

**Dateline Resources Limited  
(ACN 149 105 653)**

**NOTICE OF GENERAL MEETING AND  
EXPLANATORY STATEMENT**

**Meeting to be held at the offices of K&L Gates, Level 31, 1 O'Connell Street, Sydney,  
New South Wales on 17 September 2015 commencing at 9.00am (AEST)**

This Notice of Meeting and Explanatory Statement should be read in its entirety.  
If Shareholders are in doubt as to how to vote, they should seek advice from their  
accountant, solicitor or other professional adviser without delay.

19 August 2015

Dear Dateline Shareholder

On 25 May 2015, the Company announced that it had entered into a share purchase Agreement to acquire 100% of the issued capital of Golden Phoenix Resources Limited (**Golden Phoenix**) (the **Acquisition**).

### **About Golden Phoenix**

Golden Phoenix is an unlisted public mineral exploration company with three prospective exploration licences and two exploration licence applications located in the Gascoyne region of Western Australia. The licenses cover the largest copper anomaly within the Geological Survey of Western Australia ('GSWA') public domain geochemical dataset, after normalizing for lithological variations.

### **The Acquisition**

If approved, the Acquisition will result in Golden Phoenix and its Subsidiaries becoming wholly owned subsidiaries of the Company.

As consideration for the Acquisition, the Company is proposing to issue a total of 25,000,416 ordinary fully paid shares in the Company (**Consideration Shares**) to the current shareholders of Golden Phoenix.

Following completion of the Acquisition (if approved), the current shareholders of Golden Phoenix will hold in aggregate 24.68% of the Company's issued shares (assuming no further Shares are issued).

### **Rationale for the Acquisition**

The Directors believe that the acquisition of Golden Phoenix is in keeping with the Company's previous advice to the market of seeking quality projects on a low cost basis.

In addition, the Directors believe that the Acquisition (if approved) will bring a prospective exploration project that is located in Western Australia to the Company. Golden Phoenix also has approximately \$400,000 cash at bank as at 31 March 2015, which can be applied towards the next 12 months' expenditure commitments.

### **Report by Independent Expert**

Shareholders should carefully consider the Independent Expert's Report prepared by Lonergan Edwards & Associates Limited (AFS Licence No. 246532) for the purposes of Shareholder approval for Resolutions 2 and 3 under ASX Listing Rule 10.1. A copy of the Independent Expert's Report is enclosed with the Notice of Meeting as Annexure 2 to the Explanatory Statement.

The Independent Expert's Report comments on the fairness and reasonableness of the transactions to the non-associated Shareholders in the Company.

The Independent Expert notes that the Acquisition is fair and reasonable to the non-associated Shareholders of the Company.

### **Recommendation by Directors**

Mr Greg Hall is a director of both the Company and Golden Phoenix. In addition, related parties of Mr Hall, will receive a total of 9,999,774 Consideration Shares on completion of the Acquisition. These Shares are the subject of Resolutions 2 and 3 in the attached Notice of Meeting.

The Directors of the Company other than Mr Hall recommend that Shareholders approve the Resolutions contained in this Notice of Meeting and to enable the Acquisition by the Company.

Mr Hall makes no recommendation in relation to the Acquisition Resolutions in the attached Notice of Meeting.

**Issue of Shares**

In addition to the Acquisition Resolutions, the Company is seeking approval from Shareholders to issue up to 100,000,000 additional Shares to new investors at a minimum price of at least 80% of the volume weighted average price of the Shares calculated over the 5 business days on which sales in the Shares were recorded on the official market of the ASX immediately prior to the day on which these additional Shares will be issued in accordance with Listing Rule 7.3.3. The additional Shares are to be issued to sophisticated and professional investors (as defined in the Corporations Act).

All of the Directors of the Company recommend that Shareholders approve this remaining Resolution.

I encourage you to read the full contents of the accompanying documents carefully, and to participate in the voting process.

If you have any questions about the Acquisition, the Resolutions, or this Notice of Meeting, please contact the Company, or consult your licensed financial adviser, stockbroker or other professional adviser. If you have any questions regarding your holding in Dateline Shares or other Share Registry matters, please contact the Company's share registry,

Yours sincerely,



Mark Johnson  
**Chairman**

**NOTICE OF GENERAL MEETING  
DATELINE RESOURCES LIMITED  
ACN 149 105 653**

Notice is given that a Meeting of Shareholders of Dateline Resources Limited (**Company**) will be held at the offices of K&L Gates, Level 31, 1 O'Connell Street, Sydney, New South Wales on 17 September 2015 commencing at 9.00am (AEST).

Further details of each Resolution to be considered at the Meeting are set out in the Explanatory Statement. Definitions of capitalised terms used in the Notice of Meeting and Explanatory Statement are set out in Section 8 of the Explanatory Statement.

**Resolution 1 - Issue of General Consideration Shares**

To consider and, if thought fit, to pass as an **ordinary resolution**:

*That, subject to the completion of the Acquisition and Resolutions 2 and 3 being approved, and for the purposes of ASX Listing Rule 7.1 and all other purposes, Shareholders approve the issue and allotment of 15,000,642 Consideration Shares at \$0.05 cents per Share (**General Consideration Shares**) as further described in the Explanatory Statement.*

**Voting exclusion:**

The Company will disregard any votes cast on Resolution 1 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if Resolution 1 is passed, and any of their Associates, unless:

- (a) it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) the person chairing the Meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

**Resolution 2 – Issue of Hall Consideration Shares**

To consider and, if thought fit, to pass as an **ordinary resolution**:

*That, subject to the completion of the Acquisition and Resolutions 1 and 3 being approved, and for the purposes of ASX Listing Rules 10.1 and 10.11 and for all other purposes, Shareholders approve the issue of up to 4,999,887 Consideration Shares at \$0.05 cents per Share (**Hall Consideration Shares**) to Omaroo Pty Ltd, the trustee of the Hall Family Trust, for the benefit of the Hall Family Trust.*

**Voting exclusion:**

The Company will disregard any votes cast on Resolution 2 by any person who may participate in the proposed issue (including, but not limited to, Omaroo, Greg Hall and the beneficiaries of the Hall Family Trust) or any other person who may obtain a benefit as a result of the proposed Acquisition except a benefit solely in the capacity of a security holder if Resolution 2 is passed, and any of their Associates, unless:

- (a) it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) the person chairing the Meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

### Resolution 3– Issue of Laffan Consideration Shares

To consider and, if thought fit, to pass as an **ordinary resolution**:

*That, subject to the completion of the Acquisition and Resolutions 1 and 2 being approved, and for the purposes of ASX Listing Rules 10.1 and 10.11 and for all other purposes, Shareholders approve the issue of up to 4,999,887 Consideration Shares at \$0.05 cents per Share (**Laffan Consideration Shares**) to Ma Lan Pty Ltd, the trustee of the Laffan Family Trust, for the benefit of the Laffan Family Trust.*

#### **Voting exclusion:**

The Company will disregard any votes cast on Resolution 3 by any person who may participate in the proposed issue (including, but not limited to, Ma Lan, Maree Laffan and the beneficiaries of the Laffan Family Trust) or any other person who may obtain a benefit as a result of the proposed Acquisition except a benefit solely in the capacity of a security holder if Resolution 3 is passed, and any of their Associates, unless:

- (a) it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) the person chairing the Meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

### Resolution 4 - Issue of Placement Shares

To consider and, if thought fit, to pass as an **ordinary resolution**:

*That for the purposes of ASX Listing Rule 7.1 and all other purposes, Shareholders approve the issue and allotment of up to 100,000,000 Shares (**Placement Shares**) to sophisticated and professional investors at a minimum price of at least 80% of the volume weighted average price of the Shares calculated over the 5 business days on which sales in the Shares were recorded on the official market of the ASX immediately prior to the day on which the Placement Shares will be issued as further described in the Explanatory Statement.*

#### **Voting exclusion:**

The Company will disregard any votes cast on Resolution 4 by any person who may participate in the proposed issue or any other person who may obtain a benefit as a result of the proposed issue except a benefit solely in the capacity of a security holder if Resolution 4 is passed, and any of their Associates, unless:

- (a) it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) the person chairing the Meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

#### **By order of the Board**



**John Smith**  
Company Secretary  
Dateline Resources Limited  
19 August 2015

## Information for Shareholders

### Explanatory Statement

The accompanying Explanatory Statement forms part of this Notice of Meeting and should be read in conjunction with it. Section 8 of the Explanatory Statement contains definitions of capitalised terms used in this Notice of Meeting and the Explanatory Statement.

### Required majorities

All of the Resolutions are ordinary resolutions. An ordinary resolution requires a simple majority of votes cast by Shareholders present (in person, by proxy or representative) and entitled to vote on the resolution.

### Proxies

All Shareholders who are entitled to attend and vote at the meeting have the right to appoint a proxy to attend and vote for them. The proxy does not have to be a Shareholder. Shareholders holding two or more shares can appoint either one or two proxies. If two proxies are appointed, the appointing Shareholder can specify what proportion of their votes they want each proxy to exercise.

To vote by proxy, please complete and return the proxy form enclosed with this Notice of Meeting as soon as possible. To be effective, a completed proxy form or online proxy instructions must be received by no later than **9.00am (AEST) on 15 September 2015**, being not less than 48 hours prior to the commencement of the meeting.

Where the proxy form is executed under power of attorney, the power of attorney must be lodged in the same way as the proxy form.

### Corporate representatives

A body corporate may appoint an individual as its representative to attend and vote at the meeting and exercise any other powers the body corporate can exercise at the meeting. The appointment may be a standing one. The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

### Voting entitlements

The Board has determined that, for the purpose of voting at the meeting, Shareholders are those persons who are the registered holders of the Company's shares at **7.00pm (AEST) on 15 September 2015**.

# EXPLANATORY STATEMENT

## 1. INTRODUCTION

### 1.1 Purpose

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Meeting.

This Explanatory Statement should be read in full and in conjunction with the Notice of Meeting. Capitalised terms in this Explanatory Statement are defined in Section 8 of this Explanatory Statement. You should consult with your professional advisers if you have any questions in relation to how to vote on the Resolutions.

### 1.2 Resolutions and recommendations

There are three Resolutions to be put in the Meeting. Resolutions 1 to 3 are conditional on Completion of the Acquisition.

Certain voting exclusions are imposed by the Listing Rules in relation to the Resolutions as detailed in the accompanying Notice of Meeting.

The Directors of the Company are Mr Mark Johnson, Mr Stephen Baghdadi, Mr George Niumataiwalu and Mr Greg Hall. The Directors intend to vote in favour of each Resolution (subject to any applicable voting exclusions) and recommend that Shareholders vote in favour of each of the Resolutions.

## 2. Resolution 1 – Issue of General Consideration Shares

### 2.1 Background to the Acquisition

As announced to the ASX on 25 May 2015, the Company has entered into an agreement with the major shareholders of Golden Phoenix to acquire the Sale Shares (**Sale Agreement**). The Sale Shares are comprised of 46,070,767 fully paid ordinary shares in Golden Phoenix.

The consideration for the Acquisition is 25,000,416 fully paid ordinary Shares in the Company (i.e. the Consideration Shares). Under the Sale Agreement, the deemed issue price for the Consideration Shares is \$0.05 cents per Consideration Share. The Consideration Shares to be issued to the vendors of Golden Phoenix are made up as follows:

- (a) 15,000,642 fully paid ordinary Shares (being the General Consideration Shares) to be issued to the Vendor Shareholders as set out in Annexure 1;
- (b) 4,999,887 fully paid ordinary Shares (being the Hall Consideration Shares) to be issued to the Hall Trust (these Shares are the subject of Resolution 2); and
- (c) 4,999,887 fully paid ordinary Shares (being the Laffan Consideration Shares) to be issued to the Laffan Trust (these Shares are the subject of Resolution 3).

On Completion of the Acquisition (if approved) the Company will issue in the Consideration Shares in exchange for the transfer of the Sale Shares to the Company by the Vendor Shareholders. No funds will be paid by the Company to the Vendor Shareholders and no funds will be raised by the issue of the Consideration Shares.

The Hall Consideration Shares and the Laffan Consideration Shares form part of the overall Consideration Shares to be issued by the Company, and the overall structure of the

Acquisition. These shares will not be issued separately from the General Consideration Shares which are the subject of Resolution 1.

As discussed below, the Resolutions being put to the Meeting are interdependent. If any of the Resolutions is not approved by Shareholders, then the Acquisition will not proceed and no Consideration Shares will be issued by the Company.

