

ASX Release

23 August 2012

Scheme Booklet

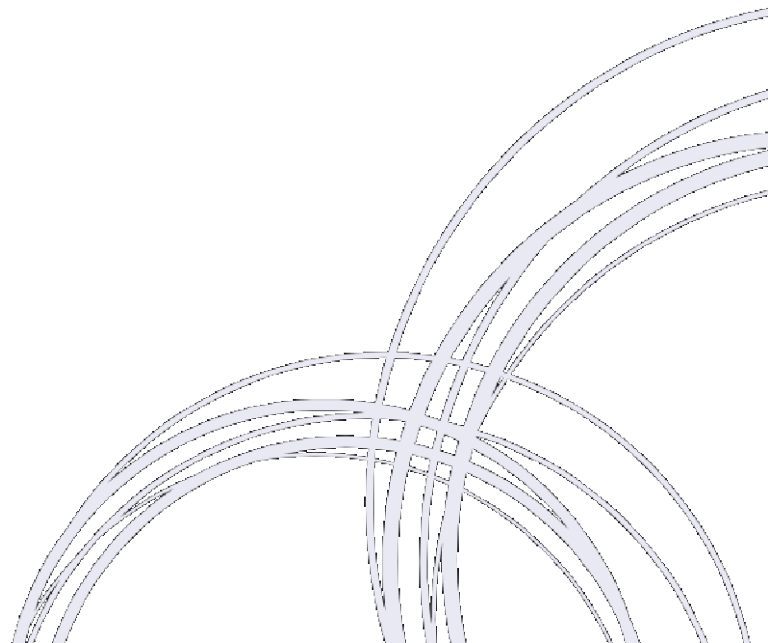
Please find attached a copy of the Scheme Booklet registered with the Australian Securities and Investments Commission earlier today relating to the proposed acquisition by Metals X Limited (**ASX: MLX**) (**Metals X**) of all of the issued shares and options in Westgold by means of a share scheme of arrangement and a related option scheme of arrangement (**the Schemes**).

The Scheme Booklet and related announcements can be viewed on the ASX website at www.asx.com.au and on Westgold's website at www.westgold.com.au.

Yours Sincerely



Andrew Chapman
Company Secretary





Westgold
Resources Limited

ACN 009 260 306

Scheme Booklet

for a scheme of arrangement in relation to the proposed acquisition of all your fully paid ordinary shares in Westgold Resources Limited by Metals X Limited and related option scheme



Your Independent Westgold Directors unanimously recommend that, in the absence of a Superior Proposal, you vote in favour of the Merger with

Metals X Limited

ACN 110 150 055



The Independent Expert has concluded that

the Share Scheme is fair and reasonable and in the best interests of Westgold Shareholders.



The Independent Expert has concluded that

the Option Scheme is not fair but reasonable and in the best interests of Westgold Optionholders.

This is an important document and requires your prompt attention. You should read it in its entirety before you decide whether or not to vote in favour of the Schemes. If you are in doubt as to what you should do, you should consult your legal, financial or other professional adviser.

Legal Adviser



Important Information

This Scheme Booklet contains important information

The purpose of this Scheme Booklet is to explain the terms of the Schemes, the manner in which the Schemes will be considered and implemented (if the Scheme Conditions are satisfied), and to provide such information as is prescribed or otherwise material for Westgold Securityholders when deciding whether or not to vote in favour of the Schemes. This document includes the explanatory statement required by section 412(1) of the Corporations Act in relation to the Schemes. You should read this document in its entirety before making a decision on whether or not to vote in favour of the Schemes.

Investment decisions

This Scheme Booklet is for Westgold Shareholders (other than Metals X) and Westgold Optionholders collectively and does not take into account an individual's investment objectives, financial situation, taxation position or other particular needs.

This Scheme Booklet should not be relied upon as the sole basis for any investment decision in relation to New Metals X Shares or New Metals X Options. If you are in any doubt about what you should do, you should seek independent legal, financial or other professional advice before making any investment decision in relation to the Schemes.

Responsibility for information

The information concerning the Westgold Group contained in this Scheme Booklet, including financial information and information as to the views and recommendations of the Westgold Directors, has been provided by Westgold and is the responsibility of Westgold. Neither Metals X nor its advisers, nor the advisers of Westgold, assume any responsibility for the accuracy or completeness of that information.

The information concerning Metals X and the Merged Group in this Scheme Booklet (other than information that has been provided by Westgold), including the information set out in Sections 7 and 8, together with pro forma financial information and information as to the views of Metals X and the Metals X Directors, has been provided by Metals X and is the responsibility of Metals X. Neither Westgold nor its advisers, nor the advisers of Metals X, assume any responsibility for the accuracy or completeness of that information.

BDO Corporate Finance has prepared the Independent Expert's Report in relation to the Schemes set out in Annexure A of this Scheme Booklet and takes responsibility for that report.

Ernst & Young has prepared the information on taxation implications of the Schemes contained in Section 11 of this Scheme Booklet and takes responsibility for that information.

Role of ASIC, ASX, and the Court

A copy of this Scheme Booklet has been examined by ASIC pursuant to section 411(2)(b) of the Corporations Act and registered by ASIC under section 412(6) of the Corporations Act. Westgold has requested ASIC provides statements, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Schemes. If ASIC provides those statements, they will be produced to the Court on the Second Court Date.

A copy of this Scheme Booklet has been lodged with ASX. Neither ASIC, ASX nor any of their officers takes any responsibility for the contents of this Scheme Booklet.

The Court is not responsible for the contents of this Scheme Booklet and, the fact that under section 411(1) of the Corporations Act the Court ordered on Wednesday, 22 August 2012 that meetings of Westgold Securityholders be convened by Westgold to consider and vote on the Schemes and has approved the Scheme Booklet does not mean that the Court:

- has formed any view as to the merits of the proposed Schemes or as to how Westgold Securityholders should vote (on this matter, Westgold Securityholders must reach their own decision); and
- has prepared, or is responsible for, the content of this Scheme Booklet.

Entitlement to inspect Westgold Registers

Under sections 170 and 173 of the Corporations Act, a Westgold Securityholder has a right to inspect, and request a copy of, the Westgold Share Register and the Westgold Option Register, which contain details of the name and address of each Westgold Securityholder and, in the case of Westgold Options, other details regarding the terms of the Westgold Scheme Options. A copy of the Westgold Share Register and/or the Westgold Option Register will be given to a Westgold Securityholder upon request and payment of the prescribed fee under the Corporations Act.

Forward-looking statements

This Scheme Booklet contains both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. The statements contained in this Scheme Booklet about the advantages and disadvantages expected to result from the Schemes are forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of Westgold, Metals X and/or the Merged Group to be materially different from future results, performance or achievements expressed or implied by such statements. The operations and financial performance of Westgold, Metals X and/or the Merged Group and the change of a Scheme Participant's ownership of Westgold Shares, Westgold Options, New Metals X Shares and New Metals X Options are subject to various risks that are summarised in Section 10 of this Scheme Booklet and that may be beyond the control of Westgold, Metals X and/or the Merged Group.

As a result, Westgold's actual results of operations and earnings and those of Metals X and the Merged Group following implementation of the Schemes, as well as the actual advantages and disadvantages of the Schemes, may differ significantly from those that are anticipated in respect of timing, amount or nature and may never be achieved.

The forward-looking statements included in this Scheme Booklet reflect views only as of the date of this Scheme Booklet. None of Westgold, Metals X, the Westgold Directors or the Metals X Directors or any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Scheme Booklet will actually occur and you are cautioned not to place undue reliance on such forward-looking statements.

All written and oral forward-looking statements attributable to Westgold or Metals X or any person acting on their behalf are qualified by this cautionary statement. Subject to any continuing obligations under the ASX Listing Rules or the Corporations Act, neither Westgold nor Metals X give any undertaking to update or revise any such statements after the date of this Scheme Booklet to reflect any change in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based.

Defined terms

Capitalised terms and certain other terms used in this Scheme Booklet are defined in the Glossary of defined terms in Section 15.

The Independent Expert's Report in Annexure A has its own defined terms and those terms are sometimes different to the defined terms in the Glossary.

Currency

All references in this Scheme Booklet to "\$", "AUD" or "dollar" are references to Australian currency unless otherwise indicated.

Reference to time

All references in this document to time relate to the time in Perth, Western Australia, unless otherwise specified.

Date of this document

This document is dated 23 August 2012.



Contents

Reasons to vote in favour of or against the Schemes	1
Overview of this document	3
Important dates and times	5
Letter from the Chairman of Westgold	6
Letter from the Chairman of Metals X	8
Meeting details and how to vote	9
1. Key reasons to vote in favour of the Schemes	12
2. Potential disadvantages and risks associated with the Schemes	17
3. Implications if the Schemes are not implemented	19
4. Frequently asked questions	20
5. Overview of the Schemes	24
6. Profile of Westgold	28
7. Profile of Metals X	47
8. Profile of the Merged Group	69
9. Intentions of Metals X	76
10. Potential risk factors	78
11. Australian income tax implications	82
12. Implementing the Schemes	85
13. Key terms of the Merger Implementation Agreement	92
14. Additional information	93
15. Glossary of defined terms	106
Annexure A – Independent Expert's Report	113
Annexure B – Merger Implementation Agreement	302
Annexure C – Share Scheme of Arrangement	342
Annexure D – Option Scheme of Arrangement	358
Annexure E – Share Scheme Deed Poll	374
Annexure F – Option Scheme Deed Poll	381
Annexure G – Notice of Share Scheme Meeting	388
Annexure H – Notice of Option Scheme Meeting	391
Annexure I – Summary of Westgold Options and New Metals X Options	394
Annexure J – Terms and Conditions of New Metals X Options	395

Reasons to vote in favour of or against the Schemes

Reasons to vote in favour of the Schemes

- ✓ The Merged Group provides a strong balance sheet and increased Board and technical capability to cornerstone the development of the Central Murchison Gold Project and the Rover 1 Copper-Gold Project.
- ✓ Westgold Shareholders would become shareholders in a producing mining company upon Merger with the Independent Expert assessing the fair value of the Merged Group at a preferred value of \$635 million.
- ✓ The Merged Group would have increased market relevance, with a pro forma net asset value of approximately A\$277 million¹ including cash, working capital and listed investments of approximately A\$95 million, thereby eliminating the need for Westgold to undertake substantial, possibly heavily discounted and dilutive capital raisings in currently weak capital markets, which could cause share price attrition. Without the Share Scheme, Westgold will require such a capital raising in the near future to continue its operations. Westgold will also require significant equity funding before it can consider its current debt funding proposal for the CMG Project.
- ✓ The Merged Group's stronger balance sheet should also enhance the ability to negotiate more favourable debt funding, and may also facilitate regional strategic consolidation opportunities not currently available to Westgold.
- ✓ The growth portfolio would be enhanced and diversified with the Wingellina Nickel Project, Renison tin mine, and the Rentails Project.
- ✓ If the Share Scheme does not proceed, Metals X will remain a 27% shareholder in Westgold, which will have implications in respect of Westgold's ability to attract future proposals superior to the Share Scheme, and may also create a market overhang should Metals X reconsider its shareholding in Westgold.
- ✓ The value of the Share Scheme Consideration (being 11 New Metals X Shares for every 10 Westgold Shares as at the Record Date) is at a material premium to prevailing market prices for Westgold Shares as at the Announcement Date. In assessing the relative value of the Westgold Shares and the Merged Group shares, the Independent Expert has included a premium for control of between 25% and 35% that Westgold Shareholders are receiving.
- ✓ The Independent Expert has concluded that the Schemes are in the best interests of Westgold Securityholders.²
- ✓ The Independent Westgold Directors have unanimously recommended that Westgold Securityholders vote in favour of the Schemes in the absence of a Superior Proposal at the date of this Scheme Booklet.
- ✓ No Superior Proposal has emerged despite Westgold exploring various alternatives to the Merger both before and after the Announcement Date.

¹ Refer to Section 8.12 for pro forma details regarding the cash and cash equivalents, available-for-sale investments and investments in associates of the Merged Group.

² The Independent Expert has concluded that the Share Scheme is fair and reasonable and in the best interests of Westgold Shareholders and that the Option Scheme is not fair but reasonable and in the best interests of Westgold Optionholders.

Possible reasons to vote against the Schemes

- You may consider that there is the potential for a Superior Proposal to be made to Westgold in the foreseeable future.
- You may not agree with the recommendation of the Schemes by the Independent Westgold Directors and the Independent Expert that the Schemes are in the best interests of Westgold Securityholders.
- The Share Scheme Consideration is a fixed ratio of Metals X Shares to Westgold Shares and therefore there is a risk that the effective value you receive under the Share Scheme moves adversely from the market value on the date of the Share Scheme Meeting.
- The tax consequences of the Schemes may not suit your current financial position.
- The risk profile of the Merged Group will change, which you may consider to be disadvantageous to you relative to the risk profile of the current Westgold business.
- Your percentage interest in the Merged Group will be reduced relative to your current interest in Westgold and therefore returns generated by the current Westgold project portfolio in the Merged Group will be shared with current Metals X Shareholders.
- There is a risk that some of the proposed benefits of the Merger are lost through difficulties, or increased costs associated with, integrating the two businesses.
- Risk of future dilution to existing Westgold Shareholders as a result of funding Metals X's Wingellina Nickel Project.

“Westgold Shareholders would become shareholders in a producing mining company upon Merger”



Overview of this document

What are the proposals?

Metals X Limited (**Metals X**) has made a proposal to acquire all of the Shares in Westgold Resources Limited (**Westgold**) to effect a Merger between Metals X and Westgold. Metals X has also made a proposal to acquire all of the Westgold Options.

Metals X and Westgold have agreed to implement the Share Scheme and the Option Scheme proposals under a procedure set out in the Corporations Act called a scheme of arrangement. This is a Court-supervised process under which securityholders of Westgold have the opportunity to vote for or against the proposed Share Scheme and Option Scheme.

If the Schemes are approved by Westgold Securityholders and by the Court:

- Metals X will acquire all of the Westgold Shares that it does not own in exchange for the Share Scheme Consideration (being 11 New Metals X Shares for every 10 Westgold Shares) to be provided to the Share Scheme Participants, and Westgold will become a wholly-owned subsidiary of Metals X; and
- all Westgold Scheme Options will be cancelled in exchange for the Option Scheme Consideration (being 11 New Metals X Options for every 10 Westgold Options) to be provided to the Option Scheme Participants.

If the Share Scheme is not approved:

- the Merger will not occur and Westgold will continue to operate as a stand-alone entity; and
- the Option Scheme will not be implemented.

If the Share Scheme is approved and implemented, but the Option Scheme is not approved, the Merger will still proceed and Metals X will acquire all of the Westgold Shares, but Westgold Optionholders will continue to hold their Westgold Options. In those circumstances, Westgold would be de-listed from ASX, meaning there is unlikely to be an active market for any Westgold Shares issued to Westgold Optionholders on any exercise of their Westgold Options. Further, Metals X may have a right to compulsorily acquire the Westgold Options after the Share Scheme is implemented. Please refer to Section 12.13 for further information.

What is this document for?

The Share Scheme is subject to the approval of Westgold Shareholders and the Option Scheme is subject to the approval of Westgold Optionholders. This Scheme Booklet contains information relevant to the decision of Westgold Securityholders as to whether to vote for or against the relevant Scheme.

The Scheme Meetings to consider the Schemes will be held at **Traders Lounge, Hyatt Regency Perth, 99 Adelaide Terrace, Perth, Western Australia** on **Wednesday, 3 October 2012**. The Share Scheme Meeting will commence at **10.00am** and the Option Scheme Meeting will commence at the later of **10.30am** and the conclusion of the Share Scheme Meeting.

Why should you vote?

As a Westgold Securityholder (other than Metals X), you have a say in whether the Schemes are implemented or not – **this is your opportunity to play a role in deciding the future of the company in which you have a stake.**

Are the Schemes in the best interests of Westgold Securityholders?

The Independent Expert has concluded that the Share Scheme is in the best interests of Westgold Shareholders because **the Share Scheme is fair and reasonable.**

The Independent Expert has concluded that **the Option Scheme is not fair but reasonable** and is in the best interests of Westgold Optionholders.

The Independent Westgold Directors unanimously recommend that, in the absence of a Superior Proposal and on the basis that the Independent Expert maintains its opinion that the Schemes are in the best interests of Westgold Securityholders, Westgold Securityholders (other than Metals X) vote in favour of the Schemes.

The Metals X Nominee Directors have chosen not to make a recommendation to Westgold Securityholders in respect of the Schemes, due to the potential or perceived conflict of interest which arises as a result of their positions as nominee directors of Metals X on the Westgold Board.

What you should do next

Step 1: Read this document in full

You should read and carefully consider the information included in this document to help you make an informed decision as to how to vote in relation to the Schemes. If you have any doubt as to what action you should take, please contact your financial, legal, taxation or other professional adviser immediately.

Step 2: Vote on the Schemes

As a Westgold Securityholder (other than Metals X), it is your right to vote on whether the Schemes should be approved, and therefore, whether the Schemes should proceed. You should note that the Schemes are subject to the Scheme Conditions. Even if Westgold Securityholders (other than Metals X) approve the relevant Scheme, it is possible that the Scheme will not be implemented if the other Scheme Conditions have not been satisfied.

You can vote in person at the Scheme Meetings scheduled for **Wednesday, 3 October 2012**, or by returning a validly completed proxy voting form by not later than **10.00am (for the Share Scheme Meeting) or 10.30am (for the Option Scheme Meeting) on Monday, 1 October 2012**. Full details of how to vote are set out in pages 9 to 12 of this document.

For further information

If you have any questions after reading this document, please call the Westgold Securityholder Information Line on:

1300 668 535 (and **+61 2 8022 7902** for overseas callers) between 9.00am and 5.00pm (AEST), Monday to Friday.

Important dates and times

Key events and the expected timing in relation to the approval and implementation of the Schemes are set out in the table below.

Event	Date
Latest time and date for lodgement of completed proxy forms for the Scheme Meetings	10.00am Monday, 1 October 2012
Time and date for determining eligibility for voting at the Scheme Meetings	5.00pm Monday, 1 October 2012
Scheme Meetings to be held at Traders Lounge, Hyatt Regency Perth, 99 Adelaide Terrace, Perth, Western Australia	10.00am (for the Share Scheme Meeting) and the later of 10.30am and the conclusion of the Share Scheme Meeting (for the Option Scheme Meeting) on Wednesday, 3 October 2012
If the Schemes are approved by the respective Requisite Majorities of Westgold Securityholders, the expected timetable for implementing the Schemes is:	
Second Court Date for approval of the Schemes	Thursday, 4 October 2012
Effective Date of the Schemes and last day of trading of Westgold Shares on ASX	Friday, 5 October 2012
Suspension of trading of Westgold Shares on ASX	5.00pm Friday 5 October 2012
New Metals X Shares to be issued under the Share Scheme expected to begin trading on a deferred settlement basis	Monday, 8 October 2012
Record Date for determining entitlements to the Scheme Consideration	5.00pm Friday, 12 October 2012
Implementation Date for the transfer of Westgold Shares to Metals X and cancellation of Westgold Scheme Options and issue of New Metals X Shares and New Metals X Options to Scheme Participants	Wednesday, 17 October 2012
Despatch of holding statements for Scheme Consideration	Thursday, 18 October 2012
New Metals X Shares begin trading on ASX on a normal settlement basis	Friday, 19 October 2012
Termination of official quotation of Westgold on ASX	5.00pm Friday, 19 October 2012 (or as otherwise determined by ASX)

The above dates and times are indicative only and, amongst other things, are subject to the time at which each Scheme Condition is satisfied and the dates on which all necessary Court and regulatory approvals are obtained. Westgold has the right to vary any or all of these dates and times, subject to the approval of such variation by ASX, the Court and Metals X, where required.

Any variation to the above dates and times will be announced to ASX (and accordingly, details of any variations will be available on ASX's website (www.asx.com.au)) and will be published on Westgold's website (www.westgold.com.au).

Letter from the Chairman of Westgold

23 August 2012

Dear Westgold Shareholder and Optionholder

I am pleased to present you with the opportunity to participate in the formation of a large, well-funded mining company, with a pro forma net asset value of approximately \$277 million³ and an assessed value of \$635 million, through the proposed merger of Westgold Resources Limited (**Westgold**) and Metals X Limited (**Metals X**).

Westgold and Metals X have entered into a Merger Implementation Agreement (**MIA**) under which Metals X proposes to acquire all of the issued shares and options in Westgold that it does not already own by way of two separate, but interdependent, schemes of arrangement.

Under the Schemes, Metals X is offering:

- 11 Metals X Shares for every 10 Westgold Shares held (**Share Scheme Consideration**); and
- 11 Metals X Options for every 10 Westgold Options.

Westgold has engaged an Independent Expert, BDO Corporate Finance, to advise shareholders and optionholders whether the Merger is in the best interests of Westgold Securityholders. **The Independent Expert has concluded that the Merger is in the best interests of Westgold Securityholders.** Consequently, the Independent Westgold Directors recommend you should vote in favour of the Schemes in the absence of a Superior Proposal.

The Independent Westgold Directors each intend, in the absence of a Superior Proposal, to vote to approve the Schemes in respect of any Westgold Shares or Westgold Options they own or control and unanimously recommend that Westgold Securityholders (other than Metals X) vote in favour of the Schemes. As at the date of registration of this Scheme Booklet with ASIC, no Alternative Proposal has been received by Westgold.

The Independent Expert, BDO Corporate Finance, has assessed the Share Scheme Consideration to represent a significant premium under various funding scenarios to where Westgold Shares have been trading on the market in recent times. Furthermore, at the time of the initial announcement of the MIA on 14 May 2012, the implied value of the 11 Metals X Shares offered by way of Share Scheme Consideration represented a 33.3% premium to the value of 10 Westgold Shares, based on the last trading day for both companies prior to the announcement.

Given this premium, and Metals X's 27% shareholding interest in Westgold, the Independent Westgold Directors firmly believe that Superior Proposals are unlikely to emerge.

In determining that the Merger is in the best of interests of Westgold Securityholders, the Independent Expert evaluated a number of scenarios as part of its deliberations, as required by relevant ASIC policy.

Westgold Securityholders should note that the Independent Expert has concluded that the appropriate scenario to use is the "diluted basis", which assumes that approximately \$99 million in capital will be required to be raised by Westgold at an issue price of 18 cents per Westgold Share to meet the equity portion of development costs for the CMG and Rover 1 Projects.

The Independent Expert, using its preferred values on a diluted basis, has determined that Westgold Shareholders would be receiving New Metals X Shares valued at 22% more than the value of their holding of Westgold Shares, even after reducing the valuation of the New Metals X Shares by a 'discount for minority interest' of between 20% and 26%.

The effect of applying this 'discount for minority interest' is demonstrated when the Independent Expert's preferred value comparison is made on a 'like for like' basis (i.e. by eliminating the effect of the discounting of New Metals X Shares for minority interest), which would then increase this premium of the value of the New Metals X Shares over the value of the Westgold Shares to 57%.

³ Refer to Section 8.12 for pro forma details regarding the cash and cash equivalents, available-for-sale investments and investments in associates of the Merged Group.

In reality, considering the current poor market conditions for capital raisings in the gold sector and recent trading prices in Westgold Shares, the Independent Westgold Directors consider that it will prove very difficult for Westgold to raise the significant capital required by Westgold, whether staged or not, at prices at or anywhere near the Independent Expert's nominated 18 cent share price. Any possible capital raisings would most likely result in an even higher level of shareholder dilution or project interest dilution under other funding options. If the Independent Expert had used a lower share price as the nominated price for future Westgold capital raisings then the assessed premium for control would have been higher.

The Merger with Metals X provides Westgold Securityholders with exposure to a diversified portfolio of growth assets including the operating Renison Tin mine (Metals X share 50%) and the Rentails Tin Project in Tasmania, the Wingellina Nickel Project in Western Australia. The Merged Group would have cash, working capital and listed investments of approximately \$95 million.³

The Merger provides the opportunity for Westgold's Central Murchison Gold Project and Rover 1 Copper-Gold Project to be developed utilising the strong balance sheet and substantial cash reserves of Metals X, rather than through an equity raising by Westgold which, assuming a continuation of the current difficult conditions in equity markets, would most likely be substantially dilutive to Westgold Shareholders. The financial strength and size of the Merged Group will also provide significant opportunity for subsequent aggregation of gold projects in the Central Murchison region of Western Australia. The Independent Expert has given a preferred value of the Merged Group of \$635 million.

The Independent Westgold Directors negotiated the MIA with Metals X after extensive deliberation and evaluation of strategic options and in consideration of adverse financial market conditions.

The Scheme Booklet has a detailed summary of the Key Reasons to Vote in Favour of the Scheme in Section 1.

I consider that Westgold Shareholders need to be realistic in their assessment of the Company's prospects without this Merger, including the need to raise additional funds in the near future to maintain its ongoing operations and the likelihood of raising the considerable amounts of capital required to bring its exciting gold and copper/gold projects into production.

Westgold Shareholders should also take into account Metals X's existing 27% shareholding in Westgold when assessing the Merger and the prospects of achieving any other corporate proposals, either during the Merger process or subsequently, should the Merger not be successful.

Your vote is important, regardless of how many Westgold Shares or Westgold Options you own, in determining whether or not the Schemes are approved. If you are unable to attend a Scheme Meeting in person, I encourage you to vote by completing the proxy form enclosed with this Scheme Booklet and returning it in accordance with the directions on the form so it is received by 10.00am (for the Share Scheme Meeting) or 10.30am (for the Option Scheme Meeting) (Perth time) on Monday, 1 October 2012.

Please read this Scheme Booklet carefully, including the appended Independent Expert's Report. If you are in any doubt as to what action you should take in relation to the Schemes you should consult your professional adviser without delay.

Please call the Westgold Information Line on 1300 668 535 (for callers within Australia) or +61 2 8022 7902 (for callers outside Australia) if you require further information regarding the Schemes.

I encourage you to vote in favour of the resolutions at the Scheme Meetings relevant to you and assist in creating a larger, stronger mining company that can accelerate the development of its advanced projects and, in doing so, increase shareholder wealth.

Yours sincerely



Michael Atkins
Chairman
Westgold Resources Limited

Letter from the Chairman of Metals X

23 August 2012

Dear Fellow Westgold Securityholders

The Scheme Booklet contains details of a merger proposal by Metals X Limited to acquire, by way of schemes of arrangement (**Schemes**), all of your ordinary shares or options (as applicable) in Westgold Resources Limited.

THE INDEPENDENT EXPERT HAS CONCLUDED THAT THE MERGER PROPOSAL IS IN THE BEST INTERESTS OF, WESTGOLD SECURITYHOLDERS.

The Independent Expert has concluded that Metals X are paying a premium for control of 25% – 35%.

The Independent Westgold Directors have recommended that all shareholders and optionholders vote IN FAVOUR of the Schemes, subject to a Superior Proposal.

I encourage you to review the Scheme Booklet carefully and urge you to **VOTE IN FAVOUR** of the Merger at the upcoming Scheme Meetings. The Scheme Booklet includes an Independent Expert's Report which, together with the Independent Valuation Report, addresses the Independent Expert's view of the valuations of Westgold and Metals X.

The Independent Valuation Report prepared by Behre Dolbear provides detailed technical summaries of the assets and a logical and balanced approach to the determination of market valuations of the mineral assets of both companies. Behre Dolbear has determined the mineral assets of Metals X to have a preferred value of \$420.3 million and the mineral assets of Westgold to have a preferred value of \$142.9 million, providing for a consolidated mineral asset valuation of \$563.2 million. In addition, as at 30 June 2012, Metals X had cash, working capital and listed investments of approximately \$96 million (excluding its current investment in Westgold). The Merger creates a company with substantial diversified mineral production and development assets with cash flow, ample cash and balance sheet strength to progress its projects toward production.

The Independent Expert (BDO Corporate Finance) has applied numerous variants of asset valuations and other considerations in its assessment of the fairness and reasonableness of the Scheme consideration, some of which you may find complex. However, in all scenarios the Independent Expert concludes that the Schemes are in the best interests of Westgold Shareholders and Option holders. Further, in all scenarios of independent valuations of the assets and the different valuation methods adopted, the conclusions reach values substantially above the current share prices of both companies.

Metals X considers that Westgold requires essential funding to move forward and that raising funds in the current non-conducive market would be highly dilutive on Westgold Shareholders. If the Merger fails, it is most likely that Westgold will need to raise capital in the very near future. It is also Metals X's view that if Westgold joins with Metals X, which can provide the underlying fiscal and technical strength, then Westgold Shareholders will be better served in both wealth preservation and growth including, in this regard, the prospects for advancement of the Central Murchison Gold Project.

I do hope and I do believe that the markets will eventually recognise the value proposition of our assets and I do believe that this Merger will set us upon that path to having this recognised in our share price.

I firmly believe that by swapping your Westgold securities for Metals X securities you will be in a stronger position in a Merged Group with significantly more opportunity for growth. Further, diversification across other metals and the addition of a cash flow business will make for a stronger asset backing and afford Westgold securityholders greater downside protection.

Again, I urge you to vote **IN FAVOUR** of the Schemes at the upcoming Scheme Meetings.

Yours faithfully



Peter Cook
Chairman
Metals X Limited

Meeting details and how to vote

Your vote is important

For the Share Scheme to be implemented, it is necessary that the Requisite Majority of Westgold Shareholders vote in favour of passing the resolution to approve the Share Scheme at the Share Scheme Meeting.

To pass the resolution approving the Share Scheme, votes in favour of the Share Scheme must be cast by:

- more than 50% in number of Westgold Shareholders (other than Metals X) present and voting (whether in person, by proxy, by attorney or, in the case of a corporation, by corporate representative); and
- at least 75% of the total number of votes cast on the Share Scheme Resolution by Westgold Shareholders (other than Metals X).

Voting at the Share Scheme Meeting will be by poll rather than by show of hands.

The Notice of Share Scheme Meeting is set out in Annexure G.

For the Option Scheme to be implemented, it is necessary that the Requisite Majority of Westgold Optionholders vote in favour of passing the resolution to approve the Option Scheme at the Option Scheme Meeting.

To pass the resolution approving the Option Scheme, votes in favour of the Option Scheme must be cast by:

- more than 50% in number of Westgold Optionholders present and voting (whether in person, by proxy, by attorney or, in the case of a corporation, by corporate representative); and
- Westgold Optionholders whose debts or claims amount in aggregate to at least 75% of the total amount of debts or claims of Westgold Optionholders present and voting at the Option Scheme Meeting on the Option Scheme Resolution.

The amount of the “debt or claim” for the purpose of determining whether the Requisite Majority has been satisfied at the Option Scheme Meeting will be the total amount of the Option Scheme Consideration payable to the Westgold Optionholder for the cancellation of the Westgold Options held by that Westgold Optionholder if the Option Scheme were to be implemented, to be calculated using the Black Scholes valuation approach (see Section 12.4 for further details).

Voting at the Option Scheme Meeting will be by poll rather than by show of hands.

The Notice of Option Scheme Meeting is set out in Annexure H.

Entitlement to vote

If you are registered as a Westgold Shareholder (other than Metals X) on the Westgold Share Register as at 5.00pm on **Monday, 1 October 2012** you will be entitled to attend the Share Scheme Meeting and vote on the resolution to approve the Share Scheme. Registrable transfers or transmission applications received after this time will be disregarded in determining entitlements to vote at the Share Scheme Meeting.

If you are registered as a Westgold Optionholder on the Westgold Option Register as at 5.00pm on **Monday, 1 October 2012** you will be entitled to attend the Option Scheme Meeting and vote on the resolution to approve the Option Scheme. Registrable transfers or transmission applications received after this time will be disregarded in determining entitlements to vote at the Option Scheme Meeting.

Metals X is excluded from voting on the Share Scheme by reason of its existing shareholding interest in Westgold and the fact that it is the proponent of the Schemes. Metals X holds no Westgold Options. As at the date of this Scheme Booklet, Metals X and its Associates have a Relevant Interest in 26.98% of Westgold Shares.

How to vote

Westgold Securityholders (other than Metals X) may vote at the Scheme Meetings either in person, or by proxy, attorney or, in the case of a corporation, by corporate representative.

Means	Voting instructions
In Person	If you wish to vote in person, you may attend the relevant Scheme Meeting commencing on Wednesday, 3 October 2012 at Traders Lounge, Hyatt Regency Perth, 99 Adelaide Terrace, Perth, Western Australia. All persons entitled to vote must register their attendance by disclosing their name at the point of entry to the relevant Scheme Meeting.
By Proxy	You may vote by proxy by completing and returning the personalised proxy form that is provided with this Scheme Booklet. The completed and duly executed proxy form for the Share Scheme Meeting (and if the proxy form is executed by an attorney, a certified copy of the power of attorney) must be received by Computershare (Westgold's share registry) by no later than 10.00am on Monday, 1 October 2012. Completed proxy forms for the Option Scheme Meeting must be received by Computershare (Westgold's option registry) by no later than 10.30am on Monday, 1 October 2012. A completed proxy form must be returned to Computershare by posting it in the reply paid envelope provided (for use in Australia) or by delivering or faxing your proxy form to the address or fax number set out on page 14 of this Scheme Booklet. Westgold Securityholders who have returned a proxy form may still attend the relevant Scheme Meeting in person and revoke the proxy and vote at the Scheme Meeting. A proxy need not be a Westgold Securityholder. A proxy may be an individual or a representative of a body corporate. If you are entitled to cast two or more votes, you may appoint two proxies. You may specify the proportion or the number of votes that each proxy is appointed to exercise. If numbers or proportions of votes are not specified, each proxy may exercise half of the votes you are entitled to cast. Fractions of votes will be disregarded.
By Power of Attorney	Your vote may be cast by a duly authorised attorney. An attorney need not be a Westgold Securityholder. Westgold Securityholders intending to vote by providing a power of attorney must provide a certified copy of the power of attorney to Computershare: • for voting at the Share Scheme Meeting, by no later than 10.00am on Monday, 1 October 2012; and • for voting at the Option Scheme Meeting, by no later than 10.30am on Monday, 1 October 2012. The power of attorney must be delivered by posting it in the reply paid envelope provided (for use in Australia) or by faxing it to the address or fax number provided on page 14. Alternatively, the attorney may bring a certified copy of the power of attorney to the relevant Scheme Meeting.
By Corporate Representative	A Westgold Securityholder that is a body corporate may appoint an individual to act as its representative at the relevant Scheme Meeting. To vote by corporate representative at a Scheme Meeting, a corporate Westgold Securityholder should obtain an "Appointment of Corporate Representative" form from Computershare and complete that form in accordance with its instructions. Corporate representative appointment forms should be provided to Computershare by no later than 10.00am on Monday, 1 October 2012, or alternatively brought to the relevant Scheme Meeting.

Small Shareholder Election Forms

Small Shareholders (being Share Scheme Participants who hold 2,674 Westgold Shares or less as at 5.00pm on the Record Date) may elect to receive Cash Proceeds from the sale of their attributable New Metals X Shares instead of being issued with New Metals X Shares as their Scheme Consideration.

Small Shareholders who wish to receive Cash Proceeds as their Share Scheme Consideration instead of the New Metals X Shares must complete the pink Election Form accompanying this Scheme Booklet (or sent to a Small Shareholder upon request to Computershare). The New Metals X Shares that would otherwise be issued to Electing Small Shareholders will be issued to the Sale Agent, who will sell those New Metals X Shares on ASX and remit the Cash Proceeds to Electing Small Shareholders in cash. Further details are set out in Section 5.10.

An Election Form will only be valid if it is completed in accordance with the instructions on the Election Form and returned so that it is received by Computershare by 5.00 pm on the Record Date.

If a valid Election Form is not received by Computershare by 5.00pm on the Record Date, which is expected to be Friday, 12 October 2012, Small Shareholders will receive New Metals X Shares as their Share Scheme Consideration if the Share Scheme becomes Effective.

Small Shareholders who wish to be issued New Metals X Shares as their Share Scheme Consideration should not complete the Election Form.

Address for return of voting forms and Small Shareholder Election Forms

Westgold Securityholders should mail or fax their proxy forms, power of attorney forms and (where applicable) Small Shareholder Election Forms to Computershare (Westgold's share and option registry) at the following address or fax number:

Computershare Investor Services Pty Limited
GPO Box 242
MELBOURNE VIC 3001
AUSTRALIA
Fax: 1800 783 447 (within Australia)
+613 9473 2555 (outside Australia)

Proxy forms and power of attorney forms must be received by **10.00am (for the Share Scheme Meeting) or 10.30am (for the Option Scheme Meeting)** on **Monday, 1 October 2012**.

Small Shareholder Election Forms (where applicable) must be received **by 5.00pm** on the **Record Date**, which is expected to be **Friday, 12 October 2012**.

Questions – Westgold Securityholder Information Line

Westgold Securityholders with any questions in relation to the Schemes, should call the Westgold Securityholder Information Line on 1300 668 535 (and +61 2 8022 7902 for overseas callers) between 9.00am and 5.00pm (AEST), Monday to Friday, or consult their legal, financial or other professional adviser.

1. Key reasons to vote in favour of the Schemes

This Section summarises the key reasons why the Independent Westgold Directors recommend that Westgold Securityholders (other than Metals X) vote in favour of the Schemes.

The Metals X Nominee Directors have chosen not to make a recommendation to Westgold Securityholders in respect of the Schemes, due to the potential or perceived conflict of interest that arises as a result of their positions as nominee directors of Metals X on the Westgold Board.

This Section should be read in conjunction with Sections 2, 3 and 10, which describe the disadvantages and risks associated with the Schemes; implications if the Schemes do not proceed; and risk factors associated with an investment in New Metals X Shares and New Metals X Options.

1.1 **The Merged Group provides a strong balance sheet and increased Board and technical capability to cornerstone the development of the Central Murchison Gold Project and the Rover 1 Copper-Gold Project**

The Merger provides Westgold with balance sheet support for the development of its CMG Project and Rover 1 Project at a time when equity market conditions are challenging and where similar companies have raised funds at discounts of up to 30% to their current share price.

The merged structure provides an opportunity to develop both of these assets in parallel and realise greater aggregated value earlier; and will also afford greater development flexibility allowing potential operational risks to be further minimised.

The integration of the boards and management teams of Westgold and Metals X will allow for effective allocation of resources to the Merged Group's assets at both the operating and development levels. This increase in depth will allow for an increased focus on ongoing improvements to the operating assets and to expedite the existing development of the CMG Project and Rover 1 Project (subject to the approval of the Rover 1 decline).

The Independent Westgold Directors decided to negotiate the MIA with Metals X before the definitive feasibility study (DFS) for the CMG Project has been completed because they consider that the market has already factored in the likely outcome of the DFS and the debt and equity funding required for the development of the CMG Project.

The Independent Westgold Directors have considered the broader market dynamics and macro economic situation, which has seen the tightening of capital markets, as evidenced by significant reductions in the share prices of gold production companies and even more so by emerging gold producers.

At the time of negotiating the MIA with Metals X, the Independent Westgold Directors considered that access to capital was becoming very constrained and the appetite for significant investment in brownfields assets requiring large up front capital was limited. This decline in the market for funding emerging gold producers has become even more evident since the announcement of the proposed Merger on 14 May 2012.

The Independent Westgold Directors considered that:

- by waiting until the DFS is completed, and
- with the requirement to raise significant additional funds for ongoing development of its assets, of which it is fast approaching amid a difficult market,

the best interests of the shareholders of Westgold would be at risk if the Merger with Metals X did not proceed.

1.2 **Westgold Shareholders would become shareholders in a producing mining company upon Merger**

The Merger will provide Westgold Shareholders with an interest in an expanded and diversified mining company which has a producing asset via Metals X's 50% interest in the Renison Tin Project. Currently Metals X is the largest tin producer in Australia, producing approximately 2% of the global tin supply from its Renison mine and processing plant in Tasmania. Westgold Shareholders would have an interest in the profits generated by the Renison tin mine, with cash flows from Renison providing the opportunity to partially fund further development of Westgold's CMG Project and Rover 1 Project or the exploration and development of other assets. The Independent Expert has assessed the preferred value of the Merged Group at \$635 million, which is a substantial asset base.

1.3 The Merged Group would have increased market relevance, with a pro forma net asset value of approximately A\$277 million⁴ including cash, working capital and listed investments of approximately A\$95 million, thereby eliminating the need for Westgold to undertake substantial, possibly heavily discounted and dilutive capital raisings in currently weak capital markets which could cause share price attrition. Without the Share Scheme, Westgold will require such a capital raising in the near future, and Westgold will also require a significant equity funding before it can consider its current debt funding proposal for the CMG Project.

The increase in net assets, together with the improved business profile and growth opportunities, should increase Metals X's market relevance amongst both investors and the analyst community, and be well in excess of that which Westgold has achieved to date on a standalone basis.

Westgold Shareholders should benefit from the enhanced liquidity in the trading of Metals X Shares compared to Westgold Shares. The Merger also addresses the persistent issue overhanging the market for Westgold Shares relating to Metals X's 27% shareholding in Westgold.

In addition, Westgold Securityholders may benefit from the potential re-rating of Westgold's assets in the Merged Group by the market on the basis that perceived funding risks are likely to be significantly reduced for the Merged Group as opposed to a standalone Westgold.

The integration of Westgold's assets with Metals X's portfolio of assets brings the benefit of a cash producing asset with Metals X's 50% interest in the Renison Tin Project. This cash flow can contribute to funding of ongoing development of the Merged Group's assets, which, when combined with current cash reserves and liquid and listed investments, underpins a strong pro forma balance sheet.

Westgold had cash reserves of \$3.68 million at 30 June 2012, as well as performance bonds of \$3.4 million, which are insufficient for it to continue its activities for any significant future period without additional capital raisings. Recent capital raisings by exploration and development companies listed on ASX have generally been heavily discounted and dilutive to shareholders.

Further, to become a gold producer by development of its CMG Project, Westgold would be required to complete an equity raising of at least \$40 million before it could draw down on its current debt funding proposal of \$80 million from Credit Suisse. This could have a major dilutive impact on Westgold Shareholders and in the current market may be very difficult to achieve.

If the Merger is successful, the Merged Group will have immediate access to Metals X's cash, which will enable Westgold Shareholders to share in the value created by the transition to mining at the CMG Project and Rover 1 Project without the risk of significant dilution. The Merger will better protect Westgold Shareholders against share price attrition caused by the need to raise additional capital in weak share markets.

The stronger balance sheet may also facilitate regional strategic consolidation opportunities not currently available to Westgold.

1.4 The Merged Group's stronger balance sheet should also enhance the ability to negotiate more favourable debt funding, and may also facilitate regional strategic consolidation opportunities not currently available to Westgold

The stronger balance sheet of the Merged Group will provide improved capacity for debt funding as compared to Westgold on its own. Furthermore, the Merged Group may be able to gain a better outcome for the CMG Project by renegotiating more favourable terms in respect to the existing debt terms contained in the non-binding funding proposal of \$80 million from Credit Suisse (refer to Section 6.3(b) for further details regarding this proposal).

The stronger balance sheet may also facilitate regional strategic consolidation opportunities not currently available to Westgold by reason of its relatively small market capitalisation and limited cash reserves.

1.5 The growth portfolio of the Merged Group would be enhanced and diversified with the Wingellina Nickel Project, Renison Tin Project and the Rentails Project

The Renison tin mine in Western Tasmania (50% Metals X) is Australia's only tin mine, producing in the order of 2% of annualised global supply. At the current process plant capacity, the operation has sufficient Ore Reserves and Mineral Resources to extend the life of the project beyond the current five years. With its established infrastructure the mine is well placed to capitalise on upward movements in the tin price in response to the supply side shortfalls in the foreseeable future and the expected prices which will be necessary to bring the next wave of production assets on line.

The Renison Tin Expansion Project (**Rentails Project**) is the subject of a definitive feasibility study completed in 2009 which considers the re-treatment of approximately 19Mt of historic tailings containing tin and copper, using a similar flow sheet to the current Renison Plant, integrating modern gravity recovery, which is already in use. The project is expected to generate 5,000 tonnes of tin in concentrate per annum and 2,000 tonnes of copper matte per annum.

The Wingellina Nickel Project is a world class limonite nickel project similar to those of the Moa Bay in Cuba, which has been operating successfully for over 50 years, and the Ambatovy project in Madagascar, which is currently in development. The Mineral Resource at Wingellina totals 183Mt @ 1% Ni of which 167Mt (92%) comprises a Probable Ore Reserve. This Ore Reserve supports an initial 40 year mine life, based on an annual production of 40,000 tonnes of nickel and 3,000 tonnes of cobalt.

The Wingellina Nickel Project, Renison Tin Project and the Rentails Project would provide an enhanced and diversified growth portfolio when combined with Westgold's projects, being the CMG Project, Rover 1 Project and other Rover mineral field projects. Whilst Westgold does not currently have the necessary funding in place to develop these projects, the stronger balance sheet of the Merged Group will improve the prospects of raising the required funding to develop these projects.

At the CMG Project, Westgold is proposing, subject to equity raisings and the completion of debt funding, to build near-term gold production from an integrated open pit and underground mining operation at this brown fields project. Westgold's strategy is to expand from an initial 50-60,000 ounces per annum from tailings and open pit ores to a steady state production of 120,000 ounces per annum gold production. The development plan has an initial 8 year mine life based on a Probable Ore Reserve of 855,000 oz Au. The total Mineral Resource is 2.7Moz and Westgold believes that, with further exploration expenditure, there is significant potential to increase this resource.

The Rover 1 Project is advancing towards approvals whereby, subject to funding, Westgold can commence an exploration decline access to the top of the Rover 1 orebody. From this decline, Westgold intends to undertake further exploration drilling and expenditure to enable Mineral Resources to be estimated with a level of confidence sufficient to enable a mining and development decision to be made. To date, Westgold has defined an orebody with a total Mineral Resource 1.22Moz Gold Equivalent.

The overall Rover mineral field is postulated to be an undercover analogue of the Tennant Creek field which has produced in excess of 5.5Moz of gold and 0.5Mt of copper. In addition to the Rover 1 orebody, Westgold has identified a significant, but relatively low grade lead-zinc-copper-silver deposit at Explorer 108 and another large IOCG system at Explorer 142 with high grade copper results and associated gold, bismuth and cobalt mineralisation. Westgold is continuing to evaluate its 1,172km² tenement holding in this highly prospective virgin mineral province where multiple drill-ready, look-alike targets have been identified. However, a lack of available funds is currently constraining the capacity of Westgold to further exploration on these targets.

For further details regarding Westgold's and Metals X's projects, please refer to Sections 6 and 7.

1.6 If the Share Scheme does not proceed, Metals X will remain a 27% shareholder in Westgold, which will have implications in respect of Westgold's ability to attract future proposals superior to the Share Scheme, and may also create a market overhang should Metals X reconsider its shareholding in Westgold

Metals X has been a very strong supporter Westgold for over 5 years. As a 27% shareholder, it is likely that any company wishing to propose an alternate transaction will need to deal with Metals X as Westgold's largest single shareholder. Metals X has previously been a strong supporter of Westgold's capital raisings. If the Share Scheme does not proceed, thereby frustrating Metals X's proposal to create a larger diversified group with multiple assets, there is a risk that Metals X may consider selling its Westgold Shares at some point in the future, creating a real or perceived overhang in the market for Westgold Shares. This potential overhang could have a detrimental effect on the value of Westgold Shares.

1.7 The implied value of the Share Scheme Consideration (being 11 New Metals X Shares for every 10 Westgold Shares as at the Record Date) is at a material premium to prevailing market prices for Westgold Shares as at the Announcement Date

Based on the closing price of Metals X Shares on 9 May 2012, the last full day of trading prior to the Announcement Date, the implied value of the Share Scheme Consideration was \$0.22 per Westgold Share, representing a premium of 33.3% to the closing price of Westgold Shares on 9 May 2012. Based upon the respective Westgold and Metals X VWAP in the period leading up to the Announcement Date the implied value of the Share Scheme Consideration represents:

- a premium of 34.6%, based on the 1-month VWAP; and
- a premium of 28.2% based on the 6-month VWAP.

The above range of implied premium of the Share Scheme Consideration of 28.2% - 34.6% is within the range of implied control premium being received by Westgold Shareholders of 25% - 35% as described in the Independent Expert's Report.

1.8 The Independent Expert has concluded that the Schemes are in the best interests of Westgold Securityholders⁵

BDO Corporate Finance, as Independent Expert, has considered the terms of the Share Scheme and has concluded that the Share Scheme is fair and reasonable and in the best interests of Westgold Shareholders.

The Share Scheme is considered fair because the Independent Expert's preferred value of the Share Scheme Consideration (being 11 New Metals X Shares for every 10 Westgold Shares as at the Record Date) exceeds by 22% the Independent Expert's preferred value of 10 Westgold Shares prior to implementation of the Share Scheme, after reducing the valuation of the Merged Group by a discount for minority interest of between 20% and 26% (which is equivalent to Westgold Shareholders receiving a premium for control from Metals X of 25% to 35%). When the Independent Expert's preferred value comparison is made on a 'like for like' basis (i.e. by similarly applying a discount for minority interest of between 20% and 26% to the value of Westgold Shares), the premium for control is 57%.

The Share Scheme is considered reasonable by the Independent Expert because the position of Westgold Shareholders if the Share Scheme is approved is more advantageous than the position if the Share Scheme is not approved.

BDO Corporate Finance, as Independent Expert, has considered the terms of the Option Scheme and has concluded that the Option Scheme is not fair but reasonable and is in the best interests of Westgold Optionholders.

The Option Scheme is considered not fair because the value of 11 New Metals X Options is less than the value of 10 Westgold Scheme Options across all tranches. However, the Independent Expert considers the Option Scheme to be reasonable and in the best interests of Westgold Optionholders because the position of Westgold Optionholders if the Option Scheme is approved is more advantageous than the position if the Option Scheme is not approved.

The Independent Expert's Report is set out in Annexure A to this Scheme Booklet. The Independent Westgold Directors recommend that Westgold Securityholders read the Independent Expert's Report in full.

1.9 The Independent Westgold Directors unanimously recommend that Westgold Securityholders vote in favour of the Schemes in the absence of a Superior Proposal

Before agreeing to implement the Schemes in accordance with the Merger Implementation Agreement between Metals X and Westgold, the Independent Westgold Directors considered:

- the challenges facing the continued operation of Westgold as a standalone entity;
- the ongoing review of possible corporate options to assist in the development funding of the CMG Project; and
- the potential for alternative Superior Proposals to arise after the announcement of the Merger between Westgold and Metals X.

The Independent Westgold Directors consider that the reasons to vote in favour of the Schemes outweigh the potential disadvantages and reasons to vote against the Schemes. Therefore, the Independent Westgold Directors unanimously recommend that, in the absence of a Superior Proposal, Westgold Securityholders (other than Metals X) vote in favour of the Schemes.

The decision of the Independent Westgold Directors to recommend the Merger follows an extensive assessment of strategic options for the Company over the past six months in regards to various corporate, asset and financial options available to Westgold to enhance value for Westgold Shareholders. The Independent Westgold Directors consider that the Share Scheme will deliver greater benefits to Westgold Shareholders than any other alternative currently available, including Westgold continuing as a standalone entity.

Now that the Independent Expert has concluded that the Schemes are in the best interests of Westgold Securityholders, each Independent Westgold Director intends, in the absence of a Superior Proposal, to vote to approve the Schemes in respect of any Westgold Shares and/or Westgold Options they own or control.

The Metals X Nominee Directors have chosen not to make a recommendation to Westgold Securityholders in respect of the Schemes, due to their potential or perceived conflict of interest that arises as a result of their positions as nominee directors of Metals X on the Westgold Board.

Since the announcement of the Merger on 14 May 2012, and as at the date of this Scheme Booklet, no approaches have been made to Westgold to either discuss or make a Superior Proposal. It is possible that a Superior Proposal could be received in the future, although this is considered unlikely by the Independent Westgold Directors.

1.10 No Superior Proposal has emerged despite Westgold exploring various alternatives to the Merger both before and after the Announcement Date

The primary objective of Westgold over the last 12 months has been to advance the main assets of Westgold by way of a focussed resource development effort at the CMG Project. This has resulted in an increase in the JORC Code compliant resources at the CMG Project by 29% to 2.7Moz Au and an increase in its Probable Reserves by 39%, from 624Koz Au to 855Koz Au. Westgold has initiated and significantly advanced the DFS notwithstanding the fact the majority of the key independent consultants for the DFS were only retained within the last 12 months.

At the Rover Project, the focus has remained on regional exploration testing of a number of new targets, an update of the JORC Code resource at the Rover 1 Project, which was completed in July 2011, and preparation of the mining management plan to gain regulatory approvals and the approval of the traditional owners for the proposed Rover 1 Project exploration decline.

In deciding to recommend the Merger, the Independent Westgold Directors were cognisant of other potential alternatives to the Merger which remain open for Westgold to consider if the Merger does not proceed. However, in exploring alternatives, no actual offers or Superior Proposals have emerged. It therefore remains the view of the Independent Westgold Directors that it is unlikely that a Superior Proposal will transpire. However, any offer capable of acceptance will be considered and put to Westgold Shareholders should it emerge.

A local and international marketing program to explore options for funding the projects in lieu of potentially dilutive equity raisings was conducted. This included a review of alternate financing solutions beyond the non-binding debt facility proposal of Credit Suisse, informal discussions with various parties concerning the sale of project assets and the sale of non-core assets within Westgold's project portfolio.

Discussions with selectively targeted groups identified by Westgold's own strategic review have been undertaken as part of the process of evaluating alternative proposals for the development of Westgold's main assets, including alternative paths to production and means to reduce capital requirements. Some of these discussions have led to confidentiality agreements being signed with third parties and data being made available. These processes remain on foot and the third parties involved are fully aware that any offers capable of acceptance by Westgold will be considered by the Independent Westgold Directors.

As noted above, Westgold is not precluded from receiving any proposal from a third party by reason of the Merger; however, no Superior Proposal has been forthcoming since the proposed Merger was announced on 14 May 2012.

It is the view of the Independent Westgold Directors that Westgold's major assets, the CMG and Rover 1 Projects, present a significant challenge to attracting investors at this time by reason of their current stage of development and current market conditions. In short, it is apparent to the Independent Westgold Directors that potential investors are presently reluctant to invest in mining projects which require significant funding to bring them into production.

2. Potential disadvantages and risks associated with the Schemes

This Section summarises the potential disadvantages and risks to Westgold Securityholders if the Schemes become Effective and the Merger occurs.

The Independent Westgold Directors consider that these disadvantages and risks are out-weighted by the advantages of the Schemes (as set out in Section 1), and that the Schemes are in the best interests of Westgold Securityholders (other than Metals X).

Further details of the following potential disadvantages and risks, and other potential risks, are set out in Section 10.

2.1 You may consider that there is the potential for a Superior Proposal to be made to Westgold in the foreseeable future

You may believe that there is a possibility that a Superior Proposal could emerge in the foreseeable future. However, since the Announcement Date on 14 May 2012 and up to the date of this Scheme Booklet, no Alternative Proposal has been received.

2.2 You may not agree with the recommendation of the Schemes by the Independent Westgold Directors and the Independent Expert that the Schemes are in the best interests of Westgold Securityholders

You may disagree with the recommendation of your Independent Westgold Directors and the conclusions of the Independent Expert, who have both concluded that the Schemes are in the best interests of Westgold Shareholders and Westgold Optionholders, in the absence of a Superior Proposal.

2.3 The Share Scheme Consideration is a fixed ratio of Metals X Shares to Westgold Shares and therefore there is a risk that the effective value you receive under the Share Scheme moves adversely from the market value on the date of the Share Scheme Meeting

The Share Scheme Consideration is fixed at a ratio of 11 New Metals X Shares for every 10 Westgold Shares. This exposes Westgold Shareholders to the risk that the effective value they receive for their Westgold Shares may move adversely from the market value of the Share Scheme Consideration on the date of the Share Scheme Meeting. Alternatively, if there is an increase in the relative price of Metals X Shares then the effective value they receive for their Westgold Shares may move favourably from the market value of the Share Scheme Consideration on the date of the Share Scheme Meeting.

2.4 The tax consequences of the Schemes may not suit your current financial position

If the Schemes are implemented, you may incur tax on the transfer of your Westgold Shares or cancellation of your Westgold Scheme Options. Please refer to Section 11 for further information on tax implications.

All Westgold Securityholders are advised to seek independent professional advice about their particular circumstances including, for non-resident Westgold Securityholders, the foreign tax consequences.

2.5 The risk profile of the Merged Group will change which you may consider to be disadvantageous to you relative to the risk profile of the current Westgold business

The risk profile and risk of investment for Westgold Securityholders will change and you may consider the risk profile and risk of investment of the Merged Group to be a disadvantage relative to that of Westgold as a standalone entity.

2.6 Your percentage interest in the Merged Group will be reduced relative to your current interest in Westgold and therefore returns generated by the current Westgold project portfolio in the Merged Group will be shared with current Metals X Shareholders

Although the Merger is expected to provide additional value through the combination of the two businesses, given the proportional shareholding of Westgold Shareholders in the Merged Group (approximately 20.29%), a large portion of this value will flow to current Metals X Shareholders. However, while a larger share of the benefits will flow to Metals X's existing shareholders, in the absence of the Merger, no value from synergies will arise for Westgold Shareholders.

2.7 There is a risk that some of the proposed benefits of the Merger are lost through difficulties, or increased costs associated with, integrating the two businesses

As with any transaction of this nature, there are both synergistic and integration risks associated with the Merger. Both Westgold and Metals X have their own culture, management styles and systems and a number of employees. The risk exists that integration of the two companies may take longer than expected or that the extraction of operational synergies does not occur or may incur additional costs, which would adversely impact the Merged Group's expected financial performance.

2.8 Risk of future dilution to existing Westgold Shareholders as a result of funding Metals X's Wingellina Nickel Project

The Independent Westgold Directors recognise that the Wingellina Nickel Project requires approximately A\$2.5 billion of capital to develop, which may represent a risk of future dilution to existing Westgold Shareholders if the Merger proceeds.

However, the Independent Westgold Directors have formed the view that such a risk is offset by the existing long term and quality nature of the project, supported by the presence of APAC Resources Limited and Jinchuan Group Limited (China's largest nickel producer) on the Metals X share register.

The Independent Westgold Directors consider that the most likely outcome would see Westgold Shareholders free carried to production in a large scale, long life asset.

The views of the Independent Westgold Directors are supported by the view of Behre Dolbear in the Independent Valuation Report that the capital requirement for project development is significant, and that it is likely that Metals X will need to bring in a major partner to assist with development and raising finance. However, given the long life and overall quality of the project, Behre Dolbear anticipates that this will be achievable.

Further information about funding for the Wingellina Nickel Project is in Sections 7.3 and 10.2.

3. Implications if the Schemes are not implemented

This Section outlines potential implications for Westgold and Westgold Securityholders if the Schemes are not implemented.

3.1 Possible sell down by Metals X

If the Scheme is not implemented then Metals X may elect to sell down their shareholding in Westgold. As at the date of this Scheme Booklet, Metals X held 112,539,730 Westgold Shares (26.98% of the Westgold Shares on issue). Should Metals X elect to sell down some or all of this significant interest in Westgold then the Westgold Share price may fall.

3.2 You will not receive the Scheme Consideration

Each Westgold Securityholder will retain their Westgold Securities and will not receive any New Metals X Shares and/or New Metals X Options.

3.3 Future capital requirements to fund development of Westgold's projects

If the Share Scheme is not implemented then in order for Westgold to develop its project portfolio it will need to raise additional funds, which would necessarily include an equity issue. Without the benefit of the substantial cash reserves of Metals X, Westgold may have difficulty raising the required funds in the current difficult market conditions. Even if the requisite equity capital could be raised, in the current market there is a likelihood that such a raising would need to be done at a discount to the Westgold market price which would be dilutive to current Westgold Shareholders.

3.4 Westgold will remain listed on ASX and continue to operate as a standalone entity

If the Share Scheme is not implemented, Westgold will remain listed on ASX and will continue to run its business in the same manner in which it is currently operating. Westgold Securityholders will therefore continue to be exposed to the risks and benefits of owning Westgold Securities, including many of the risks set out in Section 10.

3.5 Westgold Share price may fall

The Independent Westgold Directors expect that if the Share Scheme is not implemented the Westgold Share price would be likely to trade below its recent trading price, although it is not possible to predict the Westgold Share price movement with any degree of certainty.

3.6 Transaction costs will be incurred

If the Schemes are not implemented, Westgold's transaction costs of approximately \$550,000 will be borne by Westgold.

3.7 Implications specific to Option Scheme

If the Share Scheme is approved and implemented, but the Option Scheme is not approved, Metals X will acquire all of the Westgold Shares but Westgold Optionholders will continue to hold their Westgold Scheme Options. However, in those circumstances, Westgold would be de-listed from ASX, meaning there is unlikely to be an active market for any Westgold Shares issued to Westgold Optionholders on the exercise of their Westgold Scheme Options. Further, Metals X may have a right to compulsorily acquire the Westgold Scheme Options after the Share Scheme is implemented. Please refer to Section 12.13 for further information.

3.8 Uncertainty regarding the proposed Merger may lead to the loss of key personnel

The proposed Merger may introduce additional uncertainties that may lead to the loss of key staff. This will affect Westgold operations, even if the Schemes do not proceed.

As announced on 2 July 2012, Mr Andrew Beckwith has stepped down from his position as an executive director of the Company but will remain a non-executive director until completion of the Merger at which time he will resign as a director. Mr Andrew Chapman will also step down from his position as company secretary and chief financial officer of the Company following completion of the Merger. Please see Sections 14.9 and 14.10 for further details.

The Westgold Directors and the Metals X Directors are not aware of any key employee, other than Mr Beckwith and Mr Chapman, who may wish to terminate their contractual relations with Westgold at this time.

4. Frequently asked questions

This Section provides summary answers to some basic questions that Westgold Securityholders may have in relation to the Schemes. This Section should be read in conjunction with the whole Scheme Booklet.

What is the Share Scheme?	A scheme of arrangement is a statutory procedure that is commonly used to enable one company to acquire or merge with another. The Share Scheme is a scheme of arrangement under the Corporations Act, pursuant to which Westgold is asking Westgold Shareholders (other than Metals X) to consider and vote on a proposal that Metals X will acquire all the Westgold Shares held by Westgold Shareholders (other than Metals X) as at the Record Date (5.00pm on Friday, 12 October 2012). <i>Refer to Section 5.1 for further information.</i>
What is the Option Scheme?	The Option Scheme is a separate scheme of arrangement pursuant to which Westgold is asking Westgold Optionholders to consider and vote on a proposal under which all Westgold Scheme Options held by Westgold Optionholders as at the Record Date (5.00pm on Friday, 12 October 2012) will be cancelled for the Option Scheme Consideration. The Option Scheme is conditional on the Share Scheme becoming Effective. <i>Refer to Section 5.1 for further information.</i>
What is the effect of the Schemes?	If the Schemes become Effective: • all Westgold Shares as at 5.00pm on the Record Date will be transferred to Metals X; • Westgold will become a wholly-owned subsidiary of Metals X and will be delisted from ASX; • all Share Scheme Participants (other than Ineligible Foreign Shareholders and Electing Small Shareholders) as at 5.00pm on the Record Date will receive the Share Scheme Consideration irrespective of whether they voted for or against the Share Scheme; • Ineligible Foreign Shareholders and Electing Small Shareholders will receive Cash Proceeds instead of New Metals X Shares as their Share Scheme Consideration irrespective of whether they voted for or against the Scheme; • all Westgold Scheme Options as at 5.00pm on the Record Date will be cancelled; and • all Option Scheme Participants as at 5.00pm on the Record Date will receive the Option Scheme Consideration irrespective of whether they voted for or against the Option Scheme. <i>Refer to Sections 5.9 and 5.10 for further information.</i>
What does the Independent Expert say about the Schemes?	The Independent Expert has concluded that the Share Scheme is in the best interests of Westgold Shareholders because the Share Scheme is fair and reasonable. The Independent Expert has concluded that the Option Scheme is not fair but reasonable and is in the best interests of Westgold Optionholders. The Independent Expert's Report is included in Annexure A to this Scheme Booklet and you are encouraged to read it.
What do the Independent Westgold Directors recommend?	The Independent Westgold Directors unanimously recommend that, in the absence of a Superior Proposal, Westgold Securityholders (other than Metals X) vote in favour of the Schemes. Each Independent Westgold Director who holds or controls Westgold Securities intends to vote in favour of the Schemes, in the absence of a Superior Proposal. The Metals X Nominee Directors have chosen not to make a recommendation to Westgold Securityholders in respect of the Schemes, due to their potential or perceived conflict of interest which arises as a result of their positions as nominee directors of Metals X on the Westgold Board. <i>Refer to Sections 1 and 3 for further information on the reasons for the Independent Westgold Directors' recommendation.</i>

Who is entitled to participate in the Share Scheme?	Westgold Shareholders (other than Metals X) on the Westgold Share Register as at 5.00pm on the Record Date are entitled to participate in the Share Scheme. If the Share Scheme is approved and implemented, Share Scheme Participants (other than Ineligible Foreign Shareholders and Electing Small Shareholders) will receive New Metals X Shares as their Share Scheme Consideration. Small Shareholders may elect to receive Cash Proceeds as their Share Scheme Consideration instead of New Metals X Shares (Electing Small Shareholders) if they submit a valid Small Shareholder Election Form to Computershare by 5.00pm on the Record Date, which is expected to be Friday, 12 October 2012. <i>Refer to Section 5.10 for further information on Small Shareholders.</i> <i>Refer to the Section at the beginning of this Scheme Booklet entitled "Meeting details and how to vote" for further information on how to submit a valid Small Shareholder Election Form.</i> Ineligible Foreign Shareholders and Electing Small Shareholders will not receive New Metals X Shares, but will instead receive Cash Proceeds as their Share Scheme Consideration after their proportional share of brokerage and other costs are deducted from the Cash Proceeds. Metals X is excluded from voting on the Share Scheme by reason of its existing shareholding interest in Westgold and the fact that it is the proponent of the Schemes. As at the date of this Scheme Booklet, Metals X and its Associates have a Relevant Interest in 26.98% of Westgold Shares. <i>Refer to Sections 5.9 and 5.10 for further information.</i>
Who is entitled to participate in the Option Scheme?	Westgold Optionholders on the Westgold Option Register as at 5.00pm on the Record Date are entitled to participate in the Option Scheme. If the Option Scheme is approved and implemented, Option Scheme Participants will receive New Metals X Options as their Option Scheme Consideration.
What happens if the Share Scheme is approved but the Option Scheme is not approved and I still hold Westgold Scheme Options?	If the Share Scheme is approved and implemented, but the Option Scheme is not approved, Metals X will acquire all of the Westgold Shares but Westgold Optionholders will continue to hold their Westgold Scheme Options. However, in those circumstances, Westgold would be de-listed from ASX, meaning there is unlikely to be an active market for any Westgold Shares issued to Westgold Optionholders on the exercise of their Westgold Scheme Options. Further, Metals X may have a right to compulsorily acquire the Westgold Scheme Options after the Share Scheme is implemented. Please refer to Section 12.13 for further information.
When and where will the Scheme Meetings be held?	The Share Scheme Meeting will be held at 10.00am, and the Option Scheme Meeting will be held at the later of 10.30am and the conclusion of the Share Scheme Meeting, on Wednesday, 3 October 2012 at Traders Lounge, Hyatt Regency Perth, 99 Adelaide Terrace, Perth, Western Australia.
Who is entitled to vote on the Share Scheme?	Westgold Shareholders (other than Metals X) who are recorded as members on the Westgold Share Register as at 5.00pm on Monday, 1 October 2012, are entitled to vote at the Share Scheme Meeting.
Who is entitled to vote on the Option Scheme?	Westgold Optionholders who are recorded as holders of Westgold Scheme Options on the Westgold Option Register as at 5.00pm on Monday, 1 October 2012, are entitled to vote at the Option Scheme Meeting.
Is voting compulsory?	Voting is not compulsory. However, your vote is important in deciding whether the Schemes are approved. Westgold Securityholders (other than Metals X) are strongly encouraged to vote. Westgold Securityholders (other than Metals X) who cannot attend the relevant Scheme Meeting may complete and return the personalised proxy form (enclosed with this Scheme Booklet) or alternatively appoint a representative with a power of attorney.

What voting majority is required to approve the Schemes?	For the Share Scheme to be approved by Westgold Shareholders, votes in favour of the Share Scheme must be received from: • a majority in number (more than 50%) of Westgold Shareholders (other than Metals X) present and voting at the Share Scheme Meeting (in person, by proxy, by attorney or, in the case of corporate Westgold Shareholders, by corporate representative); and • Westgold Shareholders (other than Metals X) who together hold at least 75% of the total number of votes cast on the Share Scheme Resolution. Likewise, the Option Scheme must be approved at the Option Scheme Meeting by a majority in number (more than 50%) of Westgold Optionholders present and voting at the meeting (either in person or by proxy) and by Westgold Optionholders whose debts or claims amount in aggregate to at least 75% of the total amount of debts or claims of Westgold Optionholders who vote at the Option Scheme Meeting (see Section 12.4 for further details).
What are the Scheme Conditions?	The Scheme Conditions that have not already been satisfied are described in Sections 12.2 and 13.1. The Share Scheme will only be implemented if, amongst other things: • the Requisite Majority of Westgold Shareholders approve the Share Scheme; • the Court approves the Share Scheme; and • the remainder of the Scheme Conditions are satisfied. The Option Scheme will only be implemented if, amongst other things: • the Requisite Majority of Westgold Optionholders approve the Option Scheme; • the Court approves the Option Scheme; • ASX grants a waiver from ASX Listing Rule 6.23 in relation to the Option Scheme to allow the Westgold Scheme Options to be cancelled for consideration without Westgold Shareholder approval or Westgold Shareholders giving any necessary approvals under ASX Listing Rule 6.23 in relation to the Option Scheme; and • the Share Scheme becomes Effective. At the date of this Scheme Booklet the Westgold Directors are not aware of any Scheme Condition that is likely to prevent the Schemes becoming Effective and the Merger progressing.
What happens if one or more of the Scheme Conditions are not satisfied or waived?	The Schemes will not be implemented, and Westgold and Metals X will continue as separate entities, with each company bearing its own costs incurred as a result of the proposed Merger. <i>Refer to Section 3 for further information.</i>
What if I am a Small Shareholder?	Westgold Shareholders who hold 2,674 Westgold Shares or less as at 5.00pm on the Record Date are classified as “Small Shareholders”. Small Shareholders may elect to receive Cash Proceeds as their Share Scheme Consideration instead of New Metals X Shares. If the Share Scheme becomes Effective, Small Shareholders other than Electing Small Shareholders will receive New Metals X Shares as their Share Scheme Consideration. <i>Refer to Section 5.10 for further information.</i>
What if I am an Ineligible Foreign Shareholder?	New Metals X Shares will not be issued to Ineligible Foreign Shareholders under the Share Scheme. New Metals X Shares that would otherwise have been issued to Ineligible Foreign Shareholders will instead be issued to the Sale Agent who will then sell these shares on ASX, and Metals X will pay the Ineligible Foreign Shareholders their proportion of the Cash Proceeds received from that sale (net of costs including brokerage). <i>Refer to Section 5.8 for further information.</i>

Will I have to pay brokerage fees or stamp duty?	Scheme Participants will not be required to pay brokerage or stamp duty on the transfer of their Westgold Shares or the cancellation of their Westgold Scheme Options. Brokerage fees will however be incurred by Ineligible Foreign Shareholders and Electing Small Shareholders whose attributable New Metals X Shares will be issued to and sold by the Sale Agent, and the Cash Proceeds of the sale remitted to them. <i>Refer to Sections 5.8 and 5.10 for further information.</i>
When will I receive my Share Scheme Consideration and/or my Option Scheme Consideration?	If the Share Scheme becomes Effective, New Metals X Shares will be issued on the Implementation Date, which is expected to be Wednesday, 17 October 2012. Ineligible Foreign Shareholders and Electing Small Shareholders will receive Cash Proceeds as soon as practicable after the Implementation Date. If the Option Scheme becomes Effective, the Option Scheme Consideration will also be paid on the Implementation Date. <i>Refer to Sections 5.2 and 5.3 for further information.</i>
Can I sell my Westgold Shares now?	Westgold Shareholders may sell their Westgold Shares at the prevailing market price, on market at any time before the close of trading on ASX on the Effective Date, which is expected to be Friday, 5 October 2012. If Westgold Shareholders sell their Westgold Shares before the Effective Date of the Share Scheme (the last day of trading in Westgold Shares before suspension) they will not receive New Metals X Shares.
When can I start trading my New Metals X Shares on ASX?	Deferred settlement trading of the New Metals X Shares is expected to be available from Monday, 8 October 2012. Trading on ASX of New Metals X Shares is expected to commence on a normal settlement basis on Thursday, 18 October 2012. <i>Refer to Section 12.9 for further information.</i>
Will the Schemes be a taxable transaction for Australian tax purposes?	Section 11 provides a description of the general tax implications of the Schemes for Australian tax residents. You should consult with your own tax adviser regarding the consequences of disposing of Westgold Securities under the Schemes, in light of current tax laws and your particular investment circumstances. Tax consequences can vary according to a Scheme Participant's particular circumstances. Each Scheme Participant should consult his/her own tax adviser as to the consequences of participating in the Schemes. <i>Refer to Section 11 for further information.</i>
What other information is available?	For further information, contact the Westgold Securityholder Information Line on 1300 668 535 (and +61 8 8022 7902 for overseas callers) between 9.00am and 5.00pm (AEST), Monday to Friday. If you are in doubt as to what you should do, you should consult your legal, financial or other professional adviser.

5. Overview of the Schemes

5.1 Summary of the proposed Schemes

A scheme of arrangement is a statutory procedure that is commonly used to enable one company to acquire or merge with another. The Share Scheme is the mechanism by which Westgold Shareholders (other than Metals X) may approve the Merger of Westgold and Metals X.

If implemented, the Share Scheme will have the following effect:

- (a) all Westgold Shares (other than those already held by Metals X) will be transferred from existing Westgold Shareholders to Metals X in return for the Share Scheme Consideration;
- (b) Westgold will become a wholly-owned subsidiary of Metals X, and Westgold will be de-listed from ASX;
- (c) Share Scheme Participants will become shareholders in Metals X;
- (d) Ineligible Foreign Shareholders and Electing Small Shareholders will receive the Cash Proceeds of the sale of the New Metals X Shares that would otherwise be issued to them net of brokerage and other costs; and
- (e) the strategic direction for the development of Westgold's existing projects will be determined by the Metals X Board.

Westgold is also undertaking a separate scheme of arrangement between Westgold and Westgold Optionholders which, if implemented, will result in the cancellation of the Westgold Scheme Options. The Option Scheme is conditional on implementation of the Share Scheme; however, the Share Scheme is not conditional on implementation of the Option Scheme.

Implementation of the Schemes is subject to the Scheme Conditions being satisfied, including the condition that the Share Scheme may only be implemented if Westgold Shareholders (other than Metals X) vote in favour of the Share Scheme at the Share Scheme Meeting. A summary of the Scheme Conditions which have not already been satisfied and the steps necessary to implement the Schemes appears in Section 12.2.

5.2 Share Scheme Consideration

If the Share Scheme becomes Effective, each Share Scheme Participant (other than Ineligible Foreign Shareholders and Electing Small Shareholders), will receive 11 New Metals X Shares for every 10 Westgold Shares they hold as at 5.00pm on the Record Date. The Share Scheme Consideration of New Metals X Shares will be issued by Metals X on the Implementation Date, which is expected to be Wednesday, 17 October 2012.

Ineligible Foreign Shareholders and Electing Small Shareholders will not be issued with New Metals X Shares. Instead, the New Metals X Shares that would otherwise have been issued to them will be issued to the Sale Agent on their behalf and they will be sold on ASX. The Cash Proceeds of the sale of these New Metals X Shares less brokerage and other costs will then be paid to these Share Scheme Participants.

Further details of the Share Scheme Consideration for Ineligible Foreign Shareholders and Electing Small Shareholders are set out at Sections 5.9 and 5.10.

5.3 Option Scheme Consideration

If the Option Scheme becomes Effective, each Option Scheme Participant will receive 11 New Metals X Options for every 10 Westgold Scheme Options they hold as at 5.00pm on the Record Date. The Option Scheme Consideration of New Metals X Options will be issued by Metals X on the Implementation Date, which is expected to be Wednesday, 17 October 2012. The terms and conditions of the relevant New Metals X Options are set out at Annexure I.

5.4 Scheme Meetings

On 22 August 2012, the Court ordered that the Scheme Meetings be convened in accordance with the Notice of Share Scheme Meeting and the Notice of Option Scheme Meeting.

The Share Scheme Meeting will be held at 10.00am, and the Option Scheme Meeting will be held at the later of 10.30am and the conclusion of the Share Scheme Meeting, on Wednesday, 3 October 2012 at Traders Lounge, Hyatt Regency Perth, 99 Adelaide Terrace, Perth, Western Australia.

Westgold Optionholders who wish to attend the Option Scheme Meeting only should ensure they are present at the venue for the meeting by no later than 10.30am on Wednesday, 3 October 2012.

The fact that the Court has ordered that the Scheme Meetings be convened is not an endorsement of, or expression of opinion on, the Schemes by the Court and is no indication that the Court has a view as to the merits of the Schemes or as to how Westgold Securityholders should vote at the relevant Scheme Meeting. On these matters, Westgold Securityholders must make their own decision.

5.5 Unanimous recommendation of the Independent Westgold Directors

The Independent Westgold Directors unanimously recommend that, in the absence of a Superior Proposal and subject to the Independent Expert maintaining its conclusion that the Schemes are in the best interests of Westgold Securityholders, Westgold Securityholders (other than Metals X) vote in favour of the Schemes at the Scheme Meetings.

The Independent Westgold Directors believe that the reasons for Westgold Securityholders (other than Metals X) to vote in favour of the Schemes outweigh the potential disadvantages and reasons to vote against the Schemes. Each Independent Westgold Director who holds Westgold Shares and/or Westgold Options or on whose behalf Westgold Shares and/or Westgold Options are held at the time of the Scheme Meetings intends, in the absence of a Superior Proposal, to vote in favour of the Schemes.

The Metals X Nominee Directors have chosen not to make a recommendation to Westgold Securityholders in respect of the Schemes, due to their potential or perceived conflict of interest which arises as a result of their positions as nominee directors of Metals X on the Westgold Board.

In making their recommendation and determining how to vote on the Schemes, the Independent Westgold Directors have considered:

- (a) the advantages and disadvantages of the Schemes, as summarised in Section 1 and Section 2;
- (b) the implications of the Schemes not being approved, as summarised in Section 3;
- (c) the opinion of the Independent Expert (refer to Section 5.6), that the Schemes are in the best interests of Westgold Securityholders; and
- (d) the alternative options to the Schemes that are available to Westgold.

5.6 Independent Expert's conclusion

Westgold commissioned the Independent Expert, BDO Corporate Finance, to prepare a report on whether the Schemes are in the best interests of Westgold Securityholders.

The Independent Expert has concluded that the Share Scheme **is fair and reasonable** and in the **best interests of Westgold Shareholders**.

The Independent Expert has concluded that the Option Scheme is **not fair but reasonable** and in the **best interests of Westgold Optionholders**.

The Independent Expert's Report is set out in Annexure A.

5.7 Tax consequences of the Share Scheme and trading and holding New Metals X Shares for Australian resident Westgold Shareholders

A general guide to the Australian tax consequences for the Share Scheme for Share Scheme Participants who are Australian residents is set out in Section 11. This guide is not intended to provide specific tax advice in respect of the individual circumstances of any Westgold Shareholder. Accordingly, Westgold Shareholders should seek their own taxation advice.

5.8 Tax consequences of the Option Scheme and holding New Metals X Options for Australian resident Westgold Optionholders

A general guide to the Australian tax consequences for the Option Scheme for Option Scheme Participants who are Australian residents is set out in Section 11. This guide is not intended to provide specific tax advice in respect of the individual circumstances of any Westgold Optionholder. Accordingly, Westgold Optionholders should seek their own taxation advice.

5.9 Ineligible Foreign Shareholders

Metals X is not obliged to issue New Metals X Shares as consideration to any foreign holder (being a Westgold Shareholder whose address in the Westgold Share Register is in a jurisdiction other than Australia or its external territories or New Zealand), unless Metals X is satisfied that the laws of a particular foreign holder's country of residence (as shown in the Westgold Share Register) would permit the issue and allotment of New Metals X Shares to that foreign holder, either unconditionally or after compliance with conditions which Metals X in its sole discretion regards as acceptable and not unduly onerous.

The New Metals X Shares that would have been issued to these Ineligible Foreign Shareholders will be issued to the Sale Agent on the Implementation Date.

Metals X will:

- (a) procure that, as soon as reasonably practicable (and in any event not more than 15 Business Days after the Implementation Date), the Sale Agent sells or procures the sale on ASX of all of the New Metals X Shares issued to the Sale Agent (in relation to ineligible Foreign Shareholders and Electing Small Shareholders) in such manner, at such price and on such other terms as the Sale Agent determines in good faith; and
- (b) promptly pay to the Ineligible Foreign Shareholders their proportion of the Cash Proceeds, being the net cash proceeds of the sale of the relevant New Metals X Shares after deduction of any applicable brokerage and other selling costs, taxes and charges. The amount of brokerage and other costs deducted will not exceed 1% of the gross proceeds of the sale.

Under the Share Scheme, Ineligible Foreign Shareholders appoint Westgold as their agent to receive any financial services guide or other notice given by the Sale Agent. Copies of any document Westgold receives from the Sale Agent as agent for the Ineligible Foreign Shareholders can be obtained by contacting Westgold's company secretary.

Westgold, Metals X and the Sale Agent give no assurance as to the price that will be achieved for the sale of New Metals X Shares described above. The Cash Proceeds that Ineligible Foreign Shareholders will receive may be more or less than the current market value of Metals X Shares after deducting any applicable brokerage and other costs. Further details about the Share Sale Facility are set out in Section 5.10.

Ineligible Foreign Shareholders are not required to make an election to participate in the Share Sale Facility.

5.10 Small Shareholders

Small Shareholders (being Share Scheme Participants who hold 2,674 Westgold Shares or less as at 5.00pm on the Record Date) will receive New Metals X Shares as their Share Scheme Consideration unless they elect to receive Cash Proceeds.

Small Shareholders that wish to receive Cash Proceeds instead of being issued New Metals X Shares as their Share Scheme Consideration (Electing Small Shareholders) must complete a pink Election Form. Election Forms will accompany copies of this Scheme Booklet sent to those Westgold Shareholders who hold 2,674 Westgold Shares or less at the time for determining the Westgold Shareholders entitled to be sent a copy of the Scheme Booklet. Small Shareholders may also obtain an Election Form by contacting Computershare.

For Electing Small Shareholders, all the New Metals X Shares they would otherwise receive under the Share Scheme will be issued to the Sale Agent on the Implementation Date.

Metals X will:

- (a) procure that, as soon as reasonably practicable (and in any event not more than 15 Business Days after the Implementation Date), the Sale Agent sells or procures the sale on ASX of all of the New Metals X Shares issued to the Sale Agent (in relation to Electing Small Shareholders and Ineligible Foreign Shareholders) in such manner, at such price and on such other terms as the Sale Agent determines in good faith; and
- (b) promptly pay to the Electing Small Shareholders their proportion of the Cash Proceeds, being the net cash proceeds of the sale of the relevant New Metals X Shares after deduction of any applicable brokerage and other costs. The amount of brokerage and other costs deducted will not exceed 1% of the gross proceeds of the sale.

Under the Share Scheme, Electing Small Shareholders appoint Westgold as their agent to receive any financial services guide or other notice given by the Sale Agent. Copies of any documents Westgold receives from the Sale Agent as agent for the Electing Small Shareholders can be obtained by contacting Westgold's company secretary.

Westgold, Metals X and the Sale Agent give no assurance as to the price that will be achieved for the sale of New Metals X Shares described above. The Cash Proceeds that Electing Small Shareholders will receive may be more or less than the current market value of Metals X Shares.

An Election Form will only be valid if it is completed in accordance with the instructions on the Election Form and returned so that it is received by Computershare by 5.00pm on the Record Date. Refer to the Section at the beginning of this Scheme Booklet entitled "Meeting Details and How to Vote" for further information.

Small Shareholders who wish to be issued New Metals X Shares as their Share Scheme Consideration should not complete the Election Form.

The threshold number of Westgold Shares for determining which Westgold Shareholders are Small Shareholders (2,674 Westgold Shares) represents the number of Westgold Shares which have a market value (based on the Share Scheme Consideration payable for those Westgold Shares) nearest to but below \$500 (based on the highest closing price of Metals X Shares on ASX between the Announcement Date and the last practicable trading day before finalisation of this Scheme Booklet, being the price of \$0.17 on 14 May 2012).

Further details regarding the Share Sale Facility (for Electing Small Shareholders and Ineligible Foreign Holders) are as follows:

- (a) Metals X will appoint a nominee/broker (which entity will hold an Australian Financial Services Licence) to act as the Sale Agent;
- (b) an Electing Small Shareholder may only participate in the Share Sale Facility in respect of all of their entitlement to New Metals X Shares;
- (c) the market price of Metals X Shares is subject to change from time to time. Up-to-date information on the market price of Metals X Shares is available from www.asx.com.au (using the code "MLX");
- (d) all New Metals X Shares attributable to Electing Small Shareholders and Ineligible Foreign Shareholders will be issued to the Sale Agent, who will pool those New Metals X Shares and sell them on market (in one transaction or a number of transactions). All of the proceeds of those sales will be pooled and then (after deduction of brokerage and other costs) the Cash Proceeds will be divided by the total number of New Metals X Shares issued to the Sale Agent. The resultant amount will be paid to each Electing Small Shareholder and Ineligible Foreign Shareholder in respect of each New Metals X Share to which they would otherwise have been entitled (subject to rounding);
- (e) the amount of Cash Proceeds received by an Electing Small Shareholder or Ineligible Foreign Shareholders may be more or less than the actual proceeds received by the Sale Agent for that person's New Metals X Shares; and
- (f) Computershare will collect Election Forms on behalf of Electing Small Shareholders and these will be provided to Metals X following the Record Date. Metals X is deemed not to have received any Election Forms until after the Record Date.

5.11 Fractional entitlements

If, pursuant to the Schemes, Westgold Securityholders become entitled to a fraction of a New Metals X Share and/or New Metals X Option, the number of New Metals X Shares or New Metals X Options issued (or, in the case of Ineligible Foreign Shareholders, and Electing Small Shareholders, the number of New Metals X Shares the Sale Agent will receive for sale on their behalf) will be rounded up or down to the nearest whole number, with fractions of:

- (a) 0.5 or more rounded up to the nearest whole number of New Metals X Shares or New Metals X Options; and
- (b) less than 0.5 rounded down to the nearest whole number of New Metals X Shares or New Metals X Options.

5.12 Warning against Westgold Share splitting

If Metals X reasonably believes that a Share Scheme Participant has been a party to the splitting or division of a shareholding in an attempt to obtain an advantage in relation to the rounding referred to in Section 5.11, or in relation to a Share Scheme Participant's classification as a Small Shareholder, then Metals X reserves the right to round the entitlement of such holdings so as to provide only the number of New Metals X Shares that would have been received but for the splitting or division, or to not treat the relevant holder as a Small Shareholder.

5.13 Warranties given by Westgold Shareholders

If the Share Scheme is implemented, each Westgold Shareholder is deemed to have warranted to Westgold and Metals X, and appointed and authorised Westgold as its attorney and agent to warrant to Metals X, that all their Westgold Shares (including any rights and entitlements attaching to those shares) transferred to Metals X under the Share Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests and other interests of third parties of any kind, whether legal or otherwise, and restrictions of transfer of any kind and that they have full power and capacity to sell and transfer their Westgold Shares to Metals X (including any rights and entitlements attaching to those shares) under the Share Scheme.

To the extent permitted by law, the Westgold Shares transferred under the Share Scheme will be transferred free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise.

6. Profile of Westgold

This Section of the Scheme Booklet contains information in relation to Westgold. Additional information is included in the Independent Expert's Report attached as Annexure A.

6.1 Overview of Westgold

Westgold's focus is on development and production from its key projects, the CMG Project in Western Australia and the Rover Project in the Northern Territory (Figure 1), which contain a combined 3.92 million ounce Gold Equivalent JORC resource base. The projects are located within two geological provinces that have historical combined production in excess of 10 million ounces of gold. Westgold also holds interests in a number of greenfields exploration projects which comprise a balanced portfolio of assets and provide the opportunity for organic growth.

