 31 December 2011. There will also be on issue, 12,750,000 Prompter Options exercisable at 10 cents each, on or before 31 December 2011 (and possibly up to 2,500,000 Additional Coalworks Options on the same terms).

2.3 The current Board of Directors is expected to change in the near future as a result of the Orpheus Acquisition. All existing directors are expected to resign (Messrs Jon O'Callaghan, Francis M Menzies and Ilmars Draudins were appointed directors on or around 6 April 2010 to assist in the facilitation of the proposals with Coalworks) and Messrs Wayne Mitchell, Wes Harder and Anthony King (all nominees of Coalworks) will become directors of AMFG on completion of the proposals with Coalworks.

2.4 OEG will become a wholly owned subsidiary of AMFG and AMFG will own the Orpheus Acquisition Assets (that includes all of the shares in OEG). There is the possibility that AMFG will become a partly owned subsidiary of Coalworks.

3. Corporate History and Nature of Business of AMFG

3.1 AMFG is listed on the ASX but its shares are suspended from trading. AMFG was placed into Administration on 19 January 2010 and is now subject to a Deed of Company Arrangement. Its subsidiary Australian Motor Finance Limited ("AMFL") the original main operating arm of the AMFG Group was placed into a Receivership status in January 2009 by the Bank of Adelaide. The bank has a charge over AMFL and the receivables held in a trust managed by AMFL. Another subsidiary, Australian Motor Finance Corporate Pty Ltd also has Receivers and Managers Appointed. Prior to entering into the motor finance industry in mid 2008, the Company was a mineral explorer and its name was Bushveld Platinum Ltd and prior to that Catalyst Platinum Limited.

4. Future Directions of AMFG

4.1 We have been advised by representatives of Coalworks that:

- There are no proposals currently contemplated either whereby AMFG will acquire any further properties or assets from Coalworks or where AMFG would transfer any of its property or assets to Coalworks. It is noted that it is planned to complete the re-organisation and recapitalisation of AMFG and enter into the proposals as outlined in paragraphs 1.1 and 1.2 above;
- The composition of the Board will change in the short term as noted above;
- The Company may seek to raise further working capital (in addition to the up to $7,000,000 from the issue of up to 35,000,000 Placement Shares) via a 1 for 1 Rights Issue to the existing shareholders and that Coalworks will underwrite $500,000 (2,500,000 shares at 20 cents each);
- OEG has to 30 June 2010 issued 4,790,000 Converting Notes at $1 each to raise $479,000 and part of these funds has been used to assist OEG in potentially acquiring a 51% shareholding interest in PT Pola Andhika Realtor ("PAR") and PT Berkah Bhumi Abadi ("BBA"). PAR and BBA each have an interest in coal concessions in Indonesia. Subsequent to 30 June 2010 and to 8 August 2010, OEG has agreed to issue a further 1,121,000 Converting Notes so that the minimum Converting Notes on issue will be 6,000,000. The Converting Notes will be converted to a minimum of 6,000,000 ordinary shares (Converting Shares) and 3,000,000 share options (Converting Share Options) in AMFG. However, OEG may also issue further Converting Notes before OEG is acquired by AMFG up to $3,000,000 and thus the maximum number of Converting Shares that could be issued by AMFG to the Converting Note Holders is 30,000,000 (and 15,000,000 free attached Converting Share Options- resolution 9 refers);
- The Company proposes to change its name in the near future to Orpheus Energy Limited and change its Constitution;
- No dividend policy has been set and it is not proposed to be set until such time as the Company is profitable and has a positive cash flow; and
- The Company will endeavour to enhance the value of its interests in the Orpheus Acquisition Assets to be acquired from the Orpheus Acquisition.

5. Basis of Valuation of AMFG Shares

5.1 Shares

5.1.1 In considering the proposals pursuant to resolution 8 (and resolutions 6 and 7), we have sought to determine if the considerations payable by AMFG to Coalworks are fair and reasonable to the existing non-associated shareholders of AMFG.

5.1.2 The offer to issue 25,000,000 Orpheus Acquisition Shares and 12,500,000 Orpheus Acquisition Options (and potentially repay Coalworks an amount of up to $500,000 or issue a further up to 5,000,000 Additional Coalworks Shares and up to 2,500,000 Additional Coalworks Options) would be fair to the existing non-associated shareholders if the value of the Orpheus Acquisition Assets being acquired by AMFG are greater than the implicit value of the shares and share options in AMFG being offered as consideration. Accordingly, we have sought to determine a theoretical value that could reasonably be placed on AMFG shares and share options for the purposes of this report.

5.1.3 The valuation methodologies we have considered in determining a theoretical value of an AMFG share are:

- Capitalise maintainable earnings/discounted cash flow;
- Takeover bid - the price at which an alternative acquirer might be willing to offer;
- Adjusted net backing and windup value; and
- The market price of AMFG shares.

5.2 Capitalise maintainable earnings and discounted cash flows.

5.2.1 Due to AMFG's current operations, a lack of profit history arising from business undertakings and the lack of a reliable future cash flow from a current business activity, we have considered these methods of valuation not to be relevant for the purpose of this report.

5.3 Takeover Bid

5.3.1 It is possible that a potential bidder for AMFG could purchase all or part of the existing shares, however no certainty can be attached to this occurrence. To our knowledge, there are no current bids in the market place and the proposed directors of AMFG have formed the view that there is unlikely to be any takeover bids made for AMFG in the immediate future. However, if the proposals with Coalworks are consummated, Coalworks could control up to approximately 50.12% of the expanded ordinary issued capital of AMFG after the issue of all of the Orpheus Acquisition Shares, 5,000,000 Coalworks Shares, the 2,500,000 Issue Shares, 10,000,000 Placement Shares, 2,500,000 Rights Issue Shares, 6,000,000 Converting Shares, 337,500 Creditor Shares and 1,750,000 Corporate Shares (approximately 53.74% if up to 5,000,000 Additional Coalworks Shares are issued).

5.4 Adjusted Net Asset Backing

5.4.1 We set out below an unaudited Statement of Financial Position (Balance Sheet) of AMFG taken from information in the Report by the Administrators (to the creditors of AMFG) dated 11 February 2010 along with a pro-forma consolidated Balance Sheet assuming the following:

- the consolidation in capital on a 1 for 5 basis;
- the acquisition of the Orpheus Acquisition Assets by way of an issue of 25,000,000 Orpheus Acquisition Shares at a deemed share price of 20 cents per post consolidated share (deemed value $5,000,000), the issue of 12,500,000 Orpheus Acquisition Options at a deemed fair value of $505,000 and the payment of $2 cash;
- the payment of an estimated $300,000 indirect costs, including stamp duty relating to the Orpheus Acquisition and all expensed;

- the issue of 2,500,000 Issue Shares and 1,250,000 Issue Options to parties at a deemed value for the Issue Shares of $500,000 and a deemed fair value of the Issue Options of $58,850 and such costs expensed;
- the conversion of $500,000 of the Equity Loan made by OEG/Coalworks and the issue of 5,000,000 Coalworks Shares at a deemed value of $1,000,000 and accounting for a loss of $500,000;
- the issue of 10,000,000 Placement Shares at 20 cents each (and 5,000,000 free attached Placement Options) to raise a gross $2,000,000 and incur capital raising costs estimated at $150,000;
- the issue of 2,500,000 shares at 20 cents each to raise $500,000 as a result of the 1 for 1 Rights Issue to the existing shareholders but assuming only shares are issued to Coalworks under an underwriting agreement;
- the issue of 6,000,000 ordinary shares (Converting Shares) and 3,000,000 Converting Share Options from the conversion of 6,000,000 Converting Notes issued by OEG (eliminates a Converting Loan Debt of $600,000 due by OEG as at 8 August 2010;
- the issue of 12,750,000 share options at 10 cents each, expiring on 31 December 2011 at a deemed fair value of $1,479,000;
- the issue of 112,500 Director Shares at a deemed value of $22,500 as part consideration to eliminate pre-administration creditors and a further 225,000 shares to pay subsequent director fees for a value of $45,000 along with 168,750 Director Options with a deemed fair value of $7,945;
- the issue of 1,750,000 Corporate Shares at a deemed value of $350,000 and 875,000 Corporate Options with a deemed fair value of $41,125;
- OEG entering into a joint venture to acquire a 51% interest in two coal projects in Indonesia and the payment by OEG of a minimum of US$500,000 (equivalent to A$615,688) relating to the B26 Coal Project (all this occurred prior to 30 June 2010). A further US$1,000,000 (approximately $1,136,636) to be payable to earn an interest in the B26 Coal Project by paying the shareholders of PAR and BBA;
- OEG entering into a Strategic Alliance with PT Mega Coal International; and
- the payment of $100,000 to the Recovery Vehicle.

	AMFG **$**	**AMFG Consolidated Pro-forma** **$**
Current Assets		
Cash	-	1,169,165
Receivables	-	12,533
	-	1,181,698
Non Current Assets		
Fixed assets	-	7,710
Capitalised exploration costs	-	8,595,000
	-	8,602,710
Total Assets	-	9,784,408
Current Liabilities		
Trade and other payables	111,064	3,851
Administrators fees and costs	20,000	-
Borrowings- owing to Coalworks	-	268,450
Total Current Liabilities	131,064	272,301
Total liabilities	131,064	272,301
Net Assets (Liabilities)	(131,064)	9,512,107
Equity (estimated - as not in Administrators Report)		
Issued capital	8,383,695	18,251,195
Reserves	979,952	3,071,872
Accumulated losses	(9,494,711)	(13,133,960)
	(131,604)	8 189,107
Outside Equity interests	-	1,323,000
Net Equity	(131,064)	9,512,107

5.4.2 The book net tangible asset backing as at February 2010 equates to approximately nil cents. The Company is under a Deed of Company Arrangement ("DOCA") and based on the Deed Administrator's Reports, the Company's net position is a negative liability. Based on the book values, the value per fully paid ordinary share post the 25,000,000 Orpheus Acquisition, Equity Loan conversion by the issue of 5,000,000 Coalworks Shares, the issue of 2,500,000 Issue Shares, 10,000,000 Placement Shares, 2,500,000 Rights Issue Shares, 6,000,000 Converting Shares, 337,500 Creditor Shares and 1,750,000 Corporate Shares (63,847,832 ordinary post consolidated shares on issue) of approximately 14.89 cents (ignoring the value, if any, of non-booked tax benefits) (12.82 cents ignoring the outside equity interests). The net cash asset backing per share would approximate 1.42 cents. In the event that 35,000,000 Placement Shares were issued to raise a gross $7,000,000 and capital raising costs were $525,000, the pro-forma asset backing would increase to approximately $14,137,107 and the asset backing per share would approximate 15.91 cents (14.42 cents ignoring the outside equity interests) (88,847,832 shares on issue) (net cash asset backing per share would be approximately 6.22 cents).

5.5 Market Price of AMFG Fully Paid Ordinary Shares

5.5.1 The shares in AMFG have been suspended form trading on ASX for over 12 months and thus using prior share prices traded on ASX is not considered feasible.

5.5.2 The future value of an AMFG share will depend upon, inter alia:

- The successful exploitation of the Orpheus Acquisition Assets being acquired via the Orpheus Acquisition;
- The state of the coal, base metal markets, lime and other minerals (and prices) in Australia and overseas;
- The cash position of the Company;
- The state of Australian and overseas stock markets;
- Membership and control of the Board and quality of management;
- General economic conditions; and
- Liquidity of shares in AMFG.

5.6 Technically, the Orpheus Acquisition Shares, Orpheus Acquisition Options and Coalworks Shares to be issued to Coalworks are worth nil as the Company has a deficiency in net equity as noted above. However, the Orpheus Acquisition and the Equity Loan conversion as noted in paragraphs 1.1 and 1.2 above are subject to the capital raising and issue of up to 35,000,000 Placement Shares as envisaged under resolution 10 to raise an initial up to gross $7,000,000 (minimum capital raising will be $2,000,000 plus $500,000 from underwriting the Right Issue noted above). Thus it may be more reasonable to ascribe 20 cents per post consolidated share to the proposals noted in resolution 8 (and in resolutions 6 and 7). The AMFG directors will need to consider the accounting standards in determining the final price attributable to the Orpheus Acquisition Shares and Coalworks Shares to be issued to Coalworks to acquire the Orpheus Acquisition Assets and convert Equity Loans as noted above.

5.7 Options

5.7.1 The Company is also to issue 12,500,000 Orpheus Acquisition Options to Coalworks as part of the consideration to acquire the Orpheus Acquisition Assets. The proposed directors of AMFG ascribed minimal value to the Orpheus Acquisition Options.

The key assumptions we have used to ascribe a value to the Orpheus Acquisition Options include:

- Share price of a AMFG share of 20 cents (the Issue price on a post 1 for 5 consolidation basis of up to 40,000,000 Placement Shares)
- Risk free interest rate of 4.8% (based on Reserve Bank Bonds with an 18 month maturity)
- Volatility factor of 50% (based on the lower end of other small cap mining companies historical volatilities)
- Exercise price of 20 cents per Orpheus Acquisition Option

- Discount of 20% for non listed status of the Orpheus Acquisition Options
- Expiry date of 31 December 2011 and an assumed issue date of approximately 31 August 2010

Based on the above, the value of the Orpheus Acquisition Options is valued at approximately 4.4 cents each. Thus the total "cost" to issue the 12,500,000 Orpheus Acquisition Options approximates $505,000. It should be noted that any cost attributable to the Orpheus Acquisition Options is not a cash outlay and Coalworks would need to pay AMFG $2,500,000 to exercise all of the 12,500,000 Orpheus Acquisition Options. In the event that the Orpheus Acquisition Options and the 1,250,000 Options are issued after 31 August 2010, the value per share option would be less. The directors of AMFG will need to re-assess the value attributable to the Orpheus Acquisition Options at the time of issue of such share options. It is unlikely to be more than the $505,000 noted in this report.

6. Value of Considerations

Orpheus Acquisition

6.1 Based on a post 1 for 5 consolidation and using the Placement Share price, the consideration for the Orpheus Acquisition would be:

	$
25,000,000 Orpheus Acquisition Shares	5,000,000
12,500,000 Orpheus Acquisition Options	505,000
Cash	2
Total deemed consideration payable	5,505,002

Equity Loan Conversion - Coalworks

6.2 Based on a post 1 for 5 consolidation and using the Placement Share price, the consideration for the Equity Loan conversion would be:

	$
Coalworks Shares	1,000,000

The deemed total issue price of the Coalworks Shares is $1,000,000 and thus a loss of $500,000 will be disclosed. Refer paragraph 9.5 relating to the accounting cost of issuing the Coalworks Options. If Coalworks elects to receive Additional Coalworks Shares and Additional Coalworks Options to repay the balance of the Equity Loan up to $500,000, up to 5,000,000 Additional Coalworks Shares (and up to 2,500,000 Additional Coalworks Options) will be issued at the then market price at date of issue. Further accounting losses may be incurred if the market value of a listed AMFG share is greater than 10 cents. The extent of any potential loss cannot be ascertained at this point of time. It is noted that the remaining up to $500,000 of Equity Loan may be settled in cash or Additional Coalworks Shares and Additional Coalworks Options as noted above and elsewhere in this report at Coalworks election.

7. Basis of Valuation of the Orpheus Acquisition Assets

7.1 The usual approach to the valuation of an asset is to seek to determine what an informed, willing but not anxious buyer would pay to an informed, willing but not anxious seller in an open market.

7.2 The Company as part of its negotiations with Coalworks and as Coalworks plan for an IPO for OEG that was to obtain the Orpheus Acquisition Assets other than OEG itself) obtained a February 2010 draft Independent Geologist's Report prepared by Minarco. OEG was considering an ASX listing and the Independent Geologist's Report was to be used as an Expert's Persons Report for inclusion in a Prospectus to be issued by OEG. An updated signed Independent Geologist's Report has now been obtained dated 6 August 2010. The final Independent Geologist's Report is attached as an appendix to the ENS but is does not contain a formal valuation of the Hodgson Vale Coal Project, the Ashford Lime Project or the Wingen Bentonite Joint Venture but outlines the prospectivity of such mineral projects. Considerable funds are needed to be incurred by AMFG if the Capital Raising and Orpheus Acquisition are completed successfully and there is no guarantee that resources or reserves will be located on the mineral tenements. The AMFG proposed directors and management considered the value of the consideration to be approximately $5,505,000 to arrive at the number of Orpheus Acquisition Shares and Orpheus Acquisition Options to be issued as the consideration payable by AMFG. It is noted that a condition precedent to the Orpheus Acquisition is that AMFG must raise a minimum $2,000,000 from a Capital Raising and $500,000 from a Rights Issue. The funds from the Capital Raising and Rights Issue will be used to evaluate the commerciality of the Orpheus Acquisition Assets. In July 2010, Coalworks/OEG at our request commissioned Ravensgate Pty Ltd ("Ravensgate") to prepare a valuation ("Ravensgate Valuation Report") of the coal and mineral assets comprising the Orpheus Acquisition Assets, namely the:

- the Hodgson Vale Coal Project comprised in EPC 1145 (100%) in Queensland;
- the Ashford Lime Project (100%) comprised in EL 6511 in New South Wales;
- a right to earn a 50% interest in a possible Wingen Bentonite Joint venture in New South Wales
- a potential 51% interest in the B26 Coal Project in Indonesia

The Company is to acquire 100% of the shares in OEG, a company that proposes to acquire rights to participate in further coal and industrial minerals projects. We have been advised that OEG had minimal assets to April 2010 however in May 2010 it raised a gross $479,000 (to 8 August 2010 the amount has or is in the process of being increased to $600,000) and signed a Heads of Agreement for the acquisition of the B26 Coal Project and that some of such funds have been used towards the payment of a US$500,000 deposit relating to acquiring a 51% shareholding interest in PAR and BBA that have interests in coal concessions collectively known as the B26 Coal Project. It is noted that OEG before being acquired by AMFG may issue further Converting Notes up to a total value of $3,000,000 (that includes the $600,000 issued or proposed to be issued to 8 August 2010). Section 7.5 below refers to the un-audited balance sheet of OEG as at 30 June 2010. It is estimated that OEG will owe Coalworks up to $1,000,000 at the date of completion of the Orpheus Acquisition however $500,000 will be settled by the issue of 5,000,000 Coalworks Shares and an up to $500,000 may be paid by AMFG to Coalworks to extinguish the remaining liability or AMFG may issue a further 5,000,000 Additional Coalworks Shares and up to 2,500,000 Additional Coalworks Options to Coalworks (at the election of Coalworks).

The Ravensgate Valuation Report is attached as an Appendix to the ENS. The Ravensgate Valuation Report as at 31 July 2010 should be read in its entirety. The Ravensgate Valuation Report ascribes a range of values to the interests in the Orpheus Acquisition Assets (but not the shares in OEG) and for the purposes of our report we have used the low, high and mid range market valuations referred to in the Ravensgate Valuation Report.

7.3 We have used and relied on the Ravensgate Valuation Report on the Orpheus Acquisition Assets (but not the shares in OEG) and have satisfied ourselves that:

- Ravensgate is a suitably qualified consulting firm and has relevant experience in assessing the merits of mineral projects and preparing mineral asset valuations (also the principal authors of the report Craig Allison and Kate Holdsworth are suitably qualified and experienced);
- Ravensgate and the principal authors are independent from AMFG, Coalworks and OEG; and
- Ravensgate has to the best of our knowledge employed recognised methodologies in the preparation of the Ravensgate Valuation Report on the Orpheus Acquisition Assets (excluding the shares in OEG).

7.4 Ravensgate has provided a range of market values of the interests in the Orpheus Acquisition Assets (excluding the shares in OEG). Ravensgate has ascribed a range of values as follows:

	Low $	**Preferred** $	**High** $
Hodgson Vale (100%)	2,400,000	5,500,000	8,600,000
Ashford Lime (100%)	580,000	800,000	870,000
Wingen Bentonite (100%)	640,000	780,000	910,000
B26 Indonesian Coal Project (100%)	2,250,000	2,700,000	2,900,000
	5,870,000	9,780,000	13,280,000

A 50% interest in the Wingen Bentonite JV and a 51% interest in the B26 Coal Projects results in values ascribed by Ravensgate as follows:

	Low $	**Preferred** $	**High** $
Hodgson Vale (100%)	2,400,000	5,500,000	8,600,000
Ashford Lime (100%)	580,000	800,000	870,000
Wingen Bentonite (50%)	320,000	390,000	460,000
B26 Indonesian Coal Project (51%)	1,150,000	1,400,000	1,480,000
	4,450,000	8,070,000	11,400,000

Using the fair values of the Orpheus Acquisition Assets (excluding the interest in the Bentonite JV and the potential 51% interest in the B26 Coal Project in Indonesia), the total fair values are expected to lie in the range of $2,980,000 and $9,470,000 with a preferred fair value of $6,300,000.

7.5 Set out below is the un-audited balance sheet of OEG as at 30 June 2010 along with a pro-forma OEG balance sheet that assumes the acquisition of a 51% shareholding interest in the two Indonesian companies that collectively own the B26 Coal Project.

	OEG Unaudited 30 June 2010 $	OEG Pro-forma Consolidated Unaudited 30 June 2010 $
Current Assets		
Cash assets	234,803	234,803
Trade, other receivables and prepayments	12,533	12,533
Total Current Assets	247,336	247,336
Non Current Assets		
Plant and Equipment at WDV	7,710	7,710
Deposits paid re investment- B26	615,688	-
B26 Indonesian Coal Project	-	2,700,000
Bentonite Wingen Maid capitalised costs	986	986
Total Non Current Assets	624,384	2,708,696
Total Assets	871,720	2,956,032
Current Liabilities		
Trade and Other Payables	3,851	3,851
Borrowings- shareholders	768,450	768,450
Converting Notes	479,000	479,000
Owing to parties to acquire an effective 51% of the B26 Coal Project	-	1,136,636
Total Current Liabilities	1,215,301	2,387,937

	OEG Unaudited 30 June 2010 $	OEG Pro-forma Consolidated Unaudited 30 June 2010 $
Total Liabilities	1,251,301	2,387,937
Net Assets (Liabilities)	(379,581)	568,095
Equity		
Issued Capital	2	2
Accumulated (Losses) / Profits	(379,583)	(754,907)
Parent entity equity	(379,851)	(754,905)
Outside equity interests	-	1,323,000
Total Equity (Deficiency)	(379,581)	568,095

Subsequent to 30 June 2010 and to 8 August 2010, OEG has agreed to issue a further $121,000 of Converting Notes so that the total is deemed to be $600,000 as at 8 August 2010. The actual consideration payable to acquire 100% of the shares in OEG is $2. It is noted that AMFG is obligated to repay $500,000 of the loan owing to Coalworks by way of the issue of 5,000,000 Coalworks Shares (and the balance of up to $500,000 to be repaid at a later stage by either the issue of up to 5,000,000 Additional Coalworks Shares and up to 2,500,000 Additional Coalworks Options or cash at the election of Coalworks) and plans to issue 6,000,000 shares in AMFG to the Converting Note holders to extinguish the Converting loans totalling $600,000. If OEG issues further Converting Notes, further Converting Shares and Converting Share Options will be issued by AMFG to extinguish the Converting Notes issued by OEG, up to a maximum of $3,000,000 (30,000,000 Converting Notes and 15,000,000 Converting Share Options).

7.6 Using the fair values of the Orpheus Acquisition Assets (including the 50% interest in the Wingen Bentonite JV and assuming a 51% interest in the B26 Coal Project in Indonesia), the total net fair values are expected to lie in the range of $4,450,000 and $11,400,000 with a preferred fair value of $8,070,000. Using the fair values of the Orpheus Acquisition Assets (including the 50% interest in the Wingen Bentonite JV and valuing a 100% interest in the B26 Coal Project in Indonesia), the total net fair values are expected to lie in the range of $5,550,000 and $12,820,000 with a preferred fair value of $9,370,000. The outside equity interests of PAR and BBA would equate to $1,323,000 being 49% of the $2,700,000 valuation attributable to a 100% interest in the B26 Coal Projects.

7.7 In effect, using the fair values attributable to the mineral interests being acquired ($8,070,000) less the net working capital deficiency of OEG ($2,140,601) results in a net fair value of the Orpheus Acquisition Assets of $5,929,399.

8. PREMIUM FOR CONTROL

8.1 Premium for control for the purposes of this report, has been defined as the difference between the price per share, which a buyer would be prepared to pay to obtain or improve a controlling interest in the Company and the price per share which the same person would be required to pay per share, which does not carry with it control or the ability to improve (increase) control of the Company.

8.2 Under TCA, control may be deemed to occur when a shareholder or group of associated shareholders control more than 20% of the issued capital. As noted above, Coalworks could increase its shareholding from nil% to approximately 49.92% if all of the Orpheus Acquisition Shares, Coalworks Shares, Issue Shares, the minimum number of Placement Shares are issued pursuant to resolutions 6 to 14 as described in the ENS (and $500,000 of Rights Issue Shares). In addition, the percentage interest of Coalworks could increase further if only Coalworks exercised the Orpheus Acquisition Options and receives Additional Coalworks Shares and exercises any Additional Coalworks Options. Accordingly, we have addressed whether premiums for control will be paid.

8.3 The assumed fair value of the Orpheus Acquisition Shares and Coalworks Shares to be issued to Coalworks under resolutions 6, 7 and 8 is 20 cents (the amount per share from the Share Placement) although arguably the real current value is minimal. In total Coalworks is to receive in relation to the Orpheus Acquisition and Equity Loan Repayment, Orpheus Acquisition Shares that would have a deemed value of $5,000,000, Orpheus Acquisition Options with a deemed calculated value of $505,000 and Coalworks Shares that based on the 20 cent per share Placement Shares may have a value on relisting of AMFG on ASX of $1,000,000. In return, AMFG receives Orpheus Acquisition Assets with a deemed net preferred fair value of $5,929,399 and the extinguishment of all pre DOCA liabilities of $132,557. AMFG would be debt free, except for further amounts owing to Coalworks and minor OEG creditors of approximately $272,301 (using 30 June 2010 figures) and possibly up to $503,851 and after the issue of the Placement Shares (assumed the minimum of 10,000,000 Placement Shares and $500,000 from the Rights Issue) would have net cash assets of approximately $909,397 and book assets of approximately $9,512,107 and the net asset backing per share would approximate 14.89 cents assuming 63,847,832 shares on issue (ignoring minority interests, the net book asset backing per share would approximate 12.82 cents). **This compares with a net asset backing per share prior to the Coalworks proposals to recapitalise and reconstruct AMFG of nil cents.** Even though Coalworks are to receive the Orpheus Acquisition Shares, the Orpheus Acquisition Options and Coalworks Shares, the shareholders of AMFG are arguably better off as the net book asset value per share excluding minorities increases from around nil cents to 12.82 cents as noted above (and a net cash asset backing of 1.42 cents as noted in paragraph 5.4.2 above). Furthermore, Coalworks may increase its equity interests in AMFG depending on the number of Orpheus Acquisition Options, Issue Options and Placement Options exercised in the future and whether Additional Coalworks Shares are issued to Coalworks (maximum 5,000,000 Additional Coalworks Shares) and if any Additional Coalworks Options are exercised. It is unlikely that any new share options proposed to be issued pursuant to resolutions 6 to 14 will be exercised unless the share price of an AMFG share is at least 20 cents as traded on ASX. The Promoter Options and any potential Additional Coalworks Options are exercisable at 10 cents each and thus potentially may be exercised before all other share options are exercised. Current shareholders would benefit from an increase in the AMFG share price. The future share price will largely be dependent on the exploration success or otherwise of the Orpheus Acquisition Assets. If Coalworks exercised all of the Orpheus Acquisition Options, AMFG would receive new cash funds from Coalworks of $2,500,000. If all of the Issue Options were exercised AMFG would receive a further $300,000 and if all of the minimum 5,000,000 Placement Options were exercised, an additional $1,000,000 would be raised. If only Coalworks took up 2,500,000 shares from underwriting $500,000 of the Rights Issue, Coalworks would need to pay AMFG a further $250,000 from exercising 1,250,000 share options it would receive via the underwriting and receiving 2,500,000 shares. If the maximum 17,500,000 Placement Options were exercised, an additional $3,500,000 would be raised. If the 3,000,000 Converting Share Options were exercised a further $600,000 would be raised (this may be more if OEG issues further Converting Notes - this could be up to 15,000,000 Converting Notes that if exercised would raise a total of $3,000,000).

8.4 We note that currently Coalworks does not have Board control of AMFG however following the recapitalisation proposals Coalworks will have three representatives on the Board out of three board members and thus "control" the Board post merger. In addition, AMFG may be a partly owned subsidiary of Coalworks.

9. Conclusion as to Fairness

9.1 The proposal to acquire the Orpheus Acquisition Assets from Coalworks for the consideration noted in paragraph 6.1 is believed fair to AMFG's non-associated shareholders if the value of the consideration offered is equal to or less than the value of the Orpheus Acquisition Assets being acquired.

9.2 The valuation of mineral interests and valuing future profitability and cash flows is extremely subjective as it involves assumptions regarding future events that are not capable of independent substantiation.

9.3 The assessed cost of the acquisition of the Orpheus Acquisition Assets is $5,505,002 compared with an assessed preferred net fair value of the Orpheus Acquisition Assets of $5,929,399.

9.4 Based on the underlying values attributable to the Orpheus Acquisition Assets the issue of 25,000,000 Orpheus Acquisition Shares and 12,500,000 Orpheus Acquisition Options are fair to the existing shareholders of AMFG. **The proposals with Coalworks are in affect part of a recapitalisation of AMFG and in the absence of such a proposal or something similar, there is every possibility that AMFG could be placed into liquidation. Assuming that the current value of an AMFG share is nil, the proposals collectively would be considered fair.**

9.5 Coalworks (via EOG) has lent $132,557 and incurred further expenses for the benefit of AMFG which constitute the current indebtedness of AMFG to OEG and AMFG will repay all existing liabilities in existence prior to AMFG entering into the DOCA. The consideration to repay part of the Equity Loan to $500,000 (that includes the $132,557) is the issue of 5,000,000 Coalworks Shares. The Coalworks Shares are deemed to be valued at 20 cents each (as the Coalworks Shares will only be issued post an AMFG relisting and the fair value of an AMFG share may be worth the 20 cent issue price under the capital raising). Thus, the total consideration payable by AMFG to extinguish the Equity Loan may be $1,000,000 based on 5,000,000 Coalworks Shares being issued. The IFRIC Interpretation 19 “Extinguishing Financial Liabilities” notes that the fair value of the equity (shares) issued is to be used when shares are issued to extinguish a financial liability. In this case, the fair value will be deemed to be 20 cents per Coalworks Share and thus a loss on extinguishment will occur of $500,000 (5,000,000 Coalworks Shares issued). Net assets are not affected. Furthermore, a further up to 5,000,000 Additional Coalworks Shares and up to 2,500,000 Additional Coalworks Options may be issued to Coalworks to extinguish the remaining Equity Loan capped at a further $500,000. The extent of any loss (if any) of issuing up to 5,000,000 Additional Coalworks Shares and up to 2,500,000 Additional Coalworks Options cannot be determined at this stage. On its own, such proposals are not fair (**assuming a 20 cent per share issue price), however, the proposals with Coalworks are in affect part of a recapitalisation of AMFG and in the absence of such a proposal or something similar, there is every possibility that AMFG could be placed into liquidation. Assuming that the current value of an AMFG share is nil, the proposals to issue 5,000,000 Coalworks Shares** and possibly up to 5,000,000 Additional Coalworks Shares and up to 2,500,000 Coalworks Options **(as part of the recapitalisation of AMFG) would be considered fair.**

9.6 Technically, we are reporting, inter-alia, on allowing Coalworks to exercise the Orpheus Acquisition Options into fully paid post consolidated shares in AMFG. As noted above, the Orpheus Acquisition Options being issued to Coalworks have an accounting value totalling $505,000. The exercise price of the Orpheus Acquisition Options is 20 cents each and if all are exercised, AMFG would receive new funds totalling $2,500,000. It is also noted that prior to the recapitalisation/reconstruction proposals with Coalworks, the shares in AMFG are considered to be of minimal value and thus the Orpheus Acquisition Options (and for that matter the Issue Options) would be near worthless. If Additional Coalworks Options are issued and exercised (the exercise price is 10 cents per share) a further $250,000 would be raised by AMFG. It is not known as to whether the Additional Coalworks Options will be issued and what the share price of an AMFG share trading on ASX will be in the future. It is considered that allowing up to 5,000,000 Additional Coalworks Shares and up to 2,500,000 Additional Coalworks Options to be issued and exercised is all part of the recapitalisation of AMFG. If such shares and options are not issued, AMFG will need to pay Coalworks in cash up to an additional $500,000.

9.7 **It is our view that allowing Coalworks to exercise the Orpheus Acquisition Options and allowing the exercise of any Additional Coalworks Options may, on balance, considered to be fair.**

10. Reasonableness of the Proposals with Coalworks

10.1 We set out below some of the advantages and disadvantages and other factors pertaining to the proposals with Coalworks including the Orpheus Acquisition, the Equity Loan Repayment and other proposals with Coalworks as noted in the ENS.

<u>Advantages</u>

10.2 The Orpheus Acquisition if successful could lead to potential coal mining, lime and/or bentonite operations or the ability for AMFG to on-sell or farm-out the Orpheus Acquisition Assets to another company at a profit. Currently, AMFG is in Administration and subject to a DOCA with no cash and liabilities of approximately $132,557 and additional expenses being incurred. The Administrators consider the realisable value of AMFG's other assets to be nil or minimal.