## 2.2 Summary of the material terms of the Acquisition

The Sale Agreement contains terms and conditions standard for a transaction of this nature, including (but not limited to) the following material terms and conditions:

- (a) A maximum of 25,000,416 Shares are to be issued for the acquisition of the Sale Shares (which represent 100% of the issued shares of Golden Phoenix);
- (b) The Company's offer is conditional on the Company receiving acceptances from Golden Phoenix shareholders that hold a total of at least 90% of the issued shares of that entity;
- (c) The Company being satisfied with the results of its due diligence in relation to Golden Phoenix and its Related Bodies Corporate;
- (d) Golden Phoenix is satisfied with the results of its due diligence in relation to the Company;
- (e) All regulatory approvals being obtained by the Company; and
- (f) The transaction is subject to approval by the Company's Shareholders.

Completion is scheduled to occur immediately after the satisfaction of the conditions set out in the Sale Agreement (some of which are set out above).

Under the terms of the Sale Agreement, the current shareholders of Golden Phoenix represent and warrant to the Company that:

- (i) they are the registered holders of the Sale Shares free of any security interests or any other third party rights;
- (ii) the Sale Shares comprise the entire issued capital of Golden Phoenix, and can be transferred without the further consent of any other person and free of any pre-emptive rights or rights of first refusal; and
- (iii) each current shareholder of Golden Phoenix has no agreements or arrangements with any of the other shareholders which:
  - (A) results in them have a relevant interest (as defined in the Corporations Act) in any Sale Shares held by another shareholder of Golden Phoenix; or
  - (B) will result in them having such a relevant interest in any Consideration Shares to be issued to another shareholder of Golden Phoenix.

In addition the directors of GPR, represent and warrant that:

- (a) the Sale Shares were all properly issued;
- (b) subject to certain disclosed matters (including, but not limited to, details regarding research project costs and introducer fees payable by Golden Phoenix in relation to its Augustus project, and disclosures in relation to the company's cessation of all

business or work in China and the South Sudan), Golden Phoenix's accounts for the period ending 31 March 2015 disclose a true and fair view of financial position and results of Golden Phoenix during that period, and that Golden Phoenix and its Related Bodies Corporate have no liabilities or commitments other than those shown in these accounts; and

- (c) Golden Phoenix and its Related Bodies Corporate own all of its assets (including, but not limited to, its exploration licences) free from any security interests, and those assets are in its exclusive possession.

The Sale Agreement includes provisions (applicable to both the Company and the current shareholders of Golden Phoenix on substantially identical terms) in relation to:

- (a) warranties and indemnities;
- (b) limitations on liability for breaches of warranty; and
- (c) limiting claims for breaches of warranties to those over an agreed minimum sum.

These provisions mirror one another and are considered standard in an agreement of this type.

Each of the current shareholders of Golden Phoenix are severally liable in relation to breaches of the warranties given to the Company. Their liability for a claim by the Company for a breach of warranty is limited to the proportion of the purchase price that they receive in relation to the Acquisition (which is determined based on the proportion that its holding of Sale Shares bears to all Sale Shares on issue). Any such liability will be settled, at the option of the relevant Golden Phoenix shareholder, by the Consideration Shares issued to them in the Acquisition to the value of the applicable proportionate share of the claim being cancelled via a selective buy-back under the Corporations Act, or paid in cash.

Any cancellation of Consideration Shares will be in full and final satisfaction of a claim by the Company for a breach of warranty, even if the liability of the Golden Phoenix shareholder exceeds the value of the Consideration Shares cancelled.

Details of the Director's rationale for the Acquisition are set out in paragraph 2.4 below.

### **2.3 Information regarding Golden Phoenix**

Golden Phoenix is an unlisted public mineral exploration company which was incorporated in Western Australia in April 2007. The current directors of Golden Phoenix are Maree Laffan, Greg Hall, Robert Thomson, and Christopher Castle (alternate director for Rob Thomson).

Through its wholly owned subsidiary, Golden Phoenix Australia Pty Ltd, it has three granted exploration licences and two exploration licence applications located in Western Australia. The exploration licences comprise the Augustus sedimentary copper project located in the Gascoyne region of Western Australia, and cover three separate copper geochemical anomalies defined by the GSWA geochemical data within the Proterozoic Bangemall Basin. The primary target is a sediment hosted copper deposit.

The licenses cover the largest copper anomaly within the GSWA public domain geochemical dataset from modelling, after normalising for lithological variations.

The key shareholders of Golden Phoenix, being Greg Hall, Maree Laffan and Robert Thomson, also have extensive experience in the exploration sector and project development.

## 2.4 Rationale for the Acquisition

The Directors believe that the Acquisition is in keeping with the Company's previous advice to the market of seeking quality projects on a low cost basis. The Directors also believe that the Acquisition is appropriate for the Company for the following reasons:

- (a) Golden Phoenix's Augustus tenements are prospective and cover the largest copper anomaly within the GSWA public domain geochemical dataset after modelling;
- (b) Golden Phoenix will have approximately \$400,000 cash at bank on completion of the transaction (based on its 31 March 2015 accounts). The funds can be applied towards the next 12 months exploration commitments;
- (c) the Company will have up to an additional 50 shareholders on completion of the Acquisition (if approved); and
- (d) the key shareholders of Golden Phoenix have extensive experience in the exploration sector and project development and are generally supportive of exploration projects both in Australia and offshore.

## 2.5 Advantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholders' decision on how to vote on the Resolutions:

- (a) the Company will have an Australian based project which will help to reduce the risks associated with single project companies;
- (b) Golden Phoenix's Augustus tenements are prospective and cover the largest copper anomaly within the GSWA public domain geochemical dataset; and
- (c) the key shareholders of Golden Phoenix have extensive industry experience and are supportive of exploration projects both in Australia and offshore.

## 2.6 Disadvantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholders' decision on how to vote on the Resolutions:

- (a) the Acquisition will result in the issue of a significant number of Consideration Shares being issued to the current shareholders of Golden Phoenix, which will have a dilutionary effect on the holdings of the Company's existing Shareholders (see sections 2.6 and 2.7 for further details); and
- (b) future outlays of funds from the Company may be required for the operation of Golden Phoenix.

## 2.7 Effect of issue of Consideration Shares

Following Completion of the Acquisition (if approved) and the issue of the Consideration Shares, the ownership of the Company will be as follows (assuming no further Shares are issued):

Type of Shareholder	Before Completion		After Completion	
	No. of Shares	% of total number of Shares	No. of Shares	% of total number of Shares
Existing Dateline Shareholders	76,300,000	100%	76,300,000	75.32%
Vendor Shareholders who will receive General Consideration Shares (or their nominees)	Nil	0%	15,000,642	14.80%
Hall Trust (who will hold the Hall Consideration Shares)	Nil	0%	4,999,887	4.94%
Laffan Trust (who will hold the Laffan Consideration Shares)	Nil	0%	4,999,887	4.94%
<b>Total</b>	<b>76,300,000</b>	<b>100%</b>	<b>101,300,416</b>	<b>100%</b>

## 2.8 Voting power following completion of the Acquisition

A person's voting power is calculated by taking the total votes in the Company that the person's and their associates' have a relevant interest in, and dividing that number by the total votes in the Company with the resulting number multiplied by 100.

The current voting power of the Golden Phoenix shareholders as well as their future voting power immediately after Completion of the Acquisition is as follows (assuming no further Shares are issued and based upon Golden Phoenix' understanding of the relationship between its shareholders):

Party	Voting power (as at the date of this Explanatory Statement)	Voting power after the issue of the Consideration Shares (not including associates)	Voting power after the issue of the Consideration Shares (including associates)
Vendor Shareholders (or their nominees) who will receive General Consideration Shares (in aggregate)	Nil	14.8%	14.8%
Hall Trust (who will hold the Hall Consideration Shares)	Nil	4.94%	4.94%

Party	Voting power (as at the date of this Explanatory Statement)	Voting power after the issue of the Consideration Shares (not including associates)	Voting power after the issue of the Consideration Shares (including associates)
Laffan Trust (who will hold the Laffan Consideration Shares)	Nil	4.94%	4.94%

The Company has been advised by Golden Phoenix that the Hall Trust and the Laffan Trust are independent entities with no common beneficiaries. Golden Phoenix has also advised there are no agreements or arrangements between Greg Hall and Maree Laffan, or the trustees of these trusts in relation to the exercise of votes, or the disposal of shares, in Golden Phoenix.

On this basis the Hall Trust and the Laffan Trust are not considered associates by Golden Phoenix.

In addition, the current shareholders of Golden Phoenix have warranted to the Company under the terms of the Sale Agreement that there are no agreements or arrangements between any of them in relation to the exercise of votes, or the disposal of shares, in Golden Phoenix other than pre-emptive rights which, for the purposes of the Sale Agreement, have been waived.

## 2.9 Escrow of Consideration Shares

The Listing Rules set out various categories of persons who may be issued restricted securities and the circumstances in which those securities are listed as restricted. As noted previously, Mr Greg Hall is a director of both the Company and Golden Phoenix. He is therefore a related party of the Company under the Corporations Act and Listing Rules. In addition, Associates of Mr Hall are the largest shareholders of Golden Phoenix (holding, in aggregate, approximately 40% of its issued shares). Under the Corporations Act and Listing Rules, these entities are also related parties of the Company by virtue of their relationship with Mr Hall.

As a result, the Hall Consideration Shares and the Laffan Consideration Shares are likely to be subject to escrow restriction under the Listing Rules for a period of 12 months commencing on the later of the date those Consideration Shares are issued by the Company, and the date that the Hall Trust and the Laffan Trust enter into a restriction agreement in relation to their Consideration Shares.

As no one vendor who receives the General Consideration Shares will either alone, or together with any associates, hold at least 20% of the capital of the Company, the Board believes that the General Consideration Shares will not be subject to escrow restriction under the Listing Rules. However, ASX may use its discretion under the Listing Rules to require some or all of the General Consideration Shares to be escrowed for a certain period.

## 2.10 Listing Rule 7.1

Listing Rule 7.1 provides that subject to certain exceptions (which do not apply in this case) a listed company may not issue shares or options to subscribe for shares equal to more than 15% of that company's issued share capital in any 12 months without obtaining shareholders' approval.

Shareholder approval under Listing Rule 7.1 is required for the issue of the General Consideration Shares to ensure that the issue of the General Consideration Shares does not reduce the Company's capacity for additional share issues in the next 12 months.

The following information is required by Listing Rule 7.3 in relation to the issue of the General Consideration Shares:

- (a) The maximum number of General Consideration Shares to be issued by the Company is 15,000,642 Consideration Shares.
- (b) Subject to Shareholders approving Resolutions 2 and 3, the General Consideration Shares will be issued on the same date on Completion, which is expected to occur as soon as practicable after the date of the Meeting, but in any event, no later than 3 months after the date of the Meeting.
- (c) The issue price of the General Consideration Shares is \$0.05 cents for each Consideration Share. Note that the issue price of the General Consideration Shares is a deemed issue price for each Consideration Share.
- (d) The General Consideration Shares will be issued and allotted to the Vendor Shareholders as set out in Annexure 1.
- (e) The General Consideration Shares will rank equally in all respects with the Company's existing Shares.
- (f) No funds will be raised by the issue of the General Consideration Shares as the General Consideration Shares will be issued as consideration for the Acquisition. The Company will acquire all of the shares that the Vendor Shareholders hold in Golden Phoenix.

## 2.11 Relationship to other Resolutions

Resolution 1 is dependent on Resolutions 2 and 3 being approved by Shareholders. If either (or both) of Resolutions 2 and 3 are not approved then the General Consideration Shares will not be issued by the Company.

In addition, if either Resolution 2 or Resolution 3 is not approved by Shareholders, then the Acquisition will not proceed and no Consideration Shares will be issued by the Company.

## 2.12 Recommendation

Mr Greg Hall is a director of both the Company and Golden Phoenix. Mr Hall makes no recommendation on Resolution 1 on that basis.

The Directors, other than Mr Hall, recommend that Shareholders vote in favour of Resolution 1.

## 3. Resolution 2 – Issue of Hall Consideration Shares

### 3.1 Background

As discussed above, the Company has entered into the Sale Agreements with the shareholders of Golden Phoenix to acquire all of the Sale Shares (**Sale Agreements**).