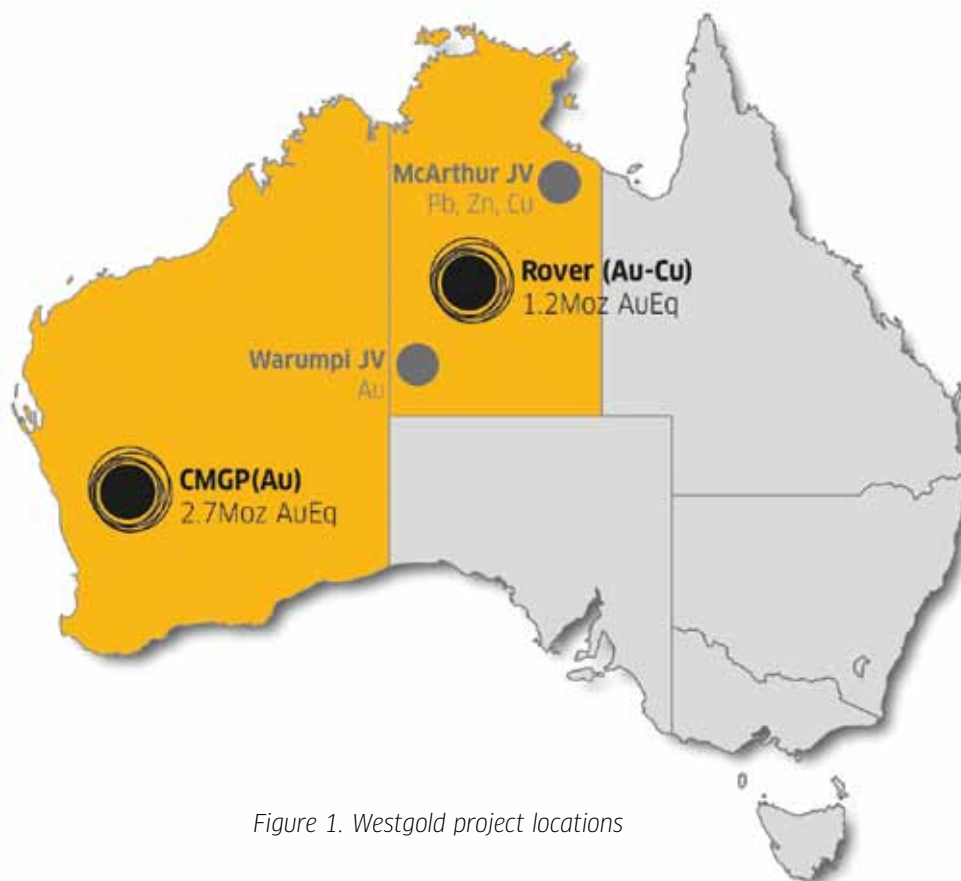


Figure 1. Westgold project locations

Central Murchison Gold Project

The CMG Project is located south of Cue in Western Australia where the Company holds 313km² of predominantly granted mining tenements which have produced 5 million ounces of gold over the last three centuries. The project, which hosts Mineral Resources containing 2,753,800 ounces of gold (Table 1) and Ore Reserves containing 855,300 ounces of gold (Table 2), are contained within three historic goldfields:

- the Day Dawn Goldfield which has historically produced approximately 1.6Moz Au from underground and open pit, is hosted within the Great Fingall Dolerite and includes the Great Fingall and Golden Crown mines;
- Big Bell, which has historically produced approximately 2.6Moz Au from ore bodies within the Big Bell Shear Zone which hosts the gold mineralisation; and
- Cuddingwarra, which has historically produced approximately 800,000 oz Au predominantly from open pits.

Westgold is focussed on advancing the significant resource base from these historic production areas to target a sustainable production profile of 120,000 ounces per annum with an initial 8 year mine life supported by current Ore Reserves. The Company continues to progress development of the project with a definitive feasibility study nearing completion and the recent announcement of a significant upgrade in the resource base. This upgrade included the addition of open pit Probable Ore Reserves, which were incorporated with the underground Ore Reserves following positive mining studies completed on the underground mines at Big Bell and Day Dawn by Aragon Resources Pty Ltd.

Ore Body	Measured		Indicated		Inferred u		Total		
	Tonnes Mt	Grade g/t Au	Tonnes Mt	Grade g/t Au	Tonnes Mt	Grade g/t A	Tonnes Mt	Grade g/t	Gold Oz
Big Bell									
1600N/Shocker			2.870	1.31	3.502	1.26	6.373	1.28	262,600
1600N/Shocker Deeps					0.544	3.77	0.544	3.77	65,900
700/1100			0.385	1.71	0.579	1.62	0.964	1.66	51,300
Big Bell			5.153	4.51	0.007	4.89	5.161	4.51	748,400
Big Bell Deeps									
Big Bell South			1.145	1.86	3.792	1.24	4.937	1.38	219,800
Big Bell South Deeps					1.015	3.35	1.015	3.35	109,300
Fender			0.086	4.10			0.086	4.10	11,300
Cuddingwarra									
Black Swan			0.260	2.31	0.005	1.65	0.265	2.30	19,600
Black Swan South			0.315	3.77	1.857	3.82	2.172	3.81	266,200
Chieftain			0.181	1.40	0.075	3.40	0.256	1.99	16,300
City of Chester			0.416	1.98	0.081	1.76	0.497	1.94	31,100
City of Chester/NW			0.197	1.65	0.013	1.18	0.210	1.62	11,000
Coventry					0.204	1.34	0.204	1.34	8,800
Golden Gate Group			0.713	1.51	0.031	1.14	0.744	1.49	35,800
Jim's Find			0.263	1.69	0.037	1.52	0.300	1.67	16,100
Rheingold					0.089	3.85	0.089	3.85	11,000
Rheingold South	0.023	3.35	0.082	3.60	0.096	3.41	0.202	3.48	22,600
Day Dawn									
3210			0.197	1.63	0.009	2.78	0.206	1.68	11,100
Golden Crown			0.551	9.55	0.091	5.40	0.642	8.96	185,000
Great Fingall O/P			1.362	1.76	0.084	2.06	1.446	1.78	82,700
Great Fingall U/G			1.034	10.20	0.271	6.50	1.305	9.43	395,700
Kinsella	0.001	2.90	0.054	3.10			0.055	3.10	5,500
Mount Fingall					0.030	3.10	0.030	3.10	3,000
Rubicon	0.019	2.90	0.050	2.30	0.012	1.30	0.081	2.29	6,000
South Fingall			0.222	1.84	0.114	2.17	0.335	1.95	21,000
Try Again	0.001	1.32	0.017	2.28	0.240	2.63	0.257	2.61	21,600
Yellow Taxi Group			0.347	2.09	0.088	1.92	0.435	2.06	28,700
Stockpiles									
Big Bell S/P			0.116	0.83			0.116	0.83	3,100
Big Bell Tails			3.394	0.70			3.394	0.70	76,400
Cuddingwarra S/P			0.070	0.81			0.070	0.81	1,800
Day Dawn S/P			0.119	1.00			0.119	1.00	3,800
Fingall Sands			0.034	1.20			0.034	1.20	1,300
Totals	0.043	3.14	19.631	2.95	12.869	2.15	32.543	2.63	2,753,800

Table 1. CMG Project Mineral Resource Estimate

Ore Body	O/P - U/G	Probable		Total			Conversion %
		Tonnes Mt	Grade g/t Au	Tonnes Mt	Grade g/t Au	Gold Oz	Resource to Reserve
Big Bell							
1600N/Shocker	O/P	0.806	1.75	0.806	1.75	45,400	17
Big Bell	U/G	2.895	4.20	2.895	4.20	390,900	52
Big Bell South	O/P	1.017	1.98	1.017	1.98	64,700	29
Day Dawn							
Golden Crown	U/G	0.375	9.77	0.375	9.77	117,800	64
Great Fingall O/P	O/P	0.750	1.75	0.750	1.75	42,200	51
Great Fingall U/G	U/G	0.502	6.60	0.502	6.60	106,500	27
South Fingall	O/P	0.040	1.84	0.040	1.84	2,400	11
Yellow Taxi Group	O/P	0.122	2.32	0.122	2.32	9,100	32
Stockpiles							
Big Bell Tails	O/P	3.394	0.70	3.394	0.70	76,400	100
Totals		9.901	2.69	9.901	2.69	855,300	

Table 2. CMG Project Ore Reserve Estimate

Day Dawn

The focus of the proposed mining centre in the Day Dawn goldfield is on the cutback of the main Great Fingall open pit to be mined in conjunction with the Yellow Taxi South and South Fingall Pits, and the depth and strike extensions to the Great Fingall and Golden Crown underground mines. Significant scope still remains to test for analogues to these known systems along strike where the depth of drilling outside the two main deposits has historically been limited to 120 metres below surface.

Past production from the historic Great Fingall mines is recorded as 1.2 million ounces at an average grade of 19.5g/t Au and from the Golden Crown is 288,000 ounces at an average grade of 13.8g/t Au (Figure 2). Importantly, historical production from the Great Fingall Mine which ceased in 1918, represents one of the few deposits that has historically produced at this scale and has not been subject to any modern underground mine development.

A revised resource estimate was completed in 2010 utilising an underground mining study⁶ encompassing both the Great Fingall and Golden Crown resources. The revised combined underground Mineral Resource estimate used in the mining study for both Golden Crown and Great Fingall deposits now totals 1,947,000 tonnes @ 9.3g/t Au for 581,000 ounces of gold (Figure 2). These resources remain open at depth and with further drilling provide an opportunity for further resource addition.

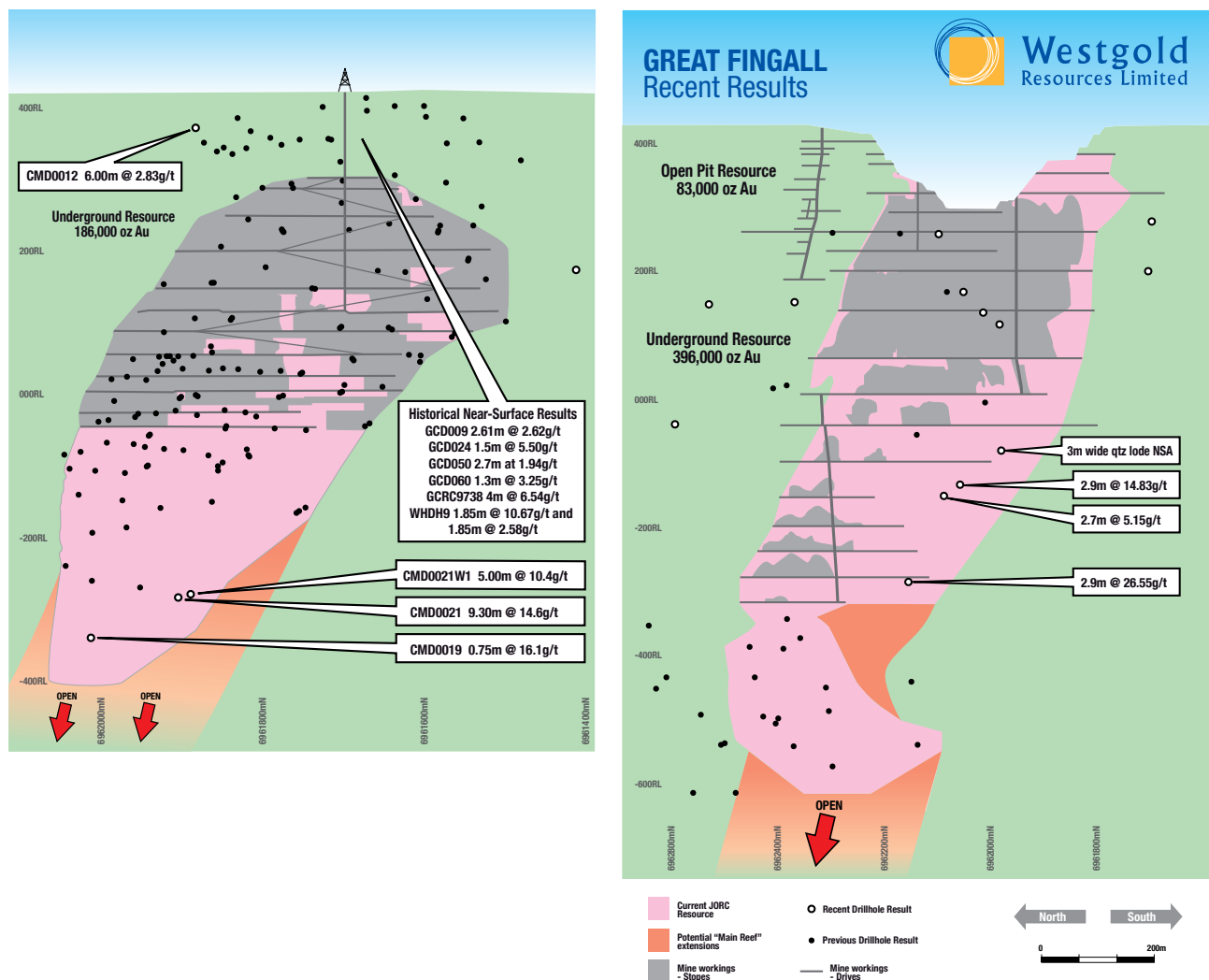


Figure 2. Long sections showing remaining Mineral Resource and recent high grade drill results from the Golden Crown and Great Fingall mines.

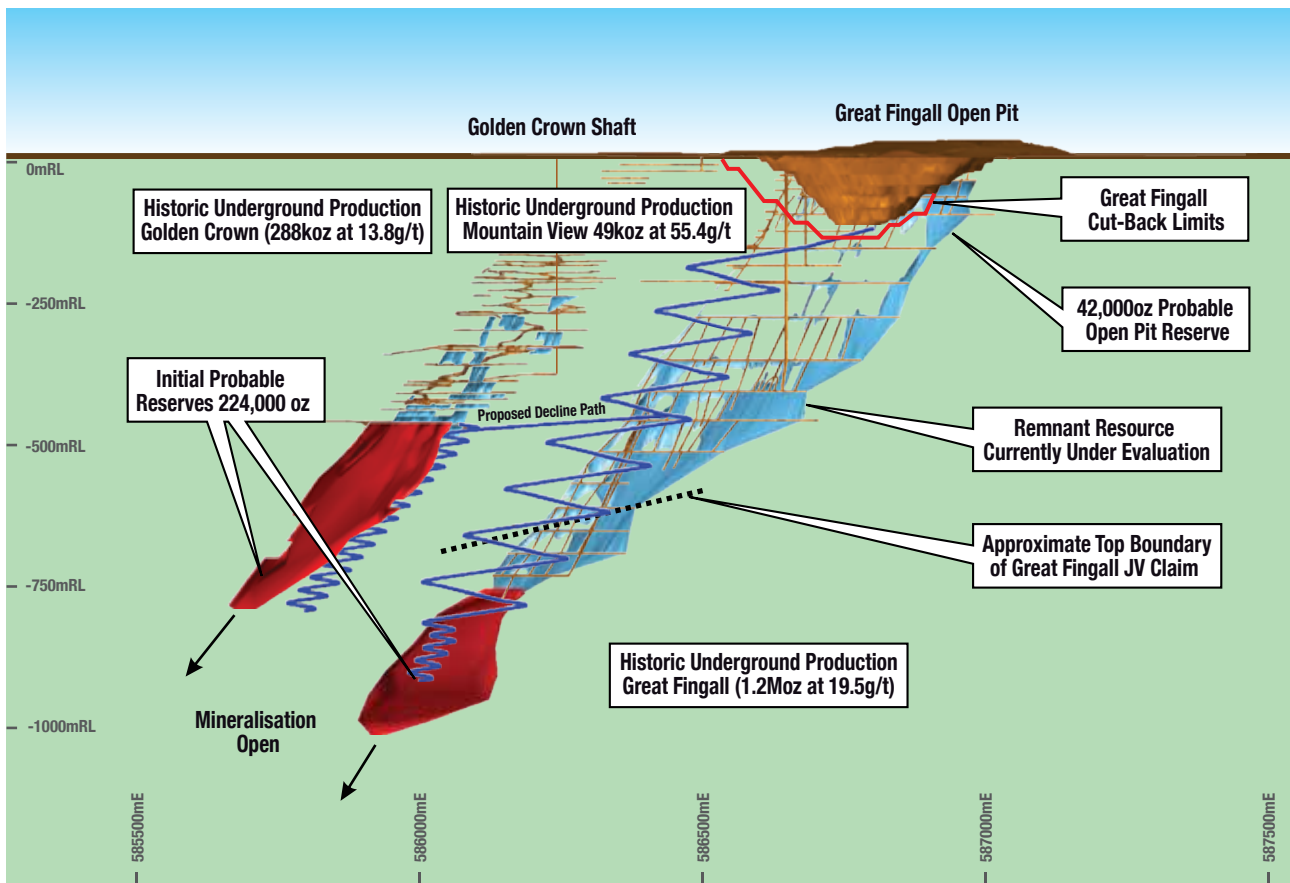


Figure 3. Historical workings and with Ore Reserves in red and conceptual decline design in blue at Golden Crown and Great Fingall.

Big Bell

The Big Bell trend has an extensive history of previous mining production commencing in 1913 and by 2003 had produced approximately 2.6 million ounces from underground and open pit production. The Big Bell mineralisation is hosted within the southern 4km of the Big Bell Shear zone which has an overall strike length of 25 kilometres which remains largely untested as most of the previous drilling is less than 50m deep.

The Big Bell mining centre comprises the largest component of the Mineral Resource in the CMG Project, the Big Bell deposit, which hosts a Mineral Resource of 5.1Mt at 4.5g/t Au for 748,000 contained ounces of gold. The area also comprises three smaller deposits, 1600N/Shocker (328,500 oz Au), Fender (11,000 oz Au) and 700/1100 (51,000 oz Au).

Cuddingwarra Shear Zone

Located in the north-eastern Murchison Province of the Archaean Yilgarn Craton, mining at the Cuddingwarra Field in the late 1990's to early 2000's produced approximately 800,000 ounces of gold from open pits before mining ceased in 2004. The Cuddingwarra Mining Centre currently has a Mineral Resource of 4.94 Mt at 2.74g/t Au for 438,000 ounces. The area comprises eight separate deposits supported by recent Mineral Resource additions in the Northern Cuddingwarra area around City of Chester and Jims Find and the historical Mineral Resource undertaken around 2001 to 2003 by Harmony Gold/New Hampton Goldfields. Historical production yielded 800,000 ounces of gold from open pit mining and underground mines.

The regional Cuddingwarra Shear Zone that extends through the entire district is a significant mineralised structure and is considered to be a priority exploration target. Many of the historic open pits that have been mined within the top 150 metres of cover are located along its length and it provides targets for primary depth extensions that with further drilling and evaluation may represent underground mining opportunities (Figure 4). Recent drilling has highlighted near surface mineralisation in historic prospects along strike from the main mining area. Deeper drilling has identified primary extensions beneath a number of these main pits in the Southern Cuddingwarra mining area.

The most significant resource in the district in terms of resource size is the Black Swan South deposit, which comprises a Mineral Resource of 2.172Mt at 3.81g/t Au for 266,200 ounces. Additional recent diamond holes have targeted the interpreted down plunge extension and returned significant down-hole results. Drill core indicates that the primary system contains high grade shoots, often with visible coarse gold, within a larger mineralised porphyry envelope that has undergone brittle deformation related to the regional Cuddingwarra Shear Zone.

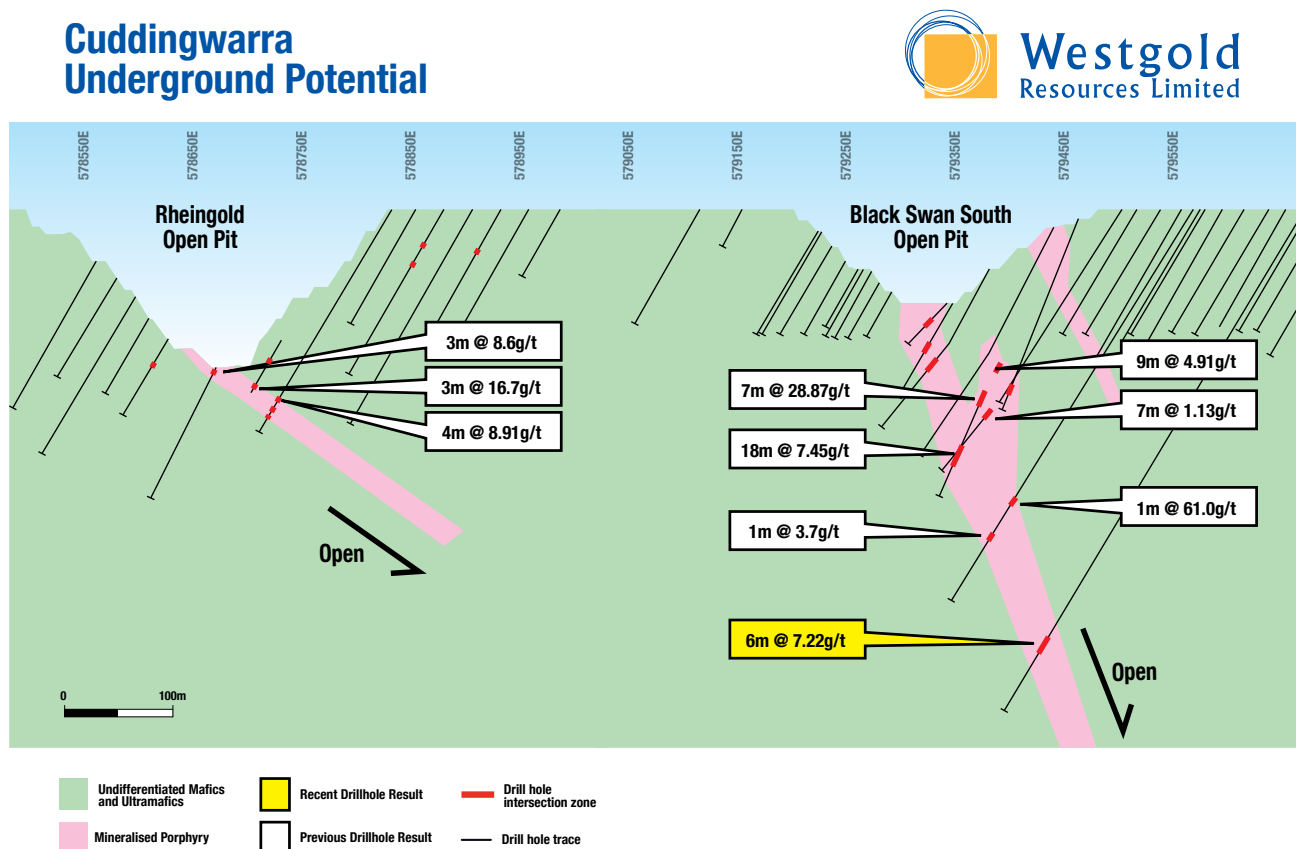


Figure 4. Composite x section through Black Swan South and Rheingold Pits

Rover 1 Project

The Rover 1 Project is located approximately 80km south west of Tennant Creek in the Northern Territory and represents an undercover extension of the Tennant Creek Goldfield where over 5.5Moz of gold and approximately 0.5M tonnes of copper have been produced from a number of high grade historical mines.

The deposits targeted are Tennant Creek style iron oxide-copper-gold deposits and Rover 1 represents the first new major gold and copper discovery in the region. The mineralisation and alteration style is very similar to the past high grade mines of the Tennant Creek goldfield, with a number of analogous targets identified within Westgold's Rover field.

Exploration activities during the last 2 years have focussed on upgrading and extending the known resources at Rover 1, extending known strong copper mineralisation at Explorer 142 and the targeting of new deposits within the large (>13,000km²) tenement portfolio.

A Mineral Resource update was completed in July 2011, using the same parameters as the maiden resource. The updated resource estimate of 6.81Mt @ 5.57g/t Gold Equivalent (Table 3) contains 1,220,300 Gold Equivalent ounces and showed an overall increase of 28% in tonnage, a decrease in Gold Equivalent grade of 8.7%, and an overall increase of 18% in Gold Equivalent ounces. Importantly this resulted in a 110% increase in the Indicated component of the Mineral Resource.

The 12,000m of diamond drilling completed during this period upgraded a significant portion of the Inferred Mineral Resource to the Indicated Mineral Resource category in the upper area of the ore body. In addition to this drill testing of the main mineralised zones down plunge, has added to the overall dimensions of the system, which remains open below 900m.

Classification	Resource Estimate (at 2.5% AuEq* cut-off)
Indicated	2,740,700t @ 6.59 g/t AuEq 580,700 oz AuEq
Inferred	4,073,400t @ 4.89 g/t AuEq 640,400 oz AuEq
Total	6,814,000t @ 5.57g/t AuEq 1,220,300 oz AuEq

Table 3. Rover 1 Mineral Resource Estimate

Based on the increased confidence of the Indicated Mineral Resource and the focus on the higher grade gold and copper lodes, utilising a 2.5g/t Au and 1% Cu cut-off grade only, the Mineral Resource contains 750,000 oz Gold Equivalent.

In early April 2012 Westgold formally submitted the Mine Management Plan (**MMP**) for the Rover 1 Project decline to the Northern Territory Department of Resources for approval. The submission represents a major step in advancing the underground development of the Rover 1 Project gold and copper deposit (Figure 5). The Department has responded to the proposal to the effect that the project does not require full review under the Northern Territory Environmental Protection Act. Westgold does, however, need to submit supplementary information to the Department. The approvals process, including preparation of the supplementary information, is expected to be completed during the second half of the calendar year 2012.

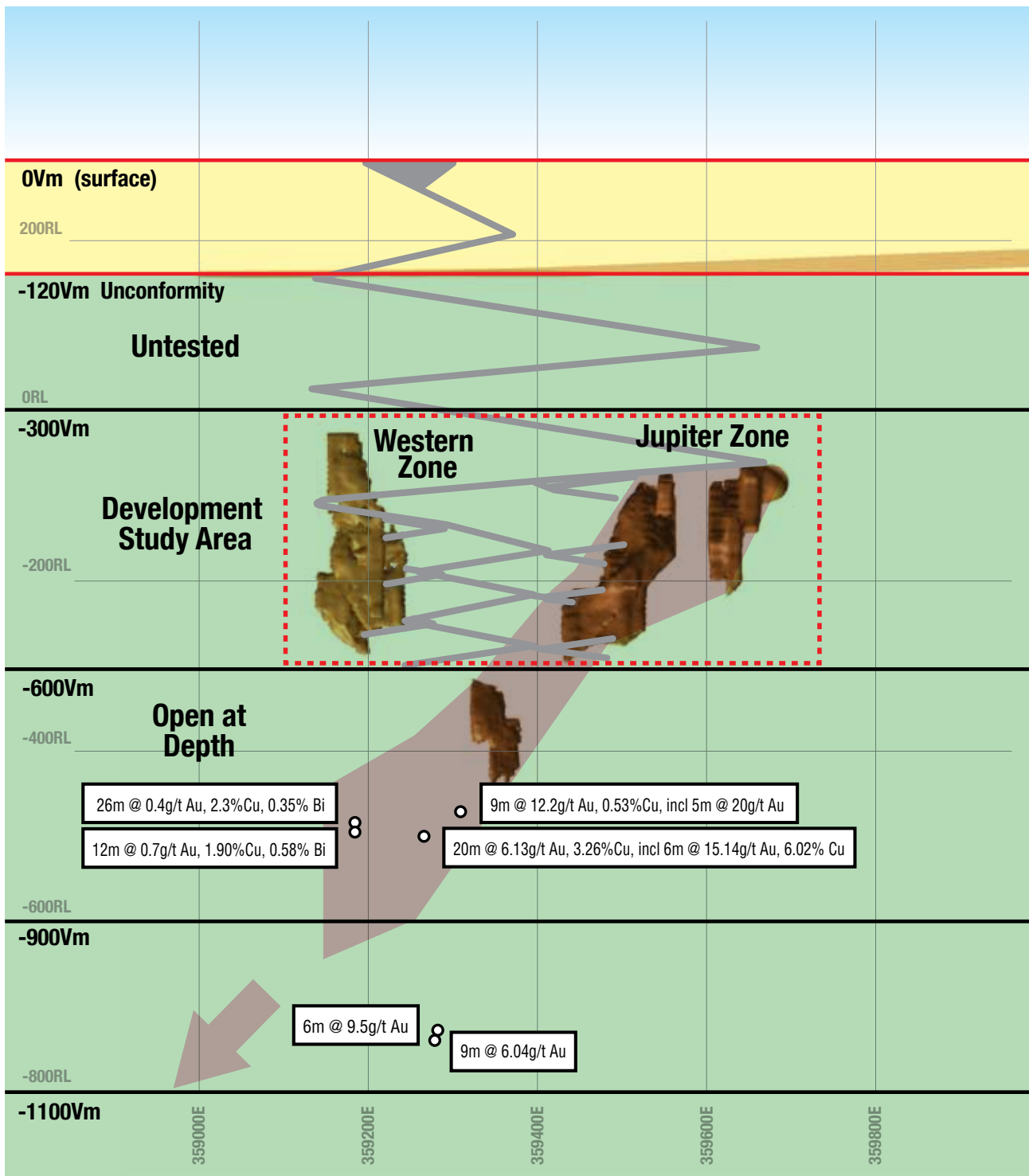


Figure 5. Long section of the Rover 1 ore system with proposed decline and development study area highlighted

Explorer 108 lead-zinc-silver deposit

The Explorer 108 lead-zinc-silver deposit is located approximately 40km west of the Rover 1 Project and 10km northwest of Explorer 142. Although lead, zinc and silver is known to occur in relatively low levels in the Tennant Creek Goldfield, there has never been any documented or sizeable lead-zinc-silver mineralisation of this scale previously discovered in the regions.

A total of 11,833m have been drilled by Westgold at Explorer 108 to a depth of 650m vertical (Figure 6). In early 2008, Westgold estimated an Inferred Mineral Resource of 8.7Mt @ 5.6% Pb+Zn, 20g/t Ag, 0.3g/t Au at a 2.5% Pb-Zn cut-off (Table 4).

Category	Cut Off Pb +Zn	Tonnage mt	Grade					Contained Metal			
			Pb %	Zn %	Au g/t	Ag g/t	Cu %	Pb t	Zn t	Au Ozs	Ag Mozs
Inferred	2.5%	8.733	1.9	3.7	0.3	20	0.1	170,900	319,900	70,900	5.587
Inferred	5.0%	3.992	2.8	5.4	0.3	25	0.1	112,000	213,600	42,000	3.142

Table 4. Explorer 108 Mineral Resource Estimate @ 2.5% and 5% combined Pb+Zn cut off

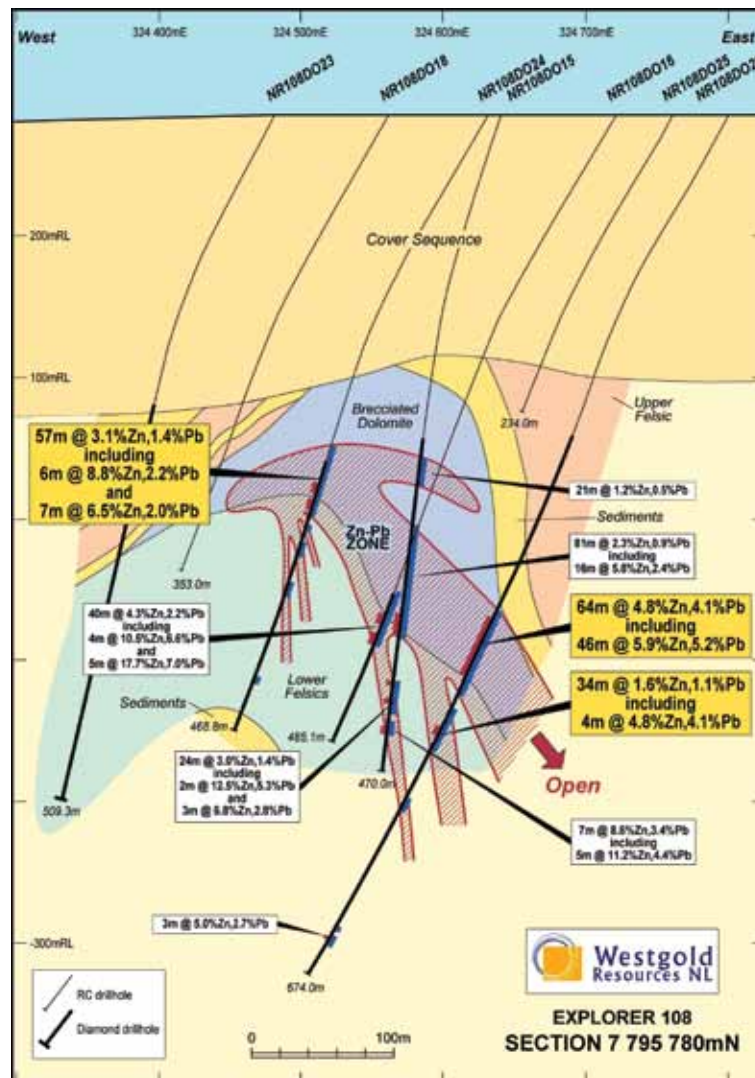


Figure 6. Explorer 108 Section 7795780

Explorer 142

The exploration results at Explorer 142 demonstrate the potential for further discoveries. Drilling results confirm Explorer 142 as another large IOCG system with high grade copper results and associated gold, bismuth and cobalt mineralisation.

Geophysically, the Explorer 142 target is larger and of equal magnetic intensity to the Rover 1 deposit (Figure 7). The Explorer 142 anomaly is over 1.5km long, compared to the 800 metre long Rover 1 magnetic anomaly. Importantly drilling to date, including the limited historical drilling, has only tested approximately 30% of the most intense magnetic strike length providing scope to significantly add to the known mineralisation. The depth of cover at Explorer 142 is approximately 200m (Figure 8).

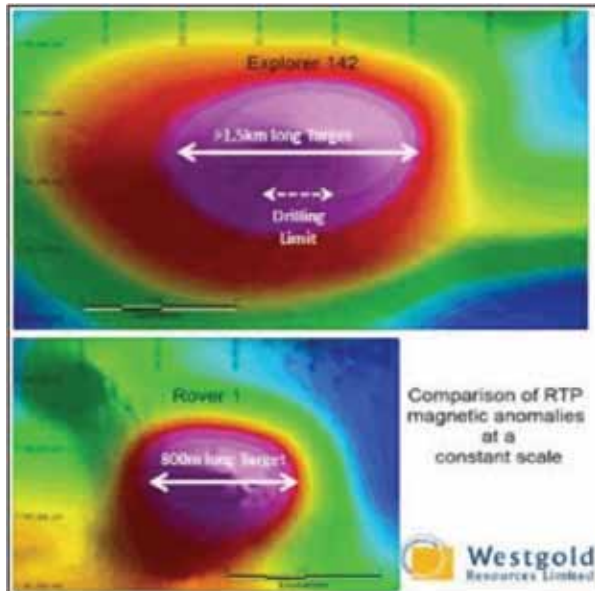


Figure 7. Explorer 142 Cu Au magnetic target compared to Rover 1 magnetic target

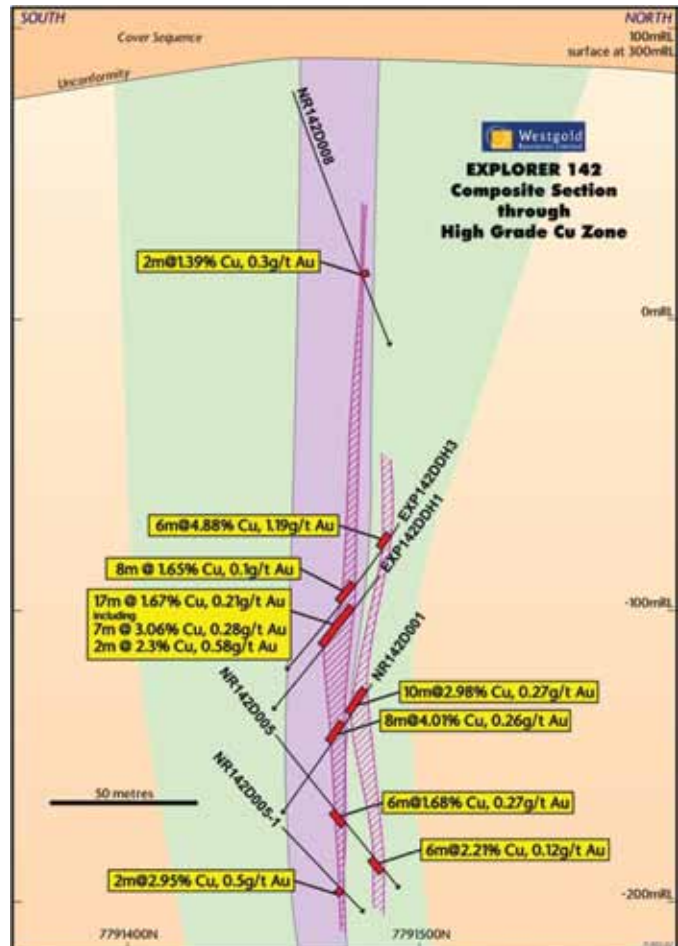


Figure 8. Composite cross section through Explorer 142 showing results to date

Rover Regional

The Company has completed a Heli-TEM survey over the priority target areas and has conducted follow up deep penetrating induced polarity geophysical survey in the Rover field in order to refine the targeting. Heli-TEM is the most powerful airborne time-domain electromagnetic system commercially available and this survey represents one of the first applications of the system in Australia. Orientation surveys were flown over the known deposits at Rover 1, Explorer 142 and Explorer 108 to assess the response from blind mineralised ironstone bodies under cover. Revised modelling has been carried out integrating these new datasets with the existing magnetic and gravity data sets to generate additional targets (Figure 9).



Plate 1. Copper sulphide development in sediments at Pathfinder 1

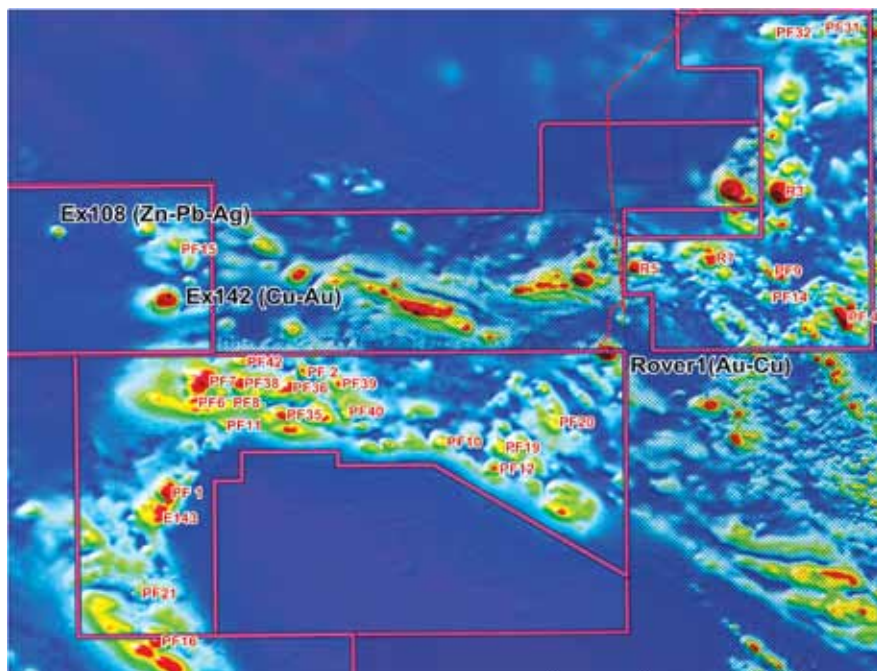


Figure 9. Geophysics showing the regional targets over Westgold's tenements

Other exploration

McArthur Basin Joint Venture (MMG earning 60%)

The McArthur Basin hosts one of the world's largest zinc-lead deposits, the McArthur River Mine, and is also considered highly prospective for large scale copper deposits similar to the Mt Isa Belt in western Queensland.

MMG Exploration Limited (**MMG**) is earning into the Joint Venture tenements and may initially earn 60% equity in the tenements upon sole funding exploration expenditure of \$3 million over a four year period. MMG have the right to increase equity to 80% by sole funding further exploration expenditure to the commencement of a pre-feasibility study.

MMG, as manager, has reported that the initial exploration activities on the tenement area have seen the completion of a whole of basin analysis study, including review of historical exploration and geochemical data, structure and stratigraphy to determine priority target areas. Results of this assessment have highlighted a number of favourable targets with infill geochemical sampling planned during the 2012 field season.

Warumpi JV (Westgold earning up to 80%)

The Warumpi project in the Northern Territory is a newly recognised and highly deformed geological belt, with no documented historic exploration, and is considered to have excellent potential to host structurally controlled gold and copper, stratabound lead-zinc and intrusive related nickel-copper mineralisation. The region has geological similarities in age and rock types to the Mount Isa, McArthur Basin and Broken Hill regions which host many large "world class" base metal deposits and Westgold also considers that the area has the potential to host gold deposits associated with the many large scale regional thrusts and faults evident in the regional geophysical data. Westgold has completed reconnaissance sampling within the granted tenements EL6732, EL6861 and EL10379 (Figure 10). The field inspection included an assessment of the regolith and potential sampling media throughout the tenement areas.

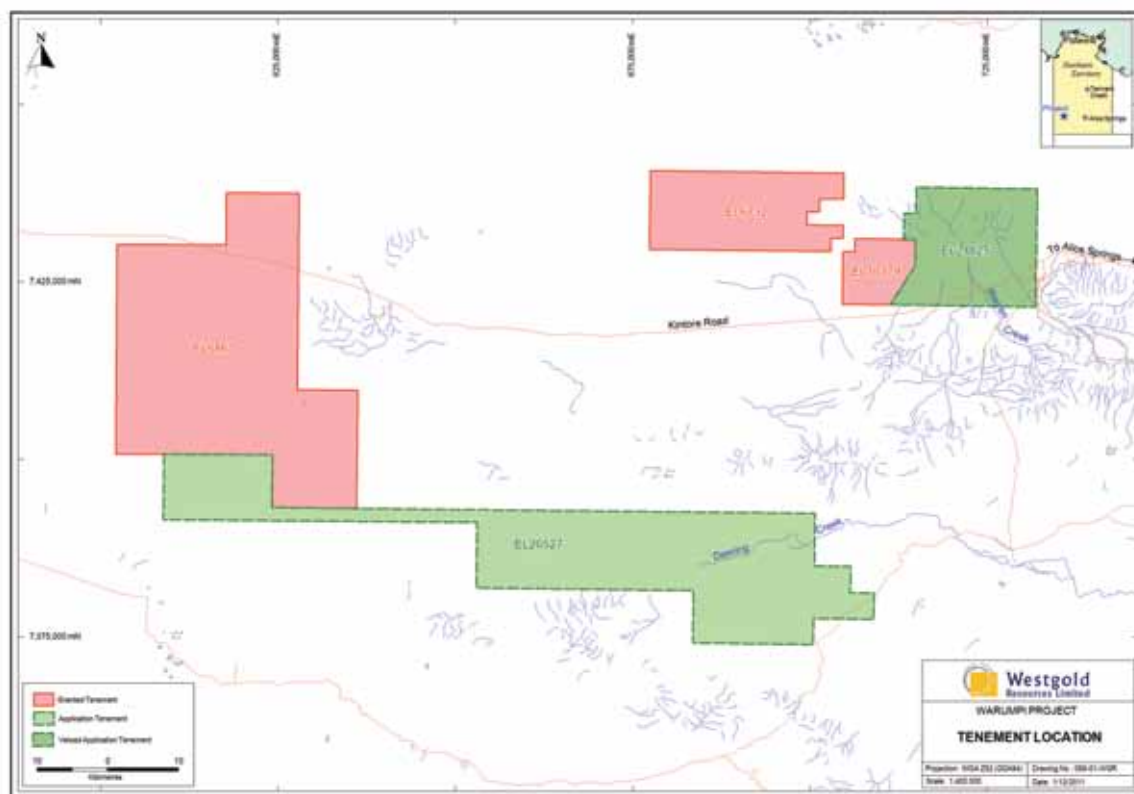


Figure 10. Warumpi Tenement Plan

Lake Lefroy – Nickel

At the Lake Lefroy Nickel Prospect, Westgold is exploring for komatiite hosted nickel mineralisation similar to that found in the Kambalda region. The project area is located over the Aztec Dome which exhibits a similar regional magnetic signature to that of the adjacent Kambalda Dome (Figure 11). The project area is overlain by salt lake sediments that have impeded exploration in the past.

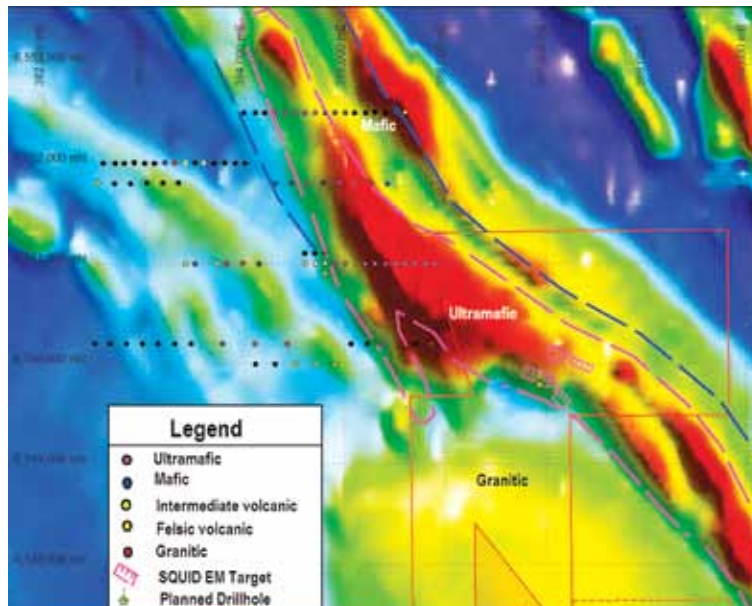


Figure 11. Regional magnetic images showing coincident favourable host lithology interpreted from previous drilling along strike of Aragon Resources Pty Ltd's defined SQUID EM target

Two diamond holes were completed in 2011 which intersected strongly magnetic komatiite stratigraphy, however no massive sulphides were present in the drill core. Westgold is currently reviewing options to advance the project.

Maitland Project – Gold

The Maitland project tenements cover a portion of the Barwidgee Fault Zone which hosts the nearby Corboys deposit in the Yandal Belt of Western Australia. The Yandal Belt is a major gold producing area with a number of major deposits like Jundee/Nimary, Bronzewing, Mt McClure and Darlot.

On 29 June 2012, Mongolian Resources Corporation Limited (**MRC**) gave notice to Westgold of its withdrawal from the Maitland Joint Venture. Upon withdrawal, MRC will forfeit and assign to Aragon Resources Pty Ltd (a subsidiary of Westgold) all of its joint venture interest in the tenements.

6.2 Westgold Directors

The directors of Westgold as at the date of this Scheme Booklet are as follows:

Michael William Atkins Non-Executive Chairman	Mr Atkins is a Fellow of the Australian Institute of Company Directors. Mr Atkins was a founding partner of a national Chartered Accounting practice from 1979 to 1987 and was a Fellow of the Institute of Chartered Accountants in Australia until resigning in June 2011. Between 1987 and 1998 he was a director of, and involved in the executive management of, several publicly listed resource companies with operations in Australia, USA, South East Asia and Africa. From 1990 to 1995 he was Managing Director and later a Non-Executive director of Claremont Petroleum NL and Beach Petroleum NL during their reconstruction, and then remained as a Non-Executive Director until 1995. He was also founding Executive Chairman of Gallery Gold Ltd until 1998, and remained a Non-Executive Director until 2000. Since February 2009 Mr Atkins has been a Director – Corporate Finance at Patersons Securities Limited where he advises on the formation of, and capital raising for, emerging companies in the Australian resources sector. He is currently Non-Executive Chairman of Australian listed companies Westgold Resources Limited, Legend Mining Limited and Azumah Resources Limited. During the past three years, Mr Atkins has also served as a Director of Legend Mining Limited (appointed 14 February 2003 to present), Azumah Resources Limited (appointed 20 October 2009 to present) and Matsa Resources Limited (appointed 15 March 2007, resigned 30 November 2009).
Scott James Huffadine Managing Director	Mr Huffadine is a geologist (BSc (Hons)) with over 18 years' experience in the resources industry, specifically in mining project management and geology. During the period June 2007 to June 2009 he was the Chief Operating Officer of Metals X. Prior to joining Metals X, he was employed by Harmony Gold Australia Pty Ltd as the General Manager of the Hill 50 Gold project for 4 years which included the assets that encompass the current Central Murchison Gold Project. He has also held a number of previous roles including with Hill 50 Gold NL, WMC Resources and Dominion Mining Ltd. During the past three years, Mr Huffadine has also served as an Executive Director of Metals X Limited (appointed June 2009, resigned 31 May 2011).
Andrew Francis Beckwith Non-Executive Director	Mr Beckwith is a geologist with over 20 years' experience in the Australian exploration and mining industry, having held a number of previous roles including with Aragon Resources Limited (formerly Navarre Resources Pty Ltd), AngloGold Ashanti Australia, Acacia Resources, Helix Resources, Normandy NFM and BP Minerals and is a Member of the Australasian Institute of Mining and Metallurgy and the Society of Economic Geologists. During the past three years, Mr Beckwith has not served as a Director of any other publicly listed company.
Peter Gerard Cook Non-Executive Director	Mr Cook is a geologist (BSc (Applied Geology)) and mineral economist (MSc (Min Econ)). In recent years he has been the Managing Director of Hill 50 Limited, the Chief Executive Officer of Harmony Gold Australia Pty Ltd, the Managing Director of Abelle Limited and the Chairman of Metals Exploration Limited. He has considerable experience in the fields of exploration and project and corporate management of mining companies. He is currently the Chairman of Metals X, Aziana Limited and Pacific Niugini Limited and formerly the Chairman of Aragon Resources Limited. He is a Non-Executive director of Kingsrose Mining Limited. During the past three years, Mr Cook has also served as a Director of Metals X (appointed 23 June 2004 to present), Aragon Resources (appointed 18 May 2007; delisted 6 May 2011), Pacific Niugini Limited (appointed 21 August 2009 to present), Kingsrose Mining Limited (appointed 1 October 2010 to present) and Aziana Limited (appointed 30 May 2011 to present).
Warren Shaye Hallam Non-Executive Director	Mr Hallam is a metallurgist (BSc) a mineral economist (MSc (Min Econ)) and holds a Graduate Diploma in Finance. Mr Hallam has over 25 years' experience across a range of business and commodity markets and brings to Westgold both his extensive commercial experience and his involvement with the development and commissioning of processing plants specifically within the gold industry. In recent years Mr Hallam has been the Managing Director of Metals Exploration Limited and an Executive Director of Metals X, and is currently the Managing Director of Metals X. Mr Hallam is also a Non-Executive director of Aziana Limited. During the past three years, Mr Hallam has also served as a Director of Metals X (appointed 1 March 2005 to present) and Aziana Limited (appointed 30 May 2011 to present).

6.3 Financial information

(a) Historical financial information

The following information has been extracted from Westgold's 30 June 2012 unaudited management accounts, 31 December 2011 half year financial report and historical annual reports. Copies of Westgold's 31 December 2011 half year financial report and Westgold's historical annual reports are available on the Westgold website (www.westgold.com.au). Copies will also be provided by Westgold, free of charge, to any Westgold Securityholder who requests it before the Scheme Meetings.

Consolidated Statement of Comprehensive Income

	Audit reviewed 31 December 2011 (6 months) \$	Unaudited 30 June 2012 (12 months) \$
INCOME		
Other income	9,312	10,241
Finance income	263,967	478,431
TOTAL INCOME	273,279	488,672
OTHER EXPENSES		
Depreciation	(140,362)	(284,390)
Legal and professional fees	(15,665)	(157,386)
Salaries and employee benefits expenses	(1,215,646)	(1,768,456)
Administration expenses	(583,742)	(1,309,817)
Exploration expenditure written off	(110,099)	(110,099)
Impairment of goodwill	(1,509,845)	(1,509,845)
Profit/(loss) on disposal of available-for-sale financial assets	(1,253,200)	(2,108,600)
Loss before income tax	(4,555,280)	(6,759,921)
Income tax (expense)/benefit	-	-
LOSS FOR THE PERIOD	(4,555,280)	(6,759,921)
Other comprehensive income		
Net gains on available-for-sale financial assets	2,080,000	2,960,000
Other comprehensive income for the period, net of income tax	2,080,000	2,960,000
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	(2,475,280)	(3,799,921)

Consolidated Statement of Financial Position

	Audit reviewed 31 December 2011 \$	Unaudited 30 June 2012 \$
CURRENT ASSETS		
Cash and cash equivalents	6,369,438	3,680,012
Other receivables	28,784	25,015
Other assets	20,978	17,032
Available-for-sale financial Assets	2,760,000	-
TOTAL CURRENT ASSETS	9,179,200	3,722,059
NON-CURRENT ASSETS		
Other receivables	3,623,059	3,438,218
Property, plant and equipment	1,220,340	1,096,601
Deferred exploration and evaluation expenditure	101,539,354	106,244,632
TOTAL NON-CURRENT ASSETS	106,382,753	110,779,451
TOTAL ASSETS	115,561,953	114,501,510
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	3,976,770	3,677,690
Employee benefit provisions	192,196	214,678
TOTAL CURRENT LIABILITIES	4,168,966	3,892,368
NON-CURRENT LIABILITIES		
Lease liabilities	-	6,708
Employee benefit provisions	77,027	86,115
Provision for rehabilitation	3,149,000	3,149,000
TOTAL NON-CURRENT LIABILITIES	3,226,027	3,241,823
TOTAL LIABILITIES	7,394,993	7,134,191
NET ASSETS	108,166,960	107,367,319
EQUITY		
Issued capital	171,119,902	171,644,902
Reserves	3,160,384	4,040,387
Accumulated losses	(66,113,326)	(68,317,970)
TOTAL EQUITY	108,166,960	107,367,319

(b) **Debt facility with Credit Suisse**

On 8 February 2012, Westgold entered into non-binding summary indicative terms and conditions (**Indicative Terms**) with Credit Suisse AG (**Credit Suisse**) to be used as a basis for continued discussion in relation to a secured loan facility of up to A\$80 million.

The Indicative Terms do not constitute an agreement, offer, solicitation of an offer or a commitment to underwrite or lend and any agreement, offer, solicitation of an offer or a commitment to underwrite can only be made in writing followings Credit Suisse's completion of due diligence and subject to credit approval processes and documentation in a form satisfactory to Credit Suisse.

The purpose of the secured loan facility, if advanced, would be to finance capital expenditures and related infrastructure and equipment costs (anticipated to be \$120 million) in order to complete the construction of the CMG Project.

Any advance of the facility will be subject to satisfaction of a number of conditions precedent, including:

- (i) Westgold raising equity capital of A\$40 million;
- (ii) completion of lender due diligence and approvals required by Credit Suisse;
- (iii) legal and technical due diligence;
- (iv) obtaining any relevant government approvals, consents and authorisations;
- (v) obtaining any relevant government licences and third party consents, approvals and authorisations;
- (vi) no "material adverse changes" or "events of default" occurring; and
- (vii) Westgold entering into a metal hedging program.

Any agreement between the parties will contain representations and warranties and events of default that are usual and customary for a transaction of this type.

The Indicative Terms can be terminated by either party providing 14 days' prior written notice to the other and will otherwise expire on 8 February 2013, being a 12 month period from the date of signing the Indicative Terms.

6.4 Information about Westgold's Securities

(a) **Westgold Shares**

As at the date of this Scheme Booklet, Westgold had 417,178,651 Westgold Shares on issue. Further information about Westgold Shares is provided in Section 14.3.

(b) **Westgold Options**

As at the date of this Scheme Booklet, Westgold had 29,650,000 unquoted Westgold Options on issue, as detailed below:

Expiry Date	Exercise Price	Balance
8 November 2012	\$0.45	250,000
25 March 2015	\$0.48	650,000
30 November 2012	\$0.21	2,500,000
7 January 2013	\$0.20	1,000,000
30 November 2013	\$0.21	500,000
31 December 2013	\$0.20	17,500,000
11 January 2014	\$0.32	1,025,000
24 August 2014	\$0.22	400,000
4 July 2014	\$0.29	1,825,000
15 August 2014	\$0.29	3,000,000
1 November 2014	\$0.23	1,000,000
	Total	29,650,000

(c) **Westgold Performance Rights**

As at the date of this Scheme Booklet, Westgold had 2,300,000 Westgold Performance Rights on issue, as detailed below:

Grant Date	Performance Hurdles	Expiry Date	Balance
2 November 2011	Various	2 November 2014	300,000
15 August 2011	Various	15 August 2014	2,000,000
		Total	2,300,000

Westgold proposes to cancel these Performance Rights for cash consideration following the Share Scheme Meeting. Please refer to section 14.12 for further details.

6.5 Westgold's substantial shareholders

Based on information lodged with ASX or known to Westgold, Westgold had the following substantial shareholders as at the date of this Scheme Booklet:

Westgold Shareholder	Number of Westgold Shares Held	Percentage of Issued Westgold Shares
Metals X	112,539,730	26.98%
SG Hiscock & Company Limited	22,674,363	5.47%

6.6 Westgold Share trading history

The last recorded sale price of Westgold Shares traded on ASX before the announcement of the proposed Merger was \$0.165 cents on 14 May 2012 (**Announcement Date**).

Westgold Shares traded in the range of \$0.165 per share to \$0.20 per share during the one month period prior to the Announcement Date.

The latest recorded sale price of Westgold Shares traded on ASX before the date of registration of this Scheme Booklet with ASIC, was \$0.15 on 22 August 2012.

During the three month period immediately preceding the date on which the Scheme Booklet was lodged for registration with ASIC, the highest and lowest recorded sale prices of Westgold Shares on ASX were, respectively, \$0.17 on 28 May 2012 and \$0.12 on 24, 25 and 26 July 2012.

6.7 Westgold Directors' intentions if Merger does not proceed

If the Merger does not proceed then Westgold will continue with its publicly stated strategy (refer Section 6.1). Should the prevailing difficult conditions in financial markets not improve then the ability of Westgold to fund and develop its projects will continue to be compromised.

6.8 Westgold announcements and reports

Westgold is subject to the periodic and continuous disclosure requirements of the Corporations Act and ASX Listing Rules. Specifically, as a listed company, Westgold is subject to the ASX Listing Rules which require continuous disclosure of any information Westgold has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

Westgold announcements are available on its website (www.westgold.com.au) as well as the ASX website (www.asx.com.au). Further announcements concerning developments at Westgold may be made and placed on these websites after the date of this Scheme Booklet.

In addition, Westgold is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC in relation to Westgold may be obtained from, or inspected at, an ASIC office.

Westgold will provide a copy of each of the following documents, free of charge, to anyone who asks for them before the Schemes are approved by the Court. The following documents can also be obtained from the ASX website (www.asx.com.au) or from the Westgold website (www.westgold.com.au):

- the annual financial report of Westgold for the financial year ended 30 June 2011 (being the last audited financial statements for a financial year of Westgold lodged with ASIC before the date of the Scheme Booklet);
- the half yearly financial report of Westgold for the 6 months ending 31 December 2011; and
- any continuous disclosure announcements made by Westgold after the date of the lodgement of the annual financial report referred to above and before the lodgement of a copy of this Scheme Booklet with ASIC.

The following table summarises material announcements made by Westgold to ASX since 30 June 2011.

Date Lodged	Description of Document
24/07/2012	30 June 2012 Quarterly Report
17/07/2012	Lodgement of Scheme Booklet with ASIC
03/07/2012	Change in Director's Interest Notice
02/07/2012	Change in Role of Director
29/06/2012	Letter to Shareholders
14/05/2012	MLX: Westgold to Merge with Metals X at Substantial Premium
14/05/2012	Westgold to Merge With Metals X
10/05/2012	Request for Trading Halt
10/05/2012	Trading Halt
03/05/2012	Appendix 3B
30/04/2012	31 March 2012 Quarterly Report
24/04/2012	Westgold Secures Great Fingall Gold Mine
04/04/2012	Rover 1 Decline Plan Submitted
13/03/2012	Half Year Accounts
07/03/2012	Investor Presentation
01/03/2012	Change of Director's Interest Notice
01/03/2012	Change in substantial holding from MLX
16/02/2012	Change of Director's Interest Notices
14/02/2012	Change in substantial holding from MLX
14/02/2012	Update to ASX Query
13/02/2012	Response to ASX Query
09/02/2012	Debt Funding Mandate for Central Murchison Gold Project
07/02/2012	Increase in Reserves and Resources at CMGP
30/01/2012	31 December 2011 Quarterly Report
23/01/2012	Expiry of Options
15/12/2011	Ceasing to be a substantial holder for RUM
14/12/2011	Research Report
07/12/2011	Mines and Money 2011 London Presentation
30/11/2011	Initial Jim's Find Resource Boosts Open Pit Prospects
25/11/2011	Results of Meeting
25/11/2011	AGM Presentation
25/11/2011	Process Engineering Study Awarded for Central Murchison
22/11/2011	Research Report
03/11/2011	High Grade Gold Intercepts at South Fingall
02/11/2011	Appendix 3B
24/10/2011	30 September 2011 Quarterly Report
21/10/2011	Notice of Annual General Meeting/Proxy Form
19/10/2011	Westgold Annual Report
14/10/2011	Drilling Confirms Jims Find Prospect
28/09/2011	Investor Presentation International Roadshow
28/09/2011	Appointment of Chief Operating Officer
26/09/2011	Full Year Statutory Accounts
09/09/2011	Strong Initial Results at CMGP and Project Update
17/08/2011	Change of Director's Interest Notice x 2 Amended
17/08/2011	Change of Director's Interest Notice x 2
15/08/2011	Appendix 3B
12/08/2011	Results of Meeting
03/08/2011	Diggers and Dealers Presentation
29/07/2011	30 June 2011 Quarterly Report
28/07/2011	Rover 1 Resource Upgrade
19/07/2011	Becoming a substantial holder
08/07/2011	Notice of General Meeting/Proxy Form
05/07/2011	Investor Presentation
05/07/2011	Appendix 3B

6.9 Material events since 31 December 2011

Within the knowledge of the Westgold Directors and other than as disclosed in this Scheme Booklet, there has not been a material change in the financial position of Westgold since 31 December 2011, being the balance date of the last audit reviewed balance sheet of Westgold which was released to ASX and made available on Westgold's website (www.westgold.com.au).

7. Profile of Metals X

This Section of the Scheme Booklet contains information in relation to Metals X as at the date of the Scheme Booklet. Additional information is included in the Independent Expert Report attached as Annexure A.

7.1 Background and overview

Metals X is an Australian public company that was incorporated on 23 July 2004 and has been listed on the ASX since August 2004. Metals X ordinary shares trade under the ASX code MLX.

Metals X is an explorer and developer of metals and minerals both in Australia and internationally. Within Australia, the Metals X Group has a pipeline of assets from exploration through to development and production. Where possible, it is the objective of Metals X to take direct ownership in its projects, however, where Metals X notes substantial value in less advanced assets that it cannot own outright, it has sought exposure through large shareholdings and advanced the value of assets in other companies with its financial capacity and technical capability. Metals X has also entered the emerging growth markets. As a truly diversified group with exploration, development and production skills, Metals X is not confined to one market or commodity and offers its shareholders exposure to base metals, precious metals, industrial minerals and bulk commodities.

Metals X is in a strong financial position; it carries a strong balance of cash, working capital and listed investments (approximately \$96 million as at 30 June 2012, excluding its current investment in Westgold) and has no corporate debt. It has a highly experienced and successful board and management team with skill sets covering most facets of the resource sector.

The asset portfolio and development pipeline is broadly divided as follows:

Production & cash flow projects

- Renison Tin Project (50%)

Development projects (in feasibility or construction phase)

- Wingellina Nickel and Cobalt Project (MLX 100%)
- Rentails (Renison Expansion Project) (MLX 50%)
- Mt Bischoff Tin Project (MLX 50%)
- Collingwood Tin Project (MLX 100%)
- Central Murchison Gold Project – Westgold Resources Limited (MLX 26.98%)
- Rover 1 Copper-Gold Project – Westgold Resources Limited (MLX 26.98%)
- Surgitei & Blue Eyes Gold Project – Mongolian Resource Company (MLX 15.33%)

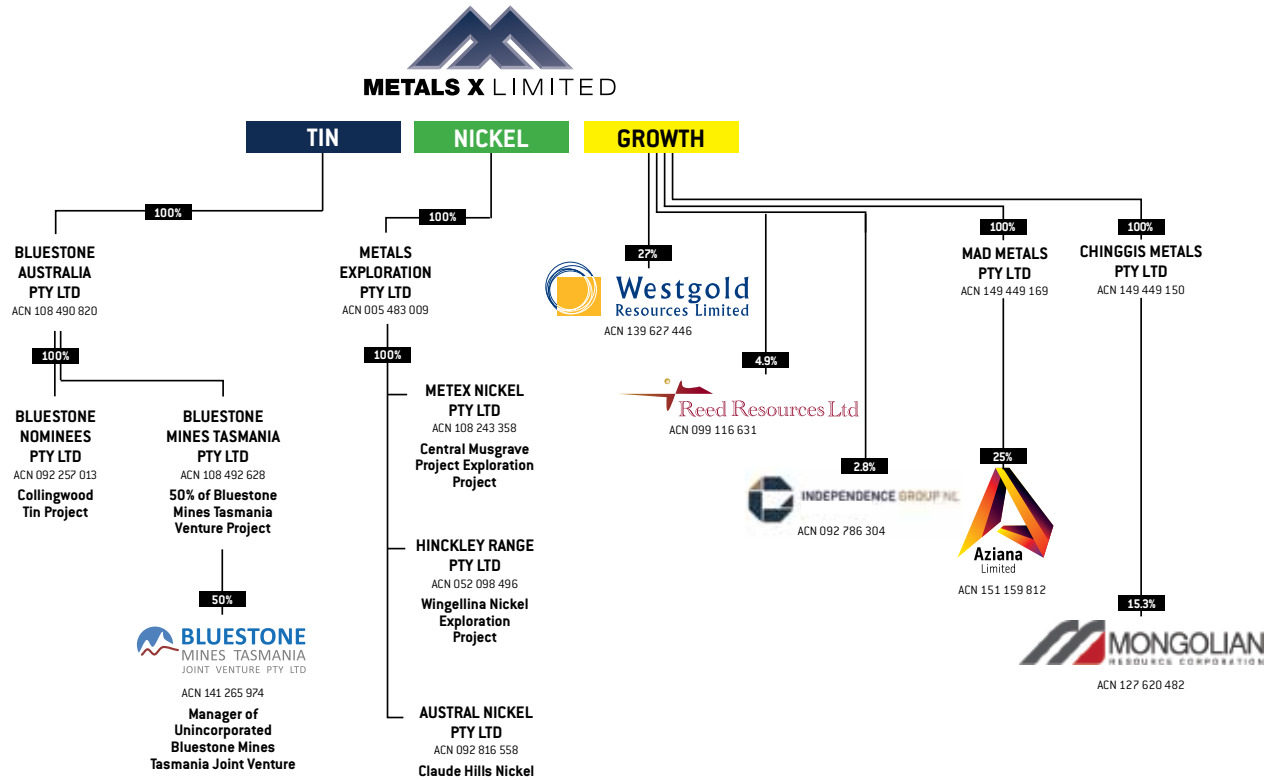
Exploration projects

- Central Musgrave Project – Ni, Co, Cu, Pt, Pd (MLX 100%)
- Tasmanian Tin Projects – Sn, Cu, Ni, W (MLX 50%)
- Murchison Regional Exploration – Westgold Resources Limited (MLX 26.98%)
- Rover Field Regional Exploration – Westgold Resources Limited (MLX 26.98%)
- Explorer 108 Project Pb-Zn-Cu-Ag – Westgold Resources Limited (MLX 26.98%)
- Warumpi & Macarthur Joint Ventures – Westgold Resources Limited (MLX 26.98%)
- Madagascar Gold Projects – Aziana Limited (MLX 25%)
- Manantenina Bauxite Project – Aziana Limited (MLX 25%)
- Mongolian exploration Projects – Mongolian Resource Company (MLX 15.33%)

Strategic shareholdings

- Independence Group Limited ASX: IGO – (MLX 2.8%)
- Westgold Resources Limited ASX: WGR – (MLX 26.98%)
- Mongolian Resource Company ASX: MRC – (MLX 15.3%)
- Aziana Limited ASX: AZK – (MLX 25%)
- Reed Resources ASX: RDR – (MLX 4.86%)

7.2 Metals X Corporate Structure



7.3 Key assets of Metals X

Tin division

Metals X is Australia's largest tin producer through its 50% ownership of the Bluestone Mines Tasmania Joint Venture (**BMTJV**). The key asset of the BMTJV is the Renison Tin Project, which consists of the world class Renison tin mine, a 700,000 tpa tin concentrator plant and a large amount of related infrastructure.

In addition, BMTJV owns the Mt Bischoff Tin Project where previous open pit mining has occurred and at which there remains a large tin inventory and numerous exciting new exploration targets (Figure 12).

BMTJV has the Renison Expansion Project or "Rentails Project" at which it has completed a detailed feasibility on the recovery of tin and copper from historic tin tailings using tin fumer technology. This 10-year project is currently under development consideration by the BMTJV partners.

In far north Queensland, Metals X also owns the Collingwood Tin Project, which remains on care and maintenance. A modest Mineral Resource of tin and a 350,000tpa tin concentrator plant remains at site.

These assets are the cornerstone of Tasmania's and Australia's hard-rock tin history and have been large long-life mines with considerable history and production.

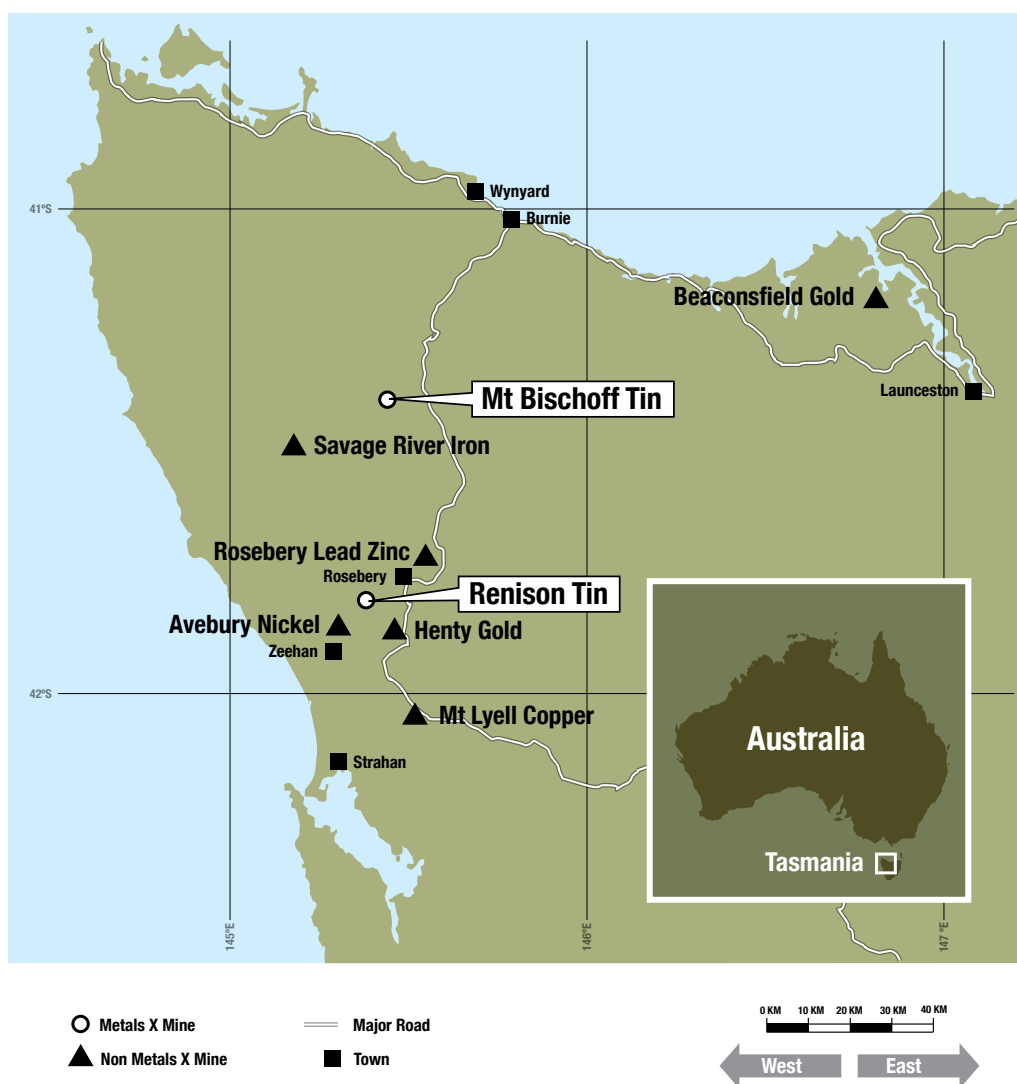


Figure 12. Metals X Tasmanian project location plan

The Renison Tin Project

The Renison Tin Project (MLX 50%) is located approximately 15km north east of Zeehan in the mineral-rich west coast region of Tasmania.

Tin mining has been carried out at or near Renison since alluvial tin was discovered in the area in 1890. However, it was not until the Mount Lyell Mining and Railway Company acquired control of the leases in 1965 that large-scale operations commenced. Renison was one of the first large scale trackless decline mines to be developed, and at its peak was one of the largest underground tin mines in the world, processing around 850,000tpa of ore and producing 8,000-9,000tpa of tin in concentrate. Apart from a few short stoppages when on care and maintenance due to lower tin prices, it has operated continually since that time.

The Renison mine is one of the largest known single body tin mines in the world and remains as one of the largest still in terms of remaining tin inventory. Metals X, through its wholly owned subsidiary Bluestone Mines Tasmania Pty Ltd, acquired the mine in 2004 and since that time has made a substantial capital investment in the plant, infrastructure, mine development and on exploration at the site. In March, 2010, post the Global Financial Crisis, Metals X completed the sale of a 50% interest in the project to a consortium headed by the world's largest and most diversified tin producer, Yunnan Tin Group Limited and has operated the mine in a joint venture arrangement since.



Plate 2. Concentrate production at the Renison tin processing plant

The Renison Tin Project (MLX 50%) has a large Ore Reserve inventory by any standards for an operating hard-rock tin mine in the world today. The total Mineral Resource and Ore Reserve estimates for the Project are summarised below:

Table 5. Renison underground mine – Mineral Resources summary (tin only)

Category	Tonnes	%Sn Grade	Sn Metal (t)
Measured	972,000	2.00%	19,430
Indicated	5,457,000	1.46%	79,860
Inferred	3,256,000	1.67%	54,210
Total	9,685,000	1.58% Sn	153,500

Table 6. Renison underground mine – Ore Reserves summary (tin only)

Category	Tonnes	%Sn Grade	Sn Metal (t)
Proved	372,000	1.44%	5,340
Probable	2,970,000	1.36%	40,310
Total	3,342,000	1.37% Sn	45,650

In addition, significant copper mineralisation occurs within the tin lodes and in many cases is mined as a consequence of mining the tin. In recent years a copper circuit has been added and commissioned and recovers some of the copper as a co-product. This is the first opportunity to generate revenue from copper from the mine in its history. As a consequence, not all lodes have been historically assayed for copper which can underestimate the Mineral Resource estimates and Ore Reserves for copper in the underground mine.

Table 7. Renison underground mine – Mineral Resources summary (copper (Cu) only)

Category	Tonnes	%Cu Grade	Cu Metal (t)
Measured	778,000	0.35%	2,730
Indicated	4,754,000	0.34%	16,000
Inferred	1,624,000	0.43%	7,020
Total	7,156,000	0.36% Cu	25,750

Table 8. Renison underground mine – Ore Reserves summary (copper only)

Category	Tonnes	%Cu Grade	Cu Metal (t)
Proved	372,000	0.32%	1,200
Probable	2,603,000	0.27%	6,930
Total	3,342,000	0.27% Cu	8,130

The Renison underground mine is a modern and highly mechanised operation. Over the past 5 years a complete refurbishment of the underground infrastructure has taken place. The BMTJV applies several underground mining methods, with ore extraction dominantly performed by up-hole benching and modified-avoca stoping methods. Mining applies a ground control management program, which ensures a coordinated approach to geotechnical and extraction matters.

The mine is serviced by two main adits and decline access, enabling flexible mobilisation of underground equipment. An internal large capacity primary crusher and a modern and fully automated internal shaft hoist system is in operation which can hoist up to 1500 tonnes per shift (12 hours) to the surface.

Ore extraction rates targeted have typically been around 40,000 tonnes per month over the past few years and have been constrained to areas in the south of the mine (Federal Lodes). De-watering and refurbishment of the North Renison decline has taken place over the past few years to open up the northern area of the mine and stoping of remnants and the development of new ores in this area has commenced. Production is expected to rise to around 60,000 tonnes per month with both areas contributing. This is the first time for over a decade that both the southern and northern zones of the mine have been in operation (Figure 13).

The BMTJV owns a near new fleet of modern underground equipment that has adequate capacity to fulfil the requirements. The fleet is operated under a service contract from specialist underground mining contractors.

Renison Bell

Mine Development Schematic Longitudinal Projection

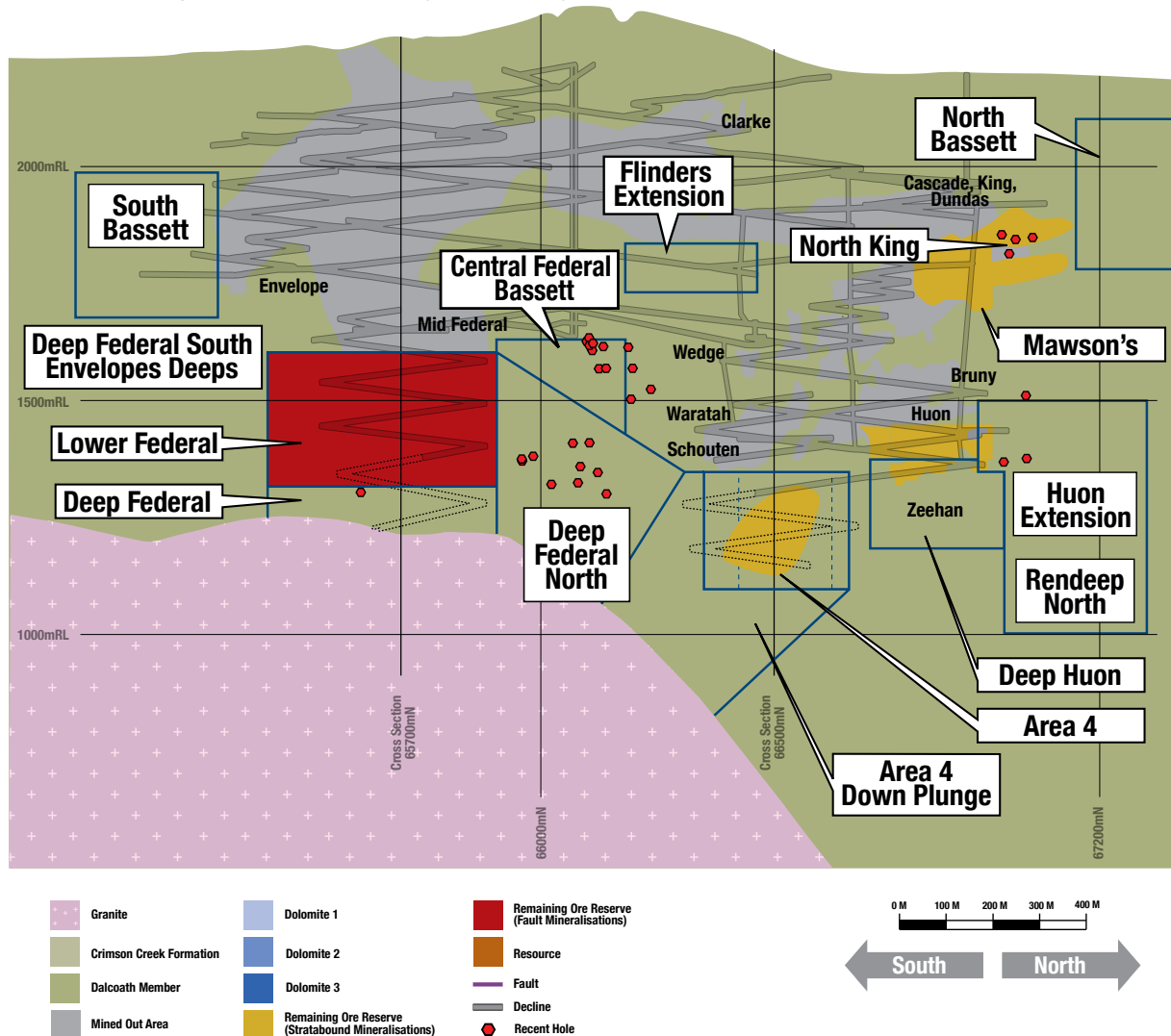


Figure 13. Long section of Renison Mine

The Renison Tin Concentrator

The Renison plant was commissioned in the mid-1960s and has been modified over time as new technologies, including cassiterite flotation and various phases of improved gravity separation and high gravity-force jig technology, have been added to the circuit. In its current configuration, the plant has a nominal capacity of approximately 700,000tpa, dependent on ore hardness. A description of the flow sheet follows:

The processing circuit includes:

- primary secondary and tertiary crushing of the ores to 10mm in size;
- rod milling and ball mill grinding of the ore to -250 microns ("µm");
- copper flotation to produce a small volume of concentrate containing +20% Cu;
- sulphide flotation (mainly pyrrhotite and arsenopyrite) prior to gravity processing;
- multiple stages of gravity recovery of tin from approximately +45µm flotation tailings using spirals, shaking tables, Falcon concentrators and a centrifugal jig;
- ore slurry classification of -45µm flotation tailings to produce a slime tailing finer than approximately 7µm, followed by tin flotation on the combined +7µm fraction and the gravity tailing;
- high G-Force gravity upgrading of tin flotation concentrates in closed circuit with tin flotation;
- acid leaching of combined gravity and tin flotation concentrates to dissolve dilutents (mainly siderite (iron carbonates)) to produce a concentrate containing around 55% Sn; and
- a final stage of pressure filtration (dewatering) of tin concentrates before shipping.

The regrind stages are located in the sulphide flotation circuits on rougher concentrates and in the gravity circuit on combined spiral and middlings table tailings. Stages of sulphide flotation scavenging are located on primary gravity, gravity area Falcon concentrates and on tin flotation feed. Thickeners control process water volume at several locations in the circuit and are used in a two stage counter-current decantation circuit in the leach plant.

In late 2011 the Renison Tin Plant was modified with the commissioning of the copper circuit, enabling copper to be recovered as a co-product from the tin concentration process. Copper in concentrate is now being produced at a rate of approximately 500tpa and is expected to increase further as higher grade coincident copper areas are mined.

Several mill recovery projects have also been commissioned that includes the installation of spirals on the regrind cyclone underflow circuit which is expected to be fully functional by the middle of July 2012 and the stage 1 optimisation of the ultra fine flacon (**UF**) circuit which has already resulted in recovery improvements and further stability of the processing circuit. A further Stage 2 UF project is also currently underway and expected to commence shortly which will involve the installation of a further 2 UF machines.

The Renison tin concentrates are containerised and shipped from Burnie to the smelter in Malaysia. The smelter terms comprise smelter charges, unit deductions and penalties. The smelter charges include a base treatment charge plus a fuel adjustment factor.

Mt Bischoff Project

The Mt Bischoff open pit mine is located near the township of Waratah approximately 80km north of the Renison Tin Project.

This historic Mt Bischoff mine was the world's largest tin producer from 1875 to 1905, producing over 2,000tpa of contained metal. The open pit and underground workings closed in 1947. BMTJV owns the retention licence over the property. The open pit was redeveloped in 2008, with the ore mined being stockpiled and then trucked to the Renison plant for processing. From 2008 to 2010 approximately 15,000-20,000tpm of Mount Bischoff ore was trucked to Renison, blended with the Renison ore and processed through the Renison tin concentrator.

The predominant mineralisation type at Mount Bischoff is a pyrrhotite-rich skarn developed in a dolomite host. The ore is similar to the stratabound skarn mineralisation at Renison. The open pit ores were blended with the Renison underground ore for processing which provided incremental feed to the plant. The open pit operations are now complete and the site is currently under care and maintenance and ongoing environmental monitoring.

A significant residual Mineral Resource exists at Mt Bischoff as follows:

Table 9. Mt. Bischoff – Mineral Resources summary (tin (Sn) only)

Category	Tonnes	%Sn Grade	Sn Metal (t)
Measured	-	-	-
Indicated	968,000	0.59%	5,680
Inferred	699,000	0.47%	3,300
Total	1,667,000	0.54% Sn	8,980

A detailed high definition magnetic and electro-magnetic geophysical survey has recently been flown over the area and a number of targets have been identified requiring systematic drill evaluation. There are a number of areas of old workings on the Mount Bischoff lease, where minimal recent exploration has been carried out, but where from surface mapping and previous mining there is clear evidence of tin mineralisation. Exploration work is planned to determine whether further mineable reserves, either open pit or underground can be established, with a view to re-commencing the operation in the future if exploration proves successful.

Renison Expansion Project (Rentails Project)

The Rentails Project has an objective to reprocess and recover tin and copper from tailings from the processing of tin ores from the Renison Bell mine since 1965. The Mineral Resource and Ore Reserves estimates for the Rentails Project are summarised:

Table 10. Rentails – Mineral Resources summary (tin (Sn) and copper (Cu))

Category	Tonnes	%Sn	% Cu	Sn Metal (t)	Cu Metal (t)
Measured	19,999,000	0.45%	0.21%	89,370	42,360
Indicated	-	-	-	-	-
Inferred	-	-	-	-	-
Total	19,999,000	0.45%	0.21%	89,370	42,360

Table 11. Rentails – Ore Reserves summary (tin and copper)

Category	Tonnes	%Sn	% Cu	Sn Metal (t)	Cu Metals (t)
Proved	-	-	-	-	-
Probable	19,158,000	0.45%	0.21%	85,330	40,420
Total	19,158,000	0.45%	0.21%	85,330	40,420

Metals X completed a feasibility study for the Rentails Project in 2009. Financial outcomes estimated an average total cash cost of production of \$11,875 per tonne of tin after copper credits, assuming a tin price of A\$19,375 and copper price of A\$6,250 (current copper price A\$8,300). Capital costs were estimated to be A\$199 million +/- 15% (with a processing plant requiring approximately \$120 million of capital and a tin fumer to treat concentrate requiring an additional approximately \$79 million of expenditure). The study outcomes demonstrate that it remains exposed to upside from tin and copper prices.

The proposed process route uses proven technology and has developed a robust circuit for the recovery of both tin and copper. In addition, the project would allow for the treatment of other tin sulphide (stannites) ore bodies within the region, which are not currently viable under conventional tin processing routes, as they require tin fuming.

The Rentails Project flow sheet comprises the reclaiming of tailings from the historical dams at an annual rate of 2Mt, to produce approximately 5,300t of tin and 2,000t of copper contained in concentrates per annum. The tailings ore is finely ground to increase the liberation of the tin bearing minerals before removing the gangue sulphides by flotation. The sulphide flotation tails, which contain the fine tin, are then processed through classification, gravity recovery and tin flotation circuits. Flotation produces a 10% tin concentrate that will be smelted to produce a tin fume product assaying in excess of 68% tin. A by-product from the fuming process will be a saleable copper matte assaying 70% copper.

Metals X is currently working with its BMTJV partners to validate the feasibility study in preparation to committing to the project development. A decision to commit to, and the structure of financing for, the Rentails Project (presently likely, although not guaranteed, to be project financed by the BMTJV) will be dependent on the market outlook, balanced with prevailing tin prices and exchange rates among other variables. Further, it is noted that from a capital expenditure standpoint, it is possible that the BMTJV may decide only to invest in the processing plant (and not the tin fumer) and sell concentrates.