10.3 The Company is able to raise further funds by way of share equity as a result of acquiring the Orpheus Acquisition Assets. Part of the recapitalisation proposals put forward by Coalworks is the public issue of up to 35,000,000 Placement Shares to raise up to a gross $7,000,000 (minimum capital raising $2,000,000 from issuing Placement Shares along with receiving a minimum of $500,000 from Coalworks via the underwriting of $500,000 of the Rights Issue) . Post the issue of all shares to be initially issued pursuant to resolutions 6 to 14, AMFG will have (using un-audited 30 June 2010 figures for OEG) net cash funds of approximately $909,397 and no pre DOCA liabilities assuming 10,000,000 Placement Shares are issued and $5,534,397 if it was assumed 35,000,000 Placement Shares were issued (refer paragraph 5.4.2 above). In addition, if the Orpheus Acquisition Options and the assumed 1,250,000 share options issued to Coalworks as a result of taking up 2,500,000 shares via the underwriting commitment) are exercised, AMFG would receive new cash funds of approximately $2,750,000. In addition if all 1,250,000 Issue Options and 5,000,000 Placement Options were exercised at 20 cents each, on or before 31 December 2011, the Company would receive a further $1,250,000 cash funds ($4,250,000 if 20,000,000 Placement Options were exercised as well as the Issue Options). If the 3,000,000 Converting Share Options were also exercised, a further $600,000 would be raised (this may be more if AMFG issues further Converting Notes up to a maximum of $3,000,000). If all of the Promoter Options were exercised, the Company would receive a further $1,275,000 in cash funds. If up to 2,500,000 Additional Coalworks Options were issued and exercised, the Company would receive up to $500,000. Further funds would be raised if any Corporate Options were exercised at 20 cents each and if any Additional Coalworks Options (potentially up to $500,000) and Director Options (up to $33,750) were issued and exercised at 20 cents each.

10.4 On a pre consolidation and pre recapitalisation proposal basis asset backing approach, the consideration proposed is minimal as the Company's asset backing per share approximates nil cents.

10.5 The proposed new board members bring a wealth of technical and business experience. Further details on the proposed new directors are noted in the ENS.

10.6 There is an incentive to the new management and Coalworks to make AMFG a viable mineral exploration company as Coalworks will have a significant interest in AMFG and it may also become a subsidiary of Coalworks and Coalworks has the potential to increase its shareholding interest on exercise of the Orpheus Acquisition Options at 20 cents each on or before 31 December 2011.

10.7 To exercise any of the Options being issued pursuant to resolutions 6 to 14, it would be likely that this would only be undertaken if the share price of an AMFG share was consistently trading above 20 cents and the mineral prospects of the AMFG Group were highly prospective with some chance of entering into commercial production (for at least one of the areas of interest). Shareholders would benefit from an increased share price and if they so wished could sell their shares at a price greater than the 20 cent share price and certainly greater than the current share price attributable to an AMFG share.

Disadvantages

10.8 The number of fully paid ordinary shares on issue substantially rises in number depending on the number of Coalworks Shares, Placement Share and Rights Issue Shares to be issued (before exercise of any existing share options and the Options proposed to be issued pursuant to resolutions 6 to 14). The existing shareholders shares in AMFG reduce from 53,801,663 pre consolidation (and owning 100% of the shares in AMFG that are near worthless) to 10,760,332 shares (may represent as low as approximately 9.75%) assuming no existing shareholders take up any Rights Issue Shares. However, it is noted that the existing shares in AMFG are worthless or near worthless in the absence of a significant recapitalisation as proposed by Coalworks or some other significant recapitalisation.

10.9 Currently, Coalworks own nil shares in the Company and if resolutions 1 and 18 are passed, Coalworks could obtain a shareholding interest of between approximately 26.42% and 50.12% depending on the number of shares issued pursuant to resolutions 6 to 14 and the extent of the number of shares issued pursuant to the Rights Issue. A substantial shareholding interest will be regarded as a cornerstone investor. However the potential significant interest can also lead to an "overhang" in the market and be a negative to other potential suitors in a takeover offer situation.

10.10 AMFG may need to raise further significant working capital to spend on exploration and evaluation of the Orpheus Acquisition Assets and any other mineral assets acquired in the future, although cash reserves post the Placement Share issue may be reasonable (at least in the short term). The number of shares that may be issued to raise additional capital is not yet ascertained however any future capital raisings will further dilute the current non associated shareholders interests in AMFG.

10.11 In general terms, investments in listed mineral exploration companies are high risk and for those shareholders who consider that the proposed Orpheus Acquisition from Coalworks is a risk worth taking, then the proposed Orpheus Acquisition under resolution 8 may be reasonable.

10.12 The Orpheus Acquisition Assets that include the Indonesian joint ventures/ mining assets may not turn out to be commercially viable and thus losses may be incurred. The 7 June 2010 HOA between OEG, PT Mega Coal Indomine, PT Persada Kharisma Kenanga, PAR and BBA results in a further US$1,000,000 being paid by OEG (assumably to be funded by AMFG once AMFG owns 100% of OEG) so that OEG ends up owning 51% of the share capital of PAR and BBA, that between them own the B26 Coal Project in Indonesia. Funds will need to be obtained to fund the potential acquisitions. The funds are due to be paid on the earlier of the listing of OEG on the ASX (via the re-quotation of all of the AMFG shares) and 30 September 2010. We have been informed that the loans to the existing shareholders of PAR and BBA are to be forgiven (approximately equivalent to around $10.5 million) and that there is no tax consequences. This assertion has not been verified by us.

Other Factors

10.13 If the Orpheus Acquisition Options are exercised, Coalworks will need to pay AMFG a total of $2,500,000 and a further $250,000 if it exercises 1,250,000 Rights Issue Options that it may have via the underwriting commitment noted above. Furthermore, if Coalworks is issued up to 2,500,000 Coalworks Options such Options are exercisable at 20 cents each. The exercise price of 20 cents may be lower than the market price of an AMFG share at date of exercise. This (market price of an AMFG share) will also apply to the Issue Options, Corporate Options, Director Options and the Placement Options. The Promoter Options are exercisable at 10 cents each and the share price at the time of exercise of any promoter Options may be in excess of the 10 cent exercise price.

10.14 If all of the tenements to be acquired via the Orpheus Acquisition are granted tenements there are annual exploration and rental commitments. AMFG may not have enough funds to meet ongoing commitments and some tenements may need to be sold or farmed out. Alternatively or in conjunction with a sale or farm-out, applications may be made to the Queensland and/or New South Wales Mines Departments for exemptions from the minimum exploration commitments (that may not necessarily be granted). There may be fines or penalties payable. The Company may be required to lodge environmental bonds with the various Mines Departments once it acquires the Orpheus Acquisition Assets although this may be unlikely in the short term.

10.15 There is a cost involved (albeit a non-cash cost) in issuing the Coalworks Shares to eliminate the Equity Loan of $500,000 and there may be additional losses if up to a further $500,000 of Equity Loan was extinguished by the issue of up to 5,000,000 Additional Coalworks Shares and up to 2,500,000 Additional Coalworks Options. Paragraph 9.5 refers to the cost of issuing Coalworks Shares. In addition, certain parties are to receive 2,500,000 Issue Shares and 1,250,000 Issue Options as consideration for such parties introducing and assisting in the re-organisation and recapitalisation of AMFG. The deemed accounting cost is $500,000 for the Issue Shares and $50,500 for the Issue Options. In addition, certain parties are to receive 1,750,000 Corporate Shares and 875,000 Corporate Options as consideration for such parties assisting in the re-organisation and recapitalisation of AMFG and assistance on the proposed acquisition of an effective 51% interest in the B26 Coal Project. The deemed accounting cost is $350,000 for the Corporate Shares and $41,125 for the Corporate Options. Without the assistance of the parties (more fully described in the ENS), AMFG may still be a shell company that would be in Administration with no cash and liabilities to extinguish. The total deemed accounting cost of issuing Coalworks Shares, Issue Shares, Issue Options, Corporate Shares and Corporate Options may be $1,949,975 and will need to be expensed in the statement of comprehensive income (income statement) in the year ended 30 June 2011. The cost to AMFG of issuing up to a further 5,000,000 Additional Coalworks Shares and up to 2,500,000 Additional Coalworks Options cannot be ascertained at this point of time. If the remaining up to $500,000 of Equity Loan is repaid in cash, no loss will be incurred, however there will be a cash outflow to Coalworks of up to $500,000.

11. Conclusion as to Reasonableness

11.1 **After taking into account the factors referred to in 10 above and elsewhere in this report, we are of the opinion that the proposals with Coalworks as noted in paragraphs 1.1 and 1.2 and resolution 8 in the Notice may be considered, on balance, to be reasonable to the non-associated shareholders of AMFG.**

12. Sources of Information

12.1 In making our assessment as to whether the proposals with Coalworks as noted in paragraphs 1.1 and 1.2 and resolution 8 is fair and reasonable, we have reviewed relevant published available information and other unpublished information of the Company, the Orpheus Acquisition Assets that is relevant to the current circumstances. In addition, we have held discussions with the proposed management of AMFG about the present and future operations of the Company. Statements and opinions contained in this report are given in good faith but in the preparation of this report, we have relied in part on information provided by the proposed directors and management of AMFG.

12.2 Information we have received includes, but is not limited to:

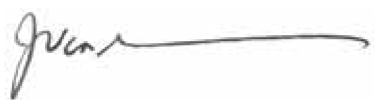
- draft Notice's of AMFG and draft Explanatory Statements to Shareholders prepared in March to 11 August 2010;
- discussions with proposed management and directors of AMFG and with Coalworks corporate advisers;
- shareholding details of AMFG as supplied by the Company's share registry as at 29 June 2010;
- un-audited statement of financial position of AMFG as at February 2010;
- announcements made by AMFG and Coalworks to the ASX to 10 August 2010;
- the Deed of Option Agreement between AMFG and Coalworks signed in April 2010 and held in escrow and to be dated pending passing of resolutions approving the acquisition of the Orpheus Acquisition Assets, the subject of the Deed of Option Agreement;
- the cash flow forecasts of AMFG for 2010/11;
- the estimated annual minimum mineral expenditure commitments pertaining to the Orpheus Acquisition Assets;

- the Administrators Report(s) to the creditors of AMFG to 11 February 2010;
- the Framework Agreement between AMFG, Coalworks and the Administrators of AMFG of October 2009 which attaches the Loan Facility Agreement providing for the provision of the advances referred to above secured by a registered fixed and floating charge. This charge will be discharged in accordance with a supplement deed to the Framework Agreement as the convertible notes to be issued are to be unsecured. Only the CWK Assets referred to in the Framework Agreement are proposed for acquisition and an additional project being 51% of the B26 Coal Project;
- the Wingen Bentonite Option and Joint Venture Deed between OEG and Plasminex and held in escrow and to be dated pending passing of the resolutions approving the acquisition of the project the subject of the Joint Venture Deed;
- draft Minarco Mine-Consult Independent Technical (Geologist's) Report of February 2010 that was prepared for inclusion in a prospectus that was to be issued to raise funds from a public issue by Orpheus Energy Limited;
- final Minarco Mine-Consult Independent Technical (Geologist's) Report of 6 August 2010;
- the Ravensgate Valuation Report as at 31 July 2010 on the Orpheus Acquisition Assets (excludes the shares in OEG) and discussions with an author of the Ravensgate Valuation Report;
- Updated Information Memorandum issued by AMFG in May 2010 relating to the planned projects of AMFG (that will trade as Orpheus Energy Limited);
- Heads of Agreement and subsequent correspondence to acquire Indonesian Coal interests via the proposal to acquire 51% of the shares in PAR and BBA;
- Unaudited balance sheets of PAR and BBA as at 30 June 2010;
- Converting Notes terms and conditions (issued by OEG);
- Draft Note Application Form re the conversion of up to $500,000 of the Equity Loan being settled by the issue of Additional Coalworks Shares and Options; and
- Strategic Alliance Agreement between OEG and PT Mega Coal International.

11.3 Our report includes Appendix A and our Financial Services Guide attached to this report. The Ravensgate Valuation Report should be read in conjunction with our report.

Yours faithfully

STANTONS INTERNATIONAL PTY LTD
(trading as Stantons International Securities)



J P Van Dieren - FCA
Director

APPENDIX A

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities dated 11 August 2010, relating to the proposals as outlined in paragraphs 1.1 and 1.2 of this report and resolution 8 in the Notice of Meeting to Shareholders to be distributed to AMFG shareholders in August 2010.

At the date of this report, Stantons International Securities does not have any interest in the outcome of the proposal. There are no relationships with AMFG or Coalworks other than acting as an independent expert for the purposes of this report. There are no existing relationships between Stantons International Securities and the parties participating in the transaction detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated at $32,000. The fee is payable regardless of the outcome. With the exception of the fee, neither Stantons International Securities nor John P Van Dieren have received, nor will, or may they receive, any pecuniary or other benefits, whether directly or indirectly, for or in connection with the making of this report.

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

QUALIFICATIONS

We advise Stantons International Securities is the holder of an Australian Financial Services Licence (no 319600) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions that involve securities. A number of the directors of Stantons International Pty Ltd are the directors of Stantons International Securities. Stantons International Securities has extensive experience in providing advice pertaining to mergers, acquisitions and strategic for both listed and unlisted companies and businesses.

Mr John P Van Dieren, FCA, the person responsible for the preparation of this report, has extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuation and financial aspects thereof, including the fairness and reasonableness of the consideration offered.

The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the task they have performed.

DECLARATION

This report has been prepared at the request of the Directors of AMFG in order to assist the shareholders of AMFG to assess the merits or otherwise of the proposals as outlined in resolution 8 and the Explanatory Notes to which this report relates. This report has been prepared for the benefit of AMFG's shareholders and does not provide a general expression of Stantons International Securities opinion as to the longer term value of AMFG, its assets and the Orpheus Acquisition Assets. Stantons International Securities does not imply, and it should not be construed, that is has carried out any form of audit on the accounting or other records of AMFG or the Orpheus Acquisition Assets (including OEG). Neither the whole nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities to the form and context in which it appears.

DISCLAIMER

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

DECLARATION AND INDEMNITY

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

a) To make no claim by it or its officers against Stantons International Securities (and Stantons International Pty Ltd) to recover any loss or damage which AMFG may suffer as a result of reasonable reliance by Stantons International Securities on the information provided by AMFG; and

(b) To indemnify Stantons International Securities (and Stantons International Pty Ltd) against any claim arising (wholly or in part) from AMFG or any of its officers providing Stantons International Securities any false or misleading information or in the failure of AMFG or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities.

A draft of this report was presented to the proposed AMFG directors and the Deed Administrators for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.

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FINANCIAL SERVICES GUIDE
FOR STANTONS INTERNATIONAL PTY LTD
(Trading as Stantons International Securities)
Dated 11 August 2010

1. Stantons International Securities ACN 103 O88 697 ("SIS" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. Financial Services Guide

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

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No: 319600;
- remuneration that we and/or our staff and any associated receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. Financial services we are licensed to provide

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

- Securities (such as shares, options and notes)

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

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

4. General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

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

6. Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. Referrals

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

8. Associations and relationships

SIS is ultimately a wholly division of Stantons International Pty Ltd a professional advisory and accounting practice. Our directors are directors in Stantons International Pty Ltd.

From time to time, SIS, Stantons International Pty Ltd and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

9. Complaints resolution

9.1 Internal complaints resolution process

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

The Complaints Officer
Stantons International Securities
Level 1
1 Havelock Street
WEST PERTH WA 6005

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaints within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

9.2 Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited ("FOSL"). FOSL is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

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

Financial Ombudsman Service Limited
PO Box 3
MELBOURNE VIC 8007

Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399

10. Contact details

You may contact us using the details set out at the top of our letterhead on page 1 of this FSG.

6 August 2010

The Directors
Australian Motor Finance Group Limited (to be renamed Orpheus Energy Limited)
Level 5
44 Miller Street
North Sydney NSW 2060

Dear Sirs

INDEPENDENT TECHNICAL (GEOLOGIST'S) REPORT

Purpose of Report

This Independent Geologists Report has been prepared by Minarco-MineConsult ("MMC") for inclusion in an Information Memorandum to be issued to the shareholders of Australian Motor Finance Group Limited (to be renamed Orpheus Energy Limited) referred as ("the Company" or "Orpheus"). We understand that the Company will seek reinstatement to quotation of its shares on the Australian Securities Exchange.

The report, in the form of an independent technical assessment, sets out MMC's independent review of the geology, mineralisation and resources within three exploration tenements within Australia at Hodgson Vale in Queensland and Ashford and Wingen in New South Wales, that are to be divested by Coalworks Limited ("Coalworks") to Orpheus for the consideration of $5 million. Orpheus is also considering an investment in two mining concessions, identified as B26, in the Pasir Regency of East Kalimantan, Indonesia held by PT Mega Coal Indomine ("MCI").

MMC is part of Runge Limited, a global mining and software consulting group. Specialists from within Runge have contributed to this report and have the appropriate experience relevant to the style of mineralisation and type of deposits under consideration to qualify as Competent Persons as defined in the 2004 edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves.

MMC has conducted its technical review in recognition of the requirements of Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (the Valmin Code, 2005).

This Independent Technical (Geologist's) Report has been prepared in accordance with the relevant requirements of the listing rules of the ASX and the regulatory guidelines RG111 and RG112 issued by the Australian Securities and Investments Commission ("ASIC") in relation to the preparation of independent expert reports.

MMC has not been requested to provide an independent valuation nor has it been asked to provide an opinion on the fairness or reasonableness of the offer. The experts whose signatories are attached to this report do not hold an AFS licence and the opinions expressed in this report are solely of a technical nature. MMC has been paid, and has agreed to be paid, professional fees, by the Company for its preparation of this Report. None of MMC or its directors, staff or specialists who contributed to this report has any interest or entitlement, direct or indirect, in the Company, the relevant Assets; or the outcome of this report or the results of the stock exchange listing.

Summary of Report

Coalworks holds a 100% interest in coal exploration tenement EPC 1145 at Hodgson Vale in the Clarence-Moreton Basin of Queensland and a 100% interest in a limestone prospect EL 6511 at Ashford in the New England district of New South Wales. A third exploration area EL 7142 at Wingen in the Upper Hunter Valley of New South Wales containing bentonite targets is to be obtained by the Company with Plasminex Pty Ltd a company associated with the shareholders of Coalworks.. All exploration areas have been explored to varying stages and the occurrence of target minerals identified although no resources have yet been defined. The location of these exploration areas is shown on **Figure 1**.

MCI holds 100% interest in two adjacent concessions under the names of PT Polar Andhika Realtor (Block 2) to the south and PT Berkah Bumi Abadi (Block 6) in the north together referred as B26. These concessions are 820 ha and 665 ha in area, respectively. The regional locations are shown on **Figure 2**.

In general MMC has found that:

- Exploration to date has not been sufficient to define resources for the deposits, however exploration targets have been identified within each area. The Company has in place suitable exploration programmes to confirm the likelihood of resources.
- The Hodgson Vale coal exploration permit (EPC 1145) covers an area of 5,100 ha. This EPC was formerly part of a larger exploration permit held by Millmerran Coal Pty Ltd and exploration to date has concentrated in the northern area where coal horizon targets up to 22 m have been identified although splintered by numerous stony bands. Recent drilling by Coalworks shows the coal horizons to be variable in thickness but there is a central area that will be the subject of further in fill drilling to confirm the coal targets.
- A coal target of 20 - 38 million tonnes appears reasonable for open cut mining potential within the northern area of the Hodgson Vale deposit.
- The EPC 1145 exploration area is covered by a Tertiary basalt layer of varying thickness tending to be shallower in the north where the exploration has been concentrated and thicker to the south which has seen no exploration interest to date due to the emphasis on potential open cut mining areas. The Company will further explore the target area but will also drill a number of speculative holes in the south to test the presence of deeper coal. Earlier exploration campaigns by others over a wider area external to EPC 1145 have inferred the potential for underground mining targets.
- The coal, with stone bands excluded, has an ash of 37% (adb) and a specific energy of 19 MJ/kg. Beneficiation would be required for export markets. Alternate uses are to be assessed.
- The exploration targets over the EPC 1145 will also be investigated for underground coal gasification (UCG) potential. Indications are that depth and seam thickness, although a highly splintered seam, may satisfy the use of this technology. Permission has been granted by the Queensland Department of Mines and Energy to investigate this coal utilisation. It has been demonstrated that the coal within the Walloon Coal Measures can support UCG and coal to liquids technology.
- The Ashford limestone tenement (EL 6511) covering an area of 1,149 ha contains an identified ribbon of limestone outcrop running north-south through the licence area. Exploration to date has identified a location of bright limestone of high purity CaO that will be targeted in a planned exploration programme over the next two years. Limestone targets of 40 million tonnes as well as extensive lower grade limestone are identified. However further investigation of markets will need to be completed to confirm commercial exploitation of the deposit.
- The Wingen bentonite exploration area is adjacent to and north of the Cressfield bentonite operation northwest of Scone and contains identified near surface areas of up to six bentonite horizons separated by erosional gullies. Limited sampling to date from outcrops indicates the cation exchange capacity of the bentonite clays to be at least equivalent to those currently being mined in the region. An exploration programme to determine the thickness of the bentonite horizons and their extent will be conducted over the next two to three years. Markets available for the product will need to be ascertained.
- The East Kalimantan concessions have identified up to sixteen steeply dipping coal seams and sub-seams (or seam splits) of which there are three main seams (Seam 1, 2 and 3) up to 3.1 m in thickness. The coal is bituminous in rank and has average in situ ash of 19.8% (adb) and a specific energy of 25 MJ/kg at a gross as received basis. Total moisture is 9.0% as received and the total sulphur averages 1.3% (adb). Drilling to date has included open and cored holes identifying a coal target of 2.3 million tonnes within the Block 2 area. There has been no geophysical logging therefore the confidence level and coal target is expected to be raised with proposed further exploration

drilling at both Block 2 and 6. No estimates have been attempted for the Block 6 area due to the limited exploration to date.

Each of the exploration areas has been subject to varying degrees of historical exploration activity and show potential target locations that will be the subject of more detailed exploration by the Company.

Yours sincerely,

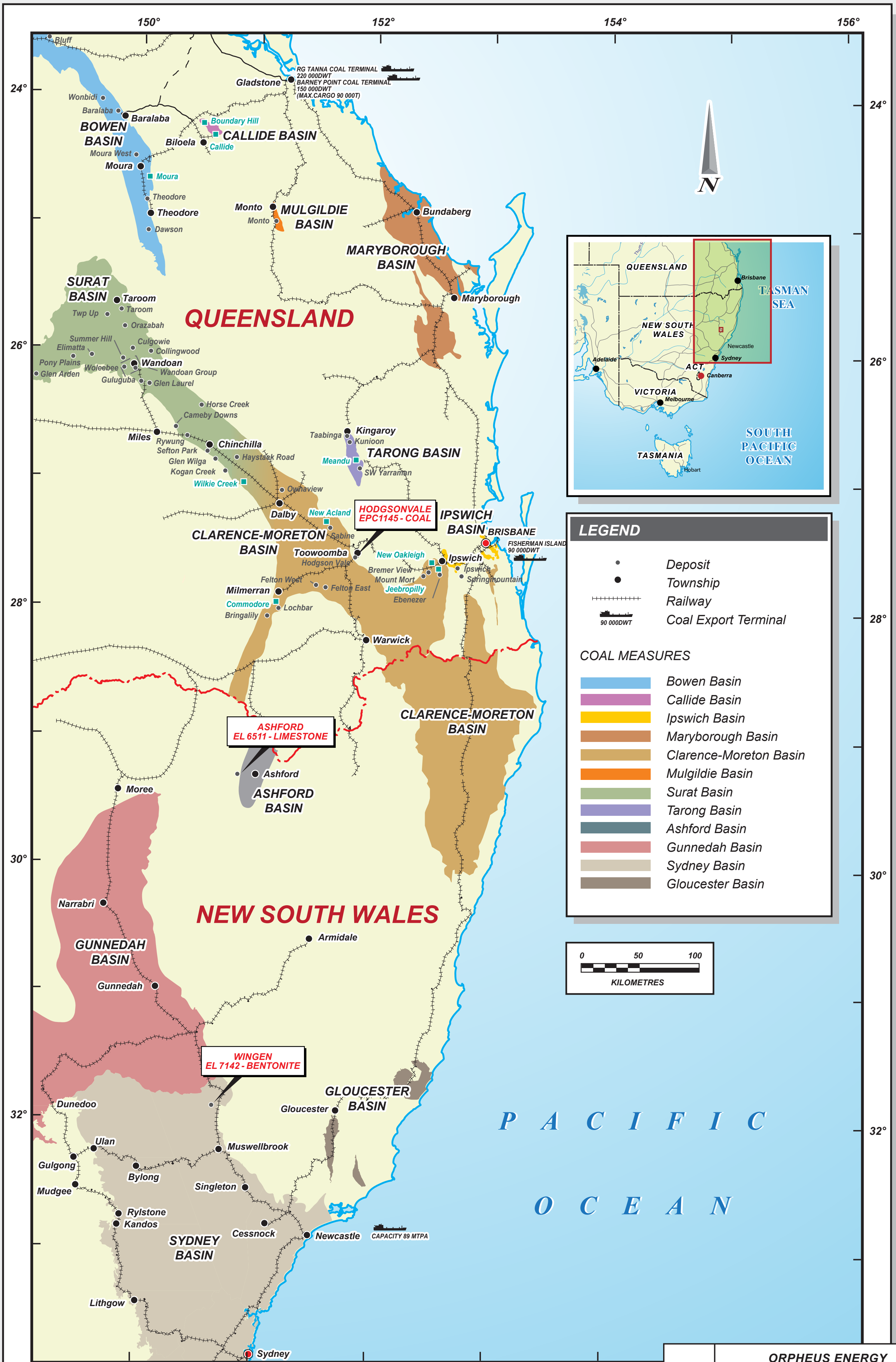
Philip Mitchell
Executive Consultant
Minarco MineConsult

Meryl Peterson
Chief Coal Geologist
Runge Limited

Bart Stone
Chief Geologist
Pincock Allen and Holt

Bill Park
Director
PT Runge Indonesia

minarco mineconsult



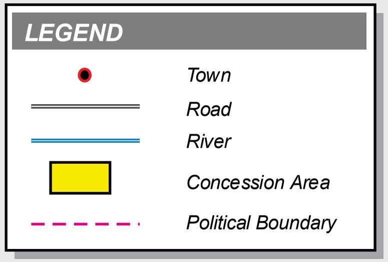
ORPHEUS ENERGY

INDEPENDENT GEOLOGY REPORT

LOCATION OF RELEVANT EXPLORATION AREAS

Date: July 2010	Job No: ADV-SY-03624	Figure: 1

minarco mineconsult



Orpheus Energy - Mega Coal Indomining

TECHNICAL REVIEW

B26 LOCATION PLAN

Date: July 2010	Job No: ADV-SY-03624	Figure: 2

minarco mineconsult

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1 INTRODUCTION

1.1 Purpose of Report

This report has been prepared by Minarco-MineConsult (MMC) for inclusion in an Information Memorandum to be issued to shareholders of Australian Motor Finance Group Limited to be renamed Orpheus Energy Limited (the Company or Orpheus). We understand that the Company will seek reinstatement to quotation of its shares on the Australian Securities Exchange (ASX).

MMC was instructed by the directors of the Company to conduct an independent geologist's review ("ITR") of the exploration tenements held by the Company or to be acquired by the Company upon listing, located in Queensland and New South Wales. This report sets out MMC's technical assessment of the geology and resources within these tenements.

The report was prepared in accordance with the relevant requirements of the ASX Listing Rules and the ASIC Regulatory Guides on the independence of experts and contents of expert reports.

1.2 Capability and Independence

MMC operates as an independent technical consultant providing resource evaluation, mining engineering and mine valuation services to the resources and financial services industries. The diverse experience covers all levels of mine assessment from designing exploration strategies through to final feasibility studies and coal market assessment. MMC has extensive experience in independent reporting and valuation of mines and mineral resources for financiers, capital markets and acquisitions. Neither MMC nor the specialists assisting in the preparation of this report have had any previous engagement with the Company.

MMC has agreed to be paid professional fees and expenses for its preparation of this report. None of MMC, its directors, staff or sub-consultants who contributed to this report has any direct or indirect interest in:

- the Company or securities in the Company,
- Related Parties,
- the Relevant Assets, and
- the outcome of the Company's reinstatement on the ASX.

MMC has independently assessed the Relevant Asset of the Company by reviewing the pertinent data, including resources, exploration history, mining potential and technical assessment reports. All opinions, findings and conclusions expressed in this report are those of MMC and its specialist advisors.

The Specialists who contributed to the findings within this report have each consented to the matters based on their information in the form and context in which it appears.

Drafts of this Report were provided to the Company, but only for the purpose of confirming the accuracy of factual material and the reasonableness of assumptions relied upon in this Report.

1.3 Limitations and Exclusions

The report is based mainly on information provided by Orpheus Energy, either directly from discussions or from reports, interviews and correspondence with other organisations whose work is the property of Orpheus Energy.

The report specifically excludes all aspects of legal issues, commercial and financing matters, land titles and agreements, excepting such aspects as may directly influence the technical assessment of the asset.

In MMC's opinion, the information provided by Orpheus Energy and its sub consultants was reasonable and nothing discovered during the review suggested that there was any significant error, misrepresentation or omission in respect of that information.

1.4 Expert and Specialists

Due to the different types of mineral deposits being reviewed, MMC has engaged persons who have specific knowledge of and experience in the exploration and assessment of the specific minerals to contribute to the report. Specialists with the relevant technical experience to be considered as "experts" and competent persons contributing are:

- Merryl Peterson is a geologist with 20 years experience in the coal industry in Australia and a member of the AusIMM. She has particular experience of exploration and geological structure of coal measure strata within the coal basins of Queensland. She is familiar with the nature of deposits that are the subject of this technical assessment and has the appropriate qualifications and relevant experience to be considered an expert and competent person.

- Bart Stone is a member of the Society of Mining Engineers and Canadian Institute of Mining and Metallurgy (Recognised Overseas Professional Organisation) and has over 30 years experience in assessing coal and mineral deposits including bentonite and limestone occurrences in the USA and Kenya. He is familiar with the nature of deposits that are the subject of this technical assessment and has the appropriate qualifications and relevant experience to be considered an expert and competent person.

- Bill Park is a member of the Australian Institute of Geoscientists, he is based in Jakarta and has more than 35 years experience (the past 18 years in Indonesia) in all facets of open cut coal mining. He is familiar with the nature of deposits that are the subject of this technical assessment and has the appropriate qualifications and relevant experience to be considered an expert and competent person.

Further details of persons who contributed to this report are included in **Annexure A**.

1.5 Inspections

No site inspections were undertaken with respect to the preparation of this report. Meetings were held with representatives of Orpheus Energy to determine the nature of the material available and seek information and reports to assist in the evaluation of the exploration tenements.

1.6 Terms

A glossary of terms is attached at the end of this report in **Annexure C**.

1.7 Information Sources

The list of data that was referenced for this technical report is included in **Appendix B**.

2 HODGSON VALE

2.1 Location

The Hodgson Vale project area is held by Coalworks under EPC 1145 and covers an area of 51 sq km. The project is approximately 10 km south of Toowoomba which is 160 km by rail from the Port of

Brisbane. The New England Highway cuts across the north-west corner of EPC1145, whilst the Toowoomba-Millmerran and Warwick railway line passes about 3 km northwest of the EPC.

Hodgson Creek, a major tributary of the Condamine River, flows from north-east to south-west through the EPC. The location and general services within the area are shown on **Figure 2.1**.