Under the terms of the Sale Agreements, 4,999,887 ordinary fully paid Shares (being the Hall Consideration Shares) are to be issued to the Hall Trust, a related entity of Mr Greg Hall. Mr Hall is a director of both the Company and Golden Phoenix. Mr Hall is also a beneficiary of the Hall Trust.

### 3.2 Listing Rule 10.1

Listing Rule 10.1 provides that an entity (in the case of a trust, the responsible entity) must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, any of the following persons without the approval of holders of the entity's ordinary securities:

- (a) a related party.
- (b) a subsidiary.
- (c) a substantial holder, if the person and the person's associates have a relevant interest, or had a relevant interest at any time in the 6 months before the transaction, in at least 10% of the total votes attached to the voting securities.
- (d) an associate of a person referred to in Listing Rules 10.1.1 to 10.1.3.
- (e) a person whose relationship to the entity or a person referred to in the Listing Rules 10.1.1 to 10.1.4 is such that, in ASX's opinion, the transaction should be approved by security holders.

#### **Substantial Asset**

Listing Rule 10.2 provides that an asset is substantial if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to ASX under the listing rules.

Based on the Half Yearly accounts given to ASX on 13 March 2015, the equity interests of the Company as at 31 December 2014 was \$7,513,947.

The Hall Trust and the Laffan Trust each hold an approximately 20% stake in Golden Phoenix (and each will receive approximately 20% of the consideration payable for the Acquisition). ASX has aggregated the value of the Hall Consideration Shares and the Laffan Consideration Shares, such that the total value of this consideration is \$499,988.70 or 6.65% of the equity interests of the Company.

As the value of the consideration for the Hall Consideration Shares and Laffan Consideration shares is more than 5% of the equity interests in the Company, the shares in Golden Phoenix which the Company proposes to acquire from Ma Lan and Omaroo are a substantial asset for the purposes of Listing Rule 10.1.

#### **Acquisition of Sale Shares from the Hall Trust**

Pursuant to the Sale Agreement, the Company will acquire the Sale Shares from the current shareholders of Golden Phoenix. The Hall Trust is the family trust of Greg Hall, a Director of both the Company and Golden Phoenix. Omaroo, the trustee of the Hall Trust, owns 9,213,792 shares in Golden Phoenix on behalf of the Hall Trust. This equates to a 20% stake in Golden Phoenix.

The Hall Trust is therefore a related party of the Company by virtue of its relationship to Greg Hall.

Accordingly, the Company seeks Shareholder approval for the issue of the Hall Consideration Shares pursuant to the terms of the Sale Agreement under Listing Rule 10.1.

Listing Rule 10.10 requires a notice of meeting seeking shareholder approval under Listing Rule 10 to include a report on the transaction from an independent expert, and which states

the expert's opinion on whether the transaction is fair and reasonable for shareholders who may vote on the transaction.

A copy of the Independent Expert's Report is enclosed with this Explanatory Statement as Annexure 2.

The Independent Expert's Report concludes that the Acquisition set out in this Explanatory Statement is fair and reasonable to non-associated Shareholders. You should consider the Independent Expert's Report in detail.

### **3.3 Listing Rule 10.11**

Resolution 2 is an ordinary resolution seeking Shareholders' approval under Listing Rule 10.11 to issue up to 4,999,887 ordinary fully paid Consideration Shares to the Hall Trust.

Listing Rule 10.11 requires shareholder approval for the issue of securities by a company to a related party.

As noted in section 3.2 above, the Hall Trust is the family trust of Greg Hall, a Director of both the Company and Golden Phoenix. Omaroo, the trustee of the Hall Trust, owns 9,213,792 shares in Golden Phoenix on behalf of the Hall Trust. This equates to a 20% stake in Golden Phoenix.

Subject to the passing of Resolutions 1 and 3, pursuant to the Sale Agreements, Omaroo will be issued with up to 4,999,887 Hall Consideration Shares for the benefit of the Hall Trust.

As Greg Hall is a Director of the Company and a beneficiary of the Hall Trust, the issue of the Hall Consideration Shares to Omaroo requires shareholder approval under Listing Rule 10.11.

If approval for the issue of the Hall Consideration Shares is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Listing Rule 10.13 requires the following information to be given to Shareholders for the purposes of approving the issue of the Hall Consideration Shares to Omaroo under Listing Rule 10.11.

- (a) The Hall Consideration Shares will be issued to Omaroo Pty Ltd ACN 001 494 131 as trustee of the Hall Family Trust.
- (b) The maximum number of Hall Consideration Shares to be issued to Omaroo is 4,999,887 ordinary fully paid Consideration Shares.
- (c) Subject to Shareholders approving Resolutions 1 and 3, the Hall Consideration Shares will be issued and allotted on Completion, which is expected to occur as soon as practicable after the date of the Meeting, but in any event, no later than 1 month after the date of the Meeting.
- (d) Greg Hall is a Director of the Company and a beneficiary of the Hall Trust. Accordingly, Omaroo as trustee of the Hall Trust is a related party of the Company.
- (e) The issue price of the Hall ordinary fully paid Consideration Shares will be \$0.05 cents per Consideration Share. Note that the issue price of the Hall Consideration Shares is a deemed issue price for each Consideration Share.
- (f) The Hall Consideration Shares will be fully paid ordinary shares in the capital of the Company and will rank equally with the existing Shares on issue.

- (g) No funds will be raised by the issue of the Hall Consideration Shares as they are to be issued in consideration for the Acquisition. Rather, the Company will acquire all of the shares that Omaroo holds in Golden Phoenix for the benefit of the Hall Trust.

### **3.4 Relationship to other Resolutions**

Resolution 2 is dependent on Resolutions 1 and 3 being approved by Shareholders. If either (or both) of Resolutions 1 and 3 are not approved then the Hall Consideration Shares will not be issued by the Company.

In addition, if either Resolution 1 or Resolution 3 is not approved by Shareholders, then the Acquisition will not proceed and no Consideration Shares will be issued by the Company.

### **3.5 Recommendation**

As noted above, the Hall Trust is a related entity of Mr Greg Hall, who is a director of both the Company and Golden Phoenix. Mr Greg Hall makes no recommendation on Resolution 2 on that basis.

The Directors, other than Mr Hall, recommend that Shareholders vote in favour of Resolution 2.

However, Shareholders must themselves decide how to vote based on the matters set out in the Explanatory Statement and the Independent Expert's Report.

## **4. Resolution 3 – Issue of Laffan Consideration Shares**

### **4.1 Background**

As discussed above, the Company has entered into the Sale Agreements with the shareholders of Golden Phoenix to acquire all of the Sale Shares.

Under the terms of the Sale Agreements, 4,999,887 ordinary fully paid Shares (being the Laffan Consideration Shares) are to be issued to the Laffan Trust, a related entity of Maree Laffan, a director of Golden Phoenix. Ms Laffan is also the partner of a director of the Company, Mr Greg Hall and is therefore a related party of the Company.

### **4.2 Listing Rule 10.1**

As noted in section 3.2 above, Listing Rule 10.1 provides that an entity (in the case of a trust, the responsible entity) must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, certain persons, including a related party. The shares in Golden Phoenix held by related parties Ma Lan and Omaroo, when aggregated, constitute a substantial asset for the purposes of Listing Rule 10.1.

#### **Acquisition of Sale Shares from the Laffan Trust**

Pursuant to the Sale Agreement, the Company will acquire the Sale Shares from the current shareholders of Golden Phoenix. Ma Lan, the trustee of the Laffan Trust, owns 9,213,792 shares in Golden Phoenix on behalf of the Laffan Trust. This equates to a 20% stake in Golden Phoenix. As noted in section 4.1 above, the Laffan Trust is a related party of the Company by virtue of its relationship to Greg Hall.

Accordingly, the Company seeks Shareholder approval for the issue of the Laffan Consideration Shares pursuant to the terms of the Sale Agreement under Listing Rule 10.1.

Listing Rule 10.10 requires a notice of meeting seeking shareholder approval under Listing Rule 10 to include a report on the transaction from an independent expert, and which states

the expert's opinion on whether the transaction is fair and reasonable for shareholders who may vote on the transaction.

A copy of the Independent Expert's Report is enclosed with this Explanatory Statement as Annexure 2.

The Independent Expert's Report concludes that the Acquisition set out in this Explanatory Statement is fair and reasonable to non-associated Shareholders. You should consider the Independent Expert's Report in detail.

#### **4.3 Listing Rule 10.11**

Resolution 3 is an ordinary resolution seeking Shareholders' approval under Listing Rule 10.11 to issue up to 4,999,887 ordinary fully paid Consideration Shares to the Laffan Trust.

Listing Rule 10.11 requires shareholder approval for the issue of securities by a company to a related party.

The Laffan Trust is the family trust of Maree Laffan, a Director of Golden Phoenix. Ms Laffan is also the partner of a director of the Company, Mr Greg Hall and so is a related party of the Company. Ma Lan, the trustee of the Laffan Trust, owns 9,213,792 shares in Golden Phoenix on behalf of the Laffan Trust. This equates to a 20% stake in Golden Phoenix.

Subject to the passing of Resolutions 1 and 2, pursuant to the Sale Agreements, Ma Lan will be issued with up to 4,999,887 Laffan Consideration Shares for the benefit of the Laffan Trust.

As Maree Laffan is a beneficiary of the Laffan Trust and the partner of a Director of the Company, Mr Greg Hall, the issue of the Laffan Consideration Shares to Ma Lan requires shareholder approval under Listing Rule 10.11.

If approval for the issue of the Laffan Consideration Shares is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Listing Rule 10.13 requires the following information to be given to Shareholders for the purposes of approving the issue of the Laffan Consideration Shares to the Ma Lan under Listing Rule 10.11.

- (a) The Laffan Consideration Shares will be issued to Ma Lan Pty Ltd ACN 124 748 698 as trustee for the Laffan Family Trust.
- (b) The maximum number of Laffan Consideration Shares to be issued to Ma Lan is 4,999,887 ordinary fully paid Consideration Shares.
- (c) Subject to Shareholders approving Resolutions 1 and 2, the Laffan Consideration Shares will be issued and allotted on Completion, which is expected to occur as soon as practicable after the date of the Meeting, but in any event, no later than 1 month after the date of the Meeting.
- (d) Maree Laffan is a director of Golden Phoenix and a beneficiary of the Laffan Trust. Ms Laffan is also the partner of a director of the Company, Mr Greg Hall. Accordingly, Ma Lan as trustee of the Laffan Trust is a related party of the Company.
- (e) The issue price of the Laffan Consideration Shares will be \$0.05 cents per Consideration Share. Note that the issue price of the Laffan Consideration Shares is a deemed issue price for each Consideration Share.
- (f) The Laffan Consideration Shares will be fully paid ordinary shares in the capital of the Company and will rank equally with the existing Shares on issue.

- (g) No funds will be raised by the issue of the Laffan Consideration Shares as they are to be issued in consideration for the Acquisition. Rather, the Company will acquire all of the shares that Ma Lan holds in Golden Phoenix for the benefit of the Laffan Trust.

#### 4.4 Relationship to other Resolutions

Resolution 3 is dependent on Resolutions 1 and 2 being approved by Shareholders. If either (or both) of Resolutions 1 and 2 are not approved then the Laffan Consideration Shares will not be issued by the Company.

In addition, if either Resolution 1 or Resolution 2 is not approved by Shareholders, then the Acquisition will not proceed and no Consideration Shares will be issued by the Company.

#### 4.5 Recommendation

As noted above, the Laffan Trust, a related entity of Maree Laffan, a director of Golden Phoenix. Ms Laffan is also the partner of a director of the Company, Mr Greg Hall. Mr Greg Hall makes no recommendation on Resolution 3 on that basis.

The Directors, other than Mr Hall, recommend that Shareholders vote in favour of Resolution 3.

However, Shareholders must themselves decide how to vote based on the matters set out in the Explanatory Statement and the Independent Expert's Report.

#### 5. Resolution 4 – Issue of Placement Shares

As previously discussed, Listing Rule 7.1 provides that subject to certain exceptions (which do not apply in this case) a listed company may not issue shares or options to subscribe for shares equal to more than 15% of that company's issued share capital in any 12 months without obtaining shareholders' approval.

Resolution 4 seeks Shareholder approval for the Company to issue up to 100,000,000 Shares at an issue price of the minimum price of at least 80% of the volume weighted average price of the Shares calculated over the 5 business days on which sales in the Shares were recorded immediately prior to the day on which these additional Shares will be issued in accordance with Listing Rule 7.3.3 (being the **Placement Shares**). The Placement Shares will be issued to sophisticated and professional investors (as those terms are defined in the Corporations Act).