Plate 3. Aerial photograph showing conceptual Rentails Fumer in background with existing Processing Plant and Tailings Dam

Collingwood Tin Project

The Company's Collingwood Tin Project is located in far north Queensland approximately 30km south of Cooktown. The Company has decided the asset is non-core and Metals X intends to dispose the assets. A Mineral Resource estimates remains at the Collingwood Tin Project:

Table 12. Collingwood Tin Project – Mineral Resources summary (tin only)

Category	Tonnes	%Sn Grade	Sn Metal (t)
Measured	-	-	-
Indicated	652,000	1.29%	8,440
Inferred	50,000	1.12%	570
Total	702,000	1.28% Sn	9,010



Plate 4. Collingwood Processing Plant

Nickel division

Metals X's nickel strategy is built around the wholly owned Central Musgrave Project (**CMP**) located in the Musgrave Ranges of central Australia. The project area straddles the WA/SA state borders.

The CMP covers 1,957km² of prospective exploration tenure encompassing the whole of the Wingellina layered intrusive sub-set of the Giles Complex (Figure 14). Within the CMP is the globally significant Wingellina Nickel – Cobalt Limonite (tropical laterite) deposit, additional similar styles of mineralisation at the Claude Hills prospect and numerous other exploration prospects. The core focus of Metals X at the CMP is the discovery and future mining of well-developed nickel and cobalt rich limonites (tropical laterites) in the region. Metals X is also exploring for primary nickel copper, platinum and palladium metals, which are typically hosted within ultrabasic intrusive rocks.

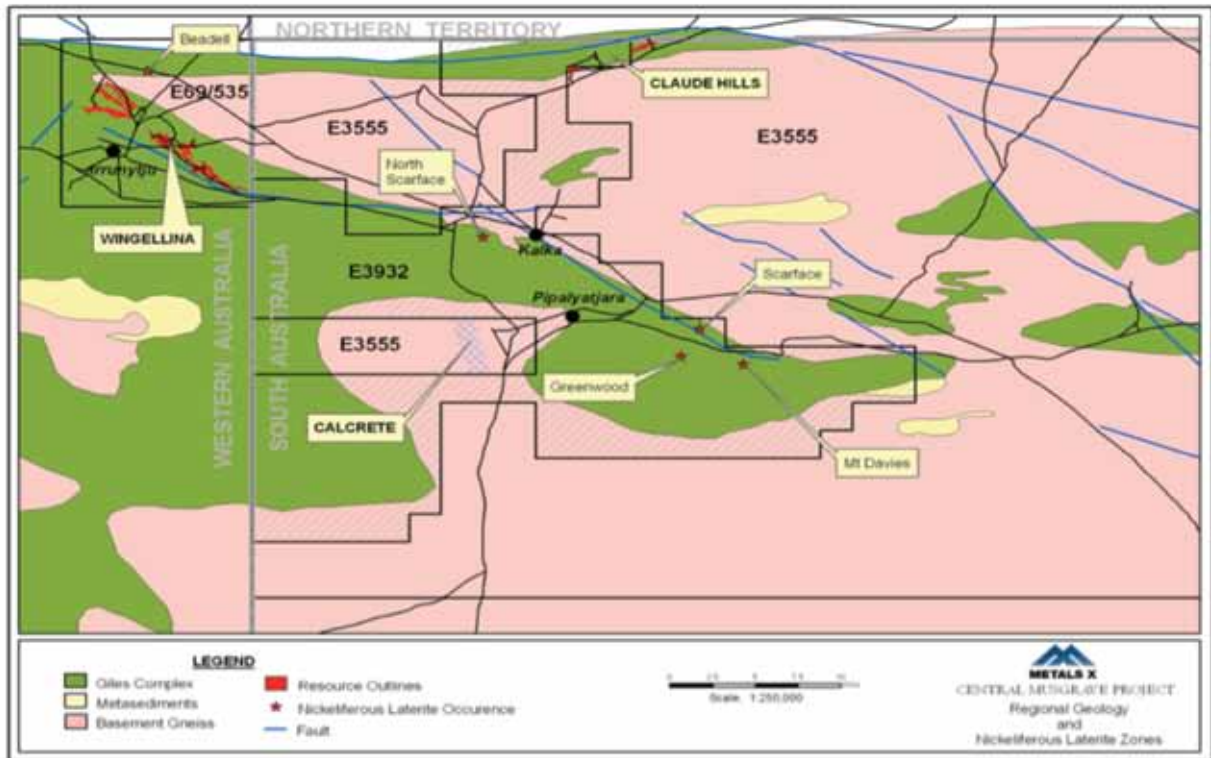


Figure 14. CMP Geology and Tenements

Wingellina Nickel Project

The Wingellina deposit is globally significant and is one of the largest undeveloped known nickel deposits in the world today.

The mineralogy of the Wingellina ore is a major strength of the project, being a “Nickel Limonite”, or “Pure Oxide Tropical Laterite” (**POTL**) ore. Unlike most Australian nickel laterite projects, Wingellina ore has characteristics perfectly suited to High Pressure Acid Leaching (**HPAL**), with high iron grades (resource average 47% Fe₂O₃) and a very low concentration of magnesium (resource average 1.6% Mg). Peer comparison suggests that the Wingellina ore characteristics are similar to those at Moa Bay in Cuba and Ambatovy in Madagascar. Moa Bay began production using HPAL in 1959, and has been successfully operated over many years and is still operating today. Like Moa Bay and Ambatovy, the similar metallurgical characteristics of Wingellina result in comparatively low acid consumption. Acid consumption has the largest impact on operating costs in the HPAL process and as such is an important consideration in adopting the HPAL technology.

The total Mineral Resources estimate defines an ore body containing approximately 1.8Mt of contained nickel metal and 139Kt of Cobalt metal. Significantly, over 91.3% of the resource is categorised as measured and indicated and consequently the conversions to Probable Ore Reserve in accordance with the JORC Code is high.

Table 13. Wingellina Mineral Resources summary (as at 30 June 2012)

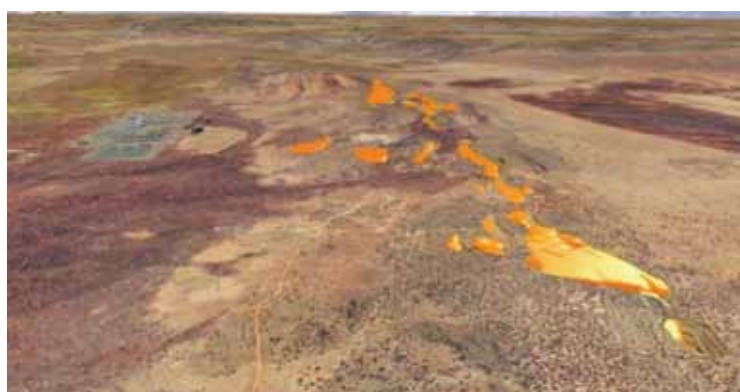
Class	Tonnes	Ni %	Co %	Fe ₂ O ₃ %
Measured	68,847,000	1.00	0.08	48.71
Indicated	98,623,000	0.97	0.08	46.39
Inferred	15,727,000	0.97	0.07	42.73
Total	183,197,000	0.98%	0.08 %	46.95 %

Table 14. Wingellina Ore Reserves summary (as at 30 June 2012)

Class	Tonnes	Ni %	Co %	Fe ₂ O ₃ %
Proven	-	-	-	-
Probable	167,470,000	0.98	0.08	47.34
Total	167,470,000	0.98%	0.08%	47.34%

The development concept for the Wingellina Nickel Project envisages a simple mining operation with free-digging limonite ore within a number of pits over a strike length of approximately 10kms and widths of up to 600m. The average bulk density of the deeply weathered limonite ores is estimated to average only 1.17 tonnes per cubic metre. Average waste ore strip ratios over the mine life are 1.1:1 and 0.50:1 for the first 20 years. Mine sequencing in early years will take advantage of the favourable orebody geometry, which allows mining to progress with a strategy to mine higher-grade ores early in the project life to maximise early cash flow. Average mined grades for the first 20 years are approximately 1.1% Ni and 0.09% Co. The favourable mining conditions result in very low mining costs with low risk. Estimated mining costs currently represent less than 5% of the overall operating cost for the project.

Ore processing is planned with an annualised treatment rate of 4.3 million tonnes of ore per annum. The final planned product is a mixed nickel-cobalt hydroxide concentrate of 32%-38% purity, which is to be sold and shipped off site for refining to nickel and cobalt metal products. An alternate consideration to produce a nickel and cobalt sulphide concentrate is under consideration as this may be better suited to long term refinery requirements.

*Plate 5. Conceptual open pit mines and processing plant in the foreground*

Using a number of specialist consultants in this field, Metals X completed a development study (+/- 25%) in 2008 that defined a robust project.

The key outcomes concluded:

- a minimum project life of 40 years;
- an average annual production rate of 40,000 tonnes of nickel and 3,000 tonnes of cobalt;
- an assumed average nickel price of US\$20,000 per tonne nickel, US\$45,000 per tonne cobalt and an A\$/US\$ exchange rate of 0.85 over the project life;
- a total estimated capital cost of \$2.2 billion;
- an average annual EBITDA of \$565 million per annum when operating; and
- a benchmark cash cost of US\$3.34/lb of nickel after cobalt credits.

Metals X has continued with getting the project development ready including its environmental approvals. All works required for submission of the Public Environmental Review (**PER**) document have been complete except for a new imposed requirement to provide a detailed definition of the proposed water source. This last task is the current key focus of on-site activities and Metals X has successfully tested the known aquifer in L69/12, approximately 100km south west of Wingellina, with water boreholes encountering a significant aquifer at approximately 140m below surface. Having now obtained all of the regulatory approvals drilling has commenced to fully delineate the limits of the proposed bore field and enable the submission of the final PER later this year.

Wingellina Mining Agreement

In July 2010 Metals X signed a landmark Mining Agreement (**Wingellina Agreement**) with the traditional owners, Native Title holders, the Yarnangu Ngaanyatjarraku Parna Aboriginal Corporation, the Ngaanyatjarra Land Council (Aboriginal Corporation) and the Ngaanyatjarra Council (Aboriginal Corporation) to allow the development of the project.

The Wingellina Agreement provides consent for the grant of a mining lease, and subsequent mining operations over the project, which subject to other regulatory approvals allows Wingellina to be developed. In addition, the Wingellina Agreement allows for the granting of additional project titles for water, pipelines, roads and other infrastructure over an area in excess of 18,000km².

The landmark agreement, was the first, and remains the only mining agreement to be successfully negotiated in the Ngaanyatjarra Lands and the associated Aboriginal Reserves. Whilst the detail of the Wingellina Agreement remains confidential, the agreement includes cash payments as project milestones are met, a gross royalty interest in line with current Western Australian and national industry standards, and employment and training initiatives for the local people.

The finalisation of the Wingellina Agreement was a major milestone in the development of Wingellina and an important focus for financial and social development within the Ngaanyatjarra lands. The Wingellina Agreement reflects a willingness by the Ngaanyatjarra People to work together with mining companies in the development of resource projects providing commercial and financial benefits to all stakeholders, whilst maintaining the respect of cultures, beliefs and traditions of the traditional owners.

Wingellina Nickel Project financing

Metals X has significantly advanced the Wingellina Nickel Project toward development and is now reviewing options to finance and develop the project. Metals X has held discussions with a number of larger international groups who have shown interest in equity participation, financing and off-take. Discussions are continuing with those groups that are capable of providing both technical expertise and funding. There is no guarantee that these discussions will result in an agreement being reached. It is also anticipated that if such an agreement is reached, it is likely to be non-binding and also highly conditional, including upon a final definitive feasibility being completed. Metals X expects to be required to fund a definitive feasibility study at an estimated cost of approximately \$12 million - \$15 million to enable detailed engineering and the costings for project development to be updated.

The financing of large projects such as the Wingellina Nickel Project is often associated with a combination of financing options that include equity participation and/or financing in return for off-take, product or royalty streams, construction and supply. In addition it is common that the owner of the project will seek strategic partners to provide the equity for the development of the project, with the owner obtaining a free carry interest percentage to production. Financing can also be provided from a combination of participants including banks, strategic partners and sovereign, development and private funds. It is also common that a special purpose entity is created for the financing and development of such projects. It is presently not the intention for Metals X to fund directly the development of the Wingellina Nickel Project but to seek a free carry interest to production, however, there is no guarantee that this will be achieved.

Claude Hills Prospect

Claude Hills is located approximately 30km to the east of Wingellina and is one of many additional known areas of nickeliferous limonite development (similar to Wingellina) within the CMP. Metals X has completed a broad evaluation drilling program at Claude Hills and has defined an Inferred Resource as follows:

Table 16. Claude Hills Prospect – Mineral Resources Estimate (as at 30 June 2012)

Cut-off (% Ni)	Million Tonnes	Ni (%)	Co (%)	Fe ₂ O ₃ (%)
0.5%	33.3	0.81%	0.07%	39%
0.7%	19.2	0.96%	0.08%	44%

The Claude Hills resource straddles the wholly owned tenement EL4751 and the Mt Davies joint venture tenement EL3932 and approximately 50% of the resource is located within EL4751. The nickeliferous limonite occurs as a blanket beneath sand cover (5-20m thick) and extends over a 5km strike length. The orebody width varies from 50 to 250m and orebody thicknesses vary between 12 to 60m. The grades obtained are similar to Wingellina for nickel, cobalt and magnesium, but the alumina content is considerably lower. It is anticipated that the metallurgical behaviour of the ore will be as favourable as Wingellina as a result of the low magnesium and alumina grades.

The presence of well-developed nickeliferous limonite at Claude Hills is an exciting development in the understanding of the Giles Complex, and Metals X will continue to explore for additional resources to complement the Wingellina Nickel Project.

There remains large areas of ultramafic stratigraphy of the Wingellina layered intrusive which has been subjected to the same weathering processes that are yet to be explored. Metals X believes the likelihood of further nickeliferous discoveries in the region is high.

Mt Davies Joint Venture

Metals X, through its wholly owned subsidiary Austral Nickel Pty Ltd (**Austral**), entered into a farm-in agreement with Rio Tinto Exploration Pty Ltd (**Rio Tinto**) in July 2009 to earn an initial 51% interest in the South Australian exploration license E3932 (**Mt Davies**). This tenement is encapsulated within Metals X's 100% owned tenement E3555, which is adjacent to the Wingellina deposit and hosts part of the Claude Hills deposit. Austral can increase its interest to 70% ownership by sole funding exploration and development expenditure to the completion of a pre-feasibility study. Rio Tinto can elect to contribute following the earn-in phase to retain a 49% interest and can elect to earn-back up to 70% ownership within 60 business days after the delivery by Austral of the pre-feasibility study, through the sole funding of a feasibility study. To date only a small percentage of the mineralisation system has been tested and there are numerous other limonite occurrences known to exist within the Mt Davies license. In addition there is also significant potential for the discovery of nickel and copper sulphides within the area.

Strategic investments

Metals X has operated a strategy over the past few years to build a diverse portfolio of metal and industrial mineral interests. Metals X has recognised that it is not always possible to acquire assets outright. So, when opportunities are identified, the strategy has been to invest directly within the publicly listed or unlisted entity that owns the assets. Metals X considers that this provides the group with both the flexibility to fund and finance the exploration and development activities in a dedicated manner without the competition for capital from its operations.

Metals X currently holds the following strategic shareholdings:

- Westgold Resources Limited 26.98%;
- Independence Group NL 2.82%;
- Mongolian Resource Company Limited 15.33%;
- Aziana Limited 25.00%; and
- Reed Resources Limited 4.86%.

7.4 Directors of Metals X

The directors of Metals X as at the date of this Scheme Booklet are as follows:

Peter Gerard Cook Non-Executive Chairman	Refer to Section 6.2 for details of Mr Cook's experience.
Warren Shaye Hallam Managing Director	Refer to Section 6.2 for details of Mr Hallam's experience.
Dean Patrick Will Executive Director	Mr Will is a mining engineer (Beng) with a Master's degree in Business Administration. Mr Will has over 26 years' experience and has numerous senior and executive roles across a diversity of companies. For the past nine years he has been the Chief Mining Engineer with Mincor Resources NL where he has been responsible for mining engineering, project evaluations, assisting business development, evaluations and contract management and successfully played a key role in Mincor's nickel expansion strategy. Mr Will has held no other public company directorships in the past three years.
Andrew Ferguson Non-Executive Director	Mr Ferguson is an Executive Director and the Chief Executive Officer of APAC Resources Limited (HK1104), Metals X's largest shareholder. Mr Ferguson holds a Bachelor of Science Degree in Natural Resource Development and was a mining engineer in Western Australia in the late 90's. In 2003 Mr Ferguson co-founded New City Investment Managers in England. He has a proven track record in fund management and was the former co-fund manager of City Natural Resources High Yield Trust, which was awarded best UK Investment Trust in 2006. He has also worked for CQS LLP (CQS) in Hong Kong as the Chief Investment Officer for New City Investment Managers CQS and a Senior Portfolio Manager for CQS.
Xie Penggen Non-Executive Director	Mr Xie Penggen is a minerals processing engineer with over 24 years' experience in the mining industry. Mr Xie commenced his career within the Jinchuan Group where he has undertaken various operational, technical and management roles. He is currently an executive in Jinchuan's global investment group which is responsible for the Group's international investments. Mr Xie Penggen has appointed Yimin Zhang as his alternate director.

7.5 Historical financial information

The following information has been extracted from Metals X's 30 June 2012 unaudited management accounts, 31 December 2011 half year financial report and historical annual reports. Copies of Metals X's 31 December 2011 half year financial report and Metals X's historical annual reports are available on the Metals X website (www.metalsx.com.au). Copies will also be provided by Metals X, free of charge, to any Westgold Securityholder who requests it before the Scheme Meetings.

Consolidated Statement of Financial Position

	Audit Reviewed 31 December 2011 \$	Unaudited 30 June 2012 \$
CURRENT ASSETS		
Cash and cash equivalents	62,444,619	42,675,042
Trade and other receivables	11,271,363	13,430,679
Inventories	10,055,651	11,898,556
Other assets	397,610	1,103,331
Other financial assets	3,320,730	3,320,730
TOTAL CURRENT ASSETS	87,489,973	72,428,338
NON-CURRENT ASSETS		
Available-for-sale financial assets	27,416,398	29,689,236
Derivative financial instruments	363,696	448,989
Investment in associates	24,531,846	19,839,153
Property, plant and equipment	20,268,028	18,757,169
Mine properties and development costs	82,966,301	87,080,628
Exploration and evaluation expenditure	2,684,317	1,675,901
TOTAL NON-CURRENT ASSETS	158,230,586	157,491,076
TOTAL ASSETS	245,720,559	229,919,414
CURRENT LIABILITIES		
Trade and other payables	8,803,784	8,320,501
Interest bearing loans and borrowings	1,584,916	1,507,488
Provisions	1,349,052	959,732
TOTAL CURRENT LIABILITIES	11,737,752	10,787,721
NON-CURRENT LIABILITIES		
Provisions	3,419,530	3,365,166
Interest bearing loans and borrowings	3,837,467	2,942,774
TOTAL NON-CURRENT LIABILITIES	7,256,997	6,307,940
TOTAL LIABILITIES	18,994,749	17,095,661
NET ASSETS	226,725,810	212,823,753
EQUITY		
Issued capital	280,737,677	279,086,186
Accumulated losses	18,728,928	(85,603,883)
Option premium reserve	140,577	18,728,928
Other reserves	(72,862,711)	612,522
Parent interests	226,744,471	212,823,753
Minority interests	(18,661)	-
TOTAL EQUITY	226,725,810	212,823,753

Consolidated Statement of Comprehensive Income

	Audit Reviewed 31 December 2011 (6 months) \$	Unaudited 30 June 2012 (12 months) \$
Continuing operations		
Revenue	28,325,065	52,907,011
Cost of sales	(30,739,444)	(57,714,749)
Gross loss	(2,414,379)	(4,807,738)
Other income	655,986	815,377
Other expenses	(3,420,046)	(4,609,688)
Fair value change in financial instruments	(520,199)	(434,906)
Share of loss of associate	(1,492,667)	(2,344,646)
Impairment loss on investment in associates	(2,126,950)	(8,064,451)
Impairment loss on available-for-sale financial assets	(22,431,544)	(24,490,872)
Exploration and evaluation expenditure written off	(107,128)	(285,175)
Loss from continuing operations before income tax and finance costs	(31,856,927)	(44,222,099)
Finance costs	(195,590)	(386,274)
Loss before income tax	(32,052,517)	(44,608,373)
Income tax benefit	869,708	890,731
Net Loss after tax	(31,182,809)	(43,717,642)
Other comprehensive income		
Share of change in equity of associate	880,266	1,059,669
Net fair value gains on available-for-sale financial assets	1,990,231	2,097,600
Other comprehensive income for the period, net of tax	2,870,497	3,157,269
Total comprehensive income for the period	(28,312,312)	(40,560,373)
Profit for the period is attributable to:		
Owners of the parent	(31,182,520)	(43,923,687)
Non-controlling interest	(289)	206,045
	(31,182,809)	(43,717,642)
Total comprehensive income for the period is attributable to:		
Owners of the parent	(28,312,023)	(40,766,418)
Non-controlling interest	(289)	206,045
	(28,312,312)	(40,560,373)

7.6 Information about Metals X's securities

(a) Metals X Shares

As at the date of this Scheme Booklet, Metals X had 1,316,663,257 Metals X Shares on issue. Further information about Metals X Shares is provided in Section 14.3.

If the Share Scheme becomes Effective, a further 335,102,813 Metals X Shares will be issued as Share Scheme Consideration in respect of the Westgold Shares to be acquired under the Share Scheme (ignoring the effects of rounding and assuming that no Westgold Options are exercised before the Record Date).

(b) Metals X Options

As at the date of this Scheme Booklet, Metals X had 11,100,000 unquoted Metals X Options on issue, as detailed below:

Metals X Option	Expiry Date	Exercise Price	Number
Director Options	30 November 2013	\$0.13	2,800,000
EOS Options	30 November 2012	\$0.14	2,500,000
Contractor Options	30 November 2013	\$0.32	1,000,000
LTIP Options	30 November 2014	\$0.30	2,300,000
Director Options	30 November 2014	\$0.30	2,500,000
		Total	11,100,000

An employee incentive scheme, (**Metals X Employee Option Scheme**), was approved by shareholders at Metals X's annual general meeting held 26 November 2007. The outstanding balance of options issued under the Metals X Employee Option Scheme (**MLX EOS Options**) is detailed in the table above and the terms of these EOS Options are described in Section 7.11.

The Metals X Long Term Incentive Plan (**MLX LTIP**) was approved by shareholders at Metals X's annual general meeting held 26 November 2010 and replaced the Metals X Employee Option Scheme. The outstanding balance of options issued under the LTIP (**MLX LTIP Options**) is detailed in the table above. The terms of the LTIP are described in Section 7.11.

The terms of the Director Options and Contractor Options (as detailed in the table above) are described in Section 7.11.

All of the Metals X Options are capable of exercise before the Implementation Date.

If any existing Metals X Options are exercised after the date of this Scheme Booklet and prior to the Implementation date, the number of Metals X Shares on issue will increase.

If the Option Scheme becomes Effective, a further 32,615,000 Metals X Options will be issued as Option Scheme Consideration in respect of the Westgold Scheme Options to be cancelled under the Option Scheme (ignoring the effects of rounding).

7.7 Metals X's substantial shareholders

Based on information lodged with ASX or known to Metals X, Metals X had the following substantial shareholders as at the date of this Scheme Booklet:

Metals X Shareholder	Number of Metals X Shares Held	Percentage of Issued Metals X Shares
APAC Resources Limited	397,630,281	30.20%
Jinchuan Group Limited	176,000,000	13.37%
Sabatica Pty Limited	79,742,210	6.06%
Peter Cook Group	68,940,200	5.24%

7.8 Interests of Metals X Directors in Metals X securities

Director	Metals X Shares	Options expiring on 30 November 2012 exercisable at \$0.14	Options expiring on 30 November 2014 exercisable at \$0.30
Peter Cook	68,940,200	-	-
Warren Hallam	6,350,000	1,500,000	1,250,000
Andrew Ferguson ¹	397,630,281	-	-
Dean Will	-	-	1,250,000
Xie Penggen ²	176,000,000	-	-
Yimin Zhang (Alternate Director to Mr Penggen)	-	-	-
Total	648,420,481	1,500,000	2,500,000

1. Mr Ferguson is a director of APAC Resources Limited which holds 397,630,281 fully paid ordinary shares in Metals X.
2. Mr Penggen is a director of Jinchuan Group Limited which holds 176,000,000 fully paid ordinary shares in Metals X.

7.9 Metals X Share trading history

The last recorded sale price of Metals X Shares traded on ASX before the public announcement of the proposed Merger was \$0.185 on 9 May 2012.

The latest recorded sale price of Metals X Shares on ASX before the date on which the Scheme Booklet was lodged for registration with ASIC was \$0.155 on 22 August 2012.

During the three month period immediately preceding the date on which the Scheme Booklet was lodged for registration with ASIC, the highest and lowest recorded sale prices of Metals X Shares on ASX were, respectively, \$0.165 on 25, 26, 30 and 31 May 2012 and 18, 19 and 20 June 2012 and \$0.11 on 3 August 2012.

Market performance of Metals X Shares (12 months)



Neither the Metals X Share prices given above, nor the historical share price information contained in the figure above, should be taken as necessarily being an indication of the likely Metals X Share price following implementation of the Merger.

7.10 Rights attaching to Metals X Shares

The rights and liabilities attaching to Metals X Shares (and New Metals X Shares that form part of the Share Scheme Consideration) are described in Section 14.3.

7.11 Metals X Long Term Incentive Plan

Metals X has in place an Long Term Incentive Plan (**MLX LTIP**) pursuant to which Metals X Options (**MLX LTIP Options**) or Performance Rights (**MLX LTIP Performance Rights**) may be offered (at the discretion of the Metals X Board) to full or part time directors and employees (or their nominees) of the Metals X Group.

There is a limit on the number of MLX LTIP Options and MLX LTIP Performance Rights which may be issued such that at any time the number of MLX LTIP Options and MLX LTIP Performance Rights on issue under the LTIP (or a previous plan) when aggregated with shares issued in the previous 5 years under the MLX LTIP (or a previous plan) will not exceed 5% of the issued shares in the Company (assuming all MLX LTIP Options and MLX LTIP Performance Rights were exercised). The 5% limit does not apply to offers of options made outside Australia or made under section 708 of the Corporations Act or made under the disclosure document or made under certain exemptions under previous Corporations laws, consistent with the levels prescribed by ASIC Class Order 03/184.

For so long as Metals X is admitted to the official list of ASX, MLX LTIP Options and MLX LTIP Performance Rights cannot be offered to a director or their associates except where approval is given by the shareholders of Metals X in accordance with any requirements of the Listing Rules and, where required, the Corporations Act.

As at the date of this Scheme Booklet, the number of MLX LTIP Options on issue is set out in section 7.6(b) and there are no MLX LTIP Performance Rights on issue.

(a) Terms applicable to MLX LTIP Options

The expiry date for an MLX LTIP Option will be 2 years after the later of the issue date or the vesting date or such other time as the Board of Metals X may specify in the offer for the MLX LTIP Options. The vesting date for MLX LTIP Options is 3 years after the issue date or such other date determined by the Board of Metals X.

MLX LTIP Options may generally only be exercised during the period commencing on the later of the vesting date, the last of any exercise conditions or other forfeiture conditions is satisfied (or waived by the board) and the expiry date.

The exercise price for MLX LTIP Options will be set by the Board of Metals X at the time the MLX LTIP Options are offered. MLX LTIP Options will be issued for an issue price of not more than 1 cent per MLX LTIP Option unless the Board of Metals X determines otherwise.

(b) Terms applicable to MLX LTIP Performance Rights

The expiry date for an MLX LTIP Performance Right will be 2 years after the issue date or the vesting date or such other time as the Board may specify in the offer for the MLX LTIP Performance Rights. The MLX LTIP vesting date for MLX Performance Rights will be three years from the date of issue or such other date as the Board of Metals X may specify in the offer.

MLX LTIP Performance Rights will only be exercisable between the vesting date (or such later date on which any vesting conditions or other forfeiture conditions are satisfied or waived by Metals X) and the expiry date. The expiry date of MLX LTIP Performance Rights will be two years after the later of the issue date and the vesting date or such other period as determined by the Board of Metals X.

The exercise price for an MLX LTIP Performance Right will be nil unless the Board otherwise determines prior to the offer of the MLX LTIP Performance Right. MLX LTIP Performance Rights will be issued at an issue price of not more than 1 cent per MLX LTIP Performance Right unless the Board of Metals X determines otherwise.

(c) Terms applicable to both MLX LTIP Options and MLX LTIP Performance Rights

Holders of MLX LTIP Options or MLX LTIP Performance Rights have no right to vote at meetings of the Metals X or receive dividends until Metals X Shares are allotted or acquired on the exercise of MLX LTIP Options or MLX LTIP Performance Rights.

There are no participating rights or entitlements inherent in the MLX LTIP Options or MLX LTIP Performance Rights and holders will not be entitled to participate in new issues of capital or bonus issues offered or made to shareholders during the currency of the MLX LTIP Options or MLX LTIP Performance Rights. In the event of a bonus issue to holders of ordinary shares prior to the expiry date, the number of shares over which an MLX LTIP Option is exercisable will be increased in accordance with ASX Listing Rule 6.22.3 and in the event of a pro rata issue to holders of ordinary shares prior to the expiry date, the exercise price of an MLX LTIP Option will be adjusted in accordance with ASX Listing Rule 6.22.2. In the event of any reorganisation or reconstruction of the issued capital of Metals X on or prior to the expiry date, the rights of an MLX LTIP Option holder or MLX LTIP Performance Right holder will be changed to the extent necessary to comply with the

applicable ASX Listing Rules at the time of the reorganisation or reconstruction, and in all other respects the terms for the exercise of the MLX LTIP Options and MLX LTIP Performance Rights will remain unchanged.

The MLX LTIP Options and MLX LTIP Performance Rights will not be listed for quotation on the ASX and will not be transferable except with the consent of Metals X. Upon exercise of MLX LTIP Options or MLX LTIP Performance Rights, Metals X will make application for quotation on ASX of shares issued pursuant to exercise of the MLX LTIP Options or MLX LTIP Performance Rights.

The Board of Metals X may impose forfeiture conditions which if not satisfied or waived will cause the MLX LTIP Options or MLX LTIP Performance Rights to be cancelled. Provision is made for MLX LTIP Options or MLX LTIP Performance Rights to become exercisable earlier than they ordinarily would in the event of certain special circumstances, including change of control, takeovers and other events.

If an eligible participant ceases to be an eligible participant as a result of resigning or being removed for cause, then generally the MLX LTIP Options or MLX LTIP Performance Rights issued to such eligible participant or nominee will lapse. Special provision is made for MLX LTIP Options and MLX LTIP Performance Rights to continue for a period of one year and not lapse in the event of special circumstances such as the death, permanent disability, retirement or redundancy of a participant.

The MLX LTIP is administered by the Metals X Board. The Metals X Board also has the power to terminate or suspend the MLX LTIP and may amend the rules of the MLX LTIP at any time, subject to compliance with the requirements of the ASX Listing Rules.

7.12 Rights attaching to Metals X Options

Each Metals X Option allows the holder to receive one Metals X Share upon payment of the exercise price. The terms of the MLX LTIP Options are set out in Section 7.11(a) above.

The terms of the MLX EOS Options are (save for exercise prices and expiry dates set out in Section 7.6(b) above), substantially the same as the MLX LTIP Options, save that MLX EOS Options lapse on the earlier of the end of the exercise period and between one and six months after the officer or employee ceases employment.

The terms of the Director Options and the Contractor Options are (save for exercise prices and expiry dates set out in Section 7.6(b) above), substantially the same as the MLX LTIP Options save that there is no requirement for the holder of a Director Option or a Contractor Option to maintain any employment or contracting status with the Metals X Group at the time of exercise.

7.13 Metals X's announcements and reports

Metals X is subject to the periodic and continuous disclosure requirements of the Corporations Act and ASX Listing Rules. Specifically, as a listed company, Metals X is subject to the ASX Listing Rules which require continuous disclosure of any information Metals X has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

Metals X announcements are available on its website (www.metalsx.com.au) as well as ASX's website (www.asx.com.au). Further announcements concerning developments at Metals X may be made and placed on these websites after the date of this Scheme Booklet.

In addition, Metals X is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC in relation to Metals X may be obtained from, or inspected at, an ASIC office.

Metals X will provide a copy of each of the following documents, free of charge, to any person on request prior to the Scheme Meetings. Alternatively, these documents can be obtained from ASX's website (www.asx.com.au) or from the Metals X website (www.metalsx.com.au):

- (a) the annual financial report most recently lodged with ASIC by Metals X;
- (b) any half-year financial report lodged with ASIC by Metals X after the lodgement of the annual financial report referred to above and before the lodgement of a copy of this Scheme Booklet with ASIC for registration; and
- (c) any continuous disclosure announcements made by Metals X after the date of the lodgement of the annual financial report referred to above and before the lodgement of a copy of this Scheme Booklet with ASIC for registration.

The following table summarises material announcements made to ASX in relation to Metals X since 30 June 2011. The table excludes the Appendix 3E Daily share buy-back notices announced by Metals X in relation to its buy-back of shares announced on 16 June 2011 (and which completed on 2 July 2012).

Date Lodged	Description of Document
01/08/2012	Expiry of Unlisted Options Appendix 3B
31/07/2012	Change of Director's Interest Notice
31/07/2012	Change in substantial holding
26/07/2012	Quarterly Activities and Cashflow Reports
17/07/2012	WGR: Lodgement of Scheme Booklet with ASIC
06/07/2012	RDR: Corporate shareholding in Reed Resources
02/07/2012	Form 484 - Share Cancellation
02/07/2012	Final share buy-back notice - Appendix 3F
29/06/2012	Large increase in Tin Resources and Reserves at Renison
12/06/2012	Change in substantial holding for MUB
12/06/2012	Form 484 - Share Cancellation
14/05/2012	Westgold to Merge with Metals X at Substantial Premium
14/05/2012	Westgold: Westgold to Merge With Metals X
10/05/2012	Final Director's Interest Notice
10/05/2012	Initial Director's Interest Notice
10/05/2012	Director Appointment and Resignation
10/05/2012	Trading Halt
08/05/2012	Form 484 - Share Cancellation
27/04/2012	Quarterly Activities and Cashflow Reports
03/04/2012	Expiry of Unlisted Options - Appendix 3B
16/03/2012	ASX Announcement
13/03/2012	Half Year Accounts
08/03/2012	Change in substantial holding
07/03/2012	Change in substantial holding
06/03/2012	Form 484 - Share Cancellation
02/03/2012	Cancellation of Unlisted Options - Appendix 3B
01/03/2012	Change in substantial holding for Westgold
14/02/2012	Change in substantial holding for Westgold
14/02/2012	Westgold: Update to ASX Query
09/02/2012	Initial Director's Interest Notice
09/02/2012	Final Director's Interest Notice
09/02/2012	Director Appointment/Resignation
07/02/2012	Form 484 - Share Cancellation
31/01/2012	Quarterly Activities and Cashflow Reports
12/01/2012	Form 484 - Share Cancellation
19/12/2011	Form 484 - Share Cancellation
07/12/2011	Constitution
02/12/2011	Appendix 3B
25/11/2011	Results of AGM
25/11/2011	Wingellina Project - Financing and Development Update
25/11/2011	AGM Presentation
25/11/2011	Trading Halt Request
25/11/2011	Trading Halt
24/11/2011	Form 484 - Share Cancellation
24/11/2011	Exercise Price of Director's Options
09/11/2011	Becoming a substantial holder for AZK
27/10/2011	Quarterly Activities and Cashflow Reports
27/10/2011	Ceasing to be a substantial holder
26/10/2011	Jinchuan to retain Metals X Shareholding
26/10/2011	Form 484 - Share Cancellation
20/10/2011	Notice of Annual General Meeting/Proxy Form
29/09/2011	Annual Report 2011
29/09/2011	Form 484 - Share Cancellation
08/09/2011	Form 484 - Share Cancellation
01/09/2011	Expiry of Unlisted Options
10/08/2011	Form 484 - Share Cancellation
03/08/2011	Diggers and Dealers Presentation 2011
28/07/2011	Quarterly Activities and Cashflow Reports
26/07/2011	Becoming a substantial holder
12/07/2011	Response to ASX Query
12/07/2011	Final Director's Interest Notice
12/07/2011	Initial Director's Interest Notice

7.14 Legal disputes

Other than as disclosed in the Scheme Booklet, Metals X is not involved in any material legal disputes and is not a party to any material litigation as at the date of this Scheme Booklet.

7.15 Material events since 31 December 2011

To the best of the knowledge of the Metals X Directors and other than as disclosed in the Scheme Booklet, there has not been a material change in the financial position of Metals X since 31 December 2011.

8. Profile of the Merged Group

This Section of the Scheme Booklet contains information in relation to Metals X if the Schemes are implemented.

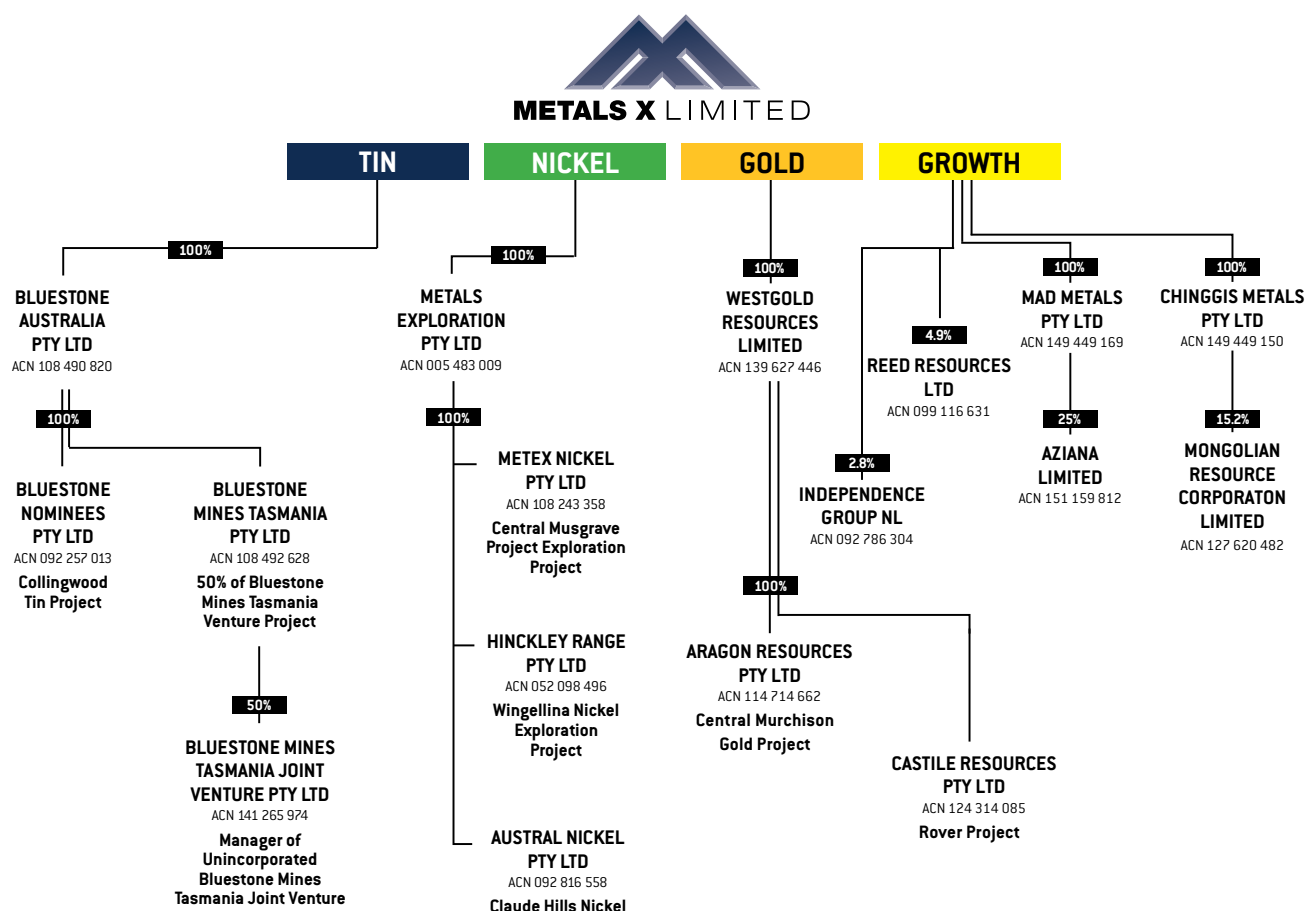
8.1 Overview of the Merged Group

Following the implementation of the Schemes, the Merged Group will have the following key attributes:

- a significant portfolio of world class assets including Australia's largest and only producing hard rock tin mine, one of the world's largest tin and a globally significant nickel and cobalt development projects, two gold projects with a total identified resource estimate in excess of 3.9 million ounces of gold equivalence, and a portfolio of exploration assets;
- it will hold over approximately \$95 million in cash, working capital and listed investments, providing it the financial muscle to support the development of the projects and activities of the Merged Group and provide funds for further growth opportunities;
- the Merged Group will have a larger and stronger balance sheet, which is expected to result in improved market liquidity and access to a larger spread of investors;
- a larger group of experienced mining professionals that can efficiently and effectively implement the Merged Group's development projects and assess future growth opportunities;
- a diversified portfolio and pipeline of projects across base metals and gold and from exploration through to development; and
- a simplified corporate structure and the removal of cross-ownership issues and reducing overall corporate cost for the Merged Group.

8.2 Structure of the Merged Group

The Merged Group will retain a divisional structure as follows:



8.3 Merged Group projects

If the Schemes are implemented the Merged Group will hold a diverse portfolio of assets at all stages in the resource sector, from exploration to development to production. Essentially, the consolidation of Westgold under the Metals X group of companies establishes a wholly owned gold division which sits alongside Metals X's tin division, nickel division and other strategic investments and growth assets.

Most importantly, the Merged Group will be a larger company, which will have the technical and financial capacity to bring the gold group assets into production. The Merger will provide Westgold Shareholders with immediate access to funding without aggressive dilution in the current difficult market and give it a bigger balance sheet, larger assets backing and stronger capacity to bring its Central Murchison and Rover 1 Projects to fruition.

The Merged Group will also have a diversified risk profile by spreading its shareholder interests across different commodities and locations. The table below lists the equitable share of metals and minerals of the Merged Group, which on top of the proposed gold development opportunities shares two world-class and globally significant projects in the Renison Tin Project and the Wingellina Nickel-Cobalt Project.

Tin and Nickel divisions

Refer to Section 7.3 and the Independent Expert's Report and the Independent Valuation Report for further details on the Merged Group's tin and nickel divisions.

Gold division

The Merged Group's newly developed gold division will establish a platform for growth and expansion by Metals X. Being a larger group, with significant financial horsepower and existing cash flow it will be much easier and less constraining to finance and build the proposed gold mines than it would be for Westgold on its own.

The ownership of the CMG Project is strategically located in the Murchison goldfields where there are currently up to five companies looking to develop gold projects and three of these are planning to build new plants. Whether stand-alone or part of a consolidation strategy, significant growth can occur for shareholders if the Merged Group is in a strong position to be involved in the broader Murchison goldfields development.

Likewise, a larger well-funded group will find it easier to finance and develop the Rover 1 Copper-Gold Project in the Northern Territory and potentially use its strategic advantage to expand on the project. With low levels of cash and inadequate assets for security apart from the projects themselves, the ability for Westgold to advance this project to production on its own could only occur with large dilution to its current shareholder base and substantial banking constraints on how the project would be developed.

8.4 Internal growth opportunities

The Merged Group will have significant growth opportunities across its major projects.

Recent exploration success at Renison

Over the past few years the BMTJV has invested considerable capital into exploration and increasing the overall resource base at Renison. Metals X believes that the mine is in its best shape for over a decade and the potential for long term sustainable production has been greatly enhanced. The current resources are now over 14 years.

Exploration continues to identify significant extensions to the current resources and has identified several additional underground lodes and potential open pits. Recent airborne geophysics has further enhanced numerous surface and underground targets.

Central Musgrave exploration upside

The very significant resources identified at the Wingellina Nickel Project and the nearby Claude Hills and Mt Davies Prospects represent the exploration of less than 25% of the known potential mineralised zones in the area. While the focus is on bringing the project to development, the potential upside remains vast. Further, the area is highly prospective for the discovery of nickel and copper sulphides and platinum group elements.

Extensive mineralisation at the Rover Field

The Rover 1, Explorer 108 and Explorer 142 prospects have proven the extensive mineralisation in the area. High powered HeliTEM and Induced Polarisation (IP) exploration have identified a large number of conductive corridors throughout the survey areas some of which have been interpreted as being associated with sulphide rich mineralisation. However, all deposits are blind and sit beneath 150-200m of un-conforming cover rocks which makes exploration and drilling costs expensive and slow.

Warumpi joint venture

The Warumpi project is a newly recognised and highly deformed geological belt that is grossly under explored, and is considered to have excellent potential to host structurally controlled gold and copper, stratabound lead-zinc and intrusive related nickel-copper mineralisation. The region has geological similarities in age and rock types to the Mount Isa, McArthur Basin and Broken Hill regions which host many large “world class” base metal deposits and Westgold considers there is potential for Tropicana style gold deposits.

Investments

The Merged Group will have a diverse portfolio of metal and industrial mineral interests across Australia and internationally. An experienced team of mining professionals carefully evaluates and, where appropriate, actively supports its investments both technically and fiscally. The key strategic holdings are: Independence Group NL (2.81%), Mongolian Resource Corporation (15.33%), Reed Resources Limited (4.86%) and Aziana Limited (25%).

8.5 Metals X's strategy for the Merged Group

If the Schemes are implemented the strategy of the Merged Group will be:

- to continue with the production and enhancement of the Renison tin joint venture (50%) in Tasmania;
- to continue to focus on the development of the CMG Project in Western Australia;
- to continue to focus on the development of the Rover goldfield in the Northern Territory;
- to continue with the development of the Rentails tin project in Tasmania;
- to continue with the evaluation of financing options for the development of the Wingellina Nickel and Cobalt project;
- to continue to actively seek and evaluate further growth opportunities; and
- to continue to explore the Merged Group's excellent exploration projects.

8.6 Capital structure

Metals X's existing capital structure is described in Section 7.6. If the Schemes become Effective:

- (a) a further 335,102,813 Metals X Shares will be issued as Share Scheme Consideration in respect of the Westgold Shares to be acquired under the Share Scheme (ignoring the effects of rounding and assuming that no further Westgold Shares are issued before the Record Date); and
- (b) a further 32,615,000 Metals X Options will be issued as Option Scheme Consideration in respect of the Westgold Scheme Options to be acquired under the Option Scheme (ignoring the effects of rounding).

Metals X will therefore have approximately 1,651,766,070 Metals X Shares on issue following implementation of the Share Scheme (assuming no further Metals X Shares are issued). The New Metals X Shares to be issued as Share Scheme Consideration will, accordingly, represent approximately 20.29% of the total number of Metals X Shares on issue following implementation of the Share Scheme. A summary of Metals X share capital structure post implementation of the Schemes is also set out in section 7.1 of the Independent Expert's Report (save only that the summary includes an additional 1,050,000 Metals X Options which have recently lapsed).

8.7 Substantial shareholdings

Based on information lodged with ASX or known to Metals X (in respect of Metals X substantial shareholders) or set out in Section 6.5 (in respect of Westgold substantial shareholders), and assuming that:

- (a) the substantial shareholders of Metals X and Westgold as at the date of this Scheme Booklet continue to hold their existing holdings in Metals X and Westgold (respectively);
- (b) none of those substantial shareholders hold shares in both Metals X and Westgold; and
- (c) no further Metals X Shares or Westgold Shares are issued except pursuant to the Share Scheme or as a result of the exercise of Westgold Options,

the holdings of those substantial shareholders in Metals X following implementation of the Share Scheme will be as follows:

Merged Group Substantial Shareholders

Shareholder	Number of Metals X Shares Held	Percentage of Issued Metals X Shares
APAC Resources Limited	397,630,281	24.07%
Jinchuan Group Limited	176,000,000	10.66%

8.8 Acquisitions and divestments

Metals X regularly examines new acquisition opportunities which may relate to existing or new areas of operation for Metals X. This may lead to changes in the source of Metals X's operating profits over time. From time to time, Metals X may receive unsolicited approaches from interested buyers for assets or businesses operated by Metals X. These approaches are evaluated on their merits. Other than in respect of the Merger or as otherwise disclosed in this Scheme Booklet, there are no discussions presently being undertaken in relation to acquisitions or divestments that are sufficiently advanced or sufficiently material to Metals X's earnings that Metals X considers warrant disclosure in this Scheme Booklet.

8.9 New Metals X Shares

Metals X will apply to ASX for official quotation of the New Metals X Shares to be issued under the Share Scheme within 7 days after the date of this Scheme Booklet.

Metals X will use its best endeavours to procure that the New Metals X Shares to be issued as Share Scheme Consideration are quoted on the ASX with effect from the Business Day following the Implementation Date. Metals X will issue holding statements to holders of the New Metals X Shares as soon as possible following the Implementation Date.

8.10 Rights attaching to New Metals X Shares

The rights and liabilities attaching to the New Metals X Shares that form part of the Share Scheme Consideration are the same as the existing Metals X Shares issued to Metals X Shareholders. Further information is set out in Section 14.3.

8.11 Terms and conditions of New Metals X Options

The terms and conditions attaching to the New Metals X Options that form part of the Option Scheme Consideration are set out at Annexure I and Annexure J.

8.12 Financial overview of the Merged Group

Merged Group pro forma historical financial information

The Merged Group pro forma historical financial information provided in this Scheme Booklet comprises a pro forma consolidated unaudited Statement of Financial Position as at 30 June 2012 which has been prepared by consolidating:

- (a) the Metals X consolidated unaudited Statement of Financial Position as at 30 June 2012;
- (b) the Westgold consolidated unaudited Statement of Financial Position as at 30 June 2012; and
- (c) relevant acquisition accounting and other adjustments required to present the consolidated unaudited Statement of Financial Position of the Merged Group.

The pro forma historical financial information is provided for illustrative purposes and is prepared on the assumption that the Scheme had been implemented on 30 June 2012. The Merged Group pro forma historical financial information has been prepared in accordance with the recognition and measurement principles of the Australian Accounting Standards and in accordance with Metals X's accounting policies, as set out in the half yearly financial report of Metals X for the half year ended 31 December 2011 and the annual report of Metals X for the year ended 30 June 2011.

The Merged Group pro forma historical financial information is presented in an abbreviated form and does not contain all the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act. In particular, it does not include the notes to and forming part of the financial statements of Metals X and Westgold.

The information provided in this Section is presented on a pro forma basis only and, as a result, it is likely that this information will differ from the actual financial information of the Merged Group.

Following a review of the accounting policies disclosed in Westgold's financial statements as at 31 December 2011, the accounting policies of Metals X and Westgold are not considered to be materially different. Therefore, at this time, no adjustments have been required to the Merged Group pro forma historical information to align the accounting policies.

Merged Group Pro Forma Consolidated Statement of Financial Position

	Metals X Limited at 30 June 2012	Westgold Resources Limited as at 30 June 2012	Adjustments	Note	Pro-Forma Merged Entity as at 30 June 2012 \$
	\$	\$	\$		\$
CURRENT ASSETS					
Cash and cash equivalents	42,675,042	3,680,012	(4,150,000)	c	42,205,054
Trade and other receivables	13,430,679	211,037			13,641,716
Inventories	11,898,556	-			11,898,556
Other assets	1,103,331	17,032			1,120,363
Other financial assets	3,320,730	3,438,218			6,758,948
Total current assets	72,428,338	7,346,299	(4,150,000)		75,624,637
NON-CURRENT ASSETS					
Available-for-sale investments	29,689,236				29,689,236
Derivative financial investments	448,989				448,989
Investment in associates	19,839,153		(15,755,562)	e	4,083,591
Property, plant and equipment	18,757,169	1,096,601			19,853,770
Mine properties and development costs	87,080,628	2,244,713			89,325,341
Exploration and evaluation expenditure	1,675,901	103,999,919	(22,995,878)	d	82,679,942
Total non-current Assets	157,491,076	107,341,233	(38,751,440)		226,080,869
TOTAL ASSETS	229,919,414	114,687,532	(42,901,440)		301,705,506
CURRENT LIABILITIES					
Trade and other payables	8,320,501	3,866,181			12,186,682
Interest bearing loans and borrowings	1,507,488	-			1,507,488
Provisions	959,732	212,209			1,171,941
Total current liabilities	10,787,721	4,078,390	-		14,866,111
NON-CURRENT LIABILITIES					
Provisions	3,365,166	3,235,115			6,600,281
Interest bearing loans and borrowings	2,942,774	6,708			2,949,482
Total non-current liabilities	6,307,940	3,241,823	-		9,549,763
TOTAL LIABILITIES	17,095,661	7,320,213	-		24,415,874
NET ASSETS	212,823,753	107,367,319	(42,901,440)		277,289,632
EQUITY					
Issued capital	279,086,186	171,346,556	(171,346,556)	f	
			67,020,563	a	346,106,749
Option premium reserve	18,728,928	5,441,596	(5,441,596)	f	
			1,595,316	b	20,324,244
Other reserves	612,522	(1,102,865)	1,102,865	f	
			50,470	e	662,992
Accumulated losses	(85,603,883)	(68,317,968)	68,317,968	f	
			(4,150,000)	c	
			(50,470)	e	(89,804,353)
TOTAL EQUITY	212,823,753	107,367,319	(42,901,440)		277,289,632

Pro forma assumptions

The following pro forma assumptions have been made to produce the Merged Group pro forma consolidated Statement of Financial Position as at 30 June 2012.

The Schemes were implemented on 30 June 2012 with:

- Westgold Shareholders receiving 11 New Metals X Shares for every 10 Westgold Shares they hold at the Record Date, with a total of approximately 335,102,813 New Metals X Shares issued as Share Scheme Consideration. Based on 304,638,921 Westgold Shares on issue that Metals X do not already own, divided by 10 and multiplied by 11 (being the exchange ratio used for the calculation of the Share Scheme Consideration); and
- Westgold Optionholders receiving 11 New Metals X Options for every 10 Westgold Scheme Options they hold at the Record Date, with a total of approximately 32,615,000 New Metals X Options issued as Option Scheme Consideration. Based on 29,650,000 Westgold Options on issue, divided by 10 and multiplied by 11 (being the exchange ratio used for the calculation of the Option Scheme Consideration).

This has resulted in an increase in contributed equity of \$68,615,879 (see below for further details relating to acquisition accounting).

For the purposes of the pro forma adjustments:

- the value of the consideration paid to Westgold Shareholders for their Westgold Shares under the Westgold Share Scheme is based on the Metals X Share price of \$0.20 per Metals X Share (being the ASX closing price of Metals X Shares on 9 May 2012) of \$67,020,563. The actual value of the consideration paid will depend on the actual Metals X share price at close of trading on the ASX on Implementation Date;
- the value of the Metals X Options given to the Westgold Optionholders in exchange for their Westgold Scheme Options of \$1,595,316 is determined by using a Black & Scholes model. The Black & Scholes model is based on the Metals X Share price of \$0.20 per Metals X Share (being the ASX closing price of Metals X Shares on 9 May 2012). The actual value of the consideration paid will depend on the actual Metals X Share price at close of trading on the ASX on Implementation Date;
- a decrease in cash and cash equivalents together with retained profits of \$3,600,000 representing the expensing of Metals X's transaction costs associated with the Schemes (which includes \$3,500,000 representing the estimated cost of stamp duty) and a decrease in cash and pre-acquisition retained earnings of Westgold of \$550,000 representing Westgold's transaction costs associated with the Schemes;
- a decrease in exploration and evaluation assets of \$22,995,878 to reflect a preliminary assessment of the fair value of net assets of Westgold acquired;
- the elimination of Metals X's existing 26.98% equity accounted investment in Westgold of \$15,755,562; and
- the elimination of Westgold's contributed equity of \$171,346,556, option premium reserve of \$5,441,596, other pre-acquisition reserves of \$1,102,865 and accumulated losses of \$68,317,968.

The provisional purchase price allocation is as follows:

Purchase Consideration	\$	\$	\$
Investment in Westgold - 26.98%			15,755,562
Shares Issued			67,020,563
Options Issued			1,595,316
			84,371,441
Net Assets Acquired	Book Value	Adjustment	Fair Value
Cash and cash equivalents	3,680,012	-	3,680,012
Trade and other receivables	211,037	-	211,037
Other assets	17,032	-	17,032
Other financial assets	3,438,218	-	3,438,218
Property, plant and equipment	1,096,601	-	1,096,601
Mine properties and development costs	2,244,713	-	2,244,713
Exploration and evaluation expenditure	103,999,919	(22,995,878)	81,004,041
Trade and other payables	(3,866,181)	-	(3,866,181)
Interest bearing loans and borrowings	(6,708)	-	(6,708)
Provisions	(3,447,324)	-	(3,447,324)
	107,367,319	(22,995,878)	84,371,441

Acquisition Accounting

Acquisition Accounting has been prepared on a provisional basis in accordance with AASB 3: Business Combinations. In the preparation of this Section, consideration has been given to the relevant AASB accounting standards and Metals X's accounting policies for the half year ended 31 December 2011 and annual report of Metals X for the year ended 30 June 2011. The value of the consideration for the acquisition of the Westgold Shares under the Share Scheme will be measured based upon the value of the Metals X Shares at close of trading on the Implementation Date. For the purposes of the Merged Group Pro Forma Consolidated Statement of Financial Position, a value of \$0.20 per Metals X Share has been assumed, being the ASX closing price of Metals X Shares on 9 May 2012 (the last trading day before the Merger was announced). Consequently, the value of the purchase consideration for accounting purposes may differ from the amount assumed in the Merged Group Pro Forma Consolidated Statement of Financial Position due to future changes in the market price of Metals X Shares.

The difference between the fair value of the consideration transferred by Metals X (as discussed in the prior paragraph) and the fair value of the net assets of Westgold has been determined on a provisional basis based on preliminary fair value estimates and has been treated as a decrease in exploration and evaluation assets to reflect a preliminary assessment of the fair value of assets acquired, in accordance with AASB 3 Business Combinations and in accordance with Metals X's accounting policies for the half year ended 31 December 2011 and annual report for the year ended 30 June 2011.

Following the implementation of the Schemes, a detailed valuation of the identifiable assets, liabilities and contingent liabilities of Westgold will be undertaken to ascertain the appropriate allocation of this difference. The tax carrying values of Westgold's assets will also be required to be reset which will result in a net increase in the deferred tax liabilities of the Merged Group. These adjustments will impact depreciation and amortisation charges in future financial periods. Furthermore, any related impairment will be identified once the Merger occurs and assessed in accordance with AASB 136 Impairment of Assets at reporting date.

Due to the above, the actual impact of acquisition accounting will vary from that disclosed in the Merged Group Pro Forma Consolidated Statement of Financial Position.

8.13 Financial outlook of the Merged Group

Metals X and Westgold have given careful consideration to whether forecast financial statements (including any internally created valuation models) can and should be included in the Scheme Booklet in respect of the Merged Group. In particular, Metals X and Westgold have considered whether there is a reasonable basis for the preparation and disclosure in the Scheme Booklet of reliable and useful forecast financial statements in this regard. Metals X and Westgold have concluded that forecast financial statements for the Merged Group cannot be provided in the Scheme Booklet as they do not have a reasonable basis for such forecasts as required by applicable law and practice, and therefore the forecasts would not be meaningful or material to Westgold Securityholders.

Westgold Securityholders should refer to the Independent Expert Report at Annexure A for the expert's conclusions regarding valuations of Metals X and Westgold.

Upon completion of the Merger, the Merged Group will be in a strong financial position; it will carry a strong balance of cash, working capital and listed investments (approximately \$95 million) and will have no corporate debt, providing it the financial muscle to support the development of the projects and activities of the Merged Group. Metals X presently has the available cash (including liquid assets) to fulfil the equity requirement (present estimate of \$40 million as per the indicative terms of the debt facility of Westgold – refer Section 6.3(b)) for development of the CMG Project.

Post completion of the Merger, the Merged Group Board will determine the optimal financing for, and amounts to be made available to, the development of each of the projects and activities of the Merged Group dependent upon further commercial and technical assessment and on numerous other factors including commodity prices, exchange rate, the global market generally and other risks as outlined in Section 10. Subject to these factors and the conclusion of a satisfactory and economic definitive feasibility study, it is Metals X's present intention to fulfil the equity requirement for the development of the CMG Project from existing cash or liquid assets of the Merged Group.

8.14 Risks associated with the Merged Group

There are a number of risks associated with the Merged Group. These are summarised in Section 10.

8.15 Merged Group's register of securityholders

In accordance with Australian law, Metals X's register of shareholders and optionholders will be maintained in Australia by its Australian registry, being:

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
AUSTRALIA

9. Intentions of Metals X

9.1 Overview

This Section 9 sets out Metals X's intentions, assuming the Share Scheme is implemented, on the basis of the facts and information concerning Westgold, its business and the general business environment which are known to Metals X and existing circumstances affecting the Westgold businesses, in relation to:

- (a) the continuation of the business of Westgold;
- (b) changes to the business of Westgold and any redeployment of the fixed assets of Westgold;
- (c) the future employment of the present employees of Westgold;
- (d) the composition of the Westgold Board once it becomes a wholly owned subsidiary of Metals X; and
- (e) the removal of Westgold from the official list of ASX.

Following implementation of the Share Scheme, Metals X will conduct a thorough review of the operations, assets, structure and employees of Westgold. Final decisions will only be reached by Metals X, following implementation of the Share Scheme, after gaining increased knowledge through exposure to the Westgold businesses and material information and circumstances at the relevant time. Accordingly, the statements set out in this Section 9 are statements of current intention only, which may change as new information becomes available or circumstances change.

9.2 Conduct of business

If the Share Scheme is implemented and subject to the matters set out below, Metals X intends that the business of Westgold will be integrated into Metals X's existing business but will otherwise be continued substantially in the same manner as it is presently being conducted.

The Merged Group will continue to review all aspects of the assets and operations of to identify ways to maximise value for all shareholders.

9.3 Directors of the Merged Group

It is intended that Mr Scott Huffadine, the existing Managing Director of Westgold, will join the Merged Group Board as an Executive Director. No other Westgold Directors will join the Merged Group Board.

9.4 Senior management of the Merged Group

Subject to the matters described in Section 9.5, Metals X intends to integrate the senior management of Westgold into Metals X's existing management structure.

9.5 Westgold's management and employees

Metals X does not intend to make significant changes to the employee structure of Westgold for a minimum of two months from the date the Share Scheme becomes Effective.

Following completion of a thorough review of Westgold's business, Metals X will consider the extent to which any rationalisation of positions is appropriate. For example, to the extent that activities and functions, including certain corporate functions and the provision of specialist technical or professional services (such as finance and accounting, human resources, technology and communications) presently carried out by Westgold will be duplicated within the Merged Group, such duplication may be eliminated where it is strategically and economically efficient to do so.

It is possible that any rationalisation may result in the positions of some Westgold and/or Metals X employees becoming redundant. Employment decisions will, however, be made in the context of the expected continuing growth of the Merged Group, and Metals X believes significant redundancies are unlikely. Any employee who is made redundant will receive, on redundancy, payments and other benefits in accordance with their contractual and other legal entitlements.

9.6 Integration and timing

Metals X and Westgold will jointly establish a dedicated integration team to assist with the implementation of the Merger and the review of opportunities for synergies. A comprehensive integration plan is being formulated to ensure the proper integration of the Westgold Group into the Metals X Group. This comprehensive plan will be finalised and actioned if the Share Scheme becomes Effective.

The realisation and timing of integration and any synergies are subject to certain risks which are further discussed in Section 10.

9.7 Corporate matters in relation to Westgold

Following implementation of the Share Scheme, it is intended that:

- (a) Westgold be removed from the official list of ASX; and
- (b) as Westgold will be a wholly owned subsidiary of Metals X, the Westgold Board be reconstituted so that it comprises persons nominated by the Merged Group Board.

9.8 Business, assets and employees

Other than as set out in this Section 9 and elsewhere in this Scheme Booklet, it is the present intention of Metals X:

- (a) to continue the business of Westgold;
- (b) not to make any major changes to the business of Westgold;
- (c) not to redeploy any of the major fixed assets of Westgold; and
- (d) to maintain the employment of Westgold's existing employees.

9.9 Dividend policy

The Merged Group Board will review the amount of any future dividends to be paid to shareholders having regard to the Merged Group's profits, its financial position and the Board's assessment of the capital required to grow the Merged Group's business.

10. Potential risk factors

10.1 Overview

Under the Schemes, Scheme Participants (other than Ineligible Foreign Shareholders and Electing Small Shareholders) will acquire New Metals X Shares and/or New Metals X Options and consequently there will be a change to their overall investment risk profile. This Section outlines a number of the risks that may affect the performance of the Merged Group and the value of its shares. These risks include:

- (a) risks relating to the Merged Group;
- (b) risks to Westgold Shareholders and Westgold Optionholders if the Schemes do not proceed;
- (c) general risks that are common to the existing Westgold and Metals X businesses; and
- (d) risks affecting the general economy and stock market.

The outline of risks in this Section 10 is a summary only and should not be considered exhaustive. No assurances or guarantees are given in relation to the future performance of, profitability of, or payment of dividends by, Westgold, Metals X or the Merged Group.

10.2 Specific risks of the Merged Group

The following risks have been identified as being key risks specific to an investment in the Merged Group. These risks have the potential to have a significant adverse impact on the Merged Group and may affect the Merged Group's financial position, prospects and price of its listed securities.

Integration risk

The successful integration with respect to Westgold's business into Metals X is a key determinant (among others) of the long-term success of the Merged Group, particularly with respect to the realisation of any synergies and retainment of key staff. There is no guarantee that the business of the Merged Group will be able to integrate successfully, or over the expected time period, or at the implementation cost estimated by the parties.

Failure to maintain control over implementation costs incurred by the Merged Group, may lead to a material adverse effect on the financial performance, financial position and future prospects of the Merged Group.

The unintended loss of key employees may occur during the Merger Implementation, which may have an adverse impact of the Merged Group's performance, at least in the near to medium term. Other than as disclosed elsewhere in this Scheme Booklet, the Westgold Directors and the Metals X Directors are not aware of any key employee who wishes to terminate their employment contract at this time.

Permit and tenement applications

The Merged Group cannot guarantee that those permit and tenement interests which as at the date of this Scheme Booklet are applications for permits or tenements will ultimately be granted in whole or in part.

Selling of Metals X Shares following Implementation Date

Under the Share Scheme, Metals X will issue a maximum of approximately 335,102,813 New Metals X Shares (ignoring the effects of rounding and assuming that no Westgold Shares are issued before the Record Date). Some of the Share Scheme Participants may not wish to hold their allotment of Metals X Shares, and may choose to sell them on ASX.

In addition, the Sale Agent will be issued New Metals X Shares attributable to Ineligible Foreign Shareholders and Electing Small Shareholders, and will sell them on ASX as soon as practicable in order to remit the Cash Proceeds to Ineligible Foreign Shareholders and Electing Small Shareholders.

Metals X Share prices may be adversely affected in the short term if a significant number of Share Scheme Participants sell their allotment of New Metals X Shares under the Share Scheme.

Traditional owner approvals

The Rover 1 Project is located on Aboriginal freehold lands and exploration and mining require the consent of the traditional Aboriginal owners. Westgold currently operates under a number of approved exploration deeds that also outline the mining guidelines for future mining. The Merged Group will require final approval to mine from the traditional owners' representative body in alignment with normal statutory approval processes.

Although Westgold has made a concerted effort to earn the respect and trust of the local traditional owners and believes Westgold is well regarded in return, there is no assurance that the Merged Group will be granted the requisite approvals.

Future capital requirements

The continued operations of the Merged Group are dependent on its ability to obtain financing through debt and equity financing, or generating sufficient cash flows from future operations. There is a risk that the Merged Group may not be able to access capital from debt or equity markets (or via any other forms of available financing) for future projects or developments, which could have a material adverse impact of the Merged Group's business and financial condition. If post the Merger financing was undertaken through the issuance of new equity or equity-linked securities of Metals X other than on a pro rata basis to existing shareholders, the percentage ownership of shareholders may be reduced. Shareholders may experience subsequent dilution and the control of Metals X may change.

The financing of large projects such as the Wingellina Nickel Project is often associated with a combination of financing options that include equity participation and/or financing in return for off-take, product or royalty streams, construction and supply. In addition it is common that the owner of the project will seek strategic partners to provide the equity for the development of the project, with the owner obtaining a free carry interest percentage to production. Financing can also be provided from a combination of participants including banks, strategic partners and sovereign, development and private funds. It is also common that a special purpose entity will be created for the financing and development of such project.

The structure of and type of financing for the Wingellina Nickel Project will depend on the various strategic and financial partners and will depend on the prevailing global economic climate and other risks as outlined in this Section 10. There is a risk that the Merged Company may not be able to attract the applicable strategic partners required to finance and develop the Wingellina Nickel Project and the timing of the same is uncertain.

10.3 Risks to Westgold Securityholders if the Share Scheme or Option Scheme do not proceed

Westgold Securityholders should be aware that if the Share Scheme does not proceed, Westgold Securityholders will retain their Westgold Securities and will not receive any form of Scheme Consideration. Westgold Shareholders may, in addition to the normal risks it faces, be exposed to the additional risks as described in Section 3.

If the Share Scheme is approved and implemented, but the Option Scheme is not approved, Metals X will acquire all of the Westgold Shares but Westgold Optionholders will continue to hold their Westgold Scheme Options. However, in those circumstances, Westgold would be de-listed from ASX, meaning there is unlikely to be an active market for any Westgold Shares issued to Westgold Optionholders on the exercise of their Westgold Scheme Options. Further, Metals X may have a right to compulsorily acquire the Westgold Scheme Options after the Share Scheme is implemented.

10.4 General risks common to an investment in Westgold, Metals X and the Merged Group

The operating and financial performance of Westgold, Metals X and the Merged Group is (or will be) influenced by the general business and economic variables that impact upon all entities listed on a stock exchange including changes in business and economic factors, such as interest rates, exchange rates, inflation, changes in national demographics, changes in governmental policy and changes to accounting or reporting standards.

The price at which Westgold Shares and Metals X Shares will trade on ASX can be affected by a range of external factors over which neither Westgold, nor Metals X, have any control. Key risks are discussed below.

Exploration and development

There can be no assurance that any exploration or development activity in regard to the Merged Group's properties, or any properties that may be acquired in the future, will result in the discovery or exploitation of an economic resource.

Mineral exploration, development and mining/extraction may be hampered by circumstances beyond the control of the Merged Group.

Exploration risks

Exploration is a high risk activity that requires large amounts of expenditure over extended periods of time. The Merged Group's exploration activities would be subject to all the hazards and risks normally encountered in the exploration of minerals, including climatic conditions, hazards of operating vehicles and plant, risks associated with operating in remote areas and other similar considerations. Conclusions drawn during exploration and development are subject to the uncertainties associated with all sampling techniques and to the risk of incorrect interpretation of geological, geochemical, geophysical, drilling and other data.

Resource estimates

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates, which were valid when originally calculated, may alter when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates may change. Accordingly, the actual resources may materially differ from these estimates and assumptions and no assurances can be given that the resource estimates and the underlying assumptions will be realised. This could result in alterations to development and mining/extraction plans, which may, in turn, affect the Merged Group's operations and ultimately its financial performance and value.

Operational and technical risks

The operations of the Merged Group may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades and/or resources in exploration and mining, operational and technical difficulties encountered in mining and extraction, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical or recovery problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Commodity price fluctuations

In the event of exploration and development success, any future revenue derived through any future sales of valuable minerals exposes the potential income of the Merged Group to commodity price risks. Commodity prices fluctuate and are affected by numerous factors beyond the control of the Merged Group. These factors include world demand for commodities, forward selling by producers and the level of production costs in major commodity-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, commodities.

Exchange rate fluctuations

International prices of most commodities are denominated in United States dollars, whereas the income and expenditure of the Merged Group, whilst operating on Australian projects, will be in Australian currency, exposing the Merged Group to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar, subject to any currency hedging the Merged Group may undertake.

Environmental risks

The operations and activities of the Merged Group are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Merged Group's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. Such impact can give rise to substantial costs for environmental rehabilitation, damage, control and losses. Further, if there are environmental rehabilitation conditions attaching to the mining tenements of the Merged Group, failure to meet such conditions could lead to forfeiture of these tenements.

Tenure and native title risks

Interests in exploration and mining tenements in Australia are governed by State legislation and are evidenced by the granting of leases or licences. Each lease or licence is for a specific term and carries with it annual expenditure and reporting conditions as well as other conditions requiring compliance. These conditions include the requirement, for exploration licences, for reduction in the area held under licence from time to time unless it is considered that special circumstances apply. Consequently the Merged Group could lose title to, or its interest in, its tenements if licence conditions are not met or if expenditure commitments are not met.

It is possible that, in relation to tenements in which the Merged Group has an interest or may acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Merged Group to obtain the consent of any relevant land owner, or to progress from the exploration phase to the development and mining phases of the operation, may be adversely affected.

It is possible that there will exist on the Merged Group's Australian mining tenements, areas containing sacred sites or sites of significance to Aboriginal people subject to the provisions of the Aboriginal Heritage Act 1972 (WA), the Northern Territory Aboriginal Sacred Sites Act 1989 (NT), the Aboriginal Heritage Act 1988 (SA), the Aboriginal Relics Act 1975 (TAS) and the Aboriginal Cultural Heritage Act 2003 (QLD), or areas subject to the Native Title Act 1993 (Cth) in Australia. As a result land within the tenements may be subject to exploration, mining or other restrictions as a result of claims of Aboriginal heritage sites or native title.

Joint venture partners and contractors

The Merged Group would rely significantly on strategic relationships with other entities and also on a good relationship with regulatory and government departments and other interest holders. The Merged Group would also rely on third parties to provide essential contracting services. There can be no assurance that its existing relationships will continue to be maintained or that new ones will be successfully formed and the Merged Group could be adversely affected by changes to such relationships or difficulties in forming new ones.

In March 2012, Metals X received a notice from YT Parksong Australia Holding Pty Ltd (**YTPAH**) purporting to exercise an option to acquire a further 10% interest in the BMTJV from Metals X subsidiary Bluestone Mines Tasmania Pty Ltd. Metals X disputes the existence of this option, and the validity of this purported exercise by YTPAH, on the basis that this option was previously relinquished by YTPAH. Any further notices purporting to exercise or seek to enforce such an option or any actions taken by YTPAH in relation to the same will be vigorously defended by the Merged Group.

Bluestone Mines Tasmania Joint Venture Pty Ltd (the manager of the BMTJV) has agreed to engage in arbitration with Macmahon Underground Pty Ltd in relation to the appropriate method of calculating rise and fall under the underground mining contract between these parties on the basis that the BMTJV believes it has overpaid approximately \$900,000 under the contract to date.

Competition

The Merged Group will compete with other companies, including major mining companies in Australia and internationally. Some of these companies have greater financial and other resources than the Merged Group and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Merged Group can compete effectively with these companies.

Key personnel

Westgold and Metals X are reliant on a number of key senior management staff. Loss of such personnel may have an adverse impact on performance. However, this risk is mitigated by the fact that the resources industry is international in nature and has a significant depth of suitably qualified alternative personnel. Notwithstanding this, there may be periods of time where a particular position remains vacant while a suitable replacement is identified and appointed.

General economic conditions

Economic conditions, both domestic and global, may affect the performance of the Merged Group. Factors such as fluctuations in currencies, commodity prices, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs and share market prices. The Merged Group's future possible revenues and share price can be affected by these factors, all of which are beyond the control of the Merged Group.

Equity market conditions

Securities listed on the stock market, and in particular securities of mining and exploration companies, can experience extreme price and volume fluctuations that are often unrelated to the operating performances of such companies. The market price of securities may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

General factors that may affect the market price of securities include economic conditions in both Australia and internationally, investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

Changes in government policy and legislation

Any material adverse changes in relevant government policies or legislation of Australia may affect the viability and profitability of the Merged Group, and consequent returns to investors. The activities of the Merged Group will be subject to various federal, state and local laws governing prospecting, development, production, taxes, labour standards and occupational health and safety, and other matters.

Other

Other risk factors include those normally found in conducting business, including litigation resulting from the breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel, non-insurable risks, delay in resumption of activities after reinstatement following the occurrence of an insurable risk and other matters that may interfere with the business or trade of the Merged Group.

11. Australian income tax implications

This section provides a general summary of the Australian income tax consequences of the Scheme for certain Westgold Shareholders and Westgold Optionholders.

11.1 Australian tax implications for Westgold Shareholders

The following is a general guide as to the consequences under current Australian income tax law and administrative practice for Westgold Shareholders who dispose of their Westgold Shares to Metals X pursuant to the Scheme. Income tax is a complex area of law and the consequences for a Westgold Shareholder may differ from those detailed below, depending on the Westgold Shareholder's particular circumstances. As these statements are of a general nature only, it is recommended that Westgold Shareholders obtain their own independent professional advice in respect of their specific circumstances.

The information is based upon taxation law and practice in effect at the date of this Scheme Booklet. It is not intended to be an authoritative or comprehensive analysis of the taxation laws of Australia. The summary does not consider any specific facts or circumstances that may apply to particular shareholders. Further, this discussion addresses only those Westgold Shareholders that:

- (a) hold their Westgold Shares on capital account (or are taken, under Australian law, to hold their shares on capital account), and not on revenue account or trading stock for Australian tax purposes;
- (b) were not issued their Westgold Shares under an employee share scheme;
- (c) are not life insurance companies;
- (d) are not temporary residents for Australian income tax purposes; and
- (e) have not elected to be taxed under the financial arrangement provisions.

The comments provided below are in relation to Australian income tax only. Westgold shareholders that are not Australian tax residents may also have tax implications in their country of residence and should seek their own specific advice.

11.2 Westgold Shareholders who hold their shares on capital account

(a) Resident Westgold Shareholders

The transfer of Westgold Shares by an Australian tax resident Westgold Shareholder to Metals X pursuant to the Scheme will trigger a capital gains tax (**CGT**) event, the income tax implications of which will depend on whether the Westgold Shareholder chooses to obtain CGT scrip for scrip rollover relief. Scrip for scrip rollover should be available where, under the Scheme:

- (i) Metals X becomes the owner of 80% or more of the voting shares in Westgold;
- (ii) all Westgold Shareholders are eligible to participate; and
- (iii) participation is available on substantially the same terms for all Westgold Shareholders.

Where the above conditions are satisfied, a Westgold Shareholder may choose to obtain scrip for scrip rollover relief where they:

- (i) hold their Westgold Shares on capital account;
- (ii) receive New Metals X Shares as consideration for the disposal of their Westgold Shares;
- (iii) acquired their Westgold Shares on or after 20 September 1985; and
- (iv) would, apart from the application of the rollover, make a capital gain from the disposal of their Westgold Shares.

Small Shareholders who validly elect to receive Cash Proceeds instead of New Metals X Shares as their Scheme Consideration:

- (i) will be eligible to choose rollover with respect to the issue of New Metals X Shares, however, such shareholders will be subject to CGT upon the subsequent sale of those shares for cash proceeds by the Sale Agent;
- (ii) who do not choose rollover will be subject to CGT upon both the issue of New Metals X Shares and the subsequent sale of those shares by the Sale Agent, the difference being the CGT discount discussed below is not likely to be available in relation to the subsequent sale of the New Metals X Shares by the Sale Agent.

Where scrip for scrip rollover relief is chosen

Where the above conditions are met, Westgold Shareholders who wish to obtain scrip for scrip rollover relief must choose to obtain the rollover relief.

Where scrip for scrip rollover relief is chosen, any capital gain arising from the disposal of Westgold Shares will be disregarded and deferred until a CGT event occurs in respect of the New Metals X Shares acquired by the Westgold Shareholder pursuant to the Scheme. The CGT cost base and reduced cost base of each New Metals X Share received will be determined by apportioning, on a reasonable basis, the cost base and reduced cost base of the Westgold Shares disposed of pursuant to the Scheme.

For Westgold Shareholders who choose scrip for scrip rollover, their New Metals X Shares will be taken to have been acquired at the time their Westgold Shares were originally acquired for the purposes of applying the CGT discount rules in the future.

Please note, where a capital loss arises, the Westgold Shareholder will not be eligible to obtain scrip for scrip rollover.

Where scrip for scrip rollover is not chosen

Where scrip for scrip rollover relief is not chosen, Westgold Shareholders will make a capital gain equal to the market value of the New Metals X Shares they are entitled to less the CGT cost base of their Westgold Shares. In determining a Westgold Shareholder's capital gain, the market value of the New Metals X Shares should be determined using the market value of those shares on the date the Westgold Shareholder ceases to have ownership of their Westgold Shares. This is likely to be on the Implementation Date.

Westgold Shareholders may be able to index the CGT cost base of their Westgold Shares depending upon their date of acquisition. The CGT rules provides for the indexing of cost base (for inflation) of CGT assets acquired before 11:45 am on 21 September 1999.

Alternatively, Westgold Shareholders may be entitled to apply the discount CGT rules provided the shareholder has satisfied the 12 month holder's requirement. If the CGT discount rules apply and the Westgold Shareholder is:

- (i) an individual or trustee of a trust - only one-half of the capital gain (without any allowance for indexation for inflation in the cost base of the Westgold Shares) will be taxable; or
- (ii) the trustee of a complying superannuation fund, - only two-thirds of the capital gain (without any allowance for indexation for inflation in the cost base of the Westgold Shares) will be taxable.

The discount CGT rules do not apply to shareholders and trust beneficiaries that are companies. If a Westgold Shareholder makes a discount capital gain, any available capital losses should be applied to reduce the undiscounted capital gain before either of the above discounts are applied.

The "choice" to apply indexation rather than the discount capital gain provisions to Westgold Shares acquired before 11:45 am on 21 September 1999 must be made by the Westgold Shareholder on or before the day they lodge their income tax return for the income year in which the disposal occurs. For shareholders who acquired their shares after 11:45 am on 21 September 1999, indexation is not available as the CGT discount rules automatically apply, provided conditions are met for the relevant shareholder. The application of either cost base indexation or the CGT discount will depend upon individual circumstances and it is recommended that Westgold Shareholders seek their own specific independent advice.

For Westgold Shareholders whose reduced cost base is greater than the market value of the New Metals X Shares they are entitled to, the Westgold Shareholder may realise a capital loss.

Where scrip for scrip rollover relief is not chosen, the cost base of the New Metals X Shares will be equal to their market value, as determined on the date the New Metals X Shares are allotted or issued. The acquisition date of the New Metals X Shares for CGT discount purposes will also be the date upon which they are allotted or issued to the Westgold Shareholders.

(b) **Non – resident Westgold Shareholders**

Broadly, the transfer of Westgold Shares by a Westgold Shareholder who is not an Australian tax resident and who holds their Westgold Shares on capital account will be subject to Australian CGT where:

- (i) they (and their associates) owned at least 10% of Westgold either at the time they dispose of their Westgold Shares or for at least 12 months during the 24 months before the disposal; and
- (ii) the Westgold Shares are considered 'taxable Australian property' (**TAP**).

Broadly, the Westgold Shares will constitute TAP if more than 50% of their value is attributable to Australian real property or mineral rights (including exploration leases and mining licences). Where Non – Australian tax resident Westgold Shareholders are subject to CGT, the abovementioned CGT scrip for scrip rollover relief may be available provided the New Metals X Shares received will also constitute TAP.

Non – Australian Westgold Shareholders will also be subject to CGT if they used their Westgold Shares at any time in carrying on a business at or through a permanent establishment in Australia.

11.3 Westgold Optionholders

The income tax implications for a Westgold Optionholder, who holds their Westgold Options on capital account, are the same as the income tax implications for a Westgold Shareholder, as detailed above. Income tax is a complex area of law and the consequences for a Westgold Optionholder may differ from those detailed above, depending on the Westgold Optionholder's particular circumstances. As these statements are of a general nature only, it is recommended that Westgold Optionholders obtain their own independent professional advice in respect of their specific circumstances.

12. Implementing the Schemes

This Section provides an overview of the Scheme Conditions, the Scheme Meetings, and other steps required to implement the Schemes.

12.1 Actions already undertaken by Westgold and Metals X

Westgold and Metals X entered into a Merger Implementation Agreement on 13 May 2012 (as varied on 16 July 2012) in which they agreed (among other things) their respective obligations in implementing the Schemes. The key terms of the Merger Implementation Agreement not otherwise addressed in this Section, are summarised in Section 13. A full copy of the Merger Implementation Agreement is set out in Annexure B. Since signing the Merger Implementation Agreement, Westgold and Metals X have undertaken the following activities to progress the implementation of the Schemes.

(a) Appointment of Independent Expert

Westgold commissioned the Independent Expert, BDO Corporate Finance, to prepare a report on whether the Schemes are in the best interests of Westgold Securityholders.

The Independent Expert has concluded that the Share Scheme is in the best interests of Westgold Shareholders and that the Option Scheme is in the best interests of Westgold Optionholders.

A full copy of the Independent Expert's Report is set out in Annexure A.

(b) Execution of Deed Polls by Metals X

On 16 July 2012, Metals X executed the Share Scheme Deed Poll in favour of each Westgold Shareholder (other than Metals X) and the Option Scheme Deed Poll in favour of each Westgold Optionholder, pursuant to which Metals X covenants to perform its obligations under the Merger Implementation Agreement and the Schemes. The key obligation of Metals X under the Schemes is to issue the Share Scheme Consideration to each Share Scheme Participant and the Option Scheme Consideration to each Option Scheme Participant, subject to satisfaction of the Scheme Conditions.

The Deed Polls may be relied upon by a Westgold Securityholder, despite the fact that they are not a party to it, and each Westgold Securityholder (other than Metals X) appoints Westgold as its agent to enforce their rights under the relevant Deed Poll against Metals X.

The Deed Polls are governed by the laws of Western Australia.

A copy of the Share Scheme Deed Poll and Option Scheme Deed Poll are set out in full at Annexure E and Annexure F respectively.

(c) Lodgement of draft Scheme Booklet with ASIC

On 17 July 2012, Westgold lodged a draft of this Scheme Booklet with ASIC pursuant to section 411(2)(b) of the Corporations Act. On 23 August 2012, ASIC registered the Scheme Booklet for the purposes of section 412(6) of the Corporations Act.

Westgold has requested ASIC provide statements, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Schemes. If ASIC provides those statements, they will be produced to the Court at the time of the Second Court Hearing.

Westgold has also lodged a copy of this Scheme Booklet with ASX.

Neither ASIC, ASX nor any of their officers takes any responsibility for the contents of this Scheme Booklet.

(d) First Court Hearing

On 22 August 2012, the Supreme Court of Western Australia ordered Westgold to convene a meeting of:

- (i) Westgold Shareholders to consider and vote on the Share Scheme; and
- (ii) Westgold Optionholders to consider and vote on the Option Scheme.

The Scheme Meetings to consider the Schemes will be held at Traders Lounge, Hyatt Regency Perth, 99 Adelaide Terrace, Perth, Western Australia on Wednesday, 3 October 2012. The Share Scheme Meeting will commence at 10.00am and the Option Scheme Meeting will commence at the later of 10.30am and the conclusion of the Share Scheme Meeting.

For the Share Scheme to proceed, the Share Scheme Resolution must be passed at the Share Scheme Meeting. For the Option Scheme to proceed, the Option Scheme Resolution must be passed at the Option Scheme Meeting. The Option Scheme is conditional on implementation of the Share Scheme; however, the Share Scheme is not conditional on implementation of the Option Scheme.

Details of how to vote at the Scheme Meetings are set out at the beginning of this Scheme Booklet in the Section entitled “Meeting details and how to vote”.

A copy of the Notice of Share Scheme Meeting and Notice of Option Scheme Meeting are set out at Annexure G and Annexure H respectively.

The fact that under section 411(1) of the Corporations Act the Court ordered on Wednesday, 22 September 2012 that meetings of Westgold Securityholders be convened by Westgold to consider and vote on the Schemes and has approved the Scheme Booklet does not mean that the Court:

- (i) has formed any view as to the merits of the proposed Schemes or as to how Westgold Securityholders should vote (on this matter, Westgold Securityholders must reach their own decision); and
- (ii) has prepared, or is responsible for, the content of this Scheme Booklet.