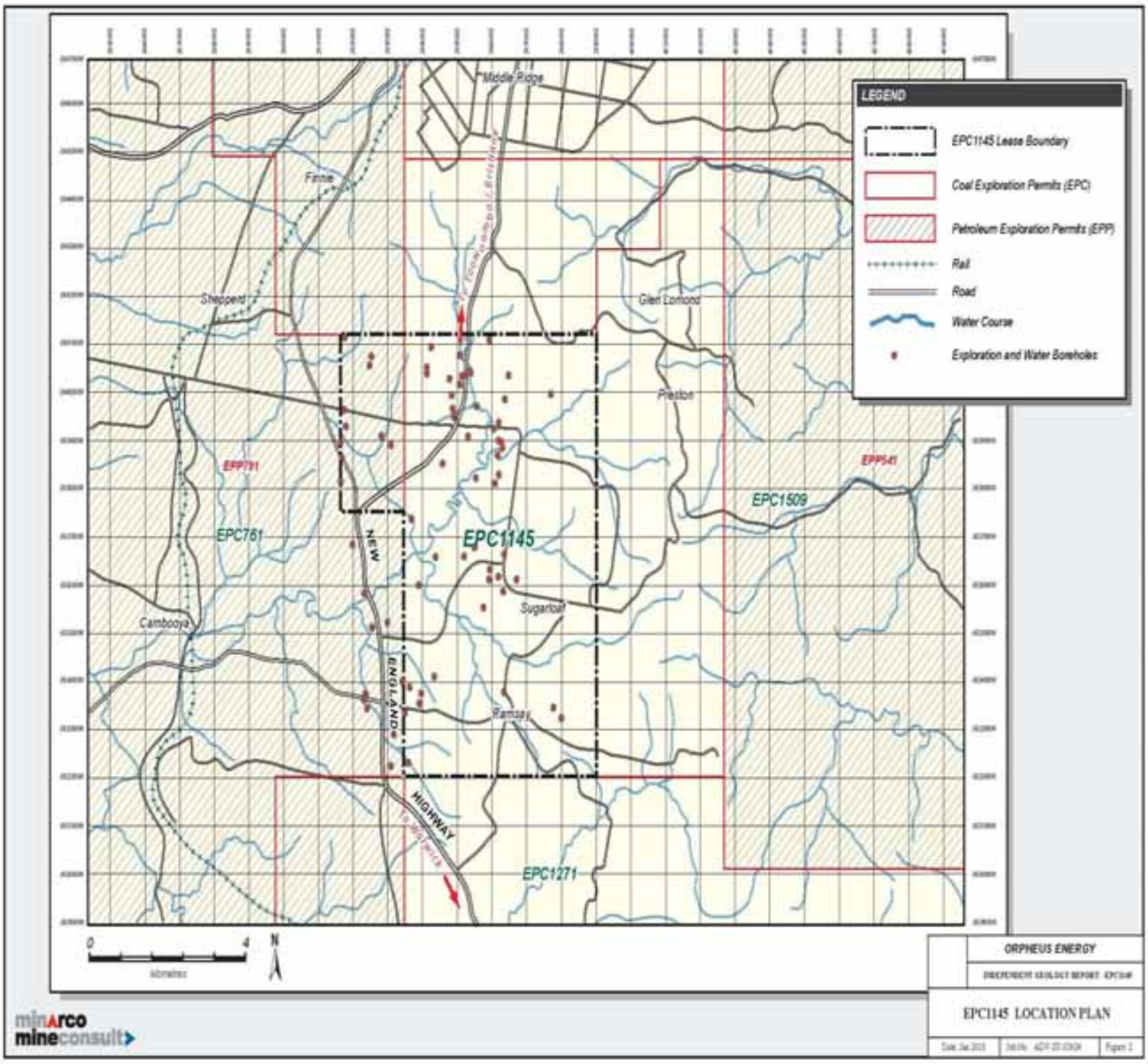


Figure 2.1 - Hodgson Vale Location

2.2 Regional Geology

The Hodgson Vale project lies within the Clarence-Moreton Basin, with the coal seams occurring within the Middle to Upper Jurassic Walloon Coal Measures. These measures consist of interbedded sandstone, siltstone, shale, mudstone and coal.

The coal tends to occur in thick banded intervals and with post-Jurassic erosion of the coal measures an uneven surface has been formed, which has been covered by a thick sequence of Tertiary basalts.

The basalt thickness is controlled by the paleo-topography and can be up to 100 m thick, with the thinnest section in the vicinity of Hodgson Creek.

In places the basalt has intruded the coal measures resulting in the coal being heat affected and coked. It is likely that these heat affected areas are where the coal seams had been exposed near the erosional unconformity between the coal measures and the later basalt flows.

2.3 Exploration History

In 1971-1974 the Hodgson Vale area was part of the large 1,147 km^2 Authority to Prospect (A-P) 112C held by Millmerran Coal Pty Ltd. Although a total of 262 holes were drilled over the prospect the drilling density in the Hodgson Vale area was reported at averaging approximately one hole in every 8 km^2 (Haites, 1974). A single coal seam cored hole (MCPL338) was drilled within the current EPC 1145 boundary. This hole, located adjacent to a water bore 30060, intersected some 20 m of coal at a depth of 40.5 m correlating well with the nearby water bore, although stone bands are included in the composite coal section. To date this is the only hole within EPC 1145 that has been sampled for coal quality data.

Prior to 1981 the Water Resources Commission had drilled 61 water bores in the Hodgson Vale area, of which 14 penetrated the Tertiary basalt overlying the coal measures. Nine of these holes were drilled to sufficient depth into the coal measures to intersect and confirm the presence of coal. Although these holes have lithology logs, they are rudimentary in the description of the stratigraphic sections and it is likely that the coal logged in these water bores includes interbedded sediments within the interval, as evidenced by adjacent later holes. The holes that penetrated the basalt are included in **Table 2.1**. Five holes that were terminated shortly below the basalt horizon were insufficient in depth within the coal measure strata and did not penetrate coal.

Table 2.1 – Water Bores Penetrating Basalt

Hole ID	Total Depth (m)	Base of Basalt (m)	Coal Horizon From (m)	To (m)	Thickness (m)
16412	61.3	44.8	57.0	57.0	0.9
17218	42.7	36.6			
17932	91.4	0	36.6	59.7	23.1
30059	73.2	25.6	43.6	65.5	21.9
30060	67.1	26.2	40.8	62.5	21.7
32102	122	0	96.6	106.4	9.8
35139	45.7	38.1			
42230971	107.6	104	106	107.6	1.6
36303	69.5	0	27.4	45.7	18.3
61123	45.7	0			
64893	111.0	97	108.0	109.0	1.0
83732	137.5	130.5			
94661	79.0	75.0			
119764	91.0	?	67.0	88.0	21.0

The coal in hole 119764 was logged as being intruded by basalt. The location of some of these water bores is uncertain, as a number of reports give different locations. The Geos Mining report (Geos Mining, 2008) used the locations derived from the Queensland Government database. All the water bore holes that intersected coal are in the northern part of the EPC.

The remaining 47 water bore holes across the area were to depths varying from 70 m to 218 m demonstrating the thickness of the Tertiary basalt across the majority of the tenement.

In 1978 a further six open holes were drilled by Millmerran Coal (HV01-6), with one hole HV06 intersecting coal and the remainder terminating in basalt. Hole HV06 was adjacent to the previously drilled MCPL338 and as expected intersected a coal section including stone bands 22.7 m thick at a depth of 41 m similar to the earlier hole and water bore. The five holes that terminated within the basalt were shallow with depths ranging between 15 m and 44 m whereas hole HV06 was to a depth of 70 m. It is not known whether these holes were geophysically logged.

In 2008 Coalworks drilled five open holes (HVE001-005), of which three intersected coal, whilst the other two terminated in basalt. These holes were all geophysically logged. The results for the holes that intersected coal are provided in **Table 2.2**.

Table 2.2– Coalworks Exploration Holes

Hole ID	Total Depth (m)	Basalt Thickness (m)	Coal Horizon			
			From (m)	To (m)	Coal Horizon Thickness (m)	Coal Thickness (m)
HVE0003	195	111	124	133.3	9.3	1.0
HVE0004	207	71	86.45	136.45	50.0	8.05
HVE0005	91.4	0	36.6	59.7	23.1	6.8

The holes demonstrate the variability of the stone band thicknesses between the coal plies within the coal horizons. The location of all holes within the exploration area is shown in **Figure 2.2** with those that intersected coal identified.

2.4 Geology of EPC 1145 and Coal Quality

The coal interval at Hodgson Vale occurs as a number of coal plies interbedded with bands of claystone, shale and siltstone. The thickest development of the coal-bearing intersection is up to 23 m centred on holes 17932, 30059 and 30060 in the central northern area, and it appears that the cumulative coal thickness in this area is up to 20 m. However, due to the lack of detail in the water bore lithology logs the thickness of the coal bands within this interval is not accurately known. The cumulative coal thickness decreases rapidly away from this centre of deposition, whilst the thickness of interbedded sediments increases, and in the Coalworks hole HVE004, 350 m distant from this depocentre, the cumulative coal thickness is 8 m, within a coal-bearing interval of 50 m. The presence of lower seams has not been identified by the drill holes which have been terminated at what appears to be potential economic depths for possible open cut mining.

Collar locations and lithology logs were provided by Orpheus for the water bores and the holes drilled by Millmerran Coal and Coalworks. From these a rudimentary geological model has been created by MMC over the northern part of EPC 1145 to assess the potential for resources. Each coal ply has been assigned a numeric name, commencing from the first ply downhole, but no attempt at correlation of the plies has been attempted. This model allows total thickness of coal and inter-ply partings to be represented and an estimate obtained of potential coal tonnes. With no geophysical logging of the coal interval recorded in the water bores the seam sections depicted may in fact be interbanded coal and sediments, giving an erroneously high coal thickness. A contour of the total coal thickness (excluding stone bands) is shown in **Figure 2.2**, whilst cross sections through the deposit are shown in **Figure 2.3.**

The overlying basalt flow has also been modelled. In several of the holes basalt occurs between the coal plies, and coking of the coal has been recorded in the lithology logs. **Figure 2.4** is a contour of the basalt thickness over the complete EPC. The northwest corner of the tenement has basalt flows exceeding 200 m and 100m to the south and south west. The basalt cover is thin or non existent in the central north coincident with the known coal sections that have been intersected.

One cored hole exists (MCPL338) with the coal interval analysed as seven plies, including three stone bands totalling 2.7 m. The results summarised in **Table 2.3** show the qualities on an air dried basis. The coal is relatively high in ash and low in energy and would require washing to a lower ash value to meet export markets. Alternative uses for the coal have not yet been assessed although it has been reported (Millmerran, 1983) that the coal within the larger Authority to Prospect area was a potential source for a coal to liquids. The reduced exploration target within EPC 1145 would not independently sustain such a venture however as a result of interest in underground coal gasification (UCG) technology and successful pilot plant demonstrations at Kingaroy and Chinchilla in the Walloon Coal Measures of Queensland (Cougar Energy and Linc Energy), such technology is not discounted for the Hodgson Vale deposit.

Table 2.3 – Coal Quality (Hole MCPL338)

Description	Coal (m)	RD	IM (%)	Ash (%)	VM (%)	TS (%)	SE (MJ/kg)
Including stone bands	19.15	1.76	5.9	52.7	23.4	0.38	12.85
Excluding stone bands	16.43	1.58	5.7	36.7	31.6	0.38	19.16

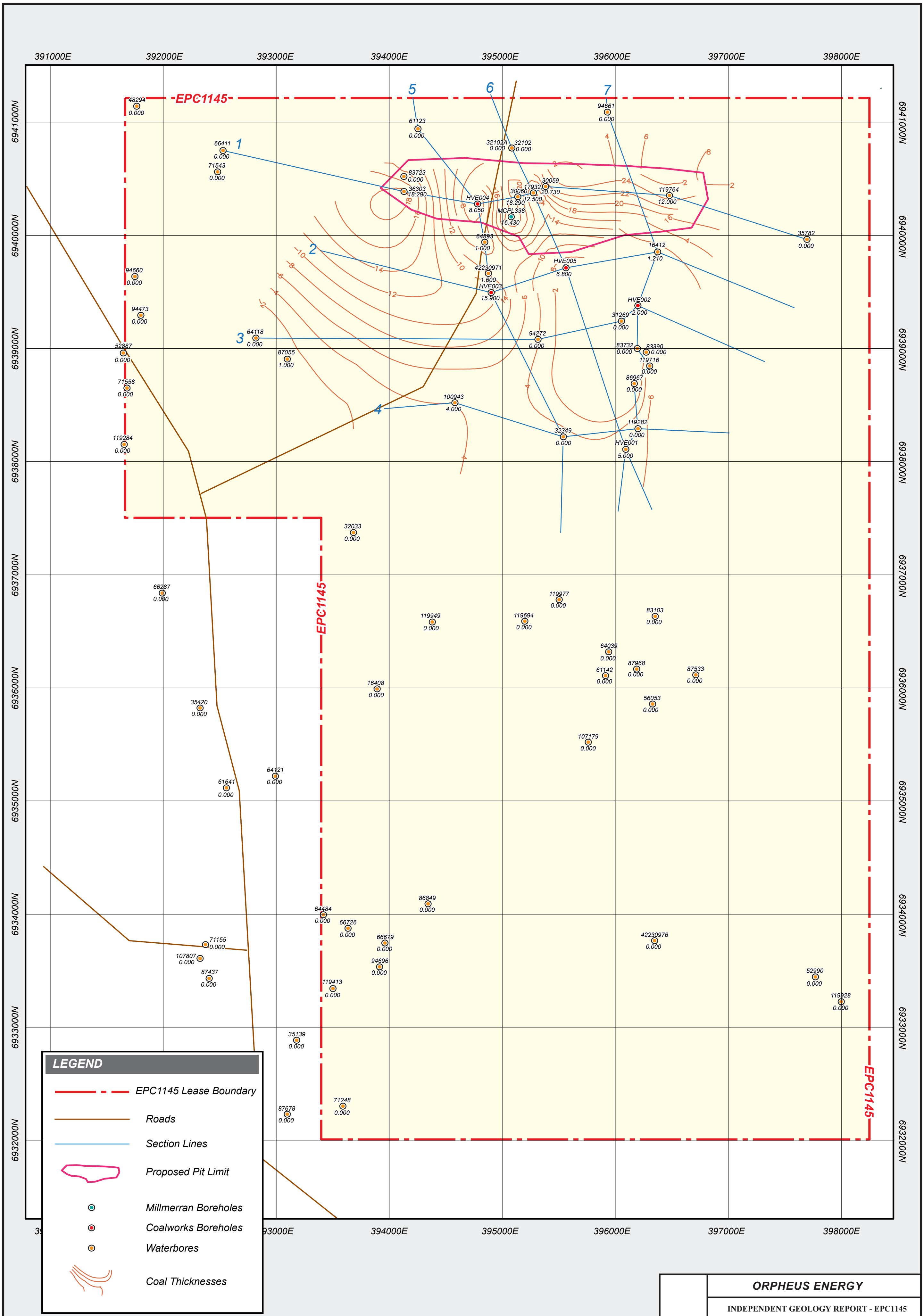
2.5 Resource Potential

The Geos report outlined a prospective target area for exploration that could define open cut mining potential. The report estimated a target of 5-20 million tonnes of coal within this area. MMC has also estimated a potential coal tonnage within this polygon shown on **Figure 2.2** from the rudimentary model developed from the drill hole data. The tonnage estimated is 38 million tonnes, however this is weighted by the 18 m thick intersection of coal in water bore 36303 (in the western part of the polygon), which may in fact be interbanded coal and stone. A target of 20 million tonnes is therefore considered reasonable. In consideration of the potential for open cut development the New England Highway passes through the west of the EPC and may sterilise part of the coal that could be able to be recovered.

The potential for underground coal targets has not been assessed due to the lack of holes penetrating the overlying basalt within the central and southern part of the licence area. This potential will be tested by drilling two open holes in the southern area as part of stage 2 of the exploration programme.

In support of the potential for UCG Coalworks has recently obtained permission from the Queensland Department of Mines and Energy to investigate UCG over the deposit. This permission is in accordance with a recent policy enabling such projects within coal exploration and development licences areas. The coal seam thickness and seam depth are within the range suitable for this technology and with an overlying basalt across the majority of the area surface subsidence would be minimal and hence ground water inflow. The potential depends on the outcome of the exploration progamme to confirm sufficient resources, coal thickness trends and minimal in seam stone bands that could otherwise detract from the efficiency of the coal gasification.

In essence, insufficient exploration and coal quality testing has been completed to date to provide a level of confidence to ascribe resources to this tenement.

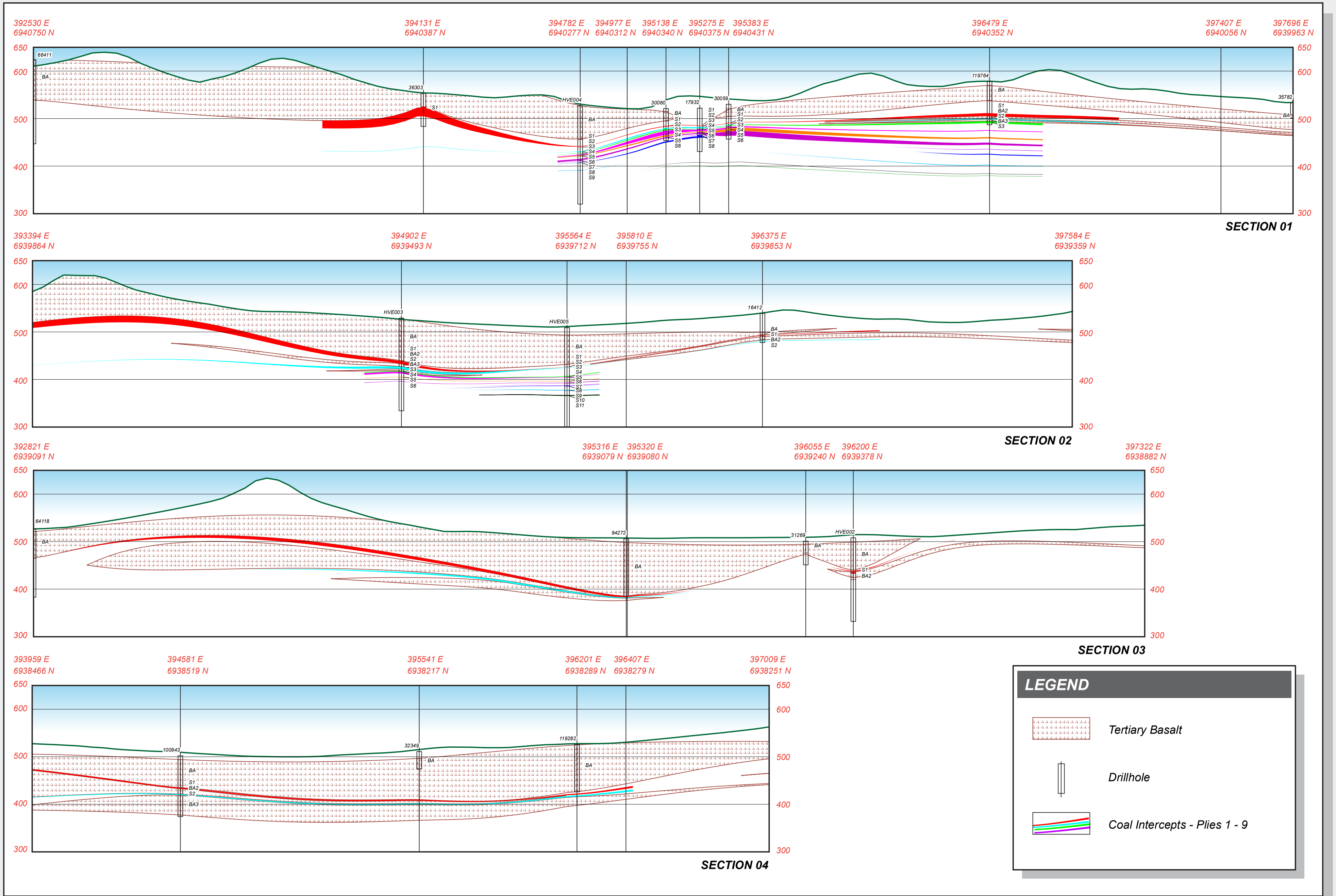


ORPHEUS ENERGY

INDEPENDENT GEOLOGY REPORT - EPC1145

COAL THICKNESS AND BOREHOLE LOCATIONS

Date: July 2010	Job No: ADV-SY-03624	Figure: 2.2



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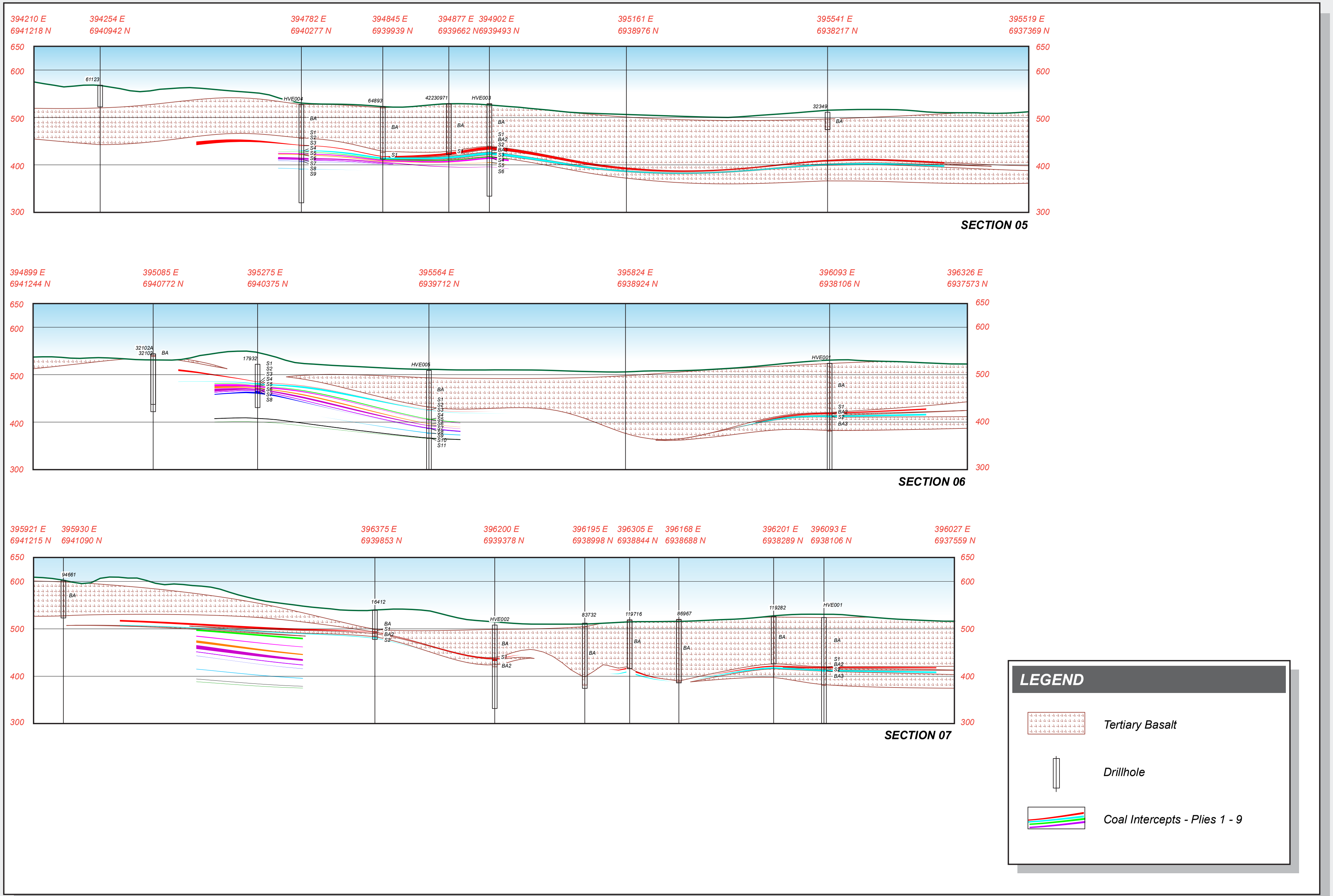
ORPHEUS ENERGY

INDEPENDENT GEOLOGY REPORT - EPC1145

TYPICAL CROSS SECTIONS

Date: July 2010	Job No. ADV-SY-03624	Figure: 2.3a



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	ORPHEUS ENERGY
	INDEPENDENT GEOLOGY REPORT - EPC1145
TYPICAL CROSS SECTIONS	
Date: July 2010	Job No. ADV-SY-03624	Figure: 2.3b

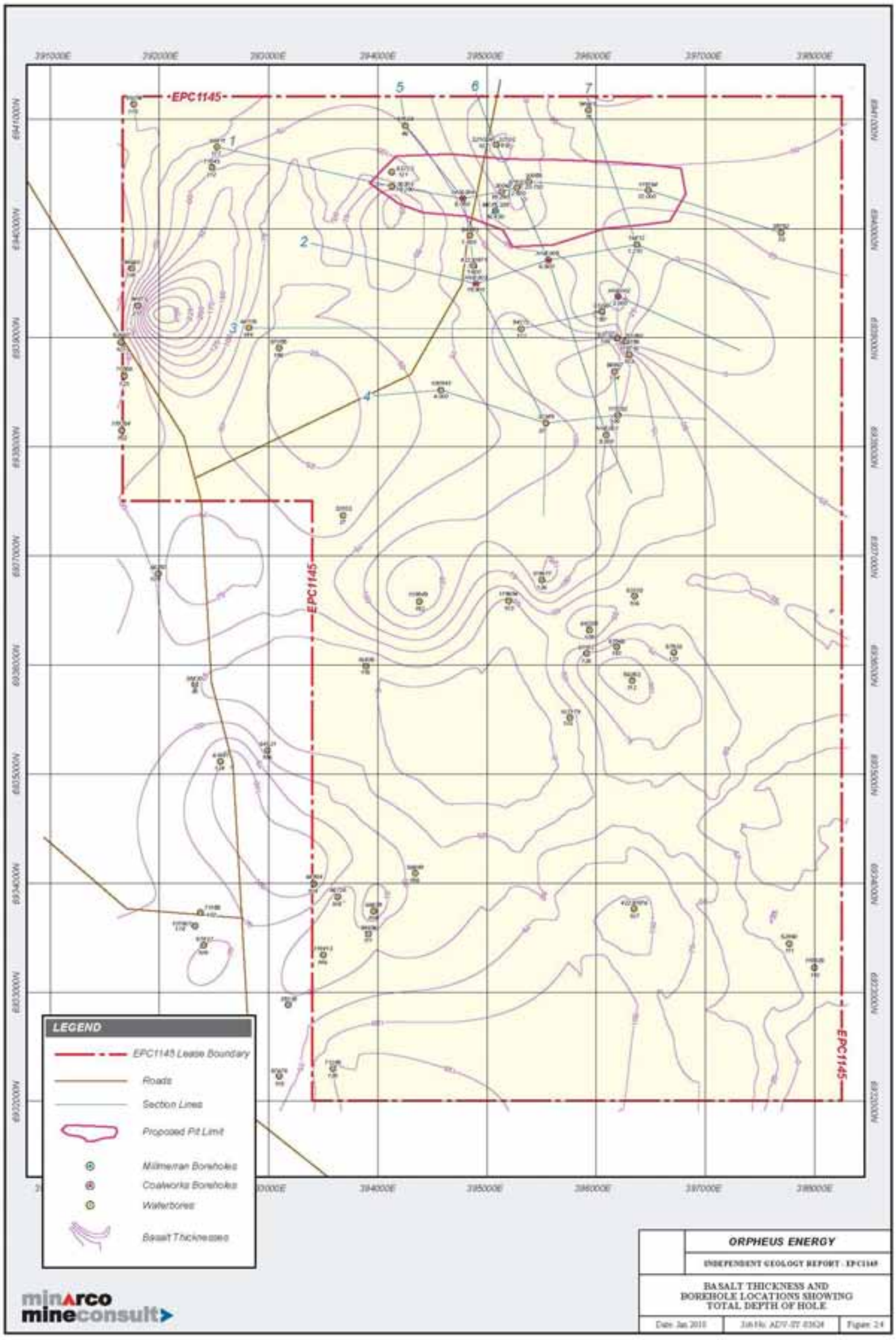


Figure 2.4 - Tertiary Basalt Layer Thickness

2.6 Exploration Programme

The Geos 2008 report recommends re-assessment of the original water bore logs to ascertain whether these holes provide a reliable representation of the coal seams. It may be that these holes are only useful to indicate the presence of coal, rather than an absolute measure of the thickness including intervening stone bands. A re-assessment should be followed by a number of exploration holes in the most prospective area to firm up the coal tonnage. The proposed exploration budget allocates $550,000 in a two stage progamme, concentrating in the northern area in the first instance with five drill holes, two of which will be partly cored including geophysical logging and coal quality analysis. The second stage consisting of two open holes will proceed in the southern part of EL 1145 to confirm the presence of deeper coal and will proceed depending on the outcome of the first stage. The expenditure appears reasonable and is shown in **Table 2.4**.

Table 2.4 – Exploration Budget – Hodgson Vale

Activity	Stage 1 ($)	Stage 2 ($)	Total ($)
Drilling	220,000	55,000	275,000
Geophysical logging	20,000	4,000	24,000
Geological Assessment, Modelling	100,000	22,000	122,000
Coal Quality	50,000	-	50,000
Survey, land management	8,400	30,900	39,300
Contingency	38,840	11,200	58,000
Total	**427,240**	**123,100**	**550,340**

2.7 Conclusion

The central northern area of EPC 1145 is the most prospective with coal sections up to 17 m within a total 22 m coal horizon identified, but highly variable thickness ranges over the area. The relatively shallow depth and thinning Tertiary basalt cover indicate open cut potential. The coal with stone bands excluded has an ash of 37% (adb) and a specific energy of 19 MJ/kg. Beneficiation for export or alternate markets will need to be assessed.

The southern portion of EPC 1145 holds little potential for open cut coal. Many of the holes in the southern area have been drilled to greater than 100 m depth and have terminated in basalt. The two holes proposed under the second stage of the exploration program will confirm the presence or otherwise of deeper coal targets that have been inferred from regional drilling.

During 2009 Geos Mining compiled a literature search of coal bed methane (CBM) data (Geos Mining, 2009). It was concluded that in the southern part of EPC 1145 the Walloon Coal Measures are likely to be at depths of 150-200 m, for which the second stage drilling should be sufficient. The depths however are considered insufficient to contain high seam gas methane contents for CBM exploitation. It has been suggested that there may some underground mining potential, but insufficient exploration has been undertaken to date to justify such a prospect.

3 ASHFORD LIMESTONE EXPLORATION AREA

3.1 Location

The Ashford Exploration Licence (EL 6511) is located 10 km northwest of the town of Ashford in the north of New South Wales (NSW) and approximately 180 km southwest of Wallangarra on the NSW/Queensland border. A rail connection from Wallangarra to Brisbane exists with a route distance of 358.5 km. The location of the licence area is shown in **Figure 3.1**.

The licence covering an area of nine graticular units was granted to Shield Energy Limited, now Coalworks Limited, on March 3, 2006 for a two year period. The licence area was reduced to four units (1,149 hectares) on renewal for a further two years to March 2, 2010 with the northwest boundary truncated at the Kwiambal National Park and the eastern half of the original area relinquished due to being beyond the identified limestone zone. The licence permits exploration for Group 2 minerals (non metallic) which includes limestone. The annual expenditure of $14,000 is current under the conditions for the licence.

3.2 Regional Geology

The district geology of the Ashford area includes a deepwater marine sedimentary sequence of lithic sandstone, mudstone, chert, jasper, volcaniclastic greywacke and limestone that are part of the Late Devonian to Early Carboniferous Texas beds (Brown & Stroud 1997). The sedimentary sequence was primarily deposited as turbidite flows in a deep ocean environment.

Permian granitoids of the Bundarra Plutonic Suite intrude the sedimentary sequence generating a contact metamorphic aureole which resulted in recrystallization of portions of the Ashford Limestone. Basalt dykes, possibly related to the intrusion of the Bundarra Plutonic Suite are also known to have intruded parts of the Ashford Limestone (Lishmund et al. 1986). Alluvium is present along drainage courses as the result of weathering, erosion and deposition during the Quaternary period.

The limestone deposit is in the form of a narrow north–south trending band that runs through the licence area dipping steeply to the west and outcrops along a north south line approximately through the centre of the licence area. The zone of limestone occurrence and the targeted drilling area are shown in **Figure 3.1**.

3.3 Exploration History

The potential of the Ashford Limestone as a source of high quality calcium carbonate has been known for many years, and prior target estimates of tonnes have been made without distinguishing the grade of the limestone. Kallangur Lime Pty Ltd drilled 118 holes in 1981-1983 to define the area containing the whitest limestone and a target estimate of 40 million tonnes of over 98% $CaCO_3$ to a depth of 20 m was reported by Flood (1993) based on these drilling results.

Exploration by Coalworks in 2008 incorporated twelve shallow percussion drill holes within the central area of the lease which was recognised as the most prospective area identified from the earlier exploration work. This drilling indicated that purer limestone is located near the western edge of the outcropping Ashford Limestone. A total of 63 samples each over a section of one metre of limestone were analysed. The location of the holes is shown on **Figure 3.2** and the drilling results in **Table 3.1**.