Shareholder approval under Listing Rule 7.1 is required for the issue of the Placement Shares does not reduce the Company's capacity for additional share issues in the next 12 months.

The following information is required by Listing Rule 7.3 in relation to the issue of the Placement Shares:

- (a) The maximum number of Placement Shares to be issued by the Company is 100,000,000 Shares.
- (b) The Placement Shares will be issued as soon as practicable after the date of the Meeting, but in any event, no later than 3 months after the date of the Meeting.
- (c) The issue price of the General Consideration Shares is the best price obtainable but not less than the minimum issue price of 80% of the volume weighted average price of the Shares calculated over the last 5 business days on which sales in the Shares were recorded on official market of the ASX immediately prior to the day on which the Placement Shares will be issued in accordance with Listing Rule 7.3.3.

- (d) The Placement Shares will be issued and allotted to sophisticated and professional investors as defined under the Corporations Act.
- (e) The Placement Shares will rank equally in all respects with the Company's existing Shares.
- (f) The Company intends to use the funds raised by the issue of the Placement Shares for the acquisition of new exploration, mining or investment projects, exploration and development of existing projects, repayment of liabilities and for working capital purposes.

## 6. Other information relevant to the Acquisition Resolutions

### 6.1 Interests of other Directors

Except as otherwise disclosed in this Notice of Meeting and Explanatory Statement, the Directors, except for Mr Hall, have no personal interest in the outcome of the Resolutions except as Shareholders. In this regard, the table below sets out the details of the interests of the Directors and their Associates in the Company.

Directors	Number of Shares in which a Director has a relevant interest	% interest in the Company
Mr Mark Johnson	31,150,000	40.82%
Mr Stephen Baghdadi	15,000,000	19.66%
Mr Greg Hall	Nil	Nil
Mr George Niumataiwalu	383,125	0.50%
<b>TOTAL</b>	<b>46,533,125</b>	<b>60.98%</b>

### 6.2 Pro forma Statement of Consolidated Financial Position

Set out below is the Consolidated Pro-Forma Statement of Financial Position for the Company following Completion of the Acquisition and the issue of the Consideration Shares.

	31 March 2015	30 June 2014
	\$	\$
<b>Current Assets</b>		
Cash & cash equivalents	3,081,801	92,285
Trade & other receivables	50,643	27,024
Financial Assets	72,093	60,554
<b>Total Current Assets</b>	<b>3,204,537</b>	<b>179,863</b>
<b>Non-Current Assets</b>		
Plant & equipment	23,971	24,346
Exploration & evaluation expenditure	7,730,640	6,905,341
Tenements at Fair Value	888,817	-
<b>Total Non-Current Assets</b>	<b>8,643,428</b>	<b>6,929,687</b>
<b>TOTAL ASSETS</b>	<b>11,847,965</b>	<b>7,109,550</b>
<b>Current Liabilities</b>		
Trade & other payables	280,789	70,533
Provisions	13,959	-
Loans from Related Parties	2,714,529	122,000
<b>Total Current Liabilities</b>	<b>3,009,276</b>	<b>192,533</b>
<b>TOTAL LIABILITIES</b>	<b>3,009,276</b>	<b>192,533</b>
<b>NET ASSETS</b>	<b>8,838,689</b>	<b>6,917,017</b>
<b>Equity attributable to the equity holders of the Company</b>		
Contributed equity	9,013,196	7,177,157
Reserves	759,859	266,265
Accumulated losses	(934,367)	(526,405)
<b>TOTAL EQUITY</b>	<b>8,838,689</b>	<b>6,926,625</b>

The above pro-forma statement of financial position has been prepared using the following assumptions:

- (i) The information included in the pro-forma statement of financial position is based on the unaudited consolidated financial accounts for both the Company and Golden

Phoenix and included in the Sale Agreement (and which both companies have warranted (see section 2.2 above).

- (ii) The statement of financial position has been prepared assuming the Acquisition was completed by 31 March 2015.
- (iii) The information set out in the pro-forma statement has not been reviewed or audited by the Company's auditor.
- (iv) No Shares other than the Consideration Shares have been issued by the Company.
- (v) The pro-forma statement does not take into account any movements or transactions in relation to the Company or Golden Phoenix which have taken place since 31 March 2015. However, the Company repaid approximately \$2,600,000 of the related party loans shown above in April 2015. These loans (which were disclosed in the Company's accounts for the half year ended 31 December 2014) were repaid from the Company's available cash resources.

### 6.3 Pro forma Capital Structure

The pro forma capital structure of the Company on Completion of the Acquisition and the Sale Agreement (assuming no further Shares are issued by the Company prior to that time) is set out in the table below.

Securities	Number
<b>Shares currently on issue –ordinary fully paid</b>	<b>76,300,000</b>
Ordinary fully paid Consideration Shares to be issued pursuant to the Sale Agreement	25,000,416
<b>Shares on issue on completion of the Acquisition</b>	<b>101,300,416</b>
<b>Maximum number of Shares on a fully diluted basis following completion of the Acquisition and the issue of the Consideration Shares</b>	<b>101,300,416</b>

In addition to the above, Mr Stephen Baghdadi has an entitlement to be issued 7,500,000 Options as part of his remuneration package with the Company.

**Shareholders should refer to the Independent Expert's Report for further analysis of the changes to the capital structure of the Company following Completion of the Acquisition.**

### 6.4 Rights attaching to Consideration Shares

The Company is incorporated in Australia and is subject to the Corporations Act. As a company listed on ASX, the Company is also regulated by the Listing Rules.

The rights attaching to ownership of Shares (including the Consideration Shares) are:

- (i) described in the Company's constitution; and
- (ii) regulated by the Corporations Act, Listing Rules and the general law (the **applicable law**).

A summary of the rights attaching to the Shares is set out below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Company's constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, the Shareholder should seek legal advice. All Consideration Shares will, from the time they are issued, rank equally with all the Company's existing Shares.

(a) Voting

At a general meeting, on a show of hands, every Shareholder present in person or by proxy has one vote. At the taking of a poll, every Shareholder present in person or by proxy, and whose Shares are fully paid has one vote for each of their Shares. On a poll, the holder of a partly paid share has a fraction of a vote with respect to the share. The fraction is equivalent to the proportion which the amount paid (not credited) bears to the total amount paid and payable (excluding amounts credited).

(b) Dividends

The Directors may pay to Shareholders any interim and final dividends as, in the Directors' judgment, the financial position of the Company justifies. The Directors may fix the amount, the record date for determining eligibility and the method of payment.

(c) Transfer of Shares

Generally, all Shares in the Company are freely transferable subject to the procedural requirements of the Constitution, and to the provisions of the Corporations Act, the Listing Rules and the ASX Settlement Operating Rules. The Directors may decline to register an instrument of transfer received where the transfer is not in registerable form or where the refusal is permitted under the Listing Rules or the ASX Settlement Operating Rules. If the Directors decline to register a transfer the Company must give reasons for the refusal. The Directors may decline to register a transfer when required by the Corporations Act, the Listing Rules or the ASX Settlement Operating Rules.

(d) General meetings

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, financial statements and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the Listing Rules.

(e) Variation of rights

The Company may only modify or vary the rights attaching to any class of shares with the prior approval by a special resolution of Shareholders and:

- (i) a special resolution of the holders of shares in that class at a meeting of those holders; or
- (ii) with the written consent of the holders of at least 75% of the issued shares of that class.

If any shares are, by their terms, convertible into ordinary Shares and if such conversion varies or cancels those shares under the Corporations Act and the Corporations Act thereby requires further approvals then Board approval will be required.

## (f) Liquidation rights

Subject to any shares that may in the future be issued with special or preferential rights (currently there are none), the surplus assets of the Company after winding-up will be divided among the members in proportion to the number of shares held by them, irrespective of the amounts paid or credited as paid on the shares.

However a liquidator in a winding-up may, with the sanction of a special resolution of members, divide among the members the whole or any part of the property of the Company and determine how the division is to be carried out as between members of different classes.

## (g) Issue of further shares

Subject to the Constitution, the Corporations Act and the Listing Rules, the Directors may issue, or grant options in respect of, shares to such persons on such terms as they think fit. In particular, the Directors may issue preference shares, including redeemable preference shares, and may issue shares with preferred, deferred or special rights or restrictions in relation to dividends, voting, return of capital and participation in surplus on winding up.

## (h) Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least 75% of Shareholders present and voting at a general meeting. At least 28 days' notice of the intention to propose the special resolution must be given.

## (i) Directors

The minimum number of Directors is 3 and the maximum is 9 unless resolved otherwise in general meeting. Currently, there are four Directors. Directors must retire on a rotational basis so that one-third of Directors retire at each annual general meeting. Any other Director who has been in office for three or more years must also retire. A retiring Director is eligible for re-election. The Directors may appoint a Director either in addition to existing Directors or to fill a casual vacancy, who then holds office until the next annual general meeting.

## (j) Decisions of Directors

Questions arising at a meeting of Directors are decided by a majority of votes. Where the votes are equal on a proposed resolution the Chairman has a casting vote unless only 2 Directors are competent to vote on the question.

## 6.5 Effect on control of the Company

The table below sets out the relevant interests and voting power of the Company's substantial shareholders (based on the substantial shareholding notice or change of director's interest notice lodged with the Company up to 31 May 2015 and after aggregation of one shareholder's interests) both prior to, and (assuming the Acquisition Resolutions are approved and the Consideration Shares are issued) after, the Acquisition has been completed. The table assumes that no further Shares are issued by the Company prior to Completion of the Acquisition.

	Prior to Acquisition		Post Acquisition	
	No. of Shares	% interest	No. of Shares	% interest
Mr Mark Johnson	31,150,000	40.82%	31,150,000	30.75%
Southern Cross Exploration NL	15,000,000	19.66%	15,000,000	14.81%
<b>Total Shares on issue</b>	<b>76,300,000</b>		<b>101,300,416</b>	

As noted in Sections 2.7 and 2.8 the parties associated with Mr Greg Hall will (assuming no further Shares are issued) each hold approximately 4.94% of the Company's issued Shares issued by the Company following Completion of the Acquisition. The Hall Trust and the Laffan Trust have also warranted that they have no agreements or arrangements between them in relation to the exercise of votes, or the disposal of shares (and as such each trust would not have a relevant interest in the Consideration Shares held by the other trust). They will not (assuming that no further shares are issued to either the Hall Trust or the Laffan Trust) be substantial shareholders of the Company as a result.

## 6.6 Risks associated with the Shares and the Company

An investment in the Company (including following completion of the Acquisition, Golden Phoenix) is not risk free and should be considered speculative. Each of the risks as set out in this section could, if they eventuate, have a material adverse impact on the Company's operating performance and the market price of its Shares (including the Consideration Shares). An investment in the Company (including following completion of the Acquisition, Golden Phoenix) carries no guarantee with respect to the payment of dividends, return of capital or price at which Shares (including the Consideration Shares) will trade. Similarly, no guarantee can be given as to the value of the Shares (including the Consideration Shares) or the price at which they may trade, or that there will be a market (whether official or unofficial) for the Company's Shares (including the Consideration Shares).

The Directors have considered and identified in this section of the Prospectus the critical areas of risk associated with investing in the Company. The following is not intended to be an exhaustive list of the risk factors to which the Company (including following completion of the Acquisition, Golden Phoenix) is exposed. Shareholders and Golden Phoenix Vendors should read this section in full and seek professional advice if they require further information on material risks.

### Company Specific Risks

#### (a) Mining risk

All mining in Australia is regulated by both the Commonwealth and State Governments. The areas of mining that are regulated include exploration, development, production, exports, taxes and royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances, storage and transport and native title. Compliance with such regulations may increase the costs of exploring, drilling, developing, constructing, operating and closing mines and other production facilities.

#### (b) Exploration and development risks

The Company's tenements (including any tenements or licenses held by the Golden Phoenix Group) are at various stages of application, exploration and resource development.

Exploration is a high risk activity that requires large amounts of expenditure over extended periods of time. Ultimate and continuous success from mineral exploration, project development and mining depends on the delineation of mineral resources and economically mineable reserves, access to adequate capital for development, movement in the price of commodities and exchange rates, securing and maintaining title to the Company's exploration and mining tenements, and obtaining all necessary consents and approvals for the conduct of its exploration activities.