12.2 Scheme Conditions

Implementation of the Schemes is subject to satisfaction of the Scheme Conditions. The Scheme Conditions are set out in clause 3.1 of the Share Scheme and clause 3.1 of the Option Scheme (attached to this Scheme Booklet at Annexure C and Annexure D respectively) and clause 2 of the Merger Implementation Agreement (attached to this Scheme Booklet at Annexure B).

Certain of the Scheme Conditions set out in the Share Scheme, Option Scheme and the Merger Implementation Agreement have already been satisfied. The Scheme Conditions that remain outstanding as at the date of this Scheme Booklet and the date by which each of those Scheme Conditions must be satisfied are set out in the table below.

The Option Scheme is conditional on implementation of the Share Scheme; however, the Share Scheme is not conditional on implementation of the Option Scheme. In other words, the Share Scheme will still proceed in circumstances where the Scheme Conditions that relate specifically to the Option Scheme are not satisfied or waived.

	Share Scheme Condition	Time at which the Scheme Condition is to be satisfied
1.	ASIC and ASX issue or provide such consents, waivers or approvals, or do such other acts as are necessary, to permit the Merger.	Before 8.00am on the Second Court Date
2.	No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the implementation of the Share Scheme being in effect.	As at 8.00am on the Second Court Date
3.	The Independent Expert's Report concludes that the Share Scheme is in the best interests of Westgold Shareholders and the Independent Expert does not change that conclusion or withdraw its report.	As at 8.00am on the Second Court Date
4.	The Share Scheme being approved by the Requisite Majority of Westgold Shareholders at the Share Scheme Meeting.	Before the Second Court Date
5.	The Court making orders under section 411(4)(b) approving the Share Scheme, whether in the same form as that set out in the notice convening the Share Scheme Meeting or subject to any alterations or conditions required by the Court under section 411(6) that are acceptable to Westgold and Metals X (each acting reasonably).	At the Second Court Date
6.	An office copy of the Court orders approving the Share Scheme is lodged with ASIC.	As soon as practicable after the Second Court Date
7.	ASX approves the New Metals X Shares for official quotation on ASX, conditional on implementation of the Share Scheme.	Before 8.00am on the Second Court Date
8.	No Material Adverse Change occurs in relation to Westgold or Metals X.	As at 8.00am on the Second Court Date
9.	No Westgold Prescribed Event occurs.	As at 8.00am on the Second Court Date
10.	The representations and warranties given by Westgold under the Merger Implementation Agreement are true and correct.	As at 8.00am on the Second Court Date
11.	No Metals X Prescribed Event occurs.	As at 8.00am on the Second Court Date
12.	The representations and warranties given by Metals X under the Merger Implementation Agreement are true and correct.	As at 8.00am on the Second Court Date
13.	The Merger Implementation Agreement not being terminated.	As at 8.00am on the Second Court Date

	Option Scheme Condition	Time at which the Scheme Condition is to be satisfied
1.	The Independent Expert's Report concludes that the Option Scheme is in the best interests of Westgold Shareholders and the Independent Expert does not change that conclusion or withdraw its report.	As at 8.00am on the Second Court Date
2.	The Option Scheme being approved by the Requisite Majority of Westgold Optionholders at the Option Scheme Meeting.	Before the Second Court Date
3.	The Court making orders under section 411(4)(b) approving the Option Scheme, whether in the same form as that set out in the notice convening the Option Scheme Meeting or subject to any alterations or conditions required by the Court under section 411(6) that are acceptable to Westgold and Metals X (each acting reasonably).	At the Second Court Date
4.	An office copy of the Court orders approving the Option Scheme is lodged with ASIC.	As soon as practicable after the Second Court Date
5.	The Share Scheme becoming Effective.	Effective Date

For the Schemes to be implemented, each Scheme Condition must be satisfied by the due date (if any) fixed for its satisfaction as set out in the above table (or otherwise waived to the extent it is capable of waiver).

As at the date of this Scheme Booklet, Westgold is not aware of any circumstances that would cause the Scheme Conditions to not be satisfied. Westgold Securityholders will receive an update on the status of the Scheme Conditions at the Scheme Meetings.

Westgold will also announce to ASX any relevant matter that affects the Scheme or the likelihood of a Scheme Condition being satisfied or not being satisfied, in accordance with Westgold's continuous disclosure obligations. These details will be published on ASX's website (www.asx.com.au) and will also appear on Westgold's website (www.westgold.com.au).

12.3 Court approval

In accordance with section 411(4)(b) of the Corporations Act, in order to become Effective, the Schemes (with or without modification) must each be approved by an order of the Court. If the Schemes are approved at the Scheme Meetings, Westgold intends to apply to the Court on the Second Court Date (expected to be Thursday, 4 October 2012) for the necessary orders to give effect to the Schemes.

The Court may refuse to grant the orders referred to above even if the Schemes are approved by the Requisite Majority of Westgold Securityholders.

Each Westgold Securityholder has the right to appear at Court at the hearing of the applications by Westgold for orders approving the Schemes. Any Westgold Securityholder (other than Metals X) who wishes to object to the Schemes at that Court hearing or make a complaint to ASIC about the Schemes should note that the Court hearing for approval of the Schemes is expected to be held on Thursday, 4 October 2012. The Court has an overriding discretion regarding whether or not to approve the Schemes, even if the Schemes are approved by the Requisite Majority of Westgold Securityholders at the Scheme Meetings.

12.4 Scheme Meetings

The Scheme Meetings to consider the Schemes are scheduled to be held at Traders Lounge, Hyatt Regency Perth, 99 Adelaide Terrace, Perth, Western Australia on Wednesday, 3 October 2012. The Share Scheme Meeting will commence at 10.00am and the Option Scheme Meeting will commence at the later of 10.30am and the conclusion of the Share Scheme Meeting.

The Court has ordered that Westgold convene the Scheme Meetings for the purposes of the Westgold Securityholders (other than Metals X) voting on the Schemes. The order of the Court to convene the Scheme Meetings is not, and should not be treated as, an endorsement by the Court of (or any other expression of opinion by the Court on) the Schemes.

For the Share Scheme to be implemented, it is necessary that the Requisite Majority of Westgold Shareholders vote in favour of passing the resolution to approve the Share Scheme at the Share Scheme Meeting.

To pass the Share Scheme Resolution, votes in favour of the Share Scheme must be cast by:

- (a) more than 50% in number of Westgold Shareholders (other than Metals X) present and voting (whether in person, by proxy, by attorney or, in the case of a corporation, by corporate representative); and
- (b) at least 75% of the total number of votes cast on the Share Scheme Resolution by Westgold Shareholders (other than Metals X).

For the Option Scheme to be implemented, it is necessary that the Requisite Majority of Westgold Optionholders vote in favour of passing the resolution to approve the Option Scheme at the Option Scheme Meeting.

To pass the resolution approving the Option Scheme, votes in favour of the Option Scheme must be cast by:

- (a) more than 50% in number of Westgold Optionholders present and voting (whether in person, by proxy, by attorney or, in the case of a corporation, by corporate representative); and
- (b) Westgold Optionholders whose debts or claims amount in aggregate to at least 75% of the total amount of debts or claims of Westgold Optionholders present and voting at the Option Scheme Meeting on the Option Scheme Resolution.

The amount of the “debt or claim” for the purpose of determining whether the Requisite Majority has been satisfied at the Option Scheme Meeting will be the total amount of the Option Scheme Consideration payable to the Westgold Optionholder for the cancellation of the Westgold Options held by that Westgold Optionholder if the Option Scheme were to be implemented, to be calculated using the Black Scholes valuation approach. For determining the amount of a ‘debt or claim’ for a Westgold Optionholder for voting purposes, the valuation for each tranche of New Metals X Option to be issued as Option Scheme Consideration is as set out in Appendix 3 of the Independent Expert’s Report.

12.5 Steps after approval of the Share Scheme by Westgold Shareholders (other than Metals X) at the Share Scheme Meeting but before the Second Court Date

Westgold and Metals X have agreed that, if the Requisite Majority of Westgold Shareholders approves the Share Scheme at the Share Scheme Meeting, Westgold and Metals X will take or procure the taking of the following steps (as applicable):

(a) Publication of the results of the Share Scheme Meeting

As soon as possible after the Share Scheme Meeting is held, Westgold will announce the results of the Westgold Shareholders’ vote to ASX and will publish the results on Westgold’s website (www.westgold.com.au).

(b) Performance Rights

Pursuant to the Merger Implementation Agreement, the parties must discuss in good faith and cooperate with each other to ensure that all outstanding Westgold Performance Rights are either cancelled, acquired by Metals X, vest and are converted into Westgold Shares or are otherwise dealt with to Metals X’s satisfaction (which may include the issue of generally equivalent rights in Metals X), before the Second Court Date.

The intention is for all Westgold Performance Rights on issue to be cancelled following the Share Scheme Meeting. Please refer to Section 14.12 for further details.

12.6 Steps after approval of the Option Scheme by Westgold Optionholders at the Option Scheme Meeting but before the Second Court Date

Westgold and Metals X have agreed that, if the Requisite Majority of Westgold Optionholders approves the Option Scheme at the Option Scheme Meeting, Westgold will, as soon as possible after the Option Scheme Meeting is held, announce the results of the Westgold Optionholders’ vote to ASX and will publish the results on Westgold’s website (www.westgold.com.au).

12.7 Steps after Court approval at the Second Court Hearing

Westgold and Metals X have agreed that, if the Court makes orders approving the Schemes, Westgold and Metals X will take or procure the taking of the steps required for the Schemes to proceed, including:

(a) **Record Date**

Westgold Securityholders (other than Metals X) will be entitled to receive the relevant Scheme Consideration under the Schemes if they are registered as holders of Westgold Shares and/or Westgold Options at 5.00pm on the Record Date. The Record Date is the date that is five Business Days after the Effective Date, which is expected to be Friday, 5 October 2012.

As from the Record Date (and other than for Metals X following the Implementation Date), the Westgold Share Register and Westgold Option Register will close for transfers and all share and option certificates and holding statements for Westgold Shares and Westgold Options will cease to have effect as documents of title. Each entry on the Westgold Share Register and Westgold Option Register at 5.00pm on the Record Date will cease to have any effect other than as evidence of entitlement to the Share Scheme Consideration and Option Scheme Consideration.

(b) **Effective Date**

If the Court approves the Schemes, Westgold will (pursuant to section 411(4)(b) of the Corporations Act) lodge with ASIC the office copy of each Court order approving the Schemes. Westgold intends to lodge the office copies of the Court orders with ASIC on the Effective Date, which is expected to be Friday, 5 October 2012.

If the Scheme Conditions are satisfied, the Schemes will legally come into effect on the Effective Date.

If a Schemes has not become Effective or the Scheme Conditions have not been satisfied by 31 December 2012, or such later date as Westgold and Metals X agree in writing, the Scheme will lapse and be of no further force or effect.

(c) **Suspension of trading of Westgold Shares**

Westgold will apply to ASX for suspension of trading of Westgold Shares on ASX after the close of trading on ASX on the Effective Date. It is expected that the suspension will commence on the first Business Day after the day on which Westgold notifies ASX of the Share Scheme becoming Effective.

(d) **Transfer of Westgold Shares and cancellation of Westgold Scheme Options**

If the Share Scheme becomes Effective, on the Implementation Date:

- (i) all Westgold Shares held by Share Scheme Participants will be transferred to Metals X without any further action required by Share Scheme Participants;
- (ii) Westgold will enter the name of Metals X into the Westgold Share Register in respect of the Westgold Shares; and
- (iii) Westgold will then become a wholly-owned subsidiary of Metals X and the current Westgold Board will resign (other than Scott Huffadine or as agreed with Metals X).

If the Option Scheme becomes Effective, all Westgold Scheme Options held by Westgold Optionholders will be cancelled, without the need for any further act by any Westgold Optionholder.

(e) **Issue of New Metals X Shares**

If the Share Scheme becomes Effective, on the Implementation Date the New Metals X Shares to which Share Scheme Participants are entitled under the Share Scheme will be issued to Share Scheme Participants (other than Ineligible Foreign Shareholders and Electing Small Shareholders). It is expected that:

- (i) holding statements for Share Scheme Participants' entitlements to New Metals X Shares will be despatched to Share Scheme Participants whose New Metals X Shares are held on Metals X's issuer sponsored sub-register by not later than 5 Business Days after the Implementation Date; and
- (ii) New Metals X Shares will commence trading on ASX initially on a deferred settlement basis from Monday, 8 October 2012 and thereafter on a normal settlement basis from Thursday, 18 October 2012.

For further information regarding the New Metals X Shares to be issued, see Sections 12.9 and 14.3. No securities will be issued on the basis of this Scheme Booklet after the date which is 13 months after the date of this Scheme Booklet.

(f) **Option Scheme Consideration**

If the Option Scheme becomes Effective, each Option Scheme Participant will receive 11 New Metals X Options for every 10 Westgold Scheme Options they hold as at 5.00pm on the Record Date in consideration for the cancellation of their Westgold Scheme Options, such that there will be no Westgold Options on issue with respect to Westgold Shares.

(g) **De-listing of Westgold**

After the Implementation Date, Westgold will apply for termination of the official quotation of Westgold Shares, and have itself removed from the official list of ASX.

(h) **Payments to Ineligible Foreign Shareholders and Electing Small Shareholders**

New Metals X Shares to which the Ineligible Foreign Shareholders of Westgold Shares and Electing Small Shareholders would otherwise be entitled will be sold by the Sale Agent as soon as practicable (and in any event not more than 15 Business Days after the Implementation Date) and the proceeds of the sale shall be promptly remitted back to the relevant Ineligible Foreign Shareholders and Electing Small Shareholders.

For more information see Sections 5.9 and 5.10.

12.8 Warranties by Share Scheme Participants under the Share Scheme

The effect of the Share Scheme is that all Share Scheme Participants, including those who vote against the Share Scheme and those who do not vote, will be deemed to have warranted to Westgold, both in its own right and for the benefit of Metals X, that their Westgold Shares are not subject to any of the encumbrances specified in the Share Scheme. The terms of the warranty are set out in clause 8.5 of the Share Scheme. The Share Scheme is attached at Annexure C.

12.9 New Metals X Shares

A summary of the rights attaching to New Metals X Shares is set out in Section 14.3.

It is expected that:

- (a) all Share Scheme Participants who receive New Metals X Shares will have their names entered on the Metals X Share Register on the Implementation Date;
- (b) holding statements for Share Scheme Participants' entitlements to New Metals X Shares will be despatched to Share Scheme Participants by not later than 5 Business Days after the Implementation Date. Those holding statements will be sent by prepaid post to the Share Scheme Participants' addresses in the Westgold Share Register as at close of business on the Record Date; and
- (c) New Metals X Shares are expected to commence trading on ASX initially on a deferred settlement basis and thereafter on a normal settlement basis from Thursday, 18 October 2012.

Each holder of New Metals X Shares is responsible for confirming their holding before selling their New Metals X Shares on a deferred settlement basis. Any sale of New Metals X Shares before receipt of a holding statement is at the risk of the holder of those securities. To the extent permitted by law, Westgold, Metals X and Security Transfer Registrars disclaim all liability, whether in negligence or otherwise, to persons who sell their New Metals X Shares before receiving their holding statement, whether on the basis of a confirmation of allocation provided by Westgold, Metals X, Security Transfer Registrars, a broker or otherwise.

12.10 Classes of members affected by the Option Scheme

Westgold has multiple series of Westgold Options on issue. However, the Option Scheme Consideration applicable to each Westgold Option series has been determined by using the same ratio as used for the Share Scheme. For the purposes of the Option Scheme and voting at the Option Scheme Meeting the valuation of each Westgold Option (and the Option Scheme Consideration) has been determined by using a consistent valuation methodology. Accordingly, all Westgold Optionholders will vote on the Option Scheme as a single class at the Option Scheme Meeting.

12.11 New Metals X Options

The terms and conditions attaching to New Metals X Options to be issued as Option Scheme Consideration are set out in Annexure I and Annexure J.

It is expected that:

- (a) all Option Scheme Participants who receive New Metals X Options will have their names entered on the Metals X Option Register on the Implementation Date; and
- (b) holding statements for Options Scheme Participants' entitlements to New Metals X Options will be despatched to Option Scheme Participants by not later than 5 Business Days after the Implementation Date. Those holding statements will be sent by prepaid post to the Option Scheme Participants' addresses in the Westgold Option Register as at close of business on the Record Date.

12.12 Exercise of Westgold Options

As a Westgold Optionholder, you can participate in the Share Scheme in lieu of participating in the Option Scheme by exercising your Westgold Options (where those Westgold Options are capable of exercise). Alternatively, you may wish to exercise your Westgold Options and then sell the Westgold Shares that will be issued to you on ASX on or before the Effective Date of the Share Scheme. In deciding what you should do, you should consider the following matters:

- (a) the value of exercising your Westgold Options compared with the value of the Option Scheme Consideration (refer to the Independent Expert Report at Annexure A). In determining the value of exercising a Westgold Option, you should compare the exercise price of that Westgold Option with:
 - (i) the prevailing Westgold Share price (if Westgold Shares are trading on ASX at the relevant time); and
 - (ii) the value of the Share Scheme Consideration;
- (b) the tax consequences of exercising your Westgold Options and having the Westgold Shares that will be issued to you transferred under the Share Scheme or sold on ASX compared with the tax consequences of receiving the Option Scheme Consideration. As these tax consequences will vary depending on your individual circumstances, you should consider your own tax position and the tax implications of the Option Scheme;
- (c) the risk factors described in this Scheme Booklet (see Section 10); and
- (d) whether the Schemes have become Effective.

To exercise your Westgold Options in time to participate in the Share Scheme, a valid exercise notice in respect of the Westgold Options you wish to exercise and payment of the relevant exercise price in cleared funds must be received by Westgold at its registered office in Australia before 12.00 noon on the Business Day before the Record Date for the Share Scheme. You may not exercise any of your Westgold Options after this time (assuming the Option Scheme becomes Effective) and your Westgold Options will be cancelled on the Implementation Date for the Option Scheme.

If the Option Scheme does not become Effective, but the Share Scheme becomes Effective, your Westgold Options will not be cancelled and you will continue to hold them, subject to Metals X's right to compulsorily acquire them (see below). You should consult the rules governing your Westgold Options for information on the procedures for exercising them. A copy of the applicable rules, and details of which Westgold Options are currently capable of exercise, can be obtained from the Westgold company secretary on +61 8 9326 5700.

Details of the current exercise price for each series of Westgold Options are set out in Section 6.4(b). Following receipt of a valid exercise notice and cleared funds, Westgold will:

- (a) issue the relevant number of Westgold Shares to you; and
- (b) cause your name and address to be entered in the Westgold Share Register as the holder of those Westgold Shares and a holding statement to be despatched to you.

12.13 Compulsory acquisition of Westgold Scheme Options

The Option Scheme is conditional on (among other things) the Share Scheme becoming Effective. In the event that the Option Scheme does not become Effective, but the Share Scheme becomes Effective, Metals X may become entitled to compulsorily acquire outstanding Westgold Scheme Options under Part 6A.2 of the Corporations Act.

In the event that Metals X seeks to compulsorily acquire Westgold Scheme Options, the Corporations Act sets out procedures and safeguards for Westgold Optionholders. In order to compulsorily acquire Westgold Scheme Options, Metals X must prepare and issue a notice in the form prescribed by the Corporations Act. A Westgold Optionholder may object to compulsory acquisition of their Westgold Scheme Options. If people who hold at least 10% of the Westgold Scheme Options validly object to the compulsory acquisition, Metals X may apply to the court for approval of the compulsory acquisition, and such approval may only be granted by the court where Metals X establishes that the Westgold Optionholders will receive fair value for their Westgold Scheme Options. In accordance with the Corporations Act, Metals X is required to bear the legal costs of any proper and reasonable objection made by a Westgold Optionholder. Westgold Optionholders should note that where compulsory acquisition applies in these circumstances, Metals X may acquire Westgold Scheme Options for a cash sum only.

13. Key terms of the Merger Implementation Agreement

Westgold and Metals X entered into a Merger Implementation Agreement on 13 May 2012 (as varied on 16 July 2012). A copy of the Merger Implementation Agreement (as amended) is set out at Annexure B.

The Merger Implementation Agreement sets out the obligations of Westgold and Metals X in relation to the Schemes.

This Section sets out a summary of the key terms and conditions of the Merger Implementation Agreement that are not otherwise addressed in this Scheme Booklet.

13.1 Scheme Conditions under the Merger Implementation Agreement

The Schemes are subject to the fulfilment or, in certain cases, waiver of the Scheme Conditions. See Section 12.2 for further details.

13.2 Termination

In this summary, the “Relevant Date” is the date or time specified in the Merger Implementation Agreement for the fulfilment of a Scheme Condition or, if no date or time is specified, 8.00am on the Second Court Date, subject, in either case, to extension under clause 2.8 of the Merger Implementation Agreement (**Relevant Date**).

Under the Merger Implementation Agreement, Westgold and Metals X have committed to use their best endeavours to implement the Schemes. If a Scheme Condition has not been fulfilled or waived by the Relevant Date or the Share Scheme is not implemented by 31 December 2012 (**Sunset Date**), Westgold and Metals X must consult in good faith to determine whether the Share Scheme can proceed by way of alternative means or methods. This may be to extend the Relevant Date or set a new date for implementation of the Share Scheme, or both. If a Scheme Condition has not been fulfilled or waived by the Relevant Date, and the parties are unable to reach agreement on alternative means or methods of progressing the Share Scheme, either party may exercise its rights of termination under the Merger Implementation Agreement.

The Merger Implementation Agreement (and hence the Schemes) may be terminated immediately by Westgold or Metals X or both parties by giving notice in writing to the other party in the circumstances described below:

- (a) by Westgold or Metals X, if, before the Relevant Date, a Scheme Condition cannot be satisfied by the time required for it to be satisfied and it is not waived in accordance with the Merger Implementation Agreement;
- (b) by Westgold or Metals X, if, after the Relevant Date applicable to a Scheme Condition solely or jointly for its benefit, that Scheme Condition has not been satisfied or waived at that time; or
- (c) by Westgold or Metals X if, before the Second Court Date, the other party is in breach of the Merger Implementation Agreement (including a breach of a representation or warranty under the Merger Implementation Agreement) and that breach is material and is incapable of being cured or is capable of being cured but is not remedied by that other party within 5 Business Days of it receiving notice from the terminating party of the details of the breach and its intention to terminate.

The termination of the Merger Implementation Agreement does not affect any claim of either party against the other arising before the Merger Implementation Agreement is terminated. Further details on termination are set out in clause 10 of the Merger Implementation Agreement.

13.3 Amendments to the Schemes

Westgold must not consent to any modification of, or amendment to, or the making or imposition by the Court of any Scheme Condition in respect of the Share Scheme and/or Option Scheme without the prior consent of Metals X.

13.4 Representations and warranties

Each of Westgold and Metals X has given representations, warranties and covenants to the other that are considered to be standard warranties for an agreement of this kind. The representations, warranties and covenants given by each of Westgold and Metals X are set out in full in clause 11 of the Merger Implementation Agreement.

13.5 No break fees / lock-up devices

The Merger Implementation Agreement does not contain any break fees or other lock-up devices.

14. Additional information

14.1 Introduction

This Section 14 sets out additional information required to be disclosed to Westgold Securityholders pursuant to the Corporations Act and the Corporations Regulations, together with other information that may be of interest to Westgold Securityholders.

14.2 Intention of Westgold Directors

If the Share Scheme is implemented, it is expected that the Westgold Directors other than Mr Scott Huffadine will resign from the Westgold Board. Further, Westgold is obliged to appoint those persons nominated by Metals X to the Westgold Board and to the boards of each Westgold subsidiary after the Implementation Date.

Accordingly, the Westgold Directors are not able to make any statements of intentions regarding:

- (a) the continuation of Westgold's business or how the business will be conducted after the implementation of the Share Scheme;
- (b) any major changes to the business, including any redeployment of any fixed assets; or
- (c) the future employment of present employees.

Details on the intentions of Metals X in respect of the Merged Group should the Share Scheme be implemented are set out in Section 8.5.

14.3 Rights attaching to New Metals X Shares

If the Share Scheme becomes Effective, each Share Scheme Participant (other than Ineligible Foreign Shareholders and Electing Small Shareholders), will receive 11 New Metals X Shares for every 10 Westgold Shares they hold as at 5.00pm on the Record Date.

The New Metals X Shares issued as Share Scheme Consideration will be fully paid and, from the date of their issue, will rank equally with existing Metals X Shares.

The following is a summary of the principal rights attaching to Metals X Shares. This summary does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of shareholders of Metals X, which can involve complex questions of law arising from the interaction of the constitution of Metals X, statutory and common law and the ASX Listing Rules.

(a) Quotation on ASX

An application will be made by Metals X to ASX for the granting of official quotation of the New Metals X Shares within 7 days after the date of this Scheme Booklet. Quotation is not guaranteed or automatic on such application, but quotation is expected in the ordinary course as Metals X is already admitted to the official list of ASX and shares of the same class as those to be issued as the consideration under the Share Scheme have been granted official quotation by ASX.

It is expected that the New Metals X Shares will commence trading on ASX, initially on a deferred settlement basis, on Monday, 8 October 2012. It is the responsibility of each Westgold Shareholder to determine their entitlement to New Metals X Shares under the Share Scheme before trading those shares to avoid the risk of selling shares that they do not own. Normal trading of the New Metals X Shares issued pursuant to the Share Scheme is expected to commence on Thursday, 18 October 2012.

The rights attaching to Metals X Shares are set out in the constitution of Metals X and, in certain circumstances, are regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Rules and general law.

(b) Metals X share capital

Subject to the constitution of Metals X, the ASX Listing Rules and the Corporations Act, any share in the capital of Metals X may be issued with preferred, deferred or other special rights, obligations or restrictions, whether in regard to dividends, voting, return of share capital, payment of calls or otherwise, as the Metals X Board may from time to time determine.

(c) **Alteration of Metals X share capital**

Subject to the constitution of Metals X, the ASX Listing Rules and the Corporations Act, Metals X in general meeting may reduce or alter its share capital in any manner.

(d) **General meetings and notices**

Subject to the constitution of Metals X, the Corporations Act and the ASX Listing Rules, each holder of Metals X Shares is entitled to receive notice of, and to attend and vote at, general meetings of Metals X and to receive all notices, accounts and other documents required to be sent to shareholders under the constitution of Metals X, the Corporations Act and the ASX Listing Rules. At a general meeting, holders of Metals X Shares are entitled to be present in person, or by proxy, attorney or (in the case of a body corporate) by representative.

(e) **Voting rights**

At a general meeting, subject to the rights and restrictions attached to any Metals X Share, on a show of hands each shareholder present in person or by proxy or attorney or by duly authorised representative has one vote, except that if the shareholder has two appointed proxies, then neither proxy may vote. On a poll, each shareholder has one vote for each fully paid Metals X Share held, and for each partly paid Metals X share held a vote in respect of the Metals X share which carries the same proportionate value as the proportion of the amount paid up on that share to the total issue price of that share.

(f) **Dividends**

The Metals X Board may declare a dividend to be paid to the shareholders entitled. Subject to the rights of the holders of shares created or raised under any special arrangement as to dividend, dividends are payable on all Metals X Shares in proportion to the amount of the total issue price paid up or credited as paid up in respect of the Metals X Shares.

(g) **Rights on winding up**

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

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities on which there is any liability.

(h) **Transfer of Metals X Shares**

Metals X Shares may be transferred by:

- (i) an instrument in writing which shows the jurisdiction of Metals X, relates only to one class of share and is in a form approved by the Metals X Board or ASX; or
- (ii) a proper transfer effected in accordance an electronic system recognised by the ASX Settlement Rules, the Corporations Act or the ASX Listing Rules as being for the purpose of facilitating dealings in shares.

The Metals X Board may refuse to register a transfer of shares only if that refusal would not contravene the ASX Listing Rules or the ASX Settlement Rules and must refuse to register a transfer of securities if the Corporations Act, the ASX Listing Rules of the ASX Settlement Rules forbid registration.

(i) **Variation of rights attaching to Metals X Shares**

Subject to sections 246C and 246D of the Corporations Act and their terms of issue, the rights attaching to any class of shares in Metals X may be varied or cancelled with the written consent of holders of a majority of the shares in the class, or by an ordinary resolution passed at a separate meeting of the holders of shares of the class. In either case, the holders of shares in a class with not less than 10% of the votes in the class of shares whose rights have been varied or cancelled may apply to a court of competent jurisdiction to exercise its discretion to set aside such variation or cancellation.

Subject to their terms of issue, the creation or issue of further Metals X Shares is not a variation of class rights in relation to those Metals X Shares.

(j) **Alteration of Metals X constitution**

Metals X may modify or repeal its constitution, or a provision of its constitution, by special resolution.

14.4 Terms and conditions of New Metals X Options

The terms and conditions of the various classes of New Metals X Options to be offered under the Option Scheme are set out in Annexure I and Annexure J to this Scheme Booklet.

14.5 Interests of the Westgold Directors in Westgold Securities

The following table shows the Relevant Interest of each Westgold Director in Westgold Shares and Westgold Options as at the date of lodgement of this Scheme Booklet with ASIC.

Director	Westgold Shares		Westgold Options	
	Held Directly	Held Indirectly	Held Directly	Held Indirectly
Michael Atkins	2,000,000	1,704,520 ¹	250,000	-
Scott Huffadine		297,000 ²	-	2,600,000 ²
Andrew Beckwith	6,525,000	2,744,250 ³	-	1,000,000 ³
Peter Cook ⁴	842,277		750,000	-
Warren Hallam ⁵	-		-	-
Total	9,367,277	4,745,770	1,000,000	3,600,000

Notes:

1. Held by Windamurah Pty Ltd <Atkins Super Fund A/C>, an Associate of Mr Atkins.
2. 197,000 Westgold Shares and 2,600,000 Westgold Options held by The Huffadine Family Account as trustee for the Huffadine Family Trust and 100,000 Westgold Shares held by Mr Huffadine's spouse, each an Associate of Mr Huffadine.
3. 2,744,250 Westgold Shares held by Penand Pty Ltd for the Beckwith Superannuation Fund and 1,000,000 Westgold Options held by Penand Pty Ltd for the Beckwith Family Trust, each an Associate of Mr Beckwith.
4. Peter Cook is a director and substantial shareholder (5.24%) of Metals X which holds 112,539,730 Westgold Shares.
5. Warren Hallam is a director of Metals X which holds 112,539,730 Westgold Shares.

There has been no dealing in and no agreement to deal has been entered into in respect of any marketable securities of Westgold by any Westgold Director in the four months preceding the date of this Scheme Booklet.

14.6 Interests of Westgold and the Westgold Directors in Metals X securities

As at the date of lodgement of this Scheme Booklet with ASIC, Westgold did not have a Relevant Interest in any Metals X Shares or any other marketable securities of Metals X.

As at the date of lodgement of this Scheme Booklet with ASIC, the Metals X Nominee Directors hold interests in Metals X securities as set out in Section 7.8 and Westgold Director Mr Scott Huffadine holds 1,000,000 Metals X Options exercisable at \$0.14 on or before 30 November 2012. Other than an on-market acquisition of 500,000 Metals X Shares (for an aggregate cost of \$60,000) on 28 July 2012 by an Associate of Mr Peter Cook, there has been no dealing in and no agreement to deal has been entered into in respect of any marketable securities of Metals X by any Westgold Director in the four months preceding the date of this Scheme Booklet.

Westgold Directors who are Scheme Participants will be entitled to receive New Metals X Shares and/or New Metals X Options in accordance with the terms of the Schemes.

14.7 Interests of Metals X and Metals X's Associates in Westgold Securities

As at the date of lodgement of this Scheme Booklet with ASIC:

- (a) Metals X and its Associates have a Relevant Interest in 26.98% of Westgold Shares; and
- (b) other than as set out below, the Metals X Directors did not have a Relevant Interest in any Westgold Shares or any other marketable securities of Westgold.

The voting power (as defined in the Corporations Act) of Metals X in Westgold as at the date of lodgement of this Scheme Booklet with ASIC is 26.98%.

The following table shows the Relevant Interest of each Metals X Director in Westgold Shares and Westgold Options as at the date of lodgement of this Scheme Booklet with ASIC, excluding the 112,539,730 Westgold Shares held by Metals X.

Director	Westgold Shares		Westgold Options	
	Held Directly	Held Indirectly	Held Directly	Held Indirectly
Peter Cook	842,277	-	750,000	-
Warren Hallam	-	-	-	-
Dean Will	-	-	-	-
Andrew Ferguson	-	-	-	-
Xie Penggen	-	-	-	-
Yimin Zhang (Alternate Director to Mr Penggen)	-	-	-	-
Total	842,277	-	750,000	-

Except as disclosed in this Scheme Booklet, during the four months before the date of this document neither Metals X nor any Associate of Metals X has:

- (a) provided, or agreed to provide, consideration for any Westgold Shares or Westgold Options; or
- (b) given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person, or an associate, to vote in favour of the Schemes or dispose of Westgold Shares which benefit is not offered to all Westgold Shareholders under the Share Scheme or dispose of Westgold Options other than in accordance with the Option Scheme.

14.8 Employment of Mr Scott Huffadine

Metals X has offered to employ Mr Scott Huffadine under the same terms and conditions as his current contract of employment with Westgold. Metals X has further advised that it will offer Mr Huffadine an executive director position to continue to oversee the development of the gold assets of the Merged Group.

14.9 Employment of Mr Andrew Chapman

Subject to the Share Scheme proceeding, it is proposed that Mr Chapman, Company Secretary and Chief Financial Officer of the Company, will cease his employment with Westgold. The effective date of Mr Chapman's termination will be 30 September 2012 and he will receive an eligible termination payment of \$78,930 to compensate him for:

- (a) his contractual and statutory entitlements; and
- (b) a bona fide redundancy payment for his period of service to Westgold.

Mr Chapman will also receive a payment of \$33,030 (equivalent to 3 months' pay) paid on 30 September 2012 as a retention payment in recognition of Mr Chapman's commitment to Westgold and to continue in his position up to 30 September 2012 in lieu of Mr Chapman seeking alternative employment.

14.10 Cessation of employment of Mr Andrew Beckwith

By letter agreement dated 29 June 2012, Mr Andrew Beckwith ceased his position as an executive director of the Company but will remain a non-executive director until completion of the Merger at which time he will resign as a director. Under the terms of Mr Beckwith's termination, he will:

- (a) remain a non-executive director of Westgold until the Share Scheme is implemented, at which time he will resign as a director;
- (b) receive non-executive director fees of \$42,000 per annum whilst he remains a non-executive director of Westgold;
- (c) provide assistance where required by the Westgold Board to enable the Merger to proceed;

- (d) receive a termination payment of \$295,000 to compensate him for the following entitlements:
- (i) accrued annual leave;
 - (ii) three months salary in lieu of a 3 months' notice of termination period; and
 - (iii) redundancy benefits pursuant to his contract of employment equal to six months salary for service with the Company of more than seven years.

Mr Beckwith has also forgone the benefit of his Westgold Performance Rights issued pursuant to the Westgold Long Term Incentive Plan, which have been cancelled.

14.11 Benefits to Westgold officers in connection with retirement from office

Other than as disclosed in this Scheme Booklet, there is no current proposal for a payment or other benefit to be made or given to a director, secretary or executive officer of Westgold or any Related Body Corporate of Westgold, other than Mr Beckwith and Mr Chapman (refer to Sections 14.9 and 14.10 for further details), as compensation for the loss of, or as consideration for or in connection with his or her retirement from office in Westgold or any Related Body Corporate of Westgold as a result of the Share Scheme.

On or after the Implementation Date, Metals X proposes to appoint Mr Scott Huffadine, a Westgold Director, to the Merged Group Board. As at the date of this Scheme Booklet no decision has been made by Westgold or Metals X to terminate the services of any officer or executive of Westgold, other than Mr Beckwith and Mr Chapman.

14.12 Westgold Performance Rights

Westgold has issued 2,300,000 Westgold Performance Rights to senior executive staff, including the Managing Director, Mr Scott Huffadine, pursuant to the terms of the Westgold Resources Limited Long Term Incentive Plan (**Westgold LTIP**).

Under the terms of the Westgold LTIP, the Westgold Board may determine that Westgold Performance Rights may be exercised, notwithstanding that certain performance hurdles have not been achieved, in certain circumstances, including:

- (a) where a change of control event has occurred (where a person becomes entitled to a sufficient number of Westgold Shares to give that person the ability to replace all or a majority of the Westgold Board); or
- (b) following the occurrence and announcement by the Company of an event that in the opinion of the Westgold Board is likely to lead to the Company being removed from the official list of ASX.

The Westgold Board considers that the proposed Merger would give the Westgold Board the ability to determine that the Westgold Performance Rights may be exercised.

Rather than allowing the Westgold Performance Rights to be exercised before the Record Date for determining holders of Westgold Shares for the purposes of the Share Scheme, the Westgold Board has determined that, subject to the Share Scheme being approved by Westgold Shareholders at the Share Scheme Meeting, the most appropriate course of action in relation to these rights is to cancel them in return for cash consideration.

The number of Westgold Performance Rights held by each executive and the cash consideration proposed to be paid in consideration for the cancellation of those rights is set out in the table below.

Holder	Number of Westgold Performance Rights	Value of each Westgold Performance Right	Value of all Westgold Performance Rights	Proposed cash consideration
Scott Huffadine (tranche 1)	1,500,000	\$0.07	\$105,000	\$100,000
Scott Huffadine (tranche 2)	500,000	\$0.04	\$20,000	\$15,000
Paul Hucker	300,000	\$0.09	\$27,000	\$30,000

The cash payment to Mr Huffadine constitutes a financial benefit to a related party of the Company that would ordinarily require Westgold Shareholder approval under Chapter 2E of the Corporations Act, unless an exception applies. The Westgold Board (other than Mr Huffadine) considers the cash consideration proposed to be paid to Mr Huffadine in consideration for the cancellation of his Westgold Performance Rights constitutes “reasonable remuneration” within the meaning of section 211 of the Corporations Act and therefore does not require Westgold Shareholder approval. The Westgold Board (other than Mr Huffadine) also considers this approach to be in the best interests of the Company and ensures Mr Huffadine receives a benefit he is entitled to receive under his current contract of employment with Westgold.

As shown above, the cash consideration proposed to be given to Mr Huffadine is at a discount to the value attributed to those Westgold Performance Rights. The Westgold Board (other than Mr Huffadine) determined the value of the Westgold Performance Rights having regard to independent advice as well as attributing a probability of non-market based vesting conditions that apply to Mr Huffadine’s and Mr Hucker’s rights being met prior to their expiry date.

The Westgold Board (other than Mr Huffadine) formed their own view in concluding that the cash payment to Mr Huffadine constitutes reasonable remuneration taking into account all relevant circumstances.

14.13 Agreements or arrangements connected with or conditional on the Schemes

Except as disclosed elsewhere in this Scheme Booklet, there are no agreements or arrangements made between any Westgold Director and another person in connection with, or conditional on, the outcome of the Schemes other than in their capacity as a Westgold Securityholder.

14.14 Westgold Directors’ interests in Metals X contracts

Except as disclosed elsewhere in this Scheme Booklet, no Westgold Director has any interest in any contract entered into with Metals X, or any interest as a creditor of Metals X.

Mr Warren Hallam is employed as Managing Director of Metals X under an annual salary employment contract. The current employment contract commenced on 17 June 2009. Under the terms of the present contract:

- (a) Mr Hallam receives a fixed remuneration of \$420,000 (including superannuation) per annum.
- (b) Mr Hallam may resign from his position and thus terminate the contract by giving three months written notice. On resignation any unvested options will be forfeited.
- (c) Metals X may terminate this employment agreement by providing three months written notice or providing payment in lieu of notice period (based on the fixed component of Mr Hallam’s remuneration). On termination on notice by the Metals X, any MLX LTIP Options that have vested or that will vest during the notice period will be released. MLX LTIP Options that have not yet vested will be forfeited.
- (d) Metals X may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the Managing Director is only entitled to that portion of remuneration that is fixed, and only up to the date of termination. On termination with cause by Metals X, any MLX LTIP Options that have vested will be released. MLX LTIP Options that have not yet vested will be forfeited.

In addition to his remuneration as non-executive Chairman of Metals X, Mr Peter Cook is engaged as an advisor to Metals X and receives \$250 per hour for each hour in excess of 20 hours per month worked for Metals X.

14.15 Westgold Director insurance and indemnity arrangements

Pursuant to deeds of indemnity, insurance and access entered into by Westgold with each of the Westgold Directors and the Westgold company secretary, Westgold has agreed to indemnify the officers, to the maximum extent permitted by law, for all liabilities and legal expenses incurred as a result of the officers acting as an officer of Westgold (and a Related Body Corporate of Westgold). The deeds also provide for rights of access of the officer to certain company records.

The scope of this indemnity includes liabilities incurred by the Westgold Director in connection with the Schemes and the Westgold Director’s involvement in the process that resulted in the Schemes, and legal costs reasonably incurred in defending an action for any such liability.

The indemnity only applies to the extent, and in the amount that, the officers are not indemnified under any other indemnity, including an indemnity contained in any insurance policy taken out by Westgold (or a Related Body Corporate of Westgold), under the general law or otherwise. The indemnity does not extend to any liability owed by the officer to Westgold or a Related Body Corporate of Westgold, or to liabilities excluded by law.

Westgold has entered into directors' and officers' insurance arrangements. Under the deeds of indemnity, insurance and access, Westgold is required to maintain insurance policies for the benefit of the relevant officer for the term of the appointment and for a period of 7 years after retirement or resignation of the officer, provided the run-off insurance can be procured at reasonable policy premiums.

Where Westgold merges with another entity by scheme of arrangement or otherwise, Westgold is to ensure that the merged entity succeeds to and assumes Westgold's obligations under the deeds of indemnity, insurance and access.

14.16 Disclosure of payments and benefits to Westgold Directors, secretaries and executive officers

Except as disclosed elsewhere in this Scheme Booklet, no Westgold Director, secretary or executive officer of Westgold (or any of its Related Bodies Corporate) has agreed to receive, or is entitled to receive, any payment or benefit from Metals X which is conditional on, or is related to, the Schemes.

14.17 Disclosure of interests

Except as disclosed below or elsewhere in this Scheme Booklet, no:

- (a) Westgold Director;
- (b) Metals X Director;
- (c) person named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet; or
- (d) promoter of the Merged Group,
(together "**Interested Persons**") holds, or held at any time during the two years before the date of this Scheme Booklet any interests in:
 - (e) the formation or promotion of the Merged Group;
 - (f) property acquired or proposed to be acquired by Metals X in connection with the formation or promotion of the Merged Group or the offer of New Metals X Shares or New Metals X Options under the Schemes; or
 - (g) the offer of New Metals X Shares or New Metals X Options under the Schemes.

14.18 Disclosure of fees and other benefits

Except as disclosed elsewhere in this Scheme Booklet, neither Metals X nor Westgold has paid or agreed to pay any fees, or provided or agreed to provide any benefit to:

- (a) a proposed director of Metals X to induce them to become or qualify as a director of Metals X; or
- (b) any Interested Person for services provided by that person in connection with:
 - (i) the formation or promotion of the Merged Group; or
 - (ii) the offer of New Metals X Shares or New Metals X Options under the Schemes.

14.19 Westgold executive option plans

Westgold provides benefits to its senior executives (including the Managing Director) in the form of Westgold Options and Westgold Performance Rights granted under the Westgold Long Term Incentive Plan or Employee Share and Option Plan.

Each Westgold Option entitles the holder, on exercise, to one Westgold Share.

Westgold Long Term Incentive Plan

The material terms of the Westgold Options and Westgold Performance Rights granted under the Westgold LTIP are set out below.

The Westgold LTIP is designed to establish a method by which eligible persons (including employees and consultants of the Company or a Related Body Corporate of the Company) can participate in the future growth and profitability of the Company, to provide incentive and reward to eligible persons for their contribution to the Company and to retain a high standard of managerial and technical personnel for the benefit of the Company.

The following Westgold Options and Westgold Performance Rights have been granted to those eligible under the Westgold LTIP:

- (a) 1,825,000 Westgold Options exercisable at \$0.29 each, expiring on 4 July 2014, of which 375,000 were granted to Mr Andrew Chapman, the Company Secretary of Westgold, and the remainder were granted to other employees of Westgold;
- (b) 3,000,000 Westgold Options exercisable at \$0.29 each, expiring on 15 August 2014, of which:
 - (i) 1,000,000 were granted to Penand Pty Ltd as trustee for the Beckwith Family Trust, a company associated with Mr Andrew Beckwith, a Director; and
 - (ii) 2,000,000 were granted to The Huffadine Family Account as trustee for the Huffadine Family Trust, a body associated with Mr Scott Huffadine, the Managing Director of Westgold;
- (c) 1,000,000 Westgold Options exercisable at \$0.23 each, expiring on 1 November 2014, granted to employees of Westgold; and
- (d) 2,300,000 Westgold Performance Rights vesting on achievement of certain performance hurdles, granted to employees of Westgold, which are proposed to be cancelled following the Share Scheme Meeting (refer to Section 14.12 for further details).

Westgold Employee Share and Option Plan

The Company has an Employee Share and Option Plan (**Westgold ESOP**) which was approved by Westgold Shareholders on 29 November 2007. The material terms of the Westgold Options granted under the plan are set out below.

The Westgold ESOP is designed to provide incentive to employees of the Company and to recognise their contribution to the Company's success. The following Westgold Options have been granted to those eligible under the Westgold ESOP:

- (a) 250,000 Westgold Options exercisable at \$0.45, expiring on 8 November 2012; and
- (b) 650,000 Westgold Options exercisable at \$0.48, expiring on 25 March 2015, of which 100,000 Westgold Options were granted to Mr Andrew Chapman, the Company Secretary of Westgold.

14.20 Creditors of Westgold

The Schemes, if implemented, will not affect the interests of creditors of Westgold. No new liability will be incurred by Westgold other than the costs incurred in the implementation of the Schemes.

Westgold has paid and is paying all its creditors within normal terms of trade. It is solvent and is trading in an ordinary commercial manner.

14.21 Right to inspect and obtain copies of the Westgold Share Register and Westgold Option Register

A Westgold Securityholder has the right to inspect the Westgold Share Register and the Westgold Option Register, which contain the name and address of each Westgold Securityholder and certain other prescribed details relating to Westgold Securities, without charge. A Westgold Securityholder also has the right to request a copy of the register, upon payment of a fee (if any) up to a prescribed amount.

14.22 Regulatory conditions and relief

(a) ASX waiver

ASX Listing Rule 6.23.2 provides that the cancellation of unlisted options for consideration requires the approval of shareholders. Subject to the Share Scheme being approved by the Requisite Majority of Westgold Shareholders and the Court, ASX has granted a waiver to Westgold from compliance with ASX Listing Rule 6.23.2 to permit the Westgold Options to be cancelled without requiring the approval of Westgold Shareholders.

ASX has approved the conduct of the Scheme in accordance with the timetable set out in the Section entitled "Important dates and times" at the beginning of this Scheme Booklet.

(b) ASIC relief

Clauses 8201(a), (b), (c), (d) and (e) and 8203(a) and (b) of Part 2 of Schedule 8 of the Corporations Regulations set out various content requirements in connection with the Option Scheme, including the names of all Westgold Optionholders. ASIC has granted relief to Westgold from compliance with these requirements.

In the absence of ASIC relief, clause 8302(h) of Part 3 of Schedule 8 to the Corporations Regulations would require inclusion of disclosure in this Scheme Booklet of whether, within the knowledge of the Westgold Directors, the financial position of Westgold has materially changed since the date of the last balance sheet put before Westgold Shareholders in general meeting or sent to Westgold Shareholders in accordance with sections 314 or 317 of the Corporations Act (being the balance sheet of Westgold as at 30 June 2011) and, if so, full particulars of any change.

ASIC has allowed Westgold to depart from complying with the requirements of clause 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations on the basis that:

- (i) Westgold has complied with Division 1 of Part 2M.3 of the Corporations Act in respect of the financial year ended 30 June 2011;
- (ii) Westgold has lodged the documents referred to in section 292 of the Corporations Act for the financial year ended 30 June 2011 on or before the date on which the Scheme Booklet is despatched to Westgold Securityholders;
- (iii) this Scheme Booklet states that Westgold will give a copy of the documents referred to in section 292 of the Corporations Act for the year ended 30 June 2011 free of charge to anyone who asks for them before the Scheme is approved by order of the Court (refer Section 6.8);
- (iv) any material change in Westgold's financial position occurring after 30 June 2011 is disclosed in this Scheme Booklet (refer Section 6.9 for disclosure of material events since 30 June 2011); and
- (v) this Scheme Booklet is substantially in the form given to ASIC on 17 July 2012 save for amendments provided to ASIC on 19 August 2012.

14.23 No administrator

It is not proposed that any person be appointed to manage or administer the Schemes.

14.24 No relevant restrictions in the constitution of Westgold

There are no restrictions on the right to transfer Westgold Shares in Westgold's constitution.

14.25 No unacceptable circumstances

The Westgold Directors do not believe that the Schemes involve any circumstances in relation to the affairs of any member of Westgold that could reasonably be characterised as constituting "unacceptable circumstances" for the purposes of section 657A of the Corporations Act.

14.26 Westgold Shareholders in jurisdictions outside Australia and New Zealand

This Scheme Booklet and the Schemes are subject to Australian disclosure requirements that may be different to those applicable in other jurisdictions. This Scheme Booklet and the Schemes do not in any way constitute an offer of securities in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Any Westgold Shareholder whose address as shown in the Westgold Share Register at 5.00pm on the Record Date is outside of Australia or its external territories or New Zealand will be Ineligible Foreign Shareholders for the purposes of the Share Scheme, other than a Westgold Shareholder in respect of whom Metals X is satisfied that the laws of that holder's country of residence (as shown in the Westgold Share Register) would permit the issue and allotment of New Metals X Shares, either unconditionally or after compliance with conditions which Metals X in its sole discretion regards as acceptable and not unduly onerous.

Metals X will not issue New Metals X Shares to an Ineligible Foreign Shareholder. If you are an Ineligible Foreign Shareholder, you should refer to Section 5.8 for further information.

14.27 Westgold Shareholders in New Zealand

In offering New Metals X Shares or New Metals X Options under the Schemes in New Zealand, Metals X is relying on an exemption contained in the Securities Act (Overseas Companies) Exemption Notice 2002 (as amended) in relation to prospectus and investment statement requirements in New Zealand. This Scheme Booklet is not a prospectus or an investment statement under New Zealand law and does not contain all of the information that such documents are required to contain under New Zealand law. New Zealand investors should seek their own advice and satisfy themselves as to the Australian and New Zealand tax implications of participating in the Schemes.

14.28 Notice to Westgold Optionholders in Switzerland

New Metals X Options may not be publicly offered, sold or advertised, directly or indirectly, in Switzerland. Neither this Scheme Booklet nor any other offering or marketing material relating to New Metals X Options constitutes a prospectus as such term is understood pursuant to article 652a of the Swiss Federal Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange Ltd., and neither this Scheme Booklet nor any other offering or marketing material relating to New Metals X Options may be publicly distributed or otherwise made publicly available in Switzerland.

14.29 Privacy and personal information

Westgold and Metals X, their respective share registries and investor relations advisers may collect personal information about you in the process of implementing the Schemes. The personal information may include the names, contact details and details of the securityholdings of Westgold Securityholders, and the names of individuals appointed by Westgold Securityholders as proxies, corporate representatives or attorneys at the Scheme Meetings.

The personal information is collected for the primary purpose of implementing the Schemes. The personal information may be disclosed to Westgold's and Metals X's share and option registries and investor relations advisers, to securities brokers and to print and mail service providers.

Westgold Securityholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. Such individuals should contact Computershare on +61 8 9323 2000 in the first instance if they wish to request access to that personal information.

Westgold Securityholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Scheme Meetings should inform that individual of the matters outlined above.

14.30 Supplementary information

Westgold will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of lodgement of this Scheme Booklet for registration by ASIC and the date of the Scheme Meetings:

- (a) a material statement in this Scheme Booklet that is false or misleading;
- (b) a material omission from this Scheme Booklet;
- (c) a significant change affecting a matter included in this Scheme Booklet; or
- (d) a significant new matter arising that would have been required to be included in this Scheme Booklet if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC.

The form of the supplementary document and whether a copy will be sent to each Westgold Securityholder will depend on the nature and timing of the new or changed circumstances. Any such supplementary document will be made available on Westgold's website (www.westgold.com.au). Any such supplementary document will also be released to ASX and accordingly will be available from ASX's website (www.asx.com.au).

14.31 Advisers and experts

(a) Roles of advisers and experts

The persons named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet are:

Name	Role
Jackson McDonald	Legal adviser to Westgold
Q Legal	Legal adviser to Metals X
Ernst & Young	Auditor to Westgold Auditor to Metals X
Computershare	Westgold's share registry
Security Transfer Registrars	Metals X's share registry
BDO Corporate Finance	Independent Expert
Behre Dolbear	Technical Expert
Austwide Mining	Tenement review for the purposes of Independent Valuation Report

(b) Consents of advisers and experts

BDO Corporate Finance has:

- (i) given its consent to the inclusion of its Independent Expert's Report in this Scheme Booklet in the form and context in which it appears in Annexure A and to be named as Independent Expert, and has not withdrawn that consent before the date of this Scheme Booklet; and
- (ii) consented to the inclusion in the Scheme Booklet of references to the valuation of the Westgold Performance Rights in the form and context in which they appear.

BDO Corporate Finance takes no responsibility for the contents of the Scheme Booklet other than the Independent Expert's Report and the inclusion of references to the valuation of the Westgold Performance Rights. The interests of BDO Corporate Finance in its capacity as Independent Expert are disclosed in the Independent Expert's Report.

Ernst & Young has:

- (i) consented to the inclusion in the Scheme Booklet of references to the audit reviewed financial statements of Westgold as at 31 December 2011 in the form and context in which they appear; and
- (ii) consented to the inclusion in the Scheme Booklet of references to the audit reviewed financial statements of Metals X as at 31 December 2011 in the form and context in which they appear,

and has not withdrawn the above consents before the date of this Scheme Booklet.

Behre Dolbear consents to the inclusion of its Independent Valuation Report in this Scheme Booklet in the form and context in which it appears and references to that report in this Scheme Booklet.

Austwide Mining consents to the reliance by Behre Dolbear in the Independent Valuation Report, on Austwide Mining's review of the status of tenement interests held by Metals X in the form and context in which that reliance is made and corresponding statements appear.

Each person named in Section 14.31(a) has given, and before the time of registration of this Scheme Booklet, has not withdrawn, their consent to being named in this Scheme Booklet in the capacity indicated next to their name.

(c) **Disclaimers of responsibility**

Each person named in Section 14.31(a) as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet:

- (i) has not authorised or caused the issue of this Scheme Booklet;
- (ii) does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than a statement included in this Scheme Booklet with the written consent of that person as stated in Section 14.31(b); and
- (iii) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Scheme Booklet, other than a reference to its name and any statement or report that has been included in this Scheme Booklet with the consent of that person.

(d) **Fees**

Each person named in Section 14.31(a) as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet will be entitled to receive professional fees charged in accordance with their normal basis of charging.

14.32 Information relating to Ore Reserves and Mineral Resources for Westgold

The information in this report that relates to Exploration Results and Mineral Resources for the Central Murchison Gold Project is based on information compiled by Mr Jake Russell BSc (Hons), who is a Member of the Australian Institute of Geoscientists. Mr Russell is a full-time employee of Westgold. Mr Russell has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activities which he is undertaking to qualify as a Competent Person as defined in the JORC Code. Mr Russell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results and Mineral Resources for the Rover Project is based on information compiled by Mr Andrew Beckwith (BappSc) who is a Member of the AusIMM. Mr Beckwith is a director of Westgold. Mr Beckwith has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code. Mr Beckwith consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Ore Reserves is based on information compiled under the direction of Mr Paul Hucker BEng (Hons), who is a Member of the AusIMM. Mr Hucker is a full-time employee of Westgold. Mr Hucker has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the JORC Code. Mr Hucker consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

14.33 Information relating to Ore Reserves and Mineral Resources for Metals X

The information in this scheme booklet that relates to exploration results and mineral resources are compiled by Metals X technical employees under the supervision of Mr Peter Cook (BSc (Appl Geol), MSc (Min Econ) and a Member of the AusIMM). Mr Cook is an advisor to, and the Non-Executive Chairman of Metals X. Mr Cook has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activities which they are undertaking to qualify as a Competent Person as defined in the JORC Code. Mr Cook consents to the inclusion in this Scheme Booklet of the matters based on this information in the form and context in which it appears.

The information in this Scheme Booklet that relates to Ore Reserves for Metals X is based on information compiled by Mr Michael Poepjes (Beng (Mining), MSc (Min Econ) and a Member of the AusIMM). Mr Poepjes is a full time employee and the Chief Mining Engineer of Metals X. Mr Poepjes has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code. Mr Poepjes consents to the inclusion in this Scheme Booklet of the matters based on this information in the form and context in which it appears.

14.34 Effects of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this document including but not limited to those in respect of the Scheme Consideration, are subject to the effect of rounding. Accordingly, the actual calculations of these figures may differ from the figures set out in this Scheme Booklet.

14.35 Data in charts, graphs and tables

Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the latest reasonably practicable date before the date of this Scheme Booklet. Any discrepancies in any chart, graph or table between totals and sums of amounts presented or listed therein or to previously published financial figures are due to rounding.

14.36 No other material information

Other than as set out in this Scheme Booklet, including the Annexures to this Scheme Booklet, there is no information material to the making of a decision in relation to the Schemes or a decision by a Westgold Securityholder whether or not to vote in favour of the Schemes, being information that is within the knowledge of any Westgold Directors or of a Related Body Corporate of Westgold and which has not previously been disclosed to Westgold Securityholders.

15. Glossary of defined terms

The following defined terms used throughout this Scheme Booklet have the meaning set out below unless the context otherwise requires.

A\$ or \$	The lawful currency of Australia.
AASB	The Australian Accounting Standards Board, being the Australian Government Agency responsible for developing and issuing accounting standards applicable to Australian entities and the “care and maintenance” of the body of standards as set out in the Australian Securities and Investments Commission Act 2001 (Cth).
AASB Standards	The Australian Accounting Standards issued by the AASB.
ACT	The Australian Capital Territory.
AEST	Australian Eastern Standard Time.
Ag	Silver.
Alternative Proposal	Any proposal or offer with respect to any transaction by purchase, merger, amalgamation, scheme of arrangement, business combination, liquidation, dissolution, recapitalisation, takeover bid or otherwise that would, if completed substantially in accordance with its terms, result in any person or persons (other than Metals X or any of its Associates) acquiring 100% or more of the Westgold voting shares or the voting shares of a subsidiary of Westgold.
Annexure	An annexure of this Scheme Booklet.
Announcement Date	14 May 2012, being the date of announcement of the proposed Merger between Metals X and Westgold.
ASIC	The Australian Securities and Investments Commission.
Associate	Has the meaning given to it in the Corporations Act.
ASX	ASX Limited ABN 98 008 624 691.
ASX Listing Rules	The listing rules of ASX.
ASX Settlement Rules	The settlement rules of ASX Settlement Pty Ltd ACN 008 504 532.
Au	Gold.
AuEq	See “Gold Equivalence”.
Austwide Mining	Austwide Mining Title Management Pty Ltd ACN 064 099 109.
BDO Corporate Finance	BDO Corporate Finance (WA) Pty Ltd ACN 124 031 045.
Behre Dolbear	Behre Dolbear Australia Pty Limited ABN 62 065 713 724.
Bi	Bismuth.
Bn	Billion.
Business Day	A weekday on which banks are open for general banking business in Perth, Western Australia.
Cash Proceeds	The sale proceeds of New Metals X Shares sold under the Share Sale Facility by the Sale Agent in respect of Electing Small Shareholders and Ineligible Foreign Shareholders, less any applicable brokerage, selling costs, taxes and charges.
CMG Project	Westgold’s Central Murchison Gold Project in Western Australia.
Co	Cobalt.
Computershare	Computershare Investor Services Pty Limited ACN 078 279 277.

Corporations Act	The Corporations Act 2001 (Cth).
Corporations Regulations	The Corporations Regulations 2001 (Cth).
Court	Any court of competent jurisdiction under the Corporations Act, including the Supreme Court of Western Australia and the Federal Court of Australia.
Cu	Copper.
DCF	Discounted cash flow.
Deed Polls	The Share Scheme Deed Poll and the Option Scheme Deed Poll.
DFS	The definitive feasibility study currently being completed in relation to the CMG Project.
EBITDA	Earnings before interest, taxes, depreciation and amortisation.
Effective	When used in relation to a Scheme, means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under sections 411(4)(b) and 411(6) in relation to the Scheme.
Effective Date	When used in relation to a Scheme, means the date on which the Scheme becomes Effective.
EL	Exploration Licence.
Electing Small Shareholder	A Small Shareholder that has validly elected to receive the Cash Proceeds instead of being directly issued with New Metals X Shares.
Election Form	A pink election form for Small Shareholders which either accompanies this Scheme Booklet or which is sent to a Small Shareholder by Computershare.
Fe	Iron.
Gold Equivalence or Gold Equivalent	"AuEq": The Gold Equivalence calculation represents total metal value for each metal assuming 100% recovery, summed and expressed in equivalent gold grade or ounces. The prices used in the calculation being US\$1100/oz Au, US\$7000/t Cu, US\$21.0/lb Co, US\$7.5/lb Bi and US\$15.0/oz Ag and approximate metal prices as at 18 Feb 2010. The Gold Equivalent formula is: $AuEq = Au + 0.014 \times Ag + 4.675 \times Bi + 13.091 \times Co + 1.979 \times Cu$.
Governmental Agency	Any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any state.
g/t	Grams per tonne.
Implementation Date	The date that is the third Business Day after the Record Date.
Independent Expert	BDO Corporate Finance.
Independent Expert's Report	The report of the Independent Expert as set out in Annexure A.
Independent Valuation Report	The Independent Technical Specialist Valuation Report prepared by Behre Dolbear as to the value of the mineral assets of both Westgold and Metals X, accompanying this Scheme Booklet as Appendix 4 to the Independent Expert's Report.
Independent Westgold Directors	The directors of Westgold other than Peter Cook and Warren Hallam.
Indicated Mineral Resource	That part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence, as defined in the JORC Code.
Ineligible Foreign Shareholder	A Westgold Shareholder whose address as shown in the Westgold Share Register at 5.00pm on the Record Date is a place outside Australia or its external territories or New Zealand, other than one in respect of whom Metals X is satisfied that the laws of the Westgold Shareholder's country of residence (as shown in the Westgold Share Register) would permit the issue and allotment of New Metals X Shares, either unconditionally or after compliance with conditions which Metals X in its sole discretion regards as acceptable and not unduly onerous.

Inferred Mineral Resource	That part of a Mineral Resource for which tonnage, grade and mineral content can only be estimated with a low level of confidence, as defined in the JORC Code.
Interested Person	A person named in Section 14.17.
IOCG	Iron oxide copper gold.
IP	Induced polarisation.
JORC Code	The 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' which defines criteria for public reporting of exploration results, Mineral Resources and Ore Reserves.
Km	Kilometre.
km²	Square kilometre.
Koz	Thousand ounces.
Kt	Thousand tonnes.
Lb	Imperial pound.
LTIP	Metals X's long term incentive plan.
M	Metre.
M	Million.
Material Adverse Change	Has the meaning given to that term in clause 1.1 of the Merger Implementation Agreement (see Annexure B).
Measured Mineral Resource	That part of a Mineral Resource for which tonnage, grade and mineral content can only be estimated with a high level of confidence, as defined in the JORC Code.
Merged Group	The corporate group comprising Metals X and its subsidiaries, including Westgold and its subsidiaries, if the Share Scheme is implemented.
Merged Group Board	The board of directors of Metals X, after the implementation of the Share Scheme.
Merger	The acquisition by Metals X of all of the Westgold Shares through the implementation of the Share Scheme.
Merger Implementation Agreement or MIA	The merger implementation agreement dated 13 May 2012 (as amended on 16 July 2012) between Westgold and Metals X relating to the implementation of the Schemes, a copy of which is set out in Annexure B.
Metals X Board	The board of Metals X Directors as at the date of this Scheme Booklet.
Metals X Directors	The directors of Metals X.
Metals X Employee Option Scheme	The Metals X Employee Option Scheme, approved by Metals X Shareholders at Metals X's annual general meeting held 26 November 2007.
Metals X Group	Metals X and its subsidiaries.
Metals X or MLX	Metals X Limited ACN 110 150 055.
Metals X Nominee Directors	Peter Cook and Warren Hallam.
Metals X Option	An unlisted option to subscribe for a Metals X Share.
Metals X Optionholder	Each person who is registered in the Metals X Option Register from time to time as the holder of a Metals X Option.
Metals X Option Register	The register of Metals X Optionholders maintained by Security Transfer Registrars.
Metals X Prescribed Event	Has the meaning given to that term in clause 1.1 of the Merger Implementation Agreement (see Annexure B).

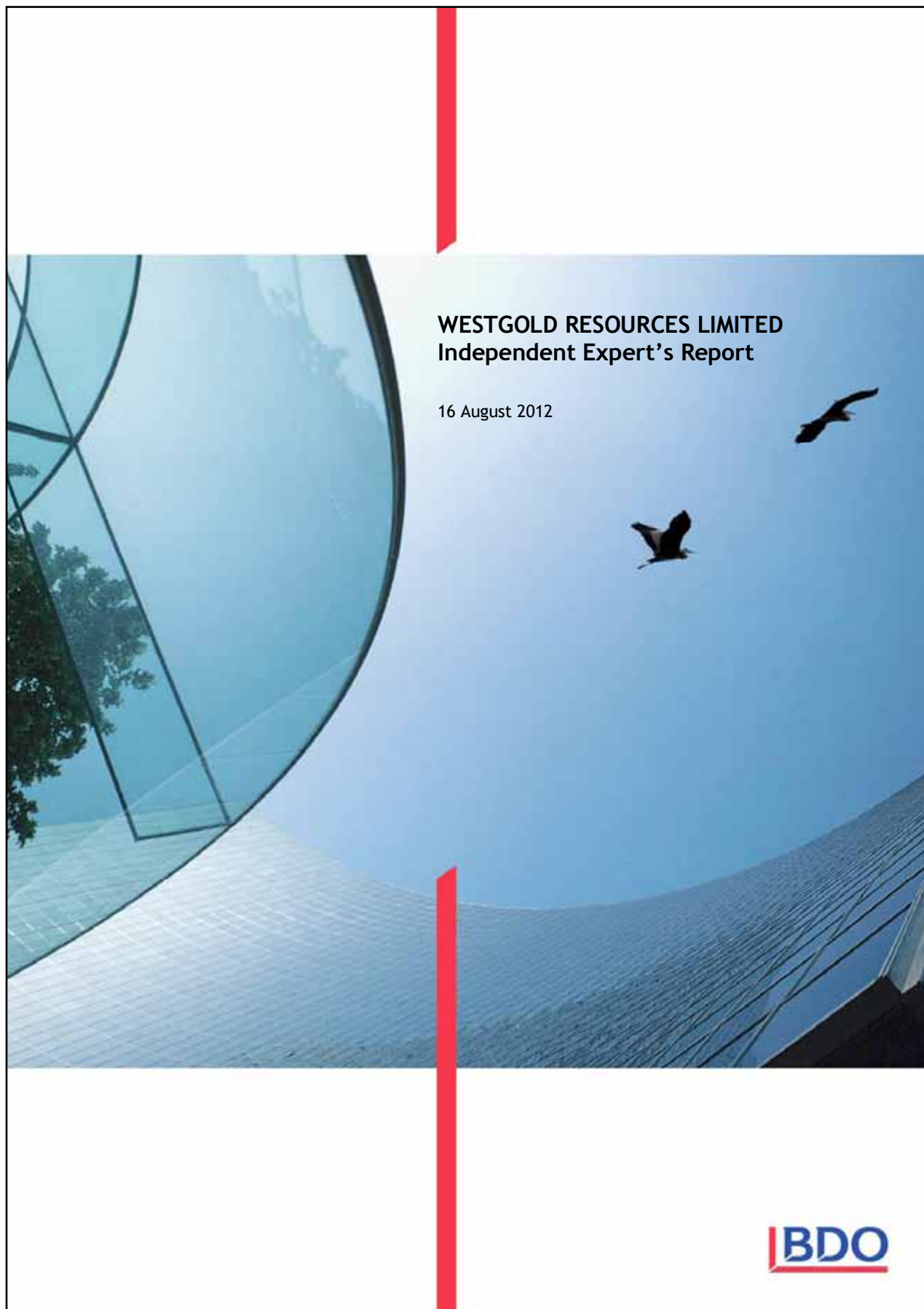
Metals X Share Register	The register of Metals X Shareholders maintained by Security Transfer Registrars.
Metals X Share	A fully paid ordinary share in the capital of Metals X.
Metals X Shareholder	Each person who is registered in the Metals X Share Register from time to time as the holder of a Metals X Share.
Mineral Resource or Resource	A concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. Mineral Resources are subdivided, in order of increasing geological and confidence, into "Inferred", "Indicated" and "Measured" categories, as defined in the JORC Code.
Mg	Magnesium.
MLX EOS Option	Metals X Option granted pursuant to the Metals X Employee Option Scheme.
MLX LTIP	The Metals X Long Term Incentive Plan, approved by Metals X Shareholders at Metals X's annual general meeting held 26 November 2010.
MLX LTIP Option	A Metals X Option granted pursuant to the MLX LTIP.
MLX LTIP Performance Right	A performance right capable of grant pursuant to the MLX LTIP.
Mm	Millimetre.
Moz	Million troy ounces.
Mt	Million metric tonnes.
New Metals X Option	A Metals X Option to be issued as consideration under the Option Scheme, with the terms and conditions set out in Annexure I and Annexure J.
New Metals X Share	A Metals X Share to be issued as consideration under the Share Scheme.
Ni	Nickel.
O/P	Open pit.
Option Scheme	The proposed creditors' scheme of arrangement between Westgold and the Option Scheme Participants as described in clause 3 of the Merger Implementation Agreement and set out in Annexure D.
Option Scheme Consideration	The New Metals X Options to be issued to Option Scheme Participants under the terms of the Option Scheme in consideration for the cancellation of their Westgold Scheme Options.
Option Scheme Deed Poll	The deed poll dated 16 July 2012 executed by Metals X whereby, among other things, Metals X covenants to carry out its obligations under the Option Scheme, as set out in Annexure F.
Option Scheme Meeting	The meeting of Westgold Optionholders to be held on Wednesday, 3 October 2012 to consider and vote on the Option Scheme. The notice convening the Option Scheme Meeting is contained in Annexure H.
Option Scheme Participant	Each person who is registered in the Westgold Option Register as the holder of a Westgold Scheme Option as at 5.00pm on the Record Date.
Option Scheme Resolution	The resolution set out in the Notice of Option Scheme Meeting at Annexure H.
Ore Reserve or Reserve	The economically mineable part of a Measured and/or Indicated Mineral Resource, as defined in the JORC Code.
Oz	Troy ounce.
Pb	Lead.
Pd	Palladium.
Pt	Platinum.

Performance Rights Holder	Each person who is registered in a Performance Rights Register from time to time as the holder of a Westgold Performance Right.
Performance Rights Register	The register of Westgold Performance Rights Holders maintained by Computershare in accordance with the Corporations Act.
Probable Ore Reserve	The economically mineable part of an Indicated Mineral Resource, and in some circumstances, a Measured Mineral Resource, as defined in the JORC Code. It includes diluting materials and allowances for losses which may occur when the material is mined.
Proved Ore Reserve	The economically mineable part of a Measured Mineral Resource, as defined on the JORC Code. It includes diluting materials and allowances for losses which may occur when the material is mined.
Record Date	The fifth Business Day after the Effective Date.
Related Body Corporate	The meaning given to it in the Corporations Act.
Relevant Interest	The meaning given to it in sections 608 and 609 of the Corporations Act.
Renison Tin Project	Metals X's tin mining project at Renison, Tasmania.
Rentails Project	Metals X's Renison expansion project.
Requisite Majority	In respect of the Share Scheme, approval by: (a) more than 50% in number of Westgold Shareholders (other than Metals X) present and voting (whether in person, by proxy, by attorney or, in the case of a corporation, by corporate representative); and (b) at least 75% of the total number of votes cast on the Share Scheme Resolution by Westgold Shareholders (other than Metals X), and, in respect of the Option Scheme, approval by: (c) more than 50% in number of Westgold Optionholders present and voting (whether in person, by proxy, by attorney or, in the case of a corporation, by corporate representative); and (d) Westgold Optionholders whose debts or claims amount in aggregate to at least 75% of the total amount of debts or claims of Westgold Optionholders present and voting at the Option Scheme Meeting on the Option Scheme Resolution. The amount of the "debt or claim" for the purpose of determining whether the Requisite Majority has been satisfied at the Option Scheme Meeting will be the total amount of the Option Scheme Consideration payable to the Westgold Optionholder for the cancellation of the Westgold Options held by that Westgold Optionholder if the Option Scheme were to be implemented, to be calculated using the Black Scholes valuation approach (see Section 12.4 for further details).
Rover Project	Westgold's Rover Project in the Northern Territory, which includes the Rover 1 Project.
Rover 1 Project	Westgold's Rover 1 Copper-Gold Project in the Northern Territory.
Sale Agent	A nominee appointed by Metals X to sell New Metals X Shares on behalf of Ineligible Foreign Shareholders and Electing Small Shareholders.
Scheme or Schemes	The Share Scheme and/or the Option Scheme (as the context requires).
Scheme Booklet	This booklet that comprises the explanatory statement in respect of the Schemes to be approved by the Court and despatched to Westgold Securityholders, and includes the Annexures to this booklet.
Scheme Conditions	The conditions for implementation of the Share Scheme as set out in clause 2.2 of the Merger Implementation Agreement and clause 3.1 of the Share Scheme, and the conditions for implementation of the Option Scheme as set out in clause 2.4 of the Merger Implementation Agreement, and clause 3.1 of the Option Scheme (as the context requires).

Scheme Consideration	The Share Scheme Consideration and/or the Option Scheme Consideration (as the context requires).
Scheme Meetings	The meetings of Westgold Shareholders (other than Metals X) and Westgold Optionholders ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act to consider and, if thought fit, to approve the Schemes.
Scheme Participant	A Share Scheme Participant and/or an Option Scheme Participant (as the context requires).
Second Court Date	The first day of the Second Court Hearing.
Second Court Hearing	The hearing of the application made to the Court for an order pursuant to sections 411(4) (b) and 411(6) of the Corporations Act approving the Schemes.
Section	A section of this Scheme Booklet.
Security Transfer Registrars	Security Transfer Registrars Pty Ltd ACN 008 894 488.
Share Sale Facility	The mechanism by which Ineligible Foreign Shareholders and Electing Small Shareholders receive Cash Proceeds of any sale of New Metals X Shares they would otherwise receive, as described in Sections 5.9 and 5.10.
Share Scheme	The scheme of arrangement between Westgold and the Share Scheme Participants as described in clause 3 of the Merger Implementation Agreement and set out in Annexure C.
Share Scheme Consideration	New Metals X Shares to be issued to Share Scheme Participants under the terms of the Share Scheme in consideration for the transfer to Metals X of Westgold Shares or the cash (less any applicable brokerage, selling costs, taxes and charges) equivalent to be paid under the Share Sale Facility.
Share Scheme Deed Poll	The share scheme deed poll dated 16 July 2012 executed by Metals X whereby, among other things, Metals X covenants to carry out its obligations under the Share Scheme, as set out in Annexure E.
Share Scheme Meeting	The meeting of Westgold Shareholders to be held on Wednesday, 3 October 2012 to consider and vote on the Share Scheme. The notice convening the Share Scheme Meeting is contained in Annexure G.
Share Scheme Participant	Each person (other than Metals X) who is registered in the Westgold Share Register as the holder of a Westgold Share as at 5.00pm on the Record Date.
Share Scheme Resolution	The resolution set out in the Notice of Share Scheme Meeting at Annexure G.
Small Shareholder	A Share Scheme Participant who holds 2,674 Westgold Shares or less at 5.00pm on the Record Date, as further described in Section 5.10.
Small Shareholder Election Form	Has the same meaning as "Election Form".
Sn	Tin.
Sunset Date	31 December 2012 or such other date as Metals X and Westgold may agree.
Superior Proposal	An Alternative Proposal in relation to Westgold that: (a) in the determination of the Westgold Board acting in good faith is reasonably capable of being valued and completed, taking into account both the nature of the Alternative Proposal and the person or persons making it; and (b) in the determination of the Westgold Board acting in good faith and in order to satisfy what it considers to be its fiduciary or statutory duties would, if completed, substantially in accordance with its terms, result in a transaction more favourable to Westgold Shareholders than the Share Scheme.
t	Metric tonne.
tpa	Tonnes per annum.

tpm	Tonnes per month.
U/G	Underground.
um	Micrometre.
VWAP	Volume weighted average price.
W	Tungsten.
Westgold or Company	Westgold Resources Limited ACN 009 260 306.
Westgold Board	The board of Westgold Directors as at the date of this Scheme Booklet.
Westgold Directors	The directors of Westgold.
Westgold ESOP	The Westgold Employee Share and Option Plan, approved by Westgold Shareholders at Westgold's annual general meeting held 29 November 2007.
Westgold Group	Westgold and its subsidiaries.
Westgold LTIP	Westgold Resources Limited Long Term Incentive Plan approved by Westgold Shareholders at Westgold's annual general meeting held 24 November 2010.
Westgold Option	An unlisted option to subscribe for a Westgold Share.
Westgold Optionholder	Each person who is registered in the Westgold Option Register from time to time as the holder of a Westgold Option.
Westgold Option Register	The register of Westgold Optionholders maintained by Computershare in accordance with the Corporations Act.
Westgold Performance Right	A performance right granted pursuant to the Westgold LTIP.
Westgold Prescribed Event	Has the meaning given to that term in clause 1.1 of the Merger Implementation Agreement (see Annexure B).
Westgold Scheme Option	A Westgold Option on issue as at the Record Date.
Westgold Security	Westgold Share or Westgold Option.
Westgold Securityholder	A Westgold Shareholder or Westgold Optionholder.
Westgold Securityholder Information Line	The Westgold Securityholder information line established by Westgold for the purposes of the Schemes.
Westgold Share	A fully paid ordinary share in the capital of Westgold.
Westgold Shareholder	Each person who is registered in the Westgold Share Register from time to time as the holder of a Westgold Share.
Westgold Share Register	The register of Westgold Shareholders maintained by Computershare in accordance with the Corporations Act.
Wingellina Nickel Project	Metals X's Nickel – Cobalt project in Western Australia / South Australia.
Zn	Zinc.

Annexure A – Independent Expert’s Report





Financial Services Guide

16 August 2012

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 (“we” or “us” or “ours” as appropriate) has been engaged by Westgold Resources Limited (“Westgold”) to provide an independent expert’s report on the proposed acquisition by Metals X Limited (“Metals X”) of 100% of the issued shares in Westgold by way of a scheme of arrangement as well as the proposal for Metals X to acquire all of the Westgold options on issue. You will be provided with a copy of our report as a retail client because you are a shareholder of Westgold.

Financial Services Guide

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

This FSG includes information about:

- ♦ Who we are and how we can be contacted;
- ♦ The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- ♦ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ♦ Any relevant associations or relationships we have; and
- ♦ Our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

BDO CORPORATE FINANCE (WA) PTY LTD



Financial Services Guide

Page 2

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee for this engagement is approximately \$65,000.

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

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Westgold for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

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

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

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

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561.

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

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details

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



TABLE OF CONTENTS

1.	Introduction	1
2.	Summary and Opinion	1
3.	Scope of the Report	8
4.	Outline of the Schemes	10
5.	Profile of Westgold Resources Limited	12
6.	Profile of Metals X Limited	18
7.	Profile of Proposed Merged Entity	24
8.	Economic analysis	26
9.	Industry analysis	26
10.	Valuation approach adopted	31
11.	Valuation of Westgold Resources Limited	33
12.	Valuation of Proposed Merged Entity	43
13.	Valuation of Options	48
14.	Are the Schemes fair?	53
15.	Are the Schemes reasonable?	58
16.	Conclusion	63
17.	Sources of information	63
18.	Independence	63
19.	Qualifications	64
20.	Disclaimers and consents	65

Appendix 1 - Glossary

Appendix 2 - Valuation Methodologies

Appendix 3 - Valuation of Options

Appendix 4 - Discount Rates

Appendix 5 - Independent Valuation Report prepared by Behre Dolbear Australia Pty Limited



Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

16 August 2012

Westgold Resources Limited
Level 3, Hyatt Centre
123 Adelaide Terrace
East Perth WA 6004

Dear Sirs

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 14 May 2012, Westgold Resources Limited ("**Westgold**" or "**the Company**") and Metals X Limited ("**Metals X**") jointly announced that they had entered into a Merger Implementation Agreement ("**MIA**") whereby Metals X will acquire 100% of the issued capital of Westgold by way of a scheme of arrangement ("**the Share Scheme**"). Under the proposed Share Scheme, the Westgold shareholders will receive 11 Metals X shares in consideration for every 10 Westgold shares they hold.

Metals X is also undertaking a separate scheme of arrangement with Westgold Optionholders which, if implemented, will result in all Westgold Optionholders having their options cancelled in conjunction with the re-issue of Metals X options in their place. If approved by Westgold Optionholders, this will be implemented by way of an Option Scheme for each tranche of options held ("**the Option Scheme**"). The Share Scheme and the Option Scheme are collectively referred to as "**the Schemes**".

The Option Scheme is conditional on implementation of the Share Scheme; however, the Share Scheme is not conditional on implementation of the Option Scheme.

2. Summary and Opinion

2.1 Purpose of the report

The directors of Westgold have requested that BDO Corporate Finance (WA) Pty Ltd ("**BDO**") prepare an independent expert's report ("**our Report**") to express an opinion as to whether or not the Share Scheme is in the best interests of the non associated shareholders of Westgold ("**Shareholders**"), and whether or not the Option Scheme is in the best interests of the non associated optionholders of Westgold ("**Optionholders**").

Our Report is prepared pursuant to section 411 of the Corporations Act 2001 in order to assist the Shareholders and Optionholders in their decisions whether to approve the Share Scheme and Option Scheme respectively, and will be included in the scheme booklet for Westgold to be sent to all Shareholders and Optionholders ("**Scheme Booklet**").



2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission (“ASIC”) Regulatory Guide 60 (“RG 60”) ‘Schemes of Arrangements’, Regulatory Guide 111 (“RG 111”), ‘Content of Expert’s Reports’ and Regulatory Guide 112 (“RG 112”) ‘Independence of Experts’.

In arriving at our opinion, we have assessed the terms of the Schemes as outlined in the body of this Report. We have considered:

- A post merger analysis
- The likelihood of a superior alternative offer being available to Westgold
- A comparison of the value of 10 Westgold shares to the value of 11 Metals X shares following the merger
- A comparison of the value of 10 Westgold options to the value of 11 Metals X options following the merger for each tranche of options on issue
- Other factors which we consider to be relevant to the Shareholders and Optionholders in their assessment of the Schemes
- The position of Shareholders and Optionholders should the Schemes not proceed.

2.3 Opinion

We have considered the terms of the Share Scheme as outlined in the body of this Report and have concluded that, in the absence of a superior offer, the **Share Scheme is fair and reasonable and in the best interests of the Shareholders of Westgold.**

We have considered the terms of the Option Scheme as outlined in the body of this Report and have concluded that, in the absence of a superior offer, the **Option Scheme is not fair but reasonable and in the best interests of the Optionholders of Westgold.**

2.4 Fairness

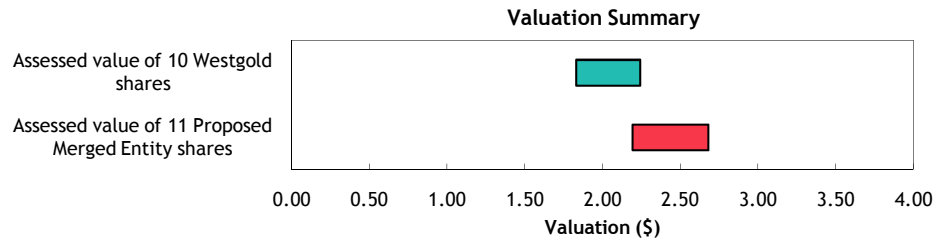
In section 14 we determined that the value of 11 Metals X shares following the merger (the combined entity of Westgold and Metals X following the implementation of the Schemes) (“**Proposed Merged Entity**”), received as consideration under the Share Scheme to Shareholders compares to the value of 10 Westgold shares on a control basis prior to the implementation of the Schemes on both a diluted and an undiluted basis. These are shown in the tables below:

Diluted basis

Share Scheme	Ref	Low \$	Preferred \$	High \$
Value of 10 Westgold shares - diluted basis	11.4	1.83	2.02	2.24
Value of 11 Proposed Merged Entity shares - diluted basis	12.3	2.19	2.44	2.68



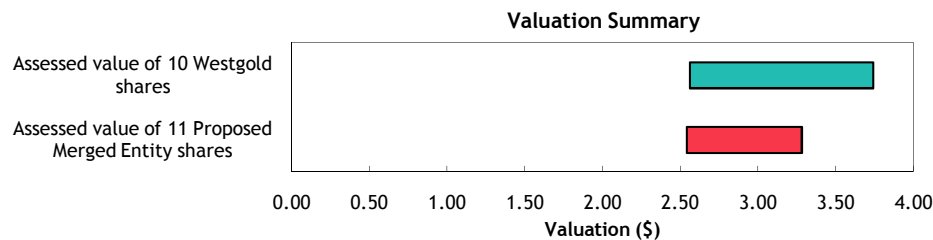
The above valuation ranges are shown graphically below:



Undiluted basis

Share Scheme	Ref	Low \$	Preferred \$	High \$
Value of 10 Westgold shares - undiluted basis	11.4	2.56	3.13	3.74
Value of 11 Proposed Merged Entity shares - undiluted basis	12.3	2.54	2.93	3.28

The above valuation ranges are shown graphically below:



In our assessment of fairness of the Share Scheme we have looked at two scenarios. The first scenario is on a diluted basis and assumes that in order to develop both the CMGP and Rover 1 Projects approximately \$99 million will be required to be raised in equity in order to obtain 30% of the initial capital expenditure required to progress both projects. For these purposes we have assumed the remaining 70% will be obtained through a debt facility. For comparative purposes we have showed the effect of these funds being raised either in Westgold, prior to the Share Scheme being implemented, or being raised in the Proposed Merged Entity. On this basis we consider that the Share Scheme is fair as the value of 11 shares in the Proposed Merged Entity is greater than the value of 10 shares in Westgold.

The second scenario is on an undiluted basis. This scenario assumes that no funds are raised in either Westgold or the Proposed Merged Entity and therefore uses the alternative valuation methods, excluding the DCF method to value Westgold's CMGP and Rover 1 Project. Under this scenario neither the CMGP nor the Rover 1 Project will be progressed to production and therefore the value of each project obtained under the DCF method cannot be used. On this basis we consider that the Share Scheme would be not fair as on balance the value of 11 shares in the Proposed Merged Entity is less than the value of 10 shares in Westgold. However, there is a considerable overlap in values over much of our value ranges such that the Share Scheme could be considered to be fair.



We consider that the most appropriate scenario to use to determine if the Share Scheme is fair is the diluted basis. This basis assumes that the CMGP and the Rover 1 Project are progressed to production and the full value of each of these projects will be realised by Shareholders. As it is the intention of the Company to progress both these projects to production and that one of the key reasons for the Share Scheme, as outlined in the Scheme Booklet, is that Metals X has funds and can use these funds to assist the funding of Westgold, which may include funds being used in the development of both the CMGP and Rover 1 Project, we believe that our fairness assessment should be based on the diluted scenario.

RG111.31 requires us to make this comparison between the value of the securities offered, being 11 shares in the Proposed Merged Entity (allowing for a minority discount), and the value of the target securities, being 10 Westgold shares, assuming 100% of the securities are available for sale. This comparison reflects the fact that:

- The acquirer is obtaining or increasing control in the target; and
- The security holders of the target will be receiving scrip constituting minority interests in the acquirer.

In our assessment of the value range of 10 Westgold shares we have included a premium for control as required under RG111.11 (b), which we have determined to be within a range of 25% - 35%. In determining the value range of 11 shares in the Proposed Merged Entity to be received as consideration, we have taken into account a minority interest discount, as required under RG111.31, which we determined to be within a range of 20% - 26%.