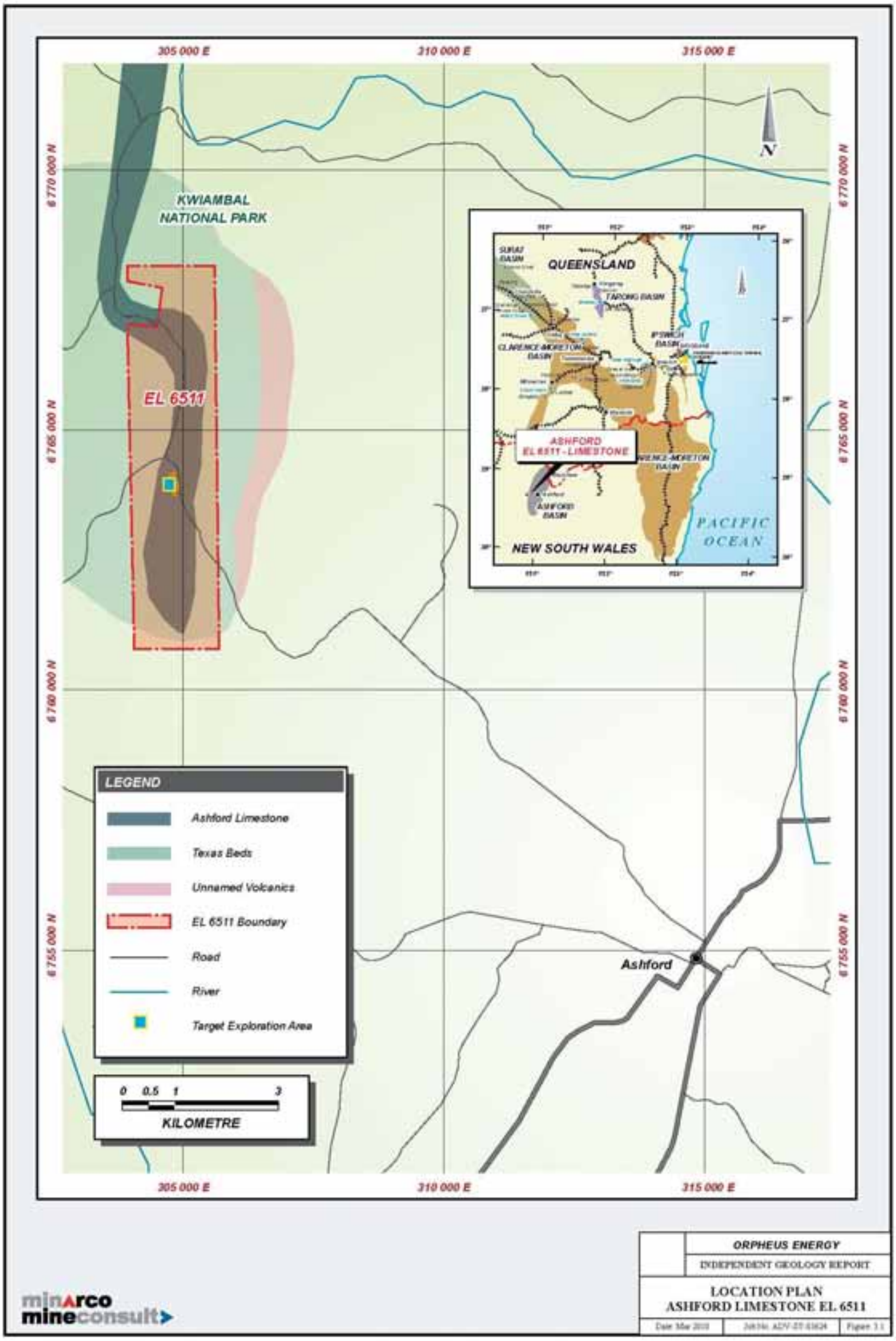


Figure 3.1 - Location of Ashford Limestone Deposit

Table 3.1 - Coalworks Exploration Ashford Limestone

Hole ID	Hole Depth (m)	Limestone Intercept Depth (m)	No. Samples	Sample Intervals (m)	Comment
AFP01	13.0	1 m to 3 m	0	Nil	Minor limestone, mostly altered – not sampled
AFP02	14.0	Not reported	4	2 m – 4 m 9 m- 11 m	Hole terminated in dissolution cavity. Pale off-white limestone 0.7m intercepted
AFP03	9.0	6 m to 7 m	1	6 m – 7 m	Off white limestone
AFP04	20.0	Not reported	18	2 m – 20 m at 1 m intervals	Hole terminated in pale grey limestone. Pale grey to off-white limestone intercepted. Some iron staining evident
AFP05	15.0	Not reported	3	3 m – 4 m 6 m – 7 m 11 m – 12 m	Hole terminated in pale grey limestone. Of white limestone in upper 6 m of hole. Substantial clay present.
AFP06	20.0	Not reported	6	3 m – 5 m 13 m – 15m 18 m – 20 m	Terminated in off-white limestone
AFP07	20.0	Not reported	4	4 m – 6 m 12 m – 14 m	Terminated in pale grey limestone. Minor off-white limestone below 12 m.
AFP08	17.0	10 m to 15 m	7	2 m – 3 m 6 m – 7 m 10 m – 15 m	Terminated in dissolution cavity. Pale grey limestone intersected to 10 m and off-white limestone 10 – 15 m.
AFP09	3.5	2 m to 3.5 m	1	1 m – 3 m	Terminated in dissolution cavity. Pale grey limestone present
AFP10	4.5		1	2 m – 3 m	Terminated in dissolution cavity (adjacent to AFP09). Pale grey limestone present.
AFP11	20.0	3 m to 20 m	17	2 m – 20 m at 1 m intervals	Pale grey to off-white limestone. Limestone soft below 11 m.
AFP12	8.5	Not reported	1	7 m – 8.5 m	Terminated in dissolution cavity. Pale grey limestone. Substantial clay in upper 7 m.

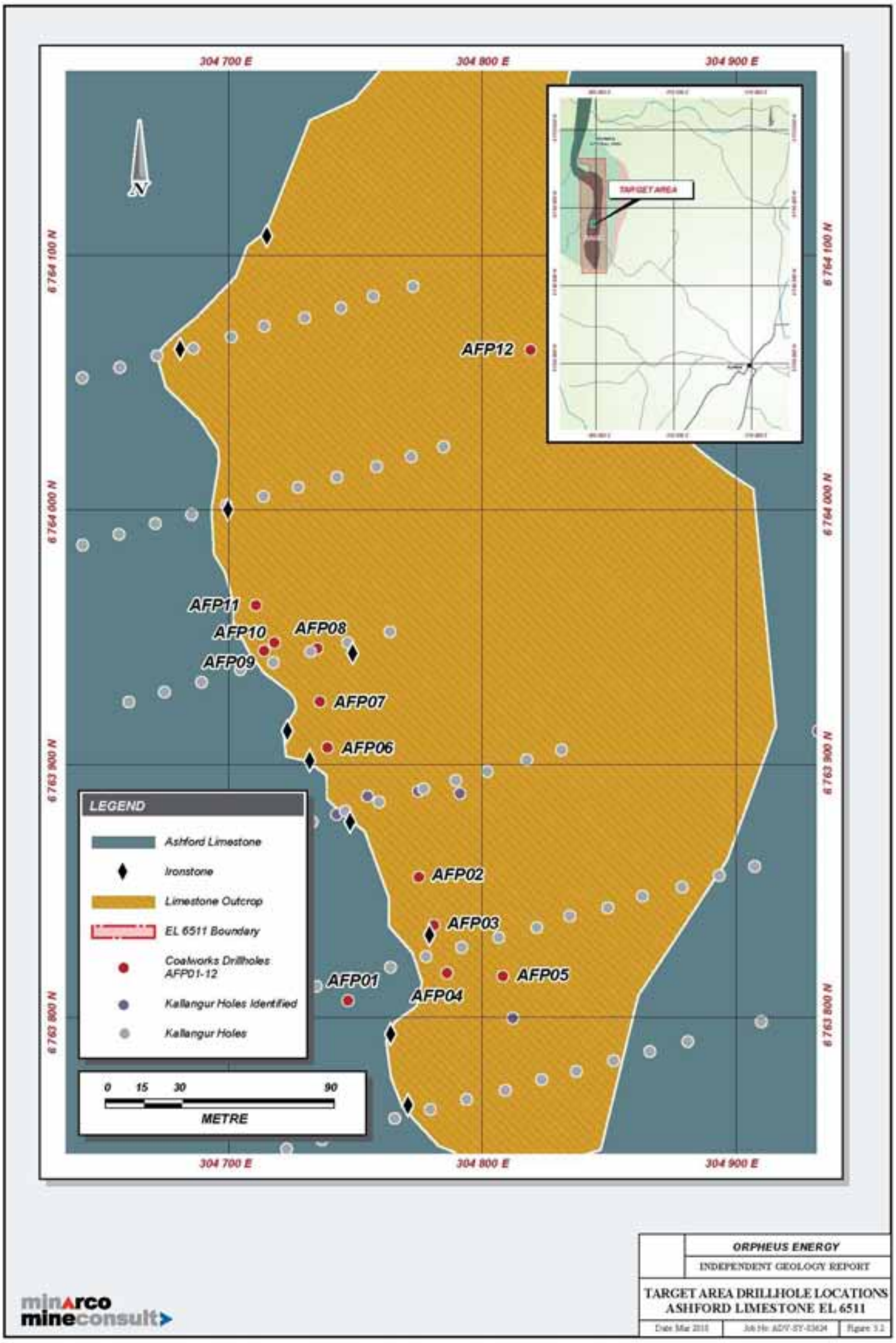


Figure 3.2 - Ashford Limestone Exploration and Outcrop Zone

3.4 Geology and Mineral Quality

The assay results of the sampled intervals are shown in **Table 3.2**. The best results in hole AFP011 showed an intercept of 16 m grading 54.8% CaO, and hole AFP08 showed a 5 m interval of 55.04% CaO. Pure limestone has a chemical composition of 56% CaO, so these two holes have very high grades of calcite (the mineral comprising limestone). Both holes were drilled in the northern part of the drilled area. The brightness tests were encouraging with four samples tested, exhibiting results between 81% and 89.27%.

Coalworks' consultants, Geos Mining, have recommended a scoping study of limestone applications, markets and processing requirements for the two brightest samples from the 2008 drilling program, and based on the results of the study, further drilling would be conducted using a small universal rig with R/C and diamond drilling capabilities. MMC concurs with the suggestion of a scoping study, but would strongly recommend that most efforts should be directed towards determining the potential to market the material within one hundred kilometres of the Ashford EL site. Limestone marketing is most impacted by distance to the purchaser/user and other characteristics have lesser significance.

3.5 Resource Potential

In very general terms, a 6.7 km limestone band with a width of 1 km and calculated to a depth of 100 m would contain an exploration target of 1.8 Billion tonnes of limestone, but including substantial low grade limestone suitable only for agricultural lime. This estimate includes the approximate size of the Ashford Limestone within the confines of the EL 6511 tenement. The percentage of this zone that would meet high brightness and high CaO content is unknown because most of the "upgrading" to better quality is related to the metamorphic effects of the intrusive rocks. The estimate of Flood (1983) of 40 million tonnes is possibly a more appropriate target for exploitation and was contingent on the planned exploration programme. The recent sampling of the Ashford Limestone shows that samples ASH 001 through ASH 005 in **Table 3.3** have the necessary high quality chemical analyses to produce a product across most of the spectrum of uses of high purity limestone material. The 64 grab samples submitted to ALS Chemex laboratories in July 2008 presented in **Table 3.4** show a range of values for CaO but most fall within the designation of high quality limestone material, the premiere material from a marketing perspective.

Table 3.2- Analytical Report of Ashford Limestone Deposit

Analytical Report							
Sample	**Al_2O_3**	**CaO**	**Fe_2O_3**	**K_2O**	**MgO**	**MnO**	**Na_2O**
ASH 001	0.09	56.0	0.06	0.01	0.29	<0.01	<0.01
ASH 002	0.05	55.6	0.02	<0.01	0.34	<0.01	<0.01
ASH 003	0.10	55.6	0.04	0.02	0.34	<0.01	0.01
ASH 004	0.48	54.3	0.16	0.02	0.27	<0.01	<0.01
ASH 005	0.05	56.4	0.03	0.01	0.32	<0.01	<0.01

Table 3.3 - ALS Chemex Analyses of 64 Limestone Samples from Ashford

CERTIFICATE OF ANALYSIS BR08093705							
Sample Description	WEI-21 Recvd Wt. Kg 0.02	ME-ICP86 CaO % 0.01	ME-ICP86 MgO % 0.01	ME-ICPBB Al_2O_3 % 0.01	ME-ICP86 Fe_2O_3 % 0.01	ME-ICP86 SiO_2 % 0.01	ME-GRA05 LOI % 0.01
AFD100	1.41	52.9	0.34	1.13	0.39	2.46	42.48
AFD101	1.47	52.4	0.35	1.48	0.39	3.04	42.10
AFD102	1.60	53.6	0.55	0.74	0.17	1.73	43.00
AFD103	1.35	54.4	0.39	0.49	0.21	0.87	43.42
AFD104	1.29	46.6	0.28	3.07	3.75	7.41	38.48
AFD105	1.27	49.8	0.28	2.83	1.06	4.95	40.67
AFD106	1.43	52.1	0.19	1.49	0.51	3.29	42.10
AFD107	1.77	51.1	0.24	2.28	0.74	4.06	41.21
AFD108	1.52	54.7	0.32	0.39	0.12	0.66	43.58
AFD109	1.56	52.3	0.40	1.29	0.96	2.51	42.25
AFD110	1.37	33.8	0.43	9.38	3.23	22.70	29.43
AFD111	1.44	41.7	0.38	6.00	2.66	13.30	35.20
AFD112	1.52	53.0	0.37	1.12	0.37	2.34	42.53
AFD113	1.65	54.5	0.39	0.33	0.20	0.67	43.60
AFD114	1.47	54.6	0.30	0.33	0.12	0.74	43.60
AFD115	1.53	54.3	0.28	0.41	0.18	0.97	43.50
AFD116	1.36	54.7	0.36	0.31	0.16	0.59	43.64
AFD117	1.70	54.5	0.38	0.36	0.18	0.79	43.54
AFD118	0.96	54.6	0.29	0.38	0.19	0.67	43.50
AFD119	1.51	54.5	0.31	0.41	0.15	0.89	43.51
AFD120	1.36	53.1	0.42	0.84	0.26	2.18	42.87
AFD121	1.44	54.1	0.37	0.45	0.54	0.90	43.34
AFD122	1.79	54.9	0.36	0.32	0.11	0.43	43.63
AFD123	1.70	48.9	0.30	2.84	0.95	6.46	40.01
AFD124	1.81	38.3	0.39	8.18	2.42	16.15	33.76
AFD125	1.55	49.8	0.28	2.55	0.75	5.45	40.68
AFD126	1.82	50.5	1.00	0.85	3.63	2.21	41.33
AFD127	1.77	52.3	1.29	0.47	1.11	1.41	42.96
AFD128	1.93	53.6	0.60	0.29	0.81	1.21	43.14
AFD129	1.84	54.1	0.70	0.22	0.47	0.48	43.65
AFD130	1.41	52.6	0.46	0.45	2.14	1.03	42.76
AFD131	1.74	53.7	0.42	0.32	1.25	0.72	43.11
AFD132	1.61	55.1	0.33	0.06	0.09	0.15	43.80
AFD133	1.74	54.6	0.33	0.18	0.33	0.72	43.57
AFD134	1.49	54.7	0.32	0.14	0.30	0.48	43.69
AFD135	1.81	54.4	0.36	0.23	0.25	0.84	43.57
AFD136	1.86	54.8	0.55	0.07	0.07	0.18	44.02
AFD137	1.82	54.8	0.53	0.07	0.03	0.31	43.93
AFD138	1.85	55.0	0.35	0.06	0.03	0.19	44.00
AFD139	1.86	55.1	0.35	0.03	0.01	0.09	43.99
AFD140	1.64	55.1	0.38	0.04	0.01	0.10	43.99
AFD141	1.91	55.0	0.40	0.05	0.02	0.13	44.00
AFD142	1.70	55.0	0.38	0.06	0.01	0.11	43.97
AFD143	1.40	53.9	0.37	0.38	0.28	1.33	43.25
AFD144	1.80	54.5	0.39	0.22	0.10	0.65	43.64

AFD145	2.37	53.6	0.36	0.76	0.26	1.84	42.81
AFD146	1.91	54.7	0.39	0.24	0.07	0.46	43.69
AFD147	1.83	54.8	0.43	0.18	0.05	0.29	43.80
AFD148	1.78	54.9	0.42	0.11	0.04	0.20	43.85
AFD149	2.31	54.8	0.43	0.11	0.04	0.19	43.92
AFD150	1.75	54.9	0.37	0.10	0.04	0.17	43.91
AFD151	2.40	54.8	0.35	0.14	0.07	0.29	43.88
AFD152	2.04	54.8	0.37	0.13	0.05	0.23	43.85
AFD153	2.28	54.4	0.37	0.32	0.06	0.64	43.63
AFD154	1.22	54.7	0.42	0.12	0.03	0.22	43.92
AFD155	1.59	54.9	0.42	0.08	0.03	0.15	43.97
AFD156	1.74	55.0	0.37	0.05	0.01	0.07	44.00
AFD157	1.66	54.8	0.47	0.06	0.02	0.11	44.03
AFD158	2.65	54.7	0.55	0.08	0.03	0.14	44.02
AFD159	1.86	54.7	0.51	0.09	0.05	0.19	43.97
AFD160	1.84	54.7	0.44	0.15	0.05	0.27	43.94
AFD161	1.78	54.9	0.39	0.09	0.03	0.16	43.99
AFD162	2.13	53.3	0.32	1.05	0.32	1.61	42.92
AFD163	Not Recvd						

The available information is insufficient for a modern resource estimate, or to confirm suitability for individual markets, but it does indicate that high quality limestone is available from this deposit.

Limestone markets in New South Wales and Queensland have been increasing slowly with time, but are dominated by the use of limestone in the cement industry. Additional usage of limestone in the region include construction, general industrial limestone, agricultural limestone, ground calcium carbonate (GCC) and calcined limestone. The potential for use in roadbed substrate is a major potential use which should be examined carefully.

Limestone constitutes one of the most important industrial minerals in the world because of its versatility and use in a wide variety of industry and industrial processes. In the USA, limestone comprises 69 percent (2009 USGS) of all of the crushed stone used. Most limestone crushed rock is used in construction aggregates, mostly in highway and road construction and maintenance (83%), cement manufacturing (11%), lime manufacturing (2%), agricultural (2%) and 2% for special and miscellaneous uses. The low unit value of limestone dictates that most of it is produced very close to the primary users in highly urban environments. Because of similar levels of industrialization and urbanization, Australia shows similar usage ratios for limestone as the United States.

3.6 Exploration Programme

MMC concurs with Orpheus Energy that further drilling of the exploration target area is warranted and an evaluation of the potential market within 100 km of the tenement site be undertaken. The extent of the cavity system identified in holes AFP09 and AFP10 within the most prospective section in the west requires further definition. Also, the extension of the potential high quality limestone section north of hole AFP11 needs to be tested. The exploration expenditure proposed for Ashford is shown in **Table 3.3**.

Table 3.4 - Ashford Limestone Exploration Programme

Activity	Stage 1 ($)	Stage 2 ($)	Total ($)
Diamond drill exploration – 4 holes per year to 50 m depth to north of AFP11	80,000	80,000	160,000
Diamond drill exploration – 4 holes per year to 100 m depth to west down dip of existing exploration limit	120,000	120,000	240,000
Test pit and marketing assessment and resource and reserve estimation	100,000	100,000	200,000
Contingency	30,000	30,000	60,000
Total	**330,000**	**330,000**	**660,000**

3.7 Conclusion

The Ashford deposit contains high purity CaO with target expectations of 40 million tonnes as well as substantial low quality limestone suitable for agricultural use. Ashford is not near major urban markets for crushed rock or cement, but there may be a captive market that could be developed in closer proximity. The MMC experience has shown that specialty markets can often be developed by careful evaluation of raw materials usage.

4 WINGEN BENTONITE DEPOSIT

4.1 Ownership and Title

The exploration licence EL7142 covers approximately 18 km^2 (6 sub blocks) and was acquired in May 2008 for a period of two years. The initial area that was granted contained a Mineral Reserve that excluded the right to explore within part of the licence area. This reserve was found to be an anomaly in the minerals titles record and subsequently a new application for a larger exploration area (ELA3657) including the current EL and Mineral Reserve was made in February 2009 covering approximately 72 km^2 or 24 sub-blocks. The exploration titles allow for the exploration of Groups 1, 2 and 5 minerals. These are described as:

- Group 1 elemental minerals (metallic)
- Group 2 non metallic
- Group 5 clay minerals.

The principal target is the occurrence of bentonite clay minerals. The exploration licence and the licence application are owned by Plasminex Pty Ltd. The Company has signed a farm in joint venture giving it the right to spend $500,000 to earn 50% of the exploration licence.

4.2 Location

The exploration site is located 3 km southeast of the town of Wingen in the Upper Hunter Valley of NSW and 14 km north of the larger town of Scone. The Main Northern Railway line and the New England Highway services Wingen and run parallel to the long dimension of the Wingen Exploration Licence (EL 7142) and approximately 2 km to the east. The rail and highway skirt around the eastern and northern boundaries of the application area. A bentonite deposit at Cressfield immediately southwest EL7142 has been mined over a number of years.

The area supports a significant rural industry including grazing and cropping. The topography rises from river valleys to significant ridge lines to the east and west with the Liverpool Ranges further to the north. The surface in the licence area is cut by creeks and erosional channels. To the west of EL7142 lies the Wingen Maid National Park which borders on part of the EL boundary. The location of the exploration licence and application area is shown on **Figure 4.1**.

4.3 Regional Geology

The Wingen prospect is located on the northern extension of the Permo-Triassic Sydney Basin. The stratigraphic units in the area consist mainly of claystones, siltstones, sandstones and conglomerates with coal horizons of variable thickness and quality interspersed within the Permian units. The early Permian rock units contain coal equivalent to the Greta Coal Measures that outcrop east of Wingen while the late Permian sequences contain the Wollombi and Wittingham Coal Measures which are part of the Singleton Coal Measures Super-Group. These are the major coal producing units in the Hunter Valley. The bentonite beds which have been derived from volcanic rocks occur within the upper half of the Singleton Coal Measures Super-Group. The more recent Triassic period Narrabeen Group overlies these upper coal measures.

Coal had been mined at Bickham northeast of Wingen in the early part of last century and more recently a bulk sample trial pit was established in 2004.

The Triassic Narrabeen beds which overlie the bentonite horizons show a very shallow dip of 1 to 2 degrees to the north-west. However, at one location near the New England Highway the dips steepen rapidly with one dip at 35 degrees potentially influenced by the regional Hunter Reverse Fault further to the east.

4.4 Exploration History

Reconnaissance mapping of the area was conducted by H. de Keyser for the NSW geological survey in September 1971. His work indicated the presence of extensive deposits of bentonite in the Upper Hunter Valley. Later detailed exploration located one area of potential commercial value and indicated the possibility of another in the Wingen Maid area.

Further exploration activity over an area between Wingen and Murrurundi was undertaken by Commercial Minerals Pty Limited within EL573 in 1972 (Ref GS1973/291) to determine the extent of the clay mineral occurrence in the area and noting that clay had been mined within the Wingen area at the Wingen Flint Clay mine in the 1950's. The EL573 area included the Murulla and Blandford deposits that are now included in the new licence application area. At the time several field samples were taken in the Wingen Maid area using both auger and outcrop exposures in gullies. Clay sections of 0.7m to 1.0m thick were obtained with two bulk samples tested although it was noted that the near surface material could have been altered or contaminated. The results in general concluded the widespread occurrence of calcium bentonite in the area but the topography is indented by erosion with the possible effect that the Wingen Maid area would result in a number of small open cast workings (Report GR/191).

Subsequent to Keyser's work and that of 1972, Exploration Licence No. 954 was applied for and a period of two and half weeks was spent in April, 1977 to conduct detailed reconnaissance mapping of the project area. The results of this programme concluded that bentonite of commercial quality occurs in the Wingen Maid area, presumably equivalent in quality to the Cressfield bentonite and that further exploration drilling is undertaken. This was not pursued.

Plasminex has completed field sampling within the exploration area during 2008/2009 taking a total of seven surface samples from subcrop zones.

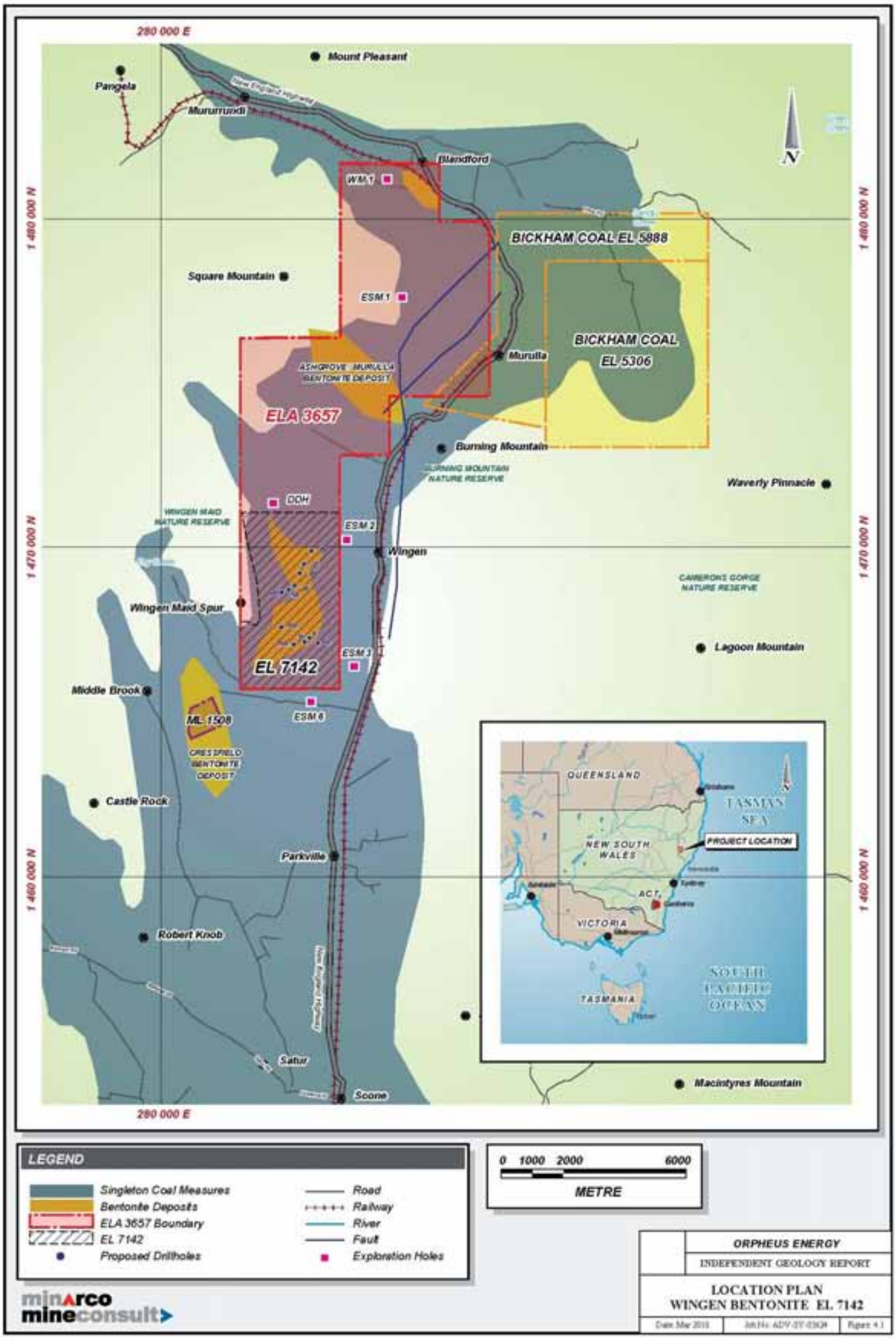


Figure 4.1 - Location of Wingen Bentonite Exploration Area

4.5 Geology of Deposit

The sequence of lithologies in the Wingen Maid area is the following, progressing from youngest at the top to oldest at the bottom:

1. **Quaternary Alluvium**: Gravels and silty alluvium occur along the channels of the major streams and as flood bank deposits. Extensive scree (hillwash) deposits also occur at the foot of the cliffs bounding the Wingen Maid.

2. **Tertiary Basalt:** Outcrop of Middle Tertiary basalt is restricted to erosional residuals on the Wingen Maid. Massive and vesicular dark grey olivine basalt predominates with minor scoria locally present indicating the potential for a nearby volcanic vent.

3. **Narrabeen Group**: Lower Triassic conglomerate, grit and cross-bedded sandstone form the Wingen Maid and are the prominent cliff-forming lithologies of the area. The conglomerate is polymictic with pebbles of red jasper, white and green chert and vein quartz set in a sandy matrix. Through interbedding and fining upward sequences, the conglomerate grades upwards into grits and coarse-grained sandstone. The underlying contact with the Permian sediments is not exposed but is unconformably based on drilling information from the Cressfield area.

4. **Singleton Coal Measures Super-Group:** In the area of the Wingen Maid only the upper part of the Singleton Coal Measures is represented. Conglomerate, grit and pebbly sandstone are the dominant lithologies with minor bentonite, siltstone and shale. Pebbles composed of acid and intermediate porphyritic volcanics are the dominant clast lithologies in the conglomerate and serve to distinguish it from the overlying Narrabeen Group conglomerates which have red jasper and vein quartz as the dominant lithologies.

   Finer grained sediments are dominant in the middle portion of the exposed sequence in which pebbly sandstone and coarse-grained sandstone are the dominant lithologies.

   The exposed part of the unit is 90 to 120 metres thick. The dominance of coarse-grained sediments suggests a piedmont or alluvial fan environment with periods of quiet water deposition as indicated by the occurrence of shales and siltstone.

   Six bentonite horizons have been mapped in this portion of the Singleton Coal Measures strata, the upper five are of potential commercial interest. The term "bentonitic horizons" is preferable to "seams' or "beds" because outcrops are sparse and the thickness or number of seams is unknown. Mapping was done by following outcrops of black heavily cracked soil. This procedure served only to locate the bentonite horizons but gives no indication of the quality and thickness of individual seams. The few outcrops observed are generally of a cream massive bentonite indicating that surficial weathering has taken place. Grey sandy and white, biotite-bearing tuffaceous bentonite are also exposed. Where exposed the top contact is gradational, with the bentonite becoming increasingly contaminated by ferruginous material. Seam thicknesses are unknown and even minimum thicknesses cannot be determined due to swelling at the outcrop. Drilling is the most effective method of determining bentonite thickness and providing unweathered samples for bentonite quality determination.

4.6 Mineral Quality

Outcrop samples analysed in the Wingen Maid area (Ref GS1977/195) are shown in **Table 4.1**. These show a cation exchange capacity (CEC) ranging from 69 to 90 meq/100 gm (the average was 78 meq/100 gm and a swelling volume of 18ml to 45 ml (average 29 mls) on sodium carbonate treated clay. These results compared favourably with the results obtained on Cressfield outcrop samples whose average was 69 meq/100gm for CEC and 24 ml for swelling volume.

Table 4.1 – Results of Wingen Maid Outcrop Samples

Sample No.	Moisture (%)	Alkalinity (% Na_2CO_3)	CEC (Meq/100g)	Swelling Volume (ml)	pH
PA1	30.7	4.63	85.4	35	
PA2	28.4	2.12	78.2	31	
PA3	22.8	2.11	76.7	18	
PS4	31.8	2.11	85.8	30	
PA5	25.9	2.59	77.7	42	
PA6	27.5	8.26	68.6	20	
PKve 1	36.5	4.60	78.0	21	
PKve 2	19.7	2.25	69.0	19	
PKve 3	24.3	1.29	77.9	30	
PKve 4	31.4	1.92	70.3	22	
B2	30.3	0.50	74.0	27	8.3
B3	34.7	1.0	90.0	32	8.5
B4	32.8	0.4	81.0	38	8.4
B5	17.8	5.1	81.0	22	9.2
B6	34.2	1.2	79.0	45	8.6
B7	33.0	3.5	75.0	36	9.1
B8	27.0	0.0	69.0	30	8.9
Ave	29.3	2.56	77.5	29	8.7
A	24	-0.19	72	27	
B	29	1.2	67	22	5.1

Note: Samples PA1-PA6 and PKve 1 – Pkve 4 were analysed at Sandgate, B2 – B8 were analysed at S.O.R.D. Ave is the average of PA1 – PA6 and PKve 1 – Pkve 4. A is the average of Cressfield outcrop samples analysed at Sandgate and B the average of samples analysed at S.O.R.D.

The impact of surface weathering and contamination on samples is largely unknown. The higher pH of Cressfield samples suggests possible contamination of samples by organic matter possibly in the form of humic acids. However, even when compared to the cores from Cressfield material, the Wingen Maid outcrop samples appear to be of equivalent quality.

4.7 Resource Potential

“Bentonite” and “fullers earth” are terms used for any clay materials belonging to the smectite group, of which the most common mineral species is montmorillonite which has a general chemical formula of (1/2Ca, Na)0.7(Al,Mg,Fe)4[(Si,Al)8$O_2$0](OH)4.nH_2O (Deere et al., 1992). Bentonite varieties are distinguished on the basis of their principal exchangeable cation: hence sodium-, calcium-, magnesium-(saponite), potassium- (meta-bentonite) and lithium- (hectorite).

Bentonite typically occurs in sedimentary or volcanic sequences where it forms in-situ by the alteration of volcanic ash or tuff, and most bentonite deposits form under marine conditions, or less frequently, in alkaline lakes.

The final chemical character of the bentonite depends on the combined influences of the chemistry of the primary rock, the environment in which it was deposited, and its post-formation history. Bentonite deposits are commonly laterally extensive strata within volcanogenic sedimentary sequences and range in thickness from a few centimetres to tens of metres. MMC cannot emphasize too strongly the importance of these combined influences on the character of saleable bentonite products. Typically, in MMC's experience, surface samples are not an accurate reflection of the quality and engineering aspects found by drilling because of the affects of weathering on cation chemistry.

Smectite minerals are not stable at higher pressures and with depth and increasing burial by overlying rocks the smectite is transformed into mixed illite-smectite minerals with differing chemical and physical properties. The general observation is that bentonite materials tend to be found in geologically younger materials (Permian through Pleistocene ages).

Australian Bentonite Deposits

Bentonite is relatively common in eastern Australia, particularly in Queensland and New South Wales. Australia currently produces about 100,000 tpa of bentonite, mostly from Queensland. New South Wales produces about 25,000 tpa and there is minor production from Western Australia.

There are 34 occurrences of bentonite recorded in the State of New South Wales (Ray et al. 2003). Holmes (1983) conducted a detailed study on bentonite and fullers earth in New South Wales in the early 1980s. Most of the known deposits in NSW are calcium-bentonite, and are considerably older geologically than the major overseas deposits. Deposits in the Hunter Valley are either Permian and derived from volcanic rocks in the coal measures, or Carboniferous and related to terrestrial volcanic rocks. They include deposits at Cressfield, Trida, Muswellbrook, Raymond Terrace, Boggabri and Eraring.