Any exploration activities undertaken by the Company may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of the tenements.

There is no assurance that exploration and development of the mineral interests owned by the Company, or any other projects that may be acquired by the Company in the future will result in the establishment of a profitable mining operation. Even if an apparently viable mineral deposit is identified, there is no guarantee that it can be profitably exploited.

(c) Future capital requirements

The activities of the Company and (following completion of the Acquisition) the Golden Phoenix Group may require substantial expenditures which it may not be able to finance out of its surplus assets. There can be no guarantees that the Company will have, or will be able to raise, funds sufficient to successfully achieve all the objectives of the Company's overall business strategy in the future.

If the Company is unable to use debt or equity to fund expansion, there can be no assurances that the Company will have sufficient capital resources to meet its business objectives, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to Shareholders and any debt financing if available may involve restrictive covenants, which may limit the Company's operations and business strategy.

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

(d) Grant of Tenements

The Golden Phoenix Group has several applications for exploration licences. The granting of exploration licences involve activities beyond the control of the Company. Although the Company and Golden Phoenix are not aware of any reason why the applications will not be granted by the relevant government authority, failure by the relevant government authority to grant these applications may have a material adverse effect on the Company.

The Company may be unable to obtain mining tenements over exploration areas due to native title, environmental and other constraints. In such cases exploration and/or mining restrictions may be imposed or claims for compensation could be forthcoming. The Directors will deal where possible with any such matters by engaging relevant experts and taking expert advice but this may not mitigate the impact on the Company.

Existing tenements and licences held by the Company and Golden Phoenix may also have to be forfeited or have conditions imposed on them for failure to meet government requirements or for breaches of tenement conditions. The Company may decide to surrender or relinquish whole tenements or areas of tenements or licences held at the date of this Notice of Meeting or acquired after that date in order to meet budgetary requirements.

(e) Government actions

The Company and the Golden Phoenix Group have assets or subsidiaries located in various jurisdictions outside Australia, including Fiji and Hong Kong.

The impact of actions by domestic and international governments may affect the activities of the Company and the Golden Phoenix Group, including in relation to its infrastructure, compliance with environmental regulations, export, taxation and royalties.

(f) Legal environment

The legal system in the markets in which the Company operates and/or intend to operate, may be less developed than in Australia and this could result in the following risks:

- political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation or in an ownership dispute;
- a higher degree of discretion held by various government officials or agencies;
- the lack of political or administrative guidance on implementing applicable rules and regulations, particularly in relation to intellectual property rights and taxation;
- inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- relative inexperience of the judiciary and court in matters affecting the Company and the Golden Phoenix Group.

(g) Risks relating to operating in other jurisdictions

Possible sovereign risks include, without limitation, changes in legislation, a shift in political attitude, changes in economic and social conditions, political instability, the imposition of operating restrictions, government participation, changes to taxation rates and/or concessions, working conditions, rates of exchange, exchange control, licensing, duties or imposts, repatriation of income or return of capital and changes in the ability to enforce legal rights.

The Company's and the Golden Phoenix Group's activities are subject to all applicable local laws, regulations and to the relevant conditions applying in each jurisdiction in which they operate or intend to operate. Failure to comply with these conditions may cause the Company and the Golden Phoenix Group to suffer significant damage through loss of opportunity and/or the imposition of penalties and fines.

Changes in government and/or statutory changes in jurisdictions in which the Company and the Golden Phoenix Group operate, or intend to operate, may affect their business and operations.

Any of these factors may, in the future, adversely affect the financial performance and financial position of the Company and the market price of its Shares (including the Consideration Shares).

International operations are subject to a number of further risks, including:

- potential difficulties in enforcing agreements and collecting receivables through foreign local systems;
- potential difficulties in protecting intellectual property;
- increases in operating costs; and

- restrictive governmental actions.

Any of these factors could materially and adversely affect the Company's business, results of operations and financial condition.

- (h) Civil unrest

As previously mentioned some of the Company's assets are located outside Australia.

The effect of civil unrest and instability on political, social or economic conditions in any of the locations where the Company or Golden Phoenix have assets could result in the impairment of their exploration operations or their legal title to their tenements. Any such changes are beyond the control of the Company and may adversely affect their businesses.

- (i) Unforeseen expenses

Expenditure on the Company's or (following completion of the Acquisition) the Golden Phoenix Group's projects may be adversely affected by any unforeseen expenses which arise in the future.

### **Mineral industry risks**

- (a) Exploration Targets

Exploration targets are expert expressions of judgment based on geological models produced from knowledge, experience and industry practice. These models and targets can have an influence on the methods and styles of exploration activity. However, it is recommended that no investment decision be made on the basis of exploration targets.

- (b) Operational risks

Possible future development of mining operations of any of the Company's project is also subject to numerous risks. The operations of the Company may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including geological conditions, environmental hazards, technical and equipment failures, flooding and extended interruptions due to inclement or hazardous weather or other physical conditions, unavailability of drilling equipment, unexpected shortages of consumables or parts and equipment, fire, explosions and other incidents (including on the main access corridor to the project) which are beyond the control of the Company.

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

- (c) Title risk

Under the terms of the grant of the tenements and certain other contractual agreements to which the Company is or may in the future become party, the Company is or may become subject to payment and other obligations. In particular, tenement holders are required to meet prescribed expenditure conditions. Failure to meet these expenditure commitments will render the tenement liable to be forfeited unless a total or partial exemption is granted in accordance with the applicable legislation.

Further, there is no guarantee that current or future applications, extensions or renewals of the Company's exploration or mining tenements will be granted.

Even if the Company is entitled to seek an exemption from the requirement to meet expenditure requirements, it may nevertheless be the subject of an attempt by a third party to claim a failure to satisfy expenditure conditions which may need to be resolved through litigation.

(d) Commodity price volatility risk

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for base and other metals (including Uranium), forward selling by producers, and production cost levels in major metal-producing regions.

Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the commodity as well as general global economic conditions. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

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

(e) Native title and land access risks

The acquisition of prospective tenements is a competitive and risky business, in which proprietary knowledge or information is critical and the ability to negotiate satisfactory commercial arrangements for land access with other parties is often essential.

In addition, exploration and mining activities can be affected by land claim compensation and environmental considerations. The Company may need to enter into compensation arrangements with landowners or occupiers for the impact on land by the proposed exploration.

It is possible that sites of significance may be found within the Company's tenements that may preclude exploration and mining activities and the Company may also experience delays with respect to obtaining permission from traditional owners to explore and extract resources.

The Company must comply with native title legislation requirements and, in some instances if a native title claim was to be made over the project area, the Company might need to negotiate access agreements which require heritage survey work to be undertaken ahead of the commencement of exploration or mining operations.

The Directors closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

(f) Environmental risks

Inherent in mining and exploration operations is environmental risk. The legal framework governing this area is constantly developing in all jurisdictions, thus the Company is unable to fully ascertain any future liability that may arise from any new laws or regulations.

All phases of mining from mineral exploration to delivery of product to the end user can be environmentally sensitive activities which can give rise to substantial costs for environmental rehabilitation, damage, control and losses. The Company may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining or other activities for which it has not been responsible. Further, if there

are environmental rehabilitation conditions attached to the Company's tenements, failure to meet such conditions could lead to forfeiture of these tenements.

The Company minimises environmental risk by maintaining best practice environmental management in all respects of exploration.

(g) Resource estimates

Resource estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made. Despite employing qualified professionals to prepare resource estimates, such estimates may nevertheless prove to be inaccurate.

Furthermore, resource estimates may change over time as new information becomes available. Should the Company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

**General risks**

(a) Global credit and investment markets

Global credit, commodity and investment markets continue to experience a high degree of uncertainty and volatility. The factors which have led to this situation are outside the control of the Company and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including ASX). This may impact the price at which the Company's Shares trade regardless of operating performance and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

(b) Share market conditions risk

The market price of the Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

The stock market, and in particular the market for mining and exploration companies, experiences extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. Neither the Company nor its Directors warrant the future performance of the Company or any return on investment in securities issued by the Company.

(c) Economic risk

Changes in the general economic climate in which the Company operates, movements in interest and inflation risks and currency exchange rates may adversely affect the financial performance of the Company. These changes are beyond the control of the Company. The short and medium term impacts of the global financial crisis, which began in the last decade, are uncertain.

(d) Taxation

There may be tax implications arising from the issue of the Consideration Shares, the receipt of dividends (both franked and unfranked) (if any) from the Company, participation in any on-market Share buy-back and on the disposal of Shares.

(e) Change in policies and legislation risk

Any material adverse changes in relevant government policies or legislation may affect the prospects, viability and profitability of the Company.

## 6.7 Shareholder approval under the Corporations Act

The Corporations Act regulates the giving of a "financial benefit" to a "related party" of a public company. In general terms, a related party means a director of the public company or an entity controlled by a director.

Section 208 of the Corporations Act sets out the circumstances in which shareholder approval is required for a public company to give a financial benefit to a related party. However section 210 of the Corporations Act provides that a public company does not require shareholder approval to give a financial benefit on terms that:

- (a) would be reasonable in the circumstances if the public company and the related party were dealing at arm's length; or
- (b) are less favourable to the related party than the terms referred to in paragraph (a) above.

Details of the relationship between Omaroo, Ma Lan and the Company are set out in Sections 3 and 4 above. Because of the nature of the relationship, both Omaroo and Ma Lan are considered to be related parties of the Company.

The Directors (other than Mr Hall) have determined that approval under Chapter 2E of the Corporations Act is not required in relation to Resolutions 2 and 3 as the Hall Consideration Shares and the Laffan Consideration Shares are being issued on arm's length terms. The Directors (other than Mr Hall) reached this conclusion on the basis that the agreements relating to the Acquisition, including (but not limited to) the Sale Agreements, were negotiated between Golden Phoenix and the Company on completely arm's length terms with both Golden Phoenix and the Company obtaining separate independent advice.

## 7. Scope of Disclosure

The provisions of the Corporations Act require that this Explanatory Statement sets out all information that is reasonably required by Shareholders in order to decide whether or not it is in the Company's interests to pass the Resolutions and which is known to the Company.

The Company is not aware of any relevant information that is material to the decision on how to vote on the Resolutions other than the information disclosed in this Explanatory Statement or previously disclosed to Shareholders by the Company by notification to the ASX.

## 8. DEFINITIONS

In this Explanatory Statement:

**Acquisition** means the proposed acquisition by the Company of the Sale Shares.

**Acquisition Resolutions** means Resolutions 1, 2 and 3 as set out in the Notice of Meeting.

**AEST** means Australian Eastern Standard Time.

**Associate** has the meaning given to that term in sections 11 to 17 of the Corporations Act.

**ASX** means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as appropriate.

**Company or Dateline** means Dateline Resources Limited (ACN 149 105 653).

**Completion** means the completion of the Acquisition.

**Completion Date** means the date of Completion.

**Consideration Shares** means 25,000,416 fully paid ordinary Shares to be issued at the Issue Price in consideration for the acquisition of the Sale Shares from the Vendor Shareholders, the Hall Trust and the Laffan Trust, made up of the General Consideration Shares, the Hall Consideration Shares and the Laffan Consideration Shares.

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

**Director** means a director of the Company.

**Explanatory Statement** means the Explanatory Statement accompanying the Notice of Meeting.

**General Consideration Shares** means 15,000,642 fully paid ordinary Shares in the Company to be issued as set out in Annexure 1 at the Issue Price, which are the subject of Resolution 1, to be issued as consideration for the Acquisition.

**Golden Phoenix** means Golden Phoenix Resources Limited ACN 124 914 567.

**Golden Phoenix Group** means Golden Phoenix Resources and its Subsidiaries.

**GSWA** means the Geological Survey of Western Australia.

**Hall Consideration Shares** means 4,999,887 fully paid ordinary Shares in the Company to be issued to the Hall Trust at the Issue Price, which are the subject of Resolution 2, to be issued as consideration for the Acquisition.

**Hall Trust** means Omaroo Pty Ltd ACN 001 494 131 as trustee for the Hall Family Trust, a related entity of Mr Greg Hall (a director of the Company).

**Independent Expert** means Lonergan Edwards & Associates Limited ABN 53 095 445 560 of Level 7, 64 Castlereagh Street, Sydney NSW 2000 (AFS Licence No. 246532).

**Independent Expert's Report** means the report of the Independent Expert attached to and forming part of the Explanatory Statement, being Annexure 2 to the Explanatory Statement.