For the information of Shareholders we have also provided a comparison on a 'like for like' basis of 10 Westgold shares on a minority basis and 11 Proposed Merged Entity shares on a minority basis. We have therefore also calculated the value of 10 Westgold shares excluding a premium for control. To do this we have deducted a minority interest discount of 20% - 26% and the resulting value range is shown in the tables below on both a diluted and undiluted basis:

Diluted basis

Share Scheme	Low	Preferred	High
	\$	\$	\$
Value of 10 Westgold shares (excluding control premium) - diluted basis	1.47	1.55	1.65
Value of 11 Proposed Merged Entity shares - diluted basis	2.19	2.44	2.68

Undiluted basis

Share Scheme	Low	Preferred	High
	\$	\$	\$
Value of 10 Westgold shares (excluding control premium) - undiluted basis	2.04	2.41	2.77
Value of 11 Proposed Merged Entity shares - undiluted basis	2.54	2.93	3.28



In section 14 we determined that the value of 11 Metals X options following the merger (options in the Proposed Merged Entity), received as consideration under the Option Scheme to Optionholders compares to the value of 10 Westgold options, in all tranches, prior to implementation of the Option Scheme as shown below:

Option Scheme Tranches	Value of 10 Westgold Options \$	Value of 11 Proposed Merged Entity Options \$	Premium/(Discount) \$
Tranche A	0.260	0.165	(0.095)
Tranche B	1.100	0.880	(0.220)
Tranche C	1.220	1.023	(0.197)
Tranche D	1.330	1.122	(0.208)
Tranche E	1.530	1.309	(0.221)
Tranche F	1.600	1.375	(0.225)
Tranche G	1.120	0.913	(0.207)
Tranche H	1.650	1.419	(0.231)
Tranche I	1.360	1.133	(0.227)
Tranche J	1.390	1.166	(0.224)
Tranche K	1.650	1.419	(0.231)

We note from the table above that the value of 11 options in the Proposed Merged Entity is less than the value of 10 Westgold options prior to the implementation of the Option Scheme across all tranches. Therefore we conclude that the Option Scheme is not fair for Optionholders.

As for the Share Scheme, the comparison above is made between the value of the options being offered in the Proposed Merged Entity after allowing for a minority discount in the underlying shares and the value of Westgold options on a control basis.

For the information of Optionholders we have set out below the same comparison but including the value of Westgold options on a minority basis (I.e. after deducting a minority discount).



Option Scheme Tranches	Value of 10 Westgold Options (on a minority basis) \$	Value of 11 Proposed Merged Entity Options \$	Premium/(Discount) \$
Tranche A	0.080	0.165	0.085
Tranche B	0.690	0.880	0.190
Tranche C	0.650	1.023	0.373
Tranche D	0.740	1.122	0.382
Tranche E	0.960	1.309	0.349
Tranche F	1.020	1.375	0.355
Tranche G	0.660	0.913	0.253
Tranche H	1.080	1.419	0.339
Tranche I	0.850	1.133	0.283
Tranche J	0.880	1.166	0.286
Tranche K	1.090	1.419	0.329

2.5 Reasonableness

We have considered the analysis in section 15 of this report, in terms of both

- advantages and disadvantages of the Schemes; and
- alternatives, including the position of Shareholders and Optionholders if the Schemes do not proceed.

In our opinion, the position of Shareholders if the Share Scheme is approved is more advantageous than the position if the Share Scheme is not approved. Accordingly, in the absence of any other relevant information and/or a superior proposal, we believe that the Share Scheme is reasonable for Shareholders.

In our opinion, the position of Optionholders if the Option Scheme is approved is more advantageous than the position if the Option Scheme is not approved. Accordingly, in the absence of any other relevant information and/or a superior proposal, we believe that the Option Scheme is reasonable for Optionholders.



The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES

Section	Advantages	Section	Disadvantages
15.1.1	The Share Scheme is fair	15.2.1	Security holders' interests will be diluted
15.1.2	Creation of a combined group with a stronger position	15.2.2	Change of risk exposure
15.1.3	Creation of a company with a larger and more diversified portfolio of assets		
15.1.4	Increased likelihood of return from cash investment		
15.1.5	Synergistic benefits		

Other key matters we have considered include:

Section	Description
15.3.1	Future funding requirements of Westgold
15.3.2	No alternative proposals
15.3.3	Consequences of not approving the Schemes include a potential decline in Westgold's share price and potential decline in liquidity of Westgold shares
15.3.4	Potential for capital gains tax scrip for scrip roll-over relief for Shareholders
15.3.5	There is increased liquidity of Westgold shares post announcement of the Schemes and a high market perceived value of the future potential of the combined entity following the implementation of the Schemes
15.3.6	Consequences of not approving the Option Scheme include the potential for Westgold Optionholders to be left without an active market for Westgold shares issued upon the exercise of Westgold options



3. Scope of the Report

3.1 Purpose of the Report

The Schemes are to be implemented pursuant to section 411 of the Corporations Act 2001 Cth (“the Act”). Part 3 of Schedule 8 to the Corporations Regulations prescribes the information to be sent to shareholders in relation to schemes of arrangement with members pursuant to section 411 of the Act (“Section 411”).

Schedule 8 of the Corporations Regulations requires an independent expert’s report if:

- The corporation that is the other party to the scheme has a common director or directors with the company which is the subject of the scheme; or
- The corporation that is the other party is entitled to more than 30% of the voting shares in the subject company.

The expert must be independent and must state whether or not, in his or her opinion, the proposed scheme is in the best interest of the members of the company the subject of the scheme and setting out his or her reasons for that opinion.

In addition to Metals X being the largest shareholder of Westgold, with a current shareholding interest of 26.98%, Metals X also currently holds two nominee director positions on the board of Westgold, being Mr Peter Cook and Mr Warren Hallam. As such, under Schedule 8 of the Corporations Regulations, an independent expert’s report is required for the Share Scheme.

While an independent expert’s report is technically not required by the Corporations Regulations for the Option Scheme, Westgold has commissioned one for the sake of consistency and to enable the Optionholders to vote on the Option Scheme.

The requirement for an independent expert’s report is also a precondition in the MIA, which states that for the Share Scheme to proceed, the independent expert’s report must conclude the Share Scheme is in the best interests of Westgold Shareholders.

3.2 Regulatory guidance

Neither the Act nor the Regulations defines the term ‘in the best interests of’. In stating this, ASIC has issued RG 111 which provides some direction as to what matters an independent expert report should consider when determining whether or not a particular transaction is in the best interests of shareholders.

A key matter under RG 111 that an expert needs to consider when determining the appropriate form of analysis is whether or not the effect of the transaction is comparable to a takeover bid and is therefore representative of a change of ‘control’ transaction.

In the circumstance of a scheme that achieves the same outcome as a takeover bid, RG 111 suggests that the form of the analysis undertaken by the independent expert should be substantially the same as for a takeover. Independent expert reports required under the Act in the circumstance of a takeover are required to provide an opinion as to whether or not the takeover bid is ‘fair and reasonable’. While there is no definition of ‘fair and reasonable’, RG 111 provides some guidance as to how the terms should be interpreted in a range of circumstances.

RG 111 suggests that an opinion as to whether transactions are fair and reasonable should focus on the purpose and outcome of the transaction, that is, the substance of the transaction rather than the legal mechanism to effect the transaction.



Schemes of arrangement pursuant to section 411 can encompass a wide range of transactions. Accordingly, “in the best interests” must be capable of a broad interpretation to meet the particular circumstances of each transaction. This involves a judgment on the part of the expert as to the overall commercial effect of the transaction, the circumstances that have led to the transaction and the alternatives available. The expert must weigh up the advantages and disadvantages of the proposed transaction and form an overall view as to whether shareholders are likely to be better off if the proposed transaction is implemented than if it is not. This assessment is the same as that required for a ‘fair and reasonable’ assessment in the case of a takeover. If the expert would conclude that a proposal was ‘fair and reasonable’; if it was in the form of a takeover bid, the expert will also be able to conclude that the scheme is in the best interests of shareholders. An opinion of ‘in the best interests’ does not imply the best possible outcome for shareholders.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm’s length. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being ‘not fair’ the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

Are the Schemes fair (section 14)?

- A comparison between the value of 10 Westgold shares prior to the Share Scheme and the value of 11 shares in the Proposed Merged Entity following implementation of the Share Scheme
- A comparison between the value of 10 Westgold options prior to the Option Scheme and the value of 11 options in the Proposed Merged Entity following implementation of the Option Scheme across all tranches

Are the Schemes reasonable (section 15)?

- An investigation into other significant factors to which Shareholders and Optionholders might give consideration, prior to approving the Schemes, after reference to the value derived above

RG 111 states that if a transaction is fair and reasonable then the expert can conclude that the transaction is in the best interests of shareholders; if a transaction is not fair but reasonable an expert can still conclude that the transaction is in the best interests of shareholders; if a transaction is neither fair nor reasonable then the expert would conclude that the transaction is not in the best interests of shareholders.

This assignment is a Valuation Engagement as defined by APES 225 Valuation Services. A Valuation Engagement means an engagement or assignment to perform a valuation and provide a valuation report where we determine an estimate of value of the Company by performing appropriate valuation procedures and where we apply the valuation approaches and methods that we consider to be appropriate in the circumstances.



4. Outline of the Schemes

4.1 Share Scheme

On 14 May 2012, Westgold Resources Limited and Metals X Limited jointly announced that they had entered into a Merger Implementation Agreement whereby Metals X will acquire 100% of the issued capital of Westgold by way of a scheme of arrangement. Under the proposed Share Scheme, the Westgold shareholders will receive 11 Metals X shares in consideration for every 10 Westgold shares they hold.

Both Mr Peter Cook and Mr Warren Hallam are on the Board of Metals X, holding the positions of Non Executive Chairman and Managing Director respectively. Both are also Non Executive Directors of Westgold. It is intended that Mr Scott Huffadine, the current Managing Director of Westgold, will join the Metals X Board of Directors upon implementation of the Schemes. No other Westgold Directors will join the board of Metals X.

Conditions Precedent

Completion of the Share Scheme is subject to a number of conditions including, amongst other matters:

- all relevant regulatory approvals are received
- the Independent Expert's Report concludes that the Share Scheme is in the best interests of the Shareholders
- approval by requisite majority of Westgold shareholders present in person or by proxy at the scheme meeting that will be called in relation to the Share Scheme
- the Court makes orders pursuant to Section 411 (4)(b) of the Act approving the Share Scheme;
- no material adverse change in Westgold or Metals X
- no prescribed occurrence in regard to Westgold or Metals X
- the Treasurer of the Commonwealth of Australia providing written notice that there is no objection under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) in relation to the Share Scheme
- other customary conditions.

Full disclosure of the conditions precedent to the Share Scheme is included in the Scheme Booklet.

Capital Structure

The Share Scheme will result in Metals X acquiring 304,638,921 Westgold shares, being the number of shares it does not already own or control. The following table summarises the number of shares the respective companies have on issue, the number of shares that Metals X would need to issue to Shareholders and the number of shares on issue on completion of the Share Scheme, assuming no further Westgold options or performance rights are exercised.



Summary of Merged Entity	Number
Number of shares Westgold has on issue	417,178,651
Number of Westgold shares on issue held by Metals X	112,539,730
Total shares on issue subject to the Share Scheme	304,638,921
Exchange ratio, number of Metals X shares for each Westgold share	1.10
Maximum number of Metals X shares to be issued under the Share Scheme	335,102,813
Metals X after the Share Scheme	
Number of shares Metals X has on issue	1,316,663,257
Maximum number of shares to be issued to Westgold shareholders under the Share Scheme	335,102,813
Maximum number of shares on issue on completion of the Share Scheme	1,651,766,070
Interest held by Westgold shareholders	20.29%
Interest held by existing Metals X shareholders	79.71%
	100.00%

If the Share Scheme is approved, ineligible foreign Westgold shareholders, and Westgold shareholders who would be entitled to an unmarketable parcel of Metals X shares, will not receive shares in Metals X. The Metals X shares held by the ineligible shareholders will be sold by an ASIC approved nominee and those shareholders will receive the sale proceeds less expenses in cash.

4.2 Option Scheme

Westgold is also undertaking a separate scheme of arrangement with Westgold Optionholders which, if implemented, will result in all Westgold Optionholders having their options cancelled in conjunction with the issue of Metals X options in their place. If approved by Westgold Optionholders, this will be implemented by way of an Option Scheme for each tranche of options held. At the date of signing the MIA, Westgold had 29,650,000 unlisted options on issue.

Under the proposed Option Scheme, the Westgold Optionholders will receive 11 Metals X options in consideration for every 10 Westgold options they hold across all tranches of options on issue. The key terms of the Metals X options to be issued are set out in section 13.2. The Option Scheme is conditional on implementation of the Share Scheme; however, the Share Scheme is not conditional on implementation of the Option Scheme.

If the Share Scheme is approved and implemented, but the Option Scheme is not approved, Metals X will acquire all of the Westgold Shares but Westgold Optionholders will continue to hold their Westgold options. However, in those circumstances, Westgold would be de-listed from the Australian Securities Exchange ("ASX"), meaning there will not be an active market for any Westgold Shares issued to Westgold Optionholders on the exercise of their Westgold options.

Westgold also currently has 2,300,000 performance rights on issue. Westgold and Metals X will cooperate with each other to ensure that all Westgold performance rights are either cancelled, acquired by Metals X, vest and are converted into Westgold shares before the merger is effected or are otherwise dealt with to Metals X's satisfaction.



5. Profile of Westgold Resources Limited

5.1 History

Westgold listed on the ASX on 29 September 1988 and is primarily a mineral exploration company that specialises in gold and copper. The Board and senior management comprises Michael Atkins as Non-Executive Director and Chairman, Scott Huffadine as Managing Director, Peter Cook and Warren Hallam as Non-Executive Directors and Andrew Chapman as Company Secretary. Andy Beckwith ceased his duties as Executive Director effective 1 July 2012 and will remain as a Non-Executive Director until the completion of the Schemes, at which time he will resign as a Director as provided for in the MIA.

During the year ended 30 June 2011, Westgold completed an off-market takeover for all of the issued share capital of Aragon Resources Limited (“Aragon”), a publicly listed Australian company. The consideration for the offer was on scrip for scrip basis, being one Westgold share for every one Aragon share held and one new option for every one Aragon option held.

On 3 May 2012 the Company announced that it had completed the acquisition of the 49% relevant interest in the Great Fingall Deeps from Great Fingall Mining Company NL. In consideration for the relevant interest the Company made a payment of \$150,000, issued 3 million fully paid ordinary shares and agreed to a deferred payment of \$5 per ounce for all ounces produced from the Defined Area in the Great Fingal Farm-in Agreement.

5.2 Projects

Central Murchison Gold Project

The Central Murchison Gold Project (“CMGP”), located south of Cue in Western Australia, is made up of a number of historic underground mines, open pit mines and known resources and covers an area of 330 km². Westgold acquired the CMGP as part of the off-market takeover of Aragon during 2011 and is currently completing a definitive feasibility study on the project. The Company has indicated that it intends on constructing a new processing plant with a capacity of approximately 1 million to 1.2 million tonnes per annum. Recent exploration activity has been focused on a program of work aimed at defining additional near surface open pitable deposits, which the Company aims to integrate into the production profile over the next two years. A majority of drilling centres on the Big Bell shear zone at Big Bell South, Jims Find, South Fingall, Lady Rosie and the Indicator prospects.

During February 2012 the Company announced that it had signed a conditional agreement (with indicative terms and conditions) to mandate Credit Suisse AG to act exclusively as lead arranger for a project-secured loan facility of up to \$80 million and an associated hedging facility to assist with the development of the CMGP. The indicative terms can be terminated by either party on 14 days’ prior written notice and will otherwise expire on 8 February 2013. Apart from certain provisions relating to exclusivity, confidentiality and expenses, the indicative terms are not binding.

Rover and Explorer Projects

The Rover and Explorer Projects consist of five granted tenements and a further twelve tenements under application totalling approximately 13,500 km² of contiguous granted tenements located near Tennant Creek in the Northern Territory. The Project is divided into four areas, Rover 1, Explorer 142, Explorer 108 and Rover Regional Exploration, with the Company being mainly focused on the Rover 1 area which is the most advanced project and where a resource update was completed in July 2011. In April 2012, Westgold



announced that it had formally submitted the Mine Management Plan for the initial Rover 1 Decline to the Northern Territory Department of Resources for approval. This submission represented a major step in advancing the underground development of the Rover 1 deposit and the approvals process.

The Explorer 142 area is geologically very similar to the Rover 1 area and is located approximately 30 km to the west of Rover 1 while the Explorer 108 deposit is located approximately 40 km west of Rover 1 and is a base metal system with associated gold and copper that remains open in most directions.

Other exploration areas

Lake Lefroy

This area is located in the Kambalda region of Western Australia and is considered prospective for nickel mineralisation. The tenements cover an area of 14 km² and are 100% owned by Westgold.

McArthur River

The project area covers approximately 630 km² and is located in the northeast of the Northern Territory. The joint venture with Minerals and Metals Group covers 14 tenements, held by Westgold via its subsidiary, Castile Resources Pty Ltd. Management consider the tenements to be prospective for base metal mineralisation and field work is expected to commence during the 2012 dry season.

Maitland Project

In 2009 the Company entered into a joint venture with Alamar Resources Limited (name changed to Mongolian Resource Corporation Limited in March 2011) over its non-core gold prospect at its Maitland tenement group which is located in the Yandal Belt in Western Australia. Westgold originally had a 49% contributing interest though this increased to a 100% interest in June 2011 upon Mongolian Resource Corporation Limited withdrawing from the joint venture.

Warumpi Joint Venture

The Warumpi Province is located approximately 340 km west-northwest of Alice Springs in the Northern Territory and consists of an area of approximately 2,600 km². Westgold have the option to explore and to ultimately earn up to 80% equity in five tenements in the area which comprise of 3 granted tenements and 2 applications.

For further information regarding the Company's projects refer Appendix 5.



5.3 Historical Balance Sheet

Statement of Financial Position	Unaudited as at 30-Jun-12 \$	Reviewed as at 31-Dec-11 \$	Audited as at 30-Jun-11 \$
CURRENT ASSETS			
Cash and cash equivalents	3,680,012	6,369,438	11,255,181
Trade and other receivables	211,037	28,784	87,156
Other assets	17,032	20,978	22,393
Available-for-sale financial assets	-	2,760,000	-
Other financial assets	3,438,218	3,623,059	3,443,225
TOTAL CURRENT ASSETS	7,346,299	12,802,259	14,807,955
NON-CURRENT ASSETS			
Available-for-sale financial assets	-	-	4,320,000
Property, plant and equipment	1,096,601	1,220,340	1,254,784
Deferred exploration expenditure	106,244,632	101,539,354	93,760,890
Intangible assets	-	-	3,490,520
TOTAL NON-CURRENT ASSETS	107,341,233	102,759,694	102,826,194
TOTAL ASSETS	114,687,532	115,561,953	117,634,149
CURRENT LIABILITIES			
Trade and other payables	3,866,181	3,976,770	4,184,408
Provisions	212,209	192,196	186,297
TOTAL CURRENT LIABILITIES	4,078,390	4,168,966	4,370,705
NON-CURRENT LIABILITIES			
Provisions	3,235,115	3,226,027	3,202,247
Interest bearing loans and borrowing	6,708	-	-
TOTAL NON-CURRENT LIABILITIES	3,241,823	3,226,027	3,202,247
TOTAL LIABILITIES	7,320,213	7,394,993	7,572,952
NET ASSETS	107,367,319	108,166,960	110,061,197
EQUITY			
Contributed equity	171,346,556	171,119,902	171,119,902
Reserves	4,338,731	3,160,384	499,341
Accumulated losses	(68,317,968)	(66,113,326)	(61,558,046)
TOTAL EQUITY	107,367,319	108,166,960	110,061,197

Source: Unaudited management accounts as at 30 June 2012, reviewed financial statements for the half year ended 31 December 2011 and audited financial statements for the year ended 30 June 2011



5.4 Historical Statement of Comprehensive Income

Statement of Comprehensive Income	Unaudited for the year ended 30-Jun-12 \$	Reviewed for the half-year ended 31-Dec-11 \$	Audited for the year ended 30-Jun-11 \$
Other income	10,241	9,312	1,850
Depreciation	(284,390)	(140,362)	(214,317)
Other expenses	(3,235,659)	(1,815,053)	(2,305,436)
Share of net gains/(losses) on available-for-sale financial assets	(2,108,600)	(1,253,200)	-
Exploration and evaluation expenditure written off	(110,099)	(110,099)	(450,413)
Provision for stamp duty on acquisition	-	-	(2,000,000)
Impairment of goodwill	(1,509,845)	(1,509,845)	-
Results from operating activities	(7,238,352)	(4,819,247)	(4,968,316)
Finance income	478,431	263,967	587,883
Gain on realisation of available-for-sale financial assets	-	-	5,560,181
Share of loss of equity accounted associate	-	-	-
Profit/(loss) before income tax	(6,759,921)	(4,555,280)	1,179,748
Income tax expense	-	-	3,490,520
Net profit/(loss) after tax for the period	(6,759,921)	(4,555,280)	4,670,268
Other comprehensive income			
Net change in fair value of available-for-sale financial assets	2,960,000	2,080,000	(4,960,000)
Total comprehensive income/(loss) for the period attributable to equity holders of the Company	(3,799,921)	(2,475,280)	(289,732)

Source: Unaudited management accounts for the year ended 30 June 2012, reviewed financial statements for the half-year ended 31 December 2011 and audited financial statements for the year ended 30 June 2011

We have not undertaken a review of Westgold's unaudited accounts for the year ended 30 June 2012 in accordance with Australian Auditing and Assurance Standard 2405 "Review of Historical Financial Information" and do not express an opinion on this financial information. However nothing has come to our attention as a result of our procedures that would suggest the financial information within the management accounts has not been prepared on a reasonable basis.

Cash levels have decreased between 31 December 2011 to 30 June 2012 being \$6.37 million and \$3.68 million respectively. Over this six month period the majority of deferred exploration expenditure was funded by the sale of Westgold's remaining 8 million shares in Rum Jungle Limited for a total consideration of \$2.8 million which occurred in February 2012. This sale is in line with the decrease in current available-for-sale financial assets which has decreased from \$2.76 million as at 31 December 2011 to nil as at 30 June 2012.

The other financial assets balance of \$3.44 million as at 30 June 2012 relates to cash backed security deposits in place and has not varied significantly from 30 June 2011.



Deferred exploration expenditure has increased from \$93.76 million as at 30 June 2011 to \$106.24 million as at 30 June 2012. The majority of this expenditure over the year has been incurred in relation to the CMGP and the Rover 1 Project. Westgold is currently completing a definitive feasibility study for the CMGP.

As at 30 June 2011, the Company had intangible assets of \$3.49 million which related to goodwill upon acquisition of Aragon. This goodwill balance has since been written off and as at 30 June 2012 has a nil balance.

For the year ended 30 June 2012, the Company made a loss of \$3.80 million. The majority of this loss was attributable to a \$1.51 million impairment of goodwill from its acquisition of Aragon and a \$2.11 million loss on its available-for-sale financial assets. The Company made a loss of \$2.48 million for the half-year ended 31 December 2011 and a loss of \$0.29 million for the year ended 30 June 2011.

5.5 Capital Structure

The share structure of Westgold as at the date of this report is outlined below:

	Number
Total ordinary shares on issue	417,178,651
Top 20 shareholders	251,188,459
Top 20 shareholders - % of shares on issue	60.21%

Source: Computershare

The range of shares held in Westgold as at the date of this report is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	179	39,379	0.01%
1,001 - 5,000	603	1,810,067	0.43%
5,001 - 10,000	425	3,603,203	0.86%
10,001 - 100,000	1,077	40,310,223	9.66%
100,001 - and over	329	371,415,779	89.03%
TOTAL	2,613	417,178,651	100.00%

Source: Computershare



The ordinary shares held by the most significant shareholders as at the date of this report are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Metals X Limited	112,539,730	26.98%
Bell Potter Nominees Ltd <BB Nominees A/C>	30,414,529	7.29%
National Nominees Limited	23,704,909	5.68%
Fitel Nominees Limited	14,966,721	3.59%
Subtotal	181,625,889	43.54%
Others	235,552,762	56.46%
Total ordinary shares on Issue	417,178,651	100.00%

Source: Computershare

Westgold has the following Options and Performance Rights on issue as at the date of this report:

Current Options on Issue	Number
Options exercisable at \$0.45 each expiring 8 November 2012	250,000
Options exercisable at \$0.48 each expiring 25 March 2015	650,000
Options exercisable at \$0.21 each expiring 30 November 2012	2,500,000
Options exercisable at \$0.20 each expiring 7 January 2013	1,000,000
Options exercisable at \$0.21 each expiring 30 November 2013	500,000
Options exercisable at \$0.20 each expiring 31 December 2013	17,500,000
Options exercisable at \$0.32 each expiring 11 January 2014	1,025,000
Options exercisable at \$0.22 each expiring 22 August 2014	400,000
Options exercisable at \$0.29 each expiring 4 July 2014	1,825,000
Options exercisable at \$0.29 each expiring 15 August 2014	3,000,000
Options exercisable at \$0.23 each expiring 1 November 2014	1,000,000
TOTAL	29,650,000

Source: Westgold management

Current Performance Rights on Issue	Number
Performance Rights expiring 15 August 2014 vesting upon performance hurdles	2,000,000
Performance Rights expiring 2 November 2014 vesting upon performance hurdles	300,000
TOTAL	2,300,000

Source: Westgold management



6. Profile of Metals X Limited

6.1 History

Metals X is an emerging diversified resource group with a pipeline of assets at all stages of development from exploration through to production. It listed on the ASX on 26 August 2004 and has a diverse operations base with exposure to the tin, nickel, gold, copper, zinc, phosphate, uranium, lead and tungsten markets. Metals X is Australia's largest tin producer producing approximately 2.5% of the global supply of tin from its Mt Bischoff and Renison mines and processing plant in Tasmania.

6.2 Projects

Renison Tin Project (50% interest)

The key assets held in the Renison Tin Project are:

- Renison Bell Mine
- Renison Tin Concentrator
- Mt Bischoff Tin Project

The Renison Tin Project is located approximately 18 km north east of Zeehan in the west coast region of Tasmania with the Mt Bischoff open pit mine (not operational) located approximately 70 km north of the Renison Tin Project.

Bluestone Tin Limited purchased the Renison Tin Project in 2004 and undertook a refurbishment of the plant in order to re-establish the operation. In 2006 Bluestone Tin Limited and Metals Exploration Limited merged to form Metals X. During March 2010, Metals X announced the completion of the sale of a 50% interest in the Renison Tin Project for approximately \$50 million and the formation of a joint venture between its 100% owned subsidiary Bluestone Metals Tasmania Pty Ltd and Yunnan Tin Parksong Australia Holdings Pty Ltd.

Mt Bischoff is a significant deposit in its own right producing in excess of 55,000t of tin metal since the late 1800's. The total footprint of historical production significantly exceeds the current open pit operations and the project has significant upside potential for additional tin mineralisation. Metals X continues to explore for further open pit and possible underground targets to continue to supplement ore supply to the Renison concentrator beyond the current phase of mining which was completed in July 2010.

Rentails Project (50% interest)

The Rentails Project is aimed at the reprocessing and recovery of tin from tailings from the Renison Tin Project. Metals X completed a definitive feasibility study in 2009 which estimated a project life of ten years. At this stage there has been no decision regarding when the project will proceed.

Central Musgrave Project

The Central Musgrave Project is the focus of Metals X's nickel strategy and is located on the Western Australian, Northern Territory and South Australian borders. It encompasses 1,957 km² of prospective exploration tenure and incorporates the Wingellina Project, the Claude Hills Nickel prospect and the Mt Davies exploration prospect.



The Wingellina Project is one of the largest undeveloped nickeliferous 'Pure Oxide' limonite accumulations in the world. A landmark mining agreement for the Wingellina Project was signed on 15 July 2010 with the traditional owners of the Yarnangu Ngaanyatjarra Lands through their representative bodies. The agreement provides the right to mine and develop infrastructure within the agreement area subject to regulatory approvals and for the grant of a mining lease over whole of the tenement. In addition, the agreement allows for the granting of additional project titles for water, pipelines, roads and other infrastructure over a much larger area. Metals X has submitted its Environmental Referral for Wingellina including a comprehensive scoping document required as part of the Western Australian approvals process to the Environmental Protection Authority. Metals X has significantly advanced the Wingellina Project and is currently reviewing options to further finance and develop the project.

The Claude Hills Prospect is located approximately 30 km to the north east of the Wingellina Project and is one of a number of areas where outcropping nickeliferous limonite similar to Wingellina is known within Metals X's exploration titles. The grades obtained are similar to Wingellina for nickel, cobalt and magnesium, but the aluminium content is lower.

Metals X, through its wholly-owned subsidiary Austral Nickel Pty Ltd, entered into a farm-in agreement with Rio Tinto Pty Ltd in July 2009 to earn a 51% interest in the South Australian exploration license at Mt Davies. This tenement is encapsulated within Metals X's 100% owned tenement adjacent to the Wingellina deposit and hosts part of the Claude Hills deposit. To date only a small percentage of the mineralisation system has been tested and there are numerous other limonite occurrences known to exist within the Mt Davies license.

Collingwood Tin Project

The Collingwood Tin project is located 160 km north of Cairns. This project has been put on care and maintenance since 2008 and Metals X intends to sell the project.

For further information regarding Metals X's projects refer Appendix 5.



6.3 Historical Balance Sheet

Statement of Financial Position	Unaudited as at 30-Jun-12 \$	Reviewed as at 31-Dec-11 \$	Audited as at 30-Jun-11 \$
CURRENT ASSETS			
Cash and cash equivalents	42,675,042	62,444,619	75,983,334
Trade and other receivables	13,430,679	11,271,363	12,470,596
Inventories	11,898,556	10,055,651	13,168,960
Other assets	1,103,331	397,610	146,177
Other financial assets	3,320,730	3,320,730	3,320,730
Assets of disposal group classified as held for sale	-	-	1,476,212
TOTAL CURRENT ASSETS	72,428,338	87,489,973	106,566,009
NON-CURRENT ASSETS			
Available-for-sale financial assets	29,689,236	27,416,398	49,004,755
Derivative financial instruments	448,989	363,696	228,269
Investment in associates	19,839,153	24,531,846	22,801,822
Property, plant and equipment	18,757,169	20,268,028	15,062,434
Mine properties and development costs	87,080,628	82,966,301	77,888,899
Intangible assets	-	-	2,648,484
Exploration and evaluation expenditure	1,675,901	2,684,317	827,947
TOTAL NON-CURRENT ASSETS	157,491,076	158,230,586	168,462,610
TOTAL ASSETS	229,919,414	245,720,559	275,028,619
CURRENT LIABILITIES			
Trade and other payables	8,320,501	8,803,784	5,679,553
Interest bearing loans and borrowings	1,507,488	1,584,916	941,788
Provisions	959,732	1,349,052	819,678
Liabilities directly associated with the assets classified as held for sale	-	-	886,260
TOTAL CURRENT LIABILITIES	10,787,721	11,737,752	8,327,279
NON-CURRENT LIABILITIES			
Provisions	3,365,166	3,419,530	2,530,378
Interest bearing loans and borrowings	2,942,774	3,837,467	217,041
TOTAL NON-CURRENT LIABILITIES	6,307,940	7,256,997	2,747,419
TOTAL LIABILITIES	17,095,661	18,994,749	11,074,698
NET ASSETS	212,823,753	226,725,810	263,953,921
EQUITY			
Contributed equity	279,086,186	280,737,677	290,056,226
Option premium reserve	18,728,928	18,728,928	18,326,178
Other reserves	612,522	140,577	(2,729,920)
Accumulated losses	(85,603,883)	(72,862,711)	(41,680,191)
Minority interests	-	(18,661)	(18,372)
TOTAL EQUITY	212,823,753	226,725,810	263,953,921

Source: Unaudited management accounts as at 30 June 2012, reviewed financial statements for the half year ended 31 December 2011 and audited financial statements for the year ended 30 June 2011



6.4 Historical Statement of Comprehensive Income

Statement of Comprehensive Income	Unaudited for the year ended 30-Jun-12 \$	Reviewed for the half-year ended 31-Dec-11 \$	Audited for the year ended 30-Jun-11 \$
Continuing operations			
Revenue	52,907,011	28,325,065	72,307,659
Cost of sales	(57,714,749)	(30,739,444)	(57,984,022)
Gross (loss)/profit	(4,807,738)	(2,414,379)	14,323,637
Other income	815,377	655,986	70,665,220
Other expenses	(4,609,688)	(3,420,046)	(3,637,636)
Fair value change in financial instruments	(434,906)	(520,199)	(57,464)
Share of profit/(loss) of associate	(2,344,646)	(1,492,667)	221,092
Impairment loss on investment in associates	(8,064,451)	(2,126,950)	(17,358,674)
Impairment loss on available-for-sale financial assets	(24,490,872)	(22,431,544)	-
Exploration and evaluation expenditure written off	(285,175)	(107,128)	(1,151,466)
(Loss)/profit from continuing operations before income tax and finance costs	(44,222,099)	(31,856,927)	63,004,709
Finance costs	(386,274)	(195,590)	(394,920)
(Loss)/profit before income tax	(44,608,373)	(32,052,517)	62,609,789
Income tax benefit/(expense)	890,731	869,708	192,014
Net (loss)/profit after tax	(43,717,642)	(31,182,809)	62,801,803
Loss from discontinued operations after income tax	-	-	(505,195)
Net (loss)/profit after tax	(43,717,642)	(31,182,809)	62,296,608
Other comprehensive income, net of tax			
Share of change in equity of associate	1,059,669	880,266	(980,165)
Net fair value (losses)/gains on available-for-sale financial assets	2,097,600	1,990,231	1,076,551
Income tax on items of other comprehensive income	-	-	(322,966)
Total comprehensive (loss)/profit for the period	(40,560,373)	(28,312,312)	62,070,028

Source: Unaudited management accounts for the year ended 30 June 2012, reviewed financial statements for the half-year ended 31 December 2011 and audited financial statements for the year ended 30 June 2011

We have not undertaken a review of Metals X's unaudited accounts for the period ended 30 June 2012 in accordance with Australian Auditing and Assurance Standard 2405 "Review of Historical Financial Information" and do not express an opinion on this financial information. However nothing has come to our attention as a result of our procedures that would suggest the financial information within the management accounts has not been prepared on a reasonable basis.

Cash has decreased from \$75.98 million as at 30 June 2011 to \$42.68 million as at 30 June 2012. Contributing to this decrease in cash is the share buyback undertaken. Metals X previously announced that



it will buy back up to 10% of its issued capital on-market starting in July 2011 and being completed in June 2012.

As at 30 June 2012, Metals X had available-for-sale financial assets of approximately \$29.69 million. This consisted of investments in ASX listed entities including Independence Group NL and Mongolian Resources Corporation Ltd.

In February 2012 Metals X acquired a further 8,895,086 shares in Westgold for approximately \$1.9 million. This increased Metals X's investment in Westgold, recorded as an investment in associate, to \$15.76 million as at 30 June 2012. The remaining balance relates to an investment in Aziana Limited.

Intangible assets as at 30 June 2011 totalled \$2.67 million which related to the Rentails Development Project. This balance was transferred to mine properties and development during the half year ended 31 December 2011, hence the nil balance as at 30 June 2012.

The majority of non-current provisions as at 30 June 2012 of \$3.37 million relate to the provision for rehabilitation.

Metals X recorded an after tax profit of \$62.07 million for the year ended 30 June 2011 in comparison to an after tax loss of \$40.56 million for the year ended 30 June 2012. This loss has resulted from a decline in tin prices as well as a decrease in tin production at the Renison Tin Project. Metals X also recorded an impairment loss on available-for-sale financial assets of \$22.49 million which resulted from declines in the share prices of Mongolian Resources Corporation Limited and Independence Group NL.

6.5 Capital Structure

The share structure of Metals X as at the date of this report is outlined below:

	Number
Total ordinary shares on issue	1,316,663,257
Top 20 shareholders	1,072,744,360
Top 20 shareholders - % of shares on issue	81.47%

Source: Security Transfer Registrars Pty Ltd

The range of shares held in Metals X as at the date of this report is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	106	28,170	0.00%
1,001 - 5,000	907	2,882,956	0.22%
5,001 - 10,000	797	6,621,507	0.50%
10,001 - 100,000	2,028	73,055,096	5.55%
100,001 - and over	391	1,234,075,528	93.73%
TOTAL	4,229	1,316,663,257	100.00%

Source: Security Transfer Registrars Pty Ltd



The ordinary shares held by the most significant shareholders as at the date of this report are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
APAC Resources Limited	397,630,281	30.20%
Jinchuan Group Limited	176,000,000	13.37%
Sabatica Pty Limited	79,742,210	6.06%
Peter Cook Group	68,940,200	5.24%
Subtotal	722,312,691	54.86%
Others	594,350,566	45.14%
Total ordinary shares on Issue	1,316,663,257	100.00%

Source: Security Transfer Registrars Pty Ltd

Metals X has the following Options on issue:

Current Options on Issue	Number
Options exercisable at \$0.13 each expiring 30 November 2013	2,800,000
Options exercisable at \$0.14 each expiring 30 November 2012	2,500,000
Options exercisable at \$0.32 each expiring 30 November 2013	1,000,000
Options exercisable at \$0.30 each expiring 30 November 2014	4,800,000
TOTAL	11,100,000

Source: Appendix 3B dated 1 August 2012



7. Profile of Proposed Merged Entity

Upon completion of the Schemes, the Proposed Merged Entity will represent the combined assets of Westgold and Metals X.

The key combined assets of the Proposed Merged Entity will include:

- 100% interest in the CMGP in which a definitive feasibility study is currently underway
- 100% interest in the Rover 1 Project located in the Northern Territory in which a Mine Management Plan for the initial Rover 1 Decline has been submitted to the Northern Territory Department of Resources for approval
- 50% interest in the producing Renison Tin Project as well as the Rentails Tin Project both located in Tasmania
- 100% interest in the Wingellina Project providing the Proposed Merged Entity with significant exposure to nickel
- Cash, including cash backed security bonds, totalling more than \$49 million based on 30 June 2012 unaudited figures
- Investments in ASX listed entities with a total book value of more than \$30 million based on 30 June 2012 unaudited figures.

If the Share Scheme is implemented, Metals X has indicated that it will conduct a thorough review of the operations, assets, structure and employees of Westgold. Subject to this review, the current intention of Metals X is that the business of Westgold will be integrated into Metals X's existing business but will otherwise be continued substantially in the same manner as it is presently being conducted.

It is intended that Mr Scott Huffadine, the existing Managing Director of Westgold, will join the Metals X Board of Directors as an Executive Director. No other Westgold Directors will join the board of Metals X though Metals X has indicated that it intends to integrate the senior management of Westgold into Metals X's existing management structure.

7.1 Capital Structure

Under the Share Scheme, Westgold shareholders will receive 11 Metals X shares for every 10 Westgold shares held.

The capital structure following the implementation of the Share Scheme is set out in the table below, assuming no Westgold options or performance rights are exercised:



Summary of Merged Entity	Number
Number of shares Westgold has on issue	417,178,651
Number of Westgold shares on issue held by Metals X	112,539,730
Total shares on issue subject to the Share Scheme	304,638,921
Exchange ratio, number of Metals X shares for each Westgold share	1.10
Maximum number of Metals X shares to be issued under the Share Scheme	335,102,813
Metals X after the Share Scheme	
Number of shares Metals X has on issue	1,316,663,257
Maximum number of shares to be issued to Westgold shareholders under the Share Scheme	335,102,813
Maximum number of shares on issue on completion of the Share Scheme	1,651,766,070
Interest held by Westgold shareholders	20.29%
Interest held by existing Metals X shareholders	79.71%
	100.00%

Under the Option Scheme, Westgold optionholders will receive 11 Metals X options for every 10 Westgold options held.

The options on issue following the implementation of the Option Scheme are set out in the table below:

Current Options on Issue	Number
Existing Metals X options on issue:	
Options exercisable at \$0.13 each expiring 30 November 2013	2,800,000
Options exercisable at \$0.14 each expiring 30 November 2012	2,500,000
Options exercisable at \$0.32 each expiring 30 November 2013	1,000,000
Options exercisable at \$0.30 each expiring 30 November 2014	4,800,000
Options to be issued if Option Scheme implemented:	
Options exercisable at \$0.41 each expiring 8 November 2012	275,000
Options exercisable at \$0.44 each expiring 25 March 2015	715,000
Options exercisable at \$0.19 each expiring 30 November 2012	2,750,000
Options exercisable at \$0.18 each expiring 7 January 2013	1,100,000
Options exercisable at \$0.19 each expiring 30 November 2013	550,000
Options exercisable at \$0.18 each expiring 31 December 2013	19,250,000
Options exercisable at \$0.29 each expiring 11 January 2014	1,127,500
Options exercisable at \$0.20 each expiring 22 August 2014	440,000
Options exercisable at \$0.26 each expiring 4 July 2014	2,007,500
Options exercisable at \$0.26 each expiring 15 August 2014	3,300,000
Options exercisable at \$0.21 each expiring 1 November 2014	1,100,000
Total	43,715,000



8. Economic analysis

Growth in the world economy picked up in the early months of 2012, having slowed in the second half of 2011. But more recent indicators continue to suggest weakening in Europe and a slower pace of growth in China. Conditions in other parts of Asia have recovered from the effects of last year's natural disasters, but the ongoing trend is unclear and could be dampened by the effects of slower growth outside the region. The United States continues to grow at a modest pace. Commodity prices have declined, which is helping to reduce inflation and providing scope for some countries to ease macroeconomic policies. Australia's terms of trade have peaked, though they remain historically high.

Financial markets have initially responded positively to signs of further progress towards longer-term sustainability in European financial affairs, but Europe will remain a potential source of adverse shocks for some time. While capital markets remain open to corporations and well-rated banks, low appetite for risk has seen long-term interest rates faced by highly rated sovereigns, including Australia, decline to exceptionally low levels. Share markets have remained volatile.

In Australia, recent data suggest that the economy continued to grow in the first part of 2012, at a pace somewhat stronger than had been earlier indicated. Labour market conditions also firmed a little, notwithstanding job shedding in some industries; the rate of unemployment remains low.

There have been no changes to the Reserve Bank of Australia's outlook for inflation. Over the coming one to two years, and abstracting from the effects of the carbon price, inflation is expected to be consistent with the target. Maintaining low inflation over the longer term will, however, require growth in domestic costs to slow as the effects of the earlier exchange rate appreciation wane.

Interest rates for borrowers have declined, to be a little below their medium-term averages. Business credit has increased more strongly in recent months, though credit growth remains modest overall. The housing market remains subdued. The exchange rate has been volatile recently, but overall remains high.

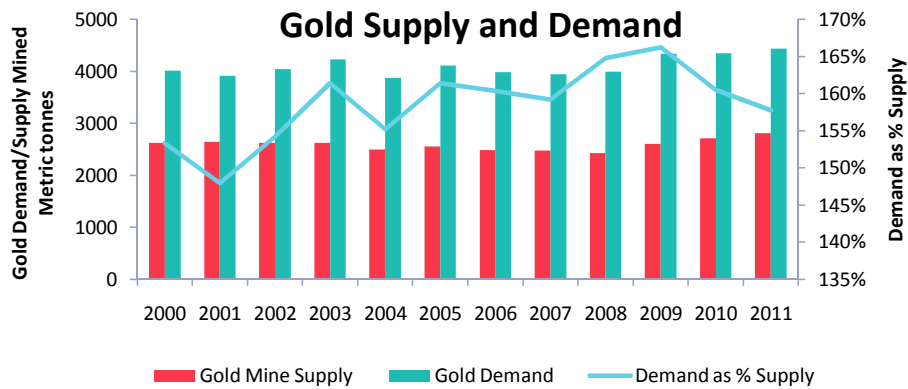
Source: www.rba.gov.au Statement by Glenn Stevens, Governor: Monetary Policy Decision 3 July 2012

9. Industry analysis

9.1 Gold

Gold is both a commodity and an international store of monetary value. Once mined, gold continues to exist indefinitely, often melted down and recycled to produce alternative or replacement products. This characteristic means that gold demand is supported by both mine production and gold recycling.

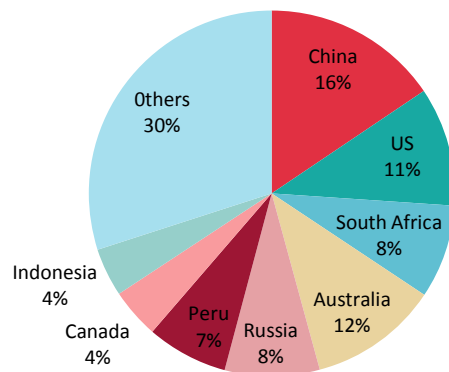
As illustrated in the chart below, gold mine production was approximately 2,812 metric tonnes in 2011 and gold consumption was 4,436 metric tonnes. Demand for gold has consistently exceeded supply over the last 10 years, and the recently escalated level of economic and financial uncertainty has caused investors to move capital from risky assets to gold assets, which are perceived to be a good store of monetary value. As a result, total gold demand increased by 8% between 2009 and 2011, with demand as a percentage of supply remaining at over 150% for the same period.



Source: Bloomberg and BDO Analysis

Until the late 1980's South Africa produced approximately half of total gold production. More recently however, gold production has become geographically segmented, as shown in the chart below, with production dominated by China.

Production by Country - Q4 2011



Source: Bloomberg and BDO Analysis

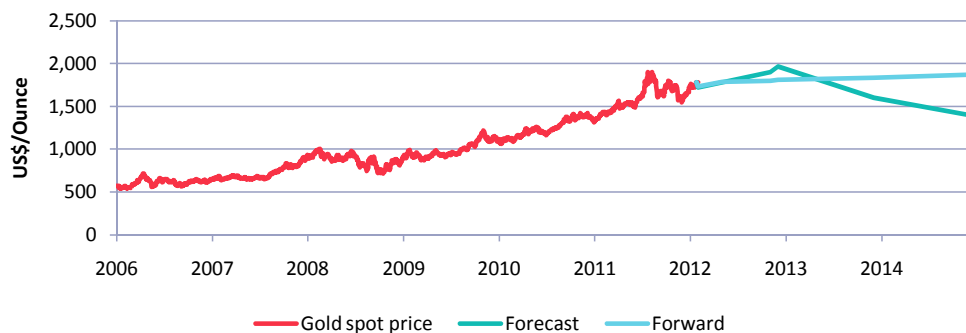
The price of gold fluctuates on a daily basis depending on global demand and supply factors. The price trend over the last two years is reflective of weak global economic conditions driving demand for gold for investment purposes. As can be seen in the graph below, the value of gold peaked at USD\$1,900 per ounce on 5 September 2011. This peak was largely caused by the recent debt market crisis in Europe, but it was also driven by the Standard and Poor's downgrade of the US credit rating.

This sent global stock markets tumbling and a flood of investors towards safer havens such as gold. Prices contracted in December 2011 reaching a low of USD\$1,545 per ounce however 2012 has seen the gold price recover to as high as USD\$1,784 during February 2012 before falling to USD\$1,572 during June 2012.



The current forward rate suggests that the price of gold will stabilise at current levels over the next three years. Nevertheless, growth in global money supply, U.S dollar depreciation and overall uncertainty in global financial markets may continue to drive investors toward using precious metals as a store of value. This could be further fuelled by the rapidly increasing appetite for precious metals from China.

Gold Spot Price



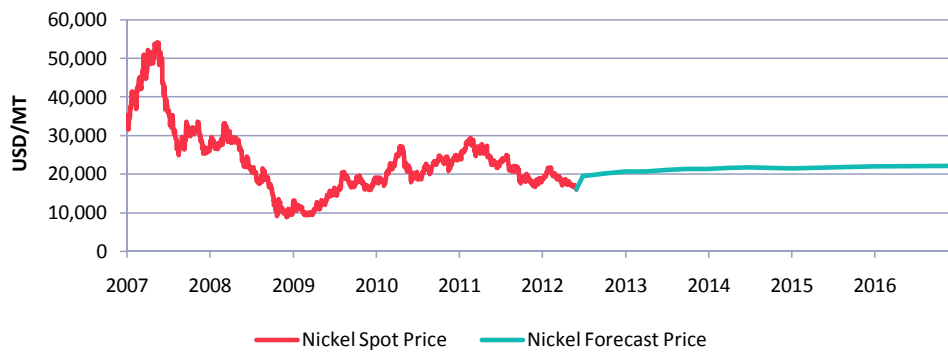
Source: Bloomberg and BDO Analysis

The global financial crisis has caused a great amount of uncertainty within the financial markets. Gold prices have experienced a large amount of volatility over the past twelve months which has led to a great deal of uncertainty over future prices. Although long term price forecasts show a downward trend, the consensus among analysts is that growth in the global money supply, US dollar depreciation and overall uncertainty in the global financial markets should continue to drive investors towards gold and other precious metals in the short run.

9.2 Nickel

Nickel is primarily used in the manufacturing of stainless steel products as it accounts for nearly two-thirds of the consumption of nickel worldwide. The global demand for stainless steel is currently being driven by the economic conditions in China. In 2011, China experienced an increase in stainless steel output of approximately 13.5% in comparison to an increase in output of 0.7% for the rest of the world. The graph below shows the fluctuations in nickel spot prices from 1 January 2007 through until 1 June 2012 as well as forecasts for nickel prices from 2012 onwards.

Nickel Spot Price

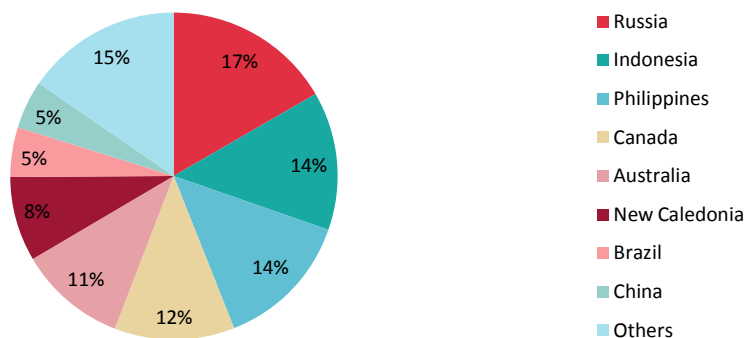


Source: Bloomberg and BDO Analysis

The above graph illustrates that nickel prices did not respond well during the economic recession in 2008. Following this period, there has been a general improvement in the health of the economy, which has seen the demand for nickel, as well as the price of nickel, increase. These prices are expected to marginally increase over 2012 however, it should be noted that there are fears than an overproduction in global stainless steel may lead to cutbacks in the demand for nickel. Furthermore, there are concerns regarding the appreciation of the Australian dollar against the US dollar, which may lead to a softening of nickel prices and revenues.

Nickel can be found in two different geological states, nickel sulphide and nickel laterite. The latter is associated with more complex mining processes and is therefore generally mined at newer mining sites. In Australia, approximately 80% of Nickel is mined from its nickel sulphide geological state. The chart below indicates that Australia was the fifth largest nickel producer in 2011.

Nickel Production 2011



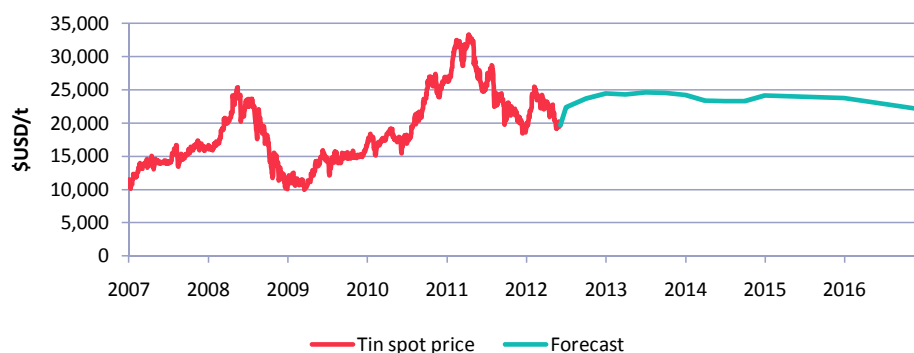
Source: Bloomberg and BDO Analysis

9.3 Tin

Tin is a non toxic metal that is easily recyclable and has several useful characteristics, some of them being a low melting point, malleability, resistance to corrosion and fatigue, and the ability to alloy with other metals. Tin is used in the production of tinplate used for food packaging, as an alloy for bearing metal and also as an alloy in metallic coatings. Tin is also used as an alloy for bearing metal and also as an alloy in metallic coatings. China, Peru and Indonesia are the world's leading tin producers.

The major uses of tin are in the production of solders, tinplate and chemicals, with tin also being used in brass, bronze and glass. China, Indonesia and Peru have the world's largest confirmed reserves and dominate world production. Over 75 percent of refined tin is produced by the top ten producers which are located in south-east Asia, China and South America. Growth in global demand is relatively robust and primarily driven by rapid increases in China and other parts of south-east Asia.

LME Tin Spot Price



Source: Bloomberg and BDO Analysis

Tin is traded on the London Metals Exchange ("LME") with prices generally set by the LME mechanism. The historical pricing of tin, observed on the LME, as well as forecast tin spot prices is shown in the graph above.

From our review of the forecast tin spot prices, prices are forecast to remain relatively stable over the next few years. The economic conditions in the tin market over recent years has been characterised by limited growth in excess supply and there is potential for supply shortages to arise on the back of future increases in demand from Asia and China in particular. Therefore the decreases in tin prices in the past year are not believed to be strongly correlated with issues relating to excess supply, but rather are reflective of an increase in risk averseness by investors due to the deterioration of the economic climate in the European zone.



10. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings (“FME”)
- Discounted cash flow (“DCF”)
- Quoted market price basis (“QMP”)
- Net asset value (“NAV”)
- Market based assessment

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

10.1 Valuation of Westgold Resources Ltd

In our assessment of the value of Westgold shares, we have chosen to employ the following methodologies:

- NAV approach as our primary method
- QMP approach as our secondary method.

We have chosen these methodologies for the following reasons:

- As Westgold is an exploration company, its core value is in the cash and mineral assets that it holds. In valuing Westgold’s mineral assets, we have relied on the independent specialist valuation performed by Behre Dolbear Australia Pty Limited (“Behre Dolbear”) in accordance with the Code of Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (“the Valmin Code”) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (“JORC Code”). We are satisfied with the valuation methodologies adopted by Behre Dolbear which we believe are in accordance with industry practices and compliant with the requirements of the Valmin Code. A copy of Behre Dolbear’s report is attached in Appendix 5.
- Westgold is listed on the ASX and this provides an indication of the market value where an observable market for the securities exists.
- Westgold does not generate regular trading income. Therefore there are no historic profits that could be used to represent future earnings. This means that the FME valuation is not appropriate.

10.2 Valuation of the Proposed Merged Entity

In our assessment of the value of the Proposed Merged Entity, we have chosen to employ the following methodologies:

- Sum-of-parts method, as our primary method, which estimates the market value of a company by separately valuing each asset and liability of the company. The value of each asset may be determined using different methods. The component parts of the Proposed Merged Entity are valued using NAV as our primary methodology.



- QMP as our secondary method, which analyses the trading activity of Westgold shares on the ASX following the announcement of the Share Scheme.

10.2.1 Sum-of-parts

We have employed the sum-of-parts method in estimating the fair market value of the Proposed Merged Entity by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration to the following:

- The adjusted net asset value of Westgold
- The value of the mineral assets of Metals X including:
 - A 50% interest in the Renison Tin Project including Mount Bischoff
 - A 50% interest in the Rentails Tin Project
 - The 100% interest in the Wingellina Project
- The value of other mining tenements held by Metals X
- The value of available-for-sale financial assets held by Metals X
- The value of other assets and liabilities of Metals X
- The resulting number of Shares upon completion of the Share Scheme.

In valuing Metals X's mineral assets, we have relied on the independent specialist valuation performed by Behre Dolbear in accordance with the Valmin Code and the JORC Code. We are satisfied with the valuation methodologies adopted by Behre Dolbear which we believe are in accordance with industry practices and compliant with the requirements of the Valmin Code. A copy of Behre Dolbear's report is attached in Appendix 5.

10.3 Valuation of Options

In our assessment of the value of both Westgold options and options to be issued in the Proposed Merged Entity, we have used the Black Scholes option pricing model. Under the option valuation theory, no discount is made to the fundamental value derived from the option valuation model for unlisted options over listed shares. Option pricing models assume that the exercise of an option does not affect the value of the underlying asset.

All assumptions regarding the inputs required for the option pricing model are set out in section 13.



11. Valuation of Westgold Resources Limited

11.1 Net Asset Valuation of Westgold on a diluted basis

The value of Westgold assets on a going concern basis is reflected in our valuation below:

Statement of Financial Position	Notes	Unaudited as at			
		30-Jun-12	Low value	Preferred value	High value
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents		3,680,012	3,680,012	3,680,012	3,680,012
Trade and other receivables		211,037	211,037	211,037	211,037
Other assets		17,032	17,032	17,032	17,032
Other financial assets		3,438,218	3,438,218	3,438,218	3,438,218
TOTAL CURRENT ASSETS		7,346,299	7,346,299	7,346,299	7,346,299
NON-CURRENT ASSETS					
Property, plant and equipment		1,096,601	1,096,601	1,096,601	1,096,601
Deferred exploration expenditure	(a)	106,244,632	176,300,000	194,100,000	215,100,000
TOTAL NON-CURRENT ASSETS		107,341,233	177,396,601	195,196,601	216,196,601
TOTAL ASSETS		114,687,532	184,742,900	202,542,900	223,542,900
CURRENT LIABILITIES					
Trade and other payables		3,866,181	3,866,181	3,866,181	3,866,181
Provisions		212,209	212,209	212,209	212,209
TOTAL CURRENT LIABILITIES		4,078,390	4,078,390	4,078,390	4,078,390
NON-CURRENT LIABILITIES					
Provisions		3,235,115	3,235,115	3,235,115	3,235,115
Interest bearing loans and borrowings		6,708	6,708	6,708	6,708
TOTAL NON-CURRENT LIABILITIES		3,241,823	3,241,823	3,241,823	3,241,823
TOTAL LIABILITIES		7,320,213	7,320,213	7,320,213	7,320,213
NET ASSETS		107,367,319	177,422,687	195,222,687	216,222,687
Shares on issue (number)	(b)	417,178,651	967,178,651	967,178,651	967,178,651
Value per share (\$)		\$0.257	\$0.183	\$0.202	\$0.224

We have been advised that there has not been a significant change in the net assets of Westgold since 30 June 2012. The table above indicates that the net asset value of a Westgold share is between \$0.183 and \$0.224, with a preferred value of \$0.202.



The following adjustments were made to the net assets of Westgold as at 30 June 2012 in arriving at our valuation.

Note a: Deferred exploration expenditure

We instructed Behre Dolbear to provide an independent market valuation of the mineral assets held by Westgold. The table below provides a summary of this valuation:

Westgold Resources Limited	Low value	Preferred value	High value
Mineral Asset Valuation - Behre Dolbear	\$m	\$m	\$m
Central Murchison Gold Project	65.20	94.70	125.10
Rover 1 Project	20.90	29.80	39.00
Explorer Projects	14.40	16.70	19.20
Exploration areas	1.00	1.70	3.70
Total	101.50	142.90	187.10

The table above indicates a range of values between \$101.5 million and \$187.1 million, with a preferred value of \$142.9 million.

Behre Dolbear considered a number of different valuation methods when valuing Westgold's mineral assets. Behre Dolbear relied on the yardstick approach to value the CMGP, utilising recent gold project transactions and the market capitalisations of companies with advanced gold projects in Australia as well as preparing a financial model for the CMGP based on the preliminary production and cost schedules being developed for the feasibility study in progress to obtain a DCF value. In valuing the Rover 1 and Explorer Projects, Behre Dolbear relied on the yardstick approach but also prepared a financial model based on the scoping study parameters to obtain a DCF value for the Rover 1 Project. For Westgold's additional exploration interests, in which some are 100% owned and some are joint ventures, Behre Dolbear has determined that the joint venture expenditure and/or exploration expenditure is the most relevant basis for valuation as a result of these interests being in a fairly early stage of exploration.

CMGP and Rover 1 Project

Behre Dolbear obtained a value for both the CMGP and Rover 1 Project utilising the DCF method. We consider this methodology to be the most appropriate based on the state of development of these projects. The Behre Dolbear value obtained for both the projects under the DCF method assumes all capital expenditure requirements are funded entirely by equity with no debt component. However, we understand that it is the current intention of the Company to fund both projects with a mix of debt and equity and this has been represented by the signing of a conditional agreement (with indicative terms and conditions) to mandate Credit Suisse AG to act exclusively as lead arranger for a project-secured loan facility in regard to the CMGP. We have been advised that the debt/equity ratio will be approximately 70% debt and 30% equity so have therefore re-valued both projects assuming this debt to equity ratio has been incorporated and assumed a cost of debt of 9% to give a resulting weighted average cost of capital of between 10.5% and 12.5% (see Appendix 4).

The table below provides a summary of the valuations of each project, including the revaluation of the CMGP and Rover 1 Project under the DCF method, incorporating the debt to equity ratio described above.



Westgold Resources Limited		Low value	Preferred value	High value
Mineral Asset Valuation		\$m	\$m	\$m
Central Murchison Gold Project		114.80	123.80	133.60
Rover 1 Project		46.10	51.90	58.50
Explorer Projects		14.40	16.70	19.20
Exploration areas		1.00	1.70	3.70
Total		176.30	194.10	215.10

The table above indicates a range of values between \$176.3 million and \$215.1 million, with a preferred value of \$194.1 million.

Note a: Shares on issue

In determining a valuation per share for Westgold, we applied the number of Westgold shares on issue of 417,178,651 prior to the Share Scheme and added the new shares that would be required to be issued in order to fund 30% of the initial capital expenditure for both the CMGP and Rover 1 Projects. As noted in the Behre Dolbear report at Appendix 5, the initial capital costs total approximately \$219 million for the CMGP and \$112 million for the Rover 1 Project. Therefore 30% of the initial capital expenditure required on both projects totals \$99 million. We have assumed that this amount will be funded through equity and have based the issue price on our QMP value of a Westgold share determined in section 11.3, which has a midpoint of \$0.18 per share. Therefore the total number of shares on issue has been increased by 550 million shares to 967,178,651. It is possible that such an equity raising would need to be undertaken at a discount to this price. The effect of this would be to dilute Shareholders further still. We have taken a conservative view and used \$0.18 which results in a higher value per share.

11.2 Net Asset Valuation of Westgold on an undiluted basis

For comparative purposes we have also valued Westgold on an undiluted basis. In order to do this we have adopted Behre Dolbear's valuation for all Westgold's assets but relied only on methods other than the DCF method. The other valuation methods adopted by Behre Dolbear assume a 100% ownership and do not require funding. The value of each of Westgold's mineral assets using this methodology is shown in the table below:

Westgold Resources Limited		Low value	Preferred value	High value
Mineral Asset Valuation - excluding DCF method		\$m	\$m	\$m
Central Murchison Gold Project		73.40	91.70	110.10
Rover 1 Project		17.50	20.40	23.40
Explorer Projects		13.60	15.70	17.80
Exploration areas		1.00	1.70	3.70
Total		105.50	129.50	155.10

We have included the above valuation of Westgold's mineral assets in our calculation of the net assets of Westgold as at 30 June 2012 and obtained a value per share using the shares on issue in Westgold of 417,178,651. The value per share on an undiluted basis is shown in the table below:



Westgold Resources Limited	Low value	Preferred value	High value
NAV per share - undiluted basis	\$	\$	\$
Other assets and liabilities	1,122,687	1,122,687	1,122,687
Deferred exploration expenditure	105,500,000	129,500,000	155,100,000
NET ASSETS	106,622,687	130,622,687	156,222,687
Shares on issue (number)	417,178,651	417,178,651	417,178,651
Value per share (\$)	\$0.256	\$0.313	\$0.374

The table above indicates that the net asset value of a Westgold share on an undiluted basis is between \$0.256 and \$0.374, with a preferred value of \$0.313.

11.3 Quoted Market Prices for Westgold Securities

To provide a comparison to the valuation of Westgold in sections 11.1 and 11.2, we have also assessed the QMP of a Westgold share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that when considering the value of a company's shares for the purposes of a control transaction the expert should consider the value of the company shares assuming 100% ownership of the target including a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction
- access to underlying cash flows
- control over dividend policies
- access to potential tax losses.

RG 111.13 states that the expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in section 15.

Therefore, our calculation of the QMP of a Westgold share including a premium for control has been prepared in two parts. The first part is to calculate the QMP on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a QMP value that includes a premium for control.

Minority interest value

Our analysis of the QMP of a Westgold share is based on the pricing prior to the announcement of the Share Scheme. This is because the value of a Westgold share after the announcement may include the market expectations of the post merger effects of the announcement of the Share Scheme. However, we have considered the value of a Westgold share following the announcement when we have considered reasonableness in section 15.

Westgold was in a trading halt from 10 May 2012 until 14 May 2012, which was the day information on the Share Scheme was announced to the market. Therefore, the following chart provides a summary of the



share price movement from 10 May 2011 to 9 May 2012, which was the last full trading day prior to the announcement.



Source: BDO Analysis and Bloomberg

The daily price of Westgold shares from 10 May 2011 has ranged from a low of \$0.145 on 9 May 2012 to a high of \$0.275 on 27 July 2011. On 13 February 2012 a total 7,088,591 Westgold shares were traded over the day being the highest volume of shares traded over the period reviewed. Of this total, Metals X purchased 6,474,291 shares on market to increase its holding in Westgold. This came immediately after the Company announced an increase in both its mineral resources and mining reserves at its CMGP and after it announced it had reached a non-binding conditional agreement with Credit Suisse AG to act as exclusive lead arranger to provide a project secured loan facility of up to \$80 million and an associated hedging facility to assist with the development of the CMGP.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement \$ (movement)	Closing Share Price 3 Days Post Announcement \$ (movement)
30-Apr-12	31 March 2012 quarterly report	0.18 (↓ 0%)	0.175 (▼ 3%)
24-Apr-12	Westgold secures Great Fingall Gold Mine	0.18 (↓ 0%)	0.18 (↓ 0%)
4-Apr-12	Rover 1 decline plan submitted	0.215 (↓ 0%)	0.19 (▼ 12%)
13-Feb-12	Response to ASX query	0.225 (▲ 13%)	0.215 (▼ 4%)
9-Feb-12	Debt funding mandate for Central Murchison Gold Project	0.20 (↓ 0%)	0.225 (▲ 13%)
7-Feb-12	Increase in reserves and resources at CMGP	0.20 (↓ 0%)	0.20 (↓ 0%)
30-Jan-12	31 December 2011 quarterly report	0.195 (↓ 0%)	0.195 (↓ 0%)



30-Nov-11	Initial Jim's Find resource boosts open pit prospects	0.20 (↔ 0%)	0.19 (▼ 5%)
25-Nov-11	Process engineering study awarded for Central Murchison	0.19 (▼ 3%)	0.20 (▲ 5%)
3-Nov-11	High grade gold intercepts at South Fingall	0.18 (↔ 0%)	0.19 (▲ 6%)
24-Oct-11	30 September 2011 quarterly report	0.19 (▼ 3%)	0.18 (▼ 5%)
14-Oct-11	Drilling confirms Jims Find prospect	0.20 (▲ 5%)	0.19 (▼ 5%)
28-Sept-11	Appointment of Chief Operating Officer	0.225 (▲ 13%)	0.20 (▼ 11%)
9-Sept-11	Strong initial results at CMGP and project update	0.25 (▲ 2%)	0.24 (▼ 4%)
29-Jul-11	30 June 2011 quarterly report	0.245 (▼ 4%)	0.255 (▲ 4%)
28-Jul-11	Rover 1 resource upgrade	0.255 (▼ 6%)	0.25 (▼ 2%)
1-Jun-11	Appointment of Managing Director and Board restructure	0.255 (↔ 0%)	0.255 (↔ 0%)

Source: BDO Analysis and Bloomberg

To provide further analysis of the market prices for a Westgold share, we have also considered the volume weighted average price ("VWAP") for 10, 30, 60 and 90 day periods to 9 May 2012.

	9 May 2012	10 Days	30 Days	60 Days	90 Days
Closing Price	\$0.165				
VWAP		\$0.170	\$0.176	\$0.190	\$0.213

Source: BDO Analysis and Bloomberg

The above VWAPs are prior to the date of the announcement of the Share Scheme, to avoid the influence of any change in the price of Westgold shares that has occurred since the Share Scheme was announced.

An analysis of the volume of trading in Westgold shares in the six months up until 9 May 2012 is set out below:

	Share price low	Share price high	Cumulative Volume traded	As a % of Issued capital
1 day	\$0.145	\$0.170	499,708	0.12%
10 days	\$0.145	\$0.180	1,589,160	0.38%
30 days	\$0.145	\$0.205	4,528,610	1.09%
60 days	\$0.145	\$0.240	7,185,663	1.72%
90 days	\$0.145	\$0.250	22,424,529	5.38%
180 days	\$0.145	\$0.250	35,036,914	8.40%

Source: BDO Analysis and Bloomberg



This table indicates that Westgold's shares display a low level of liquidity, with only 8.40% of Westgold's current issued capital being traded in a six month period. If we were to exclude the 112,539,730 shares held by Metals X from the calculation above, approximately 11.50% of Westgold's current issued capital has been traded in the six month period prior to the announcement. For the QMP methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities
- Approximately 1% of a company's securities are traded on a weekly basis
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

Our assessment is that a range of per share values for Westgold shares based on the QMP, after disregarding post announcement pricing, is between \$0.165 and \$0.195 with a midpoint of \$0.18.

Control Premium

We have reviewed control premiums paid by acquirers of gold mining companies, both listed and unlisted for the period from 2006 to 2011. We have summarised our findings below:

Transaction Period	Number of Transactions	Average Deal Value (AUD \$m)	Average Control Premium (%)
2011	3	147.93	46.74
2010	14	993.62	54.59
2009	15	114.5	23.38
2008	5	370.44	23.33
2007	13	245.05	25.73
2006	13	142.54	19.53
Total	63	335.68	32.22

Source: BDO Analysis and Bloomberg

We have reviewed the announced control premia paid by acquirers for target mining companies listed on the ASX since 2006. A summary of the control premia is noted in the table below:



Year	Number of Transactions	Average Deal Value (A\$m)	Average Control Premium (%)
2011	13	710.34	33.07
2010	29	665.30	40.80
2009	33	91.18	34.36
2008	8	591.43	38.87
2007	28	570.63	25.26
2006	29	174.63	22.26
	Median	581.03	33.71
	Mean	467.25	32.44

Source: BDO Analysis and Bloomberg

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets
- Nature and magnitude of discretionary expenses
- Perceived quality of existing management
- Nature and magnitude of business opportunities not currently being exploited
- Ability to integrate the acquiree into the acquirer's business
- Level of pre-announcement speculation of the transaction
- Level of liquidity in the trade of the acquiree's securities.

Based on the tables above, we observe that an average control premium of 32.22% has been paid when acquiring gold companies between 2006 and 2011. Across the general Australian mining industry, the average annual control premium paid for effective control transactions over 2006 to 2011 ranged between 22.26% and 40.8% with an average of 32.44%.

Taking the factors above into consideration in applying a control premium to Westgold's quoted market share price we believe an appropriate range to be 25% - 35% which is consistent with our analysis above.

QMP including control premium

Applying a control premium to Westgold's quoted market share price results in the following QMP value including a premium for control:

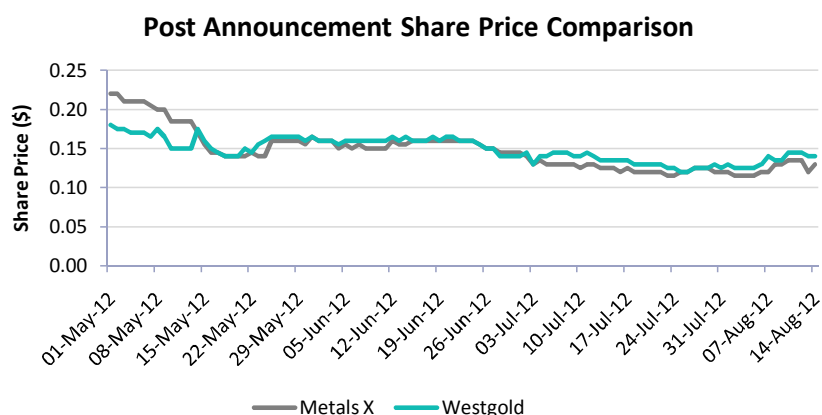
	Low	Mid	High
	\$	\$	\$
QMP value per share	0.165	0.180	0.195
Control premium	25%	30%	35%
QMP valuation including a premium for control	0.206	0.234	0.263



Therefore, our valuation of Westgold on a per share basis based on the QMP method and including a premium for control is between \$0.206 and \$0.263 with a midpoint of \$0.234.

Post announcement movement in share price

We have also analysed the share price movements of both Westgold and Metals X since the announcement of the Schemes on 14 May 2012, these movements are shown in the graph below:



Source: Bloomberg and BDO Analysis

We note that on the day of the announcement of the Schemes, Westgold's share price reached a high of \$0.185. Since that date Westgold's share price has gradually declined until 14 August 2012 where it closed at \$0.14. The graph above reflects that Metals X's share price has also gradually declined since the announcement of the Schemes. Metals X's share price closed at \$0.17 on the day of announcement and has gradually declined until 14 August 2012 where it closed at \$0.13. As discussed in section 11.4, we have based our valuation of Westgold on the NAV methodology. Therefore this decline in the share price of both Westgold and Metals X has no impact on our valuation or opinion.

11.4 Assessment of Westgold Value

The results of the valuations performed are summarised in the table below:

	Low	Preferred	High
	\$	\$	\$
NAV method - diluted basis (section 11.1)	0.183	0.202	0.224
NAV method - undiluted basis (section 11.2)	0.256	0.313	0.374
QMP method (section 11.3)	0.206	0.234	0.263



The NAV methodology is the most reliable for this purpose due to the core value of Westgold being in the exploration and development assets that it holds in its balance sheet, for which we have received an independent valuation.

From our analysis of the quoted market price of a Westgold share we note that 11.50% of the Company's issued capital (excluding Metals X's holding) had been traded in the six months up until the date of announcement, which represents a low level of liquidity. We also note that in the same period, Westgold shares have traded between a low of \$0.145 and a high of \$0.25 on a minority interest basis. Due to the range of trading values of a Westgold share and the low level of liquidity we consider that the QMP methodology is not as reliable as the NAV methodology in determining the value of a Westgold share. We have therefore based our valuation of a Westgold share on the NAV methodology.

We consider that the most appropriate scenario to use to determine if the Share Scheme is fair is the diluted basis. This basis assumes that the CMGP and the Rover 1 Projects are progressed to production and the full value of each of these projects will be realised by Shareholders. As it is the intention of the Company to progress both these projects to production and that one of the key reasons for the Share Scheme, as outlined in the Scheme Booklet, is that Metals X has funds and can use these funds to assist the funding of Westgold which may include funds being used in the development of both the CMGP and Rover 1 Project we believe that our fairness assessment should be based on the diluted scenario.

Under the proposed Share Scheme, the Westgold shareholders will receive 11 Metals X shares in consideration for every 10 Westgold shares they hold. Therefore, the value of 10 Westgold shares on a diluted and undiluted basis is as follows:

	Low \$	Preferred \$	High \$
Value per share of Westgold - diluted basis (preferred value)	0.183	0.202	0.224
Value of 10 shares of Westgold - diluted basis (preferred value)	1.83	2.02	2.24
Value per share of Westgold - undiluted basis	0.256	0.313	0.374
Value of 10 shares of Westgold - undiluted basis	2.56	3.13	3.74



12. Valuation of Proposed Merged Entity

In valuing a share in the Proposed Merged Entity, we have considered:

- The sum-of-parts method including the following valuation components:
 - The adjusted net asset value of Westgold
 - The mineral assets of Metals X
 - The value of available-for-sale financial assets of Metals X
 - The value of other assets and liabilities of Metals X.
- A discount for a minority interest
- The resulting number of Shares upon completion of the Share Scheme
- The trading activity of Westgold shares on the ASX following the announcement of the Share Scheme.

12.1 Sum-of-parts method on a diluted basis

The value of the Proposed Merged Entity derived from the sum-of-parts method on a diluted basis is summarised below:

	Section	Low value \$	Preferred value \$	High value \$
Fair market value of Westgold	11.1	177,422,687	195,222,687	216,222,687
Fair market value of Metals X				
Minerals assets	12.1.1	261,950,000	330,950,000	400,100,000
Available-for-sale financial assets	12.1.2	34,245,639	34,630,898	35,016,158
Other assets and liabilities	12.1.3	74,538,835	74,538,835	74,538,835
		370,734,474	440,119,733	509,654,993
Total fair market value of Proposed Merged Entity		548,157,161	635,342,420	725,877,680
Discount for minority interest	12.1.4	20%	23%	26%
Total fair market value of Proposed Merged Entity (minority interest basis)		438,525,729	489,213,664	537,149,483
Shares on issue (number)	12.1.5	2,201,766,070	2,201,766,070	2,201,766,070
Value per share (\$)		\$ 0.199	\$ 0.222	\$ 0.244

12.1.1 Mineral assets of Metals X

In valuing the mineral assets of Metals X, we have instructed Behre Dolbear to provide us with an independent specialist report. The range of value for Metals X's mineral assets is set out below:



Metals X Limited	Low value	Preferred value	High value
Mineral Asset Valuation - Behre Dolbear	\$m	\$m	\$m
Renison (50% interest)	88.20	111.30	135.30
Mt Bischoff (50% interest)	2.20	2.70	3.20
Rentails Project (50% interest)	23.00	30.90	39.10
Wingellina Nickel Project	170.10	266.60	363.20
Claude Hills	2.70	4.80	6.90
Collingwood	2.00	4.00	5.00
Total	288.30	420.30	552.60

The table above indicates a range of values between \$288.3 million and \$552.6 million, with a preferred value of \$420.3 million.

Behre Dolbear considered a number of different valuation methods when valuing Metals X's mineral assets. In valuing Metals X's 50% interest in the operating Renison Tin Project, Behre Dolbear has primarily relied on the DCF method while also taking into account the previous transaction entered into during December 2010 which involved the sale of an interest in the Tasmanian tin assets. A value for the Mount Bischoff Project was also derived under the DCF method by determining the incremental value of the Renison Tin Project attributed to processing the Mount Bischoff ore at the end of the Renison mine life while also considering the December 2010 sale and the yardstick methodology. A value for the Rentails Tin Project has been determined utilising the DCF methodology as well as the yardstick approach while Behre Dolbear has utilised a range of methods to derive a valuation for the Wingellina Project primarily using the DCF method, the comparable transaction yardstick method and also relying on previous independent expert valuations. For the other exploration areas owned by Metals X, Behre Dolbear considered the yardstick method as the most appropriate.

Wingellina Project

Behre Dolbear valued the Wingellina Project using the average of the valuation approaches shown below:

Metals X Limited	Low value	Preferred value	High value
Wingellina Nickel Project	\$m	\$m	\$m
Yardstick - Transactions	135.3	169.2	203.0
DCF method	222.7	445.4	668.1
Independent Valuation	152.2	185.3	218.4
	170.1	266.6	363.2

In deriving a valuation for the Wingellina Project under the DCF method, Behre Dolbear has assumed the required initial capital expenditure will total \$2,524.7 million. Behre Dolbear's DCF valuation assumes that the project is financed 100% by equity. Given the large level of funding required, we consider that the Company will not be able to fund the project by itself. A likely avenue available, in order to progress the project, is through a farm-in partner who could potentially take an approximate 70% to 80% interest in the project. If this were to occur it would leave the shareholders with a significantly diluted interest in the project which may be as little as 20%. The residual value to Shareholders would then be less than the values derived by other methodologies which represent 100% interests. Therefore, we have excluded the DCF method in our valuation and taken the average of the other two valuation methods which provides the following valuation range for the Wingellina Project:



Metals X Limited	Low value	Preferred value	High value
Wingellina Nickel Project	\$m	\$m	\$m
Yardstick - Transactions	135.3	169.2	203.0
Independent Valuation	152.2	185.3	218.4
	143.75	177.25	210.70

Therefore if we incorporate the above valuation of the Wingellina Project into the valuations of Metals X's other projects the range of value for Metals X's mineral assets will be as follows:

Metals X Limited	Low value	Preferred value	High value
Mineral Asset Valuation	\$m	\$m	\$m
Renison (50% interest)	88.20	111.30	135.30
Mt Bischoff (50% interest)	2.20	2.70	3.20
Rentails Project (50% interest)	23.00	30.90	39.10
Wingellina Nickel Project	143.75	177.25	210.70
Claude Hills	2.70	4.80	6.90
Collingwood	2.00	4.00	5.00
Total	261.95	330.95	400.10

12.1.2 Financial assets of Metals X

As at 30 June 2012 Metals X held a number of financial assets, being shares in ASX listed companies, which we have valued as shown below:

Metals X Limited	Low value	Preferred value	High value
Financial assets	\$	\$	\$
Aziana Limited	4,515,472	4,766,331	5,017,191
Independence Group NL	23,086,170	23,086,170	23,086,170
Mongolian Resource Corporation Limited	2,419,200	2,553,600	2,688,000
Reed Resources Limited	4,224,797	4,224,797	4,224,797
Total	34,245,639	34,630,898	35,016,158

Metals X purchased approximately 21.1 million shares in Reed Resources Limited at the end of June 2012. Due to this acquisition being close to the date of our report we have valued this investment, across all scenarios, at the purchase price of \$4.2 million. For the other investments our high value has been determined based on the 30 day VWAP of each investment up until 29 June 2012. We have reduced the preferred value and low value by 5% and 10% respectively for both Aziana Limited and Mongolian Resource Corporation Limited due to Metals X holding greater than 15% of the issued capital in each company. We consider that it is appropriate to discount the 30 day VWAP values for both Aziana Limited and Mongolian Resource Corporation Limited due to the reduced marketability of these investments as a result of the size of each holding. Metals X holds approximately 2.9% of Independence Group NL so we do not consider it necessary to discount the 30 day VWAP value.



12.1.3 Other assets and liabilities of Metals X

Based on the financial position of Metals X as at 30 June 2012, the value of its other assets and liabilities are:

Metals X Limited	
Other assets and liabilities	
	\$
Net assets as at 30 June 2012	212,823,753
Less:	
Available-for-sale financial assets	(29,689,236)
Investment in associates*	(19,839,153)
Mine properties and development costs	(87,080,628)
Exploration and evaluation expenditure	(1,675,901)
Adjusted net other assets and liabilities as at 30 June 2012	74,538,835

* The majority of this balance relates to Metals X's investment in Westgold. If the Share Scheme is implemented this investment will be eliminated upon consolidation. The remaining balance relates to Metals X's investment in Aziana Limited. This has been revalued at section 12.1.2.

We have been advised that there has not been a significant change in the net assets of Metals X since 30 June 2012. In view of the nature of the other assets and liabilities of Metals X, we have assumed that the accounting value reflects the fair market values of Metals X's other assets and liabilities.

12.1.4 Discount for minority interest

The value of the Proposed Merged Entity derived from the sum-of-parts method is reflective of a controlling interest. This suggests that the acquirer obtains an interest in the company which allows them to have an individual influence in the operations and value of that company. However, if the Share Scheme is approved Westgold shareholders will become minority holders of shares in the Proposed Merged Entity, meaning that their individual holding will not be considered significant enough to have an individual influence in the operations and value of that company.

Therefore, we have adjusted our valuation of a share in the Proposed Merged Entity to reflect a minority interest holding.

A minority interest discount is the inverse of a premium for control. As discussed in section 11.3, we determined that an appropriate premium for control, based on our analysis, is within the range of 25% - 35%. We note that Metals X currently holds 26.98% of the issued capital of Westgold and consider that a reasonable range for a minority interest discount to be between 20% - 26%.

12.1.5 Shares on issue

In determining a valuation per share for the Proposed Merged Entity, we applied the number of shares that will be on issue after the implementation of the Share Scheme, being 1,651,766,070, and added the new shares that would be required to be issued in order to fund 30% of the initial capital expenditure for both the CMGP and Rover 1 Project. As noted in the section 11.1, total initial capital expenditure required on both projects totals \$331 million of which approximately \$99 million will be funded through equity. For comparative purposes we have assumed the same issue price of \$0.18 per share which therefore increases the total number of shares on issue in the Proposed Merged Entity by 550 million shares to 2,201,766,070.



12.2 Sum-of-parts method on an undiluted basis

For comparative purposes we have also valued the Proposed Merged Entity on an undiluted basis. In order to do this we have included the fair market value of Westgold as determined in section 11.2 and calculated the value per share using the total number of shares on issue on an undiluted basis, being 1,651,766,070. The value per share on an undiluted basis is shown in the table below:

		Low value	Preferred value	High value
	Section	\$	\$	\$
Fair market value of Westgold on undiluted basis	11.2	106,622,687	130,622,687	156,222,687
Fair market value of Metals X				
Minerals assets	12.1.1	261,950,000	330,950,000	400,100,000
Available-for-sale financial assets	12.1.2	34,245,639	34,630,898	35,016,158
Other assets and liabilities	12.1.3	74,538,835	74,538,835	74,538,835
		370,734,474	440,119,733	509,654,993
Total fair market value of Proposed Merged Entity		477,357,161	570,742,420	665,877,680
Discount for minority interest	12.1.4	20%	23%	26%
Total fair market value of Proposed Merged Entity (minority interest basis)		381,885,729	439,471,664	492,749,483
Shares on issue (number)	12.1.5	1,651,766,070	1,651,766,070	1,651,766,070
Value per share (\$)		\$ 0.231	\$ 0.266	\$ 0.298

12.3 Assessment of Proposed Merged Entity Value

The results of the valuation performed under the sum-of-parts method is summarised in the table below:

	Low	Preferred	High
	\$	\$	\$
Value per share of Proposed Merged Entity - diluted basis	0.199	0.222	0.244
Value of 11 shares in Proposed Merged Entity - diluted basis	2.19	2.44	2.68
Value per share of Proposed Merged Entity - undiluted basis	0.231	0.266	0.298
Value of 11 shares in Proposed Merged Entity - undiluted basis	2.54	2.93	3.28



13. Valuation of Options

13.1 Assessment of Westgold Options

The terms of the Westgold Options can be found in Appendix 3.

Valuation Methodology

We have used the Black Scholes option pricing model to calculate the value of the Westgold Options.

Under option valuation theory, no discount is made to the fundamental value derived from the option valuation model for unlisted options over listed shares. Option pricing models assume that the exercise of an option does not affect the value of the underlying asset.

In valuing the Westgold Options, we made the following assumptions regarding the inputs required for our option pricing model.

Value of the Underlying Shares

As this is a control transaction we have used the value of a Westgold share on a control basis (ie incorporating a premium for control) as an input to our valuation of the Westgold options.

Based on our assessment of the value of a Westgold share under the undiluted scenario in section 11.4, we have used \$0.313 as the underlying share price in valuing the Westgold Options as this reflects the current position of Westgold optionholders.

Exercise Price of the Options

The exercise price is the price at which the underlying ordinary shares will be issued. The exercise price for the Options are set out in Appendix 3.

Valuation Date

We have valued the Options as at 9 May 2012, being the last full trading day before the announcement of the Share Scheme.

Life of the Options

We have estimated the life of the Proposed Merged Entity Options for the purpose of our valuation. The minimum life of an option is the length of any vesting period. The maximum life is based on the expiry date, which is the remaining term of an option from the valuation date of the options to the expiry date. The expiry dates for the Options are set out in Appendix 3.

There are many factors that determine the rationale for exercising options and therefore, the effective life of those options. Some of these factors include:

There is a limited track record of unlisted options being exercised early. Generally, early exercise occurs:

- If the options are deep in the money as it is profitable for the holder of the option to exercise the options
- If the stock pays a dividend as the opportunity cost of holding the option is high
- If the volatility of the underlying share price is low as the probability of the options becoming deeper in the money is low relative to a highly volatile stock



- When the options are held by junior level employees. Senior employees are more likely to continue their employment with the company and therefore there is no incentive to exercise their options.

For the purpose of this valuation, we have assumed an exercise date as the expiry date. The time to expiry for each tranche, which we have input into the Black Scholes option pricing model, is set out in Appendix 3.