The State's (NSW) largest known bentonite resource is the Arumpo deposit, located 40 km southeast of Pooncarie. The resource contains 70 Mt of sodium- magnesium bentonite (Browns Creek Gold NL 1993). The Arumpo deposit consists of several bentonite layers with individual thicknesses of 5m to 10m or more. These layers are developed over a northwest-trending area about 1 km wide and several kilometres long and conformably overlie the Pliocene Loxton-Parilla Sands of the Cainozoic Murray Basin. They appear to have accumulated in a coastal back-barrier setting fed by several volcanic eruptions. Growth faulting played a major role in determining their thickness and saline groundwater may have had a significant influence on the formation of the bentonite (A. Mason pers comm., 2004). Mineral sands mining and exploration over the past few years has indicated that bentonite deposits are more common in the Murray Basin than previously recognized. Although the Arumpo deposit is large by world standards, it is not comparable in size to the vast resources of sodium-bentonite in Wyoming (USA).

USA Deposits

The U.S.A. accounts for over half of the world's production of bentonites principally high swelling sodium bentonites found in Wyoming, Montana and South Dakota where they are associated with the burial of volcanic ash under several hundred metres of marine sediments of Cretaceous Age.

The widespread occurrence of bentonite globally and the development of new deposits overseas is progressively eroding international trade in the commodity. Additionally, flat or diminished demand in the major markets (foundry and iron ore pelletising and petroleum well-drilling muds) has, until recently, decreased the market stimulus for further developments.

Total world production of all types of bentonite in 2008 was 12,000,000 metric tonnes of which the United States produced 4,870,000 tonnes. The average price obtained for swelling bentonite in 2008 was USD 52.39 per tonne. Bentonite production quantities have remained essentially flat in the USA for the past five years, although the price has increased slightly each year.

4.8 Exploration Programme

A selective drilling program to delineate the extent, thickness and quality of the Wingen Maid deposits is essential to define a potential resource from which a reserve can be developed. The current owners have embarked upon such an exercise for the next two to three years. MMC supports this approach with an emphasis on determining the extent and character of the bentonite horizons and their relevant chemical characteristics. Concurrently with the exploration, MMC is of the opinion that an investigation of the markets that may be available and the competitive threat that existing suppliers may demonstrate should the project delineate a marketable bentonite should proceed. Because of a relatively low commodity price, bentonite marketing is strongly influenced by transportation costs. The Wingen Maid deposit (EL 7142 and ELA3657) benefits from having both a major highway and railroad line adjacent to their licenced mineral area.

The exploration budget includes three stage programme with a total expenditure of $500,000 to delineate the extent and quality of the clay horizons to confirm a resource and mining area with the aim to commence production after stage 3 of the programme. This programme of exploration appears reasonable.

4.9 Conclusion

The special properties of bentonite, which include hydration, swelling, water absorption and viscosity, make it a valuable mineral for many applications. These properties vary according to the dominant cations present. Sodium (swelling) bentonite uses include drilling fluid (mud), water-softening, bonding or pelletising agent, foundry-moulding sand, and impermeable liner. Calcium (non-swelling) bentonite uses also include foundry-moulding sand as well as feed additives, pet product absorbents and detergents.

Bentonite is produced by many countries and, in some the industry is well-established, large-scale, and has a high profile (e.g. sodium bentonite in the USA). Consumption of bentonite is closely linked to global economic activity. Major markets include drilling muds, whose demand is largely tied to activity in the oil and gas exploration industry; pelletising, whose main markets closely reflect demand for iron and steel and thus linked to demand for consumer durables; pet litter absorbents, which is a function of consumer affluence and environmental awareness; and the construction and pollution control industries, where a combination of economic expansion or contraction and legislative control exert significant influence.

The existence of numerous bentonite deposits within the Wingen Maid area is well known however their extent and quality remains to be confirmed. The proposed exploration programmed to define a resource is supported by MMC but it is also suggested that effort should be made on determining the marketability and required characteristics of the material in conjunction with the additional delineation drilling and bentonite quality analysis.

5 B26 COAL PROJECT

5.1 Location

PT Mega Coal Indomine ("MCI") has two adjacent coal exploration concessions or Kuasa Pertambangan (KP's), located in the Pasir Regency of East Kalimantan. These concessions have been issued by the Regional Government under the names of PT Polar Andhika Realtor (Block 2) to the south and PT Berkah Bumi Abadi (Block 6) in the north (**Figure 5.1**). The KP's are 820 ha and 665 ha in area respectively and are referred as B26.

5.2 Exploration History

A total of 59 open holes and 19 cored coal quality holes have been drilled within B26. No geophysically logging data is available. Drillhole locations are shown on **Figure 5.2** and the exploration drilling statistics are presented in **Table 5.1**. Hole spacing varies between 100 m and 500 m mostly concentrated along the subcrop strike lines of the main seams. The depth of drilling is typically shallow with drilling principally along the line of subcropping of the seams to a maximum of approximately 50 m. MCI has prepared Mincom Minescape models for both blocks based on the available drillhole data.

LEGEND

- Town
- Road
- River
- Concession Area
- Political Boundary

Orpheus Energy - Mega Coal Indomining

TECHNICAL REVIEW

B26 LOCATION PLAN

Date: July 2010 | Job No: ADV-SY-03624 | Figure: 5.1

minarco mineconsult

Table 5.1 - B26 Drillholes Statistics

Area	Open Hole		Coring		Total	
	No. of Holes	m	No. of Holes	m	No. of Holes	m
Block 2	29	831	13	218	42	1,049
Block 6	30	1,345	6	114	36	1,459

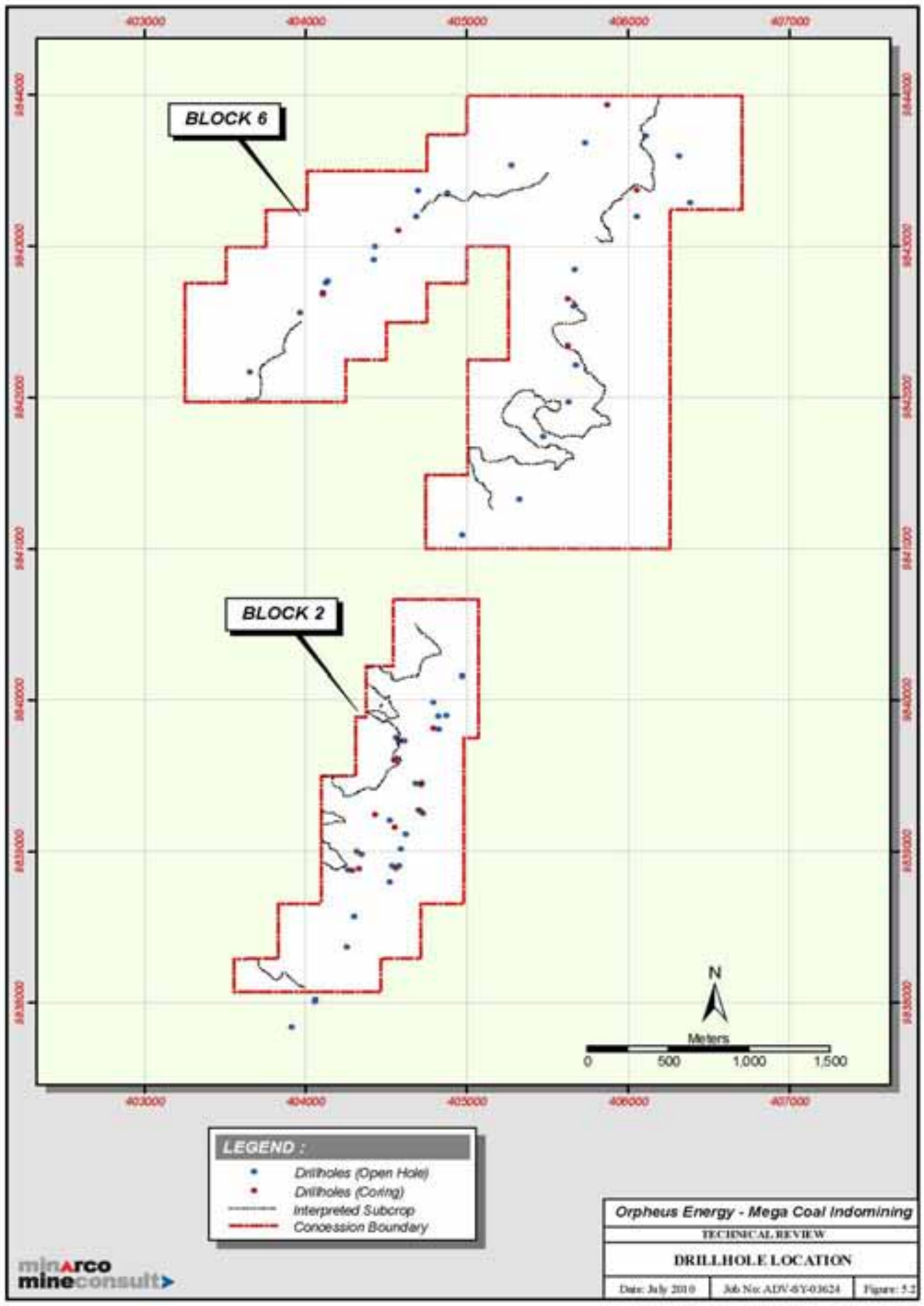


Figure 5.2 - B26 Drillhole Locations

5.3 Geology Overview

Coal seams occur within the Miocene age Pulaubalang Formation and are exposed over a strike length of approximately 3 km. The deposit is a multi-seam deposit with up to sixteen seams identified (Seams 1LL – 3U, in ascending order) including three main seams (Seams 1, 2 and 3) up to 3.1 m in total thickness. The coal seams occur on a north-northeast plunging anticline with the eastern flank dipping at approximately 25 degrees and the western flank is steeper at approximately 35-40 degrees. Block 2 lies on the eastern flank of the anticline while Block 6 overlies the anticline axial region.

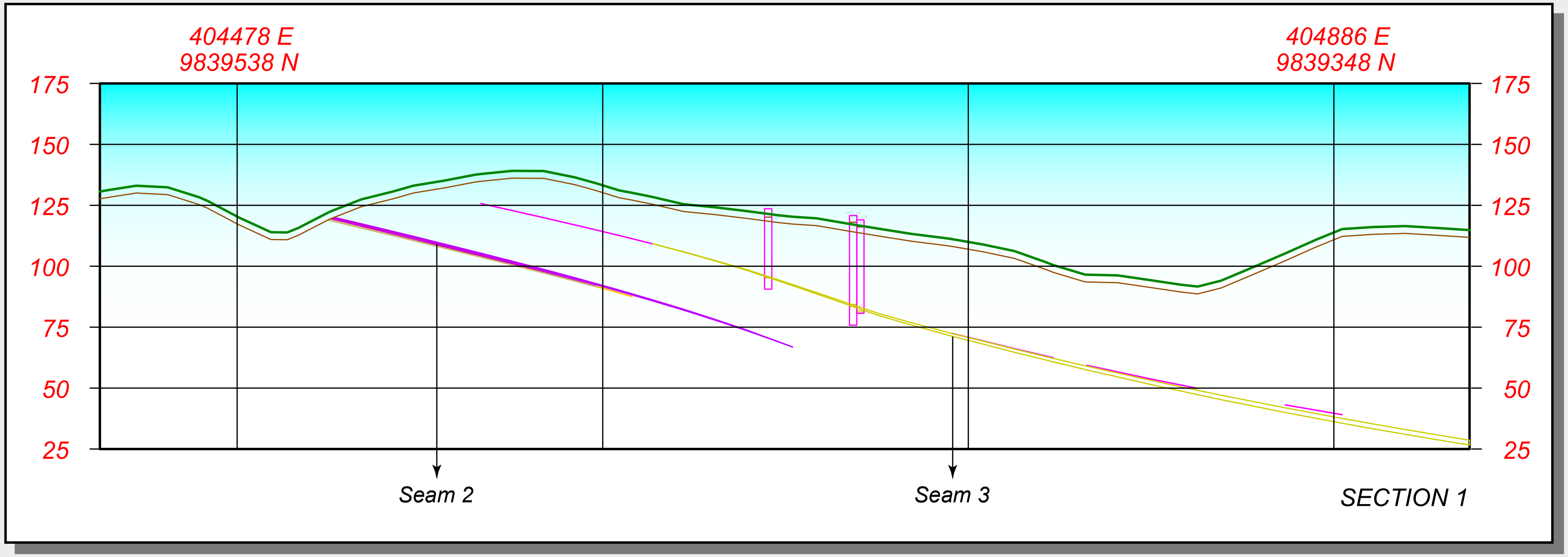
<u>Block 2</u>

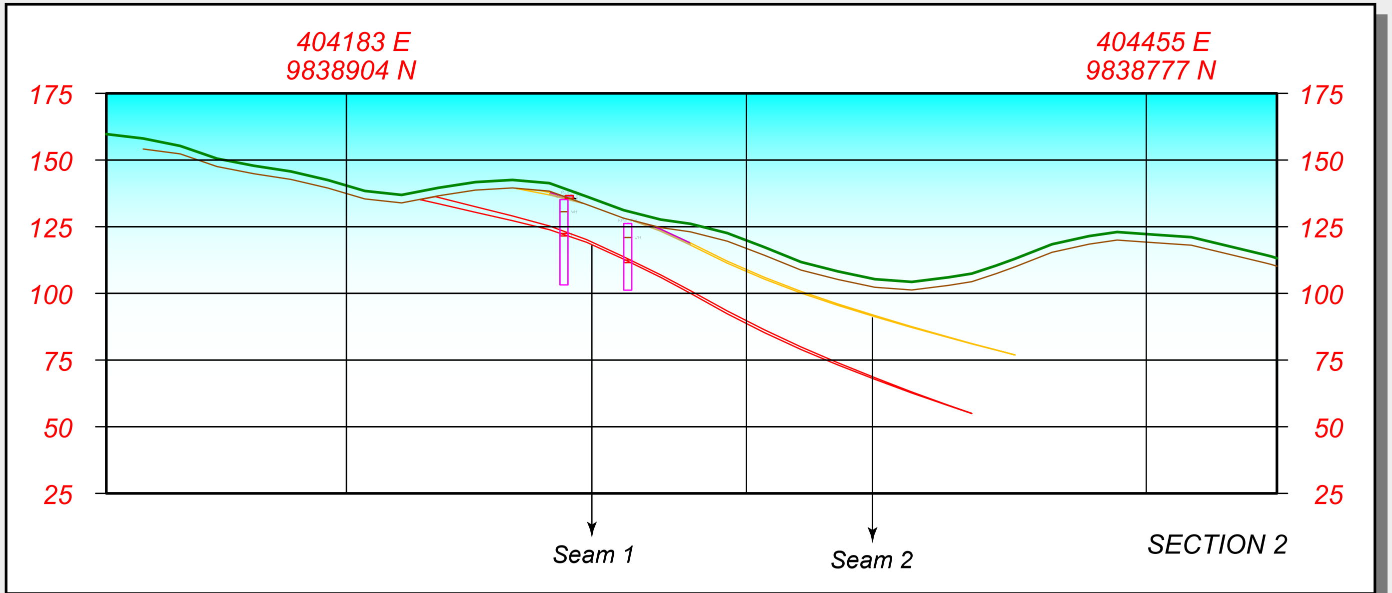
Cross-sections within Block 2 are included in **Figure 5.2**. Coal seam intercepts and coal sampling data points for each seam within Block 2 are summarised in **Table 5.2**. **Table 5.3** identifies the typical seam and interburden thicknesses across the area that has been explored. The intersected depths and thicknesses shown are vertical depths and thicknesses.

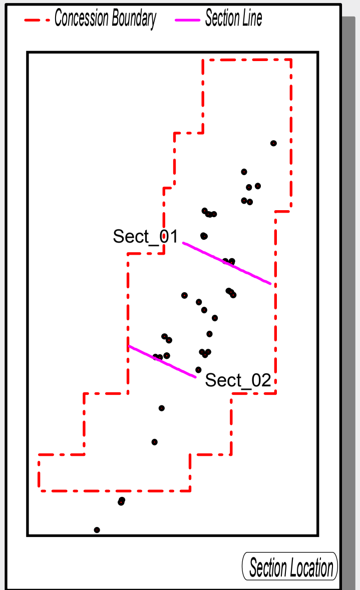
Table 5.2 - Seam Thickness, Depths and Sampling - Block 2

Seam	No of Data Points		Thickness (m)			Depth Range (m)
	Drillholes	Quality	Ave	Min	Max	
3U	1	0	0.3	0.3	0.3	0.3
3	**19**	**0**	**0.7**	**0.2**	**1.6**	**5.6 – 37.4**
3LU	1	0	0.4	0.4	0.4	0.8
3L	2	0	0.9	0.9	1	1.0
3LL	1	0	0.3	0.3	0.3	1.1
2A	5	1	0.4	0.3	0.9	12.7 – 14.7
2UU	1	1	0.4	0.4	0.4	0.8
2U	3	1	0.6	0.2	1	0.2 – 1.5
2UL	1	0	0.1	0.1	0.1	1.0
2	**11**	**0**	**0.8**	**0.3**	**1.6**	**4.5 – 8.8**
2L	4	0	0.6	0.2	1	4.3
1UU	2	0	0.3	0.2	0.4	8.2 – 10.2
1UL	2	0	0.1	0.1	0.1	8.4 – 11.2
1	**8**	**0**	**1.4**	**0.1**	**3.1**	**8.0 – 24.7**
1LU	2	0	0.2	0.2	0.2	8.6 – 11.9
1LL	2	0	0.1	0.1	0.2	9.7 – 12.2

Three main seams have been identified in Block 2, Seams 1 to 3 in ascending stratigraphic order, with average seam thicknesses of 0.7 m, 0.8 m and 1.4 m, respectively. All three seams are locally split into a number of sub-seams separated by average interburden of up to 0.9 m. Interburden between Seams 1 and 2 averages 21.0 m and between Seams 2 and 3 averages 10.8 m.







Source: Mega Coal Indomining

Orpheus Energy - Mega Coal Indomining		
TECHNICAL REVIEW		
CROSS SECTIONS - BLOCK 2		
Date: July 2010	Job No: ADV-SY-03624	Figure: 5.3

Table 5.3 - Coal Seam and Interburden Thickness – Block 2

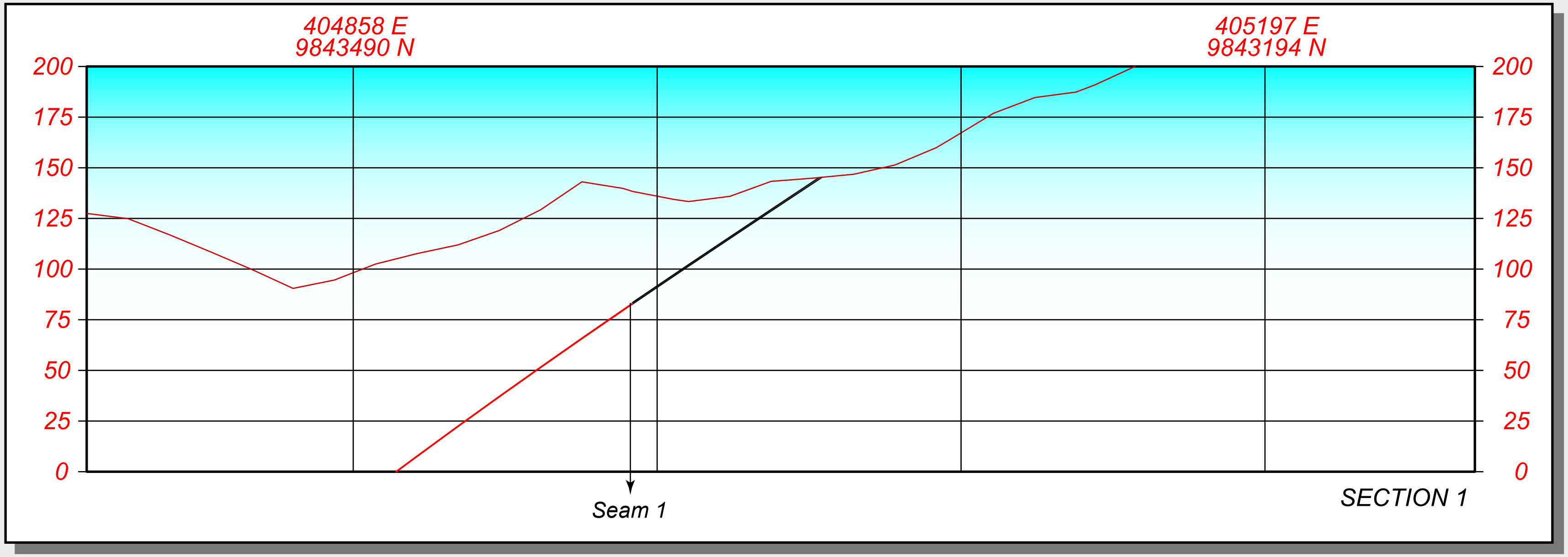
Seam	Sub-Seam	Thickness (m)	
		Average	Interburden
3	3U	0.3	
			0.1
	3LU	0.4	
			0.1
	3LL	0.3	
			21.0
2	2A	0.4	
			0.2
	2U	0.4	
			0.9
	2L	0.6	
			10.8
1	1UU	0.3	
			0.1
	1UL	0.1	
			0.4
	1LU	0.2	
			0.4
	1LL	0.1	

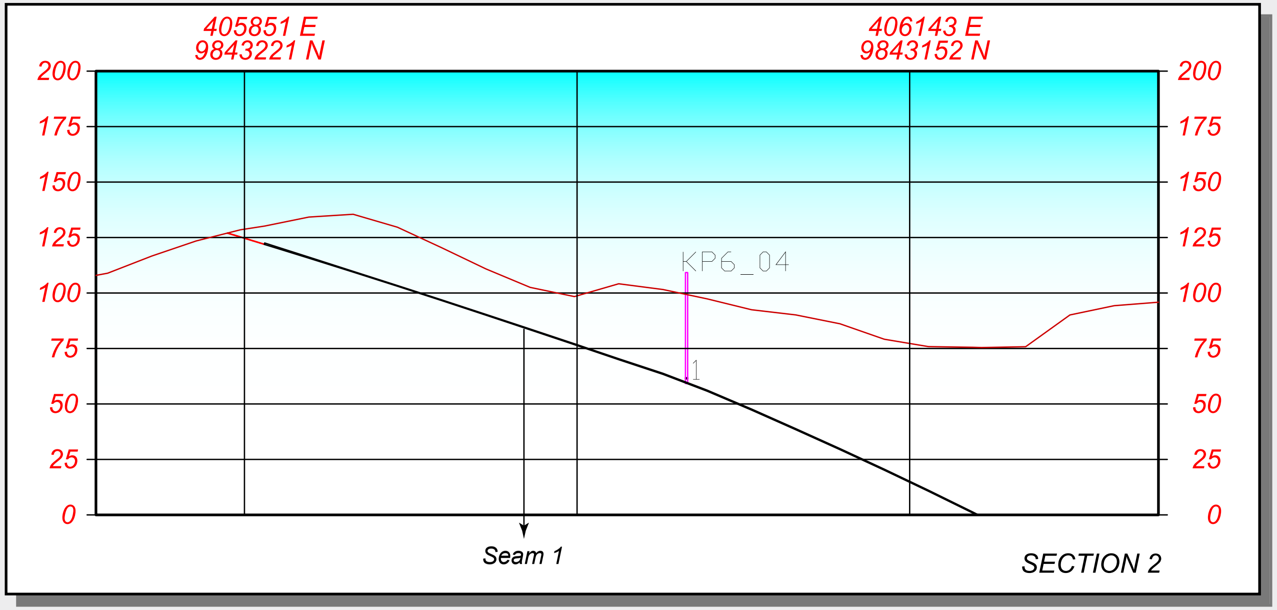
Block 6

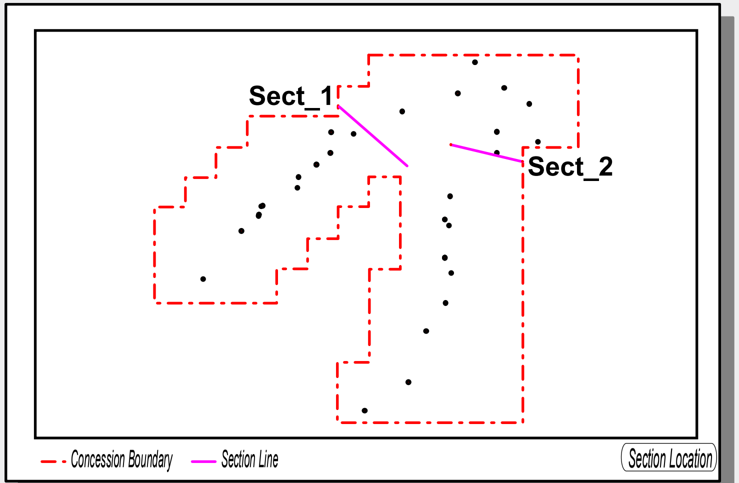
Cross-sections of Block 6 are included in **Figure 5.3** and the coal seam and interburden thickness are summarised in **Table 5.4** and **Table 5.5**. The deeper intersects reflects those drill holes on the west side of the anticline where the seams are more steeply dipping.

Table 5.4 - Seam Thickness, Depths and Sampling - Block 6

Seam	No of Data Points		Thickness (m)			Depth Range (m)
	Drillholes	Quality	Ave	Min	Max	
2UU	2	1	0.1	0.1	0.2	4.0 – 6.3
2U	3	1	0.3	0.2	0.5	7.4 – 10.2
2UL	2	1	0.3	0.2	0.4	4.2 6.7
2	7	1	1.1	0.3	2.1	6.3 – 18.0
2L	5	1	0.7	0.3	1.7	4.5 – 11.7
1U	2	0	1.3	1.2	1.4	28.0 – 30.5
1	9	0	0.6	0.1	2.2	17.0 – 47.9
1L	2	0	1.3	0.4	0.9	30.3 – 33.8







Source: Mega Coal Indomining

minarco mineconsult

Orpheus Energy - Mega Coal Indomining		
TECHNICAL REVIEW		
CROSS SECTIONS - BLOCK 6		
Date: July 2010	Job No: ADV-SY-03624	Figure: 5.4

Seam 1 is commonly split into upper and lower sub-seams (Seams 1U and 1L) with average interburden of 0.8 m. Seam 2 is also commonly split into Seams 2U and 2L with further local splitting of Seam 2U. Average interburden between Seams 2U and 2L is 0.3 m. Seams 1 and 2 are separated by an average of 25.0 m of interburden. Seam 3 was not intersected in drilling within Block 6 but may subcrop further down dip.

Table 5.5 - Coal Seam and Interburden Thickness – Block 6

Seam	Sub-Seam	Thickness (m)	
		Average	Interburden
2	2U	0.3	
			0.3
	2L	0.7	
			25.0
1	1U	1.3	
			0.8
	1L	1.3	

5.4 Coal Quality

The coal is of bituminous rank with TM ranging from 2.4-21.3% (ar), Inherent Moisture of 1.6-2.7% (adb), ash (5.4-36.1% adb) and high sulphur (0.4-3.5% adb). Limited coal quality data is available from both blocks with sampling conducted from cores of Seam 2 coal plies only. No sampling of the other ply sections has been carried out. Average coal quality data is summarised on **Table 5.6**.

Table 5.6– Average Coal Quality – Seam 2

Quality	Unit	Block 2 (average of 3 samples)	Block 6 (average of 5 samples)
Total Moisture	%(ar)	9	12.7
Inherent Moisture	%(adb)	2.7	1.6
Ash	%(adb)	19.8	21.1
Volatile Matter	%(adb)	24.6	17.3
Fixed Carbon	%(adb)	52.9	60
Total Sulphur	%(adb)	1.33	1.15
Calorific Value	MJ/kg (adb)	6,387	6,585
	MJ/kg (gar)	5,972	5,835

5.5 Estimated Target Coal – Block 2

Stripping Ratio (SR) cut-offs of 6:1; 8:1; 10:1; and 12:1 bcm/t were applied to the Block 2 geological model to determine indicative coal quantities with Seam 1 considered as the basal seam. The target coal estimates for each SR cut-off are summarised in **Table 5.8**. It should be noted that the quantity estimates are considered conceptual by MMC due to the low confidence in the geological database and geological model.

There has been no geophysical logging, therefore the confidence level and coal target is expected to be raised with proposed further exploration drilling at both Block 2 and 6. No estimates have been attempted for the Block 6 area due to the limited exploration to date.

Table 5.7– Indicative Target Coal Quantities – Block 2

SR Cut-Off (bcm/t)	Coal (Mt)	Ave. SR (bcm/t)
6:1	1.7	4.6
8:1	2.0	5.1
10:1	2.1	5.3
12:1	2.3	5.9

5.6 Conclusion

Exploration in the two concession areas (KP's) has confirmed the general structure of the deposit and identified a sequence of mostly thin seams and partings subcropping along the eastern and western flamks of a north-northeast plunging anticline over approximately a 3 km strike length.

Exploration to date has been insufficient to establish a resource and MMC is of the opinion that:

- the geological database is currently at a low level of confidence,
- the deposit includes multiple thin bituminous rank coal seams with reasonably high energy content and ash levels which will likely require washing,
- seam dips are such that, subject to further drilling, the potential open cut mineable quantities are low, and
- there is inadequate exploration data within Block 6 to estimate coal quantities.

Additional infill drilling based on an appropriate exploration programme together with geophysical logging of all future drillholes and coal quality testing will enable the geological model to be updated and raise the level of confidence in determining coal quantities for mining estimates.

Annexure A – Qualifications and Experience

Barton G. Stone – Chief Geologist, Pincock Allen & Holt, 2006-Present
BSc (Geology), MBA (Cost control), Certified Professional Geologist (AIPG), Member SME and Canadian Institute of Mining and Metallurgy
Evaluated 31 coal operations (primarily coking coals) of United Coal in Kentucky, Virginia and West Virginia to determine value for a potential purchaser. Examined coal operations in Central Utah (thermal coals) to evaluate financial risk for banking group. Conducted due diligence examination of coal operations (thermal coals) of Peace River Coal, British Columbia. Conducted bentonite and limestone evaluations for the Crow Nation on their reservation in Montana (810,000 hectares). Conducted reserve and resource audits on Muskeg River Oil Sands deposits, iron deposits of Vale in Brazil and 25 deposits of lead-zinc for Glencore in Peru, Bolivia, Kazakhstan, Russia and Argentina. Evaluated Bor igneous complex in Serbia to review potential expansion and growth of a number of porphyry copper-gold mines and deposits. Prior to his Pincock experience, Bart worked as an Environmental associate for Norwest Corporation on coal, coal gasification and other large scale energy projects. Earlier in his career he worked for the government of Kenya as a Project geologist evaluating metal and industrial minerals. He discovered the Kagundu fluorite deposits which became a major fluorite mine in the 1970s and later the ruby-sapphire deposits in Meru district which became commercial operations. His work assisted industry in Kenya in the evaluation limestone and gypsum deposits for industrial users in Kenya.

Merryl Peterson – Chief Coal Geologist, Runge Limited
BSc (Hons) (Geology), MSc (Environment), Grad Cert Bus Admin. MAusIMM, Member Geological Society of Australia
Merryl has more than 30 years experience in coal geology and resource assessment as well as consulting assignments including due diligence and resource modeling and evaluation. She has worked as a site geologist at Curragh and with RW Miller and Thiess Bros Pty Ltd. She has extensive experience in geological software applications having managed the Minescape consulting group in Australia. Merryl is a competent person under the JORC Code for reporting coal resources and heads a team of professional consultants.

Philip Mitchell – Consulting Mining Engineer
BE (Mining), Grad Dip Finance, First Class Mine Managers Certificate (Coal) – NSW & QLD, Member of Australasian Institute of Mining and Metallurgy
Phil has over 30 years operational and management experience in the mining industry and is experienced in mine planning, cost and capital budgeting, ventilation design, equipment specification and hazard planning for underground operations. Phil has undertaken a range of mining assignments from conceptual mine planning through to final feasibility. He has conducted numerous technical reviews, due diligence studies and valuations for coal asset acquisitions and advised financial institutions on asset valuations. He has acted as a competent person and Expert for publicly listed companies. He has numerous roles as technical advisor to financial institutions.

Bill Park –Director PT Runge Indonesia
BSc (Geology), BEcon, Member of Australian Institute of Geoscientists
Bill has over 35 years experience as a project manager and geologist specializing in project mamangement, feasibility and exploration for both underground and open cut coal mining. He has extensive international experience in Indonesia since 1991. He has had senior management roles and undertaken due diligence studies and JORC resource and reserve reporting for most major Indonesian coal producers.