**Issue Price** means \$0.05 cents per Share.

**Laffan Consideration Shares** means 4,999,887 fully paid ordinary Shares in the Company to be issued to the Laffan Trust at the Issue Price, which are the subject of Resolution 3, to be issued as consideration for the Acquisition.

**Laffan Trust** means Ma Lan Pty Ltd ACN 124 748 698 as trustee for the Laffan Family Trust, a related entity of Maree Laffan (a director of Golden Phoenix and the partner of Mr Greg Hall).

**Listing Rules** means the Listing Rules of the ASX.

**Ma Lan** means Ma Lan Pty Ltd ACN 124 748 698.

**Meeting** means the meeting of the Shareholders convened for the purposes of considering the Resolutions.

**Notice of Meeting** means the notice convening the Meeting accompanying this Explanatory Statement.

**Omaroo** means Omaroo Pty Ltd ACN 001 494 131.

**Option** means an option to acquire Shares in the Company.

**Related Bodies Corporate** has the meaning provided under section 9 of the Corporations Act.

**Resolution** means a resolution to be considered at the Meeting as set out in the Notice of Meeting.

**Section** means a section of this Explanatory Statement.

**Share** means a fully paid ordinary share in the Company.

**Shareholder** means a shareholder of the Company.

**Sale Agreements** means the share sale agreements dated 22 May 2015 between the Company and the Hall Trust, the Laffan Trust and the Vendor Shareholders in relation to the Acquisition.

**Sale Shares** means all of the issued shares of Golden Phoenix Resources, being 46,070,767 ordinary shares.

**Subsidiary or Subsidiaries** has the meaning provided under the Corporations Act.

**Vendor Shareholders** means all of the holders of the Sale Shares other than the Hall Trust and the Laffan Trust.

## ANNEXURE 1: ISSUE OF GENERAL CONSIDERATION SHARES

Shareholder Name	Number of Sale Shares	Number of Consideration Shares
Robert Peter Thomson	9,102,165	4,939,312
Diemar & Associates Pty Ltd (Super Fund A/C)	3,277,778	1,778,694
Huang Zhen	2,874,368	1,559,783
Asian Lion Limited	2,222,222	1,205,894
Lion Selection Group Limited	1,441,187	782,064
Peter Tomsett	1,091,696	592,412
Zhu Fengsan	800,000	434,122
Pine StreetTrust Pty Ltd ATF Pine Street Trust	766,667	416,034
Robyn Anne Colleran	500,000	271,326
Andrew Geoffrey Thomas & Barbara Ann Thomas	451,281	244,889
Gecko Resources Pty Ltd	388,889	211,032
Tuxedo Investments Pty Ltd	303,508	164,699
Janice Ann Ward	300,000	162,796
Michael Andrew Bohm	277,778	150,737
Idea Capital Pty Ltd	261,111	141,693
Bak Securities Pty Ltd ATF Employees Super Fund	222,222	120,589
Jonathan Nicholas Shellabear	222,222	120,589
Kelvin Dale Russell ATF Kelvin Russell and Sarah Houghton Superfund	222,222	120,589
Optex Exchange Pty Ltd ATF David Sutton Super A/C	222,222	120,589
Simon Wu Pty Ltd ATF Wu Super Fund	222,222	120,589
Susan Jane Corlett	222,222	120,589

<b>Shareholder Name</b>	<b>Number of Sale Shares</b>	<b>Number of Consideration Shares</b>
Darmouth Capital Pty Ltd	211,111	114,560
Geoffrey Handley	194,444	105,516
Sothertons Services (WA) Pty Ltd	175,213	95,080
Martin Place Securities Staff Super Fund Pty Ltd No: 2 A/C	119,070	64,614
John Andrew Lindsay Johnstone and Anne Robin Johnstone (High Adventure S/F)	111,111	60,295
Bulter & Co Architects Pty Ltd ATF Bulter & Co Exec Super Fund	111,111	60,295
International Business Consultants Pty Ltd ATF Kerr Family Super Fund	111,111	60,295
Jennifer Cowan	111,111	60,295
John Hawker Investments Pty Ltd ATF John P Hawker Superannuation Fund	111,111	60,295
John Leslie Fallick	111,111	60,295
Premium China Funds Management Pty Ltd	111,111	60,295
Scanmark Pty Ltd ATF Leung Superannuation Fund	111,111	60,295
Christopher David Castle	102,222	55,471
DF & J Pridmore (Pridmore Family Trust)	80,000	43,412
John Santul	72,651	39,424
DN & RM French Pty Ltd <French Family SF A/C>	58,079	31,517
Beresford Mining Investments Pty Ltd	55,556	30,148
Mr Robert Llewellyn & Mrs Christine Mary Clancy ATF Clancy Superannuation Fund No 2	55,556	30,148
N & L Basic Pty Ltd ATF Spectrum Painting Super Fund A/C	55,556	30,148
Jill Elizabeth Hatchwell, Peter George Vincent & Stephen Neil Kingsbury	44,615	24,210
Thomsup Pty Ltd	44,444	24,118

<b>Shareholder Name</b>	<b>Number of Sale Shares</b>	<b>Number of Consideration Shares</b>
David Michael Norton-Smith	27,778	15,074
Denise Monk ATF Monk Super Fund A/C	27,778	15,074
John Andrew Lindsay Johnstone and Anne Robin Johnstone	22,222	12,059
BFSF Pty Ltd (Breedon Family Super Fund)	12,865	6,981
Mr Karl Murray & Mrs Ingrid Murray & Ms Linda Murray <Murray CLIK S/F A/C>	1,858	1,008
Martin Place Securities Nominees Pty Ltd <Crown Credit Corp A/C>	1,295	703
<b>Total</b>	<b>27,643,183</b>	<b>15,000,642</b>

**ANNEXURE 2: INDEPENDENT EXPERT'S REPORT**

# LONERGAN EDWARDS & ASSOCIATES LIMITED

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The Independent Directors  
Dateline Resources Limited  
Level 4  
20 Loftus Street  
Sydney NSW 2000

12 August 2015

## **Subject: Acquisition of Golden Phoenix Resources Limited**

Dear Independent Directors

### **Introduction**

- 1 On 25 May 2015, Dateline Resources Limited (DTR) announced the proposed acquisition of Golden Phoenix Resources Limited (GPR) (the Proposed Transaction). The proposed consideration for the acquisition comprises 25 million fully paid ordinary shares in DTR for all the issued shares in GPR<sup>1</sup>.

### **Scope**

- 2 Mr Greg Hall, a director of DTR, is also a director and substantial shareholder of GPR. Accordingly, there is a requirement under the Australian Securities Exchange (ASX) Listing Rules for an Independent Expert's Report (IER) to be prepared in relation to the Proposed Transaction.
- 3 The Independent Directors of DTR have requested Lonergan Edwards & Associates Limited (LEA) to prepare an IER in accordance with ASX Listing Rule 10.10.2 stating whether, in our opinion, the Proposed Transaction is fair and reasonable to the holders of ordinary securities in DTR.
- 4 The LEA report will accompany the Notice of Meeting and Explanatory Memorandum to be sent by DTR to its shareholders in connection with the Proposed Transaction. LEA is independent of DTR and GPR and has no other involvement or interest in the transaction.

### **Summary of opinion**

- 5 In LEA's opinion the Proposed Transaction is fair and reasonable to the shareholders of DTR. This is primarily because:

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<sup>1</sup> For the purpose of the transaction, the parties have attributed a value of \$0.05 per DTR share, implying a total consideration of \$1.25 million.

- (a) we have assessed the value of 100% of the issued share capital of GPR in the range of \$1.0 million to \$1.1 million
- (b) the agreed consideration for the acquisition of GPR is the issue of 25 million shares in DTR. Based on our assessed value range of GPR, the Proposed Transaction implies an issue price of \$0.04 to \$0.044 per DTR share
- (c) the shares in DTR to be issued to GPR shareholders as consideration will represent portfolio interests in the company. In this regard we note that the implied issue price:
  - (i) significantly exceeds the share prices at which portfolio interests in DTR have recently traded (of around \$0.015 per DTR share)
  - (ii) is comparable to the Southern Cross Exploration NL (SXX) placement price in 2014 of \$0.04 per share, notwithstanding the subsequent significant decline in the prices of metals which represent the primary exploration focus of DTR
  - (iii) reflects a discount of around 40% to the value of a DTR share based on the adjusted net assets of the company of \$0.07 per share. Given that this value effectively reflects a controlling 100% interest value and would be difficult to realise given current market conditions and DTR's current lack of funding to advance exploration of its projects, we consider this implied discount to be reasonable.

6 There are also a number of advantages and disadvantages associated with the Proposed Transaction which we consider relevant to a DTR shareholder approval decision.

#### **Advantages**

- (a) DTR has been constrained in its further exploration activities through an inability to access reasonably priced funding. As at 30 June 2015, GPR had cash and cash equivalents of around A\$350,000<sup>2</sup>, the availability of which provides DTR with an opportunity to resume exploration of its tenements
- (b) the effective acquisition of the GPR tenements in Western Australia increases the project diversity of DTR
- (c) the DTR shares to be issued as consideration will be issued to a number of (existing) GPR shareholders, which will increase the shareholder spread in DTR and may lead to increased investor interest and liquidity on the ASX

#### **Disadvantages**

- (d) the shares to be issued as consideration comprise around 33% of the existing capital base of DTR. As such, the interests of existing DTR shareholders will be significantly diluted (by the around 25%) pursuant to the Proposed Transaction. However, given the current financial position of DTR, such shareholders would be likely to be diluted in any event in any alternative funding transaction.

#### **General**

7 The ultimate decision whether to approve the Proposed Transaction should be based on each shareholder's assessment of the Proposed Transaction. If shareholders are in doubt about the

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<sup>2</sup> We assume these funds will be required in part to discharge trade and other payables of GPR of \$189,000.

action they should take in relation to the Proposed Transaction or matters dealt with in this report, shareholders should seek independent professional advice.

- 8 For our full opinion on the Proposed Transaction and the reasoning behind our opinion, we recommend that DTR shareholders read the remainder of our report.

Yours faithfully



Martin Holt  
Director



Craig Edwards  
Director

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<b>A</b>	<b>Financial Services Guide</b>
<b>B</b>	<b>Qualifications, declarations and consents</b>
<b>C</b>	<b>Glossary</b>

## I Scope of our report

### Purpose

- 9 ASX Listing Rule 10.1 states that an entity must ensure that it does not acquire a substantial asset from, or dispose of a substantial asset to, a substantial holder (of greater than 10% of the voting rights) or an associate of a substantial holder without the approval of holders of the entity's ordinary securities. Approval is required by resolution at a general meeting.
- 10 ASX Listing Rule 10.2 states that an asset is substantial if its value, or the value of the consideration for it, is 5% or more of the equity interests of the entity.
- 11 ASX Listing Rule 10.10 requires that the notice of general meeting includes a report from an independent expert stating whether the transaction is fair and reasonable to the holders of ordinary shares.
- 12 The Independent Directors of DTR have requested LEA to prepare an IER to assist DTR shareholders in making a decision whether or not to approve the Proposed Transaction. Accordingly, the IER sets out an independent assessment of whether the Proposed Transaction is fair and reasonable to DTR shareholders not associated with Mr Hall, together with the reasons for this opinion.
- 13 This report has been prepared by LEA for the benefit of DTR shareholders to assist them in considering the resolution to approve the Proposed Transaction. Our report will accompany the Notice of Meeting and Explanatory Memorandum to be sent to DTR shareholders. The sole purpose of our report is to determine the opinion referred to above.
- 14 The ultimate decision whether to approve the Proposed Transaction should be based on each DTR shareholder's assessment of the Proposed Transaction. If in doubt about the Proposed Transaction or matters dealt with in this report, shareholders should seek independent professional advice.

### Basis of assessment

- 15 In preparing our report we have given due consideration to the ASX Listing Rules and Regulatory Guidelines issued by ASIC, particularly RG 111.
- 16 The ASX Listing Rule requirements for acquisition and disposal of assets to related parties are triggered by circumstances that give rise to the potential for conflict of interest<sup>3</sup>.
- 17 Pursuant to RG 111, the Proposed Transaction is "fair" if the value of the assets acquired is equal to or greater than the consideration paid.
- 18 Pursuant to RG 111 the Proposed Transaction is "reasonable" if it is fair. The Proposed Transaction may also be reasonable if, despite not being "fair" but after considering other significant factors, shareholders as a whole will be better off if the Proposed Transaction is completed.