Expected Volatility of the Share Price

Expected volatility is a measure of the amount by which a price is expected to fluctuate during a period. The measure of volatility used in option pricing models is the annualised standard deviation of the continuously compounded rates of return on the share over a period of time.

Many techniques can be applied in determining volatility, with a summary of the methods we use below:

- The square root of the mean of the squared deviations of closing prices from a sample. This can be calculated using a combination of the opening, high, low, and closing share prices each day the underlying security trades for all days in the sample time period chosen
- The exponential weighted moving average model adopts the closing share price of the Company in a given time period. The model estimates a smoothing constant using the maximum likelihood method, which estimates volatility assuming that volatility is not a constant measure and is predicted to change in the future
- The generalised autoregressive conditional heteroscedasticity model. This model takes into account periods of time where volatility may be higher than normal and/or lower than normal, as well as the tendency for the volatility to run at its long run average level after such periods of abnormality. The model will calculate the rate at which this is likely to occur from the sample of prices thereby enabling estimates of future volatility by time to be made.

The recent volatility of the share price of Westgold was calculated over one, two, three and four year periods up until 9 May 2012, using data extracted from Bloomberg. On this basis, we used a future estimated volatility level of 70% for Westgold in our pricing model.

Risk-Free Rate of Interest

We have used the Australian Government two-year bond rate of 2.69% as at the valuation date as the input to our option pricing model.

Dividends Expected on the Shares

Westgold is not expected to pay a dividend during the life of the Options.

Conclusion

We set out below our conclusions as to the value of the Westgold Options on a control basis:



Westgold Options (Tranches)	Value per Westgold Option	Value of 10 Westgold Options
Tranche A	\$ 0.026	\$ 0.260
Tranche B	\$ 0.110	\$ 1.100
Tranche C	\$ 0.122	\$ 1.220
Tranche D	\$ 0.133	\$ 1.330
Tranche E	\$ 0.153	\$ 1.530
Tranche F	\$ 0.160	\$ 1.600
Tranche G	\$ 0.112	\$ 1.120
Tranche H	\$ 0.165	\$ 1.650
Tranche I	\$ 0.136	\$ 1.360
Tranche J	\$ 0.139	\$ 1.390
Tranche K	\$ 0.165	\$ 1.650

13.2 Assessment of Proposed Merged Entity Options

The terms of the Proposed Merged Entity Options can be found in Appendix 3.

Valuation Methodology

We have used the Black Scholes option pricing model to calculate the value of the Proposed Merged Entity Options.

Under option valuation theory, no discount is made to the fundamental value derived from the option valuation model for unlisted options over listed shares. Option pricing models assume that the exercise of an option does not affect the value of the underlying asset.

In valuing the Proposed Merged Entity Options, we made the following assumptions regarding the inputs required for our option pricing model.

Value of the Underlying Shares

Optionholders will be receiving options which, when exercised, will mean they will receive a minority holding in the Proposed Merged Entity.

Based on our assessment of the value of a Proposed Merged Entity share under the undiluted scenario in section 12.3, we have used \$0.266 as the underlying share price in valuing the Proposed Merged Entity Options as this has been determined to be our preferred value of a Proposed Merged Entity share on this basis, after applying a minority discount.

Exercise Price of the Options

The exercise price is the price at which the underlying ordinary shares will be issued. The exercise price of the Proposed Merged Entity Options has been determined to be 10/11ths of the corresponding Westgold options exercise price. The exercise prices for the Proposed Merged Entity Options are set out in Appendix 3.



Valuation Date

We have valued the options as at 9 May 2012, being the last full trading day before the announcement of the Share Scheme.

Life of the Options

We have estimated the life of the Proposed Merged Entity Options for the purpose of our valuation. The minimum life of an option is the length of any vesting period. The maximum life is based on the expiry date, which is the remaining term of an option from the valuation date of the options to the expiry date. The expiry dates for the Options are set out in Appendix 3.

There are many factors that determine the rationale for exercising options and therefore, the effective life of those options. Some of these factors include:

There is a limited track record of unlisted options being exercised early. Generally, early exercise occurs:

- If the options are deep in the money as it is profitable for the holder of the option to exercise the options
- If the stock pays a dividend as the opportunity cost of holding the option is high
- If the volatility of the underlying share price is low as the probability of the options becoming deeper in the money is low relative to a highly volatile stock
- When the options are held by junior level employees. Senior employees are more likely to continue their employment with the company and therefore there is no incentive to exercise their options.

For the purpose of this valuation, we have assumed an exercise date as the expiry date. The time to expiry for each tranche, which we have input into the Black Scholes option pricing model, is set out in Appendix 3.

Expected Volatility of the Share Price

Expected volatility is a measure of the amount by which a price is expected to fluctuate during a period. The measure of volatility used in option pricing models is the annualised standard deviation of the continuously compounded rates of return on the share over a period of time.

Many techniques can be applied in determining volatility, with a summary of the methods we use below:

- The square root of the mean of the squared deviations of closing prices from a sample. This can be calculated using a combination of the opening, high, low, and closing share prices each day the underlying security trades for all days in the sample time period chosen
- The exponential weighted moving average model adopts the closing share price of the Company in a given time period. The model estimates a smoothing constant using the maximum likelihood method, which estimates volatility assuming that volatility is not a constant measure and is predicted to change in the future
- The generalised autoregressive conditional heteroscedasticity model. This model takes into account periods of time where volatility may be higher than normal and/or lower than normal, as well as the tendency for the volatility to run at its long run average level after such periods of



abnormality. The model will calculate the rate at which this is likely to occur from the sample of prices thereby enabling estimates of future volatility by time to be made.

In determining the volatility of the Proposed Merged Entity we have assessed the volatility of both Westgold and Metals X. As discussed in section 13.2, we used a future estimated volatility level of 70% for Westgold. We obtained the recent volatility of the share price of Metals X for one, two, three and four year periods up until 9 May 2012, using data extracted from Bloomberg. On this basis, we have calculated a future estimated volatility level of 60% for Metals X. Therefore, we have assumed that the future estimated volatility of the Proposed Merged Entity is between these two values and have therefore adopted 65% for our pricing model. The volatility of the Proposed Merged Entity is assumed to be lower than the volatility of Westgold.

Risk-Free Rate of Interest

We have used the Australian Government two-year bond rate of 2.69% as at the valuation date as the input to our option pricing model.

Dividends Expected on the Shares

The Proposed Merged Entity is not expected to pay a dividend during the life of the Options.

Conclusion

We set out below our conclusions as to the value of the Proposed Merged Entity Options after applying a minority discount:

Proposed Merged Entity Options (Tranches)	Value per Proposed Merged Entity Option	Value per 11 Proposed Merged Entity Options
Tranche A	\$ 0.015	\$ 0.165
Tranche B	\$ 0.080	\$ 0.880
Tranche C	\$ 0.093	\$ 1.023
Tranche D	\$ 0.102	\$ 1.122
Tranche E	\$ 0.119	\$ 1.309
Tranche F	\$ 0.125	\$ 1.375
Tranche G	\$ 0.083	\$ 0.913
Tranche H	\$ 0.129	\$ 1.419
Tranche I	\$ 0.103	\$ 1.133
Tranche J	\$ 0.106	\$ 1.166
Tranche K	\$ 0.129	\$ 1.419



14. Are the Schemes fair?

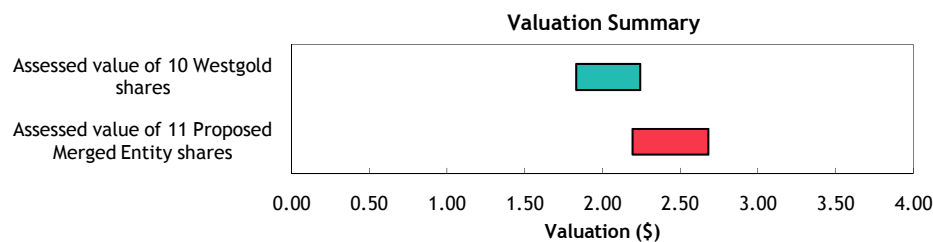
14.1 Shareholders

Diluted basis

A comparison between the value of 10 Westgold shares prior to the implementation of the Share Scheme and 11 shares in the Proposed Merged Entity on a diluted basis is shown below:

Share Scheme	Ref	Low \$	Preferred \$	High \$
Value of 10 Westgold shares - diluted basis	11.4	1.83	2.02	2.24
Value of 11 Proposed Merged Entity shares - diluted basis	12.3	2.19	2.44	2.68

The above valuation ranges are shown graphically below:

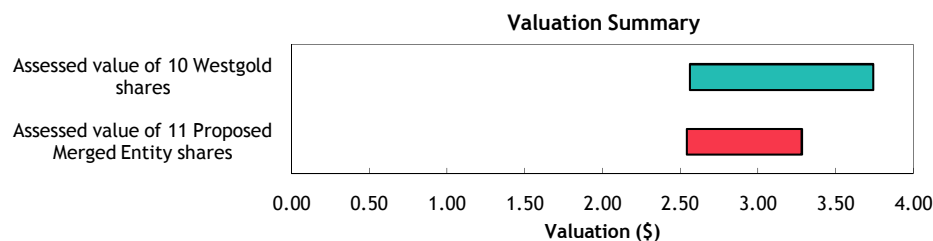


Undiluted basis

A comparison between the value of 10 Westgold shares prior to the implementation of the Share Scheme and 11 shares in the Proposed Merged Entity on an undiluted basis is shown below:

Share Scheme	Ref	Low \$	Preferred \$	High \$
Value of 10 Westgold shares - undiluted basis	11.4	2.56	3.13	3.74
Value of 11 Proposed Merged Entity shares - undiluted basis	12.3	2.54	2.93	3.28

The above valuation ranges are shown graphically below:





In our assessment of fairness of the Share Scheme we have looked at two scenarios. The first scenario is on a diluted basis and assumes that in order to develop both the CMGP and Rover 1 Projects approximately \$99 million will be required to be raised in equity in order to obtain 30% of the initial capital expenditure required to progress both projects. For these purposes we have assumed the remaining 70% will be obtained through a debt facility. For comparative purposes we have shown the effect of these funds being raised either in Westgold, prior to the Share Scheme being implemented, or being raised in the Proposed Merged Entity. On this basis we consider that the Share Scheme is fair as the value of 11 shares in the Proposed Merged Entity is greater than the value of 10 shares in Westgold.

The second scenario is on an undiluted basis. This scenario assumes that no funds are raised in either Westgold or the Proposed Merged Entity and therefore uses the alternative valuation methods, excluding the DCF method to value Westgold's CMGP and Rover 1 Project. Under this scenario neither the CMGP nor the Rover 1 Project will be progressed to production and therefore the value of each project obtained under the DCF method cannot be used. On this basis we consider that the Share Scheme would be not fair as on balance the value of 11 shares in the Proposed Merged Entity is less than the value of 10 shares in Westgold. However, for over much of our value ranges the Share Scheme could be considered to be fair.

We consider that the most appropriate scenario to use to determine if the Share Scheme is fair is the diluted basis. This basis assumes that the CMGP and the Rover 1 Project are progressed to production and the full value of each of these projects will be realised by Shareholders. As it is the intention of the Company to progress both these projects to production and that one of the key reasons for the Share Scheme, as outlined in the Scheme Booklet, is that Metals X has funds and can use these funds to assist the funding of Westgold which may include funds being used in the development of both the CMGP and Rover 1 Project we believe that our fairness assessment should be based on the diluted scenario.

RG111.31 requires us to make this comparison between the value of the securities offered, being 11 shares in the Proposed Merged Entity (allowing for a minority discount), and the value of the target securities, being 10 Westgold shares, assuming 100% of the securities are available for sale. This comparison reflects the fact that:

- The acquirer is obtaining or increasing control in the target; and
- The security holders of the target will be receiving scrip constituting minority interests in the acquirer.

In our assessment of the value range of 10 Westgold shares we have included a premium for control as required under RG111.11 (b), which we have determined to be within a range of 25% - 35%. In determining the value range of 11 shares in the Proposed Merged Entity to be received as consideration, we have taken into account a minority interest discount, as required under RG111.31, which we determined to be within a range of 20% - 26%.

For the information of Shareholders we have also provided a comparison on a 'like for like' basis of 10 Westgold shares on a minority basis and 11 Proposed Merged Entity shares on a minority basis. We have therefore also calculated the value of 10 Westgold shares excluding a premium for control. To do this we have deducted a minority interest discount of 20% - 26% and the resulting value range is shown in the tables below on both a diluted and undiluted basis:



Diluted basis

Share Scheme	Low \$	Preferred \$	High \$
Value of 10 Westgold shares (excluding control premium) - diluted basis	1.47	1.55	1.65
Value of 11 Proposed Merged Entity shares - diluted basis	2.19	2.44	2.68

Undiluted basis

Share Scheme	Low \$	Preferred \$	High \$
Value of 10 Westgold shares (excluding control premium) - undiluted basis	2.04	2.41	2.77
Value of 11 Proposed Merged Entity shares - undiluted basis	2.54	2.93	3.28

In our opinion the Share Scheme is fair for the Shareholders of Westgold.



14.2 Optionholders

A comparison between the value of 10 Westgold options prior to the implementation of the Option Scheme and 11 options in the Proposed Merged Entity is shown below:

Option Scheme Tranches	Value of 10 Westgold Options \$	Value of 11 Proposed Merged Entity Options \$	Premium/(Discount) \$
Tranche A	0.260	0.165	(0.095)
Tranche B	1.100	0.880	(0.220)
Tranche C	1.220	1.023	(0.197)
Tranche D	1.330	1.122	(0.208)
Tranche E	1.530	1.309	(0.221)
Tranche F	1.600	1.375	(0.225)
Tranche G	1.120	0.913	(0.207)
Tranche H	1.650	1.419	(0.231)
Tranche I	1.360	1.133	(0.227)
Tranche J	1.390	1.166	(0.224)
Tranche K	1.650	1.419	(0.231)

As shown in the table above, the value of 11 Proposed Merged Entity options received as consideration under the Option Scheme to Optionholders is less than the value of 10 Westgold options prior to the implementation of the Option Scheme in all tranches. Therefore, we conclude that the Option Scheme is not fair for Optionholders.

As for the Share Scheme, the comparison above is made between the value of the options being offered in the Proposed Merged Entity after allowing for a minority discount in the underlying shares and the value of Westgold options on a control basis.

For the information of Optionholders we have set out below the same comparison but including the value of Westgold options on a minority basis (I.e. after deducting a minority discount).



Option Scheme Tranches	Value of 10 Westgold Options (on a minority basis) \$	Value of 11 Proposed Merged Entity Options \$	Premium/(Discount) \$
Tranche A	0.080	0.165	0.085
Tranche B	0.690	0.880	0.190
Tranche C	0.650	1.023	0.373
Tranche D	0.740	1.122	0.382
Tranche E	0.960	1.309	0.349
Tranche F	1.020	1.375	0.355
Tranche G	0.660	0.913	0.253
Tranche H	1.080	1.419	0.339
Tranche I	0.850	1.133	0.283
Tranche J	0.880	1.166	0.286
Tranche K	1.090	1.419	0.329



15. Are the Schemes reasonable?

15.1 Advantages of Approving the Schemes

The implementation of the Schemes is expected to bring a number of benefits to Westgold Shareholders and Optionholders as well as to the Proposed Merged Entity as a combined group. We set out the key advantages below.

15.1.1 The Share Scheme is fair

As set out in section 14.1, the Share Scheme is fair. RG 111 states that an offer is reasonable if it is fair.

In our assessment of fairness of the Share Scheme we have looked at two scenarios. The first scenario is on a diluted basis and assumes that in order to develop both the CMGP and Rover 1 Projects approximately \$99 million will be required to be raised in equity in order to obtain 30% of the initial capital expenditure required to progress both projects. For these purposes we have assumed the remaining 70% will be obtained through a debt facility. For comparative purposes we have showed the effect of these funds being raised either in Westgold, prior to the Share Scheme being implemented, or being raised in the Proposed Merged Entity. On this basis we consider that the Share Scheme is fair as the value of 11 shares in the Proposed Merged Entity is greater than the value of 10 shares in Westgold.

The second scenario is on an undiluted basis. This scenario assumes that no funds are raised in either Westgold or the Proposed Merged Entity and therefore uses the alternative valuation methods, excluding the DCF method to value Westgold's CMGP and Rover 1 Projects. Under this scenario neither the CMGP nor the Rover 1 Project will be progressed to production and therefore the value of each project obtained under the DCF method cannot be used. On this basis we consider that the Share Scheme would be not fair as on balance the value of 11 shares in the Proposed Merged Entity is less than the value of 10 shares in Westgold. However, there is a considerable overlap in values over much of our value ranges such that the Share Scheme could be considered to be fair.

We consider that the most appropriate scenario to use to determine if the Share Scheme is fair is the diluted basis. This basis assumes that the CMGP and the Rover 1 Project are progressed to production and the full value of each of these projects will be realised by Shareholders. As it is the intention of the Company to progress both these projects to production and that one of the key reasons for the Share Scheme, as outlined in the Scheme Booklet, is that Metals X has funds and can use these funds to assist the funding of Westgold, which may include funds being used in the development of both the CMGP and Rover 1 Project, we believe that our fairness assessment should be based on the diluted scenario.

15.1.2 Creation of a combined group with a stronger position

The implementation of the Schemes will bring about a combined group with a stronger financial position with a combined:

- Cash of over \$49 million (including cash backed security bonds)
- Investments of over \$30 million in ASX listed entities
- Market capitalisation based on ASX closing price of Metals X on 14 August 2012 of approximately \$215 million.

The strong cash position (\$43 million from funds held by Metals X) will enable the Proposed Merged Entity to be well financed through the next phase of exploration and will provide an opportunity to further



develop the CMGP and Rover 1 Project. It will also provide the Proposed Merged Entity with the ability to pursue future growth opportunities when they arise. The Metals X Directors have also indicated that no cash in the Proposed Merged Entity, which has been contributed by Westgold will be used to fund Metals X projects and that there is the potential that some of the funds in the Proposed Merged Entity, which have been contributed by Metals X, may be used to fund Westgold's projects. Therefore Shareholders are not considered to be worse off if the Share Scheme is implemented. We note that any funds contributed by Metals X to further progress the CMGP and Rover 1 Project will also reduce the dilutionary impact for Shareholders in the Proposed Merged Entity.

Although the cash position in the Proposed Merged Entity will not be sufficient to fund all projects, a stronger financial position and increased market capitalisation is expected to give the Proposed Merged Entity increased media coverage, a greater ability to obtain debt and equity finance, including an increased level of investment interest in the financial markets and possibly an access to a wider range of investors. These characteristics, which may otherwise not be available to Westgold without the implementation of the Share Scheme, are likely to increase the ability to further develop the CMGP and Rover 1 Project under the Proposed Merged Entity.

The creation of a combined group with a stronger position will also benefit Optionholders when they exercise their Metals X options. The stronger position provides greater upside potential for Optionholders in the future, although it should be recognised that all tranches of options are likely to be more out-of-the-money than their current Westgold options immediately following the implementation of the Schemes.

15.1.3 Creation of a company with a larger and more diversified portfolio of assets

The Share Scheme will provide Shareholders with a larger and more diversified portfolio of assets including the producing Renison Tin Project (50% interest) and Rentails Tin Project in Tasmania, the Wingellina Project and the CMGP in Western Australia and the Rover 1 Project in the Northern Territory. The Proposed Merged Entity will also experience improved flexibility in choosing which projects to develop, therefore reducing development risk and maximising shareholder value. A more diversified portfolio of assets also reduces the risks of the Proposed Merged Entity.

The benefits of creating a company with larger and more diversified portfolio of assets will also benefit Optionholders when they exercise their options. The stronger asset portfolio provides greater upside potential for Optionholders in the future.

15.1.4 Increased likelihood of return from cash investment

For Westgold Shareholders, there is greater likelihood of return in the Proposed Merged Entity utilising its cash for more advanced projects that have higher potential of going into development than utilising its cash solely for early exploration activities that have a higher risk of yielding no return. By balancing the cash required for early exploration activities with projects that have a higher potential of generating more cash through sale, joint venture or production, provides opportunity for greater growth potential.

Increased growth potential in the Proposed Merged Entity's shares will also benefit Optionholders when they exercise their options. The growth potential also provides greater upside potential for Optionholders in the future.



15.1.5 Synergistic benefits

Metals X has indicated that if the Share Scheme is implemented, it intends to jointly establish an integration team with Westgold to assist with the implementation of the merger and the review of opportunities for synergies. There is the potential to realise certain cost synergies such as ASX listing costs, corporate overheads and rationalisation of management structures in the Proposed Merged Entity.

15.2 Disadvantages of Approving the Schemes

We set out the key disadvantages of the Schemes to Shareholders and Optionholders below.

15.2.1 Security holders interests will be diluted

Following the implementation of the Share Scheme, Shareholders' interests will be diluted to 20.29% of the Proposed Merged Entity. The capacity of Shareholders to influence the operations of Metals X will therefore be minimal.

We also note that initial capital expenditure of approximately \$2,524.7 million is required on the Wingellina Project in order to bring the project into production. If some of these funds are required to be raised through equity, Shareholders' interests will be further diluted. At this point in time, the impact on Shareholders' interests is difficult to quantify as the timing, the debt to equity ratio and the potential issue price of any necessary capital raising remain unknown.

The interests of Optionholders will also be diluted should they exercise their options in the Proposed Merged Entity following the implementation of the Schemes.

15.2.2 Change of risk exposure

Westgold Shareholders will be exposed to different risk profiles after approval of the Share Scheme. Westgold is an exploration company whilst Metals X is a production and exploration focussed company. Metals X has producing assets, such as the Renison Tin Project and Rentails Tin Project, which gives rise to additional risks that Westgold Shareholders have not previously been exposed to. Westgold Shareholders may not wish to be exposed to the risk profile of Metals X's projects.

15.3 Other considerations

15.3.1 Future funding requirements

In order to fund the development of the CMGP and the Rover 1 Projects Westgold will need to raise further funds. As at 30 June 2012, Westgold had cash of approximately \$3.68 million. This has decreased from \$6.28 million in the three month period since 31 March 2012. In its current state Westgold is unable to further develop the CMGP or the Rover 1 Project on its own. Furthermore, if the Company's cash burn rate continues at the rate experienced in the last quarter, Westgold will need to raise equity funds in the short term in the absence of the Share Scheme. The ability to raise funds in the current equity markets has been difficult and although this does not indicate that funding cannot be obtained, it does indicate that pricing uncertainty and timing issues may exist.

In our valuations of a Westgold share and a share in the Proposed Merged Entity on a diluted basis we have assumed that any funds raised in order to progress the development of Westgold's projects will be done at a raising price of \$0.18 per share. We have used this price as this is the midpoint of our valuation of a Westgold share under the QMP method. In reality it is likely that any capital raising performed by



Westgold will be done at a discount to this price and more than likely at a discount to its current share price of \$0.14 on 14 August 2012. The affect of this will be to further dilute the Shareholders of Westgold beyond any dilution we have taken into account in the report.

15.3.2 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders and Optionholders of Westgold a premium over the value ascribed to, resulting from the Schemes.

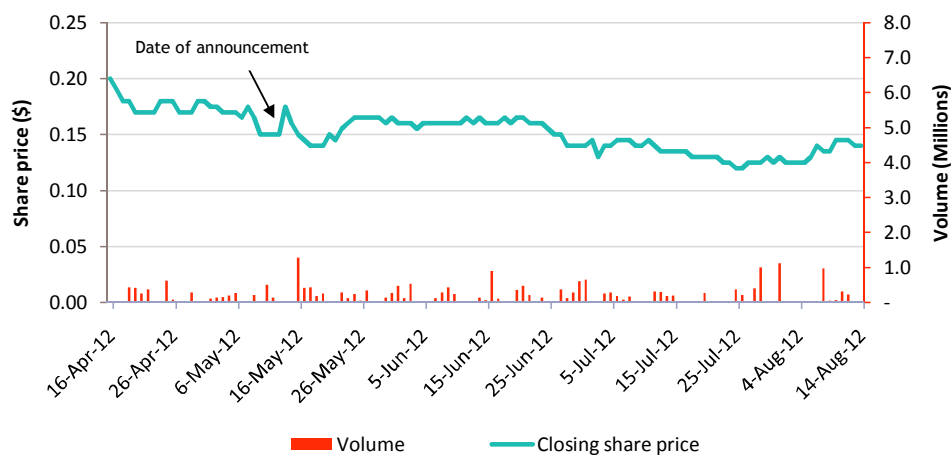
15.3.3 Consequences of not approving the Schemes

Potential decline in liquidity of a Westgold share

Our QMP analysis in section 11.3 indicates that the shares of Westgold were thinly traded in the six months prior to the announcement of the Share Scheme, with only 11.50% of the issued capital being traded, excluding those shares held by Metals X. This low level of liquidity can imply a degree of non-marketability for the existing Westgold shares. Following the announcement, the volume of shares traded increased as is evidenced by the turnover of 2.42% of the issued capital in Westgold (excluding those shares held by Metals X) for the one month following the announcement. Due to the increased size and the expected activities of the Proposed Merged Entity, the shares of the Proposed Merged Entity are likely to be more liquid than the shares of Westgold without the implementation of the Schemes. As such, if the Schemes do not proceed, then Shareholders are likely to experience a decrease in the marketability of their shares.

Potential decline in share price

We have analysed movements in Westgold's share price since the Share Scheme was announced. A graph of Westgold's share price following the announcement is set out below.



Source: Bloomberg and BDO Analysis



On the day of the announcement of the Share Scheme, Westgold's share price increased to a high of \$0.185 during the day before closing at \$0.175. This is an increase of 17% from \$0.15 prior to Westgold announcing a trading halt on 10 May 2012. Given the above analysis, it is possible that if the Share Scheme is not approved, then Westgold's share price may decline further.

15.3.4 Tax

There is a potential for capital gains tax scrip for scrip roll-over relief for Shareholders. This means that Shareholders who receive Metals X shares as part of the Share Scheme are able to defer any capital gains tax liability that they would otherwise incur if they were to dispose of their Westgold shares at a profit.

15.3.5 Trading activity post announcement of Share Scheme

To provide analysis of the market prices for a Westgold share post announcement of the Share Scheme, we considered the VWAP for 10 and 30 periods for the month following the announcement of the Shares Scheme, being 14 May 2012 to 14 June 2012.

Westgold share trading analysis	14 June 2012	10 Days	30 Days
Closing Price	\$0.165		
VWAP		\$0.162	\$0.158
Volume traded (% of issued capital excluding Metals X's holding)		0.95%	2.42%

Source: BDO Analysis and Bloomberg

We also analysed the VWAP for 10 and 30 periods from 14 May 2012 to 14 June 2012, for Metals X shares post announcement of the Share Scheme.

Metals X share trading analysis	14 June 2012	10 Days	30 Days
Closing Price	\$0.155		
VWAP		\$0.155	\$0.151
Volume traded (% of issued capital)		0.27%	1.19%

Source: BDO Analysis and Bloomberg

The tables indicate that Westgold shares displayed an increased level of liquidity, with 2.42% of Westgold's current issued capital, excluding shares held by Metals X, being traded in a 30-day period.

There appears to be a high level of liquidity in the trading of Westgold over the 30-day period post announcement of the Share Scheme. These trading prices reflect the market's perceived value of the Proposed Merged Entity, incorporating perceptions of the future potential of the combined entity following the implementation of the Schemes.



15.3.6 Consequences of not approving Option Scheme

If the Share Scheme is approved and implemented, but the Option Scheme is not approved, Metals X will acquire all of the Westgold Shares but Westgold Optionholders will continue to hold their Westgold options. However, in those circumstances, Westgold would be de-listed from the ASX, meaning there is unlikely to be an active market for any Westgold Shares issued to Westgold Optionholders on the exercise of their Westgold options.

16. Conclusion

We have considered the terms of the Share Scheme as outlined in the body of this Report and have concluded that the **Share Scheme is fair and reasonable and in the best interests of the Shareholders of Westgold.**

We have considered the terms of the Option Scheme as outlined in the body of this Report and have concluded that the **Option Scheme is not fair but reasonable and in the best interests of the Optionholders of Westgold.**

17. Sources of information

This report has been based on the following information:

- Draft Scheme Booklet on or about the date of this Report;
- Unaudited management accounts of Westgold for the year ended 30 June 2012;
- Reviewed financial statements of Westgold for the half year ended 31 December 2011;
- Audited financial statements of Westgold for the years ended 30 June 2011 and 30 June 2010;
- Unaudited management accounts of Metals X for the year ended 30 June 2012;
- Reviewed financial statements of Metals X for the half year ended 31 December 2011;
- Audited financial statements of Metals X for the years ended 30 June 2011 and 30 June 2010;
- Independent Valuation Report of both Westgold and Metals X mineral assets dated 15 August 2012 prepared by Behre Dolbear Australia Pty Limited;
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of Westgold.

18. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$65,000 (excluding GST and reimbursement of out of pocket expenses). Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Westgold in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by Westgold, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Westgold and Metals X and any of their respective associates with reference to ASIC



Regulatory Guide 112 “Independence of Experts”. In BDO Corporate Finance (WA) Pty Ltd’s opinion it is independent of Westgold and Metals X and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with Westgold, or their associates, other than in connection with the preparation of this Report.

A draft of this Report was provided to Westgold and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this Report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

19. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 170 public company independent expert’s reports under the Corporations Act or ASX Listing Rules. These experts’ reports cover a wide range of industries in Australia. Sherif Andrawes is the Chairman of BDO in Western Australia.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam’s career spans 14 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.



20. Disclaimers and consents

This report has been prepared at the request of Westgold for inclusion in the Scheme Booklet which will be sent to all Westgold Shareholders. Westgold engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the proposed acquisition by Metals X of 100% of the issued shares in Westgold by way of a scheme of arrangement as well as the proposal for Metals X to acquire all of the Westgold options on issue.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Scheme Booklet. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Scheme Booklet other than this report.

BDO Corporate Finance (WA) Pty Ltd has not independently verified the information and explanations supplied to us, nor has it conducted anything in the nature of an audit or review of Westgold or Metals X in accordance with standards issued by the Auditing and Assurance Standards Board. However, we have no reason to believe that any of the information or explanations so supplied are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Metals X. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this Report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Scheme, tailored to their own particular circumstances. Furthermore, the advice provided in this Report does not constitute legal or taxation advice to the Shareholders of Westgold, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by both Westgold and Metals X.

The valuer engaged for the mineral asset valuation, Behre Dolbear Australia Pty Limited, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made, in arriving at their valuations are considered appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this Report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.



The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this Report.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

A handwritten signature in black ink, appearing to read 'Sherif Andrawes', written in a cursive style.

Sherif Andrawes
Director

A handwritten signature in black ink, appearing to read 'Adam Myers', written in a cursive style.

Adam Myers
Director



Appendix 1 - Glossary of Terms

Reference	Definition
The Act	The Corporations Act 2001 Cth
Aragon	Aragon Resources Limited
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
Behre Dolbear	Behre Dolbear Australia Pty Ltd
CAPM	Capital Asset Pricing Model
CMGP	Central Murchison Gold Project
The Company	Westgold Resources Limited
DCF	Discounted Cash Flows
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FME	Future Maintainable Earnings
FSG	Financial Services Guide
The JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
LME	London Metals Exchange
Metals X	Metals X Limited
MIA	Merger Implementation Agreement between Westgold Resources Limited and Metals X Limited
NAV	Net Asset Value
The Option Scheme	The proposal for all Westgold options on issue to be cancelled in exchange for the issue of Metals X options in their place



Optionholders	Optionholders of Westgold Resources Limited not associated with Metals X Limited
Our Report	This Independent Expert's Report prepared by BDO
Proposed Merged Entity	The proposed combined entity of Westgold Resources Limited and Metals X Limited following the implementation of the Share Scheme
QMP	Quoted Market Price
RG60	Schemes of Arrangement (September 2011)
RG111	Content of expert reports (March 2011)
RG112	Independence of experts (March 2011)
Schemes	The Share Scheme and the Option Scheme
Section 411	Section 411 of the Corporations Act 2001
Shareholders	Shareholders of Westgold Resources Limited not associated with Metals X Limited
The Share Scheme	The proposal for Metals X Limited to acquire 100% of the issued shares of Westgold Resources Ltd by way of a Scheme of Arrangement
The Valmin Code	Code of Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
VWAP	Volume Weighted Average Price
WACC	Weighted Average Cost of Capital
Westgold	Westgold Resources Limited



Appendix 2 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value (“NAV”)*

Asset based methods estimate the market value of an entity’s securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity’s valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity’s value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity’s assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis (“QMP”)*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a “deep” market in that security.



3 Capitalisation of future maintainable earnings ("FME")

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ("EBIT") or earnings before interest, tax, depreciation and amortisation ("EBITDA"). The capitalisation rate or "earnings multiple" is adjusted to reflect which base is being used for FME.

4 Discounted future cash flows ("DCF")

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 Market Based Assessment

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

6 Black Scholes option pricing model

The Black Scholes option pricing model is used to calculate a theoretical call price using the five key determinants of an option's price: stock price, strike price, volatility, time to expiration, and short-term (risk free) interest rate.



Appendix 3 - Valuation of Options

Westgold Options (Tranches)	A	B	C	D	E	F	G	H	I	J	K
Underlying security spot price (\$)	0.313	0.313	0.313	0.313	0.313	0.313	0.313	0.313	0.313	0.313	0.313
Exercise price (\$)	0.45	0.48	0.21	0.2	0.21	0.2	0.32	0.22	0.29	0.29	0.23
Valuation Date	09-May-12	09-May-12	09-May-12	09-May-12	09-May-12	09-May-12	09-May-12	09-May-12	09-May-12	09-May-12	09-May-12
Expiration date	08-Nov-12	25-Mar-15	30-Nov-12	07-Jan-13	30-Nov-13	31-Dec-13	11-Jan-14	22-Aug-14	04-Jul-14	15-Aug-14	01-Nov-14
Time to expiry (years)	0.50	2.88	0.56	0.67	1.56	1.65	1.68	2.29	2.15	2.27	2.48
Volatility	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%
Risk free rate	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%
Number of Options	250,000	650,000	2,500,000	1,000,000	500,000	17,500,000	1,025,000	400,000	1,825,000	3,000,000	1,000,000
Valuation per Option	\$ 0.026	\$ 0.110	\$ 0.122	\$ 0.133	\$ 0.153	\$ 0.160	\$ 0.112	\$ 0.165	\$ 0.136	\$ 0.139	\$ 0.165
Value per 10 Options	\$ 0.260	\$ 1.100	\$ 1.220	\$ 1.330	\$ 1.530	\$ 1.600	\$ 1.120	\$ 1.650	\$ 1.360	\$ 1.390	\$ 1.650

Metals X (Tranches)	A	B	C	D	E	F	G	H	I	J	K
Underlying security spot price (\$)	0.266	0.266	0.266	0.266	0.266	0.266	0.266	0.266	0.266	0.266	0.266
Exercise price (\$)	0.409	0.436	0.191	0.182	0.191	0.182	0.291	0.200	0.264	0.264	0.209
Valuation Date	09-May-12	09-May-12	09-May-12	09-May-12	09-May-12	09-May-12	09-May-12	09-May-12	09-May-12	09-May-12	09-May-12
Expiration date	08-Nov-12	25-Mar-15	30-Nov-12	07-Jan-13	30-Nov-13	31-Dec-13	11-Jan-14	24-Aug-14	04-Jul-14	15-Aug-14	01-Nov-14
Time to expiry (years)	0.50	2.88	0.56	0.67	1.56	1.65	1.68	2.29	2.15	2.27	2.48
Volatility	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%
Risk free rate	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%	2.69%
Number of Options	275,000	715,000	2,750,000	1,100,000	550,000	19,250,000	1,127,500	440,000	2,007,500	3,300,000	1,100,000
Valuation per Option	\$ 0.015	\$ 0.080	\$ 0.093	\$ 0.102	\$ 0.119	\$ 0.125	\$ 0.083	\$ 0.129	\$ 0.103	\$ 0.106	\$ 0.129
Valuation per 11 Options	\$ 0.165	\$ 0.880	\$ 1.023	\$ 1.122	\$ 1.309	\$ 1.375	\$ 0.913	\$ 1.419	\$ 1.133	\$ 1.166	\$ 1.419

Appendix 4 – Discount Rates

Determining the correct discount rate, or cost of capital, for a business requires the identification and consideration of a number of factors that affect the returns and risks of a business, as well as the application of widely accepted methodologies for determining the returns of a business.

The discount rate applied to the forecast cash flows from a business represents the financial return that will be before an investor would be prepared to acquire (or invest in) the business.

The capital asset pricing model (“CAPM”) is commonly used in determining the market rates of return for equity type investments and project evaluations. In determining a business’ weighted average cost of capital (“WACC”) the CAPM results are combined with the cost of debt funding. WACC represents the return required on the business, whilst CAPM provides the required return on an equity investment.

Cost of Equity and Capital Asset Pricing Model

CAPM is based on the theory that a rational investor would price an investment so that the expected return is equal to the risk free rate of return plus an appropriate premium for risk. CAPM assumes that there is a positive relationship between risk and return, that is, investors are risk averse and demand a higher return for accepting a higher level of risk.

CAPM calculates the cost of equity and is calculated as follows:

CAPM	
K_e	$= R_f + \beta \times (R_m - R_f)$
Where:	
K_e	= expected equity investment return or cost of equity in nominal terms
R_f	= risk free rate of return
R_m	= expected market return
$R_m - R_f$	= market risk premium
β	= equity beta

The individual components of CAPM are discussed below.

Risk Free Rate (R_f)

The risk free rate is normally approximated by reference to a long term government bond with a maturity equivalent to the timeframe over which the returns from the assets are expected to be received. Having regard to the period of the operations we have used the current yield to maturity on the 10 year Commonwealth Government Bond which was 3.18% per annum as at 13 August 2012.

Market Risk Premium ($R_m - R_f$)

The market risk premium represents the additional return that investors expect from an investment in a well-diversified portfolio of assets. It is common to use a historical risk premium, as expectations are not observable in practice.

We have noted that the current market risk premium is 8%. This has been sourced from Bloomberg. The market risk premium is derived on the basis of capital weighted average return of all members of the S&P 200 Index minus the risk free rate is dependent on the ten year government bond rates. For the purpose of our report we have adopted a market risk premium of 6% to 8%.



Equity Beta

Beta is a measure of the expected correlation of an investment's return over and above the risk free rate, relative to the return over and above the risk free rate of the market as a whole. A beta greater than one implies that an investment's return will outperform the market's average return in a rising market and underperform the market's average return in a falling market. On the other hand, a beta less than one implies that the business' performance compared to that of a business whose beta is greater than one will provide an inverse relationship in terms of the market's average return.

Equity betas are normally either an historical beta or an adjusted beta. The historical beta is obtained from the linear regression of a stock's historical data and is based on the observed relationship between the security's return and the returns on an index. An adjusted beta is calculated based on the assumption that the relative risk of the past will continue into the future, and hence derived from the historical data. It is then modified by the assumption that a stock will move towards the market over time, taking into consideration the industry risk factors which make the operating risk of the investment project greater or less risky than comparable listed companies when assessing the equity beta for an investment project.

It is important to note that it is not possible to compare the equity betas of different companies without having regard to their gearing levels. Thus, a more valid analysis of betas can be achieved by "ungearing" the equity beta (B_a) by applying the following formula:

$$B_a = B / (1 + (D/E \times (1-t)))$$

In order to assess the appropriate equity beta for the Westgold and Metals X projects we have also had regard to the equity betas of listed companies involved in similar activities in similar industry sectors. The geared betas below have been calculated using weekly data over a two-year period.

Company	Market Capitalisation (\$)	Geared Beta (B)	Gross Debt/Equity (%)	Ungeared Beta (B_a)
OZ Minerals Ltd	2,430,794,922	1.57	0%	1.57
Regis Resources Ltd	2,170,140,381	1.20	22%	1.04
Evolution Mining Ltd	1,180,866,455	1.31	28%	1.10
Independence Group NL	791,800,659	1.56	1%	1.54
Western Areas NL	740,511,902	1.48	105%	0.85
St Barbara Ltd	447,976,135	1.36	3%	1.33
Mirabela Nickel Ltd	245,440,063	1.55	77%	1.01
Straits Resources Ltd	36,065,830	0.81	10%	0.76

Selected Beta (B)

In selecting an appropriate Beta for the Westgold and Metals X projects, we have considered the similarities between the projects and the comparable companies selected above. The comparable similarities and differences noted are:

- the comparable companies' mining and exploration assets have varying risk profiles depending on the maturity of the assets and the stages of production;
- several companies having been producing for a considerable time period;



- several comparable companies are still in the prefeasibility and evaluation stage; and
- several companies above have been the subject of significant corporation actions.

Having regard to the above we consider that an appropriate ungeared beta to apply to the Westgold projects is between 1.10 and 1.16 and have based this on the ungeared betas of companies that we consider to be comparable to Westgold. We have assumed that the Westgold projects will be financed by 70% debt and 30% equity. Having considered the sources of funding for the Westgold projects, we consider that is appropriate to apply a geared beta in the range of 2.89 and 3.05 to the Westgold projects.

Having regard to the above, we consider that an appropriate ungeared beta to apply to the Metal X projects is between 1.01 and 1.18 and have based this on the ungeared betas of companies that we believe are comparable to Metals X. As we have assumed that the Metals X projects will be entirely funded by equity there is no need for regearing the project beta for these projects.

Cost of Equity

On this basis we have assessed the cost of equity to be:

Input	Westgold Projects (geared)		Westgold Projects		Metals X Projects	
	Low	High	Low	High	Low	High
Risk free rate of return	3.18%	3.18%	3.18%	3.18%	3.18%	3.18%
Equity market risk premium	6.00%	8.00%	6.00%	8.00%	6.00%	8.00%
Beta	2.89	3.05	1.10	1.16	1.01	1.18
Cost of Equity	20.52%	27.62%	9.78%	12.46%	9.25%	12.65%

Weighted Average Cost of Capital

The WACC represents the market return required on the total assets of the undertaking by debt and equity providers. WACC is used to assess the appropriate commercial rate of return on the capital invested in the business, acknowledging that normally funds invested consist of a mixture of debt and equity funds. Accordingly, the discount rate should reflect the proportionate levels of debt and equity relative to the level of security and risk attributable to the investment.

In calculating WACC there are a number of different formulae which are based on the definition of cash flows (i.e., pre-tax or post-tax), the treatment of the tax benefit arising through the deductibility of interest expenses (included in either the cash flow or discount rate), and the manner and extent to which they adjust for the effects of dividend imputation. The commonly used WACC formula is the post-tax WACC, without adjustment for dividend imputation, which is detailed in the below table.

CAPM

$$WACC = \frac{E}{E+D} K_e + \frac{D}{E+D} K_d (1-t)$$

Where:

- K_e = expected return or discount rate on equity
- K_d = interest rate on debt (pre-tax)
- T = corporate tax rate
- E = market value of equity
- D = market value of debt
- $(1-t)$ = tax adjustment



Gearing

Before WACC can be determined, the proportion of funding provided by debt and equity (i.e., gearing ratio) must be determined. The gearing ratio adopted should represent the level of debt that the asset can reasonably sustain (i.e., the higher the expected volatility of cash flows, the lower the debt levels which can be supported). The optimum level of gearing will differentiate between assets and will include:

- the variability in earnings streams;
- working capital requirements;
- the level of investment in tangible assets; and
- the nature and risk profile of the tangible assets.

As described earlier, the Metal X projects will be entirely funded by equity. As such, there is not element of debt that needs to be reflected in the WACC. The appropriate discount rate for the Metal X projects therefore consists entirely of the cost of equity.

Calculation of WACC

Based on the above inputs we have calculated the WACC for the Westgold projects to be between 10.5% and 12.5% with a midpoint of 11.5% based on a debt to equity ratio of 70% debt to 30% equity. We have calculated the WACC for the Westgold Projects to be between 9.5% and 12.5% with a midpoint of 11.0% when entirely funded by equity.

Based on the above inputs we have calculated the WACC for the Metal X Project to be between 9.5% and 12.5% with a midpoint of 11.0% when entirely funded by equity.

Input	Westgold Projects (geared)		Westgold Projects		Metals X Projects	
	Low	High	Low	High	Low	High
Cost of equity	20.52%	27.62%	9.78%	12.46%	9.25%	12.65%
Cost of debt	9.00%	9.00%	-	-	-	-
<u>Assumed Capital Structure</u>						
Debt / (Debt + Equity)	70%	70%	-	-	-	-
Equity / (Debt + Equity)	30%	30%	100%	100%	100%	100%
WACC	10.5%	12.5%	9.5%	12.5%	9.5%	12.5%

Comparable Company	Description
OZ Minerals Ltd	OZ Minerals Ltd is an Australian based mining company with a focus on copper. The Company owns and operates the Prominent Hill copper-gold mine and the Carrapateena copper-gold project located in South Australia and has a number of equity interests in listed resource companies.
Regis Resources Ltd	Regis Resources Ltd. is a mineral exploration and production company. The Company mines for gold, nickel, and copper.
Evolution Mining Ltd	Evolution Mining Ltd is a gold exploration company with operations in Western Australia. The Company owns the gold mines - Cracow, Edna May, Mt Rawdon and Pajingo - and the Mt Carlton development project.
Independence Group NL	Independence Group NL is a gold and nickel mining and exploration company. The Company's exploration projects are located in Western Australia, South Australia, and the Northern Territory.



Western Areas NL	Western Areas NL is an Australian-based nickel sulphide producer which owns the Forrestania Nickel Project, along with development projects in Canada and Finland. The Company has two producing nickel mines, Flying Fox and Spotted Quoll.
St Barbara Ltd	St. Barbara Limited is a gold exploration and production company. The Company's exploration projects include its Southern Cross and Leonora Operations which are located in Western Australia.
Mirabela Nickel Ltd	Mirabela Nickel Limited a mineral exploration company with a portfolio of prospective nickel and other base metal targets in Brazil. The Company explores for nickel in the state of Bahia in Brazil. Mirabela's projects include the Santa Rita, Serra Azul, Palestina, Sao Francisco where it explores for nickel saprolite resource and nickel sulphide.

Appendix 5 - Independent Valuation Report Prepared by Behre Dolbear Australia Pty Limited

BEHRE
DOLBEAR
AUSTRALIA

BDA

ACN No. 065 713 724

Minerals Industry Consultants

Level 9, 80 Mount Street
North Sydney, NSW 2060
Australia

Tel: 612 9954 4988
Fax: 612 9929 2549
Email: bdaus@bigpond.com

ABN 62 065 713 724

15 August 2012

Mr Sherif Andrawes - Director
Mr Mat O'Hara - Manager Corporate Finance
BDO Corporate Finance (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Mr Scott Huffadine
Managing Director
Westgold Resources Limited
Level 3, 123 Adelaide Terrace
East Perth WA 6004

Dear Sirs

**INDEPENDENT TECHNICAL SPECIALIST VALUATION
OF THE MINERAL ASSETS OF
WESTGOLD RESOURCES LIMITED AND METALS X LIMITED**

1.0 INTRODUCTION

The directors of Westgold Resources Limited ("Westgold") have engaged BDO Corporate Finance (WA) Pty Ltd ("BDO Corporate Finance") to prepare an Independent Expert's Report ("IER") in relation to a proposed transaction with Metals X Limited ("Metals X"). A Merger Scheme of Arrangement was announced by Westgold and Metals X on 14 May 2012 whereby Westgold shareholders would receive 11 Metals X shares for every 10 Westgold shares held. If the Scheme of Arrangement proceeds, this will result in Metals X acquiring 304,638,921 Westgold shares, being the number of shares it does not already own or control. Metals X is currently the largest shareholder in Westgold with a shareholding interest of 26.98%. Both Westgold and Metals X are public companies listed on the Australian Stock Exchange Limited ("ASX").

The proposed merger of the two companies will create a larger and more diversified mining and exploration group. The Merger Scheme of Arrangement will require approval by Westgold shareholders.

BDO Corporate Finance has requested Behre Dolbear Australia Pty Limited ("BDA") to undertake an Independent technical valuation of the mining and exploration assets of Westgold and Metals X and prepare an Independent Technical Specialist's Report. BDO has advised that the relevant mining and exploration assets held by Westgold and Metals X (Figure 1) comprise:

Westgold Mineral Assets

- Central Murchison gold project ("CMGP") in Western Australia ("WA")
- Rover 1 gold-copper project in the Northern Territory ("NT")
- Explorer 108 and 142 projects in the NT
- Other exploration areas.

Metals X Mineral Assets

- Renison tin project, including Mt Bischoff in Tasmania
- Rentails tin project in Tasmania
- Wingellina nickel-cobalt project in WA
- Collingwood tin project in North Queensland.

Denver

New York

Toronto

London

Guadalajara

Santiago

Sydney



Metals X - Westgold Resources Transaction

Figure 1

BDA - 0153 (June 2012)

PROJECT LOCATION PLAN

Behre Dolbear Australia Pty Ltd

BDA is the Australian subsidiary of Behre Dolbear & Company Inc., an international minerals industry consulting group which has operated continuously in North America and worldwide since 1911, with offices in Denver, London, New York, Sydney, Toronto, Vancouver, Hong Kong and Guadalajara. Behre Dolbear specialises in mineral evaluations, due diligence studies, independent expert valuation reports, independent engineer certification, strategic planning and technical geological, mining and process consulting. The Sydney office of BDA has undertaken the technical review work for this report.

BDA visited the Central Murchison, Rover 1 and Explorer 108 and 142 projects of Westgold as part of this valuation review. BDA has also visited the Renison operation, the Mount Bischoff and Rentails sites, and the Wingellina project of Metals X. BDA has not visited the remainder of the exploration projects as these are not considered a material component of the valuation. Westgold and Metals X have provided data on exploration results, resource and reserve estimates, operating and development plans, production schedules and operating and capital costs. BDA has also held discussions with technical and managerial staff as part of this review, both on site and in the companies' head offices in Perth.

BDA has reviewed the resources and reserves in the context of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, December 2004 Edition ("the JORC Code"). The valuation assessment of the mining properties has been conducted in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports ("the Valmin Code") as issued in 1995 and updated in 2005.

BDA confirms that it is independent of all parties in the proposed transaction and has no interest in the assets or parties involved. BDA understands that BDO Corporate Finance will rely on the BDA Valuation Report and that BDA's report, or a summary thereof, will be appended to the BDO Corporate Finance Independent Expert Report.

BDA has not undertaken an audit of the data or re-estimated the resources or reserves. BDA has not independently verified the current ownership status and legal standing of the material tenements of Metals X or Westgold that are the subject of this report. Westgold and Metals X have advised that all material tenements are in good standing, and have provided independent tenement search data for BDA's review. All mine operations, processing, infrastructure, waste dumps and tailings dams are sited within granted mining leases or prospecting licences. Exploration ground away from the mine areas is generally held under prospecting licences, renewable provided exploration and expenditure commitments are met.

This report contains forecasts and projections based on data provided by Westgold and Metals X. BDA's assessment of the most likely production schedule, the projected capital and operating costs and the estimate of remaining mine life are based on technical reviews of project data and discussions with technical personnel. However, these forecasts and projections cannot be assured and factors both within and beyond the control of Westgold and Metals X could cause the actual results to be materially different from BDA's assessments and estimates contained in this report.

BDO Corporate Finance has provided BDA with the financial parameters to use in the valuation, including exchange rates, discount rates and commodity prices. All references to dollars in this report are stated in terms of Australian dollars ("A\$") unless otherwise specified.

The sole purpose of this BDA report is for use by BDO Corporate Finance and the independent directors of Westgold and their advisors in connection with the proposed transaction and should not be used or relied upon for any other purpose. A draft copy of the report has been provided to Westgold and Metals X for correction of any material errors or omissions. Neither the whole nor any part of this report nor any reference thereto may be included in or with or attached to any document or used for any other purpose, without our written consent to the form and context in which it appears.

BEHRE DOLBEAR

2.0 EXECUTIVE SUMMARY

2.1 Overview

A summary of the assets to be valued is set out below:

Westgold Mineral Assets

- Central Murchison gold project ("CMGP") in Western Australia ("WA")
- Rover 1 gold-copper project in the Northern Territory ("NT")
- Explorer 108 and 142 projects in the NT
- Other exploration areas.

Metals X Mineral Assets

- Renison tin project, including Mt Bischoff in Tasmania
- Rentails tin project in Tasmania
- Wingellina nickel-cobalt project in WA, and adjacent prospects including Claude Hills
- Collingwood tin project in North Queensland.

The project locations are shown in Figure 1.

BDA has reviewed the technical and financial data provided by Westgold and Metals X for each of the assets. For the producing operations and for advanced projects where capital and operating costs and production schedules are reasonably well defined, BDA has prepared long-term cash flow models and determined the net present value of the projects to assist in the valuation of the assets. BDA has also considered alternative means of valuation and has considered exploration expenditure, comparable transactions, yardstick values, joint venture terms and other methodologies to assess a value for the less advanced projects and exploration properties. The Westgold assets are described in Section 5, the Metals X assets are described in Section 6, and the valuation of the assets is discussed in Section 7.

BDA has reviewed the resources and reserves and the life of mine ("LOM") production and cost projections for each project and has prepared a 'most likely' case, together with an assessment of potential upside and downside, to allow BDO Corporate Finance to derive appropriate valuations. The valuation principles are reviewed in Section 3; the list of the information relied upon for this assessment is provided in Section 4.

2.2 Westgold Mineral Assets

Central Murchison Gold Project

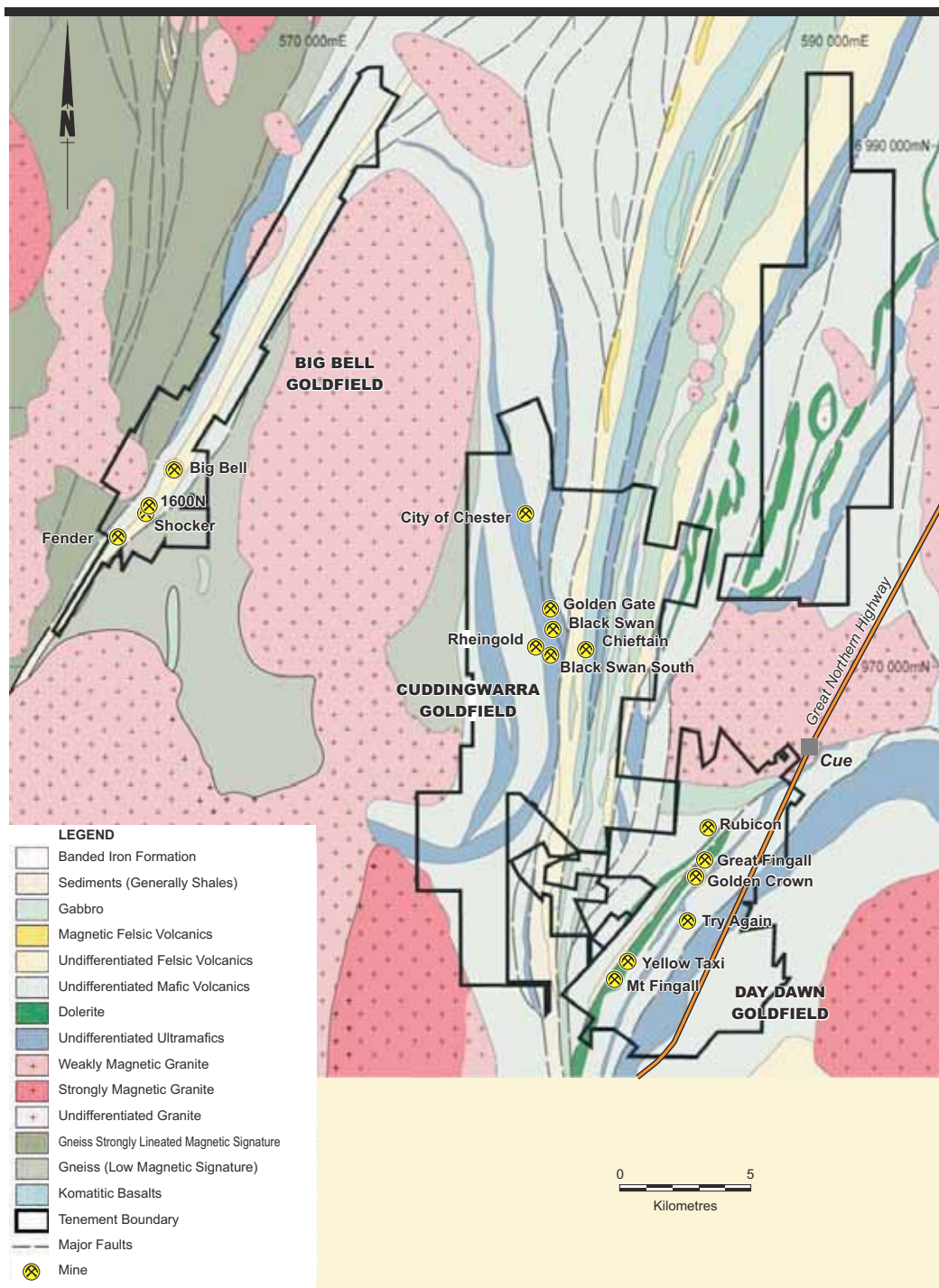
The Central Murchison Gold Project is located immediately west of Cue in Western Australia, 650 kilometres ("km") north of Perth along the Great Northern Highway (Figure 1). The project is owned by Big Bell Gold Operations Pty Limited, a wholly owned subsidiary of Westgold. The CMGP encompasses three primary gold-bearing lineaments comprising the Murchison Bell, the Cuddingwarra and the Day Dawn tenement blocks, each hosting a number of former major open pit and underground gold mines (Figure 2).

Historical production from the Central Murchison area is in excess of 5Mozs of gold, and Westgold's tenements cover some of the most prospective geology in the district and some of the largest historical producers. Gold was first discovered in the area in 1888. The Murchison Bell tenement block hosts the historic Big Bell mine which operated from 1904 to 1955, was re-opened in the 1980s and then operated until 2003. Total gold production from the Big Bell mine from 1904 - 2003 is estimated at 2.5 million ounces ("Mozs").

In the Cuddingwarra area a stamp mill was operating from 1895 and the area hosts a number of former underground and open pit operations, with the last open pit mine closing around 2007. The Day Dawn tenement group hosts the Great Fingall and Golden Crown mineralisation. Combined open pit and underground production from the Day Dawn Goldfield is over 2Mozs at a relatively high grade of 11 grams per tonne gold ("g/t Au").

Westgold is seeking to re-establish a gold mining centre in the area based on re-development of a number of the former open pit and underground operations. Westgold is currently undertaking a Definitive Feasibility Study ("DFS") to determine the optimum parameters for redevelopment of the areas' mines. It is planned to construct a new process plant with a capacity of 1-1.2 million tonnes per annum ("Mtpa") with initial gold production of around 50-60,000 ounces ("ozs") per annum from near-surface ores, building up to around 120,000ozs per annum as higher grade underground ores become available.

BEHRE DOLBEAR



Metals X - Westgold Resources Transaction

Central Murchison Gold Project

Figure 2

BDA - 0153 (June 2012)

CMGP TENEMENTS AND GEOLOGY

Behre Dolbear Australia Pty Ltd

Westgold's current CMGP resources total in excess of 2.7Mozs. Three principal underground mines and a number of open pit resources together with significant tailings and minor low grade stockpiles form the basis for the planned project. Local infrastructure is well established including sealed roads (the Great Northern Highway) and an airstrip at the town of Cue. Westgold is targeting finalisation of the CGMP DFS by September 2012, and based on the outcomes of the study, will review the options for project development.

Rover and Explorer Gold-Copper and Base Metal Projects

The Rover and Explorer projects comprise a new mineral field containing high-grade iron oxide-copper-gold and polymetallic base and precious metal styles of mineralisation. The area is 70km southwest of Tennant Creek in the Northern Territory and 50km west of the Stuart Highway and the Adelaide to Darwin rail line (Figure 3). Westgold holds five granted tenements and a further twelve tenements under application totalling approximately 13,500 square kilometres ("km²").

Geologically, the Rover-Explorer area is an undercover extension of the Tennant Creek goldfield and shows similar styles of ironstone-hosted mineralisation as seen in the former mines of the Tennant Creek district. The production from Tennant Creek ranks the area as a significant Australian goldfield, with over 5Mozs of gold and 500,000 tonnes ("t") of copper produced from a few high grade mines, with mineralisation related to hydrothermal magnetite- and/or haematite-rich ironstone bodies.

The mineralised formations in the tenement area are covered by up to 200 metres ("m") of younger sedimentary cover. Mineralisation was first discovered in the 1970s by follow-up drilling of magnetic anomalies. Encouraging gold and copper intersections were obtained in 34 drill holes, but all surface exploration ceased in 1982 when aboriginal freehold was granted over the area. Westgold acquired its interests in the area in 2005 and was able to successfully negotiate an access agreement with the Central Land Council ("CLC") representing the Traditional Owners. Westgold commenced drilling in 2006. Three principal projects have been defined, Rover 1, Explorer 108 and Explorer 142; Explorer 142 and Explorer 108 lie 29km and 36km respectively west northwest of Rover 1:

- *Rover 1* - a gold and copper ironstone system; Indicated and Inferred resources have been estimated and a Scoping Study completed
- *Explorer 108* - a polymetallic deposit containing zinc-lead-silver-copper-gold mineralisation; Inferred resources have been estimated
- *Explorer 142* - a copper and gold prospect; no resources have been estimated to date.

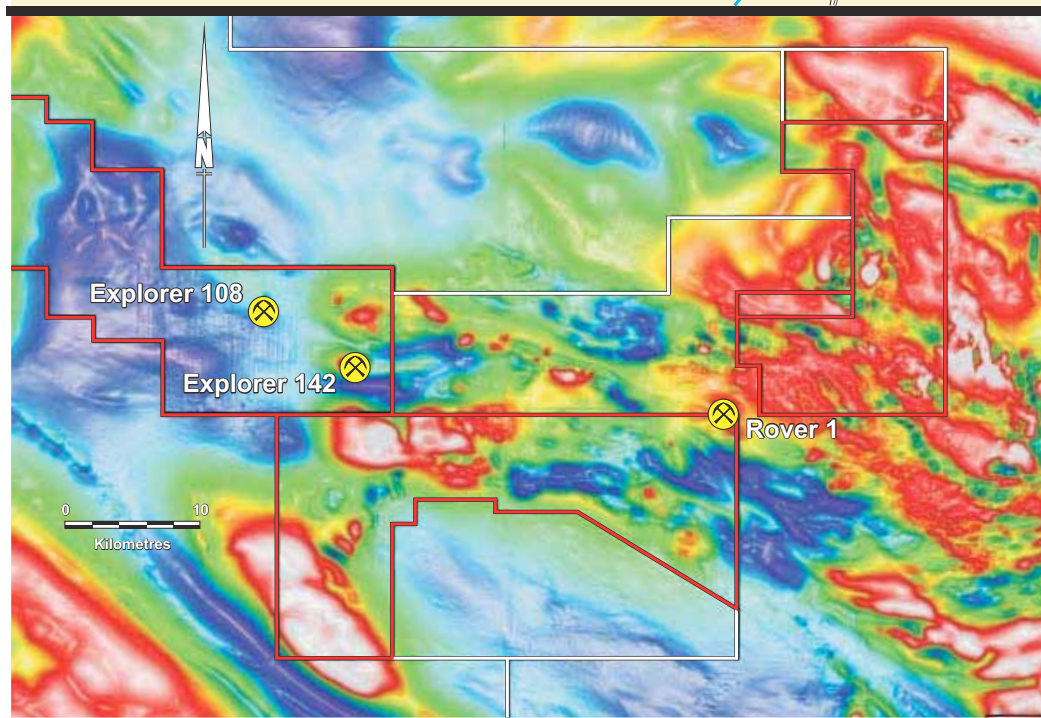
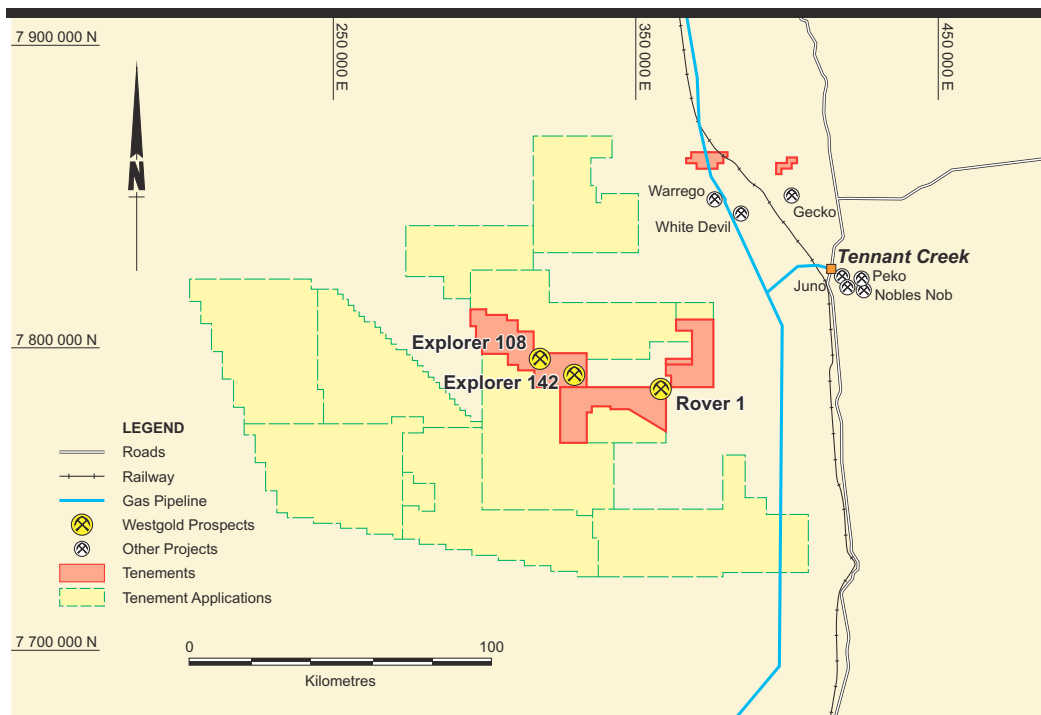
The most advanced project is Rover 1. An Indicated and Inferred resource totalling 6.8Mt and averaging 1.7g/t Au and 1.2% copper ("Cu") has been estimated based on three mineralised zones, Western, Jupiter and Jupiter Deeps. The mineralised system remains open down plunge but due to the steep dip of the deposits, detailed drilling from surface is challenging. Completion of a feasibility study will require establishment of Indicated resources and Probable reserves. To achieve this, substantial infill drilling of the resource will be required at a drill spacing that is best achieved from an underground exploration decline. Westgold is planning to develop a decline and undertake detailed underground drilling as the next step in the assessment of the Rover 1 project.

At Explorer 108, at a 5% lead plus zinc ("Pb + Zn") cut off, 4.0Mt of Inferred resource has been estimated at a combined Pb + Zn grade of 8.2%; further infill drilling is required to better define the mineralisation controls.

The Explorer 142 prospect was discovered by follow-up drilling of a magnetic high. Copper-gold mineralisation within steeply dipping ironstones has been delineated over a 300m strike length. Significant mineralisation (e.g. 17m at 1.67% Cu, 0.21g/t Au) has been intersected but no resource has yet been estimated.

Westgold has an exploration camp in the area and an active ongoing exploration programme. Due to the thickness of surface cover, geophysical surveys are used as the primary tool to identify anomalies for follow up drilling. Airborne magnetics, electromagnetics ("EM"), gravity and induced polarisation ("IP") are all used and provide a basis for discriminating between anomalies to identify those most likely to be indicative of mineralisation. Largely because of the surface cover and the former restricted access, modern exploration in the area has been limited. In BDA's opinion the area has significant exploration potential for the discovery of new zones of Cu-Au mineralisation.

BEHRE DOLBEAR



Metals X - Westgold Resources Transaction

*Rover 1 and Explorer 108 & 142
Project Areas*

Figure 3

CENTRAL AUSTRALIA - ROVER AND EXPLORER TENEMENT LOCATION

BDA - 0153 (June 2012)

Behre Dolbear Australia Pty Ltd

Exploration Properties

In addition to the projects and prospects described above, Westgold has interests in five exploration projects. Of these, three are joint ventures; in one (Warumpi) Westgold is the operator and is earning an interest and in two (McArthur River and Yandal) other parties are managing the exploration and earning an interest (Figure 1). Westgold's additional exploration interests are briefly summarised below:

- *Warumpi Joint Venture* - an area of approximately 2,600km² in the Northern Territory, 340km west-northwest of Alice Springs where Westgold can earn an 80% interest through exploration expenditure. The area is located on Aboriginal Land and has not been subject to any modern exploration although earlier mapping and sampling identified a major Proterozoic basin with potential for copper, gold and nickel ("Ni") mineralisation. An access agreement has been signed and preliminary activities have commenced. These will initially comprise surface mapping and sampling with follow-up drilling.
- *McArthur River* - an area of approximately 630km² in the northeast of the Northern Territory covering the same stratigraphy as the Pb-Zn McArthur River deposit. The area is considered prospective for base metal mineralisation. The tenements are 100% owned by Westgold but have been farmed out to MMG Exploration Limited ("MMG"), owned by Minmetals Resources Limited ("Minmetals"), who can earn a 60% equity interest through exploration expenditure. Field work is expected to commence during the 2012 dry season.
- *Yandal* - an area of approximately 56km² in the Yandal Greenstone Belt of WA, considered prospective for gold. Westgold has a 49% contributing interest. The manager of the joint venture and owner of the remaining interest is Mongolian Resource Corporation ("MRC"). Work to date has comprised aircore drilling; no significant results have been reported.
- *Lefroy* - an area of approximately 14km² over Lake Lefroy, a salt lake 10km east of Kambalda in WA. The area is considered prospective for nickel mineralisation. EM surveys have been undertaken and two holes drilled, but with no significant mineralisation intersected to date. Westgold owns 100% of the tenements, but has no immediate plans for further exploration and is considering farming out the prospect.
- *Tennant Creek* - in addition to the Rover/Explorer tenements, Westgold holds an area of approximately 78km² in the Warrego district adjacent to Tennant Creek in the Northern Territory. Airborne magnetic and EM data have indicated the potential for Tennant Creek style Cu-Au targets. However, the tenements are subject to Native Title Agreements and clearance from the CLC. To date there has been no significant exploration work in the area.

2.3 Metals X Assets

Renison Tin Project

The Renison tin project in Tasmania (Figure 4) comprises:

- the Renison Bell mine and associated infrastructure
- the Renison tin concentrator and associated infrastructure
- the Mount Bischoff project.

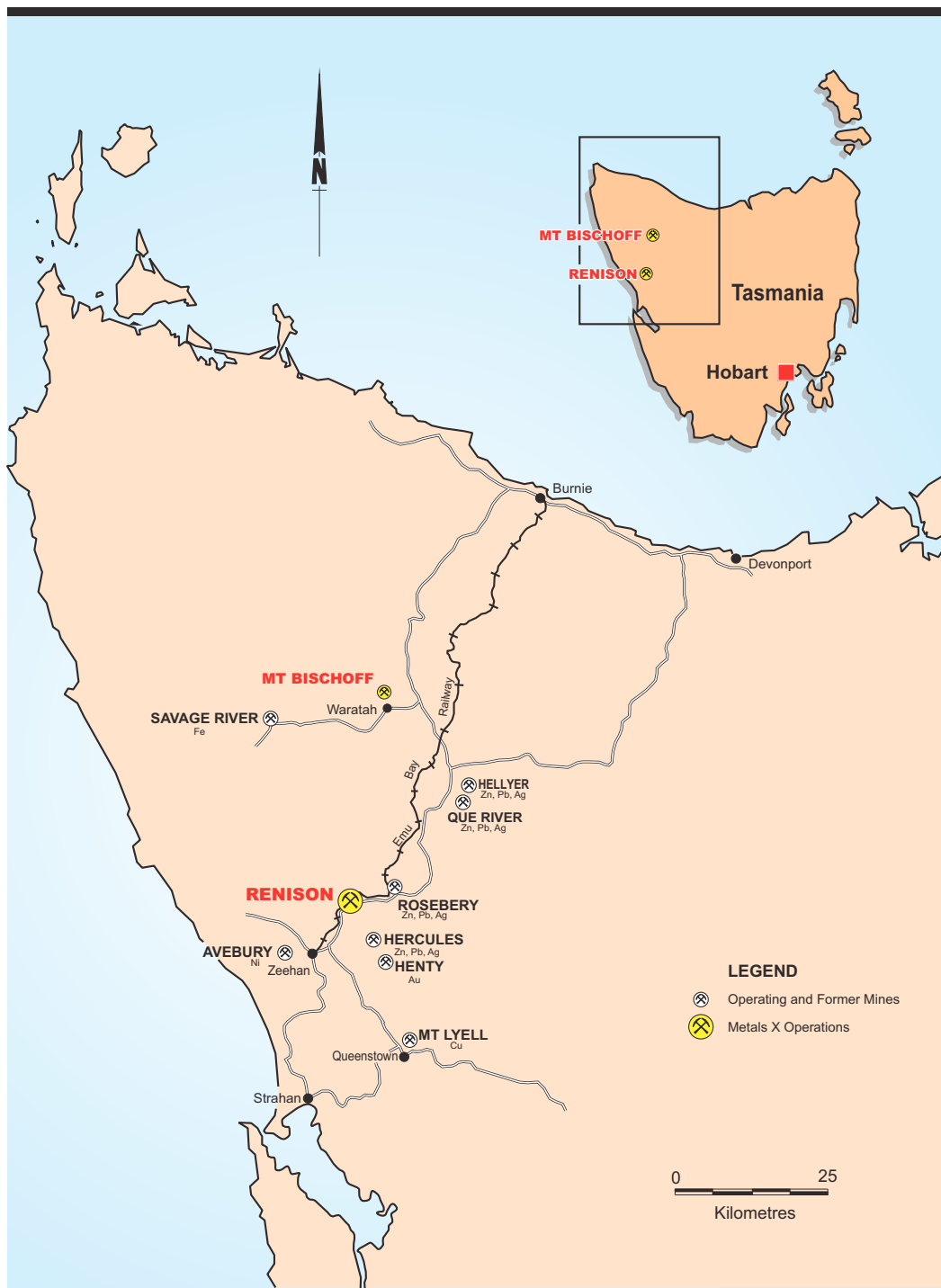
These assets are the cornerstone of Tasmania's and Australia's hardrock tin history and have been large long-life mines with considerable history and production.

Renison Operation

Tin mining has been carried out at or near Renison since alluvial tin was discovered in the area in 1890. However, it was not until the Mount Lyell Mining and Railway Company acquired control of the leases in 1965 that large scale operations commenced. Renison was one of the first large scale trackless decline mines to be developed, and at its peak was one of the largest underground tin mines in the world, processing around 850,000tpa of ore and producing 8,000-9,000tpa of tin in concentrate.

Murchison United NL ("Murchison") purchased the mine from Renison Goldfields Consolidated ("RGC") in 1998. The tin price remained depressed during 2001 and 2002, and combined with significant currency hedging losses resulted in the operations being suspended in May 2003; the project was placed in Administration in June 2003.

BEHRE DOLBEAR



Metals X - Westgold Resources Transaction

Renison Tin Project

Figure 4

PROJECT LOCATION MAP - WESTERN TASMANIA

BDA - 0153 (June 2012)

Behre Dolbear Australia Pty Ltd

Bluestone Tin Limited (“Bluestone”) purchased the Renison mine in late 2004 and spent A\$20M on capital to re-establish the operation. The plant was refurbished and modernised and underground workings were dewatered and rehabilitated and development commenced to access both new ore and remnant areas. Re-commissioning commenced in February 2005, however, a 40% fall in the price of tin prompted a decision to suspend operations in October 2005.

In early 2007 Bluestone merged with Metals Exploration Limited (“Metals Exploration”) to form Metals X Limited. The Renison operation was re-started in July 2008 after a recovery in the tin price to new historical highs. Open pit operations were re-commenced at Mt Bischoff and ore was trucked to Renison for processing from 2008-2011. Table 2.1 shows production from 2008/09 to 2011/12.

Table 2.1
Renison Production - 2008/09 to 2011/12

Category	Unit	2009 Actual	2010 Actual	2011 Actual	2012 Estimate
Mining					
Renison	kt	283	391	475	537
Open Pits (Mt Bischoff)	kt	218	198	7	
Total Ore	kt	501	589	483	537
Processing					
Ore Milled	kt	469	587	526	546
Grade	% Sn	1.4	1.6	1.6	1.5
Recovery	% Sn	59	68	66	63
Concentrate Production	kt	7.08	11.33	9.72	9.4
Concentrate Grade	% Sn	54.0	55.3	55.6	53.4
Saleable Tin	t	3,820	6,270	5,400	5,000

Note – financial years

Renison mine production has ramped up from 283,000t in 2008/09 to around 540,000t in 2011/12, with tin production ranging from 3,820t to a maximum of 6,270t.

In 2010 Metals X sold a 50% interest in the Renison project to YT Parksong Australia Holding Pty Limited (“YTP”), a 100% owned subsidiary of Yunnan Tin Hong Kong (Holdings) Group Company Limited (“YTHK”). As at the date of this report, Metals X has a 50% interest in the Renison Tin Project. The project is operated by the joint venture company Bluestone Mines Tasmania Joint Venture Pty Ltd (“BMTJV”).

Mount Bischoff Project

Mount Bischoff is an historic tin mine located 70km north of Renison (Figure 4). Its discovery in 1871 triggered a prospecting rush in Tasmania that resulted in the discovery of the state’s rich West Coast mining belt. Bluestone acquired the old open pit mining area and tenements in early 2005 and carried out open pit mining from 2008-2011, trucking the ore to Renison for blending with the underground ore.

The operation was placed on care and maintenance in 2011 after mining of the initial open pit design was completed, and BMTJV is carrying out systematic environmental monitoring and management of the site. Airborne geophysical surveys have been conducted and have identified a number of targets warranting further investigation. BMTJV is planning a follow up exploration drill programme.

Rentails Project

The proposed Rentails project is based on the retreatment at Renison of approximately 20Mt of tailings from the Renison operations, containing around 0.45% Sn and 0.21% Cu. The project will recover the tailings from Tailings Storage Facilities (“TSFs”) A, B and C for treatment in a new plant having a capacity of 2Mtpa. Copper and tin concentrates will be fed to a tin fumer, from which the final products will be a high grade tin oxide fume and a copper matte.

Metallurgical testwork has indicated that metal recoveries of 56% of the tin and 49% of the copper in the reclaimed tailings can be achieved. The project is projected to produce approximately 5,000 tonnes per annum (“tpa”) of tin and 2,000tpa of copper over a 10 year operating life. At this stage no decision has been taken by the joint venture partners concerning the timing of the go ahead of the project.

BEHRE DOLBEAR

Wingellina Nickel-Cobalt Project

The Wingellina nickel-cobalt project is a limonitic (or tropical laterite) deposit resulting from the oxidation of ultramafic layered intrusive rocks of the Giles complex within the Central Musgrave ranges in Western Australia, near the junction of the Western Australian, Northern Territory and South Australian borders (Figures 1 and 5).

The project is based on exploration work completed by previous explorers over the past fifty years, primarily Inco Limited ("Inco") in the 1960s and more recently Acclaim Exploration NL ("Acclaim"), and Metals X. Metals X (or its fore-runner Metals Exploration Limited) acquired 100% ownership of the project in March 2006 from Acclaim.

Exploration to date has defined a large limonite deposit extending over a length of more than 9km with a depth often exceeding 100m due to the deep oxidation in the area. The estimated resource at Wingellina based on a 0.5% Ni cut-off is 183Mt grading 0.98% Ni and 0.08% Co; the mineralisation remains open along strike, and possibly at depth. A probable reserve of 167.5Mt grading 0.98% Ni and 0.08%Co has been defined. In addition to Wingellina there are several other zones of mineralisation within the exploration leases. Metals X has only drilled one of these zones in any detail defining an Inferred resource at Claude Hills of 33Mt grading 0.81% Ni and 0.07%Co.

A Phase 1 Feasibility Study document was prepared by Aker Solutions Pty Limited ("Aker") in July 2008 incorporating capital and operating cost estimates and a proposed LOM production plan and technical back up documentation.

The limonitic nickel laterite deposits represent oxidised derivatives of underlying mafic and ultramafic rock. The nickeliferous limonites lie close to surface with an average waste to ore stripping ratio of approximately 0.5:1 for the first 20 years and about 1:1 for the life of the mine over an aggregate strike length of around 9km. It is proposed to mine and process approximately 4.3Mtpa of limonite ore using high pressure acid leaching ("HPAL"), producing a mixed nickel-cobalt hydroxide or sulphide product containing around 40,000tpa of nickel and 3,000tpa of cobalt for around 40 years based on the current reserves. The product will be trucked to the Darwin-Adelaide railway and railed to either the port of Darwin or Adelaide for export.

The Wingellina project is located entirely within Exploration Licence ("EL") 69/535 (Figure 5) within Aboriginal Reserve A17614. The Aboriginal Reserve, over which Native Title has been granted, is leased for 99 years to the Ngaanyatjarra Land Council ("NLC"). Metals X has negotiated an access agreement and a mining agreement with the Traditional Owners that covers some 18,000km² for mining and infrastructure. An Environmental Scoping Study has been approved by the WA Government, and it is planned to submit an Environmental Impact Assessment later this year on completion of a hydrological study to confirm the process water supply parameters. All other studies for the completion of the EIA have been completed.

Metals X's Wingellina tenements extend east into South Australia. In addition to its wholly-owned tenements, Metals X is earning up to 70% interest in the Rio Tinto Exploration ("Rio Tinto") owned Mt Davies tenement E3932 (Figure 5). Metals X has reached minimum expenditure in the farm in, but has not yet earned any equity in the project. Metals X will earn an initial 51% in the Mt Davies tenement by spending another A\$897,000 by March 2014, and can earn up to 70% interest by completing a pre-feasibility study. The Claude Hills prospect lies within the South Australian tenements and straddles the 100% owned and Rio Tinto farm-in tenements.

Collingwood Tin Project

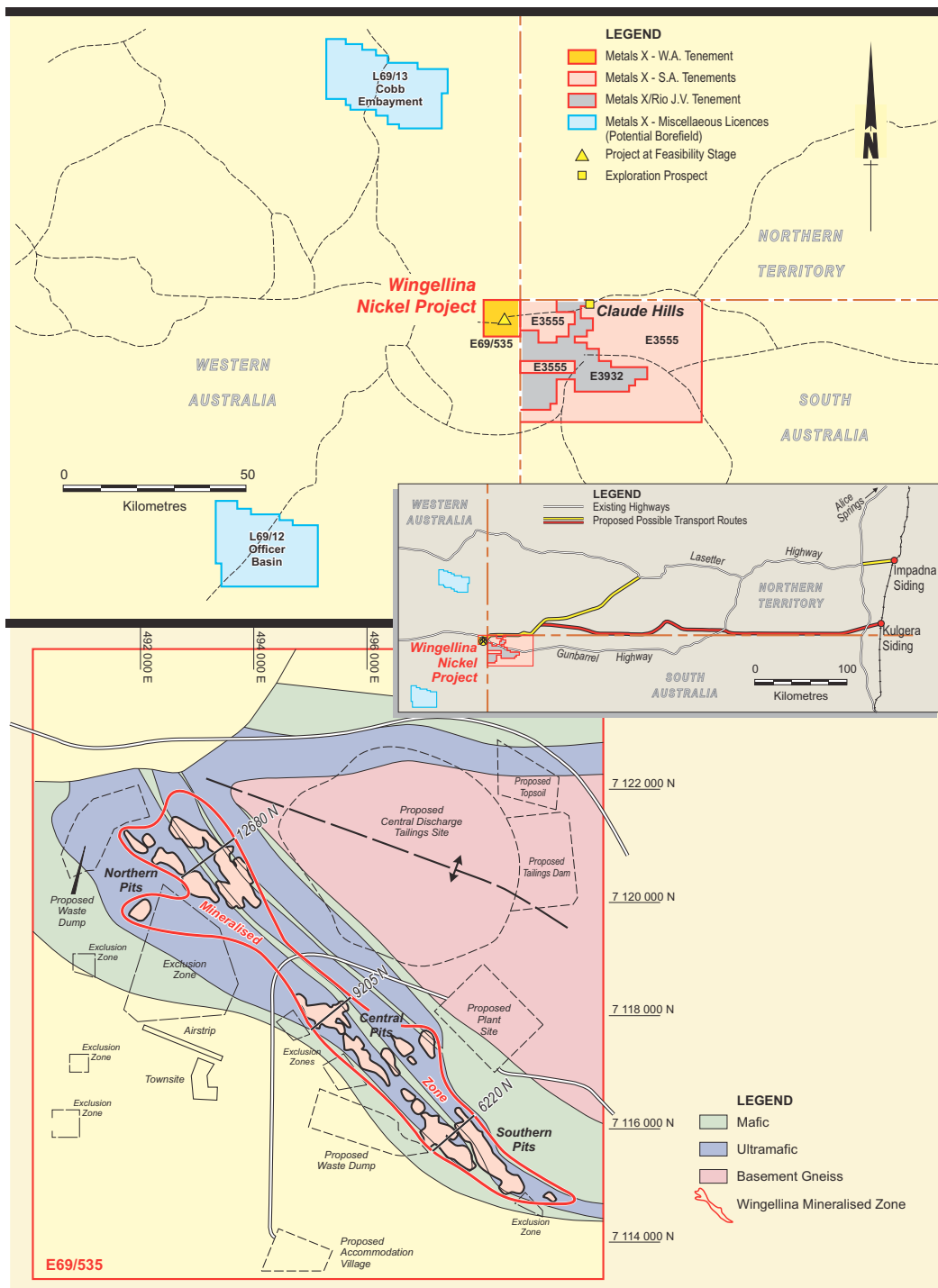
The Collingwood tin project is located in North Queensland, approximately 30km south of Cooktown (Figure 1). Bluestone acquired the project in 2000 and commenced underground operations in 2006. The project was put on care and maintenance in 2008 and Metals X has advised that it intends to sell the project.

Investments

Metals X also holds investments in other Australian listed entities including:

- Westgold Resources Limited - 26.98%;
- Independence Group NL - 2.82%;
- Mongolian Resource Company Limited - 15.33%
- Aziana Limited - 25.00%.

The valuation of these investments will be considered by BDO Corporate Finance.



Metals X - Westgold Resources Transaction

Wingellina Nickel Project

Figure 5

BDA - 0153 (June 2012)

LOCATION PLAN

Behre Dolbear Australia Pty Ltd

2.4 Valuation

Valuation Assumptions

BDO Corporate Finance has provided BDA with long term metal price, exchange rate and inflation forecasts, to be used as the basis for valuing the projects. BDO Corporate Finance has also provided BDA with a range of discount rates to be used (9.50-12.50%) to determine the net present value ("NPV") of those projects that have been valued using the discounted cash flow method. The discount rates have been determined using the weighted average cost of capital methodology. The average annual metal price forecasts (rounded) expressed in nominal US dollar ("US\$") terms and the exchange rate forecasts are summarised in Table 2.2. The gold price is expressed as US\$/oz; tin, copper and nickel prices are expressed in terms of US\$ per tonne ("US\$/t") and cobalt prices are expressed as US\$ per pound ("US\$/lb").

Table 2.2
BDO Corporate Finance Valuation Assumptions

Parameters	Units	2012	2013	2014	2015	2016
Gold	US\$/oz	1,800	1,790	1,590	1,440	1,340
Tin Price	US\$/t	24,050	24,410	24,130	23,710	21,990
Cu Price	US\$/t	8,660	8,680	8,090	7,630	7,290
Nickel Price	US\$/t	20,360	21,120	21,510	22,070	22,130
Cobalt Price	US\$/lb	14.70	15.20	15.50	14.70	15.40
Exchange Rate	US\$/A\$	1.02	1.00	0.96	0.91	0.86

Note: Calendar Years; 2012 projections relate to July-December 2012; beyond 2016, the averages for 2013-2016 have been used; the real prices used in the DCF valuations are shown in the Parameters and Assumptions tables for each project

Valuation Summary

A summary of the asset valuations is shown in Table 2.3. The valuations are based on the long-term metal prices, US\$/A\$ exchange rate, inflation rates and discount rates provided by BDO Corporate Finance. We have undertaken a sensitivity analysis as a basis for determining the high and low range.