Annexure B – References

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Annexure C - Glossary of Technical Terms

%	percent
ad	air dried
Al_2O_3	Aluminium oxide
ash	The incombustible matter of coal
basalt	An igneous rock formed from molten lava flows to the surface usually grey to black and fine-grained due to rapid cooling
bcm	bank cubic metres or the in-place volume of waste material overlying the coal before being disturbed
bentonite	a clay consisting mostly of montmorillonite and can be classified by its dominant element, such as potassium (K), sodium (Na), calcium (Ca), and aluminum (Al). Bentonite usually forms from weathering of volcanic ash, most often in the presence of water.
breccia	rock made of angular fragments of other rocks held together by mineral cement or a fine grained matrix
calorific value	the heat of combustion of a unit quantity of coal. The gross calorific value includes all heat of vaporisation of water
CaO	Calcium oxide
dilution	the contamination of the coal by surrounding rock during mining
dip	angle which the strata is inclined from with the horizontal
dyke	intrusion of volcanic material thrust upwards through the earths crust, generally in a near vertical plane
fault	dislocation of strata typically by vertical displacement
FE_2O_3	Iron oxide
FOB	free on board
gar	gross as received basis for coal energy on a total moisture basis
ha	Hectare – 10,000 square metres
igneous	originating from a molten state
IM	Inherent Moisture
Inferred Resources	these are resources for which data distribution is such that the continuity of the grade or coal seam thickness cannot be confidently interpreted. There is insufficient data to apply technical, economic or mine planning. Consequently these resources do not support reserve assessment.

Indicated Resources	the nature of the geology and data availability allows a reasonable level of confidence in estimating the resources. Mine planning and economic assessment can be applied for reserves estimates.
JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee
kcal/kg	kilocalories per kilogram
kg	kilogram
km	kilometre, equivalent to 1,000 metres
K_2O	Potassium oxide
LOM	the remaining life of mine until reserves are depleted
m	metre
m^2	square metre
M	million
Ma	million years
MgO	Manganese Oxide
Ml	Mega litre, equivalent to 1,000 litres
Mt	million tonnes
Mtpa	million tonnes per annum
Marketable Reserves	The tonnage that will be available for sale after beneficiation, if any, from the ROM production
Mining Reserves	Coal Reserves
Measured Resources	Resources over which the distribution and quality of data allows the estimation of resources to a high level of confidence There is no reasonable doubt to the determination. This is the highest level of resource confidence.
MnO	Manganese oxide
Na_2O	Sodium oxide

ppm, ppb	parts per million, parts per billion
paleo	ancient, reference to past geologic times
PCI	Pulverised coal injection - coals for blast furnace injection
Permian	the last period of the Era. The Permian period lasted from 290 to 248 million years ago
Probable reserves	Measured and/or indicated resources which are not yet proven but of which detailed technical and economic studies have demonstrated that extraction can be justified at the time of determination and under specific economic conditions
Proved reserves	measured resources for which detailed technical and economic studies have demonstrated that extraction can be justified at the time of determination and under specific economic conditions
proximate	a laboratory determination of moisture, volatile matter, ash and fixed carbon
Recoverable Reserves	an estimate of run of mine reserves which is the sum of Proved and Probable Reserves under the JORC Code
ROM	run-of-mine being coal as mined, including mining losses and dilution before beneficiation
SE	Specific Energy (also Calorific Value),
strike	Line along which the strata is horizontal, perpendicular direction to dip
strip ratio	the volume of waste material to remove (bcm) per tonne of coal mined
syncline	A fold in the strata in a concave shape with the limbs at a higher level
Tertiary	The earliest period of the Cainozoic Era beginning about 66.4 million years ago and ending 1.6 million years ago
thermal coal	coal used in generating steam for electricity production
TM	Total Moisture
tpa	Tonnes per annum
tph	tonnes per hour
TS	Total sulphur
waste	material lacking sufficient grade to be economic. Generally used for rock material above and between the coal seams

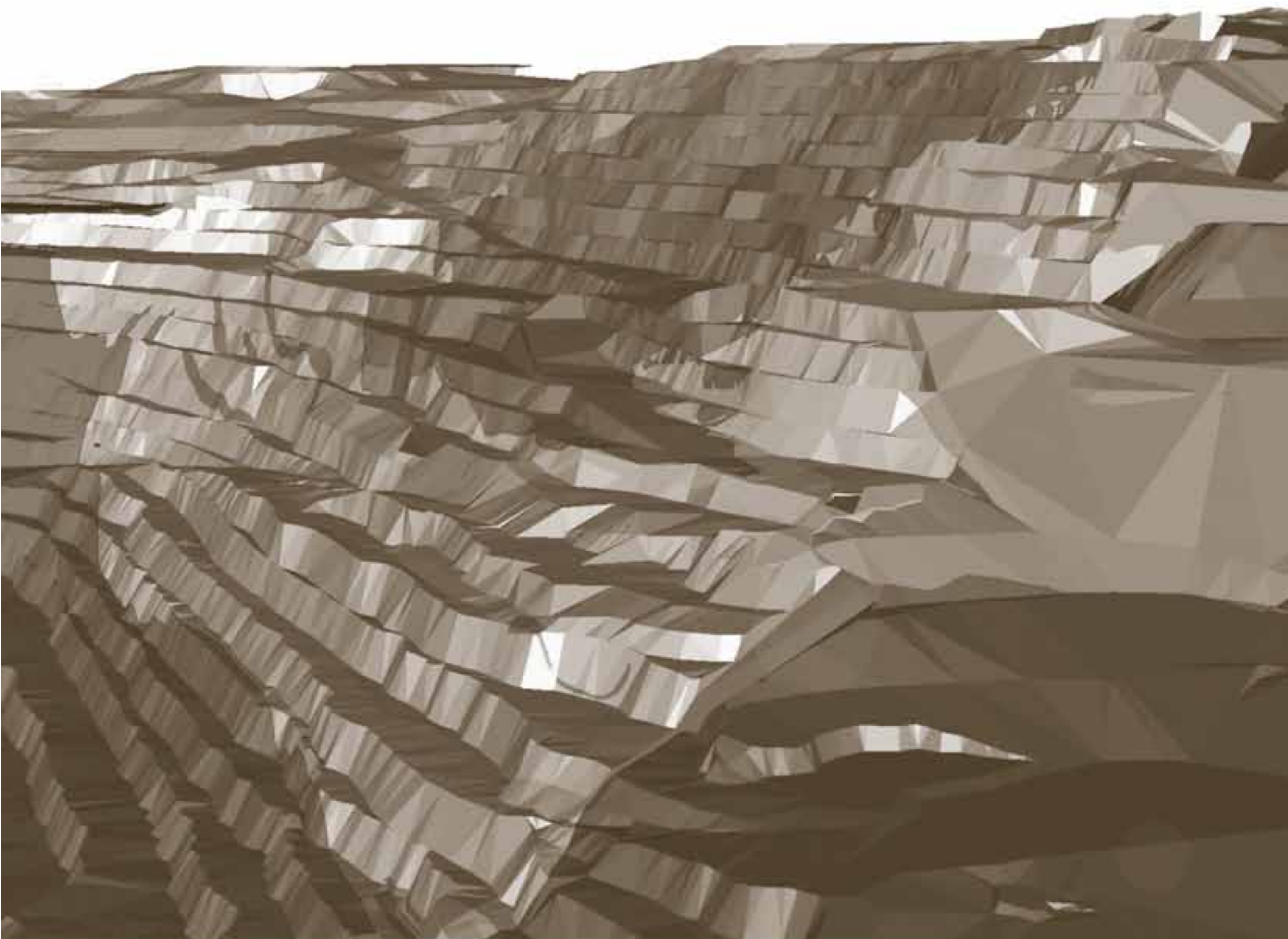
Ravensgate

INDEPENDENT VALUATION REPORT

ORPHEUS ENERGY LIMITED

for

STANTONS INTERNATIONAL PTY LTD
(TRADING AS STANTONS INTERNATIONAL SECURITIES)



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INDEPENDENT VALUATION REPORT

ORPHEUS ENERGY LIMITED

for

STANTONS INTERNATIONAL PTY LTD (TRADING AS STANTONS INTERNATIONAL SECURITIES)

31 July 2010

INDEPENDENT TECHNICAL VALUATION

Prepared by RAVENSGATE on behalf of:

ORPHEUS ENERGY LIMITED AND STANTONS INTERNATIONAL SECURITIES

Author(s):	Craig Allison	Principal Consultant	BAppSci Geology, MAusIMM
	Kate Holdsworth	Senior GIS Geologist	BSc (Hons), MAusIMM
Reviewer	Richard Hyde	Associate Consulting Geologist	BSc (Geology & Geophysics), MAusIMM

Date:	31 July 2010	
Copies:	Orpheus Energy Limited	(2)
	Ravensgate	(1)

Craig Allison
For and on behalf of:
RAVENSGATE

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EXECUTIVE SUMMARY

Corvidae Pty Ltd ATF Ravensgate Unit Trust T/As Ravensgate has completed on behalf of Orpheus Energy Limited and Stantons International Securities an Independent Technical Valuation on four projects which comprise:-

- Hodgson Vale Coal Project in Queensland, Australia;
- Ashford Limestone Project in New South Wales, Australia;
- Wingen Bentonite Project in New South Wales, Australia; and
- Block 2 and Block 6 (B26) Coal Project in East Kalimantan, Indonesia.

Ravensgate understands that the Hodgson Vale Coal and Ashford Limestone Project are held by Coalworks Limited (100%) and that joint venture agreements have been entered into for the Wingen Bentonite Project and the B26 Coal Project. The projects are considered prospective primarily for coal, in the case of the Hodgson Vale and B26 Projects, and industrial materials for the Ashford (limestone) and Wingen (bentonite) Projects.

The valuation presented in this report was completed on behalf of Orpheus Energy Limited and Stantons International Securities. The valuation has been completed with the full support of Coalworks Limited. The applicable valuation date is 31 July 2010. The Mineral Assets within the projects can be classified as Exploration Areas (Wingen) and Advanced Exploration Areas (Hodgson Vale, Ashford and B26). A reported Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has not been defined for any of the projects. Ravensgate carried out a site visit and Project Technical Assessment on the 19th of July 2010 over the Block 2 Exploration Permit. No site visits were undertaken to the Australian exploration projects as they are generally at an early stage of development. Ravensgate is of the opinion that no significant additional benefit would have been gained through site visits.

A summary of the project valuation in 100% terms is provided in Table 1. The applicable valuation date is 31 July 2010 and is derived from the Multiples of Exploration Expenditure (MEE), Joint Venture (JV) and Comparable Transactions valuation methods. The value of a 100% equity interest in the listed Projects is considered to lie in a range from $5.87M to $13.28M, within which range Ravensgate has selected a preferred value of $9.78M.

A summary of the project valuation in 100% and joint venture terms is provided in Table 2. The value of an equity interest in the listed Projects for Orpheus only is considered to lie in a range from $4.45M to $11.4M, within which range Ravensgate has selected a preferred value of $8.07M which lies slightly above the mid-point of the range.

Table 1 Orpheus Energy Limited – Project Technical Valuation Summary in 100% terms					
Project	**Asset**	**Equity Interest**	**Valuation**		
			Low $M	**High $M**	**Preferred $M**
Hodgson Vale	Exploration Area - coal.	100 (Orpheus)	2.4	8.6	5.5
Ashford	Exploration Area - limestone.	100 (Orpheus)	0.58	0.87	0.8
Wingen	Exploration Area - bentonite.	100%	0.64	0.91	0.78
Blocks 2 & 6, East Kalimantan.	Exploration Area - coal.	100%	2.25	2.9	2.7
Total	**4 listed projects**	**100%**	**5.87**	**13.28**	**9.78**

Table 2 Orpheus Energy Limited - Project Technical Valuation Summary in 100% and joint venture terms					
Project	**Asset**	**Equity Interest**	**Valuation**		
			Low $M	**High $M**	**Preferred $M**
Hodgson Vale	Exploration Area - coal.	100 (Orpheus)	2.4	8.6	5.5
Ashford	Exploration Area - limestone.	100 (Orpheus)	0.58	0.87	0.8
Wingen	Exploration Area - bentonite.	50% (Orpheus)	0.32	0.46	0.39
Blocks 2 & 6, East Kalimantan.	Exploration Area - coal.	51% (Orpheus)	1.15	1.48	1.4
Total	**4 listed projects**	**Equity interest for Orpheus only**	**4.45**	**11.40**	**8.07**

1. INTRODUCTION

1.1 Terms of Reference

Corvidae Pty Ltd ATF Ravensgate Unit Trust T/As Ravensgate has been commissioned by Orpheus Energy Limited and Stantons International Securities to provide an Independent Technical Valuation of four projects. These projects are the 1) Hodgson Vale Coal Project in Queensland, 2) Ashford Limestone Project in New South Wales, 3) Wingen Bentonite Project in New South Wales and 4) Block 2 and Block 6 (B26) Coal Project in East Kalimantan, Indonesia. Ravensgate understands that the Hodgson Vale Coal and Ashford Limestone Project are held by Coalworks Limited (100%) and that joint venture agreements have been arranged for the Wingen Bentonite Project and the B26 Coal Project. Ravensgate makes no other assertion as to the legal title of tenements and is not qualified to do so.

The objective of this report is to provide a Valmin compliant valuation and technical assessment of the four projects only. The work has been commissioned by Orpheus Energy Limited and Stantons International Securities and may be passed onto shareholders or investors in the form and context in which it appears within this report. A project site visit was included in the commissioning proposal for the B26 project in Indonesia and was carried out for Block 2 by Mr Yulindra Christiawan, Ravensgate's Senior Exploration Geologist for Indonesia along with Mr Wes Harder, Chief Geologist of Orpheus Energy under the full support of the project owners. Orpheus Energy Limited will rely upon and use the report to separately form an opinion about the value of the mineral rights in relation to consideration of project assessment or acquisition. This report does not provide a valuation of Orpheus Energy Limited as a whole, nor does it make any comment on the fairness and reasonableness of any proposed transaction between any two companies.

The conclusions expressed in this Independent Technical Valuation are valid as at the Valuation Date (31 July 2010). The valuation is therefore only valid for this date and may change with time in response to changes in economic, market, legal or political factors, in addition to ongoing exploration results. All monetary values included in this report are expressed in Australian dollars (AUD) unless otherwise stated.

This report has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (The ValMin Code) as adopted by the Australasian Institute of Mining and Metallurgy (AusIMM) in April 2005.

The Independent Technical Valuation report has been compiled based on information available up to and including the date of this report. Consent has been given for the distribution of this report in the form and context in which it appears.

1.2 Qualifications, Experience and Independence

Ravensgate was established in 1997 and specialises in resource modelling and resource estimation services. The company has worked for major clients globally, including Freeport at Grasberg Mine, Ok Tedi Gold Mine in Papua New Guinea, Goldfields in Ghana and many junior resource companies which are ASX (Australian Stock Exchange), TSX (Toronto Stock Exchange) or AIM (London Stock Exchange) listed. Ravensgate has focused upon providing resource estimations, valuations, independent technical documentation and has been involved in the preparation of Independent Reports for Canadian, Australian, United States and United Kingdom listed companies.

Author: Craig Allison, Principal Consultant. BAppSci (Hons) Geology, MAusIMM

Craig Allison is employed by Ravensgate as a Principal Consultant where he carries out work for Mineral Resource estimations, Independent Technical Valuations, Independent Geologist Report's and Formal Technical Project reviews over a range of commodities. He has over 15 years mining industry experience in operational project exploration, grade control and resource estimation. Craig has worked for both junior and larger ASX listed companies, encompassing open-cut and underground operations and evaluations. Competent Person sign-off was undertaken for BHP Billiton's Mt Keith nickel resource and other projects surrounding the mine in 2007. A Post Graduate course in Geostatistics was completed in 2006. Craig Allison holds the relevant qualifications and professional associations required by the ASX, JORC and ValMin Codes in Australia. He is a Qualified Person under the rules of the CIMM and NI43-101.

Co Author: Yulindra Christiawan, National Senior Geologist. Bsc (Geology)

Yulindra Christiawan is a National Senior Geologist from Ravensgate's Jakarta office. From 1994 he has worked for several multi-national companies within the Indonesia region and also Madagascar. His work experience includes working for a number of companies on exploration projects, due diligence and feasibility study work. He has worked in a variety of commodities including precious metals, thermal and coking coal and nickel laterite.

Co Author: H. Kate Holdsworth, Senior GIS Geologist. BSc (Hons) Geology, MAusIMM

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

Co Author: Ed Radley, Senior Coal Consultant. BSc Geology, MAusIMM

Edward Radley is a registered professional geologist with over fifteen years experience in the coal and metalliferous minerals industry. He has carried out numerous resource estimations and technical assessments of mining and exploration properties in Australia, New Zealand and Indonesia. He is a Consultant Coal Resource Geologist employed by Ravensgate. Prior to joining Ravensgate Edward worked for Rio Tinto Coal Australia in the role of Senior Resource Geologist. Previous to that role he managed exploration and resource definition at the Solid Energy Stockton Coal Mine in New Zealand. During his time with Solid Energy his roles ranged from Mine Geologist to Project Resource Geologist and Senior Resource Geologist. Previously to his coal experience he has worked in Gold Mines in Australia and New Zealand in roles ranging from Mine Geologist to Project Exploration Geologist. Additionally he has experience with alluvial mining and prospecting. He is an experienced user of Vulcan and Minescape software. Ed Radley holds the relevant qualifications and professional associations required by the ASX, JORC and ValMin Codes in Australia. He is a Qualified Person under the rules of the CIMM and NI43-101.

Reviewer: Richard Hyde, Associate Consultant B.Sc Geology and Geophysics, MAusIMM

Mr Richard Hyde is a geologist with more than 14 years experience in the minerals industry including over five years experience operating in exclusively West Africa. Richard has worked in a number of different geological environments in Australia, Africa and Eastern Europe. He has managed large exploration projects and worked extensively within the minerals industry as a consulting geologist. He is an Associate Consultant of Ravensgate and a Member of the AusIMM, and has the appropriate qualifications, experience and independence to satisfy the requirements as an “Expert” as defined under the Valmin code.

1.3 Principal Sources of Information

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

A project site visit to the Block 2 Coal Project was undertaken by Mr Yulindra Christiawan, Ravensgate’s Senior Exploration Geologist for Indonesia on the 19th July 2010. Unfortunately poor road access conditions prevented access to the nearby Block 6 coal project. The site visit did note the occurrence of coal is along strike and from the same formation over both Block 2 and Block 6 areas, however the Block 2 project has undergone less structural disruption compared to the Block 6 area. The site visit included inspection and assessment of the geological information identified to date through exploration techniques such as mapping and drilling. Mr Yulindra Christiawan was accompanied by Mr Wes Harder, Chief Geologist of Orpheus Energy during the site visit. Ravensgate is of the opinion that on limited review the site visit reasonably covered all areas for the purpose of this valuation report. No site visits were undertaken to the Australian exploration projects as they are generally at an early stage of development. Ravensgate is of the opinion that no significant additional benefit would have been gained through site visits.

All reasonable enquiries have been made to confirm the authenticity and completeness of the technical data upon which this report is based. A final draft of this report was also provided to Orpheus, along with a request to identify any material errors or omissions prior to final submission.

Consent was obtained for the reference to geological reports produced by geological consultants Geos Mining Mineral Consultants which may not be in the public domain. This consent is provided subject to the inclusion in the Independent Valuation Report that Geos Mining Mineral Consultants have not authorised or caused the issue of the Independent Valuation Report and make no representations or warranties, either express or implied, with respect to the completeness, accuracy or otherwise of the information contained in the Independent Valuation Report.

Consent was obtained for the reference to geological reports produced by consultants Minarco-Mineconsult (a part of Runge Limited) which may not be in the public domain. This consent is provided subject to the inclusion in the Independent Valuation Report that Minarco-Mineconsult and Runge Limited have not authorised or caused the issue of the Independent Valuation Report and make no representations or warranties, either express or implied, with respect to the completeness, accuracy or otherwise of the information contained in the Independent Valuation Report.

1.4 Competent Person Statement

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by Mr Craig Allison, who is a member of the Australian Institute of Mining and Metallurgy. Mr Allison is a full time employee of Ravensgate Minerals Industry Consultants where he holds the title of Principal Consultant. Mr Allison has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Allison consents to the inclusion in this report of the matters pertaining to Exploration Targets in the form and context in which it appears.

1.5 Background Information

The projects discussed in this report are the Hodgson Vale Coal Project in Queensland, the Ashford Limestone Project in New South Wales, the Wingen Bentonite Project in New South Wales and Block 2 and Block 6 (B26) Coal Project in East Kalimantan, Indonesia. A summary of the tenement details are listed in Table 3 below and their localities are indicated in Figure 1 and Figure 2.

Table 3 Orpheus Energy Limited – Tenement Details

Licence	Date Granted	Expiry Date	Area	Expenditure Commitment (AUD$M)	Comment
EPC 1145	21/09/2007	20/09/2010	51km^2	0.62	Hodgson Vale
EL 6511	01/04/2010	02/03/2012	11.49km^2	0.18	Ashford
EL 7142	21/05/2008	21/05/2010	15 km^2		Wingen: Renewal Application 15/04/2010
ELA 3657	n/a	n/a	70 km^2		Wingen: Application for extension north and revocation of internal Mining Reserve lodged 17/02/2009
Block 6	10/10/2007		19.51km^2		East Kalimantan
Block 2	5/06/2008		1.65km^2		East Kalimantan

Figure 1 Locality Map of the Australian Projects

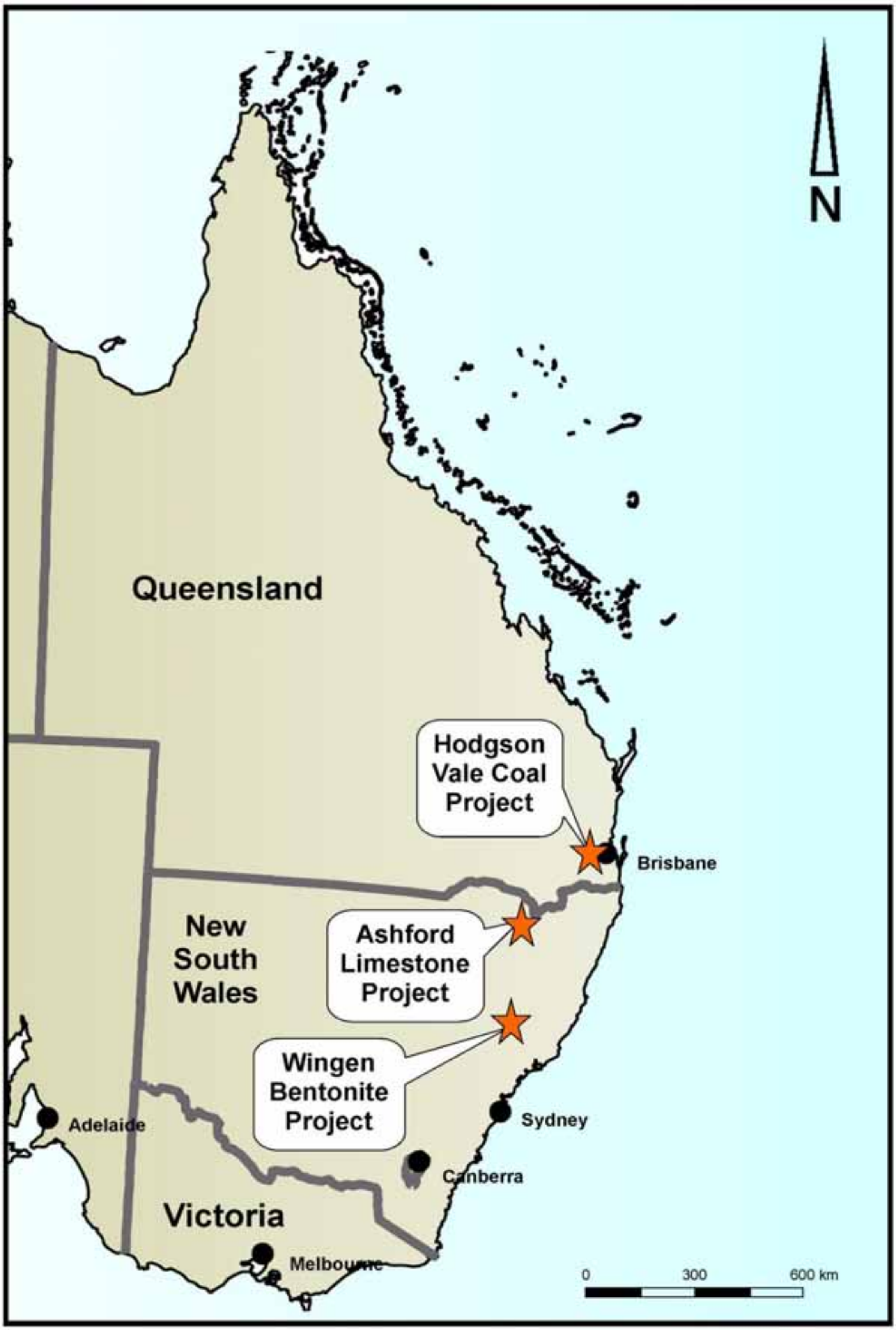
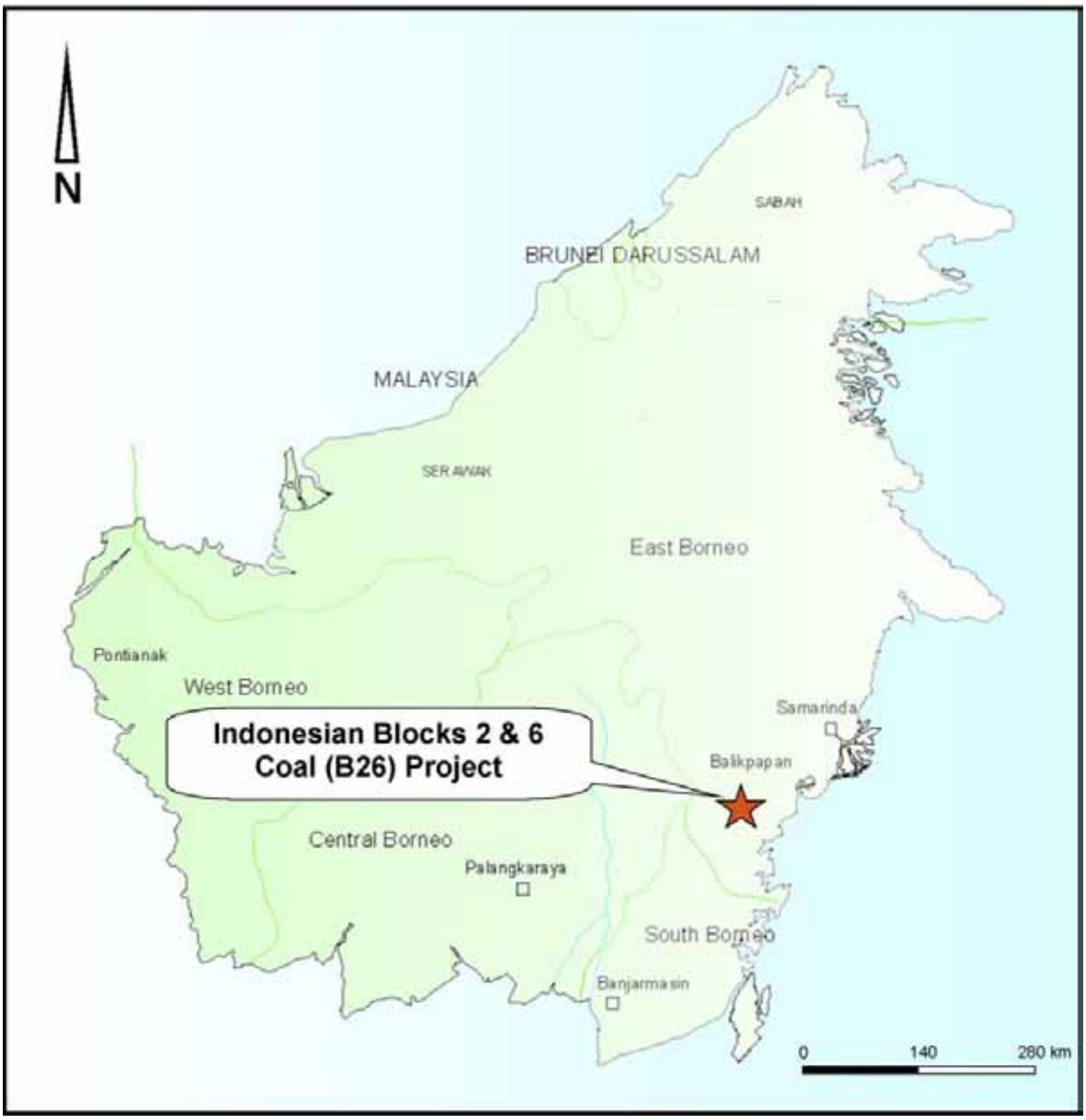


Figure 2 Locality Map of the Indonesian Coal Project



2. HODGSON VALE COAL PROJECT, QUEENSLAND

2.1 Introduction and Location

The Hodgson Vale Coal Project is located about 10km south of Toowoomba in southeast Queensland. Toowoomba is located 132km west of Brisbane. The project can be accessed via the New England Highway which passes through the northwest corner of the project area.

2.2 Tenure and Physiography

The Hodgson Vale Coal Project consists of one Exploration Permit EPC 1145 with the tenement schedule presented in Table 3 and locality in Figure 1. The permit has an area of 51km^2.

2.3 Geology and Mineralisation

2.3.1 Regional Geology

The Hodgson Vale Coal Project is located within the Clarence-Moreton Basin. The basin is an intra-cratonic Mesozoic sedimentary basin located in northeastern New South Wales and southern Queensland.

Sediments of the Clarence-Moreton Basin are of continental origin. They vary from 2.5km to 4km in thickness. Ordovician to Triassic sediments, metasediments and intrusions are unconformably overlain by the Triassic-Jurassic sediments. The Triassic to Jurassic rocks of the basin contain the economic coal measures in particular of the Walloon Coal Measures.

The Walloon Coal Measures formed as a result of widespread fluvial and lacustrine to marsh/swamp environment deposition covering the Clarence-Moreton Basin, the Surat and Eromanga Basins. The Walloon Coal Measures consist of grey siltstone, thick banded coal horizons and fine to medium grained lithic sandstone and may vary in thickness up to 180m. They are overlain by the Kangaroo Creek Sandstone followed by the Grafton Formation, which consists of a claystone and sandstone unit.

Intrusives and extrusives of Tertiary age are found throughout the basin with most occurring in the north. They are associated with the Mount Warning Complex, the Main Range and Lamington Volcanics.

2.3.2 Local Geology and Mineralisation

The project area is covered by a sequence of Tertiary basalts. The basalts are of variable thickness and often attain a thickness of more than 100m. Within the project area the Walloon Coal Measures are variably continuous and vary in thickness.

An area in the north of the project area is considered to have the most significant and near surface development of coal in the project area.

2.4 Exploration History

2.4.1 Historical work programs

The Hodgson Vale Coal Project is located in the Clarence-Moreton Basin where coal mining has been ongoing since the 1880's. The area encompassing the Hodgson Vale Coal Project has been explored by a number of explorers in the past, their programmes are summarised in Table 4 below.

Table 4 Hodgson Vale Coal Project: Exploration History		
Date	**Company**	**Findings**
Prior to 1981	Water Resources Commission	A total of 61 drillholes were drilled in the project area. The majority of the holes intersected a thick basalt sequence. Of these 61 holes only 14 holes penetrated the Walloon Coal Measures of which only nine intersected coal. Intersections are listed in Table 5. Subsequent concerns were raised by later explorers regarding the accuracy of the collar location of some of the waterbores.
1974	Millmerran Coal	The drilling of hole MCPL338 was undertaken, this hole intersected approximately 20m of coal with stone bands from 40.5m (refer to Table 5). The cumulative coal thickness was 16.43m.
1978		Six holes were drilled in the project area (HVO-1 to 6) but only HVO-6 intersected a coal seam. The other holes terminated in the basalt sequence with an average depth of 32m. The coal in HVO-6 had an accumulative thickness of 14.2m comprised of 15 bands of coal ranging in thickness from 0.15-3.36m as noted in Table 5.

Table 5 Drillholes within EPC1145 with coal intersections, after Hutton 2009				
Hole	**Coal**		**Intersection Thickness (m)**	**Cumulative Coal Thickness (m)**
	From (m)	**To (m)**		
Water bores				
36303	27.4	45.7	18.3	na
64893	108	109	1.0	na
119764	67	88	21.0	na
16412	57	57.9	0.9	na
17932	36.6	59.7	23.1	na
30059	43.6	65.5	21.9	na
30060	40.8	62.5	21.7	na
42230971	106	107.6	1.6	na
32102	96.6	106.4	9.8	na
Exploration holes				
MCPL338	40.49	59.64	19.15	16.43
HVO-6	37.2	59.5	22.3	14.2
HVE003	124	133.3	9.3	1.0
HVE004	86.45	136.45	50.0	8.05
HVE005	82.5	143.8	61.3	6.8

2.4.2 Recent work programs (2008-2009)

Exploration undertaken by Coalworks Limited has included drilling five holes in the northern part of the tenement during 2008 (HVE001 to HVE005). Only three of the holes intersected coal, (HVE003 to HVE005) as listed in Table 5. Coal quality testing was only undertaken on one drillhole namely MCPL338, the results have been listed in Table 6 and Table 7 below.

During 2009 Coalworks Limited also undertook an investigation into coal seam methane (CSM) exploration. A study was made of the drillhole data from 2008 in order to clarify the geological model of the project area.