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<sup>3</sup> Paragraph 31 of ASX Guidance Note 24 – *Acquisition and disposal of assets between related parties: Listing Rules 10.1 – 10.10.*

- 19 In LEA's opinion the most appropriate basis upon which to evaluate the Proposed Transaction is to consider:
- (a) the market value of the shares in GPR being acquired
  - (b) the market value of the consideration to be paid i.e. 25 million DTR shares
  - (c) the difference between (a) and (b), in order to determine whether the Proposed Transaction is fair.
- 20 In addition we have had regard to other advantages and disadvantages of the Proposed Transaction from the perspective of existing DTR shareholders.

### **Limitations and reliance on information**

- 21 Our opinion is based on the economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.
- 22 Our report is also based upon financial and other information provided by or on behalf of DTR. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld. The information provided was evaluated through analysis, enquiry and review for the purpose of forming an opinion as to whether the Proposed Transaction is fair and reasonable. However, in assignments such as this, time is limited and we do not warrant that our enquiries have identified or verified all of the matters which an audit, extensive examination or "due diligence" investigation might disclose. None of these additional tasks have been undertaken.
- 23 An important part of the information base used in forming an opinion of the kind expressed in this report is the opinions and judgement of management of the relevant companies. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.

### **Reliance on technical expert**

- 24 The primary assets of both DTR and GPR comprise exploration tenements. For the purpose of the Proposed Transaction, DTR commissioned Minnelex Pty Ltd (Minnelex) to undertake a technical review and valuation of the respective tenements.
- 25 LEA has reviewed and relied on the work undertaken by Minnelex in forming its opinion on the Proposed Transaction.
- 26 A copy of the respective Minnelex reports is available on the DTR website at [www.datelineresources.com.au](http://www.datelineresources.com.au).

## II Profile of DTR

### Overview

- 27 DTR is an ASX listed Australian based exploration company with exploration projects in the Republic of Fiji. The Udu polymetallic project in Fiji hosts an inferred resource of 4.5 million tonnes at 1.2% Cu, 3.9% Zn, 29 g/t Ag and 0.3g/t Au<sup>4</sup>. The current business plan is to focus on exploration and development of the Udu project and pursue base metals opportunities in Australia and the South Pacific.
- 28 DTR's tenements at Udu are prospective for porphyry occurrences. Data and information on these prospects and a conceptual framework for future low cost exploration to enhance the existing resource base have been considered. The company is in a position to provide potential joint venture partners with access to a considerable data base.
- 29 Given the financial position of the company, together with the current difficult financial market conditions for junior exploration companies, DTR has adopted stringent cash control and confined expenditures to those of an administrative and essential nature.

### Financial position

- 30 The financial position of DTR based on the financial statements as at 30 June 2015, together with the comparative position as at 31 December 2014, was as follows:

Financial position - DTR		
	31 Dec 2014 Reviewed \$000	30 Jun 2015 Subject to audit \$000
Cash and cash equivalents	668	42
Trade and other receivables	54	31
Financial assets	64	-
Plant and equipment	18	15
Exploration and evaluation expenditure	7,458	7,739
<b>Total assets</b>	<b>8,262</b>	<b>7,827</b>
Trade and other payables	134	174
Loans from related parties	614	150
<b>Total liabilities</b>	<b>748</b>	<b>324</b>
<b>Net assets</b>	<b>7,514</b>	<b>7,503</b>

- 31 The carrying value of exploration and evaluation expenditure of \$7.7 million relates to the DTR tenements in Fiji. As discussed below, for the purpose of this report, these tenements have been subject to an independent technical valuation undertaken by Minnelex Pty Ltd (Minnelex).
- 32 Loans from related parties comprise:

<sup>4</sup> The inferred resource has been determined in accordance with JORC 2012 Guidelines.

**Related party loans – DTR**

	31 Dec 2014 Reviewed \$000	30 Jun 2015 Subject to audit \$000
Southern Cross Exploration NL <sup>(1)</sup>	550	150
Mr Mark Johnson <sup>(2)</sup>	64	-
	614	150

**Note:**

- 1 Southern Cross Exploration holds a 19.7% interest in the issued share capital of DTR and has Board representation.
- 2 Mr Mark Johnson is the Chairman of DTR and holds an interest of 40.8% in the issued share capital of the company. In January 2015, Mr Johnson made a short term loan to the company of \$2.5 million which was repaid on 2 April 2015.

**Share capital**

- 33 DTR currently has 76.3 million shares on issue, of which (as noted above) substantial shareholdings are held by Mr Mark Johnson (Mr Johnson) and Southern Cross Exploration NL (SXX).
- 34 SXX acquired its interest in DTR pursuant to capital raisings undertaken in July and November 2014 at \$0.04 per share. Based on share market trading in DTR summarised below it would appear that the placements to SXX were made at a premium to the prevailing share market price at the time.

**Share market trading**

- 35 The following chart illustrates the movement in the share price of DTR from 1 July 2013 to 4 August 2015:

**DTR – share price history  
1 July 2013 to 4 August 2015**



Source: Bloomberg.

- 36 The share price of DTR has declined significantly since July 2013, which can be attributed to factors including declines in commodity prices generally, together with the early stage exploration status of the tenements.
- 37 Over the last 12 months shares in DTR have traded in the range of \$0.008 to \$0.03 per share. Shares in DTR last traded at \$0.012 per share on 31 July 2015.

### Liquidity in DTR shares

- 38 The liquidity in DTR shares based on trading on the ASX over the 12 month period prior to 4 August 2015 is set out below:

<b>DTR – liquidity in shares</b>						
<b>Period</b>	<b>Start date</b>	<b>End date</b>	<b>No of shares traded 000</b>	<b>WANOS<sup>(1)</sup> outstanding 000</b>	<b>Implied level of liquidity Period<sup>(2)</sup> %</b>	<b>Annual<sup>(3)</sup> %</b>
1 month	05 Jul 15	04 Aug 15	630	76,300	0.8	9.9
3 months	05 May 15	04 Aug 15	1,665	76,300	2.2	8.7
6 months	05 Feb 15	04 Aug 15	3,275	76,300	4.3	8.6
1 year	05 Aug 14	04 Aug 15	9,121	73,938	12.3	12.3

**Note:**

- 1 Weighted average number of shares outstanding (WANOS) during relevant period.
- 2 Number of shares traded during the period divided by WANOS.
- 3 Implied annualised figure based upon implied level of liquidity for the period.

**Source:** Bloomberg and LEA analysis.

- 39 Consistent with its status as a junior exploration company and having regard to the substantial shareholdings noted above, shares in DTR are thinly traded / relatively illiquid.

### Minnelex valuation

- 40 For the purpose of the Proposed Transaction, DTR commissioned Minnelex to undertake an independent valuation of the tenement portfolio of both DTR and GPR. The respective valuations were based on information supplied to Minnelex by DTR and GPR.
- 41 LEA has reviewed the Minnelex reports on the DTR and GPR tenement portfolios. In this regard we note that in undertaking the valuations Minnelex had regard to factors including:
- (a) the early stage nature of the respective tenements
  - (b) the location of the projects, including proximity to both other mine operations or projects<sup>5</sup> and required infrastructure
  - (c) the inferred status of the resource at the Udu project, together with the further work required to elevate the resource to a position where an economic assessment of its potential could be undertaken
  - (d) the prevailing metal prices for the minerals identified by resource drilling / delineation to date

<sup>5</sup> The location to an adjacent project was particularly relevant to a consideration of the value of the Augustus project held by GPR.

- (e) the impact on value of the current depressed investor sentiment towards the mining sector generally, in particular as regards early stage exploration projects
- (f) past expenditure on the respective tenements, including the extent to which this was considered to be effective as regards the prospectivity of the tenements
- (g) as considered applicable, recent transactions in respect of other early stage exploration projects targeting similar minerals to DTR and GPR.

42 Based on the above, Minnelex determined values for the respective tenement portfolios as follows:

<b>Tenement portfolios – Minnelex valuation</b>			
	<b>Low \$000</b>	<b>High \$000</b>	<b>Preferred \$000</b>
DTR	4,940	6,500	5,730
GPR	565	1,135	850

### III Profile of GPR

#### Overview

- 43 GPR is an unlisted public mineral exploration company that has three granted exploration licenses (ELs) that comprise the Augustus sedimentary copper project located in the Gascoyne region, Western Australia. The ELs cover three separate copper geochemical anomalies defined by the Geological Survey of Western Australia (GSWA) geochemical data within the Proterozoic Bangemall Basin. The primary target is a sediment hosted copper deposit. The analog for this mineralisation is the ABRA deposit where mineralisation is blind at surface. The ELs cover the largest copper anomaly within the GSWA public domain geochemical dataset from modelling.
- 44 GPR was previously a joint venture partner in a gold project in China, but withdrew from the project effective 30 June 2014 when all business in China ceased. Attempts have been made to recover from the Chinese joint venture partners monies previously advanced by GPR, the potential recovery of which has been triggered by the future sale of the project to a new owner. GPR management consider it unlikely that any monies will be recovered.
- 45 GPR has also been involved in potential project generation in South Sudan. The South Sudan government promulgated the Mining (Mineral Title) Regulations in 2015 and the Mining Cadastre System was officially launched on 28 April 2015. No applications previously submitted are valid with the exception of two grandfather licenses. GPR currently has no application or rights to exploration licenses in South Sudan and has discontinued work due to the political instability and increased conflict in the country.

#### Financial position

- 46 The financial position of GPR based on the financial statements as at 30 June 2015, together with the comparative position as at 30 June 2014, was as follows:

<b>GPR - Financial position</b>		
	<b>30 Jun 2014</b>	<b>30 Jun 2015</b>
	<b>Audited</b>	<b>Subject to</b>
	<b>\$000</b>	<b>audit</b>
	<b>\$000</b>	<b>\$000</b>
Cash and cash equivalents <sup>(1)</sup>	617	351
Trade and other receivables	12	13
Loan to joint venture partners <sup>(2)</sup>	-	-
Other assets	52	19
Plant and equipment	11	8
Exploration and evaluation expenditure <sup>(3)</sup>	-	-
<b>Total assets</b>	692	391
Trade and other payables	73	189
Provisions	25	17
<b>Total liabilities</b>	98	206
<b>Net assets</b>	594	185

**Note:**

- 1 The major cash balances are held in US\$.
  - 2 Loan of \$925,000 to Chinese joint venture partners fully provided for.
  - 3 Exploration expenditure has been fully expensed for financial reporting purposes. In FY15 expenditure of \$331,000 was incurred.
- 

**Share capital**

- 47 GPR currently has 46.1 million shares on issue, of which substantial shareholdings are held by Greg Hall and deemed associates (40%), Robert Thomson (director – 19.7%) and Lion Selection Group Limited (and associated entities) (7.9%).
- 48 The last capital raising undertaken by GPR was in March 2008. Subsequent share transactions have been infrequent (GPR is unlisted and there is no active market in its shares), with more recent transactions in 2014 being generally priced at \$0.02 per share.

**Minnelex valuation**

- 49 As noted in Section II, for the purpose of the Proposed Transaction, an independent technical valuation of the tenements held by GPR was undertaken by Minnelex. The assessed valuation of these tenements was in the range of \$565,000 to \$1,135,000, with a preferred value of \$850,000.

## IV Valuation of DTR and GPR

### Valuation methodology

- 50 RG 111 outlines the appropriate methodologies that a valuer should consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:
- (a) the discounted cash flow (DCF) methodology
  - (b) the application of earnings multiples appropriate to the businesses or industries in which the company or its profit centres are engaged, to the estimated future maintainable earnings or cash flows of the company, added to the estimated realisable value of any surplus assets
  - (c) the amount that would be available for distribution to shareholders in an orderly realisation of assets
  - (d) the quoted price of listed securities, when there is a liquid and active market and allowing for the fact that the quoted market price may not reflect their value on a 100% controlling interest basis
  - (e) any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.
- 51 In considering a valuation of DTR and GPR for the purpose of this report we note that both companies have yet to establish a profitable earnings stream or positive operating cash flows.

### Methodology selected

- 52 In the case of DTR we have had regard to:
- (a) the independent technical valuation of the tenements undertaken by Minnelex, as summarised in Section II of our report
  - (b) the capital raising undertaken in 2014
  - (c) recent share market trading on the ASX.
- 53 In the case of GPR, we have relied primarily on the independent technical valuation undertaken by Minnelex as summarised in Section II of our report.