BDA has derived a valuation for the Central Murchison gold project in WA, the Renison tin assets in Tasmania and the Wingellina nickel project in WA based on the net present value of the pre-debt, after-tax, discounted cash flows. Sensitivity analyses have been undertaken as a basis for determining the high and low range. Where appropriate BDA has also considered alternative means of valuation, including yardstick measurements and comparable transactions. For the less advanced projects and for exploration properties where the accuracy of the underlying assumptions is too broad to use the discounted cash flows as the primary valuation method, we have used methods such as past expenditure, acquisition costs, joint venture terms and any relevant comparable recent transactions to determine value.

Table 2.3
Valuation Summary of Westgold and Metals X Mineral Assets

Property	Valuation (A\$M)			Comments
	Low	Most Likely	High	
Westgold				
CMGP	65.2	94.7	125.1	DCF/Yardstick methods
Rover and Explorer	35.3	46.5	58.2	DCF/Yardstick/Exploration Expenditure methods
Exploration Properties	1.0	1.7	3.7	Notional valuation
Total	101.5	142.9	187.1	
Metals X				
Renison/Mount Bischoff	90.4	114.0	138.5	DCF/Alternative Offer/Yardstick methods
Rentails Project	23.0	30.9	39.1	DCF/Alternative Offer/Yardstick methods
Collingwood Project	2.0	4.0	5.0	Indicative Sale Price
Wingellina/Claude Hills	172.8	271.4	370.0	DCF/Yardstick/Independent Valuation methods
Total	288.3	420.3	552.6	

Note – values of Renison/Mount Bischoff and Rentails represent Metals X's 50% interest

BDA has not undertaken a valuation of the Metals X listed investment interests as these will be valued by BDO Corporate Finance.

BEHRE DOLBEAR

3.0 VALUATION METHODOLOGY

3.1 Effective Date

The effective date for the valuation is 30 June 2012.

3.2 Standards and Procedures

This report has been prepared in keeping with the Valmin Code for the Technical Assessment and Valuation of Mineral Assets and Securities for Independent Expert Reports as adopted by the Australasian Institute of Mining and Metallurgy in 1995 and as amended and updated in 2005. Resource and reserve estimation procedures and categorisations have been reviewed in terms of the JORC Code, December 2004.

3.3 Valuation Principles

As a general principle, the fair market value of a property as stated in the Valmin Code (Definition 43) is the amount a willing buyer would pay a willing seller in an arm's length transaction, wherein each party acted knowledgeably, prudently and without compulsion.

3.4 Valuation Methods

There is no single method of valuation which is appropriate for all situations. Rather, there are a variety of valuation methods, all of which have some merit and are more or less applicable depending on the circumstances. The following are appropriate items to be considered:

- discounted cash flow
- amount an alternative acquirer might be willing to offer
- the amount which could be distributed in an orderly realisation of assets
- the most recent quoted price of listed securities
- the current market price of the asset, securities or company.

The *discounted cash flow* or net present value method is generally regarded as the most appropriate primary valuation tool for operating mines or mining projects close to development. Valuing properties at an earlier stage of exploration where ore reserves, mining and processing methods, and capital and operating costs, are yet to be fully defined, involves the application of alternative methods. The methods generally applied to exploration properties are the *related transaction* or real estate method, the value indicated by *alternative offers* or by *joint venture terms*, and the *past expenditure* method. *Rules of thumb or yardstick values* based on certain industry ratios can be used for both mining and exploration properties. Under appropriate circumstances values indicated by *stock market valuation* should be taken into account as should any *previous independent valuations* of the property.

The valuation methods considered are briefly described below.

Net Present Value (NPV)

If a project is in operation, under development, or at a final feasibility study stage and reserves, mining and processing recoveries, and capital and operating costs are well defined, it is generally accepted that the net present value of the project cash flows is a primary component of any valuation study. This does not imply that the fair market value of the project necessarily is the NPV, but rather that the value should bear some defined relationship to the NPV.

If a project is at the feasibility study stage, additional weight has to be given to the risks related to uncertainties in costs and operational performance, risks related to the ability to achieve the necessary finance for the project and sometimes a lower degree of confidence in the reserves and recoveries. In an ongoing operation many of these items are relatively well defined.

The NPV provides a technical value as defined by the Valmin Code (Definition 36). The fair market value could be determined to be at a discount or a premium to the NPV due to other market or risk factors. BDA considers that the NPV or discounted cash flow method is the most appropriate method for valuing the Metals X Renison tin project as the mine is in production with a well-established production history, and also for the Rentails project as the resource, testwork and project parameters are reasonably well defined. BDA also considers the NPV method appropriate for the Wingellina nickel project as a detailed Feasibility Study has been completed and capital and operating costs estimated to an appropriate level of accuracy.

BEHRE DOLBEAR

The Westgold Central Murchison Gold Project is also reasonably well defined, with all major prospects having been mined and processed in the relatively recent past. However, a DFS is still underway and detailed capital and operating cost estimates are not yet available. On this basis BDA has also considered alternative means of valuation including the yardstick method and comparable transactions.

The Westgold Rover 1 project is only at a Scoping Study stage; BDA has considered the potential project NPV but has also considered other valuation methodologies as there is some uncertainty associated with a number of the technical and cost parameters.

BDO Corporate Finance has provided BDA with appropriate discount rates and future commodity prices for the purposes of valuation.

In certain circumstances, the NPV method can be applied to the valuation of exploration properties, where those properties are adjacent to an existing or planned mining operation, and there is a reasonable likelihood that mineralisation delineated within the exploration properties could provide a future source of feed to the existing plant. In purchasing such a property, a willing and knowledgeable buyer would be mindful of the opportunity of exploiting mineralisation which may otherwise not be viable and would pay a higher price where this potential was considered high. Where appropriate, BDA has estimated an additional exploration value in terms of the ability to add to the mine life by determining the NPV of the additional potential cash flows.

Alternative Valuation Methods

Related Transactions

Recent comparable transactions can be relevant to the valuation of projects and tenements. While it is acknowledged that it can be difficult to determine to what extent the properties and transactions are indeed comparable, unless the transactions involve the specific parties, projects or tenements under review, this method can provide a useful benchmark for valuation purposes. The timing of such transactions must be considered as there can be substantial change in value with time.

BDA has considered whether any comparable relevant transactions have taken place in recent years which can be used as a basis for estimation of value of the mining assets assessed herein, and is of the opinion that various nickel laterite transactions and gold project transactions which have taken place in Western Australia and elsewhere over the last five years could be considered as a basis for valuing the Wingellina and Central Murchison projects.

Alternative Offers and Joint Venture Terms

If discussions have been held with other parties and offers have been made on the project or tenements under review, then these values are certainly relevant and worthy of consideration. Similarly, joint venture terms where one party pays to acquire an interest in a project, or spends exploration funds in order to earn an interest, provide an indication of value. BDA has considered the joint venture terms in assessing a value for certain of the exploration properties.

Rules of Thumb or Yardsticks

Certain industry ratios are commonly applied to mining projects to derive an approximate indication of value. The most commonly used ratios relate to gold projects and comprise dollars per ounce of gold in resources, dollars per ounce of gold in reserves, and dollars per ounce of annual production. The ratios used commonly cover a substantial range which is generally attributed to the 'quality' of the ounces in question. Low cost ounces are clearly worth more than high cost ounces. Where a project has substantial future potential not yet reflected in the quoted resources or reserves a ratio towards the high end of the range may be justified. Such ratios give some guide to valuation of the Central Murchison and Rover 1 projects.

Similar ratios can be derived in terms of contained nickel. BDA has derived such ratios from recent known transactions and has used these as a guide to the value of the Wingellina resources. These ratios can be used to provide an overall guide to value, but are subject to a significant degree of interpretation.

Past Expenditure

Past expenditure, or the amount spent on exploration of a tenement is commonly used as a guide in determining the value of exploration tenements, and 'deemed expenditure' is frequently the basis of joint venture agreements. The assumption is that well directed exploration has added value to the property. This is not always the case and exploration can also downgrade a property and therefore a 'prospectivity enhancement multiplier' ("PEM"), which commonly ranges from 0.5-3.0, is applied to the effective expenditure. The selection of the appropriate multiplier is a matter of experience and judgement. To eliminate some of the subjectivity with respect to this method, BDA has applied a scale of PEM ranges as follows to the exploration expenditure:

BEHRE DOLBEAR

- PEM 0.5 - 0.9 Previous exploration indicates the area has limited potential
- PEM 1.0 - 1.4 The existing (historical and/or current) data consists of pre-drilling exploration and the results are sufficiently encouraging to warrant further exploration.
- PEM 1.5 - 1.9 The prospect contains one or more defined significant targets warranting additional exploration.
- PEM 2.0 - 2.4 The prospect has one or more targets with significant drill hole intersections.
- PEM 2.5 - 2.9 Exploration is well advanced and infill drilling is required to define a resource.
- PEM 3.0 A resource has been defined but a (recent) pre-feasibility study has not yet been completed.

BDA has considered exploration expenditure in determining a value for some of the exploration tenements.

Prospectivity

Over-riding any mechanical or technical valuation method for exploration ground must be recognition of prospectivity and potential, which is the fundamental value in relation to exploration properties.

Market Valuation

On the fundamental definition of value, as being the amount a knowledgeable and willing buyer would pay a knowledgeable and willing seller in an arm's length transaction, it is clear that due consideration has to be given to market capitalisation. In the case of a one project company or a company with one major asset, the market capitalisation gives some guide to the value that the market places on that asset at that point in time, although certain sectors may trade at premiums or discounts to net assets, reflecting a view of future risk or earnings potential. Commonly however a company has several projects at various stages of development, together with a range of assets and liabilities, and in such cases it is difficult to define the value of individual projects in terms of the share price and market capitalisation.

Other Expert Valuations

Where other independent experts or analysts have made recent valuations of the same or comparable properties these opinions clearly need to be reviewed and to be taken into consideration. We have inquired of Westgold and Metals X whether any other recent valuations of the companies or their assets have been undertaken and have been advised that the only other recent assessments have been various brokers' reports.

Special Circumstances

Special circumstances of relevance to mining projects or properties can have a significant impact on value and modify valuations which might otherwise apply. Examples could be:

- *environmental risks* - which can result in a project being subject to extensive opposition, delays and possibly refusal of development approvals
- *indigenous peoples/land rights issues* - projects in areas subject to claims from indigenous peoples can experience prolonged delays, extended negotiations or veto
- *country issues* - the location of a project can significantly impact on the cost of development and operating costs and has a major impact on perceived risk and sovereign risk
- *technical* - issues peculiar to an area or orebody such as geotechnical or hydrological conditions, or metallurgical difficulties could affect a project's economics.

We have considered, and have inquired of Westgold and Metals X, whether any such factors apply to the projects and prospects under review.

BEHRE DOLBEAR

4.0 SOURCES OF INFORMATION

BDA has undertaken site visits to the Central Murchison gold project in WA, the Rover 1 and Explorer 142 and 108 projects in the NT, the Wingellina nickel project in WA and the Renison mine and associated projects in Tasmania. Geological, mining, processing and engineering data were reviewed with Westgold and Metals X technical and management staff.

The principal reports and documents reviewed are listed below:

Public Information

- Westgold Resources Limited Annual Report 2011
- Westgold Resources Limited Quarterly Reports 2011-2012
- Westgold Resources Limited ASX Announcements 2012
- Metals X Limited Annual Report 2011
- Metals X Limited Quarterly Reports 2011-2012
- Metals X ASX Announcements 2012

Westgold Projects

General

- Westgold CMGP/Rover/Explorer and Operations Overview Presentation for BDA - Westgold, June 2012
- Annual Resource Commentary - Westgold Resources Limited, June 2012
- WGR Data Room Extracts - Westgold Resources Limited, June 2012

Central Murchison Gold Project

- Aragon Resources Independent Specialist Report - Golder Associates, March 2011
- Westgold Resources Limited Central Murchison Gold Project Annual Environmental Report 1st January - 31st December 2011 - Outback Ecology Services Ltd, March 2012
- Westgold Native Title and Aboriginal Heritage Due Diligence Report - Allens Arthur Robinson, April 2012

Rover 1 and Explorer Projects

- Rover 1 Scoping Study Request for Proposal - Westgold Resources Limited, June 2010

Exploration Projects

- Warumpi Province NT Presentation - Westgold Resources Limited, May 2011
- McArthur Basin Option and Joint Venture - MMG Exploration Limited
- Operations Overview Presentation for BDA - Westgold Resources Limited, May 2012.

Metals X Projects

General

- Metals X Renison/Mt Bischoff/Rentails/Wingellina Presentation Documents for BDA - Metals X, June 2012
- Resource and Reserve Statements June 2011 and June 2012 - Metals X Limited, June 2012

Renison/Mt Bischoff Projects

- Monthly Reports - Bluestone Mines Tasmania Joint Venture Pty Ltd, Renison Tin Project - BMTJV, June 2011 and April 2012
- Draft Memorandum 'Access to Lower Federal Decline (South Renison) following a Rockburst Event' - SRK Consulting (Australasia) Pty Ltd, May 2012
- BMTJV Renison Budget Financial Year 2012/13 - BMTJV, June 2012

Rentails Project

- Renison Tailings Retreatment - RGC Renison, February 1990
- Tailings Re-treatment Scoping Study - Bechtel Mining and Metals, October 2000
- Ausmelt Technology for Fuming Renison Tailings - Ausmelt, December 2004

Wingellina Project

- Wingellina Nickel Laterite Deposit Scoping Study - Lixiviant Pty Ltd, May 2006
- Wingellina Nickel Laterite Deposit Addendum Report - Lixiviant Pty Limited, June 2006
- Wingellina Nickel Laterite Deposit Phase 1 Feasibility - Jacobs, 2009
- Wingellina Nickel Laterite Deposit Status Review - Jacobs, 2012
- Public information on nickel laterite projects

Collingwood Project

- Confidential Offer Documents for Collingwood Lease - June 2011

BEHRE DOLBEAR

General Data

- Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves - Report of the Joint Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia - December 2004 ("the JORC Code")
- Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports - 2005 ("the Valmin Code").
- Economic Projections Commodity Price and Exchange Rate Forecasts – BDO Corporate Finance, June 2012

5.0 WESTGOLD PROJECTS

5.1 Central Murchison Gold Project (CMGP)

Introduction

The Central Murchison Gold Project in Western Australia is owned and operated by Big Bell Gold Operations Pty Limited, a wholly-owned subsidiary of Westgold. The CMGP comprises three primary gold-bearing lineaments or tenement blocks: the Murchison Bell tenement block hosting the Big Bell mineralisation, the Day Dawn tenement group hosting the Great Fingall and Golden Crown mines, and the Cuddingwarra tenement block hosting the north and south Cuddingwarra fields (Figure 2).

The Central Murchison area and the tenements currently held by Westgold incorporate a number of former major open pit and underground gold mines. Westgold is seeking to re-establish a gold mining centre in the area based on re-development of a number of the former open pit and underground operations. Westgold is currently undertaking a Definitive Feasibility Study ("DFS") to determine the optimum parameters for redevelopment of the mines. It is planned to construct a new process plant with a capacity of 1-1.2Mtpa with initial gold production of around 50-60,000ozs per annum from near-surface ores, building up to around 120,000ozs per annum as higher grade underground ores become available.

Historical production from the Central Murchison area is in excess of 5Mozs, and Westgold's tenements cover some of the most prospective geology in the district and some of the largest historical producers. Westgold's current CMGP resources total in excess of 2Mozs. Three principal underground mines and a number of open pit resources together with significant low grade stockpiles and tailings form the basis for the planned project. Local infrastructure is well established including sealed roads (the Great Northern Highway) and an airstrip at the town of Cue. Westgold plans to complete the CMGP DFS by September 2012, and subject to the outcomes of the study, review the options for developing the project.

Site Location, Access and Infrastructure

The CMGP tenements are located in the Murchison district of Western Australia, 650km north of Perth along the Great Northern Highway (Figure 1). The Murchison Bell tenement block, hosting the Big Bell mineralisation is centred approximately 24km northwest of Cue. The Cuddingwarra tenement block extends north-south from a point 12km northwest of Cue to a point 12km southwest of Cue. The Day Dawn tenement group, hosting the Great Fingall and Golden Crown mineralisation extends from immediately southwest of Cue in a southwesterly direction for approximately 12km (Figure 2). Topography in the area is flat, and should provide no hindrance to mining or the siting of project infrastructure. An airstrip is available at Cue with regular flights to and from Perth servicing other mining projects in the area.

Tenements

BDA has not independently verified the current ownership status and legal standing of the material tenements of Westgold that are the subject of this report, but has been provided with relevant tenement schedules by Westgold. Westgold has advised that all project tenements are in good standing.

Tenements are held as mining, prospecting and exploration licences. The tenements are 100% owned by Westgold or wholly-owned subsidiaries, with the exception of four prospecting licences at Cuddingwarra totalling approximately 6km² which are owned 70% by Westgold and 30% by Peregrine Gold Mining NL but do not contain any known resources. A number of permits are approaching expiry date but these may be extended, subject to conditions imposed by the WA Mines Department. Given the overall level of expenditures and the fact that the CMGP tenements are grouped into three projects by the Mines Department for expenditure requirements, continued mineral tenure is not regarded as a material risk.

Sixteen Exploration and Prospecting tenements are shown to have expired, however, these have been over-pegged by Westgold Mining Lease Applications and until these are granted (waiting on Native Title Agreement), the underlying permits are held in good standing. A summary of the tenement status subdivided into the three principal project areas is shown in Table 5.1.

Table 5.1

Westgold Central Murchison Tenements – Big Bell, Cuddingwarra and Day Dawn

Project Area	Tenements Granted	Tenement Applications	Total Tenements	Tenement Area (km ²)
Big Bell	17	5	22	62
Cuddingwarra	64	4	68	137
Day Dawn	50	9	59	114
Total	131	18	149	313

BEHRE DOLBEAR

Environment

The CMGP area has a long history of mining dating back to the turn of the 20th Century and there have been significant environmental impacts from previous mining activity.

Outback Ecology Services has undertaken all aspects of environmental review and monitoring on behalf of Westgold. BDA has reviewed the latest Central Murchison Gold Project Annual Environmental Report for the period 1st January - 31st December 2011. Approvals will be sought for the dewatering, refurbishment and re-opening of mines in the Big Bell, Cuddingwarra and Day Dawn areas during 2012/13. The Day Dawn water abstraction licence has already been granted. Since such permits relate to re-instatement of previous operations, and no particular issues have been highlighted, there appears a low risk of any material problems or delays. Westgold currently has an A\$3.2M environmental bond in place.

There is no single EIS covering the whole project, but rather a series of studies for each particular aspect which will be incorporated into the final approvals document, e.g. water supply, fauna and flora. Each activity, such as dewatering, clearing, and construction, requires approval from separate regulatory authorities. Westgold is currently working through this process; the baseline studies have been carried out using Outback Ecology Services and applications are being prepared for the relevant permits.

Native Title

Allens Arthur Robinson ("AAR") prepared a report dated 20th April 2012 for Westgold as part of the advancement of the DFS for the development of the planned CMGP operations in Western Australia. The report focuses on native title and aboriginal heritage issues.

AAR comments that "All the mining tenements that were included in the review are valid or have been validated under the Native Title Act 1993. There are native title claims in existence which include the areas covered by the mining tenements. Should Westgold apply for new tenements in the areas adjacent to the current tenements, the future act procedures set out in the Native Title Act will need to be followed to allow the grant of such tenements. There are some Aboriginal sites of significance in the areas covered by the mining tenements. If these sites are to be disturbed in future operations, approval under the Aboriginal Heritage Act 1972 (WA) will be required."

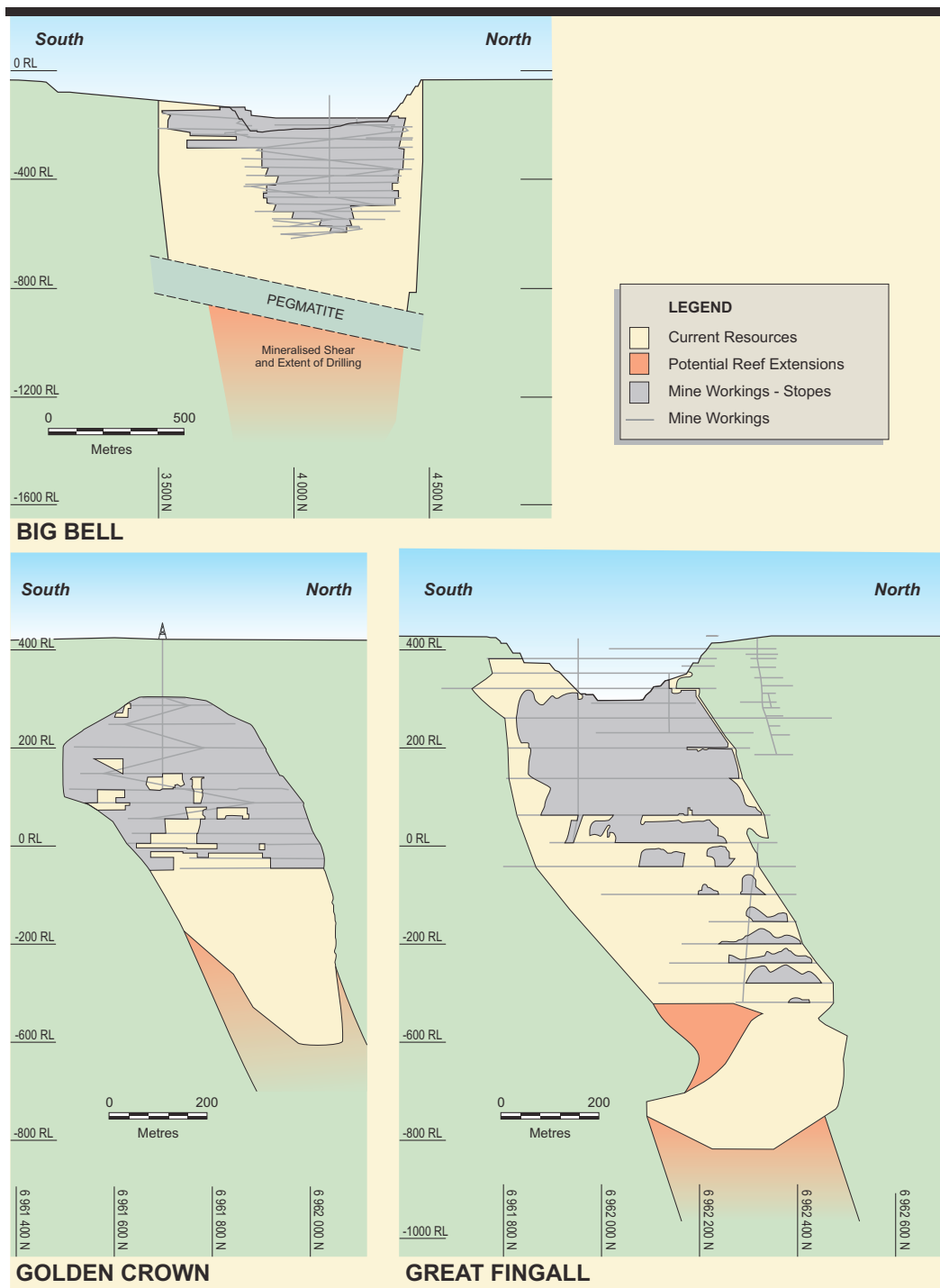
From discussions with Westgold management BDA understands that there is no Native Title impediment to the planned re-establishment of the former operations on already granted mining leases.

History

Big Bell

The historical Big Bell mine (Figures 2 and 6) produced 730,000ozs of gold at 4.0g/t Au from 1904 to 1955. The mine reopened in the 1980s, then owned jointly by ACM Limited and Placer Pacific, and later by Normandy Mining Limited ("Normandy"), until October 1999, when New Hampton Goldfields Limited ("New Hampton") acquired the project. New Hampton was taken over by Harmony Gold Limited ("Harmony") in April 2001. Harmony closed the mine in June 2003, with the mine failing to achieve target performance at the then current gold price.

The Big Bell processing plant was sold in 2007 for A\$5.2M and transported to Westonia to become part of the new Edna May Gold Mine. In January 2010, the mine was acquired by Aragon Resources Limited ("Aragon"). Total production from the Big Bell mine from 1904 - 2003 is estimated at 2.5Mozs of gold. A breakdown of past production from Big Bell and other producers in the area is given in Table 5.2.



Metals X - Westgold Resources Transaction

Central Murchison Gold Project

Figure 6

CMGP - SECTIONS OF PRINCIPAL DEPOSITS

BDA - 0153 (June 2012)

Behre Dolbear Australia Pty Ltd

Table 5.2
Historical Production – Big Bell, Cuddingwarra and Day Dawn Producers

Project/Period	Tonnage Mt	Recovered Grade g/t Au	Gold Produced kozs
Big Bell Area			
Big Bell (Pre 1937)	0.064	5.47	11
Big Bell Underground Asarco (1937-55)	5.600	4.06	730
Big Bell Open Pit (1988-95)	14.204	1.76	804
Big Bell Underground (1995-2003)	11.506	3.15	1,164
1600N Open Pit (1991)	0.480	1.80	26
Shocker Open Pit (1994)	0.131	3.87	16
Fender Open Pit (1995-96)	0.272	2.13	16
1600N/Shocker Open Pit Cut Back (2001-03)	0.560	2.58	46
<i>Sub-total</i>	<i>32.817</i>	<i>2.67</i>	<i>2,813</i>
Cuddingwarra Area			
Cuddingwarra Open Pits (1999-2003)	11.550	2.10	780
Cuddingwarra Open Pits (2005-07)	0.249	3.06	24
<i>Sub-total</i>	<i>11.799</i>	<i>2.12</i>	<i>804</i>
Day Dawn Area			
Day Dawn Underground (1900-96)	3.290	17.00	1,800
Day Dawn Open Pits (1990-2003)	2.400	3.20	250
Day Dawn Open Pits (2005-07)	0.181	3.22	19
<i>Sub-total</i>	<i>5.871</i>	<i>10.96</i>	<i>2,069</i>
Total	50.487	3.51	5,687

Cuddingwarra

Gold was discovered in the area in 1888, and by 1895 a stamp mill was treating ore from the Cuddingwarra, Siege of Paris and Frasers South mines (Figure 2). In more recent times, Normandy re-commenced mining in 1999 followed by New Hampton from late 1999 to July 2001. Harmony undertook mining from July 2001 to June 2003 and from 2005 to 2007 from the Black Swan, Black Swan South, Golden Gate, Chieftain, City of Chester and Rheingold open pits.

Day Dawn

Gold was discovered in the area in 1891 and the Great Fingall Gold mine (Figures 2 and 6) operated from 1898 to 1918 with a total production of 1.2Mozs of gold at a grade of 19.8g/t Au. Combined open pit and underground production from the Day Dawn Goldfield is over 2Mozs at around 11g/t Au.

Geology and Mineralisation

The following geological descriptions are extracted from a report titled “*Annual Mineral Resource Commentary - June 2012*” by Westgold.

CMGP Regional Geology

The CMGP is located in the Archaean Murchison Province, a granite-greenstone terrane in the northwest of the Yilgarn Craton. Greenstone belts trending north-northeast are separated by granite-gneiss domes, with smaller granite plutons also present within or on the margins of the belts (Figure 2).

The greenstone belts comprise tholeiitic and high-Mg basalts, komatiites and other ultramafic volcanics, mafic and ultramafic intrusives (dolerites, gabbros, dunites), felsic and intermediate volcanics and metasediments including banded iron formations.

Big Bell Project Area

The project area is located at the southern end of a narrow northeast-trending greenstone belt, (informally referred to as the Big Bell Greenstone Belt), which adjoins the larger Meekatharra - Mount Magnet Greenstone Belt. The belt has a strike length of 33km and a width of 1.5km at Big Bell, and is bounded to the east and west by granite intrusions (Figure 2). To the north of Big Bell, the Big Bell Greenstone Belt widens, whereas to the south the sequence thins to less than 200m (approximately 7km south of the mine).

The Big Bell Greenstone Belt is comprised of variably altered and intensely sheared, north-northeast-trending amphibolites and felsic schists. The muscovite and biotite-altered rocks hosting gold mineralisation at Big Bell are referred to as the Big Bell Mine Sequence. The greenstone belt can be divided into three domains separated by two major regional fault zones. The eastern domain (mostly amphibolite), the central domain (quartzofeldspathic and biotite schists which host the Big Bell Mine Sequence), and the western domain (dominated by amphibolite). The metamorphic grade within the greenstone belt is mid- to upper-amphibolite facies.

BEHRE DOLBEAR

The Mine Sequence includes biotite and quartzo-feldspathic schist, altered amphibolite and sheared porphyry dyke within the central domain of the Big Bell greenstone belt. The main host for gold mineralisation at Big Bell is altered K-feldspar-rich and muscovite-rich quartzo-feldspathic schist. The sequence dips to the east, and its base is the tectonic contact with the amphibolite of the western domain, along the graphitic Footwall Shear Zone.

Along strike to the south of Big Bell the lithological host of the mineralisation is variable, although still restricted to the altered biotite or quartzo-feldspathic schist. At Little Bell and Big Bell South, better gold mineralisation is found on the hangingwall and to a lesser degree the footwall contacts of the mineralisation observed at Big Bell. Moving south, the biotite (+ cordierite) schist is the dominant host at Shocker and 1,600N with lower, more dispersed, grade within the muscovite schist. Fender is the southernmost deposit and the entire mine sequence narrows significantly such that, although only approximately 13 metres wide, the mineralised lithologies includes muscovite, biotite and quartzo-feldspathic schist. The Fender mineralisation is bound on the footwall by K-feldspar-rich schist and on the hangingwall by garnet-rich schist.

In the Big Bell area, mineralisation outside the immediate Mine Sequence has been observed in the hangingwall amphibolite at Irishman - Mary Belle and in the footwall amphibolites at Harris Find.

Approximately 30-40% of the belt outcrops in three areas of high relief (up to 30m), one to the east of Big Bell mine, and the other two to the north of the mine. The remainder of the greenstone belt is concealed beneath granite-derived sheet-wash and alluvium, with thicknesses ranging from 5m to greater than 90m in Tertiary palaeo-drainages.

Current interpretations of the controls on mineralisation stress the importance of structure and its impact on the various mine lithologies rather than the lithologies themselves, in particular dilational bends along a steep reverse shear zone. Cross cutting features, manifest as penetrative foliation, shears and thin greenstone belts may also influence the occurrence and limits of gold mineralisation at Big Bell as they do at Cuddingwarra and Golden Crown. Recognition that structure rather than simply lithology is a major control may well prove to be important in the future discovery of additional mineralisation in areas where there is a minimal or subdued surface response. In this regard, periodicity of the near vertical shoots may also prove to be significant.

Gold mineralisation at Big Bell is hosted in the shear zone (Mine Sequence) and is associated with stibnite, native antimony and trace arsenopyrite disseminated through the K-feldspar-rich lode schist. These minerals are intergrown with pyrite, pyrrhotite and minor chalcopyrite. Mineralisation outside the typical Big Bell host rocks, for example at 1,600N and Shocker, also displays a strong W-As-Sb geochemical halo.

Metallurgical studies indicate that the principle gold mineral is native gold (88 weight-percent Au) which accounts for 73-79% of the gold in the mill feed. The silicate host to the gold includes quartz and microcline. Sulphide hosts include pyrite and pyrrhotite as well as traces of gold in aurostibnite, ilmenite, rutile, stibnite and arsenopyrite.

Cuddingwarra Project Area

Cuddingwarra lies within the Meekatharra-Wydege Greenstone Belt which forms a major synform, trending north-northeast (Figure 2). The principal structures in the project area are north and north-northeast trending major faults and shear zones. A regional shear zone (the Cuddingwarra Shear Zone) is located along the eastern margin of the tenement group, which juxtaposes the greenstone sequences with the eastern sedimentary package. Gold mineralisation is developed at the northern end of the Cuddingwarra Shear where it splays into a series of horsetail faults

The Cuddingwarra project area is underlain by three lithological sequences:

- a high-Mg basalt and basalt sequence in the west
- intercalated komatiites and high-Mg basalts, with minor tholeiitic basalts and dolerite units in the centre of the project area, which are punctuated by numerous early granodioritic intrusives and quartz-feldspar porphyries
- a sequence of sediments and volcanics in the east.

Numerous gold deposits occur within the Cuddingwarra project area, the majority of which are hosted within the central mafic-ultramafic plus or minus a felsic porphyry sequence. Three separate deformation episodes are recognised, with mineralisation shown to be spatially related to the D2 and D3 events; gold tenor is maximised where structures from both are coincident.

Mineralisation is controlled by competency contrasts across, and flexures along, layer-parallel D2 shear zones and is maximised when transected by corridors of northeast-striking D3 faults and fractures.

A significant degree of supergene remobilisation of gold has occurred within the deep and intense weathering profile, and is an important mechanism controlling economic concentrations of gold. Gold grades are quite variable above the base of oxidation, with horizontal near-surface and base-of-oxidation dispersion zones common above primary mineralisation. It is likely that there has been localised remobilisation of gold into ferruginous clays and pisolitic laterite above the base of oxidation, with coarser gold being associated with quartz, and much finer grained gold occurring within the clay-rich materials. The regolith over the area varies from transported colluvial/alluvial cover to outcrop, with a substantial portion of the Cuddingwarra project area characterised by transported cover.

Prospects mined to date, listed from the north, are City of Chester, Golden Gate North, Golden Gate and Black Swan on D2 structures, and Black Swan South, Rheingold and Rheingold South on the intersection of D2 and D3 structures (Figure 2). Chieftain lies on a north-northeast trending layer parallel structure east of Black Swan South.

Day Dawn Project Area

The Day Dawn project tenements cover a section of the Meekatharra-Wyldgee Greenstone Belt extending approximately 35km southwest from Cue (Figure 2). The strike of this belt changes, heading south, from south-southwest to north-south just to the south of Mount Fingall (approximately 13km southwest of Cue), due to drag on the Cuddingwarra Shear Zone ("CSZ"). The 3km thick sequence within the belt comprises predominantly extrusive basic volcanics and their intrusive counterparts, which may be divided into three broad groups:

- Hangingwall Basalts ("HWB")
- Great Fingall Dolerite ("GFD")
- Footwall Basalts ("FWB").

The Hangingwall Basalts consist of a monotonous succession of basalts, pillow lavas, amygdaloidal basalts, agglomerate and graphitic interflow sediments well exposed as a line of low hills to the west of the Great Fingall Dolerite. A number of dolerite dykes and sills, two of which have been mapped, have intruded the basalts. The base of this group, in contact with the hangingwall of the GFD, is marked by a distinct shale horizon that displays strong evidence of faulting and shearing.

The GFD is a large (up to 600m thick), differentiated tholeiitic sill that strikes north-northeast and dips 60-70° to the northwest. It extends over a strike length of at least 16km, from Cue in the north (where it is terminated against the Cue Gabbro and a post-folding granodiorite) to the Cuddingwarra Shear Zone in the vicinity of Lake Austin in the south. Macroscopically it can be subdivided into five major units (AGF1 in the hangingwall through to AGF5 in the footwall) which are more or less recognisable throughout its length. Unit AGF3 is a granophyric dolerite with 5% free quartz making it the most brittle of all five units and this characteristic is responsible for its role as the most favourable lithological host to gold mineralisation in the Greenstone Belt. Units AGF3 and AGF5 have strong magnetic signatures, which are particularly useful in mapping these units.

The main penetrative structural fabrics in the area are prominent D4 north to north-northeast trending shear zones and faults, and similarly oriented F3 fold axes. The Great Fingall Dolerite hosts the majority of gold mineralisation within the portion of the greenstone belt proximal to Cue particularly where north-south structures refract across it. Lodes are developed in the refracted north-south structures as:

- main reefs and link structures 60°SW330° (main refraction orientation)
- spur (or north-south) reefs 54°W000°
- Alimak Reef 50°NW030° (sub-parallel to shale unit on the hangingwall of the GFD trending 63°NW035°).

Gold resources mined in open pit and underground are hosted in the three main geological units and structures as follows:

- *Hangingwall Basalts* - north-south reefs, Rubicon
- *GFD* - main reefs at Great Fingall, Golden Crown, Galena, 3210, Trenton, Yellow Taxi, Yellow Taxi South, Mt Fingall
- *Footwall Basalts* - Alimak Trend (Kinsella), North-South (South Fingall, Try Again)

Great Fingall and Golden Crown mines (Figure 6) both exhibit the same pattern of reefs which comprise main reef, spur, link and Alimak reefs.

The reefs at Golden Crown consist mainly of bucky white quartz and in places contain rafts of dolerite. Sulphides are mainly concentrated parallel to the margins with arsenopyrite, pyrrhotite and pyrite being the most common.

At the Golden Crown Mine, three major reefs have been identified:

- *Main Reef* - typically 1.5-2m wide with a strike length of 250-300m, with variable grade but an average of around 9g/t Au over a mining width of approximately 1.6m
- *Spur Reef* - 1m wide with a strike length 80m, high grade averaging 22g/t Au over a mining width of approximately 1.4m
- *Alimak Reef* - 1-1.5m wide, strike length 30-50m, highest grade averaging 23g/t Au over approximately 1.6m mining width.

The reefs above the 15 level generally dip at about 60°, however below the 15 level the reefs flatten slightly. This is also seen at Great Fingall below the 20 level. The style of mineralisation at Great Fingall is very similar to that at Golden Crown.

Exploration Potential

The Murchison Province has a significant gold endowment with approximately 23Mozs in past production and remaining resources documented.

The province has received less exploration activity than the similar, highly mineralised, Eastern Goldfields region and the district is therefore considered to hold excellent potential for the discovery of further economic resources. A number of additional prospects warranting further work have already been identified.

Within the Big Bell Greenstone Belt, three prospects have been identified, namely Indicator, Irishman's South and Marybelle:

- *Indicator* - an advanced prospect north of Big Bell that was last reviewed by Harmony Gold in 2002. Drilling has highlighted the potential for a modest surface resource.
- *Irishman's South* - a modest prospect south of Big Bell in the Shocker region whose orientation is at this point unclear, but initial results suggest there is some potential for a future resource to be delineated.
- *Marybelle* - situated approximately 400m east of the current Big Bell open pit with historical drilling indicating potential for resource delineation. Given its close proximity to other potential mining areas and waste dumps, validation work together with assessment of geotechnical and logistical issues is planned as a matter of priority.

Three areas which may contribute additional resources at Cuddingwarra are as follows:

- *Black Swan South* - a review of the remnant mineralisation has highlighted potential for both a cutback of the existing pit (including a laterite component) and potentially higher-grade underground targets at depth below the existing pit; given the size of the existing pit, this will be a significant undertaking.
- *Lady Rosie/South Victory* - drill hole density at Lady Rosie (20m x 20m) was deemed sufficient to allow a preliminary resource estimation to be undertaken in May 2011. Drilling was largely conducted by Saint Barbara Limited ("St Barbara") pre 1998. Given data integrity issues within the Saint Barbara drillhole database, validation holes were subsequently drilled. These previously omitted results will now be incorporated into an updated model. Drilling within South Victory is on wider spacing (40m x 20m), and the controls on mineralisation are not as clearly defined as in Lady Rosie. Infill drilling is the first step in the development of this prospect.
- *Rheingold and Rheingold South* - significant past producers in modern times with gold associated with a major quartz reef system and stockwork veining within porphyry bodies and at the contact between the porphyries and the host mafic/ultramafic packages. There exists potential for underground mining development at Rheingold both along extensions to the main mineralised trend as it dips towards Black Swan South, and at the projected intersection point of the Rheingold Reef and the Rheingold South Reef.

In the Day Dawn area additional open pit and underground resources may well be delineated at Great Fingall which will greatly enhance the attractiveness of the Great Fingall/Golden Crown underground project. Current resource estimates do not take into account post-2005 generated Harmony diamond holes drilled from within the existing open pit. Furthermore, planned drilling of reef material and flat structures both northeast and southwest of the reef are expected to add to the open pit resource inventory.

An initial underground resource model was constructed in late-2003 at Great Fingall based on significant resources at depth below historical workings, as well as potentially economic remnants around historical stopes in the upper levels (Figure 6). A subsequent review highlighted potential for several large untouched blocks of the Great Fingall Reef above the base of the current workings which have not been tested, and some potential

near-surface conceptual targets, one of which, the Great Fingall Alimak target, was tested by Harmony. The recently closed Golden Crown mine is only several hundred metres from Great Fingall, and may be able to be exploited by shared infrastructure, further enhancing the viability of the project.

Two other exploration prospects which warrant further work in the Day Dawn area are:

- *Brega Well/Crème d'Or* - the drill spacing is sufficient to create a resource block model for initial open pit optimisation review, however, additional infill and extensional drilling may be required.
- *Mountain View* - a conceptual target at Great Fingall which is thought to be the structural equivalent of the Alimak Reef at Golden Crown; this tightly constrained reef structure exhibits significant grades in the near-surface environment, with the potential for a modest open pit resource to be developed.

Westgold is currently considering a number of options to realise value from the significant underground resources. Developing a viable open pit reserve in the Cue region will allow sufficient time, expected to be around two years, to develop the underground deposits at Great Fingall, Golden Crown and Big Bell (Figure 6) while at the same time providing an element of self-funding for the development of these deposits.

Fortunately there is an extensive surface mining resource base at the CMGP, with significant opportunities for expansion, although a significant exploration and mine planning effort is required to convert this large resource to a reserve. The company is evaluating the establishment of viable open pit reserves to supplement the re-establishment of the longer lead time underground operations. A number of open pit cutbacks are planned but in some cases stripping ratios are relatively high and development is complicated by the presence of existing waste dumps and pits; conversion of resources to reserves in a number of cases may not be straightforward.

As most of the current resource definition targets are of modest size or involve re-assessment of existing mining areas, the company is committed to an extension of grass roots exploration activity. The company has demonstrated an understanding of the structural and lithological mineralisation controls in the region together with appropriate exploration techniques. In BDA's opinion it is well placed to realise the mineral potential that the area has to offer.

Resources and Reserves

Westgold has developed mineralisation models which demonstrate an understanding of the controls, trends and extents of mineralisation together with metal zonation. BDA is of the opinion that Westgold has adopted an appropriate interpretation and geological basis for the estimation of resources.

BDA has not undertaken a detailed review of data collection processes and procedures. The various drill and assay information were collected over a number of years in different drilling campaigns conducted by different organisations. Resource estimates are based in large measure on historical data which complicates issues of validation; in particular translation and interpretation issues between various generations of data is noted. However, much of the historical data is supported by actual production records of tonnes and grade mined.

Drill access issues in all three mining centres have impinged on optimal angle of attack in some of the resource and validation drilling. However, despite these issues and given the support from past mining information in the immediate vicinity of currently defined resources, BDA concludes that the physical and chemical data provides a reasonable basis for resource and reserve estimation.

From a review of documentation and discussions with Westgold technical staff, BDA considers that overall, data collection, treatment and storage methods as outlined in the Westgold Annual Mineral Resource Commentary accord with industry standards. The following table summarises the data sets and drill hole line spacing used in resource estimation.

Table 5.3
Westgold CMGP - Drill Data

Project Area	Section Spacing Metres	Drill Type – Number of Holes				Dates	Max Depth Tested Metres
		Aircore	RC	DD	FC		
Big Bell							
Big Bell Trend	25	18	1,063	620	3,437	1966-2011	1,500
Cuddingwarra							
Black Swan	20	6	504	6		1985-2002	500
Black Swan South	20						
Chieftain	7		898	33		1986-2001	325
City of Chester	20	70	340			1987-2011	148
City of Chester/Northwest	20	46	160			1987-2011	127
Coventry	25	149	21			1988-2011	114
Golden Gate Group	20	186	2,789	14		1985-2011	502
Jim's Find	10	74	64	1		1990-2011	126
Rheingold/Rheingold South	5		>6,200			1988-2004	368
Day Dawn							
3210	20	20	146	20		1991-2011	320
Golden Crown	Variable		12	269		1970s-1990s	822
Great Fingall OP/UG	20/Variable		354	87	6,985	1980s-1990s	1,334
Kinsella	10		168			2004-2005	120
Mount Fingall	25		72	7		1981-2003	265
Rubicon	20		1,444			Mid 1990s-2011	300
South Fingall	10		157			1985-2011	140
Try Again	40		529			1986-2007	235
Yellow Taxi Group	10	1	247	14		1984-2012	337

Note: Big Bell Trend includes 1600N/ Shocker, 700/1100 and Fender; RC = reverse circulation, DD= diamond drilling, FC = face chips from underground sampling; RC drilling at Rheingold and Rheingold South includes detailed grade control drilling on 5m centres; Drilling dates for Golden Crown, Great Fingall represent main phase of drilling – also limited drilling in the 2000s.

Resource Methodology

BDA has not undertaken a detailed review of resource estimation methods. However, from a review of documentation, principally the June 2012 Westgold Annual Mineral Resource Commentary, and discussion with Westgold technical staff, the methods and procedures adopted appear appropriate. CMGP resources are estimated by first constructing three-dimensional solid models of the various orebodies in Surpac Vision or Datamine based on geological interpretations in plan and section. These volumes are then used to capture assay composites. Block model grades are estimated by ordinary kriging and guided by geological understanding and geostatistical review of the constituent data. In some circumstances where sample populations are small, or domains are unable to be accurately defined, inverse distance weighting estimation techniques are used.

Bulk density estimates are largely based on drill core measurements. For stockpiles or where no drill data is available, bulk density is estimated from open pit testwork or past production. Block model bulk density is modelled by ordinary kriging or inverse distance.

Table 5.4 summarises the resource estimation methods and parameters adopted for the various deposits.

Table 5.4
Westgold CMGP - Resource Estimation Methods and Parameters

Project	Company/ Consultant	Date	Cut-Off g/t Au	Method
Big Bell				
1600N/Shocker	Westgold	28/11/2011	0.70	Sectional/OK Block Model
1600N/Shocker Deeps	Westgold	28/11/2011	2.50	Sectional/OK Block Model
700/1100	BMGS Consultants	2011	0.80	Sectional/OK Block Model
Big Bell	BMGS Consultants	2010	2.50	Sectional/OK Block Model
Big Bell South	Westgold	28/11/2011	0.70	Sectional/OK Block Model
Big Bell South Deeps	Westgold	28/11/2011	2.50	Sectional/OK Block Model
Fender	Aragon/Harmony	2007	3.00	Sectional/OK Block Model
Cuddingwarra				
Black Swan	Aragon/Harmony	2003	2.50	Sectional/ID ³ - Block Model
Black Swan South	Aragon/Harmony	2003	2.50	Sectional/Nearest Neighbour - Block Model
Chieftain	Westgold	11/05/2012	0.70	Sectional/OK - Block Model
City of Chester	Westgold	13/11/2011	0.70	Sectional/OK Block Model
City of Chester Northwest	Westgold	15/12/2011	0.70	Sectional/OK and ID ² - Block Model
Coventry	Westgold	29/11/2011	0.70	Sectional/ID ² - Block Model
Golden Gate Group	Westgold	8/03/2012	0.70	Sectional/OK and ID ² - Block Model
Jim's Find	Westgold	23/11/2011	0.70	Sectional/OK Block Model
Rheingold	Aragon/Harmony	2007	2.50	Sectional - ID2 - Block Model
Rheingold South	Aragon/Harmony	2007	2.50	Sectional - ID2 - Block Model
Day Dawn				
3210	Westgold	5/12/2012	0.70	Sectional/OK and ID ² - Block Model
Golden Crown	BMGS Consultants	2010	2.50	Sectional/OK Block Model
Great Fingall Open Pit	BMGS Consultants	2010	0.80	Sectional/OK Block Model
Great Fingall Underground	BMGS Consultants	2011	2.50	Sectional/OK Block Model
Kinsella	Aragon/Harmony	2007	2.50	Sectional/OK Block Model
Mount Fingall	Aragon/Harmony	2007	2.50	Sectional/ID ² - Block Model
Rubicon	Aragon/Harmony	2006	2.50	Sectional/ID ² - Block Model
South Fingall	Westgold	16/01/2012	0.70	Sectional/OK and ID ² - Block Model
Try Again	Aragon/Harmony	2006	2.50	Sectional/OK Block Model
Yellow Taxi Group	Westgold	5/04/2012	0.70	Sectional/OK and ID ² - Block Model
Stockpiles				
Big Bell Stockpiles	Aragon/Harmony			Production records
Big Bell Tails	Westgold	23/10/2011		Length weighted volume
Cuddingwarra Stockpiles	Aragon/Harmony			Production records
Day Dawn Stockpiles	Aragon/Harmony			Production records
Fingall Sands	Aragon/Harmony			Length weighted volume

Resource Results

Current resource estimates for the various CMGP deposits are shown in Table 5.5.

Table 5.5
Westgold CMGP - Resource Estimates June 2012

Ore Body	Measured		Indicated		Inferred		Total	Gold
	Tonnes Mt	Grade g/t Au	Tonnes Mt	Grade g/t Au	Tonnes Mt	Grade g/t Au	Grade g/t Au	Ozs
Big Bell								
1600N/Shocker			2.870	1.31	3.502	1.26	6.373	262,600
1600N/Shocker Deepes					0.544	3.77	3.77	65,900
700/1100			0.385	1.71	0.579	1.62	0.964	51,300
Big Bell			5.153	4.51	0.007	4.89	5.161	748,400
Big Bell Deepes								
Big Bell South			1.145	1.86	3.792	1.24	4.937	219,800
Big Bell South Deepes					1.015	3.35	1.015	109,300
Fender			0.086	4.10			0.086	11,300
Cuddingwarra								
Black Swan			0.260	2.31	0.005	1.65	0.265	19,600
Black Swan South			0.315	3.77	1.857	3.82	2.172	266,200
Chieftain			0.181	1.40	0.075	3.40	0.256	16,300
City of Chester			0.416	1.98	0.081	1.76	0.497	31,100
City of Chester/NW			0.197	1.65	0.013	1.18	0.210	11,000
Coventry					0.204	1.34	0.204	8,800
Golden Gate Group			0.713	1.51	0.031	1.14	0.744	35,800
Jim's Find			0.263	1.69	0.037	1.52	0.300	16,100
Rheingold					0.089	3.85	0.089	11,000
Rheingold South	0.023	3.35	0.082	3.60	0.096	3.41	0.202	22,600
Day Dawn								
3210			0.197	1.63	0.009	2.78	0.206	11,100
Golden Crown			0.551	9.55	0.091	5.40	0.642	185,000
Great Fingall O/P			1.362	1.76	0.084	2.06	1.446	82,700
Great Fingall U/G			1.034	10.20	0.271	6.50	1.305	395,700
Kinsella	0.001	2.90	0.054	3.10			0.055	5,500
Mount Fingall					0.030	3.10	0.030	3,000
Rubicon	0.019	2.90	0.050	2.30	0.012	1.30	0.081	6,000
South Fingall			0.222	1.84	0.114	2.17	0.335	21,000
Try Again	0.001	1.32	0.017	2.28	0.240	2.63	0.257	21,600
Yellow Taxi Group			0.347	2.09	0.088	1.92	0.435	28,700
Stockpiles								
Big Bell S/P			0.116	0.83			0.116	3,100
Big Bell Tails			3.394	0.70			3.394	76,400
Cuddingwarra S/P			0.070	0.81			0.070	1,800
Day Dawn S/P			0.119	1.00			0.119	3,800
Fingall Sands			0.034	1.20			0.034	1,300
Totals	0.043	3.14	19.631	2.95	12.869	2.15	32.543	2,753,800

Limits to resources delineated at Big Bell are defined solely by the extent and depth of the drilling (Figure 6). Whereas there appears to be a periodicity of the steeply north plunging shoots, it is apparent that lower grade mineralisation persists within the main shear zone between the higher grade shoots. This raises the likelihood of increasing open pit resources between the currently defined prospects from Big Bell through Shocker, 1600 and Fender in the south although lower grade extensions such as these are clearly price sensitive. Mining extensions to mineralisation between existing pits is not without problems, for example there is a waste dump to be removed between the Big Bell South and the Shocker pits. High grade shoots at depth in these areas are also realistic targets which may be accessed by declines from the planned pits. Additional resource potential in the Day Dawn and Cuddingwarra areas has been discussed in the section on Exploration Potential.

Resource estimations by Westgold have a sound geological basis and interpretations regarding the extents and trends of mineralisation are considered reasonable. Normal geological and grade variability is a risk factor as in all gold deposits, particularly narrower, higher grade lodes, but overall BDA considers that the resource estimation risk pertaining to trends and mineralisation extent is low-medium.

BEHRE DOLBEAR

Reserve Methodology

All open pit reserves are based on final mine designs and financial evaluations post initial Whittle pit optimisations. All underground reserves are based on detailed underground mine planning and mine design. Well regarded external industry mining consultants have been used to assist in various aspects of reserve estimation.

Reserve Results

Current reserve estimates for the various CMGP deposits are shown in Table 5.6.

Table 5.6
Westgold CMGP - Reserve Estimates June 2012

Ore Body	O/P - U/G	Probable		Tonnes Mt	Total Grade g/t Au	Gold Ozs	Conversion % Resource to Reserve
		Tonnes Mt	Grade g/t Au				
Big Bell							
1600N/Shocker	O/P	0.806	1.75	0.806	1.75	45,400	17
Big Bell	U/G	2.895	4.20	2.895	4.20	390,900	52
Big Bell South	O/P	1.017	1.98	1.017	1.98	64,700	29
Day Dawn							
Golden Crown	U/G	0.375	9.77	0.375	9.77	117,800	64
Great Fingall O/P	O/P	0.750	1.75	0.750	1.75	42,200	51
Great Fingall U/G	U/G	0.502	6.60	0.502	6.60	106,500	27
South Fingall	O/P	0.040	1.84	0.040	1.84	2,400	11
Yellow Taxi Group	O/P	0.122	2.32	0.122	2.32	9,100	32
Stockpiles							
Big Bell Tails	O/P	3.394	0.70	3.394	0.70	76,400	100
Totals		9.901	2.69	9.901	2.69	855,300	

Note: underground sources contribute approximately 615kcozs, open pit approximately 164kcozs and stockpiles approximately 76kcozs

The conversion ratio of resources to reserves is fairly low; due to the number of different deposits, this is at least partially due to a lack of detailed study on some of the resources and this is particularly true of the Cuddingwarra area where currently no reserves have been estimated. With further work and study, BDA anticipates that additional reserves will be defined.

Additional tonnage potential in the upper levels in the southern extensions of Big Bell is noted. These Indicated resources are located away from the current decline design and are not currently included in the reserve. The area requires a review of geotechnical information before inclusion in the mining schedule and reserves.

There is additional reserve potential based on the currently delineated Inferred resource remnant reef material in the upper levels of the Great Fingall mine.

Big Bell has a reputation as a relatively high stress mine and this does present an area of technical risk given the potential for additional localised mining-induced stress. However, independent consultants have reviewed this issue based on in-situ stress measurements undertaken recently and located outside the influence of the historic mining front and concluded that the natural stress field is consistent with data available from other operating mines at similar depths in the West Australian Goldfields and the proposed mining sequence has been developed cognisant of this risk factor.

Development Plan

Westgold is seeking to re-establish a gold mining centre in the area based on redevelopment of a number of the former open pit and underground operations. A Definitive Feasibility Study is nearing completion, to determine the optimum parameters for redevelopment of the areas' mines. The process design and infrastructure components of the study are being undertaken by GR Engineering Services Pty Limited. Mining studies are being carried out by Mining Plus Pty Limited. Environmental work is being undertaken by Outback Ecology. The DFS is planned for completion by September 2012.

While a number of the details are still to be finalised, the general plan is to construct a new process plant at Big Bell with a capacity of 1-1.2 million tonnes per annum ("Mtpa") with preliminary evaluations completed for a capacity increase to 1.5Mtpa. Initial production will be based on open pit material, low grade dumps and the re-processing of the old Asarco tailings stockpiles. Gold production is scheduled to commence at 50-60,000ozs per annum from near-surface ores, building up to around 120,000ozs per annum as higher grade underground ores become available. Open pit ore is planned to come from cutbacks to five existing pits. Underground ore will be

BEHRE DOLBEAR

derived from the dewatering and redevelopment of the Big Bell and the Great Fingall/Golden Crown deposits. Conceptually, a ten year mine life is possible and capable of generating over 1Mozs of gold.

Local infrastructure is well established including sealed roads (the Great Northern Highway) and an airstrip at the town of Cue. Site roads will be upgraded and an accommodation camp established. It is proposed that power would be supplied from a third-party build-own-operate ("BOO") diesel power station and water will be provided from redevelopment of the existing Big Bell borefield, although initially sufficient water will be available from dewatering of the open pits. Any excess water will be discharged to the Lake Austin salt lake area. On completion of the DFS, Westgold plans to review the options for project development, subject to Board approval and arrangement of project finance

A conceptual production schedule is shown in Table 5.7.

Table 5.7
CMGP - Conceptual Production Forecast

Category	Unit	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Total
U/G													
Big Bell	kt		80	1,160	1,250	1,060	1,050	1,020	1,010	1,060	170		7,860
Great Fingall	kt				70	260	250	240	220				1,040
O/P													
Big Bell S	kt	10	860	110									980
Shocker	kt									20	680		700
Great Fingall	kt	450	250										700
Fender	kt	120											120
Yellow Taxi	kt	120	30										150
Asarco Tails	kt	500	280	230	180	180	200	240	270	370	620	240	3,300
LG S/P	kt	120								50	50		220
Processing													
Ore Milled	kt	1,310	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	240	15,090
Au Grade	g/t	1.4	1.8	2.6	2.7	2.0	2.5	3.0	2.5	2.0	1.8	0.7	2.4
Recovery	%	84	88	89	89	91	91	90	90	87	84	60	88
Gold Prodn	koz	50	76	111	119	150	139	130	109	86	67	4	1,041

Note: kt = '000t; U/G = Underground, O/P = Open Pit, LG S/P = Low Grade Stockpile; figures are rounded

Mining

Underground

Underground mining is currently focussed on the redevelopment of two areas, Big Bell and Great Fingall/Golden Crown.

At Big Bell the former decline will be dewatered and rehabilitated giving access to the un-mined resources from 500-800m depth below surface. At this level the mineralisation planned to be mined has a strike length of around 650m and it is planned to develop a decline at both ends of the orebody. Mining will be by sub-level caving, as previously adopted at Big Bell. Westgold is currently reviewing plans to extract around 7.9Mt of ore at around 2.7g/t Au. This is substantially in excess of the currently reported reserves, but Westgold is confident that with detailed infill drilling and mine planning as development progresses the available resources will be progressively updated to reserves. BDA agrees that these are reasonable assumptions based on the known resources and production history (Table 5.2).

The Little Bell orebody lies immediately south of Big Bell and with additional development to the south there are good prospects of recovering up to 0.5Mt in this area. This ore would be mined using a bench stoping method with backfill of development waste from lower in the mine.

An updated detailed geotechnical assessment is currently being undertaken as part of the DFS to confirm the stress regime and the optimum mine sequencing for safe extraction of the ore.

The Great Fingall and Golden Crown deposits are only around 600m apart. Dewatering and decline development from the base of the Great Fingall pit will be the priority task, initially accessing the Golden Crown deposit and subsequently accessing the Great Fingall reserve. Earlier underground mining extended to around 600m at Golden Crown and 800m at Great Fingall. It is planned to mine approximately 1Mt of ore averaging 7g/t Au from these deposits over a five year period at around 250,000tpa. Ground conditions are expected to be good, and narrow vein longhole open stoping methods are proposed with an extraction ratio of 55-70%.

BDA considers the mine plans, although preliminary, to be reasonable and achievable, with significant upside potential to continue the operations down plunge where the mineralisation remains open at depth. There is also

BEHRE DOLBEAR

a substantial resource located between the base of the main historic stoping and the top of the current reserve at Great Fingall which is currently under review for incorporation into the mine plans as part of the ongoing study. It is noted that mineralised intersections have been obtained at Big Bell at a depth of 1,500m, some 700m below the currently planned extraction depth. BDA also notes that no ore is being extracted from the Cuddingwarra leases in the current plan; drilling at a number of sites has indicated high grade underground potential below the current open pits.

Surface/Open Pit

Given that underground dewatering, rehabilitation and development will take some 2-3 years before underground ore will be available, Westgold's initial production schedule relies initially on surface and near-surface material. It is planned to redevelop five open pits; all these pits have previously been mined but additional ore is available, either along strike or at depth from pit cutbacks. Whittle optimisation studies have assisted in defining the optimum pit designs and geotechnical consultants have provided slope stability data. Static water levels range from 30-100m depth and dewatering will be required, however groundwater inflows are expected to be low. Current costs have been built up from an owner-operator dry hire scenario. Westgold's schedule is based on extracting about 2.7Mt of open pit ore at an average grade of 1.9g/t Au with an overall stripping ratio of approximately 12:1.

In addition to the open pit resources, there are substantial surface stockpiles of tailings and low grade dumps. Westgold plans to recover around 3.3Mt of the older Asarco tailings which have an average grade of 0.7g/t Au. Portions of the Asarco tailings have been previously successfully re-treated. The tailings material will form a substantial proportion of the mill feed in the first two years, but will also be used to supplement the underground and open pit ores throughout the mine life. Low grade stockpiles averaging around 0.8g/t Au will supplement the mill feed in the initial stages and at the end of mine life.

Processing

The former process plant was sold and relocated, so a new plant will be required (although some second-hand units may be utilised if available at the time). The proposed flowsheet follows standard WA gold plant designs with a primary jaw crusher, a semi-autogenous ("SAG") mill and ball mill followed by a carbon in leach ("CIL") circuit and production of gold bullion. After an initial two year ramp up while treating predominantly open pit and tailings material, gold production is scheduled to average approximately 125,000ozs per annum over the next six years, and then decreasing over the last 2-3 years of mine life. Gold recovery is projected to average 89%. BDA considers the proposed production schedule to be reasonable and achievable. Provided the gold price remains at current levels, there are good prospects that the mine life can be extended with further exploration of the known deposits at depth and with further detailed exploration along strike.

Infrastructure

The area is reasonably well served with infrastructure, based on the town of Cue, the Great Northern Highway and a local airstrip. Site roads will be upgraded and an accommodation village constructed. The existing administration offices will be refurbished and a site laboratory established. The existing TSF has sufficient storage for the proposed operation. It is proposed that power will be provided by a third-party BOO diesel-fired power station adjacent to the plant. Water will initially be sourced from the mine dewatering activities, supplemented as required by water from the established Big Bell borefield approximately 5km from the plant. A reverse osmosis plant will provide potable water and water for the stripping circuit.

Environmental

BDA has not reviewed the environmental studies or approvals, but Westgold advises that all the necessary studies have been completed and applications for water licences, clearing permits and works approvals will be submitted prior to completion of the DFS. Given the fact that the development plan involves re-establishment of previous mining sites and operations, no difficulties are expected in obtaining the necessary approvals.

Capital and Operating Costs

Estimation of capital and operating costs is still ongoing as part of the DFS. BDA understands that preliminary estimates of initial capital total around A\$110M including approximately A\$20M for underground rehabilitation and redevelopment at Big Bell and Great Fingall/Golden Crown over the initial three years. Sustaining capital, primarily ongoing underground development, waste stripping and TSF extensions, totals approximately A\$245M over the 10 years of operations.

Underground mine operating costs are estimated at around A\$60/t of ore mined with open pit costs at around A\$20/t of ore mined. Plant costs are estimated at A\$22/t processed with General and Administration ("G&A") costs adding a further A\$2/t. Overall, site cash operating costs are estimated at around A\$800-900/oz.

BEHRE DOLBEAR

5.2 Rover Project

Introduction

The Rover and Explorer projects comprise a new mineral field containing high-grade iron oxide-copper-gold and polymetallic base and precious metal styles of mineralisation. The area is 70km southwest of Tennant Creek in the Northern Territory (Figure 3) and is a clear analogue to the historic Tennant Creek Goldfield, which produced 5.5Mozs of gold and 500,000t of copper from just a few high grade mines. Westgold's mining tenure in the region is in excess of 13,500km² and includes three advanced gold and base metal prospects as follows:

- *Rover 1* - a gold and copper ironstone system for which Indicated and Inferred resources have been estimated
- *Explorer 108* - located on a defined hydrothermal system with significant high-grade zinc, lead, silver ("Ag"), copper and gold mineralisation; Inferred resources have been estimated
- *Explorer 142* - a copper and gold prospect for which no resources have yet been estimated.

Site Location, Access and Infrastructure

The Rover 1 gold-copper-bismuth-cobalt deposit is located approximately 70km southwest of Tennant Creek in the Northern Territory (Figure 3). Access is via an old station track which turns off the Alice Springs – Darwin highway 7km south of Tennant Creek, and heads west for 47km and thence south for 29km. Westgold has established a 20-man field camp onsite. Explorer 142 and Explorer 108 are located 29km and 36km respectively west northwest of Rover.

Tenements and Environment

The project comprises five granted tenements and another 12 tenements under application totalling 13,489km². Adelaide Resources Limited ("Adelaide Resources") has a large tenement within Westgold's block of tenements; a small slice of the West zone of Rover 1 mineralisation extends into the Adelaide Resources tenement.

The Rover project tenements are all located on Aboriginal Freehold Lands and exploration activities require the consent of the Traditional Aboriginal Owners via a formal Deed of Exploration managed through the Central Land Council, representing the local aboriginal people. An industry standard royalty payment is attached to the Deed of Exploration in the event of future production. Relationships with the CLC and the local aboriginal people appear to be well managed and Westgold advises that provided appropriate procedures are followed it does not foresee any significant difficulties with achieving its planned exploration and development programme.

Westgold acquired the Rover - Explorer project from AngloGold Ashanti Limited ("AngloGold") in 2006. The agreement gives AngloGold the right to earn back a 75% interest in any individual resource defined within the tenements acquired from AngloGold (with the exception of Rover 1 and Explorer 108 where the clawback has been extinguished), under specific terms, conditions, specified payments and performance hurdles.

History

The project comprises a number of magnetic anomalies drilled by Peko-Wallsend Limited ("Peko") during regional exploration of the Tennant Creek area during the 1970s.

Encouraging copper and gold intersections from 34 holes drilled by Peko confirmed that the geology and mineralisation of the Rover 1 project was similar to the deposits of the Tennant Creek field. A well zoned Cu-Bi-Au mineralised system was identified, hosted by magnetite-quartz-chlorite-haematite ironstones and associated stringer zones of magnetite-chlorite-quartz veins in the Palaeoproterozoic Warramunga Formation of volcanoclastic turbidites and minor but significant argillaceous banded haematitic ironstones.

Drilling stopped in 1982 when aboriginal freehold was granted over the area; Peko failed to establish an agreement with the CLC and all ground exploration work in the area ceased.

From 1982 to 2005 the project was owned by Normandy Mining Limited (acquired by Newmont Mining Corporation in 2002) and Acacia Limited (acquired by AngloGold Ashanti Limited). No ground work was undertaken during this 23-year period but some airborne photography and magnetic surveys were carried out. AngloGold Ashanti acquired 100% interest in the project in 2005, but sold it on to Navarre Resources Limited ("Navarre") in the same year. Westgold agreed to fund Navarre, with an option to acquire 100% of the project, in late 2005.

Westgold commenced drilling at Explorer 108 in 2006 under an agreement with the CLC, which led to delineation of an initial resource in early 2008. Two holes were also drilled at Explorer 142 during this time.

BEHRE DOLBEAR

The Rover 1 tenements were granted in December 2007 and drilling commenced at Rover 1 in March 2008. A total of 154 parent and wedge holes have been completed in the Westgold exploration/resource definition programme at Rover 1 since March 2008 with an additional 60 holes drilled at Explorer 108 and 142.

Geology and Mineralisation

Geologically, the Rover Field is an undercover extension of the Tennant Creek Gold Field and shows similar styles of iron oxide-copper-gold ironstone-hosted mineralisation as seen in the former mines of the Tennant Creek district. The production from Tennant Creek ranks the area as a significant Australian goldfield, with over 5Mozs of gold and 500,000t of copper produced from a few high grade mines, with mineralisation related to hydrothermal magnetite- and/or haematite-rich ironstone bodies.

Mineralisation in the Rover area occurs within the Palaeoproterozoic Warramunga Formation. The Warramunga Formation, consists of turbiditic greywackes, shales, siltstones of felsic volcanoclastic origin, and several argillaceous banded iron-formations ("BIFs"). A deformation event, probably part of the Barramundi Orogeny resulted in formation of a northwest-southeast fold and thrust belt with open to close folding, a well-developed, axial-planar slaty cleavage, and Lower Greenschist Facies metamorphism. Syn- to post-tectonic granites have distorted the thrust belt locally, changing the strike to more east-west. Subsequent lateral movements along faults within the thrust belts are interpreted to have caused dilation zones which are the loci for mineralising fluids.

The Warramunga Formation is overlain by Cambrian sediments which thicken towards the west, from 50m thick in the eastern tenements to 120m thick at Rover 1 and 230m thick at Explorer 108 in the west of the tenements.

Rover 1

The Rover 1 deposit is situated within a sedimentary package consisting of haematite-rich sediments (grading from banded to massive haematitic shales through to laminated banded iron formations), cherty siltstones and chert.

Multiple hydrothermal alteration zones of magnetite-quartz-haematite-chlorite bodies and associated chlorite alteration which host Cu-Au-Bi-Co mineralisation occur within a sub-vertical structural corridor, approximately 200 metres wide, striking east-west with a strike in excess of 600m and an overall dip of approximately 70°-80° south. Chlorite alteration associated with the development of the ironstones overprints the regional Lower Greenschist chlorite in this corridor. Locally it varies from narrow extremely intense zones to wider zones of moderate alteration.

Sub-vertical, parallel, lenticular bodies of magnetite with varying quartz, haematite and minor chlorite constitute the ironstones within the east-west structural zones defined by chlorite-magnetite alteration, and plunge west at about 50°-70°. The cross-section shape varies from lenticular to tabular to bulbous, with strike and depth extensions usually thinning and grading into magnetite veins and stringers. There are two mineralised zones at Rover 1, Jupiter, where massive ironstones up to 90m wide are bounded by steeply dipping chloritic shears, and the Western Zone, which is more shear-hosted with narrower ironstone lenses (Figure 7).

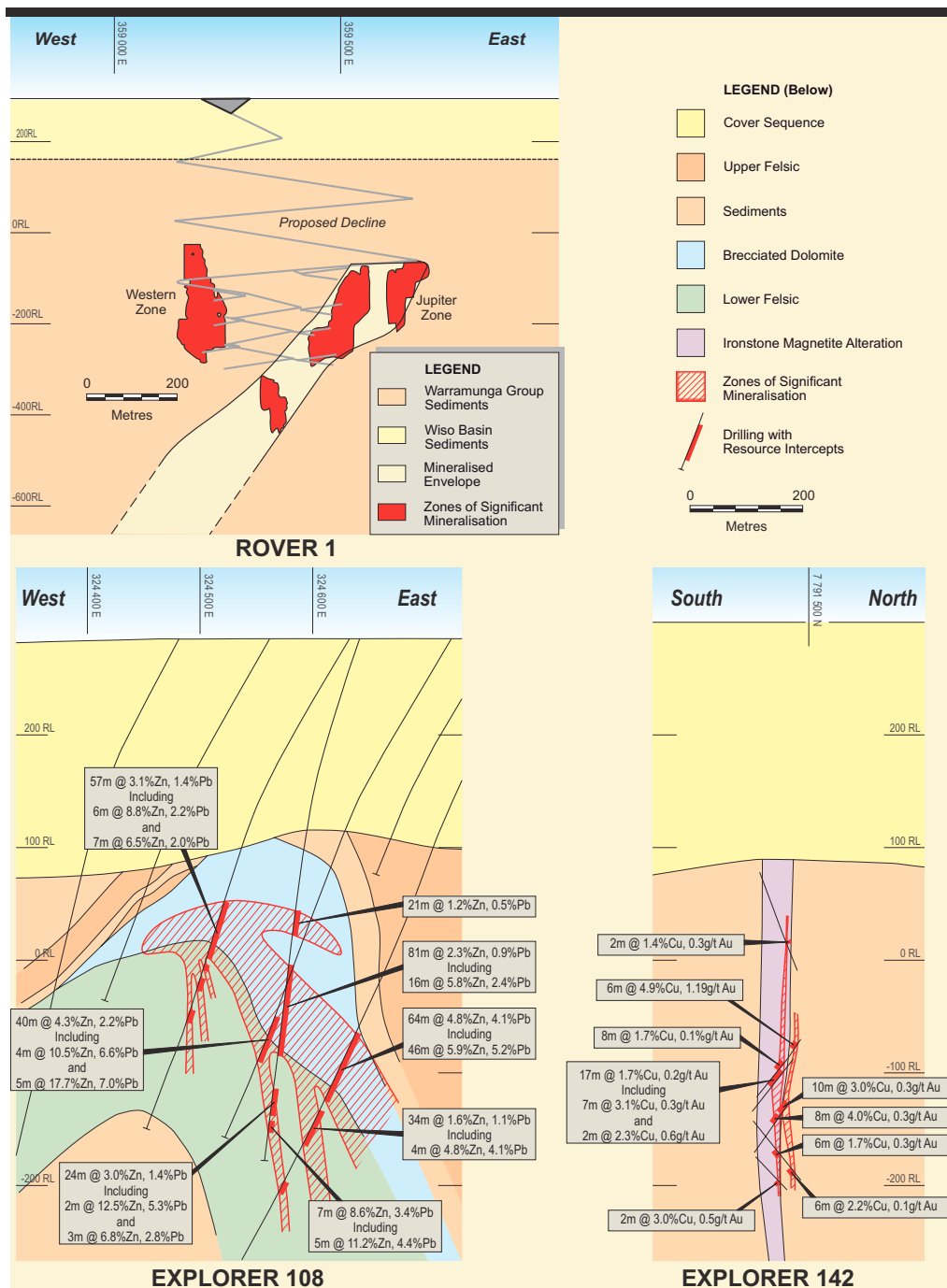
The overall zonation of mineralisation is similar to deposits in the Tennant Creek Field, and the Warrego deposit in particular at Tennant Creek has many similarities with Rover 1.

Gold occurs as free grains and on sulphide grain boundaries and fractures. Copper occurs primarily as chalcopyrite and bismuth as bismuthinite. Cobalt is typically associated with pyrite.

Copper in the form of chalcopyrite occurs around the upper margins of the quartz-magnetite ironstones and in the silicified BIF or haematitic shales that often form an alteration transition to the adjacent chlorite alteration envelope. Although copper levels in the upper quartz-magnetite portion of the ironstones are usually low, pervasive sub-economic copper levels can persist throughout this zone. Economic levels of copper are predominantly contained in the lower massive magnetite portion or in massive magnetite 'veins' identified in the quartz-magnetite zones.

The massive magnetite zones grade laterally and at depth into magnetite-chlorite stringer zones. Such stringer zones are interpreted by Westgold as representing bounding shears to the ironstones which have acted as a brittle host to subsequent deformation and passage of mineralising fluids. Recognition of this structural overprint is important as this suggests that the presence of an ironstone body is not necessarily a pre-requisite for the development of gold and copper mineralisation. Gold content increases where the content of magnetite veining and chlorite alteration decreases, and there is an increase in early haematite-dusted quartz veins and indurated sediments and fine chlorite veining related to the mineralisation phase.

BEHRE DOLBEAR



Metals X - Westgold Resources Transaction

Rover 1 and Explorer 108 & 142
Project Areas

Figure 7

CENTRAL AUSTRALIA - ROVER AND EXPLORER SECTIONS

BDA - 0153 (June 2012)

Behre Dolbear Australia Pty Ltd

The transition from massive magnetite copper mineralisation to magnetite-quartz-chlorite stringer gold mineralisation also coincides with increased bismuthinite mineralisation. Cobalt associated with later pyrite and arsenic is a significant economic element at Rover 1 and elevated values are often independent of elevated copper or gold.

A polymetallic Indicated and Inferred resource has been estimated at Rover 1 totalling 6.81Mt at 1.73g/t Au, 2.07g/t Ag, 1.20% Cu, 0.14% Bi, and 0.06% Co. Metallurgical testwork indicates the mineralisation has similar expected recoveries and processing requirements as the previously mined Tennant Creek orebodies.

Explorer 108

The Explorer 108 prospect was first discovered by Peko in the mid-1970s by targeting IOCG mineralisation related to a magnetic high with six drill holes which intersected significant Pb-Zn-Ag mineralisation. However, exploration ceased in 1982, due to access restrictions on aboriginal freehold lands. Westgold re-commenced exploration drilling in mid-2006, and has since intersected significant mineralisation in an additional 49 holes over an area greater than 500m x 300m.

The Explorer 108 deposit occurs within the Rover Mineral Field, which is interpreted to be a westerly extension of the Tennant Creek Mineral Field. The deposit is hosted by Proterozoic sediments and volcanics which occur below a 100-200m cover of Cambrian sediments of the Wiso Basin (Figure 7).

The deposit is hosted by a sequence of felsic to intermediate volcanics and interlayered clastic sediments folded about northeast trending upright folds. Two main horizons of clastic sediments can be recognised in the mine stratigraphy. These are informally referred to as the Lower and Upper Clastic Unit and mainly comprise sandy siltstones with a weak to moderate, planar bedding fabric. Separating these clastic units is a 100-150m thick felsic volcanic unit which lacks any primary bedding.

Broad zones of dolomite are developed at the base of the Upper Clastic Unit. This is interpreted as dolomitisation related to a hydrothermal event that post-dated diagenesis, although in part it may be alteration of primary sedimentary dolomite units.

Galena and sphalerite mineralisation with a substantial silver content is developed along a north-south trend in steeply east dipping shears, 5m to 25m in width, within the felsic volcanics. Where these zones intersect the dolomite, mineralisation thickens to broad tabular 'manto-like' bodies at the base of and within the dolomite. Mineralisation is also developed in the cross-cutting northeast-trending Paris shear.

An Inferred resource of 8.7Mt at 5.6% combined Pb + Zn, 20g/t Ag and 0.3g/t Au has been estimated at a cut-off grade of 2.5% combined Pb+Zn. This resource contains an internal high grade component of 4.0Mt at 8.2% combined Pb + Zn, 25g/t Ag, and 0.3g/t Au at a 5% Pb+Zn cut-off.

Preliminary metallurgical testwork shows the deposit is amenable to conventional flotation extractive methods to produce 'clean' high grade Pb and Zn concentrates with no deleterious elements.

It is worthy of note that the basal carbonate units of the overlying Precambrian contain Cu values averaging 0.3% Cu over a wide areal extent. This raises the possibility of a Precambrian source within the immediate area. It is a reasonable proposition to suggest that the Pb-Zn mineralisation is a more distal product of multi-element mineralising solutions. Given the examples of other mineralisation in the area there is a possibility that the Explorer 108 prospect may also have a Cu-Au zone. Magnetic anomalies occur over a north-south strike of 3km, and the anomalies both to the south and north remain untested.

Explorer 142

The Explorer 142 prospect was also discovered by Peko in the mid-1970s by targeting IOCG mineralisation related to a magnetic high with six drill holes which intersected significant Cu mineralisation (Figure 7). As with the other areas, exploration ceased in 1982, due to access restrictions on aboriginal freehold lands. Westgold re-commenced exploration drilling in mid-2006, and has since intersected significant mineralisation in an additional nine holes.

Copper-gold mineralisation has been delineated over a 300m strike length in a similar geological setting to Rover 1. However, despite the intense magnetic response over a strike length of 1.5km, the ironstones are much narrower at Explorer 142 (maximum width of 37m) compared with those at Rover 1. Despite substantial mineralised intercepts (e.g. 17m at 1.67% Cu, 0.21g/t Au), no resource has yet been estimated.

Exploration Potential

Indicated resources have been delineated within the Western zone and upper levels of Jupiter at Rover 1, with Inferred resources defined in the Jupiter Deeps zone. Additional resource potential exists down plunge at Jupiter. The known mineralised rocks at the Rover project are covered by more than 100m of barren sediments. This makes traditional geochemical exploration techniques ineffective.

Westgold has generated and assembled detailed aeromagnetic and gravity data covering the tenement package of granted licences and applications, and a number of targets have been delineated (Figure 3). The company has adopted an innovative approach to data treatment and has developed advanced processing of magnetic and gravity data such that it can discriminate magnetic sediments and mafic rocks from ironstones associated with Rover 1 style Cu-Au mineralisation. Inversion modelling of gravity and magnetic data has proved extremely effective at identifying the shape and depth of the bodies responsible for the magnetic and gravity signatures.

While the combination of gravity and magnetic techniques cannot by themselves identify the presence or absence of mineralisation in ironstones, electromagnetic techniques do offer the possibility of identifying the massive sulphides associated with mineralisation due to the increased conductance relative to the country rock.

An airborne electromagnetic survey was carried out over the majority of the favoured magnetic targets in the granted Rover and Explorer tenements during the first half of 2011. The results of the trial lines over Rover 1 indicate that the system was effective in identifying mineralised systems. A strong anomaly was identified over Rover 1, whilst no EM anomaly was identified over Explorer 142. The survey did however identify numerous other new targets.

The company has also completed 25 line kilometres of high power Induced Polarisation surveys over Rover 1, Explorer 108 and Explorer 142 and other priority targets. To date the processed data for Rover 1 delineates trends and the plunge of the mineralisation; initial results also suggest that the method defines known mineralisation at Explorer 142 and Explorer 108.

In BDA's opinion the Rover- Explorer area offers significant potential for the discovery of new zones of Cu-Au mineralisation, based on the similarities of the structural and lithological interpretation in the area to that of the mineralisation in the Tennant Creek region. Depth of cover and a variable magnetic, electromagnetic and gravity response from known mineralisation highlight the need for an innovative approach to exploration. The company has demonstrated an understanding of the structural controls in the region and has developed geophysical data processing techniques to discriminate between mineralised targets. The company is planning to undertake detailed exploration in promising areas with some confidence of success in identifying potential targets and discovering new areas of mineralisation.

The company's current priority is to demonstrate the viability of development of the Rover 1 resource. To complete a feasibility study will require establishment of Indicated resources and Probable reserves. To achieve this, substantial infill drilling of the resource will be required at a drill spacing that is best achieved from an underground exploration decline. Westgold is planning to develop a decline and undertake detailed underground drilling as the next step in the assessment of the Rover 1 project.

Resources and Reserves

Westgold has developed mineralisation models which demonstrate an appropriate understanding of the controls, trends and extents of mineralisation together with metal zonation. BDA is of the opinion that the geological and mineralisation interpretations provide an appropriate basis for the estimation of resources.

BDA has not undertaken a detailed review of data collection processes and procedures. However, BDA has visited the Rover site and has reviewed core logging and sampling procedures at Westgold's core farm in Tennant Creek. BDA has also reviewed documentation including Westgold's Annual Mineral Resource Commentary and has held discussions with Westgold technical staff. Overall BDA considers that the geological data collection, treatment and storage methods accord with or exceed normal industry standards and that the data is appropriate for use in the estimation of resources.

Rover and Explorer drill data is summarised in Table 5.8.

Table 5.8
Westgold Rover Explorer Drill Data

Project Area	Section Spacing Metres	Drill Type		Dates	Depth Range Metres
		RC	DD		
Rover 1	20	16	172	1970-2011	55-1,200
Explorer 108	Variable	18	30	2006-2007	200-670

Resource Methodology and Results

BDA has not undertaken a detailed review of the Westgold resource estimates but from review of relevant documentation including the Westgold Annual Mineral Resource Commentary - June 2012, and from discussions with technical staff BDA considers the methodology and procedures adopted to be appropriate.

Resource estimates have been undertaken for the Rover and Explorer 108 deposits; results are shown in Tables 5.9 and 5.10.

Table 5.9
Rover 1 - Resource Estimates June 2012

Category	Tonnage Mt	Grade					Contained Metal		
		Au g/t	Ag g/t	Cu %	Bi %	Co %	AuEq g/t	Au Ozs	Cu t
Indicated	2.741	2.42	2.33	1.42	0.18	0.04	6.59	213,200	38,900
Inferred	4.073	1.27	1.90	1.06	0.11	0.08	4.89	166,300	43,200
Total	6.814	1.73	2.07	1.20	0.14	0.06	5.57	379,600	82,100

Note: AuEq = gold equivalent, based on metal value; the metal prices adopted for the calculation in US\$ are \$1100/oz Au, \$15/oz Ag, \$7000/t Cu, \$7.5/lb Bi, \$23/lb Co; the gold equivalent formula is $AuEq = Au + 0.014Ag + 1.979Cu + 4.675Bi + 13.091Co$

Rover 1 Indicated resources are based on the Western Zone and the upper part of the Jupiter Zone; Inferred resources are based on the Jupiter Deeps Zone. Resources at Jupiter are limited along strike, but are open down plunge; those at the Western Zone are limited along strike and down plunge. Within the overall resource outlines Westgold has estimated a high grade gold zone of 1.3Mt averaging 7g/t Au and a copper-rich zone of 3.6Mt averaging 1.8% Cu.

Table 5.10
Explorer 108 - Resource Estimates June 2012

Category	Cut Off Pb+Zn	Tonnage Mt	Grade					Contained Metal			
			Pb %	Zn %	Au g/t	Ag g/t	Cu %	Pb t	Zn t	Au Ozs	Ag Mozs
Inferred	2.5%	8.733	1.9	3.7	0.3	20	0.1	170,900	319,900	70,900	5.587
Inferred	5.0%	3.992	2.8	5.4	0.3	25	0.1	112,000	213,600	42,000	3.142

Resources at Explorer 108 appear constrained, but the area is less well understood. Drilling of IP targets and additional magnetic anomalies may well substantially increase resources. The potential for the discovery of copper-gold mineralisation in the vicinity of this prospect is also noted.

Geology in the Rover/Explorer areas is complex with multiple overlapping phases of mineralising events, coupled with a complex metal zonation that has not yet been fully resolved. Geological interpretation thus presents a higher than normal risk to the resource estimation.

Some drill intercepts are oblique to the interpreted mineralisation. This less than optimal angle of intersection is due to a combination of depth of the mineralisation, access restrictions (particularly in the case of the Western Zone at Rover 1) and the necessity to wedge holes at depth. Nevertheless BDA has not identified any substantial risks in the resource estimation, and considers that the Indicated and Inferred classifications are appropriate.

Reserve Methodology

No reserves have been estimated for the Rover or Explorer projects.

BEHRE DOLBEAR

Development Options

A Scoping Study has been completed to determine the economic viability of the Rover project and to determine the optimum project development concepts. Underground mining via a single decline is envisaged, mining from the Western and Jupiter deposits at a rate of around 400,000tpa. The overlying younger sediments are around 120m thick and the principal mineralisation defined to date lies at depths of 300-600m.

Metallurgical testwork has investigated a number of flowsheet options. Variability analysis has evaluated five composites reflecting different ore type combinations. Two principal gold and copper composites represent approximately 85% of the resource. The grade distribution in samples tested however ranges from effectively gold-only ores to copper-only, together with mixed copper-gold ores and varying levels of bismuth.

To further progress the project it is important to clearly define the distribution and ranges of the major ore types. Recent testwork suggests that a gravity gold concentrate can be produced, with the remaining recoverable gold extracted by cyanidation, followed by bismuth and copper flotation and possibly cobalt flotation producing separate bismuth, copper and cobalt concentrates and gold bullion. Worley Parsons has reviewed the testwork to date and has made a number of recommendations for follow-up work.

Because of the depth and steep orientation of the deposits, it is difficult to define the mineralisation accurately by surface drilling. Westgold has made application for approval to develop a surface box cut and an exploration decline to a depth of around 400m. The decline would facilitate detailed underground drilling to better define the structure and grade distribution of the deposits, and would allow the mining of a bulk sample for further metallurgical testing. It is planned to drill approximately 170 holes and 27,000m. This drilling will be sufficient to define Indicated resources and, subject to follow-up mining and processing studies, Probable reserves.

Processing

As noted above a range of metallurgical testwork has been completed using drill core intersections from the Rover 1 deposit. Testwork to date indicates that the ore behaves similarly to the ores mined from the Tennant Creek field, in particular the Warrego deposit. It is proposed that ore will be treated on site through a gravity circuit to recover about 50% of the gold and produce a gold and silver doré, followed by cyanidation to extract the remaining recoverable gold and flotation to produce bismuth, copper, and possibly cobalt concentrates. It is also proposed that a magnetic separation circuit could produce a saleable magnetite concentrate.

Infrastructure

Site access is currently via an 80km unsealed graded track from Tennant Creek although the Stuart Highway is within 50km in a direct line (Figure 3). The Adelaide to Darwin railway runs in close proximity to the Stuart Highway.