Table 6 Coal Quality analyses for hole MCPL338, including stone bands, after Border et al., 2008

From (m)	To (m)	Thick (m)	Analysed (m)	Relative Density	IM (%)	Ash %	Volatile Matter %	S %	Specific Energy (MJ/kg)
40.49	42.06	1.57	1.57	1.63	7.0	41.3	28.8	0.87	16.82
42.06	43.09	1.03	1.03	2.00	8.3	74.0	10.0	0.42	4.70
43.09	51.94	8.85	8.85	1.75	5.9	51.2	24.6	0.31	13.42
51.94	53.16	1.22	1.22	2.00	8.3	74.0	10.0	0.42	4.70
53.16	56.33	3.17	3.17	1.68	4.7	45.3	28.6	0.35	15.67
56.33	56.80	0.47	0.47	2.00	8.3	74.0	10.0	0.42	4.70
56.80	59.64	2.84	2.84	1.71	3.9	47.9	26.4	0.30	15.00
		19.15	**19.15**	**1.76**	**5.9**	**52.7**	**23.4**	**0.38**	**12.85**

Table 7 Coal Quality analyses for hole MCPL338, excluding stone bands, after Border et al., 2008

From (m)	To (m)	Thick (m)	Analysed (m)	Relative Density	IM (%)	Ash %	Volatile Matter %	S %	Specific Energy (MJ/kg)
40.49	42.06	1.57	1.4	1.55	7.4	33.6	31.9	0.46	19.82
43.09	51.94	8.85	7.6	1.62	5.8	40.8	29.8	0.35	17.65
51.94	56.33	3.17	3.0	1.57	5.0	35.6	32.5	0.38	19.59
56.33	59.64	2.84	2.0	1.45	5.0	23.0	37.0	0.46	24.04
		16.43	**14.0**	**1.58**	**5.7**	**36.7**	**31.6**	**0.38**	**19.16**

2.5 Exploration and Resource Potential

The Hodgson Vale Coal Project has undergone moderate exploration for coal to date. Ravensgate considers that systematic exploration using drilling methods will provide the opportunity for further discoveries within the project area. The 2010 Independent Technical Geologists Report by consultants Minarco-Mineconsult includes a review of the Hodgson Vale Project (Mitchell et al., 2010). The Independent Review includes an assessment of the project geology (including all drilling to date up to 2008 - 5 drillholes: HVE001-HVE005), and the outline of an Exploration Target. Ravensgate has reviewed the methodology used to determine the 'Exploration Target' for coal in Hodgson Vale, and concurs with Minarco-Mineconsult. The Exploration Target reported in the Minarco-Mineconsult report is a range of 20Mt to 38Mt of coal with a coal quality including stone bands and excluding stone bands as listed in Table 6 and Table 7. Ravensgate cautions the reader that the potential quantity and grade or quality of an Exploration Target is conceptual in nature and shows there has been insufficient exploration and work to define a formal JORC Mineral Resource. Also, it is uncertain if further exploration and associated resource development work will result in the determination of a Mineral Resource. Ravensgate understands further extensions to the coal seam along strike and at depth are considered plausible and drillhole programs have been planned to test the coal-bearing units at depth below the basalt cover in the southern portion of the tenement. At this point in time no additional drilling has been carried out since the 2008 drill programmes.

3. ASHFORD LIMESTONE PROJECT, NEW SOUTH WALES

3.1 Introduction and Location

The Ashford Limestone Project is located in northeast New South Wales, Australia, approximately 10km north west of the town Ashford. Ashford (the town) is situated in the largest tobacco-growing district in New South Wales and is located 748 km north of Sydney.

3.2 Tenure and Physiography

The Ashford Limestone Project is comprised of one granted tenement EL 6511 with an area of 1,149 hectares. The tenement is held by Coalworks Limited and managed by Orpheus Energy Group Pty Ltd, a wholly owned subsidiary of Coalworks Limited. (refer to Table 3 and Figure 1).

3.3 Geology and Mineralisation

3.3.1 Regional Geology

The regional geology of the Ashford Limestone Project consists of a deepwater marine sedimentary sequence. This sedimentary sequence was deposited as a result of turbidite flows in a deep ocean environment and includes lithic sandstone, mudstone, chert, jasper, volcaniclastic greywacke and limestone. This sequence forms part of the Late Devonian to Early Carboniferous Texas beds.

Recrystallisation of the Ashford limestone has occurred as a result of Permian granitoids of the Bundarra Plutonic Suite intruding the sedimentary sequence. Parts of the Ashford Limestone have also been intruded by basalt dykes. During the Quaternary alluvium has been deposited along drainage channels.

3.3.2 Local Geology and Mineralisation

The Ashford Limestone is a long narrow deposit approximately 10km long trending approximately north-south. The limestone exhibits the following characteristics:

- Pale to dark grey in colour
- Finely crystalline form having been recrystallised in places as a result of contact metamorphism.
- Mostly without internal structure or layers and homogeneous in composition.
- Poorly preserved crinoids and coralline fossils occur within the limestone.

3.4 Exploration History

3.4.1 Historical work programs

The project has been explored by a number of workers in the past, their programmes are summarised in Table 8.

Table 8 Ashford Limestone Project: Exploration History		
Date	**Company**	**Findings**
1981-1983	Kallangur Lime	A total of 118 percussion drillholes were drilled with the aim of demarcating the whitest limestone. Estimation of volumes and grades was undertaken.
1992-1995	J.M. Stephens	A review of historic data and mapping was undertaken.
2003	Minerals Corporation	An evaluation of historic data and research into potential limestone markets was carried out.
2006	Coalworks Limited	Research into potential limestone markets was conducted.
2007	Coalworks Limited	Exploration consisted of referencing of drilling undertaken by Kallangur Lime, sampling, site inspection, design of a drilling programme. The results of the programme included: Outcrop and float of white and grey limestone was noted over some of the project area. Iron rich residual clay was noted in the project area. Evidence of karst weathering.
2008	Coalworks Limited	Results from sampling, in the project area where the proposed drilling was to take place were obtained. Twelve shallow drillholes were drilled from which 63 samples were analysed. The sampling results confirmed that the purer limestone is located towards the western edge of the outcrop of the Ashford Limestone with the best result from drilling being 16m of limestone at 54.8% CaO in AFP011 and 5m of limestone at 55.04% CaO in AFP08. Four samples underwent testing for brightness with results ranging from 81% to 89.27% ISO brightness. A consultant was retained to advise on the marketability of the deposit if it were processed into Ground Calcium Carbonate. It was concluded that the limestone was of the requisite brightness to be marketable as a commercial grade Ground Calcium Carbonate.

3.4.2 Recent work programs (2008-2010)

Coalworks Limited's exploration programme consisted of geological mapping. The aim of the mapping programme was to determine whether the quality of limestone varied over the outcrop area. A Niton portable XRF was used throughout the area mapped to investigate the level of iron and other impurities in the limestone. Ray et al, 2010 concluded as a result of the Coalworks Limited's mapping programme that:

- The Ashford limestone is mostly a massive homogeneous unit;
- There are few variations in colour and geochemistry throughout the Ashford limestone;
- The limestone exhibits a textural change from microcrystalline in the north to coarse recrystallised limestone in the south;
- There is no corresponding change in geochemistry or colour of the limestone with textural change;
- There is a low level of iron contamination;
- To the south of the Coalworks Limited drilling programme there is very little outcrop and there is also an increase in ironstone outcrop. The northern section appears to be a more desirable target area;
- The northern most outcrop has iron in the centre of the outcrop reducing its potential for quarrying (Ray, Whittock, 2010).

3.5 Exploration and Resource Potential

Exploration to date has targeted areas which may lead to the extraction of limestone (calcium carbonate). Limestone has a varied usage being utilised for construction, industrial, agricultural purposes and also paper filler (ground calcium carbonate or precipitated calcium carbonate). Prices also show a wide range between construction usage at $10-20/tonne to $100/tonne for paper filler (Coalworks Limited, 2008). High-value products such as specialty grades of paper filler and specialty building products command a significantly higher value above $100/tonne. Ravensgate considers that the Ashford Limestone Project can be classified as an “Advanced Exploration Area” Mineral Asset where mineralisation has been identified but a Mineral Resource reportable under the guidelines of the JORC code (JORC, 2004) requires further exploration programmes. Studies to date suggest portions of the limestone show potential to be of sufficient high-quality to provide suitable raw material for higher-value products such as high-quality calcium carbonate. Recent drilling carried out in 2008 has broadly corroborated historical drill results and limestone quantity/quality. Further exploration and economic studies are required as the potential suitability of the limestone has been confirmed but economic areas for a relevant market within transport distance have yet to be defined.

4. WINGEN BENTONITE PROJECT, NEW SOUTH WALES

4.1 Introduction and Location

The Wingen Bentonite Project is located approximately 12km northwest of the town of Scone. Scone is located 270km north of Sydney, New South Wales, Australia. Scone is located in a farming area and is well known for the breeding of racehorses in Australia. Bentonite clay has many commercial uses including engineering, environmental cleanup and the lining of dams.

4.2 Tenure and Physiography

"EL 7142, Wingen, was granted to Plasminex Pty Limited on the 21st May 2008 for a 2 year period and covers the Groups 1, 2 and 5 minerals, including bentonite. An application for renewal of this licence was made on 15 April 2010 and this is awaiting approval. Exploration Licence application ELA 3657 was made on 17 February 2009 over an area of 24 units to cover EL 7142 and extensions" (Luketina, 2010). The Exploration Licence application ELA 3657 has an area of $16km^2$. The location of the project is indicated in Figure 1.

4.3 Geology and Mineralisation

4.3.1 Regional Geology

The Wingen Bentonite Project is located within the northern extension of the fault bounded Permo-Triassic foreland Sydney Basin. On the northeastern side of the basin margin Permian granitic intrusions occur with evidence of a contemporaneous subduction zone. Coal is located within an extensive sequence, Late Permian in age, with deposition occurring in fluvial to delta-plain environments, with some alluvial fan development. In the northern part of the basin, the Singleton Coal Measures also contains Bentonite beds.

4.3.2 Local Geology and Mineralisation

The Bentonite beds occur within the upper half of the Late Permian Singleton Coal Measures Super Group. A total of six bentonitic horizons have been mapped in the project area with the top five being of interest. The Triassic Narrabeen beds which overlie the bentonite horizons dip at 1-2^{o} to the northwest increasing to 35^{o} towards the east near the Hunter Reverse Fault. Bentonite is exposed in outcrop and occurs as cream massive unit as well as grey sandy and white biotite bearing tuffaceous bentonite. The Project stratigraphy is described in Table 9.

Table 9 The Wingen Bentonite Project Stratigraphy

Unit	Description
Quaternary Alluvium	Gravels and silt occur along streams and as flood bank deposits. Scree deposits occur at the foot of the Wingen Maid mountain.
Tertiary Basalt	Dark grey olivine basalt of Middle Tertiary age is restricted to erosion residuals on the Wingen Maid mountain.
Narrabeen Group	Lower Triassic conglomerate, grit and sandstone forming the Wingen Maid mountain.
Singleton Coal Measures	The upper part of Singleton Coal Measures are present. Consisting mostly of conglomerate, grit and sandstone with minor bentonite, siltstone and shale.

4.4 Exploration History

4.4.1 Historical work programs

The project has been explored by Commercial Minerals Pty Ltd in the past, their programme is summarised in Table 10.

Table 10 Wingen Bentonite Project: Exploration History

Date	Company	Findings
1971	Commercial Minerals Pty Ltd	Reconnaissance mapping was undertaken. A total of 17 outcrop samples were collected and analysed returning the results listed below: • Cation exchange capacity ranging from 69-90meq/100gm. • Swelling volume of 18-45ml on sodium carbonate treated clay. • 19.7-36.5 % moisture Two target areas were identified and a drilling programme proposed. Estimation of volume potential and clay quality was undertaken.

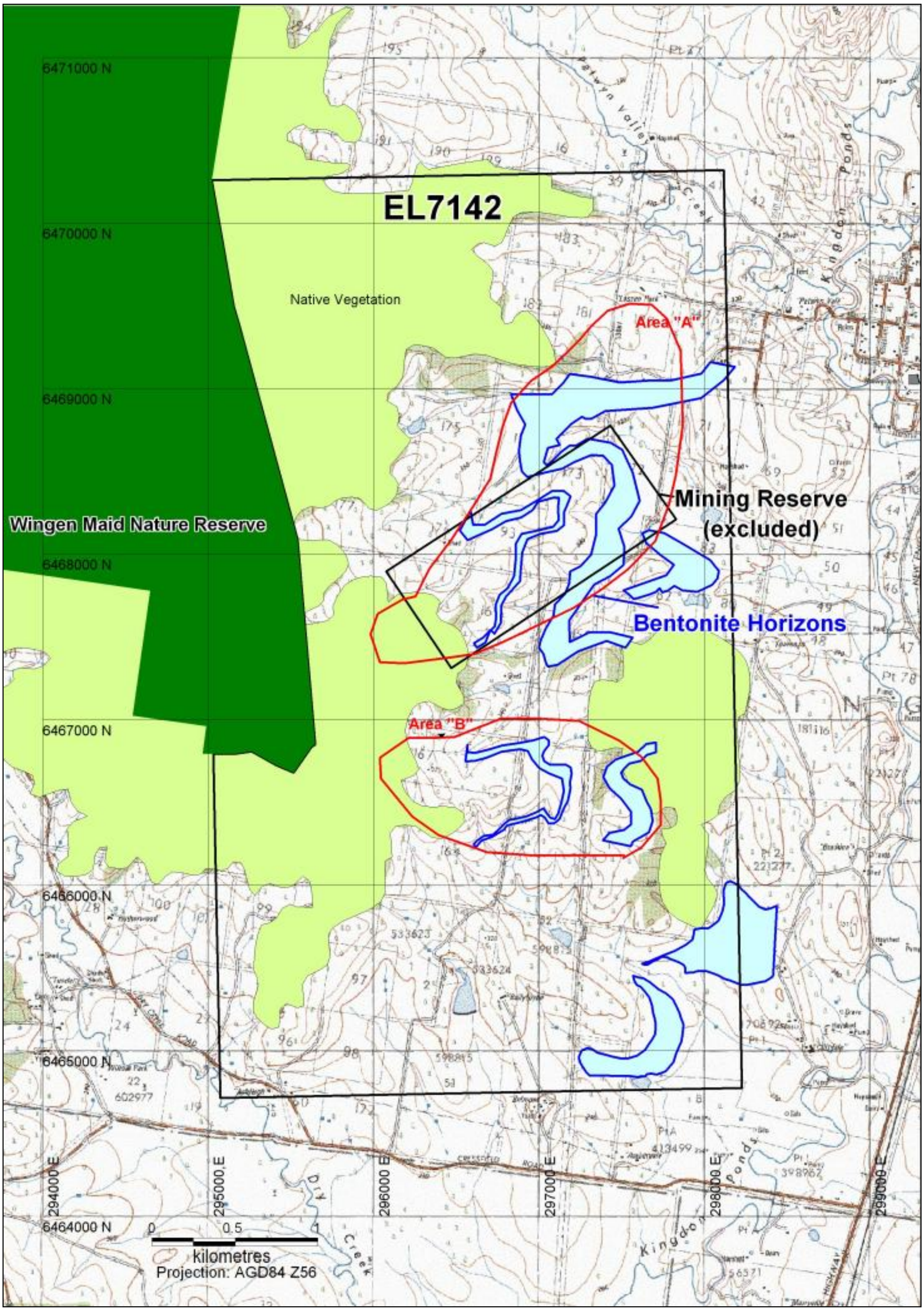
4.4.2 Recent work programs (2009-2010)

Plasminex Pty Ltd (Plasminex) undertook an initial reconnaissance and sampling program. Plasminex reported that the results from the grab sampling returned a good content of bentonite with some organic contamination which seemed reasonable with the proximity to the surface. Plasminex is proposing a drilling program targeting the shallowest seam for commercial grade bentonite.

4.5 Exploration and Resource Potential

Ravensgate considers that the Wingen Bentonite Project can be classified as an “Exploration Area” Mineral Asset where mineralisation has been identified but a Mineral Resource reportable under the guidelines of the JORC code (JORC, 2004) requires further exploration programmes. Exploration to date has given an indication of economic potential with a number of areas found to contain bentonite clay. Bentonite is an industrial material which is used for engineering, environmental and domestic purposes. Drilling has been historically and recently proposed but is yet to be carried out. This currently reflects exploration timing and planning uncertainty related to an intended revocation (in application) of a Mining Reserve which partially covers the area of interest as presented in Figure 3. The Wingen Bentonite project warrants further exploration which may eventually allow, although does not imply, development of a Mineral Resource.

Figure 3 Bentonite Horizons within EL7142 and position of Mining Reserve in application for revocation (after Luketina, 2010).



5. BLOCKS 2 AND 6 COAL PROJECT (B26), EAST KALIMANTAN

5.1 Introduction and Location

The B26 coal project is located on the southern side of East Kalimantan, Indonesia and is close to the coast near the Gulf of Adang. The town site of Longkis is the nearest major town. On the 7th of June 2010, Orpheus Energy Pty Ltd (owned 100% by Coalworks Ltd) entered into a farm-in JV agreement to earn 51% of two Indonesian companies which own two coal concessions in East Kalimantan (Blocks 2 and 6) by making a cash payment of US$1.5M.

5.2 Tenure and Physiography

The B26 Project is comprised of two adjacent Permits for Exploration (KP) which are referred to as Block 2 and Block 6. Block 6 occurs immediately north-northeast of Block 2. The block 2 Permit for Exploitation is held by PT. Polar Andhika Realtor over an area of 164.97 Ha (1.6km^2) while the block 6 Permit for Exploration is held by PT. Berkah Bumi Abadi over an area of 1,951.57 Ha (19.51km^2). The closest river is Telekai which lies to the north-east and south-east of the project area. Surface topography is undulating, tending to be less so from west to east. A topographic survey covers the coal bearing area of interest at 1m contour intervals. The location of the project is indicated in Figure 2. Exploitation tenements have been selected within the larger exploration tenements. Corner coordinates of Block 2 and Block 6 exploitation tenements are presented in Table 11 and Table 12.

Table 11 Corner Co-ordinates of Exploitation Block 02 Tenement

	East			North		
Point	Degrees	Minutes	Seconds	Degrees	Minutes	Seconds
A	116	8	44.99	01	26	31.12
B	116	8	48.03	01	26	31.12
C	116	8	48.03	01	26	58.71
D	116	8	44.98	01	26	58.71
E	116	8	44.98	01	27	34.31
F	116	8	36.40	01	27	34.31
G	116	8	36.40	01	27	46.21
H	116	8	28.37	01	27	46.21
I	116	8	28.37	01	27	58.00
J	116	7	58.99	01	27	58.00
K	116	7	58.99	01	27	46.19
L	116	8	7.80	01	27	46.19
M	116	8	7.80	01	27	34.30
N	116	8	16.35	01	27	34.30
O	116	8	16.35	01	27	22.50
P	116	8	20.55	01	27	22.50
Q	116	8	20.55	01	27	10.50
R	116	8	29.09	01	27	10.50
S	116	8	29.09	01	26	58.70
T	116	8	32.47	01	26	58.70
U	116	8	32.47	01	26	46.79
V	116	8	44.99	01	26	46.79

This tenement area is 164.97 hectares.

Table 12 Corner Co-ordinates of Exploration Block 06 Tenement						
	East			North		
Point	Degrees	Minutes	Seconds	Degrees	Minutes	Seconds
A	116	09	48.00	01	23	48.80
B	116	09	48.00	01	26	27.00
C	116	07	38.00	01	26	27.00
D	116	07	38.00	01	23	48.80
This tenement area is 1,951.57 hectares.						

5.3 Geology and Mineralisation

5.3.1 Regional Geology

The project area is located in the Paser Sub Basin. Regionally the geology features anticlines and synclines orientated generally north-south while normal and thrust faults strike north-east to south-west. The regional geology, from older to younger, can be summarised as follows:

Ultrabasic Rock

The oldest rock type as represented by the Sampanahan Geology Map sheet is ultrabasic rock which consists of peridotite, harzburgite, serpentine and gabbro.

Batanglai Granite

The Batanglai Granite has intruded into older ultrabasic and metamorphic rocks. The series is comprised of granite, monzonite, granodiorite, aplite granite and adamelite. Absolute age dating places the granite at Early Cretaceous.

Pitap Formation

The formation is comprised of intercalated sandstone, greywacke, claystone, siltstone, shale, chert, breccia, olistolite limestone, basaltic lava and conglomerates. The deposition is placed above Early Cretaceous granites and the formation interfingers with the Haruyan formation.

Haruyan Formation

The Haruyan Formation generally consists of basaltic lava flow, breccia and tuff.

Tanjung Formation

The Tanjung Formation is deposited unconformably above the Pitap Formation and is comprised of intercalated sandstone, claystone, siltstone, conglomerate and limestone with thin coal seams noted. Deposition of the formation occurred in a fluvial environment until a late-stage shallow marine incursion.

Pamaluan Formation

The formation is comprised of claystone interbedded with sandstone and limestone (Oligocene – Early Miocene age).

Berai Formation

The Berai Formation is comprised of limestone with napal and claystone intercalation with an average bedding thickness of 1-6 m (Early Oligocene - Early Miocene age). The depositional environment is shallow marine with a 1,250m formation thickness noted.

Babula Formation

The Babulu Formation consists of limestone intercalated with claystone, minor napal (Middle-Late Miocene age).

Warukin Formation

The Warukin Formation (middle to late Miocene) was deposited conformably and is comprised of limestone with claystone interbeding and coal intercalation. The same depositional phase produced the underlying Pulaubalang Formation and overlying Balikpapan Formation. The Pulaubalang Formation consists of quartz sandstone and claystone with coal intercalation (Middle Miocene), while the Balikpapan Formation consists of quartz sandstone, silty claystone and shale with napal intercalation, limestone and coal (Middle Miocene – Late Miocene).

Dahor Formation

This formation is deposited unconformably and can be correlated with the Kampung Baru Formation. Rock types are comprised of sandy claystone, quartz sandstone and limonite (Early Pliocene-Plistocene). The deposition environment was fluvial with the thickness of the formation being approximately 750m.

Alluvial

Holocene age material comprising gravel, sand, mud and clay occurring as river, bog, coastal and delta sediments.

5.3.2 Local Geology and Mineralisation

The majority of the local geology consists of grey sandstones and dark grey claystone of the Puaubalang Formation. Coal seams generally strike north-east to north north-east with a moderate to moderately-steep dip eastward. An apparent anticline within Block 6 results in a portion of the coal seam dipping westward.

5.4 Exploration History

5.4.1 Block 2

The total number of drillholes over Block 2 consists of 46 drillholes for 1,639.78m of which 25.85m was cored. Drilling to date has targeted coal seams of the Pulobalang Formation over the project area. In general the site visit carried out by Ravensgate on 19th July 2010 identified no areas of significant concern regarding the capture of geological information (e.g. drilling, mapping, survey) although improvements could be made. The most recent drill program used for examining coal potential and quality was completed on the 11th of November 2007 and consisted of the following features:

- A total of 39 drillholes were completed for 1,352.78m with surveyed collar positions;
- Best drilled areas are on a 500m section spacing along strike with variation in drill spacing across strike reflecting the geological setting and also some infill drilling;
- All the drillholes are vertical;
- Core size is a nominal 46.7mm;
- Analytical assays were carried out by Geoservice Laboratories and Carsurin Laboratories on 22 samples for Total Moisture, Inherent Moisture, Ash, Volatile Matter, Fixed Carbon, Total Sulphur, Gross Calorific Value and High Grove Index.

5.4.2 Block 6

The total number of drillholes over Block 6 consists of 39 drillholes for 1,514.9m of which 18.25m was cored. A project site visit to the Block 2 Coal Project was undertaken by Mr Yulindra Christiawan, Ravensgate's Senior Exploration Geologist for Indonesia on the 19th July 2010. Unfortunately poor road access conditions prevented access to the nearby Block 6 coal project. The site visit did note the occurrence of coal along strike from the same coal bearing formation within both Block 2 and Block 6 areas. The Block 2 project appears to have undergone less structural disruption in comparison to the Block 6 area.

5.5 Exploration and Resource Potential

5.5.1 Exploration and Resource Potential – Block 2

Ravensgate considers that the Block 2 Project can be classified as an "Advanced Exploration Area" Mineral Asset where coal seams from encouraging exploration drilling has been identified but a Mineral Resource compliant with the current reporting guidelines of the Australian JORC code (JORC, 2004) has not been estimated. In the case of a coal deposit this reflects a requirement for a resource estimate and associated report detailing consideration of such check assessment items as referred to in Table 1 of the JORC code rather than a specific modifying factor issue. An Exploration Target has been outlined for the purposes of this valuation using exploration information obtained to date and the geological site inspection carried out by Mr Yulindra Christiawan, Ravensgate's Senior Exploration Geologist for Indonesia. Ravensgate cautions the reader that the potential quantity and grade or quality of an Exploration Target is conceptual in nature and shows there has been insufficient exploration and work to define a formal JORC Mineral Resource. Also, it is uncertain if further exploration and associated resource development work will result in the determination of a Mineral Resource. On the basis of this review, an Exploration Target of between 2.2 and 4.2 million tonnes with a coal quality Calorific Value of 5,600 to 7,200 kcal/kg (adb) using the criteria as listed below and derived from sufficiently-spaced drilling information has been used for the purposes of this valuation report:

- Seven main seams which are more than 0.5m in thickness based on preliminary interpretation;
- Weathered zone is approximately 5m below surface based on average depth of weathering;
- Dry bulk density of 1.4 (average of 27 coal quality testwork);
- Minimum seam thickness of 0.5m;
- Maximum depth below surface to a notional depth 75m;
- Coal quality testwork of 27 samples. The quoted coal quality range has been derived by taking 0.5 of the standard deviation either side of the mean. Ravensgate notes improved procedures for drill records and sampling methods would be of future benefit;
- Drillhole spatial density
  - Well drilled areas are within 250m to 500m of drillhole information;
  - Moderately well drilled areas are within 500m to 1,000m of drillhole information;
  - Relatively sparsely drilled areas are at a notional 1,000m from drillhole information.

5.5.2 Exploration and Resource Potential – Block 6

Ravensgate considers that the Block 6 Project is an "Advanced Exploration Area" Mineral Asset where prospective coal seams from exploration drilling have been identified but a Mineral Resource compliant with the current reporting guidelines of the Australian JORC code (JORC, 2004) has not been estimated. In the case of the coal deposit this reflects a requirement for a resource estimate and associated report detailing consideration of such check assessment items as referred to in Table 1 of the JORC code rather than a specific modifying factor issue. An Exploration Target has been outlined for the purposes of this valuation using exploration information obtained to date. Ravensgate cautions the reader that the potential quantity and grade or quality of an Exploration Target is conceptual in nature and shows there has been insufficient exploration and work to define a formal JORC Mineral Resource. Also, it is uncertain if further exploration and associated resource development work will result in the determination of a Mineral Resource. On the basis of this review, an Exploration Target of 1.3 to 2.3 million tonnes at coal quality Calorific Value of 5,950 to 6,850 kcal/kg (adb) using the criteria as listed below and derived from sufficiently-spaced drilling information has been used for the purposes of this valuation report:

- Similar coal seam geology between Block 2 and Block 6 although Block 6 geology is noted to be more structurally complex in parts;

- Dry bulk density of 1.5 (average of 9 coal quality testwork);
- Coal quality testwork of 11 samples. The quoted coal quality range has been derived by taking 0.5 of the standard deviation either side of the mean.

6. VALUATION

6.1 Introduction

There are a number of recognised methods used in valuing “mineral assets”. The most appropriate application of these various methods depends on several factors, including the level of maturity of the mineral asset, and the quantity and type of information available in relation to the asset. All monetary values included in this report are expressed in Australian dollars (A$) unless otherwise stated.

The Valmin Code, which is binding upon “Experts” and “Specialists” involved in the valuation of mineral assets and mineral securities, classifies mineral assets in the following categories:

- Exploration Areas refer to properties where mineralisation may or may not have been identified, but where specifically a JORC compliant mineral resource has not been identified.
- Advanced Exploration Areas refer to properties where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by some form of detailed geological sampling. A JORC compliant mineral resource may or may not have been estimated but sufficient work will have been undertaken that provides a good understanding of mineralisation and that further work will elevate a prospect to the resource category.
- Pre-Development Projects are those where Mineral Resources have been identified and their extent estimated, but where a positive development decision has not been made.
- Development Projects refers to properties which have been committed to production, but which have not been commissioned or are not operating at design levels.
- Operating Mines are those mineral properties, which have been fully commissioned and are in production.

Various recognised valuation methods are designed to provide the most accurate estimate of the asset value in each of these categories of project maturity. In some instances, a particular mineral property or project may include assets that comprise one or more of these categories.

When valuing Exploration Areas, and therefore by default where the potential is inherently more speculative than more advanced projects, the valuation is largely dependent on the informed, professional opinion of the valuer. There are a number of methods available to the valuer when appraising Exploration Areas.

The Multiple of Exploration Expenditure (“MEE”) method can be used to derive project value, when recent exploration expenditure is known or can be reasonably estimated. This method involves applying a premium or discount to the exploration expenditure or Expenditure Base (“EB”) through application of a Prospectivity Enhancement Multiplier (“PEM”). This factor directly relates to the success or failure of exploration completed to date, and to an assessment of the future potential of the asset. The method is based on the premise that a “grass roots” project commences with a nominal value that increases with positive exploration results from increasing exploration expenditure. Conversely, where exploration results are consistently negative, exploration expenditure will decrease along with the value.

Where transactions including sales and joint ventures relating to mineral assets that are comparable in terms of location, timing, mineralisation style and commodity, and where the terms of the sale are suitably “arms length” in accordance with the Valmin Code, such transactions may be used as a guide to, or a means of, valuation. This method is considered highly appropriate in the current volatile financial environment where other “cost based” methods may tend to overstate value.

The Joint Venture Terms valuation method may be used to determine value where a Joint Venture Agreement has been negotiated at “arms length” between two parties. When calculating the value of an agreement that includes future expenditure, cash and/or shares payments, it is considered appropriate to discount expenditure or future payments by applying a discount rate to the mid-point of the term of the earn-in phase. Discount factors are also applied to each earn-in stage to reflect the degree of confidence that the full expenditure specified to completion of any stage will occur. The value assigned to the second and any subsequent earn-in stages always involves increased risk that each subsequent stage of the agreement will not be completed, from technical, economic and market factors. Therefore, when deriving a technical value using the Joint Venture Terms method, Ravensgate considers it appropriate to only value the first stage of an earn-in Joint Venture Agreement.

The total project value of the initial earn-in period can be estimated by assigning a 100% value, based on the deemed equity of the farminor, as follows:

$$V_{100} = \frac{100}{D}\left[CP + \left(CE * \frac{1}{(1+I)^{\frac{t}{2}}}\right) + \left(EE * \frac{1}{(1+I)^{\frac{t}{2}}} * P\right)\right]$$

where:

V_{100}	=	Value of 100% equity in the project ($)
D	=	Deemed equity of the farminor (%)
CP	=	Cash equivalent of initial payments of cash and/or stock ($)
CE	=	Cash equivalent of committed, but future, exploration expenditure and payments of cash and/or stock ($)
EE	=	Uncommitted, notional exploration expenditure proposed in the agreement and/or uncommitted future cash payments ($)
I	=	Discount rate (% per annum)
t	=	Term of the Stage (years)
P	=	Probability factor between 0 and 1, assigned by the valuer, and reflecting the likelihood that the Stage will proceed to completion.

Where mineral resources remain in the Inferred category, reflecting a lower level of technical confidence, the application of mining parameters is inappropriate and their economic value can therefore not be demonstrated using the more conventional DCF/NPV approach. In these instances it is considered appropriate to use the 'in-situ' Resource method of valuation for these assets. This technique involves application of a heavily discounted valuation of the total in-situ metal or commodity contained within the resource. The level of discount applied will vary based on a range of factors including physiography and proximity to infrastructure or processing facilities.

In the case of Pre-development, Development and Mining Projects, where Measured and Indicate d Resources have been estimated and mining and processing considerations are known or can be reasonably determined, valuations can be derived with a reasonable degree of confidence by compiling a discounted cash flow (DCF) and determining the net present value (NPV).

The Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC code, 2004) sets out minimum standards, recommendations and guidelines. A Mineral Resource defines a mineral deposit with reasonable prospects of economic extraction. Mineral Resources are sub-divided into Inferred, Indicated and Measured to represent increasing geological confidence from known, estimated or interpreted specific geological evidence and knowledge. An Ore Reserve is the economically minable part of a Measured or Indicated Resource after appropriate studies. An Inferred Resource reflecting insufficient geological knowledge, cannot translate into an Ore Reserve. Measured Resources may become Proved (highest confidence) or Probable Reserves. Indicated Resources may only become Probable Reserves.

6.2 Previous Mineral Asset Valuations

Ravensgate is not aware, nor have we been made aware, of any other valuations over the four projects to be acquired (Australian (3) and Indonesian (1)). The projects are referred to in this report as the Hodgson Vale Coal Project, Ashford Limestone Project, Wingen Bentonite Project and Blocks 2 and 6 Coal Project (B26) in East Kalimantan, Indonesia. The date of this valuation is 31 July 2010.