### Valuation of DTR

#### Adjusted net assets

- 54 The latest financial position of DTR (which is subject to audit) is set out in Section II of our report. In considering the Proposed Transaction we have adjusted the reported net assets to reflect a valuation of the exploration tenements consistent with that determined by Minnelex.
- 55 The adjusted net assets of DTR adopting the preferred Minnelex valuation of the exploration tenements of \$5.73 million is set out below:

	\$000
Net assets as at 30 June 2015, as reported <sup>(1)</sup>	7,503
Reduction in value of exploration tenements <sup>(2)</sup>	(2,009)
Adjusted net assets	5,494

**Note:**

- 1 Subject to audit.
- 2 Carrying value of \$7.74 million less Minnelex assessed value of \$5.73 million.

56 Based on issued capital of 76.3 million shares, the adjusted net assets represent \$0.072 per DTR share.

**DTR capital raising**

57 As noted in Section II, pursuant to an agreement reached in July 2014, SXX subscribed for 15.0 million new shares in DTR at an issue price of \$0.04 per share. The placement represented 19.7% of the enlarged capital of DTR and raised \$600,000 (before expenses) for working capital purposes. The shares were placed in equal tranches in July and November 2014.

58 With respect to this capital raising we note:

- (a) SXX had no existing shareholding in DTR at the time of entering into the agreement
- (b) associated with the placement a director of SXX, Stephen Baghdadi, was appointed a director of DTR
- (c) the placement was made at a premium to the prices at which shares in DTR were trading at the time
- (d) in the subsequent period to the date of this report the prices of metals which represent the primary exploration focus of DTR have declined significantly.

**DTR share market trading**

59 Recent share market trading, which is infrequent and reflects portfolio (or minority) interests in DTR, has generally been at prices around \$0.015 per share.

**Summary**

60 Based on the above, in assessing the Proposed Transaction, we have adopted the following value reference points:

- (a) a low range value of \$0.015 per share (based on recent share market trading)
- (b) a high range value of \$0.07 per share (effectively based on an independent technical assessment of the value of DTR's exploration tenements).

61 The significant difference in values represents the extent to which, in current market conditions, share market investors have limited interest in the mining sector generally, in particular as regards junior early stage exploration companies such as DTR.

## Valuation of GPR

### Adjusted net assets

- 62 The latest financial position of GPR (which is subject to audit) is set out in Section II of our report. In considering the Proposed Transaction we have similarly adjusted the reported net assets to reflect a valuation of the exploration tenements consistent with that determined by Minnelex.
- 63 The adjusted net assets of GPR adopting the preferred Minnelex valuation of the exploration tenements of \$0.85 million is set out below:

	<b>\$000</b>
Net assets as at 30 June 2015, as reported <sup>(1)</sup>	185
Increase in value of exploration tenements <sup>(2)</sup>	850
Adjusted net assets	<u>1,035</u>

**Note:**

- 1 Subject to audit.  
2 As noted above, all exploration expenditure is expensed by GPR for financial reporting purposes.

- 64 Based on issued shares of 46.1 million, the value of the adjusted net assets of GPR corresponds to \$0.022 per GPR share. While adjusted net assets effectively reflect a 100% controlling interest in GPR, we note that the implied value per share is not inconsistent with share trading in GPR in 2014, albeit that these transactions reflected minority interests in the company.

### Summary

- 65 Based on the above, in assessing the Proposed Transaction, we have adopted a valuation for 100% of the issued share capital of GPR in the range of \$1.0 million to \$1.1 million.

## V Evaluation of the Proposed Transaction

### Summary of opinion

66 In our opinion, the Proposed Transaction is fair and reasonable to the shareholders of DTR. We have formed this view for the reasons set out below.

### Assessment of fairness

- 67 Pursuant to RG 111, for the Proposed Transaction to be fair, the value of GPR must be equal to or greater than the value of the consideration payable (i.e. the issue of 25 million shares in DTR) to acquire the company.
- 68 As noted above we have assessed the value of 100% of the issued share capital of GPR in the range of \$1.0 million to \$1.1 million.
- 69 The agreed consideration for the acquisition of GPR is the issue of 25 million shares in DTR. Based on our assessed value range of GPR, the Proposed Transaction implies an issue price of \$0.04 to \$0.044 per DTR share.
- 70 The shares in DTR to be issued to GPR shareholders as consideration will represent portfolio interests in the company. In this regard we note that the implied issue price:
- (a) significantly exceeds the share prices at which portfolio interests in DTR have recently traded (of around \$0.015 per DTR share)
  - (b) is comparable to the SXX placement price in 2014 of \$0.04 per share, notwithstanding the subsequent significant decline in the prices of metals which represent the primary exploration focus of DTR
  - (c) reflects a discount of around 40% to the value of a DTR share based on the adjusted net assets of the company of \$0.07 per share. Given that this value effectively reflects a controlling 100% interest value and would be difficult to realise given current market conditions and DTR's current lack of funding to advance exploration of its projects, we consider this implied discount to be reasonable.
- 71 Based on the above, we consider the Proposed Transaction to be fair when assessed based on the guidelines set out in RG 111.

### Assessment of reasonableness

72 Pursuant to RG 111, the Proposed Transaction is reasonable if it is fair. Accordingly, we have concluded that the Proposed Transaction is both fair and reasonable.

### Other considerations

73 There are also a number of advantages and disadvantages associated with the Proposed Transaction which we consider relevant to a DTR shareholder approval decision.

#### Advantages

- (a) DTR has been constrained in its further exploration activities through an inability to access reasonably priced funding. As at 30 June 2015, GPR had cash and cash

equivalents of around A\$350,000<sup>6</sup>, the availability of which provides DTR with an opportunity to resume exploration of its tenements

- (b) the effective acquisition of the GPR tenements in Western Australia increases the project diversity of DTR
- (c) the DTR shares to be issued as consideration will be issued to a number of (existing) GPR shareholders, which will increase the shareholder spread in DTR and may lead to increased investor interest and liquidity on the ASX

**Disadvantages**

- (d) the shares to be issued as consideration comprise around 33% of the existing capital base of DTR. As such, the interests of existing DTR shareholders will be significantly diluted (by around 25%) pursuant to the Proposed Transaction. However, given the current financial position of DTR, such shareholders would be likely to be diluted in any event in any alternative funding transaction.

**Other matters**

- 74 The ultimate decision whether to approve the proposed acquisition should be based on each shareholder's assessment of the Proposed Transaction. If shareholders are in doubt about the action they should take in relation to the Proposed Transaction or matters dealt with in this report, shareholders should seek independent professional advice.

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<sup>6</sup> We assume these funds will be required in part to discharge trade and other payables of GPR of \$189,000.

## Appendix A

### Financial Services Guide

#### Lonergan Edwards & Associates Limited

- 1 Lonergan Edwards & Associates Limited (ABN 53 095 445 560) (LEA) is a specialist valuation firm which provides valuation advice, valuation reports and independent expert's reports (IER) in relation to takeovers and mergers, commercial litigation, tax and stamp duty matters, assessments of economic loss, commercial and regulatory disputes.
- 2 LEA holds Australian Financial Services Licence No. 246532.

#### Financial Services Guide

- 3 The Corporations Act 2001 (Cth) authorises LEA to provide this Financial Services Guide (FSG) in connection with its preparation of an IER to accompany the Explanatory Memorandum to be sent to DTR shareholders in connection with the Proposed Transaction.
- 4 This FSG is designed to assist retail clients in their use of any general financial product advice contained in the IER. This FSG contains information about LEA generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the IER, and if complaints against us ever arise how they will be dealt with.

#### Financial services we are licensed to provide

- 5 Our Australian Financial Services Licence allows us to provide a broad range of services to retail and wholesale clients, including providing financial product advice in relation to various financial products such as securities, derivatives, interests in managed investment schemes, superannuation products, debentures, stocks and bonds.

#### General financial product advice

- 6 The IER contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.
- 7 You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

#### Fees, commissions and other benefits we may receive

- 8 LEA charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages LEA to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this IER, LEA is entitled to receive a fixed fee of \$15,000 plus GST and disbursements.
- 9 Neither LEA nor its directors and officers receives any commissions or other benefits, except for the fees for services referred to above.

## Appendix A

- 10 All of our employees receive a salary. Our employees are eligible for bonuses based on overall performance and the firm's profitability, and do not receive any commissions or other benefits arising directly from services provided to our clients. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits arising directly from services provided to our clients.
- 11 We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

### Complaints

- 12 If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner.
- 13 If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Services Limited (FOS), an external complaints resolution service. You will not be charged for using the FOS service.

### Contact details

- 14 LEA can be contacted by sending a letter to the following address:

Level 7  
64 Castlereagh Street  
Sydney NSW 2000  
(or GPO Box 1640, Sydney NSW 2001)

## Appendix B

### Qualifications, declarations and consents

#### Qualifications

- 1 LEA is a licensed investment adviser under the Corporations Act. LEA's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have prepared more than 100 Independent Expert's Reports to shareholders.
- 2 This report was prepared by Mr Martin Holt and Mr Craig Edwards, who are both authorised representatives of LEA. Mr Holt and Mr Edwards have over 27 years and over 21 years experience respectively in the provision of valuation advice.

#### Declarations

- 3 This report has been prepared at the request of the Independent Directors of DTR to accompany the Explanatory Memorandum to be sent to DTR shareholders. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Proposed Transaction is fair and reasonable to DTR shareholders.

#### Interests

- 4 At the date of this report, neither LEA, Mr Holt nor Mr Edwards have any interest in the outcome of the Proposed Transaction. LEA is entitled to receive a fixed fee for the preparation of this report. With the exception of the fee shown in Appendix A, LEA will not receive any other benefits, either directly or indirectly, for or in connection with the preparation of this report.
- 5 LEA has had no prior business or professional relationship with DTR or GPR prior to the preparation of this report.

#### Indemnification

- 6 As a condition of LEA's agreement to prepare this report, DTR agrees to indemnify LEA in relation to any claim arising from or in connection with its reliance on information or documentation provided by or on behalf of DTR which is false or misleading or omits material particulars or arising from any failure to supply relevant documents or information.

#### Consents

- 7 LEA consents to the inclusion of this report in the form and context in which it is included in the Explanatory Memorandum.

## Appendix C

### Glossary

<b>Term</b>	<b>Meaning</b>
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
DCF	Discounted cash flow
DTR	Dateline Resources Limited
FOS	Financial Ombudsman Services Limited
FSG	Financial Services Guide
GPR	Golden Phoenix Resources Limited
IER	Independent expert's report
LEA	Lonergan Edwards & Associates Limited
Minnelex	Minnelex Pty Ltd
Mr Johnson	Mr Mark Johnson
Proposed Transaction	The acquisition by DTR of all the issued shares in GPR for the consideration of 25 million shares in DTR
RG 111	Regulatory Guide 111 – <i>Content of expert reports</i>
SXX	Southern Cross Exploration NL



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**APPOINTMENT OF PROXY FORM**

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**DATELINE RESOURCES LIMITED**  
**ACN 149 105 653****GENERAL MEETING**I/We of: 

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name: **OR:**  the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10:00 am (Sydney time), on 17 September 2015 at the offices of K&L Gates, Level 31, 1 O'Connell Street, Sydney NSW, and at any adjournment thereof.

**The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.**

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**Voting on business of the Annual General Meeting**

		<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
Resolution 1	Issue of General Consideration Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Issue of Hall Consideration Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Laffan Consideration Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: \_\_\_\_\_ %

**Signature of Shareholder(s):****Individual or Shareholder 1**

Sole Director/Company Secretary

**Shareholder 2**

Director

**Shareholder 3**

Director/Company Secretary

**Date:** \_\_\_\_\_**Contact name:** \_\_\_\_\_**Contact ph (daytime):** \_\_\_\_\_**E-mail address:** \_\_\_\_\_**Consent for contact by e-mail:** YES  NO

## Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) **hand to the Company at Level 29 2 Chifley Square Sydney; or**
  - (b) **post to the Company, PO Box 553 South Hurstville NSW 2221; or**
  - (c) **facsimile to the Company on facsimile number +61 2 8231 6487; or**
  - (d) **email to the Company at [info@datelineresources.com.au](mailto:info@datelineresources.com.au),**

so that it is received not less than 48 hours prior to commencement of the Meeting (i.e. 9.00am (Sydney time) on 15 September 2015).

**Proxy Forms received later than this time will be invalid.**