6.3 Material Agreements

Ravensgate has been commissioned by Orpheus Energy Limited (Orpheus) and Stantons International Pty Ltd trading as Stantons International Securities (Stantons) to provide an Independent Technical Valuation of the minerals assets to be acquired from Coalworks Limited (Coalworks) by Australian Motor Finance Group Ltd (AMFG) which will be renamed as Orpheus Energy Ltd (Orpheus). AMFG has agreed to acquire the mineral assets from Coalworks for the consideration of 25,000,000 shares with a proposed issue price of $0.2 per share and 12,500,000 options with a strike price of $0.2 per option. Joint venture agreements can be listed as:

- Hodgson Vale Coal Project, Queensland, Australia.
  - Coalworks Ltd has 100% ownership.
- Ashford Limestone Project, New South Wales, Australia.
  - Coalworks Ltd has 100% ownership.
- Wingen Bentonite Project, New South Wales, Australia.
  - Coalworks Ltd has 50% ownership (through 100% ownership of Orpheus Energy Pty Ltd). Orpheus Energy Pty Ltd has entered into a farm-in/JV agreement with Plasminex Pty Ltd to earn 50% of the Wingen Bentonite Project in the upper Hunter Valley (New South Wales) with an exploration spend of $0.5M.
- Blocks 2 and 6 Coal Project, East Kalimantan, Indonesia.
  - Coalworks Ltd has 51% ownership (through 100% ownership of Orpheus Energy Pty Ltd). On the 7th of June 2010, Orpheus Energy Pty Ltd entered into a farm-in/JV agreement to earn 51% of two Indonesian companies which own two coal concessions in East Kalimantan (Blocks 2 and 6) with a cash payment of US$1.5M. To date US$0.5M has been paid.

Ravensgate understands all exploration tenements were granted at this point in time (except for the Wingen Bentonite Project tenements which are under application for renewal and extension) as below:

- Hodgson Vale Coal Project, Queensland, Australia.
  - EPC1145 expires on 20/09/2010 at which time the exploration permit notes 20% of the area is to be relinquishment if tenement renewal is sought.
- Ashford Limestone Project, New South Wales, Australia.
  - Exploration permit EL6511 was renewed in 2010 for a further term until 2 March 2012.
- Wingen Bentonite Project, New South Wales, Australia.
  - Exploration permit EL7142 was granted on 21 May 2008 for a 2 year period. Application for renewal of the tenement license was submitted on 17 February 2009 (ELA3657). The application covers EL7142 (including an intended revocation of a Mining Reserve) and an extension adjacent to and immediately northward of EL7142.
- Blocks 2 and 6 Coal Project, East Kalimantan, Indonesia.
  - Ravensgate understands Block 2 and Block 6 have Permits for Exploration in good standing.

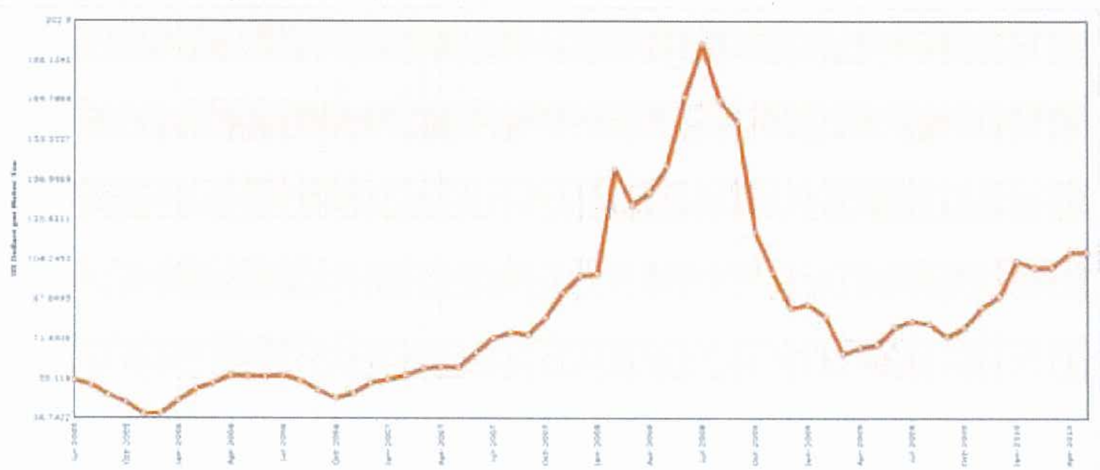
Ravensgate are not aware, nor have we been made aware, of any other agreements that have a material influence on the provisional valuations of the mineral assets, and on this basis have made no adjustments on this account.

6.4 Comparable Transactions

Ravensgate has completed a search for publicly available market transactions involving industrial materials (limestone and bentonite) in Australia and coal exploration projects in Australia and Indonesia. An Ore Reserve or Mineral Resource estimation reported in accordance with the guidelines defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has not been carried out for any of the projects. The identified transactions have been specifically selected to be comparative to the valuation tenements. Transactions reflect comparable tenement holdings in geological provinces that are considered prospective for similar commodities, and that are of similar prospectivity to the minerals assets being acquired. The transactions identified along with the implied cash-equivalent values are summarised below by commodity and region. Ravensgate noted a difficulty in researching market transactions for industrial materials, in particular limestone. The comparable market transactions for limestone projects listed in Section 0 are felt to represent more advanced projects however have been documented below for usefulness in controlling an upper limit on the valuation for limestone projects (<$5.9 - 7.75M). Ravensgate's analysis of market transactions for bentonite projects indicates an implied value between $2.0M - $2.5M for long-life quarry projects. Analysis of market transactions for early-stage Exploration Target coal projects in Queensland indicates an average range of implied values between $0.27 to $0.41 on a dollar per tonne basis. Analysis of market transactions for early stage Exploration Target or Mineral Resource coal projects in Indonesia indicates an average range of implied values between $0.33 to $0.48 on a dollar per tonne basis. Analysis of market transactions for more advanced or strategic Mineral Resource coal projects in Indonesia indicates a higher implied value in the region of $2.04 to $2.40 on a dollar per tonne basis.

Ravensgate notes that while coking coal commands a higher price to thermal coal, projects may show a differential feature reflecting value for a company's coal blending requirements, location and transport convenience. However in general, analysis of the five year price chart for thermal coal in Figure 4 indicates a steady price increase and recovery since April 2009.

Figure 4 Five year price chart for Australian thermal coal



Note: Australian thermal coal, 12000-btu/pound, less than 1% sulphur, 14% ash, FOB Newcastle/Port Kembla, US$ per metric tonne (source website: http://www.indexmundi.com/commodities/?commodity=coal-australian&months=60)

6.4.1 Reported Market Transactions involving Limestone Projects

- Timboon, Victoria - June 2009: Ausminerals Ltd listed on the National Stock Exchange (NSX) in August 2008. In an information memorandum regarding company projects dated June 2009 it was noted that processing (e.g. pelletizing) facilities (limestone + gypsum, feldspar, potash, trace elements and fertilizers) and the long-life limestone quarry (on freehold property) had been independently valued at $5.9M. The tenement area was 2.6km^2.
- Gin Gin, Perth, West Australia - August 2007: Schaffer Corporation Ltd entered into an agreement to acquire Archistone Pty Ltd. Archistone supplied stone and reconstituted limestone products from a long-life Gin Gin quarry and had retail outlets at 4 Perth-based localities. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $7.75M (acquisition of Archistone based on an enterprise value of $7.75M). At the time the operation generated revenues of approximately $10 million a year.

6.4.2 Reported Market Transactions involving Bentonite Projects

- Mantuan Downs & Buckland Downs, Central Queensland - October 2006: Techstar Ltd announced revised purchase of Ipoh Pacific Resources Pty Ltd (IPR) for the issue of 40 million fully paid shares at an issue price of $0.05 per share. The tenement areas (90km^2) contain bentonite material (2006 Mantuan Downs Indicated resource as 12.1Mt at grade of 98 CEC and Inferred resource as 2.9Mt at grade of 92 CEC using CEC 60 meq/100g cut-off). Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $2.0M.
- Miles, Central Queensland - June 2006: Phoslock Water Solutions Ltd announced the sale of tenements containing bentonite material near Miles, Central Queensland. The sale price consisted of a minimum $2.5M with $2.0M paid at settlement and $0.5M guaranteed under royalty agreement for 5 years. Under the royalty agreement the new owner would pay $5 per tonne of bentonite mined and sold. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $2.5M.

6.4.3 Reported Market Transactions involving Coal Projects, Queensland

- Vickery South, Gunnedah Basin, NE New South Wales - February, 2010: ITOCHU Minerals & Energy of Australia Pty Ltd (IMEA) entered into a farm-in/JV agreement with Coalworks Ltd to earn 49% with an $11M buy-in of two payments. The tenement area totals 7.22km^2 for prospective thermal & coking coal with Exploration Targets of 50 to 70Mt. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $22.4M for a notional $0.45-$0.32 A$/t on 100% terms.
- Surat/Clarence-Moreton Basin (SE Queensland) & Bowen Basin (Nth Queensland) - September, 2009: Dragon Energy Ltd entered into a farm-in/JV agreement with Altera Resources Ltd to earn 85% with a $3.5M exploration spend over 3 years. The tenement area totals 5,600km^2 for prospective open-cut & underground-development thermal coal with Exploration Targets of 405 to 540Mt. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $4.12M for a notional $0.01-$0.008 A$/t on 100% terms.
- Dingo West, Bowen Basin, Central Queensland - May, 2008: Macarthur Coal Ltd entered into a farm-in/JV agreement with Bandanna Coal Pty Ltd to earn 70% with a minimum $9.65M break fee (minus exploration spend). The tenement area totals 107km^2 for prospective open-cut thermal coal exploration with a minimum JV Exploration Target of 40Mt (identified to Measured Resource). Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $13.8M for a notional $0.35 A$/t on 100% terms.

- Tiaro, Gympie Queensland - April, 2008: Dynasty Metals Australia Ltd entered into a farm-in/JV agreement with Tiaro Coal Ltd / Private Vendors to earn 30% with a \$2.5M exploration spend within 18 months of the agreement. The tenement area totals 532km^2 for prospective thermal & coking coal with Exploration Targets of 10 to 20Mt. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is \$8.3M for a notional \$0.83-\$0.42 A\$/t on 100% terms.

6.4.4 Reported Market Transactions involving Coal Projects, Indonesia

- Kuba Indah (100%), Tanur Jaya (45%), Jawana (100%) & Borami (100%) Projects, East Kalimantan, Indonesia - November 2009: Kangaroo Resources Ltd (KRL) entered into a heads-of-agreement to acquire 4 coal projects in Indonesia for a cash payment of US\$15M and 185M KRL shares. The projects contain coking plus thermal coal with Exploration Targets of 195 to 280Mt (at 100% ownership) plus greenfields coking and high-quality thermal coal targets. Kubar Indah Coking Coal Project Exploration Target: 100-140Mt with coal quality of Total Moisture 4.6-5.7% (adb), Inherent Moisture 1.0-1.7% (adb), Ash Content (2.4-12.7% (adb), Fixed Carbon 70-80% (adb), Total Sulphur 0.49-0.83% (adb) & Gross Calorific Value 7,500-8,500 Kcal/kg (adb). Tanur Jaya Thermal Coal Project Exploration Target: 75-100Mt with coal quality of Total Moisture ~38.4% (ar), Ash (~4.8% (adb), Total Sulphur ~0.14% (adb) & Calorific Value 5,000-5,400 Kcal/kg (adb). Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is \$73M for a notional \$0.37 to \$0.26 A\$/t on 100% terms.
- GPK Project, East Kalimantan, Indonesia - September 2009: Kangaroo Resources Ltd entered into a farm-in/JV option with PT Graha Panca Karsa to earn 84.82% with a cash buy-in and development spend. The tenement area contains thermal coal with 141Mt Indicated and 107Mt Inferred Mineral Resources (average calorific value of ~5,245 Kcal/kg (adb). Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is \$12.6M for a notional \$0.05 A\$/t on 100% terms.
- Bara Pratama (BP) & Mitra Bara Karya (MBK), East Kalimantan, Indonesia - June 2009: Kangaroo Metals Ltd entered into a farm-in/JV option with Alexis Minerals International Pty Ltd to earn an initial 15% with an exploration spend and cash/shares buy-in of \$1.6M. The tenement area totals 42.5km^2 for prospective high-quality thermal coal with Exploration Targets of 10 to +25Mt (Calorific Value BP: 7,200-7,400 Kcal/kg; MBK: up to 7,100 Kcal/kg). Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is \$10.7M for a notional \$1.07-\$0.43 A\$/t on 100% terms.
- South Kalimantan, Indonesia - September 2008: Sam's Seafood Holdings Ltd acquired 100% of Triumph West Pty Ltd. Triumph has the right to acquire an 80% interest in two Indonesian PMA companies, that in turn have the rights to a coal project in South Kalimantan. Triumph West was acquired for a cash payment of US0.3M and an allotment of various types of performance shares to a combined value of \$1.625M. The tenement is prospective for underground-development black bitumous coal exploration with a nominal Exploration Target of 250Mt for a notional \$0.007 A\$/t on 100% terms.
- Indonesia - April, 2008: Subhash Projects and Marketing Ltd & Emco Lt agreed to jointly buy 83% of Indonesian coal mine PT Bism at approximately \$78.8M. The coal mine contained at the time an estimated 105Mt of thermal coal. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is \$94.6M for a notional \$0.90 A\$/t on 100% terms.

6.4.5 Reported Market Transactions involving Advanced Coal Projects, Indonesia

- Maruwai, East/Central Kalimantan - May 2010: PT Adaro Energy entered into an agreement with bhpbilliton to acquire 25% of the Maruwai coal project for \$394M. The tenement area contains undeveloped metallurgical and thermal coal of an estimated 774 million tonnes. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is \$1,576M (notional 2.04 A\$/t on 100% terms).
- Kutai, East Kalimantan - April 2010: Essar Group entered into an agreement with an unnamed private company in Indonesia to acquire the Aries Coal Mines. The tenement area

contains an estimated 100 million tonnes of thermal coal. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is $240M (notional $2.4 A$/t on 100% terms).

6.5 Hodgson Vale Coal Project, Queensland

6.5.1 Selection of Valuation Method

The Hodgson Vale Coal Project can be classified as an 'Advanced Exploration Area' mineral asset. The commodity item of interest for exploration is primarily coal. In valuing the exploration potential of the Hodgson Vale Coal Project, Ravensgate considers the 'DCF/NPV' method inappropriate due to the lack of an Ore Reserve reportable as defined by the JORC Code 2004. Ravensgate has elected to apply the Multiples of Exploration Method (MEE) and Comparable Transaction Method to value the project after consideration of the various valuation methods outlined in Section 6.1.

6.5.2 Project Analysis - Multiple of Exploration Expenditure Method (MEE)

In valuing the exploration potential of the Hodgson Vale Coal Project Ravensgate has elected to apply the Multiple of Exploration Expenditure (MEE) method. Inspection of annual reports and on advice from Coalworks shows cumulative exploration expenditure since tenement grant (21/09/2007) can be deemed <u>$0.62M</u>. As far as can be reasonably ascertained, historically relevant exploration expenditure over the Hodgson Vale Coal Project is an estimated <u>$0.09M</u> replacement costed as at July 2010. Historical exploration expenditure includes the water bore data to reflect useful geological information gained but at a discounted value to account for the quality and sometimes uncertain position of the borehole information. Selected exploration expenditure includes geological mapping and surveys, drilling, minor historical assays and project/tenement management. A value of <u>$0.71M</u> was selected for the MEE Earnings Base (EB) with the majority of expenditure being incurred since 2007. Ravensgate has elected to apply a Prospectivity Enhancement Multiplier (PEM) of 2.5 to 3.5 reflecting the exploration results and conclusions to date. Applying this PEM to the Earnings Base (EB) of <u>$0.71M</u> results in a range of provisional values for the exploration potential from <u>$1.78M</u> to <u>$2.49M</u>. A provisional value of <u>$2.4M</u> selected from the MEE analysis reflects exploration success to date.

6.5.3 Project Analysis – Comparable Transactions Method

Ravensgate's analysis of the market transactions indicates that the implied value of greenfield exploration projects with coal potential generally lies in the range $0.27/tonne to $0.41/tonne with a midpoint of $0.34/tonne for early-stage coal Exploration Targets. Using this midpoint relates to approximately $6.8M to $12.9M for the conceptual coal Exploration Target as detailed in Section 2.5 (of 20Mt to 38Mt of coal). A provisional value of $8.6M selected from the comparable transactions analysis reflects definition of a conceptual outline of coal quantity and quality for further drill testing which is based on broad spaced drilling and minor coal quality testwork to date.

6.5.4 Conclusion

By using the Multiples of Exploration Expenditure (MEE) Method and Comparable Transactions method for valuing a 100% interest in the exploration potential associated with the Hodgson Vale Coal Project, a range of selected provisional values from $2.4M to $8.6M can be derived. Ravensgate has elected to assign a preferred value of $5.5M in the middle of the range, recognising mineral asset prospects and the exploration drilling and geological work outlined to date. In Ravensgate's opinion the provisional value reflects the project's potential which remains to be fully tested, the uncertain nature of early stage exploration and improvement in coal price with the gradual economic recovery.

6.6 Ashford Limestone

6.6.1 Selection of Valuation Method

The Ashford Limestone Project can be classified as an 'Advanced Exploration Area' mineral asset. The commodity item of interest for exploration is primarily limestone for industrial and agricultural purposes. In valuing the exploration potential of the Ashford Limestone Project, Ravensgate considers the 'DCF/NPV' method inappropriate due to the lack of an Ore Reserve reportable as defined by the JORC Code 2004. Ravensgate has elected to apply the Multiples of Exploration Method (MEE) and Comparable Transaction Method to value the project after consideration of the various valuation methods outlined in Section 6.1.

6.6.2 Project Analysis - Multiple of Exploration Expenditure Method (MEE)

In valuing the exploration potential of the Ashford Limestone Project Ravensgate has elected to apply the Multiple of Exploration Expenditure (MEE) method. Inspection of annual reports and on advice from Coalworks cumulative exploration expenditure since tenement grant (3/03/2006) is deemed <u>$0.23M</u>. As far as can be reasonably ascertained, historically relevant exploration expenditure over the Hodgson Vale Coal Project is an estimated <u>$0.06M</u> replacement costed as at July 2010. Selected exploration expenditure includes geological mapping and surveys, drilling, assays/testwork, project/tenement management and desktop financial/engineering flow sheet studies. A value of <u>$0.29M</u> was selected for the MEE Earnings Base (EB) with the majority of expenditure being incurred since 2006. Ravensgate has elected to apply a Prospectivity Enhancement Multiplier (PEM) of 2.0 to 3.0 reflecting the exploration results and conclusions to date. Applying this PEM to the Earnings Base (EB) of <u>$0.29M</u> results in a range of provisional values for the exploration potential from <u>$0.58M</u> to <u>$0.87M</u>. A provisional value of <u>$0.8M</u> selected from the MEE analysis reflects the historical definition of limestone volumes and quality with further work required to report a Mineral Resource.

6.6.3 Project Analysis – Comparable Transactions Method

Limestone has a varied usage being utilised for construction, industrial, agricultural purposes and also paper filler (ground calcium carbonate or precipitated calcium carbonate). Prices also show a wide range between construction usage at $10-20/tonne to $100/tonne for paper filler (Coalworks Limited, 2008). High-value products such as specialty grades of paper filler and specialty building products command a significantly higher value. Ravensgate's analysis of the market transactions indicates that the implied value of strategically-located, advanced projects lies in a range of $5.9M to $7.75M. These transactions are more vertically-integrated however further economic studies are required for Ashford where desktop reviews to date have not discounted the possibility of some portions of the limestone being suitable for better value Ground Calcium Carbonate (GCC). Further exploration work is required as the potential suitability of the limestone has been confirmed but economic areas for a relevant market within transport distance have yet to be defined. Ravensgate considers the located market transactions useful information in placing an upper limit on the valuation but not definitive for deriving a value for the mineral asset.

6.6.4 Conclusion

Ravensgate has elected to use the Multiples of Exploration Expenditure (MEE) Method for valuing a 100% interest in the exploration potential associated with the Ashford Limestone Project. On the basis of this method, a range of values from $0.58M to $0.87M can be derived. Ravensgate has elected to assign a preferred value of $0.8M towards the higher end of the range to reflect the historical definition of limestone volumes and quality with further work required to report a Mineral Resource. In Ravensgate's opinion the project is worthy of further interest and the provisional value reflects the subsequent requirement for exploration to characterize an economically marketable product.

6.7 Wingen Bentonite

6.7.1 Exploration Potential

6.7.2 Selection of Valuation Method

The Wingen Bentonite Project can be classified as an 'Exploration Area' mineral asset. The commodity item of interest for exploration is primarily bentonite for engineering, environmental and domestic purposes. In valuing the exploration potential of the Wingen Bentonite Project, Ravensgate considers the 'DCF/NPV' method inappropriate due to the lack of an Ore Reserve reportable as defined by the JORC Code 2004. Drilling has been historically and recently planned but is yet to be carried out. This reflects exploration timing and planning uncertainty related to an intended revocation (in application) of a Mining Reserve which partially covers the area of interest as presented in Figure 3. Ravensgate has elected to apply the Joint Venture Method Terms (JV) and Comparable Transaction Method to value the project after consideration of the various valuation methods outlined in Section 6.1. We note a value cannot be attributed to a company's tenement holdings if the company does not hold or have rights to the tenement. Ravensgate has elected to value the areas of the project where the tenement is considered to have a reasonable likehood of approval for renewal, and has applied no value to areas in application for first-time granting.

6.7.3 Project Analysis – Joint Venture (JV) Terms Method

In valuing the exploration potential of the Wingen Bentonite Project, Ravensgate has elected to apply the Joint Venture Terms method. An outline of the agreement is listed in Section 6.7.3. In valuing the exploration potential associated with the Wingen Bentonite Project via applying the Joint Venture Method, a 100% interest in the project is \$0.64M to \$0.91M. The range in valuation under the Joint Venture Terms Method reflects a Probability of JV Completion Factor of 0.7 to 1.0, the lower factor corresponding to the exploration uncertainty created by the anticipated removal of the Mining Reserve. Ravensgate does note the Mining Reserve only partially covers the exploration area of interest and that the Department of Primary Industries (NSW) and Plasminex Pty Ltd have been working closely to resolve the issue, culminating in a tenement application in progress which would cover the current tenement (including the area covered by the Mining Reserve) and also extend further north. This is reflected in the selection of the high range factor. Under the Joint Venture terms of the agreement, Ravensgate has selected a provisional value of \$0.78M on 100% interest at the mid-point of the range, reflecting the likelihood that the terms and conditions of the JV will be met.

$$V_{100} = \frac{100}{D}\left[CP + \left(CE * \frac{1}{(1+I)^{\frac{t}{2}}}\right) + \left(EE * \frac{1}{(1+I)^{\frac{t}{2}}} * P\right)\right]$$

where:
V_{100} = Value of 100% equity in the project (\$)
D = 50%
CP = \$0M
CE = \$0M
EE = \$0.5M
I = 10%
T = 2 years assumed
P = 70% to 100%

6.7.4 Project Analysis – Comparable Transactions Method

Ravensgate located two market transactions related to the purchase of tenements containing bentonite material. The transactions featured a purchase/sale range of $2.0 to $2.5M which may indicate or represent somewhat more advanced or strategic projects. Ravensgate considers the market transactions confirmatory information for the valuation but not definitive for deriving a value for the mineral asset, reflecting the low number of transactions able to be located and the overall age of the transactions.

6.7.5 Conclusion

Ravensgate has elected to use the Joint Venture Terms Method for valuing a 100% interest in the exploration potential associated with the Wingen Bentonite Project, Application of the Joint Venture Terms Method derives a range of values from $0.64M to $0.91M. Ravensgate has selected a provisional value of $0.78M on 100% interest at the mid-point of the range, reflecting the likelihood that the terms and conditions of the JV will be met.

6.8 Blocks 2 and 6 Coal Project (B26), East Kalimantan, Indonesia

6.8.1 Selection of Valuation Method

The B26 Coal Project can be classified as an 'Advanced Exploration Area' mineral asset. The commodity item of interest for exploration is primarily coal. In valuing the exploration potential of the B26 Coal Project, Ravensgate considers the 'DCF/NPV' method inappropriate due to the lack of an Ore Reserve reportable as defined by the JORC Code 2004. Ravensgate has elected to apply the Joint Venture Method Terms (JV) and Comparable Transaction Method to value the project after consideration of the various valuation methods outlined in Section 6.1.

6.8.2 Project Analysis – Joint Venture (JV) Terms Method

In valuing the exploration potential of the B26 Coal Project, Ravensgate has elected to apply the Joint Venture Terms method. An outline of the agreement is listed in Section 6.7.3. In valuing the exploration potential associated with the B26 Coal Project via applying the Joint Venture Method, a 100% interest in the project is $2.7M to $3.1M. The range in valuation under the Joint Venture Terms Method reflects a Probability of JV Completion Factor of 0.8 to 1.0. Ravensgate noted that a third of the cash payment due under the signed Heads of Agreement has been paid by Orpheus and considers reasonable probability of completion of the agreement. Under the Joint Venture terms of the agreement, Ravensgate has no further information which would weight the valuation towards the higher or lower end of the range and has accordingly selected a provisional value of $2.9M on 100% interest at the mid-point of the range. Ravensgate has converted the monetary terms of the agreement from US to Australian dollars using an exchange rate of 0.9 (Aus/US).

$$V_{100} = \frac{100}{D}\left[CP + \left(CE * \frac{1}{(1+I)^{\frac{t}{2}}}\right) + \left(EE * \frac{1}{(1+I)^{\frac{t}{2}}} * P\right)\right]$$

where:

V_{100} = Value of 100% equity in the project ($)
D = 50%
CP = Aus$0.56M
CE = Aus$0M
EE = Aus$1.1M
I = 10%
T = 2 years assumed
P = 80% to 100%

6.8.3 Project Analysis – Comparable Transactions Method

Ravensgate's analysis of the market transactions indicates that the implied value of greenfield exploration projects with coal potential generally lies in the range $0.33/tonne to $0.48/tonne with a midpoint of $0.40/tonne for early stage Exploration Target or Mineral Resource coal projects. Using $0.45/tonne in recognition of drill information obtained to date relates to approximately $1.6M to $2.9M for the conceptual coal Exploration Target verified in Section 5.5 by Ravensgate. A provisional value of $2.25M selected from the comparable transactions analysis reflects definition of a conceptual outline of coal quantity and quality. Ravensgate considers the coal seams to be well drilled in areas whereby further resource estimation work could have a reasonable chance of re-grading portions of the Exploration Target tonnage and quality to a higher classification. The Exploration Target was defined as 3.5Mt to 6.5Mt with a quality of 5,600 - 7,200 kcal/kg for a potentially saleable thermal coal. Ravensgate cautions the reader that the potential quantity and grade or quality of an Exploration Target is conceptual in nature and shows there has been insufficient exploration and work to define a formal JORC Mineral Resource. Also, it is uncertain if further exploration and associated resource development work will result in the determination of a Mineral Resource.

6.8.4 Conclusion

By using the Joint Venture Terms (JV) Method and Comparable Transactions method for valuing a 100% interest in the exploration potential associated with the B26 Coal Project in East Kalimantan, a range of selected provisional values from $2.25M to $2.9M can be derived. Ravensgate has elected to assign a preferred value of $2.7M towards the upper end of the range recognising the quality of geological understanding, systematic drilling over the project, coal quality testwork carried out and desktop studies on open pit coal mining to date.

6.9 Valuation Summary

A summary of the project valuation in 100% terms is provided in Table 13. The applicable valuation date is 31 July 2010 and is derived from the Multiples of Exploration Expenditure (MEE), Joint Venture (JV) and Comparable Transactions valuation methods. The value of a 100% equity interest in the listed Projects is considered to lie in a range from $5.87M to $13.28M, within which range Ravensgate has selected a preferred value of $9.78M.

A summary of the project valuation in 100% and joint venture terms is provided in Table 14. The value of an equity interest in the listed Projects for Orpheus only is considered to lie in a range from $4.45M to $11.4M, within which range Ravensgate has selected a preferred value of $8.07M which lies slightly above the mid-point of the range.

Table 13 Orpheus Energy Limited – Project Technical Valuation Summary in 100% terms					
Project	**Asset**	**Equity Interest**	**Valuation**		
			Low $M	**High $M**	**Preferred $M**
Hodgson Vale	Exploration Area - coal.	100 (Orpheus)	2.4	8.6	5.5
Ashford	Exploration Area - limestone.	100 (Orpheus)	0.58	0.87	0.8
Wingen	Exploration Area - bentonite.	100%	0.64	0.91	0.78
Blocks 2 & 6, East Kalimantan.	Exploration Area - coal.	100%	2.25	2.9	2.7
Total	**4 listed projects**	100%	5.87	13.28	9.78

Table 14 Orpheus Energy Limited - Project Technical Valuation Summary in 100% and joint venture terms					
Project	**Asset**	**Equity Interest**	**Valuation**		
			Low $M	**High $M**	**Preferred $M**
Hodgson Vale	Exploration Area - coal.	100 (Orpheus)	2.4	8.6	5.5
Ashford	Exploration Area - limestone.	100 (Orpheus)	0.58	0.87	0.8
Wingen	Exploration Area - bentonite.	50% (Orpheus)	0.32	0.46	0.39
Blocks 2 & 6, East Kalimantan.	Exploration Area - coal.	51% (Orpheus)	1.15	1.48	1.4
Total	**4 listed projects**	Equity interest for Orpheus only	4.45	11.4	8.07

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8. GLOSSARY

alluvial	Sand, clay and silt deposit – water transported.
ash content	Percentage of a coal sample remaining after incineration to a constant weight under standard conditions.
anomalous	A departure from the expected norm, generally geochemical or geophysical values higher or lower than the norm.
anticline	An area of rocks that have been arched upwards in the form of a fold.
auger	A corkscrew-shaped sampling tool.
Archaean	A geologic eon before 2.5 billion years ago.
assay	A procedure where the element composition of a rock soil or mineral sample is determined.
bentonite	An absorbent clay consisting mostly of montmorillonite.
calorie	Quantity of heat required to raise 1 gram of water from 15°to 16°Celsius.
calorific value	Heat of combustion of a unit quantity of a substance.
clastic	Pertaining to sedimentary rocks composed primarily from fragments of pre-existing rocks or fossils.
coal	A combustible black or brownish-black sedimentary rock containing carbonaceous material formed from plant remains that have been compacted, indurated, chemically altered, and metamorphosed by heat and pressure during geologic time.
conformable	Description of rock strata where the layers are uninterrupted through time.
conglomerate	A sedimentary rock consisting of rounded rock fragments greater than 2mm in size cemented together.
density	Mass of coal per unit volume.
deltaic deposits	A deposit of sediments formed at the mouth of a river where it enters a lake or the sea.
diamond drilling	A method of obtaining a cylindrical core of rock by drilling with a diamond impregnated bit.
dry-air basis (dab)	Calculations done on the basis that a sample has no moisture.
fault	A fracture in rocks whereby rocks on one side have been moved relative to the rocks on the other.
fixed carbon	Matter remaining after determination of moisture, volatile matter and ash.
fluvial deposits	Applied to sand and gravel deposits laid down by streams or rivers.
granite	A common type of intrusive, felsic, igneous rock.
Greenfields	Mineral exploration is termed Greenfields or Brownfields depending on the quantity and quality of previous exploration. Greenfields exploration is generally taken to refer to exploration further away from known mineralisation and is more conceptual in nature compared to Brownfields exploration.
inherent moisture	Moisture entrapped in the coal and removed by heating to 220° F.
JORC	Joint Ore Reserves Committee (of the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Minerals Council of Australia)

KP	Kuasa Pertambangan (KP) refers Indonesian tenement mining rights or authorisations which may be granted and regulated at all levels of government. http://www.mitraismining.com/solutions/Pages/mining.aspx
limestone	A sedimentary rock comprised largely of the mineral calcite (calcium carbonate).
lithology	A term pertaining to the general characteristics of rocks.
lode	A vein or other tabular mineral deposit with distinct boundaries.
mafic	A dark igneous rock composed dominantly of iron and magnesium minerals (such as basalt).
metamorphic	A rock type which has been subjected to heat and pressure.
metasediment	Metamorphosed sedimentary rock.
mineralisation	A geological concentration minerals or elements of prospective economic interest.
moisture content	Percentage of moisture (water) in coal.
ore	A volume of geological material containing components or minerals in a mode of occurrence which renders it valuable for mining.
Palaeozoic	The era of geologic time that includes the Cambrian, Ordovician, Silurian, Devonian, Carboniferous, and Permian periods.
parting	Layer or stratum of non-coal material in a coal bed which does not exceed the thickness of coal in either the directly underlying or overlying benches.
pluton	A large body of intrusive igneous rock.
quartz	Mineral species composed of crystalline silica (SiO_2).
radiometric	Geophysical technique measuring emission from radioactive isotopes.
RAB drilling	A relatively inexpensive and less accurate drilling technique (compared to RC drilling) involving the collection of sample returned by compressed air from outside the drill rods.
RC drilling	Reverse Circulation drilling, whereby rock chips are recovered by airflow returning inside the drill rods, rather than outside, thereby returning more reliable samples.
seam	A bed of coal lying between a roof (rock above)and floor (rock below).
schist	Medium grade metamorphic rock which contains more than 50% platy and elongated minerals.
sedimentary	Rocks formed by the deposition of particles carried by air, water or ice.
sedimentation	The accumulation of sediment.
shale	Fine grained sedimentary rock with well defined bedding planes.
total moisture	All moisture present in coal, sum of moisture lost in drying and residual moisture of a sample.
ultramafic	Dark to very dark coloured igneous rocks composed mainly of mafic minerals.
unconformity	Description of rock strata where the layers are interrupted, discontinuous.
volatile matter	Non-moisture products which are given off as gas and vapour during heating of coal.