Water will be supplied to the operation via a ground water borefield. Preliminary work suggests that a suitable sub-surface aquifer occurs within 10km of the project site, but confirmatory drilling and pump testing is yet to be undertaken.

Gas supply may be possible from the high pressure gas pipeline within approximately 40km of the deposit; alternatively fuel could be trucked from Tennant Creek.

Environmental/Social

Environmental and social studies have been completed to support the application for approval of the proposed decline development.

Production Schedule

No detailed production schedule has yet been developed, but the conceptual development plan is to mine approximately 400,000t of ore per annum from the Western and Jupiter deposits, and haul the ore via a decline to a surface plant for processing and production of gold bullion and separate copper, bismuth and cobalt concentrates.

Significant additional work is required before a realistic production schedule can be developed. Nevertheless, the project has significant potential and there are strong geological similarities with the former Tennant Creek mines. BDA notes that the Tennant Creek operations were typically low tonnage but high grade underground producers, and included Warrego (1.6Mozs with average ore grade of 7g/t Au), Nobles Nob (1.1Mozs/17g/t Au), Juno (0.8Mozs/56g/t Au), and White Devil (0.8Mozs/15g/t Au). In addition some of the mines were copper producers with Warrego, Gecko and Peko mining copper ores grading from 3-4% Cu.

5.5 Exploration Projects

Warumpi

The Warumpi project is a joint venture where Westgold is earning up to an 80% interest in the project through exploration expenditure. The project comprises three granted exploration licences and two exploration licence applications covering a combined total of 2,564km² within the recently delineated Warumpi Province of Australia's Northern Territory (Figure 1). The project is centred approximately 340km west-northwest of Alice Springs and 130km west of the Aboriginal settlement of Papunya. Vehicle access to the property is good, via the partially sealed Tanami Highway, and the well-formed Gary Junction and Kintore gravel roads; the Kintore road transects the tenement package.

The Proterozoic age Warumpi Province hosts the 500km long collision zone along the Southern Margin of the North Australian Craton. Existing geophysical data indicates the presence of major deep-seated regional structures. These may have acted as conduits for mineralising solutions to deposit significant mineral deposits as they have in other Proterozoic terrains. Regional mapping has identified variably deformed basin sediments metamorphosed to amphibolite facies intruded by voluminous felsic and mafic suites. Mafic intrusions have potential to host intrusion-related Ni-Cu and Ni-Cr-PGE (platinum group elements) mineralisation, and felsic intrusions have geochemical signatures which suggest the potential for Cu-Au. The Province has recently been identified as being geologically, tectono-thermally and temporally similar to Proterozoic basins in Eastern Australia that host five of the world's ten largest stratabound Pb-Zn deposits - Broken Hill, Hilton-George Fisher, Mount Isa, MacArthur River and Century.

The area has not been subject to any modern exploration, but previous sampling undertaken during regional survey mapping programmes returned anomalous values of Cu, Au and Ni.

The project is located on Aboriginal Lands and a Landmark aboriginal exploration access deed has been signed. This process, undertaken by the current owners, took over 20 years to arrange. A heritage survey has been completed and exclusion zones have been defined. Approval has been granted by the land owners for a regional geochemical survey to be carried out and some preliminary reconnaissance sampling has identified some elevated nickel values in rock chips.

The project is owned by Lassact Pty Ltd and Westgold is earning up to an 80% interest in two stages:

- *Stage 1* - A\$600,000 expenditure within two years to earn 51% equity; minimum expenditure of A\$250,000 in first year before withdrawal
- *Stage 2* - A\$2,000,000 total expenditure (including Stage 1) within four years to earn 80% equity.

Westgold is the manager during the earn-in phase.

This is a conceptual grass roots exploration project. The interpreted structural setting together with rock chip samples collected to date suggest that the project is of interest and has merit. Progress will depend in the first instance on the effectiveness of surface sampling, or the adoption of a discriminatory geophysical technique. Exploration expenditure to date totals A\$169,000.

McArthur River

This is a grass roots exploration project comprising 14 tenements covering 627km² owned 100% by Westgold. The tenements comprise a single project area approximately 60km southwest of the McArthur River Mine and cover the same stratigraphy that hosts Pb-Zn mineralisation at the HYC deposit at McArthur River. The area is considered prospective for Pb-Zn-Cu mineralisation.

The project has been farmed out to MMG Exploration Limited; MMG is undertaking a basin wide search for base metals. The joint venture terms enable MMG to earn 60% equity by sole funding exploration expenditure of A\$3.0M over four years, subject to a minimum expenditure of A\$250,000 in the first 12 months. MMG may elect to increase equity to 80% by sole funding further exploration to commencement of a Pre-Feasibility Study, subject to a minimum further expenditure of A\$2.0M. Thereafter Westgold contributes pro-rata or dilutes to a net smelter royalty. To date, MMG has undertaken only desktop studies, but it is expected that field work will commence during the 2012 dry season.

Yandal

The Yandal project comprises 12 tenements, which total 56.3km² in area, covering prospective geology for gold mineralisation in the Yandal Greenstone Belt. The properties are owned 49% by Westgold and 51% by Mongolian Resource Corporation. MRC is the manager of the joint venture ("the Maitland JV") and Westgold is contributing to exploration. Work by MRC to date has been limited to exploratory aircore drilling of prospective Yandal belt stratigraphy. No significant results are reported to date. MRC's focus is now overseas and there has been no recent activity on the properties. Total exploration expenditure on the project to date is A\$663,168.

Lefroy

The Lefroy project comprises two 100% Westgold-owned tenements covering almost 14km² located over Lake Lefroy approximately 10km due east of Kambalda. This is a grass roots nickel play under a salt lake. EM (Squid) surveys have been undertaken and drill targets have been delineated. Two holes have been drilled and although prospective geology was intersected there were no significant assay results. Total exploration expenditure to date is approximately A\$324,600.

The company has no immediate plans for further exploration in this area and is considering a farm-out as this is considered a non-core asset.

Tennant Creek Regional

Westgold has an additional three tenements in the Tennant Creek - Warrego district acquired during regional assessments. The tenement area totals 78.4km². Regional airborne magnetic data together with some EM traverses have delineated promising Tennant Creek style Cu-Au targets.

The area has geological merit, however all three tenements are subject to Native Title Agreements and will require Heritage Surveys and clearance from the CLC. To date the company has taken a relatively low key approach with regard to these tenements as approvals for the much higher priority Rover project remains the priority. Expenditure to date on the tenements totals A\$215,700. There are currently no plans to advance exploration work in these areas in the immediate future.

6.0 METALS X PROJECTS

6.1 Renison Mine and Operations

Introduction

BDA personnel conducted a site inspection of the Renison project in May 2012. A visit was made to the underground operation, to the processing plant and to significant project infrastructure. Discussions were held with senior site managers and with head office management and technical staff.

Tin mining has been carried out at or near Renison since alluvial tin was discovered in the area in 1890. However, it was not until the Mount Lyell Mining and Railway Company acquired control of the leases in 1965 that large scale operations commenced. Renison was one of the first large scale trackless decline mines to be developed, and at its peak was one of the largest underground tin mines in the world, processing around 850,000tpa of ore and producing from 8,000-9,000tpa of tin in concentrate.

Murchison United NL ("Murchison") purchased the mine from RGC in 1998. A major resource evaluation programme was undertaken including underground development and diamond drilling. Work commenced on defining the mineralisation potential at depth in the Rendeep orebodies, in Area 4 and the Federal Deeps areas (Figure 8). Scoping studies also commenced on retreatment of the large tailings resource which had accumulated from over 40 years of operations.

The tin price during 2001 and 2002 remained depressed resulting in operating losses. Capital expenditure was cut back and maintenance work was deferred. Two underground fatalities occurred in June 2001 with a further fatality in April 2003. Operations were suspended in May 2003 and after significant currency hedging losses the project was placed in Administration in June 2003.

Bluestone purchased the project in March 2004 and the redevelopment of Renison was commenced. Bluestone dewatered and refurbished the workings over an initial period of six months to enable mining to commence in the southern end of the mine and refurbishment and modernisation of the plant and infrastructure was also carried out. The plant was re-commissioned in February 2005. However, as a result of oversupply, the tin price collapsed from approximately US\$12,000/t to under US\$7,000/t and as a result, in early October 2005, operations were suspended and the mine was placed on care and maintenance.

Bluestone merged with Metals Exploration in early 2007 to form Metals X Limited. In June 2007 a decision was made to re-start operations with the tin price having recovered to over US\$25,000/t. Production was planned to commence in mid-2008 based on the mining of ores from both the Renison underground mine and from Mount Bischoff.

The Renison plant was restarted in July 2008 and by October throughput had ramped up to about 40,000 tonnes per month ("tpm"); over the last four years throughput has averaged from 40-50,000tpm. Tin production has ranged from 3,800-6,300t per annum. Ore grade has averaged 1.4-1.6% Sn and recovery has ranged from 59-68%.

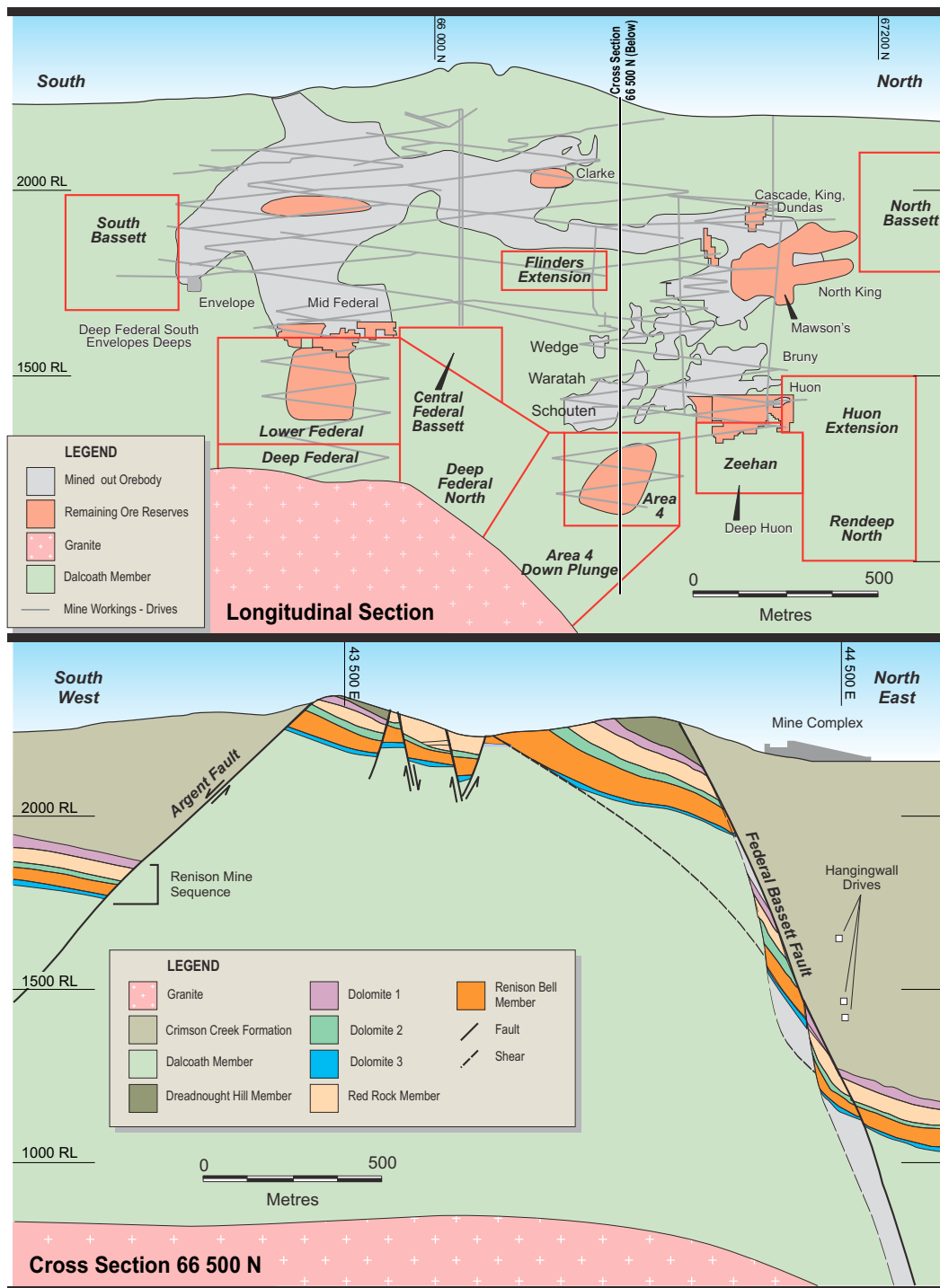
In March 2010 Metals X announced the completion of the sale of a 50% interest in the Tasmania tin assets for A\$50M and the formation of a joint venture between its 100% owned subsidiary Bluestone Metals Tasmania Pty Limited ("BMT") and YT Parksong Australia Holding Pty Ltd ("YTPAH"), the BMTJV. In November 2010 Vitar International Holdings Limited ("Vitar"), subsequently re-named Goodtop Tin, purchased an indirect 82% interest in the 50% interest in the Renison joint venture held by YTPAH.

The current LOM plan is based on seven years of operation through to 2019. The current defined Renison reserves are sufficient for around five years operation at the proposed throughput rate of around 660,000tpa; however, the resources on which the later years of the LOM plan are based are planned to be drilled and upgraded to Proved and Probable reserves well before mining. In BDA's opinion, a seven year mine life should be readily achievable, with significant exploration potential remaining for further extensions.

Location, Access and Infrastructure

The Renison tin project is located on the west coast of Tasmania, adjacent to the sealed Murchison Highway, 140km south of the port of Burnie and 18km north of the town of Zeehan (Figure 4). Other mining operations in the vicinity are at Rosebery, about 10km to the northeast, and at Queenstown, about 55km to the southeast. The Tasmanian state capital, Hobart, lies about 320km to the southeast. The Renison project is situated approximately 200m above sea level, set in rugged terrain with adjacent mountains rising to above 1,000m.

BEHRE DOLBEAR



Metals X - Westgold Resources Transaction

Renison Tin Project

Figure 8

BDA - 0153 (June 2012)

LONGITUDINAL AND CROSS SECTIONS

Behre Dolbear Australia Pty Ltd

The climate is characterised by cool temperatures, and high and consistent annual rainfall. Mean monthly minimum temperatures at Zeehan range from 2.9°C in June to 10.3°C in February and maximum temperatures range from 10.9°C in July to 21.8°C in February. The average annual rainfall ranges from a minimum of 1,660mm to a maximum of 2,940mm with an average of 2,220mm.

TasRail's Emu Bay Railway passes adjacent to the mine, and connects Zeehan with Burnie where export shipping facilities are established. However, Renison does not use the railway for transport of its concentrates. The Renison tin concentrates are transported from the mine by road in dedicated 2t steel bins. In Burnie, the concentrate is containerised prior to shipment to a smelter in Malaysia.

BMT has a 100-person accommodation village in Zeehan where the bulk of the workforce resides during their on-site shifts. Many of the workers and staff live in other centres on the north and west coast and return to these centres at weekends or during their shift breaks.

Ownership, Tenements and Environment

The Renison mine and all surface plant, infrastructure and tailings dams are located within a 4,662 hectare ("ha") Consolidated Mining Lease 12M/95, which was granted for a period of 21 years from 1 August 1995. Bluestone purchased the property in March 2004 and the lease was transferred to BMT on 17 April 2004. Mining Lease 12M/95 is currently jointly held by BMT and YT Parksong Australia Holding Pty Limited (YTP). The tenement conditions preclude mining within 15m of surface beneath the Murchison Highway and privately owned land, or within 30m of surface beneath TasRail's Emu Bay Railway. The Mount Bischoff tenement holding comprises a granted retention lease RL7/88, and Mining Leases 12M/2006 and 2M/2008.

BDA has not independently verified the current ownership status and legal standing of the material tenements of the Renison project that are the subject of this report, but BMT advises that the tenements are in good standing.

BDA has not conducted an environmental audit of the project, but has reviewed those environmental issues which potentially may pose a risk to the project and which may have significant implications for project feasibility, costs and timing. The main environmental risk associated with operating the Renison project relates to water management and the need to mitigate potential impacts arising from water pollution. The management of on-site water flows and excess decant water discharges are critical to maintaining downstream water quality, particularly as surplus process water is discharged from the TSFs and plant site sedimentation ponds. Based on current practices and monitoring data, excess decant water is generally being successfully discharged within the statutory criteria under the EPN.

BDA is advised by BMTJV that a bond of A\$3.5M has been lodged to guarantee performance against rehabilitation obligations at mine closure at Renison; similarly a surety of A\$0.35M has been lodged in respect of obligations at Mount Bischoff. The bonds are subject to review from time to time and may be increased or decreased depending upon the extent of disturbance and success of rehabilitation.

The main environmental risk associated with the Mount Bischoff project relates to waste rock management and the need to mitigate potential impacts arising from acid mine drainage. The appropriate encapsulation of potential acid forming materials in the waste rock dumps and the management of on-site water flows are critical to maintaining downstream water quality. Mining ceased at Mount Bischoff in August 2010 after mining of the initial open pit design was completed and the site has been placed on care and maintenance; the care and maintenance plan is being implemented in accordance with EPA Tasmania guidelines.

Geology, Mineralisation and Exploration

Geology and Structure

The Renison and Mount Bischoff deposits occur within Late Proterozoic/Cambrian sedimentary and volcanoclastic rocks of the Dundas Trough, part of the Tasman Orogenic Zone of Western Tasmania. The Renison 'Mine Sequence' comprises three major carbonate horizons (Dolomites 1, 2 and 3) at the contact between the largely sedimentary Late Precambrian Success Creek Formation and the sedimentary-volcanic Early Cambrian Crimson Creek Formation (Figure 8). This sequence was folded into a southeast plunging anticline during the Devonian Tabberabberan Orogeny.

Forceful emplacement of a granitic ridge associated with the Devonian Pine Hill Granite resulted in complex deformation and faulting of the Mine Sequence. The Federal-Bassett Fault, a northwest-southeast striking normal fault dipping at 70° to the northeast, formed on the northeast limb of the anticline and, together with a complex fault sequence in the footwall of the fault, provided the major focus for ascending tin/sulphide-bearing hydrothermal fluids.

The surface elevation at Renison is around 2250RL. The granite intrusion below the Federal Deeps area in the south of the mine is projected at around 1250mRL. The contact appears to plunge to the north with deep drilling around Area 4 and Rendeeps to the north extending to over 1200m depth (Figure 8).

Mineralisation

Three main styles of mineralisation are recognised at Renison comprising stratabound carbonate replacement, stratafault mineralisation and fault mineralisation. Stratabound mineralisation associated with flat-lying dolomitic horizons within the Mine Sequence at the contact between the Success Creek and Crimson Creek Formations and formed by the replacement of dolomite horizons by massive to semi-massive cassiterite-bearing pyrrhotite was historically the most significant ore source at Renison. This was the principal ore type mined during the boom years of the operation in the 1970s and 1980s. The stratabound beds dip shallowly to the east near surface, but are cut off and substantially down-faulted along the Federal-Bassett Fault.

The bulk of these near-surface stratabound zones are now mined out and current production is focussed on fault and stratafault mineralisation, where the Federal-Bassett Fault itself is mineralised or where blocks of dolomitic and non-dolomitic mine sequence stratabound mineralisation have been preserved, often at steeply dipping angles within sub-parallel faults, splays and areas of complex faulting. This structurally complex mineralisation type is well developed in the 'Rendeep' area (Figure 8), the discovery of which in 1990 resulted in the decision to develop a major hoisting shaft.

Fault mineralisation represents a major component of current underground production from the Federal area and comprises areas where the fault zone itself is mineralised and is wide enough to provide an economic target.

Recent drilling at depth has identified downthrown blocks of the stratabound dolomitic horizons on the hangingwall of the Federal-Bassett Fault, providing additional target areas for mineable mineralisation.

The structural complexity of the ore types is an important characteristic of the Renison deposit, as it impacts both on the mining of the deposits and the future potential. Over 60 separate lodes have been defined at Renison to date. The complexity of the structures controlling the mineralisation results in some significant remaining exploration potential, principally within the Federal Bassett Fault zone at depth (Federal Deeps), within down-faulted stratafault blocks (Rendeep North, Area 4 and Area 4 down plunge) and also along strike (South Bassett, North Bassett and King).

Wide spaced drilling at depth has intersected some significant grades of 3-10% Sn (or more) over thicknesses of 4-10m. While these are intersected thicknesses and are offset by lower grade intersections, nevertheless there is a suggestion of potential for relatively high-grade mineralisation above the granite contact. Recent drilling of extensions to Area 4 mineralisation has also intersected high grade zones with intersections of up to 14m at grades of 5-14% Sn; such grades, if confirmed over a significant strike and dip, raise the potential for a material increase in the average mined grade in the future.

The economic mineralisation at Renison is fundamentally cassiterite-bearing pyrrhotite, but the mineralogical characteristics vary from one lode and ore-type to another, and with depth. There are over 60 individual lodes named and mined within the Renison orebody complex with varying mineralisation characteristics which can impact on metallurgical performance. The sulphide content of stratabound/skarn mineralisation (principally pyrrhotite) decreases with depth along the Federal-Bassett Fault. Stratabound/skarn mineralisation in the

Rendee area tends to have coarser cassiterite but more talc than similar mineralisation at higher levels. Fault mineralisation generally contains less pyrrhotite than the stratabound mineralisation. It contains significant quartz and pyrrhotite plus minor base metal sulphides, arsenopyrite, bismuth, fluorite, tourmaline and minor, though in places metallurgically important, stannite (copper-tin sulphide). Traditionally, the Federal mineralisation has been the least metallurgically amenable ore type at Renison due to its hardness, relatively fine cassiterite and more complex mineralogy. However there are indications that the metallurgical amenability improves at depth.

In some areas copper grades appear to increase with depth and BMTJV is currently operating a copper flotation circuit and producing a co-product copper concentrate. Contained copper currently totals around 600t per annum, but Metals X advises that this is expected to increase to around 1,500t per annum as higher copper grade areas are mined.

Exploration

Principal exploration and infill drilling targets include Deep Federal below 1280RL, Deep Federal North, Central Bassett, Area 4 down plunge, Rendee North, Deep Huon, North King and North and South Bassett (Figure 8). Drilling in the Dundas, King and Mawsons areas is also extending the potential mineable resources. The depth and location of most of these targets requires underground drilling, requiring investment in suitably located drill drives followed by systematic fan drilling.

Although the mine has a long operating history, in BDA's opinion significant exploration potential remains, and the occurrence of high grade intersections within the Federal Fault zone at depth is encouraging.

There is also largely unexplored potential for greisen-style mineralisation along the granite contact. Deep surface drilling has intersected low grade tin mineralisation adjacent to and within the granite at depths of up to 1,200m. A programme of deep drilling is planned to explore the mineralisation potential of the granite contact zone.

The downthrown dolomitic horizons on the east of the Federal Bassett fault provide a further exploration target. These were the major producing horizons near surface and potentially comparable mineralised horizons have been intersected on the hangingwall side of the fault.

The Argent Fault to the west provides a mirror image to the Federal Bassett Fault but there has been little exploration to date of the mineralisation potential of this structure.

The current mine workings occupy a relatively small area of the lease. BMTJV considers there remains potential within the Renison lease for small, but material, near-surface resources that could be mined by open pit or underground. The Dalcoath, Sligo and Federal Surface are three open pits that have defined resources and reserves which require further resource definition work to fully define their boundaries. There are numerous other near surface targets, with the best current near surface underground target being below the Argent fault near the Dalcoath deposit that had a recent intersection of 4.7m at 5% Sn. While detailed drilling is still to be completed, BMTJV is confident that more near surface resources and reserves will be defined and economically mined, supplementing the Renison underground feed to the plant. It is planned to undertake reverse circulation and diamond drilling programmes to further define these and other near-surface prospects to confirm the mineable potential.

Resource and Reserve Estimation

Geological Data Collection

Geological data at Renison has been systematically collected and appears to be of a high quality. The resource database at Renison is extensive, comprising over 3,000 underground drill holes and over 1,500 surface drill holes together with geological mapping and sampling of over 80km of underground workings. Core recoveries are good and the core log data has been digitally transferred to the resource database. Sampling has generally been at 1m intervals, but is dictated by geological boundaries. Face chip samples are collected from all accessible in-ore development faces, with the sampling dictated by geological boundaries.

Sample preparation and assaying is conducted at the mine assay laboratory. Samples are analysed for tin, sulphur, arsenic, copper, zinc, tungsten, iron and magnesium oxide by X-Ray Fluorescence ("XRF") and for silver, bismuth, soluble tin, and lead by Atomic Absorption Spectrophotometry ("AAS"). Check assaying relies predominantly on routine internal checks and standards.

BEHRE DOLBEAR

Density measurements are undertaken on drill core using the weight-in-air/weight-in-water technique on unsealed core, with results discounted by 3-5% to allow for porosity. Values also take into account results from measurements conducted during metallurgical testwork. Densities can be highly variable from orebody to orebody depending on the pyrrhotite content, and range from 2.9 to 4.2, but typically average 3.2-3.6. A bulk density of 2.8 is used for waste dilution.

Resource and Reserve Estimates

A summary of the resource and reserve estimates for Renison as at June 2012 is shown in Table 6.1.

Table 6.1
Renison Resource and Reserve Estimates - June 2012

Category	Tonnage Mt	Grade % Sn	Contained Sn Tonnes
Resources			
Measured	0.972	2.00	19,400
Indicated	5.457	1.46	79,900
Inferred	3.256	1.67	54,200
Total	9.685	1.58	153,500
Reserves			
Proved	0.372	1.44	5,300
Probable	2.970	1.36	40,300
Total	3.342	1.37	45,600

Note: resource cut off 0.7% Sn; reserve cut off 0.8% Sn; Proved and Probable reserves grade 0.32% Cu and 0.27% Cu respectively; reserve includes 0.33Mt of open pit material

The detailed geological interpretation of the Renison orebodies for resource estimation purposes is based on geological logging of drill core and detailed mapping of underground workings. Interpretation is conducted on cross sections and cross checked on level plans. Sections and plans are updated as new holes are drilled and new exposures provided underground.

There is a high level of geological control based on mineralisation boundaries comprising faults, lithological units and stratigraphic footwalls and hangingwalls. The interpretations are digitised and then wire framed. Data to be used in the resource estimation process, usually drill holes and, in some cases, face sample information, are identified and tagged according to the orebody and mining block. Samples are composited to 1m intervals (or less where necessary to honour geological boundaries). A minimum mining width of 3m is applied, reducing to 2m at the margins of the orebodies.

The mineralised zone is filled with blocks in two or three dimensions depending on the orebody. Variable block sizes are applied according to the orebody, but a typical size is 10m × 10m × 10m with sub-blocking at mineralisation boundaries. Smaller block sizes (10 × 10 × 2m) have been used for more recent modelling of the Federal lode. Grade interpolation is carried out by Ordinary Kriging ("OK"), although inverse distance weighting, usually ID², is retained in some of the areas where there is insufficient data to allow meaningful kriging. The influence of values of >5% Sn is reduced by restricting the search parameters and by applying top cuts on a domain by domain basis. The search ellipse and dimensions vary from orebody to orebody, based on variography and the dip and plunge of the orebody. Grades for tin, sulphur, arsenic, silver and copper are reported. Volumes are estimated from the wireframed shapes. Tonnage factors are applied on an orebody basis in converting volumes to tonnages and typically range from 3.2 to 3.8, based on actual core density measurements from each deposit.

Measured resources are generally drilled at 20-40m centres. Resources are generally only classified as Measured when in-ore development has been undertaken to confirm geological interpretations. Indicated resources are generally drilled at 40m centres or less but either have insufficient metallurgical testwork or insufficient in-ore development to allow classification as Measured. Inferred resources cover areas that are sparsely drilled but that are adjacent to known Measured or Indicated resources.

Measured and Indicated resources that meet the required economic criteria are converted to Proved and Probable ore reserves respectively. Reserves are based on mine planning and design, and incorporate allowance for mining losses, overbreak and fill dilution.

BEHRE DOLBEAR

Level development is planned at a minimum width of 4.5m. Allowance is made for skin dilution in longhole stopes and for bogging of waste fill in both cut and fill and longhole stopes. The minimum width for longhole stoping is 1.5m. A 95% mining recovery is assumed in development and 90% in longhole stopes. To further allow for misaligned development and dilution, development grades are reduced by 5% and stoping grades by 10-15%.

BDA has not undertaken an audit of the resources or reserves, but from a review of the processes and procedures and discussions with the technical staff, BDA considers the processes reasonable and appropriate and consistent with JORC guidelines and procedures. No Inferred resources have been included in the reserves, but later years of the LOM plan do incorporate mining of Inferred resources, based on the assumption that these resources will have been upgraded to Measured and Indicated status and converted to reserves by that time. BDA considers that there is good potential to increase reserves by upgrade of Inferred resources and by ongoing exploration, particularly at depth.

Reconciliation Data

Reconciliation data provides a comparison of reserves depleted and actual tonnes and grade processed through the mill, thereby providing a guide as to the accuracy of the original estimates and the reasonableness of the mining recovery and dilution assumptions. Significant variations are expected on a month by month basis but taken over a longer term the reconciliation data should give a reasonably accurate guide. Historically, the mine has shown good reconciliation between production and mining reserves over many years.

A comparison of the reconciled mill tonnes and grade with the reserves depleted for the period April 2011 to April 2012 is shown in Table 6.2. The results are positive with 13% more tonnage recovered than reserve depleted. The recovered grade was nearly 30% higher than reserve projections giving overall a 43% positive reconciliation of contained tin. No material areas of concern are highlighted other than the significant underestimate of grade. The results suggest that the reserves provide an acceptable guide to the material likely to be recovered in mining and may be conservative.

Table 6.2
Renison Reconciliation Table – April 2011-April 2012

Category	Tonnage Mt	Grade % Sn	Contained Sn Tonnes
Reserve Depleted	489,473	1.20	5,879
Mill Reconciled Tonnes/Grade	552,661	1.52	8,398
Reconciliation Percentages	113	127	143

Mining

Until recently ore feed to the Renison processing plant came from two major sources, the Mount Bischoff open pit ore that was hauled to the Renison plant by truck, and the Renison underground ore. Mining at Mount Bischoff is now complete and all mining is now centred on the Renison operation.

Ore production from underground at Renison re-commenced in July 2008 and has been predominantly sourced from the Federal orebody in the southern area of the mine. After dewatering of the deeper levels of the northern area at the end of 2011, production from this area has been slowly increasing.

Approximately 472,000t of ore at 1.61% Sn was mined in the FY 2011 with 80% coming from the Federal orebody; other significant quantities of ore were recovered from the King and Heemskirk orebodies in the upper Northern area. In FY 2012 (to April) approximately 443,000t of ore at 1.47% Sn was mined with around 70% originating from the Federal orebodies, and the remainder coming from the northern area with significant quantities of ore recovered from the Mawsons, Huon and King orebodies. Development of the new Area 4 (Northern deep area) is well established with some ore production now coming from the initial ore drive development.

Future LOM production is planned to be split between the Federal (southern) orebody (40%), and the deeper northern areas (40%) such as Area 4 and Rendeepts. In addition approximately 5% of feed is planned to be mined from the upper stoping areas, mainly in the north of the mine, and about 15% is scheduled to come from the central area between Federal and Area 4 (Central Federal Basset) which can be accessed from either the

BEHRE DOLBEAR

northern or southern decline. BMTJV is planning production from the Central Federal Basset area within the next three years; this production will offset reduced production from the deeper Federal orebody.

The current LOM plan incorporates only underground production, although BMTJV is exploring the lease for potential open pit resources. Open pit mineralisation has been identified at Dalcoath, Federal Surface and Sligo but these areas are not yet included in the LOM plan. Additional resources have been identified adjacent to the completed open pit at Mt Bischoff but further detailed drilling is required in the area to establish economic reserves.

Operations

The underground mine fleet includes four load-haul-dump ("LHD") 17t units including two tele-remote units, three 60t haul trucks, four jumbo drill rigs, a production drill rig and several ancillary units for charging and services, including three smaller trucks (capacity 25-35t). BMTJV owns most of the underground equipment which is maintained and operated by Macmahon Underground Pty Limited ("Macmahon") under contract, with some equipment supplied by Macmahon. Macmahon is responsible for all mine development, stoping and production, with BMTJV managing all technical aspects of the mining operation.

In BDA's opinion, the current fleet is capable of meeting the planned development targets and production requirements, although it is noted that the underground operation suffered in the past from lower than budgeted productivity. BMTJV has recently increased the number of development jumbos from three to four to improve the development rate and provide additional work areas as a basis for increased mine production; this should allow planned production rates to be met.

Historically BMTJV has mined at Renison using a combination of cut and fill, longhole stoping and Avoca-style mining methods. Future mine planning is largely based on the Avoca mining method, with sublevels at approximately 20m interval. At the base of each mining block a 2m cemented rock fill ("CRF") plug at a cement percentage of approximately 5% is placed on the floor to form the crown pillar for the block below, thereby maximising mining recovery.

Mining reserve calculations for open stoping are based on resource blocks adjusted to planned mining extraction block. The resource grades are diluted by 5% and a mining recovery of 95% is assumed for development while resource grades are diluted by 10% and a mining recovery of 90% is assumed for longhole stoping. Overall BDA considers the parameters reasonable for the estimation of mineable reserves and for the purpose of mine planning. The proposed mining methods appear appropriate to define the orebody and control the anticipated ground conditions.

Geotechnical Aspects

BMTJV has a ground control management programme which ensures a coordinated approach to ground control. Support methods include split set bolts (with and without grout), meshing within the orebody and installation of cablebolts where required. Resin grouted bolts are installed in areas where long term and intense ground support is required. Cablebolts are installed at all access point intersections. Regular pull testing of split sets is carried out to check the integrity of the support system. BMTJV monitors ground movement through shift logs and seismic monitoring systems from the Institute of Mining Seismology ("IMS") to provide continuous monitoring of seismicity and to assist in tracking stress levels in respect of stope sequencing. A number of seismic events have occurred within a defined area and structure adjacent to the Federal Fault, with a recent event of magnitude 1.6 recorded in May 2012. Damage was caused to the Southern Decline which accesses the Federal orebody and BMTJV was required to carry out remedial ground support in the decline before recommencing stope production in the Lower Federal production area. Development production recommenced in mid-June and a geotechnical stress model was constructed to confirm acceptable stress levels. The model was reviewed at the end of June 2012, prior to the recommencement of stoping in the Lower Federal orebody which is expected early July 2012. Geotechnical consulting services are provided by SRK Consulting (Australasia) Pty Ltd ("SRK") in addition to the monitoring work carried out by IMS.

LOM Plan

Table 6.3 details the sources of ore from the mine by zone for the duration of the current LOM plan.

Table 6.3
Source of LOM Plan Production by Orebody - Financial Years

Ore Zone	Unit	2011 Actual	2012 Actual	2013 F'cast	2014 F'cast	2015 F'cast	2016 F'cast	2017 F'cast	2018 F'cast	2019 F'cast	Total F'cast
Southern Area											
Upper Federal	000t		6	28	108	100	150	150	100	128	764
Middle Federal	000t	41	34	3			24	100	100	51	278
Lower Federal	000t	344	385	284	203						487
Federal Deeps	000t					100	91				191
South Bassett Fault	000t								110	91	201
Central Area											
C'tral Federal Bassett	000t				36	100	150	150	150	97	683
Northern Area											
North Bassett Fault	000t					74					74
North King	000t	50	32	27	14			60			101
Lower King	000t	19	21								
Mawson	000t	4	86	57							57
Heemskirk	000t	13	0.4								
Zeehan	000t	1	7								
Huon	000t	1	38	79	48						127
Huon North	000t			33	24	13					70
Deep Huon	000t				36	79					115
Rendee North	000t					100	108				208
Area 4	000t		10	165	190	75					430
Area 4 Down Plunge	000t					21	137	200	200	200	758
Total Underground	000t	472	620	676	659	662	660	660	660	567	4,544

Note: 2011 and 2012 represent "Actuals"; "Total" represents the production forecast from 2013 onwards; production from Middle Federal, Federal Deeps, South Bassett Fault, Central Federal Bassett, North Bassett Fault, North King (2017), Deep Huon, Rendee North and Area 4 Down Plunge, (1.5Mt or almost 35% of LOM planned tonnage) is based on Inferred Resources which are planned to be infill drilled and upgraded to Proved and Probable reserves prior to mining

Production up to the end of financial year 2014 is predominantly from reserves in the Lower and Upper Federal and Area 4 orebodies. Post 2014, the Upper Federal orebody remains a major source of ore, with significant contributions also from Middle Federal, Federal Deeps, South Bassett Fault, Central Federal Bassett, Rendee North and Area 4 down plunge. Overall reserves contribute approximately 3.0Mt or 65% of the LOM production; the remainder of the LOM schedule (approximately 1.5Mt or 35% of LOM scheduled tonnage) assumes conversion of Inferred resources to Proved and Probable reserves with detailed infill drilling and mine planning. Mining parameters have been applied to the resource blocks where these have been incorporated in the schedule, and reasonably conservative conversion factors (resources to reserves) have been applied. With underground mines it is not uncommon for the reserves to be relatively limited but for there to be regular ongoing conversion of resources to reserves as development proceeds and drilling locations become available. Historically Renison has been successful in discovering new ore zones and extensions to known orebodies; in BDA's opinion there is a reasonable expectation of delineation of reserves consistent with (and beyond) the LOM plan, provided the price of tin remains strong.

The resumption of stoping in the Lower Federal orebody is dependent on satisfactory outcomes of stress modelling in light of the recent seismic event. There is potential that production from this area may be adversely affected for a period of a month or more if further assessment of mining stress modelling is required.

Mine Infrastructure

Ore is hauled via decline from the stoping areas by 60t underground trucks to the ore pass and grizzly above the underground crushing station at 1630mRL, approximately 100-300m above the deeper stoping operations. There are two main decline systems: the south (Federal) and the north decline which divides into the Huon and Waratah declines. Both systems access the grizzly above the crusher. Work has commenced on a drive to connect the Federal and Waratah declines on the 1340 level which will improve operational efficiency and will also provide access to the Central Federal-Bassett Area.

Ore is crushed and hoisted via an internal 590m shaft. From the skip tipping station ore is conveyed through an adit to the surface stockpiles at the plant. The 6m diameter shaft has a friction winder that hoists an 11.5t payload skip with counterweight. The capacity of the shaft is approximately 1,500t per shift, which is well in excess of required hoisting and allows BMTJV to hoist largely on night shift when power costs are lower. The

BEHRE DOLBEAR

hoisting system is fully automated. Decline access to surface provides an alternative route for ore haulage should there be any material downtime on the shaft hoisting system.

The mine has three main exhaust rises and fans comprising No. 4 (South), No. 6 (Central) and No. 7 (North). Total air flow is approximately 400 cubic metres per second ("m³/sec"). The total airflow through the stoping area within the Federal orebody is around 120m³/sec with a similar quantity through the Northern stoping areas.

Water is pumped out of the mine in stages with pump stations located close to the mine infrastructure. Total pumping capacity is well in excess of the current pumping requirement of around 100 litres per second ("L/s").

Processing

Renison Tin Concentrator

The Renison plant was commissioned in the mid-1960s and has been modified over time as new technologies, including cassiterite flotation and high gravity-force jig technology, have been added to the circuit. In its current configuration, the plant has a nominal capacity of approximately 720,000tpa, dependent on ore hardness. A description of the flowsheet follows:

The processing circuit includes:

- crushing and grinding of the ore to -250 microns ("µm")
- copper flotation to produce a small volume of concentrate containing +20% Cu
- flotation to extract the remaining sulphides (mainly pyrrhotite and arsenopyrite) prior to gravity processing
- gravity recovery of tin from approximately +45µm flotation tailings using spirals, shaking tables, Falcon concentrators and a centrifugal jig
- classification of -45µm flotation tailings to produce a slime tailing finer than approximately 7µm, followed by tin flotation on the combined +7µm fraction and the coarser gravity tail
- upgrading of tin flotation concentrate using high G (gravity) Falcon concentrators with the tailing recirculated to tin flotation
- sulphuric acid leaching of combined gravity and tin flotation concentrates to produce a concentrate containing around 55% Sn
- pressure filtration of copper and tin concentrates.

Regrind stages are located in the copper and sulphide flotation circuits on rougher concentrates and in the gravity circuit on combined spiral and middlings table tailings. Stages of sulphide flotation scavenging are located on primary gravity, gravity area Falcon concentrates and on tin flotation feed. Thickeners control process water volume at several locations in the circuit and are used in a two stage counter-current decantation circuit in the leach plant.

Concentrate leaching is carried out to predominantly dissolve siderite (iron carbonate), a major concentrate diluent, and achieves a reduction in concentrate mass of around 25%.

Plant utilisation YTD 2012 has been 89%, compared with a budget of 94% mainly due to ore shortages from underground. Mill feed rate has averaged 68 tonnes per hour ("tph") compared with a budget of 81tph. The lower than budgeted feed rate has been due to a combination of harder than anticipated ore as a result of processing a higher amount of the Lower Federal ore while the Northern areas were being dewatered and recommissioned, and due to reduced throughput during ore shortages.

Plant Performance

The plant was shut-down in mid-2003 and was in a poor condition when Bluestone acquired it the following year. Bluestone spent in excess of A\$20M on refurbishment of the plant and associated infrastructure prior to re-commissioning in early 2005. Falling tin prices in 2005 resulted in a second mine closure and Metals X restarted the operation in July 2008.

Historically, recovery has been dependent on ore type. Table 6.4 shows a summary of ore assessment testwork carried out on a ROM production sample (RZ2), a high grade Renison mine production sample (RZ3) from 2009 and on three deep ore samples from the Huon and Lower Federal deposits. The Huon sample is considered by Renison staff to be of similar lithology to Area 4 ore. The results indicate that good tin recovery can be expected from the deeper ores which have been delineated.

Table 6.4
Summary of Ore Assessment Results

Parameter	Unit	Skarn	RZ2	RZ3	Huon	Lwr Fed 1	Lwr Fed 2
Head Grade	% Sn	2.52	1.08	2.52	1.68	0.99	1.66
	% As	0.13	0.26	0.47	4.08	1.92	1.75
	% S	6.0	3.10	2.40	20.2	12.6	15.4
	% MgO	3.3	2.30	1.10	5.6	1.3	1.3
	% Cu	0.14	0.19	0.18	na	na	na
Relative Hardness		Medium	Hard	Medium	Soft	Hard	Hard
Loss to Sulphide Concentrate - % of Sn in ore	%	2	5	3	8	<6	~5
Loss to Slime Tailing - % of Sn in ore	%	1.4	1.0	0.6	na	na	na
Reground Sulphide Tailing - % Sn liberated	%	67	73	78	~82	~71	~82

Note: RZ2 is a Renison ROM ore sample; RZ3 is a Renison high grade ore sample, Huon is Ore Assessment 55 (1998); Lower Federal 1 is Ore Assessment 60 (1998); Lower Federal 2 is Ore Assessment 61 (1998)

Overall, the processing characteristics of Renison ores are reasonably well understood. Whilst the plant is old, the processing equipment has been fully refurbished and is in reasonable condition and plant availability close to 95%, exclusive of ore shortages, can be expected. Ore assessment testwork suggests that the proposed recovery levels are achievable, but also indicates that the amenability of the ores to the process varies. BDA considers that recovery of 70% is an appropriate long term target, but suggests that actual recoveries in the short to medium term could be up to 3% less. The forecast throughput parameters are considered stretch targets, but provided the mine production targets are met, and high plant maintenance standards are sustained BDA considers the long term projected throughput of 660,000tpa is achievable.

Several projects in the processing plant are underway to address both throughput and recoveries. It has been determined that throughput in the plant could be significantly increased (by approximately 10%) by the improvement of classification in the rod mill/ball mill grinding circuit. Technologically advanced screen panels are currently being trialled and further work is being conducted to incorporate a new classification screen that will result in improved classification and mill throughput. The process plant recoveries are being addressed with the addition of spirals to the gravity regrind circuit, the Ultra Fine tin circuit has recently been optimised and an additional two ultra-fine recovery machines are to be installed which will further improve overall recoveries. BMTJV anticipates that these projects will facilitate the achievement of recoveries in excess of 70%.

Infrastructure

Infrastructure at the Renison site is well established. Road access to the mine is via the sealed two-lane north-south rural Murchison highway. Renison product volumes are relatively low and are trucked to north Burnie for shipment. Daily air services are provided to the Burnie-Wynyard and Devonport airports from Melbourne. The mine is connected to the Tasmanian power grid, with links to both the north and the south of the state, so that interruptions to supply are rare.

A small dam on Argent Creek, approximately 3km southwest of the mine provides the operation with its water supply. High, regular, rainfall in the region assures the reliability of the supply. Site annual rainfall is approximately 2,000 millimetres ("mm") per annum.

Site buildings are in reasonable condition, and Metals X has completed all required structural upgrade work in the processing plant area and support buildings during the last three years. BMTJV has a high quality 100-bed camp in Zeehan, for the use of employees who live elsewhere in Tasmania during their shifts on site.

Tailings Dams

TSF-A (19.7ha), TSF-B (25.5ha) and TSF-C (31.1ha) are utilised as the project's tailing storage facilities. The three tailings dams are located at the northern end of the mining lease approximately 1km north of the main surface operations area.

TSF-A and B are (currently holding approximately 4.8Mt) are in the process of being raised by an additional 2m. TSF-C provides the current storage facility for process tailings and is reaching the end of its design life with one additional lift being available before the dam is required to be closed out. Tailings are pumped to the tailing storage facility as a slurry via 25cm and 15cm diameter polyethylene pipes. Decant water from this facility discharges via a monitoring station into the Argent River. A fourth TSF site has been identified (TSF-D). If the Rentails project proceeds TSF-D will be developed.

BEHRE DOLBEAR

Tailing dams are regulated by the *Water Management (Safety of Dams) Regulations 2003*, promulgated under the *Water Management Act, 1999*. All tailings dams and impoundment areas are inspected annually by experienced dam engineers and a comprehensive report compiled in accordance with Australian National Committee on Large Dams (“ANCOLD”) Guidelines. Routine visual dam inspections are carried out by BMTJV staff on a weekly basis. BMTJV has systems in place to schedule and ensure these statutory inspections are carried out as required.

Production Forecasts

The Renison production forecasts are summarised in Table 6.5. The forecasts are based on the current BMTJV LOM plan. The schedule assumes that underground mining will achieve 676,000tpa next financial year and maintain approximately 660,000tpa for the LOM; mill production rates tracks the underground mine production.

Table 6.5

Renison Production Forecasts - Financial Years

Category	Unit	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
		Actual	Actual	Actual	Actual	F'cast	F'cast	F'cast	F'cast	F'cast	F'cast	F'cast	F'cast
Mining													
Renison	kt	283	391	475	523	676	658	662	660	660	660	567	4,543
Open Pits	kt	218	198	7									
Total	kt	501	589	483	533	676	658	662	660	660	660	567	4,543
Processing													
Ore Milled	kt	469	587	526	533	648	659	659	661	659	659	596	4,541
Grade	% Sn	1.4	1.6	1.6	1.5	1.6	1.8	1.5	1.5	1.5	1.5	1.4	1.5
Recovery	% Sn	59	68	66	63	67	70	66	66	66	66	65	67
Conc Prodn	kt	7.08	11.33	9.72	9.0	12.47	14.80	11.97	11.97	11.93	11.93	10.19	85.26
Conc Grade	% Sn	54.0	55.3	55.6	53.4	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0
Saleable Tin	kt	3.82	6.27	5.40	4.84	6.86	8.01	6.59	6.58	6.57	6.57	5.61	46.79

Note: “Conc Prodn” = tin concentrate production; “Conc Grade” = tin concentrate grade; 2012 production is based on an assumed 850t Sn in May and June;

The LOM plan is based predominantly on the defined underground reserves of 3.0Mt, which represents 4.5 years production; production thereafter draws on resources, including Inferred resources, for which no detailed mine planning has been undertaken. BMTJV plans to carry out additional infill drilling and sampling and detailed mine planning to progressively upgrade the resources to Proved and Probable reserves, well prior to mining. Future production will be dependent on the confirmation of ongoing reserves, but in BDA’s opinion there are good prospects for extension and development of reserves in several areas, subject to ongoing systematic drilling programmes, mine development and dewatering. BDA notes that in a number of areas at depth there are indications of higher grade intersections which, if confirmed with infill drilling, could result in an improvement in the long term grade, over and above the estimated 1.5% Sn.

Overall the average depth of extraction will increase and geotechnical conditions in some areas could prove challenging. However, provided ground conditions at depth remain reasonable BDA considers the longer term targets achievable. Approximately 35% of the LOM tonnage lies outside current reserve boundaries which represents a risk, but generally the conversion of resources to reserves has been good; the forecast ore grade is generally in line with current production and with reserve and resource grades planned to be mined, and could prove to be conservative.

BMTJV’s projections for plant throughput of around 660,000tpa require an average grinding circuit feed rate of 81tph to be maintained at a plant utilisation of 93%. Utilisation averaged 82% in financial year (“FY”) 2011 compared with a budgeted 91%, the shortfall being mainly due to ore shortages. In 2012 YTD plant feed rate has averaged 68tph compared with a budget level of 81tph. BDA considers that the plant has the capacity to process ore at close to the projected annual throughput. The required plant utilisation of around 93% has been achieved on a monthly basis. Average plant feed rate of 81tph is feasible and the plant averaged 80tph in June 2012 with 96% plant utilisation.

Over the LOM, tin recovery of 67% is projected. Recovery improved from 59% in 2009 to 68% in 2010 but then fell to 63% in 2012 as a result of lower average grades and a higher proportion of Federal ore in the feed. Ore assessments on future ore supplies suggest that the projection of 67% for the LOM is reasonable. This will be enhanced by the current recovery projects being put in place including the gravity regrind spiral circuit and

the ultra-fine tin optimisation and expansion. Concentrate grade is projected to average around 55% Sn over the LOM. Given past plant performance, this is considered an appropriate target.

Capital Costs

Bluestone spent in excess of A\$40M in plant and infrastructure refurbishment and mine redevelopment in 2005 in the previous phase of operation. In addition Metals X spent a further A\$8M on the tin concentrator plant, A\$14M on mine development and mobile equipment and A\$8M on camp accommodation, prior to the re-start in July 2008. Historical capital expenditures incurred at Renison and Mt Bischoff, based on information provided by BMTJV, are shown in Table 6.6.

Table 6.6
Renison and Mt Bischoff Historical Capital Expenditures (A\$M) - Financial Years

Category	Unit	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
Original Project Acquisition	ASM	3.5									3.5
Operating Losses Unrecovered	ASM		7.2	6.6			11.2				25.1
Care and Maintenance	ASM			2.4	3.1	1.9					7.4
Property, Plant and Equipment	ASM	1.0	5.8	1.6	0.3	21.6	14.6	2.4	2.7	3.8	53.9
Mine Dev - Pre Prodn Costs	ASM	5.1	20.5	0.1		8.9	5.2	0.8	0.7	6.8	48.2
Rentails Project	ASM		0.2		0.4	2.4	1.4				4.3
Cap Dev - Renison	ASM		10.0	3.6	0.3	3.5	3.3	8.7	12.3	17.6	59.5
Cap Dev - Mount Bischoff	ASM		2.4	0.3		4.0				0	6.7
Exploration	ASM		0.5	0.3	0.2	0.4	1.7	3.1	5.0	5.6	16.8
Total	ASM	9.7	46.7	14.9	4.2	42.8	37.6	14.9	20.7	35.1	226.7

Note: financial years ending 30 June

The capital cost forecast for the Renison project from financial year 2013 is summarised in Table 6.7. The costs are derived from the most recent LOM schedule.

Table 6.7
Renison Capital Cost Forecast (A\$M) - Financial Years

Category	Unit	2013	2014	2015	2016	2017	2018	2019	Total
Plant and Equipment	ASM	5.0	4.0	4.0	4.0	4.0	4.0		25.0
Mine Properties and Development (incl. TSF)	ASM	2.4	2.0	2.0	2.0	2.0	2.0	3.0	15.4
Capital Mine Development	ASM	21.2	18.4	19.6	19.7	16.9	4.5		100.3
Reserve Development/Extension Exploration	ASM	7.0	7.5	7.1	7.6	7.7	6.4	6.4	49.8
Total	ASM	35.6	31.9	32.7	33.3	30.6	16.9	9.4	190.5

Note: financial years ending 30 June; TSF expenditure assumes another dam will be constructed as part of the Rentails project which will also provide capacity for Renison operations

Mine capital development costs incorporate the required development of declines and other major mine infrastructure, rises and ladderways. The projected unit rates of development are based on the Macmahon contact schedule of rates for development and associated activities. Detailed development metres have been prepared for the early years; the assumed development rate for the remainder of the LOM is based on historical averages.

Mine plant, process plant and infrastructure sustaining capital of A\$4-5Mpa is provided for under Plant and Equipment in the above table. The mine is extensive with a number of major fixed assets including winder, pump stations, fans and electrical infrastructure plus a mobile mining fleet which is relatively new.

Approximately A\$7Mpa is allowed for resource development and exploration for extension drilling on an annual basis and is a critical component of a successful ongoing project. Allowance has been made for expenditure on tailings lifts to provide additional tailings storage capacity. A site has also been defined for a new TSF D if required. Long term, if the Rentails project proceeds, a new TSF will be constructed as part of that project which will also provide ongoing capacity for the Renison operation.

BDA considers the projected capital expenditure over the proposed life of the project is generally appropriate, covering ongoing mine development, exploration and resource development, tailings dam extensions and sustaining capital for process, mine and infrastructure requirements.

BEHRE DOLBEAR

Metals X advises that a bond of A\$3.5M has been lodged to guarantee performance against rehabilitation obligations at mine closure at Renison; similarly a A\$0.35M surety has been lodged in respect of obligations at Mount Bischoff. The bonds are subject to review from time to time and may be increased or decreased depending upon the extent of disturbance and success of rehabilitation.

Operating Costs

The operating cost forecasts for the Renison project are summarised in Table 6.8. The costs are expressed in real terms before the application of cost and price inflation factors.

Table 6.8

Renison Operating and Offsite Cost Forecasts - Financial Years

Category	Unit	2010 Actual	2011 Actual	2012 Actual	2013 F'cast	2014 F'cast	2015 F'cast	2016 F'cast	2017 F'cast	2018 F'cast	2019 F'cast	Total F'cast
Site Costs												
Mining - Renison	ASM	32.1	33.5	43.5	41.0	40.5	42.6	42.4	43.1	48.3	46.3	304.2
Mining - Open Pits	ASM	10.2	0.9	0.9	0.2	0.2	0.2	0.2	0.2	0.2	0.2	1.4
Processing	ASM	21.9	22.8	23.0	22.5	22.8	22.8	22.8	22.8	22.8	22.1	158.6
Maintenance	ASM	4.7	4.7	4.9	4.7	4.5	4.5	4.5	4.5	4.5	4.5	31.7
Site Admin	ASM	5.9	6.4	5.7	5.5	5.4	5.2	5.2	5.2	5.2	5.2	36.9
Total Site Costs	ASM	74.8	68.3	78.0	73.9	73.4	75.3	75.1	75.8	81.0	78.3	532.8
Offsite Costs												
Royalties	ASM	1.7	2.4	1.7	6.5	7.9	6.1	6.0	6.0	5.8	4.9	43.2
Realisation Costs	ASM	10.7	13.8	9.6	12.5	14.9	12.5	12.5	12.5	12.5	10.6	88.0
Total Costs	ASM	87.2	84.5	89.4	92.9	96.2	93.9	93.6	94.3	99.3	93.8	664.0
Unit Costs												
Site Cost/t ore	A\$/t ore	127	130	146	114	111	114	114	115	123	132	117
Total Cost/t tin	A\$/t Sn	13.9	10.3	18.5	13.6	11.8	14.3	14.2	14.4	15.1	16.7	14.2

Note: future royalties are based on BMTJV tin price forecast of A\$23,000/t; the forecast open pit mining costs relate to residual costs at the Mount Bischoff open pit for ongoing environmental monitoring of the site

The Renison LOM mining costs are estimated at approximately A\$67/t based on the contract schedule of rates and the planned physical schedule of items such as tonnes drilled and blasted within the stopes and metres of development. Recent mine operating costs of A\$75/t (FY 2011) and A\$83/t (FY 2012) show a significant variance when compared with the A\$67/t forecast. Lower productivity levels have impacted on the unit costs, but BMTJV anticipates improved productivities going forward with establishment of more production areas including the commencement of production from Area 4. BDA considers this to be a reasonable assumption but there will need to be a strong focus on productivity and cost control to meet these targets.

BMTJV has budgeted for process operating costs of A\$158.6M over the LOM, equivalent to A\$34.9/t for treatment of the planned tonnage 4.5Mt of ore. Process operating costs YTD April 2012 are A\$19.2M, equivalent to A\$44.3/t. Processing costs are considered by BMTJV to be largely fixed. Labour, power and maintenance costs are likely to fall into this category but reagent and consumable costs should be variable to some extent; some improvements in productivity and efficiency will be required to meet the unit rates targeted for 2013 onwards. Recent maintenance and administration charges have been at a level consistent with the long term plan.

Smelter Terms

The Renison tin concentrates are containerised and shipped from Burnie to a smelter in Malaysia. The smelter terms comprise smelter charges, unit deductions and penalties. The smelter charges include a base treatment charge plus a fuel adjustment factor. The unit deduction is a base grade deduction which may be adjusted up or down according to the concentrate grade relative to the specified benchmark to reflect metal losses in smelting. Further penalty deductions apply based on the content of certain deleterious elements above the specified threshold values, with the concentrate assayed for arsenic, copper, iron and sulphur. Penalties applicable to the Renison concentrates have historically averaged around US\$40/t, with iron being the main deleterious mineral.

6.2 Mount Bischoff

Background

The historic Mount Bischoff mine is located at Waratah, approximately 70km north of Renison. This mine was the world's largest tin producer from 1875 to 1905, producing over 2,000tpa of contained metal. The open pit and underground workings closed in 1947. BMTJV owns the retention licence over the property. The open pit was redeveloped in 2008, with the ore mined being stockpiled and then trucked to the Renison plant for processing. From 2008 to 2010 approximately 15,000-20,000tpm of Mount Bischoff ore was trucked to Renison, blended with the Renison ore and processed through the Renison tin concentrator.

The predominant mineralisation type at Mount Bischoff, a highly sulphidic skarn, is similar to Renison ore; the higher sulphide content provided some added efficiencies in the flotation and gravity circuits, but the high moisture content and clayey nature of the ore presented some difficulties through the crushing circuit. Blending the open pit ore with the Renison underground ore provided incremental feed to the plant, mitigating the high fixed costs of the Renison operation and reducing overall unit costs.

The initial open pit operations are now complete and the site is under care and maintenance and ongoing environmental monitoring. Detailed high definition magnetic and electro-magnetic geophysical surveys have been flown over the area and a number of targets have been identified requiring systematic drill evaluation. There are a number of areas of old workings on the Mount Bischoff lease, where minimal recent exploration has been carried out, but where from surface mapping and previous mining there is clear evidence of tin mineralisation. Exploration work is planned to determine whether further mineable reserves, either open pit or underground can be established, with a view to re-commencing the operation in the future if exploration proves successful.

Mineralisation and Exploration

The Mount Bischoff mineralisation is comparable to Renison and occurs within Late Proterozoic and Early Cambrian sedimentary and volcanoclastic rocks of the Dundas Trough. Cassiterite-pyrrhotite mineralisation is hosted in shallow-dipping dolomite horizons and is associated with the intrusion of the Devonian Meredith Granite and porphyry intrusions. Faulting has provided channel ways for hydrothermal mineralising fluids that have resulted in tin-rich sulphide replacement of the dolomites. The principal mineralisation occurs as high-sulphide skarns associated with the main dolomite unit and to a lesser extent, low sulphidation types in the altered porphyry dykes. The dolomitic ore types form the bulk of the material trucked to Renison. The lower grade porphyry mineralisation forms a significant resource if it can be processed economically.

BMTJV is planning a further stage of drilling and exploration within the Mount Bischoff lease, following a geophysical assessment which identified a number of targets. BMTJV considers it likely that further economic resources can be defined.

Resource and Reserve Estimates

A summary of the resource estimates for Mount Bischoff as at June 2012 is shown in Table 6.9.

Table 6.9
Mount Bischoff Resource Estimate - June 2012

Category	Tonnage Tonnes	Grade % Sn	Contained Sn Tonnes
Indicated	968,000	0.59	5,680
Inferred	699,000	0.47	3,300
Total	1,667,000	0.54	8,980

Note: resource cut off 0.3% Sn

Resource outlines have been defined by interpretation of drill hole sections. The outlines were then converted into three-dimensional solids in Surpac. Assay composites were extracted and block model grades estimated using inverse distance weighting techniques, guided by the geological understanding and a geostatistical review of the data.

There are no current reserves at Mount Bischoff. BDA considers there is reasonable potential to define additional resources and potentially additional open pit and underground reserves with systematic ongoing exploration.

BEHRE DOLBEAR

Environmental, Licensing and Approvals Issues

The Mount Bischoff tenement holdings comprise a granted Retention Lease RL7/88, and Mining Leases 12M/2006 and 2M/2008. BMTJV advises that a A\$350,000 surety is lodged against rehabilitation obligations at Mount Bischoff.

Mining ceased at Mount Bischoff in August 2010 and current known reserves have been exhausted. The site has been placed on 'care and maintenance' with a view to possible re-opening in the future if ongoing exploration proves successful. A Care and Maintenance Plan (July 2010) is being implemented in accordance with EPA-Tasmania guidelines.

6.3 Rentails Project

Background

The Rentails project is based on re-processing approximately 20Mt of plant tailings with an average grade of 0.45% Sn, and 0.21% Cu stored in three tailings dams (A, B and C) at Renison. The contained tin within these dams is approximately 80,000t, one of the largest tin resources in Australia.

Retreatment of this material has been contemplated since the first two dams, A and B, were decommissioned in 1980. Recovery of the tailings is likely to be by dredge and slurry pumps, with the slurry pumped to the process plant. The preferred processing option is to produce a low grade concentrate with acceptable recoveries using ultra-fine gravity technology and conventional flotation, and to fume this product in a purpose-built tin fumer to produce a saleable tin oxide ("SnO₂") product. A significant amount of laboratory and pilot scale testwork has been carried out by Bluestone and Metals X.

A DFS was completed in June 2009; it estimated that approximately 47,000t of tin and 18,000t of copper could be recovered over a ten year project life with estimated capital costs of approximately A\$213M.

Resource and Reserve Estimates

The Rentails resource comprises the residual tailings from ore processing at Renison Bell mine since 1968. The resource estimate is based on drilling and sampling of the tailings material and metallurgical records of tonnages processed and the residual grade of the tailings.

The grade estimate for areas which have been drill tested is based on inverse distance squared weightings. Where insufficient drill coverage is available historical milling and deposition records have been used. Figures have been adjusted to allow for survey pickups and recent deposition from the processing of Renison and Mount Bischoff ores.

A summary of the resource and reserve estimates for Rentails as at June 2012 is shown in Table 6.10.

Table 6.10
Rentails Resource and Reserve Estimates - June 2012

Category	Tonnage Mt	Grade % Sn	Contained Sn Tonnes
Resources			
Measured	19,999	0.45	89,370
Total	19,999	0.45	89,370
Reserves			
Probable	19,158	0.45	85,330
Total	19,158	0.45	85,330

The tailings in Dams A and B have a slightly higher tin grade than Dam C as recoveries have improved with progressive plant upgrades. Bench scale testwork has indicated retreatment to be technically feasible.

The reserve is based on detailed mine planning studies including equipment selection and scheduling as part of a Rentails Feasibility Study conducted by GHD Engineering Consultants. It is proposed that the tailings would be recovered by dredging. It has been assumed that dilution would be minimal. While the bulk of the resource is considered Measured, the Reserve has been categorised as Probable, as a reasonable reflection of some of the project uncertainties, mostly in the re-processing area.

BEHRE DOLBEAR

Metallurgical Testwork

A number of studies have been carried out on the recovery of tin from the Rentails resource. In 1983, testwork recovered 50% of the tin from a sample containing 0.42% Sn into a 10% Sn concentrate. A study conducted in 1989/90 on a sample containing 0.45% Sn resulted in 61% of the tin being recovered into a 15% Sn concentrate.

In 2004/05, Bluestone carried out an auger drilling programme on Dam C to validate historical grades and to obtain a bulk sample for further metallurgical testwork. The average grade of the bulk sample was 0.44% Sn, 36% Fe, 23.8% S, 1.02% As, 0.25% Cu and 5.6% MgO, comparable to the calculated average based on historical tailings assays. Initial testwork focused on the conventional reclaim, grind, sulphide flotation, tin flotation route with up to three stages of cleaning to produce a 15% Sn concentrate with a targeted overall recovery of 60%.

Bluestone determined that gravity concentration could play a role in the concentration process, in particular the use of high G-force gravity separation to upgrade a low grade concentrate with high recoveries by separating out the competing gangue material and improving the tin flotation kinetics.

The proposed Rentails flowsheet incorporates the following stages: tailings mining and feed preparation, fine grinding, sulphide and copper flotation, classification and gravity separation, cassiterite flotation, and fuming.

The DFS proposes reclamation of the tailings from the three dams using a combination of dredging and sluicing methods at a production rate of 2Mtpa. Dredging will be the primary method of reclamation with sluicing being utilised on tailings adjacent to upstream constructed dam walls. Debris will be screened from the reclaimed tailings slurry prior to fine grinding in a 3MW IsaMill to a p_{80} of 38 μ m. Reground tailings will be processed through copper and sulphide flotation circuits. The copper flotation circuit will produce a copper-rich sulphide material suitable for providing all sulphur units required in the tin fuming process.

Sulphide flotation tailings will be classified into +10 μ m and -10 μ m streams. The fine stream will be processed through high-G UF Falcon units with the resultant concentrate being combined with the +10 μ m material for treatment in a sulphide scavenging and cassiterite flotation.

Cassiterite flotation concentrate will be dewatered and combined with the dewatered copper concentrate as low grade tin concentrate feed stock for the fumer. Coal and limestone will be added as fuel and flux respectively with the tin concentrate to produce tin fume, copper matte and an inert slag. The fumer is projected to recover over 94% of tin in the fumer feed to a tin fume containing 72% Sn. The fume will be washed and packaged for sale.

Metal recoveries are projected to be 62% of the tin and 49% of the copper in the reclaimed tailings. The Rentails project is projected to produce approximately 47,000t of tin and 18,000t of copper at annualised rates of approximately 5,000tpa and 2,000tpa respectively over 10 years of production.

Sale of the two concentrates is an alternative to on-site smelting. The low grade tin concentrate could also be sold to Chinese fuming operations which would eliminate the need for the construction of a tin fumer and reduce the capital by over \$80M.

Production Forecasts

Rentails production forecasts are summarised in Table 6.11, based on the LOM plan for the project.

Table 6.11
Rentails Production Forecasts

Item	Unit	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Total
Processing												
Ore Milled	Mt	0.54	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.18	17.25
Ore Grade	% Sn	0.50	0.47	0.45	0.44	0.40	0.39	0.40	0.46	0.45	0.44	0.44
Sn Recovery	%	63	63	61	62	61	62	62	61	59	60	62
Tin Fume Produced	t	2,344	8,130	7,635	7,556	6,792	6,651	6,866	7,798	7,376	4,302	65,450
Product Grade	% Sn	72	72	72	72	72	72	72	72	72	72	72
Recovered Tin	t Sn	1,694	5,874	5,516	5,459	4,907	4,805	4,960	5,633	5,329	3,108	47,286
Copper Matte prod	t	1,092	3,460	3,245	3,611	2,780	2,553	3,222	2,433	2,150	1,334	25,880
Copper matte grade	% Cu	70	70	70	70	70	70	70	70	70	70	70
Recovered Copper	t Cu	765	2,422	2,271	2,527	1,946	1,787	2,256	1,703	1,505	934	18,116

BEHRE DOLBEAR

The fumer would produce a high quality oxide product assaying 72% Sn. Overall recovery is forecast at 62% Sn. If the Renison mine operated in parallel with the Rentails project, as assumed in Table 6.11, then scope exists for re-direction of selected streams from the concentrator to the fumer, potentially improving overall tin production.

Capital Costs

Capital cost forecasts for the Rentails project are summarised in Table 6.12. The estimates are based on a feasibility study carried out by Metals X from 2008 to 2010. The scope of the study included establishment of the mining operation and pumps for transfer of the recovered tailings to the plant site adjacent to the existing concentrator, and for detailed design and construction of a tailings concentrator and tin fumer.

Table 6.12
Rentails Capital Cost Forecasts

Item	Unit	Yr -2	Yr -1	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Total
Plant & EPCM	A\$M	141.1	72.8										213.9
Tailings	A\$M	-	-	4.7	4.7	4.7	2.1	2.1	-	-	-	-	18.3
Rehabilitation	A\$M											2.0	2.0
Total	A\$M	141.1	72.8	4.7	4.7	4.7	2.1	2.1	0	0	0	2.0	234.2

Note based on 2009 DFS

Any salvage value at project end, which could be significant as the fumer could be utilised elsewhere, is assumed to be offset by closure costs.

Operating and Offsite Costs

Operating cost forecasts for the Rentails project are summarised in Table 6.13. These costs are expressed in real terms before the application of cost and price inflation factors.

Table 6.13
Rentails Operating and Offsite Cost Forecasts

Item	Unit	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Total
Site Costs												
Reclamation	A\$M	1.3	4.5	4.4	4.7	4.5	4.2	4.2	4.3	4.4	3.9	40.4
Processing	A\$M	10.4	37.0	37.0	37.0	37.0	37.0	37.0	37.0	37.0	23.6	330.2
Fuming	A\$M	4.9	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	11.4	160.0
Site Admin	A\$M	0.6	1.9	1.9	1.9	1.9	1.8	1.8	1.9	1.9	1.2	16.7
Total Site Costs	A\$M	17.2	61.4	61.3	61.6	61.4	61.0	61.0	61.2	61.3	40.1	547.3
Offsite Costs												
Royalties	A\$M	1.7	5.1	4.0	3.8	2.2	2.0	2.4	3.2	2.3	1.3	27.8
T'sport/Smelting	A\$M	2.0	6.4	6.6	6.6	5.5	5.2	6.3	5.1	4.7	3.1	50.8
Total Costs	A\$M	21.8	76.3	74.5	75.1	71.6	70.9	72.2	72.7	71.1	46.5	652.6
Unit Costs												
Per Tonne Tails	A\$/t	31.8	30.7	30.7	30.8	30.7	30.5	30.5	30.6	30.7	34.0	31.1
Per Tonne Sn	A\$/t	12,870	12,990	13,500	13,760	14,590	14,760	14,560	12,910	13,340	14,960	13,800
Incl Cu Credits	A\$/t	10,110	10,500	10,980	10,930	12,250	12,400	11,800	11,140	11,820	12,290	11,450

Total site costs for the Rentails project are forecast to be approximately A\$31/t mined and milled. Total costs including royalties, transport and smelting are estimated at A\$13,800/t Sn or A\$11,450 after copper credits. These costs were estimated using conventional first principles engineering methodology, based on schedules for manning requirements, power consumption, and consumable usage and on unit costs at the time the study was carried out. These costs are expressed in real terms before the application of cost and price inflation factors and are considered to have an overall accuracy of around $\pm 20\%$.

6.4 Wingellina Nickel Project

Background

Metals Exploration acquired 100% ownership of the Central Musgrave project in March 2006 from Acclaim, with the acquisition of Hinckley Range Pty Limited, the holding company of the Wingellina prospect, and Austral Nickel Pty Limited, the holding company of the South Australian Claude Hills prospect. The consideration was A\$5M in cash and the allotment of 4.5M fully paid ordinary shares in Metals Exploration. It should be noted that INCO had committed significant expenditure on the project by way of drilling, shaft sinking and testwork in the 1950s and 1960s.

Wingellina is considered a world class nickel-cobalt laterite resource. Claude Hills is less advanced but also hosts significant lateritic nickel mineralisation. BDA inspected the Central Musgrave project area in June 2006 and in June 2010.

A scoping study of the Wingellina prospect was undertaken by Lixiviant Pty Ltd in the first half of 2006. A feasibility study was conducted by Metals X and Jacobs in 2008. The preferred process route is high pressure acid leach or HPAL, and the optimum production rate was determined to be of the order of 40,000tpa of nickel and 3,000tpa of cobalt for 40 years based on current reserves.

Location, Access and Infrastructure

The project area is located within the Central Musgrave ranges and straddles the Western Australia and South Australia borders (Figure 1). The Wingellina prospect lies immediately southwest of Surveyor Generals Corner which marks the intersection of the Western Australian, South Australian and Northern Territory borders. The Wingellina Aboriginal community is located nearby.

The site is approximately 900km northeast of Kalgoorlie on the Giles Mulga Park Road. The Gunbarrel Highway is 125km to the north and the Trans-Australian railway line is some 480km to the south. The Central Australian Adelaide to Darwin railway and Stuart Highway are 500km to the east (Figures 1 and 5). Site access is via a 290km unsealed road from Ayers Rock, which is serviced by regular flights from the major centres. There is an airstrip at the Wingellina settlement, suitable for light planes. The exploration camp at Wingellina provides accommodation, mess facilities, offices, a workshop, storeroom and power generation.

Tenements

The Wingellina exploration tenements comprise exploration licence EL69/535 and mining application MLA 69/71, located within Western Australia, and Exploration Licence E4751 in South Australia, which includes the Claude Hills prospect. The WA tenements all lie within Aboriginal Reserve A17614 which is leased by the Ngaanyatjarra Land Council and which is within a granted Native Title area. Until July 2010, exploration on EL69/535 was carried out under the terms of a deed between the Land Council and Hinckley Range dated 2 July 2001. In July 2010, Metals X entered into the Wingellina Project agreement with the Ngaanyatjarra people and related representative bodies. The agreement is registered as an Indigenous Land Use Agreement ("ILUA") with the National Native Title Tribunal ("NNTT"). The Agreement covers all required approvals and compensation payments required for development and operation of the project. The completion of the ILUA with the Traditional Owners removes a perceived major obstacle to development of the project and clears the way for the grant of a Mining Licence.

Exploration on the South Australian tenement is carried out pursuant to an Exploration Deed between the Anangu Pitjantjatjara Yankunytjatjara and Austral. The exploration licence was granted on 26 May 2006 with the right of renewal. The tenement area is 1,372km² and the minimum expenditure requirement is A\$330,000 per annum.

The Central Musgrave project is situated within an environmentally and culturally sensitive area listed under the National Heritage Legislation. Metals X is required to abide by provisions with respect to ground disturbance and access. BDA is of the opinion that exploration to date has been conducted in a competent and sensitive manner.

BEHRE DOLBEAR

Geology and Mineralisation

Geology

The Musgrave Block comprises an east-west trending structurally-bounded mid-Proterozoic terrane of some 130,000km² in area that extends into three states. The metamorphic basement rocks comprise gneiss, granite, schist and amphibolite and are variably exposed over an area of 800km east-west by 250km north-south. The basement rocks and the mafic to felsic volcanics of the Bentley Supergroup in the west have been intruded by the mafic to ultramafic rocks of the Giles Complex over at least 500km east-west. Late to post-tectonic granites of the Kulgera Suite and dolerite dykes occur throughout the province.

The dominant structural directions appear to be east-northeast and west northwest, reflecting crustal sutures. The major structures appear to be mantle-tapping shears that controlled the location of the Giles Complex intrusives. Second order structures generally appear to be low angle splays off the main structures, and may localise the mineralisation associated with the intrusions.

The Giles Complex consists of more than 20 major and numerous minor mafic, ultramafic and anorthositic intrusions that appear to be discrete bodies rather than part of a single layered intrusion. Early exploration in the province focussed on the intrusions, which are considered prospective for nickel-copper sulphides, platinoids, titanium-vanadium and lateritic nickel-cobalt mineralisation. The volcanics are considered prospective for base metals.

Mineralisation

The Wingellina deposit is a surficial, tropical laterite-style of mineralisation developed over olivine-rich ultramafic units on the flank of a major layered intrusive complex. The deposits are developed over deeply weathered ultramafic members of the Hinckley Range Gabbro. Mineralisation appears to be restricted to areas with substantial thickness of dunite and/or peridotite ultramafic. The prime driver for the accumulation of the nickeliferous laterites is the weathering and depletion of magnesium and silica from the primary dunite intrusives of the layered complex and the relative concentration of low grade nickel mineralisation.

The extent of the mineralisation is substantial, with widths of up to 600m over a strike length of some 9km (Figure 5). Mineralisation extends to depths of up to 240m, but more typically to 80-100m (Figure 9); the depth of the weathered limonite zone is unusual in comparison with most nickel laterite deposits.

The resource is developed in three main areas, North, Central and South, with 15 semi-linear northwesterly striking zones (Figure 5). The mineralised system remains open along strike and there is significant potential for depth extensions in many areas that have only been tested by shallow drilling.

Both limonite and saprolite are present in the laterite profile. The limonite zone is closest to the surface and is iron-rich. The saprolite zone lies above the bedrock and consists of partially weathered magnesium silicates. The saprolite zone is not prominent at Wingellina. Within the various deposits there is a well-defined higher grade mineralised core with grades typically exceeding 1.25% Ni.

The Wingellina resource comprises approximately 85% limonitic lithologies (40-60% iron oxide, less than 2% magnesium oxide), with the balance comprising saprolitic lithologies (10-40% iron oxide, greater than 2% magnesium oxide) in the form of clayey saprolite rock, forming a transitional zone with the underlying mafic bedrock units. The limonitic zone is amenable to processing using high pressure acid leaching.

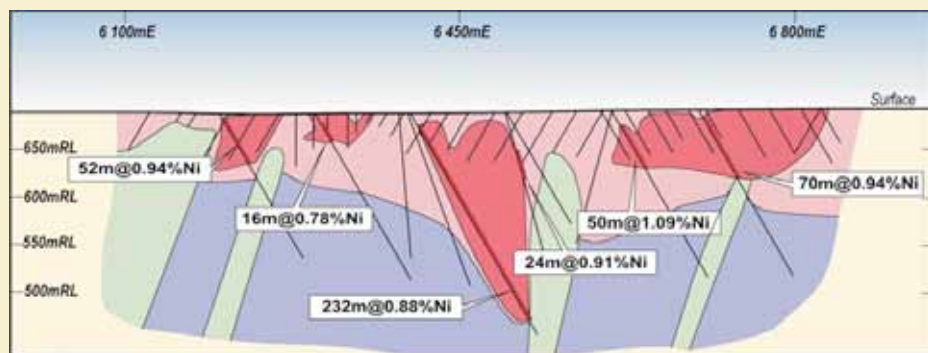
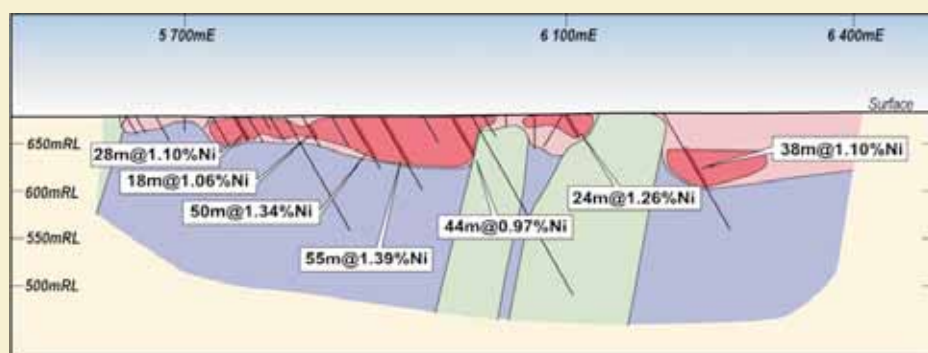
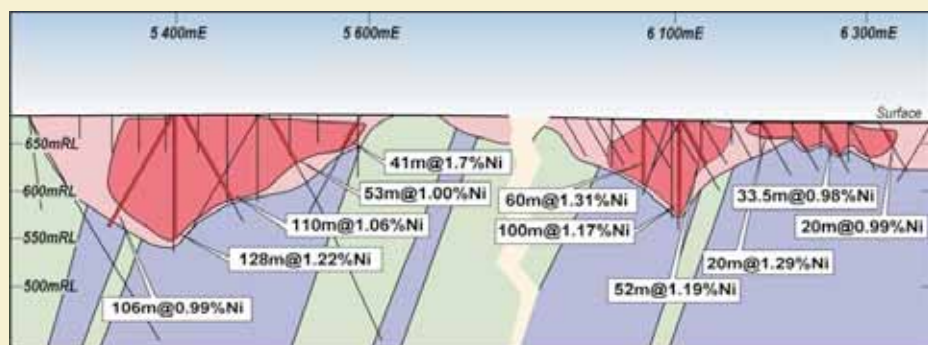
Structure

The deposit is interpreted as a west-northwest striking steeply southwest dipping sequence of interlayered deeply weathered dunites and typically fresher gabbro units. Southwest dipping shear zones intersect the sequence and appear to partly control the depth of weathering and oxidation, with the major thicknesses of nickel limonite developed where the shear zones intersect the ultramafic dunites.

Exploration

Nickeliferous laterites in weathered ultramafic rocks of the Giles Complex were first identified by South Australian government geologists in 1953. Nickeliferous laterites were discovered at Wingellina by Nickel Mines of Australia Limited and Southwestern Mining Limited (a wholly owned subsidiary of INCO Limited) in 1955. Exploration continued sporadically over the next 18 years, mainly between 1955 and 1960 and 1965 and 1970, with several phases of drilling and geological evaluation.

The project lay largely dormant from 1970 to 2000, when Hinckley Range Pty Limited (a wholly-owned subsidiary of Acclaim Exploration NL) lodged applications over the area and reached land access agreements with the Traditional Owners. Acclaim conducted exploration work from 2001 to 2004.



Metals X - Westgold Resources Transaction

Wingellina Nickel Project

Figure 9

BDA - 0153 (June 2012)

GEOLOGICAL SECTIONS

Behre Dolbear Australia Pty Ltd

Metals Exploration (through its subsidiary Metex) entered into an agreement with Acclaim in 2005 to earn an 80% interest in the project. In February 2006 Metals X acquired all interests in the project area from Acclaim.

INCO drilled over 2,600 holes totalling over 96,000m between 1956-1960 and 1965-1971 and sank four exploration shafts to approximately 40m depth to extract bulk ore samples for metallurgical testing.

From 2001 to 2004 Acclaim completed 39 holes totalling 2,289m; Metals Exploration completed 151 holes for 15,016m during the 2005 field season. A 20,000m reverse circulation drilling programme was conducted in 2006 with the objective of closing up drill sections from 240m to 120m and also to provide major element geochemistry.

Metals X is also evaluating other laterite targets overlying untested ultramafic rocks. Drilling at Claude Hills within EL 4751 in South Australia has intersected limonite nickel laterite mineralisation similar to Wingellina. A joint venture has been negotiated with Rio Tinto Exploration whereby Metals X can earn up to a 70% interest in the Mt Davis exploration tenement (EL 3932). This tenement is wholly encapsulated within the EL 3555 (Figure 5). Metals X undertook a drill programme in the second half of 2010 and has defined an inferred nickel laterite resource of around 33Mt averaging 0.81% Ni and 0.07% Co within its tenement and within EL 3932. There are also several other targets within the Metals X and JV tenements on which little detailed work has been undertaken to date.

The area is also considered to have some potential for massive nickel sulphide mineralisation at the basal contact or in trap sites within the feeder structures below the contact in the basement rocks.

Metals X has also identified a source of calcrete in EL 4751 which it has tested and anticipates will be suitable for neutralisation purposes for the plant.

Resources and Reserves

Resources

Metals X has developed a geological model of the Wingellina mineralisation based on all available historic and recent data. Mineral resource estimates have been independently estimated by DataGeo Geological Consultants using this geologic model. The resource estimate at a cut-off grade of 0.5% Ni is shown in Table 6.14. Reserve estimates are based on work undertaken by Coffey Mining.

Table 6.14
Wingellina Resource and Reserve Estimate - 2012

Status	Tonnage	% Ni	Grade	% Fe	Contained Metal	
	Mt		% Co		kt Ni	kt Co
Resource - Wingellina						
Measured	68.8	1.00	0.078	48.7	688.5	53.7
Indicated	98.6	0.97	0.075	46.4	956.6	74.0
Inferred	15.7	0.97	0.069	42.7	152.6	10.9
Total	183.2	0.98	0.076	47.0	1,797.7	138.6
Resource – Claude Hills						
Inferred	33.3	0.81	0.07	39.0	269.7	23.3
Total	33.3	0.81	0.07	39.0	269.7	23.3
Reserve – Wingellina						
Probable	167.5	0.98	0.08	47.3	1,641.5	134.0
Total	167.5	0.98	0.08	47.3	1,641.5	134.0

Note - resource cut off 0.5% Ni; approximately 50% of the Claude Hills resource lies within wholly owned lease EL 4751, with the remainder within the JV lease EL 3932

Metals X geologists defined the geological domains based on sectional interpretations with sections varying from 30m apart to 240m at the limits of the mineralisation. Along sections, hole spacing is typically 20-50m. There are two areas of close-spaced infill drilling on a pattern of 12 x 2.5m and 3.5 x 3.5m.

The primary boundary used for resource estimation is a geo-assay grade boundary interpreted at 0.5% Ni. While gradational in some areas, this generally marks a reasonably distinctive transition from unmineralised surface material, gabbro or basement to mineralised limonite or saprolite.

Block model grades were estimated using Ordinary Kriging. Block dimensions were 10mE x 30mN x 3mRL with sub-blocking to 5 x 15 x 1.5m.

Grades were estimated for Ni, Co, Fe₂O₃, Al₂O₃, MgO, Cr, CaO and MnO. A single density value of 1.28 tonnes per cubic metre ("t/m³") was applied to all of the resource blocks.

BEHRE DOLBEAR

Block classification was based on drill hole and sample spacing, geological interpretation, grade continuity and kriging variance. As Ni is the primary element being estimated, the classification was based on the Ni data. Over 90% of the resource was classified as Measured or Indicated.

BDA has not undertaken an audit of the resource estimate, but the processes and procedures appear appropriate, the estimation process has been professionally undertaken and the resulting estimates appear reasonable. Continuity of nickel grade is good; cobalt distribution is more variable and linked to Mn-rich zones which tend to be discontinuous. Overall BDA considers the resource estimate provides a reliable basis for estimation of mineable reserves and for life of mine planning.

Additional Resource Potential

Within the Wingellina area, some areas are not drilled to full depth, and additional potential remains. However, the reserve outlined already represents a mine life of up to 40 years so the priority will be to in-pit production drilling to better define the areas to be mined in the initial years rather than further exploration at depth, which will be undertaken at a later date.

Metals X has also carried out a drill programme at the Claude Hills prospect within its South Australian tenement, to the east of Wingellina, and has identified comparable nickel limonite mineralisation.

Reserves

The reserve comprises that portion of the Measured and Indicated resource which is planned to be mined and on which appropriate mine planning and design work has been undertaken.

The resource at a 0.5% Ni cut off was used as the basis for mining studies, carried out by Coffey Mining. Whittle 4D optimisation studies were used as the basic tool to define staged, economic, open pit outlines. The overall mining strategy is to develop a series of open pits with the early mining focussing on the accessible higher grade areas. Narrow bands of gabbro are included within the ore as dilution, as has been the procedure for the resource modelling. Wider zones below cut-off grade are split out to be selectively mined as waste.

The reserve cut off grade is based on an economic assessment, but approximates 0.5% Ni.

Mining

The mine area at Wingellina is approximately 9km in length by approximately 2km wide, striking northwest-southeast. The lateritic resource is predominantly limonite with some saprolite at depth in the transition to fresh rock; overall limonite depths are typically 80-100m but can extend to 200m. Coffey Mining has carried out the mining studies for the Phase 1 Feasibility Study to determine the mining parameters. The Measured and Indicated resource estimate at 0.5% Ni cut-off grade was used as the basis for the mining studies.

Whittle 4D mining optimisation simulations were used as the fundamental tool to establish a staged open pit mining scenario which enabled a diminishing grade schedule to be devised, providing faster capital payback and cash flow. The overall mining strategy is to develop a number of staged open pits using conventional methods. The scheduling philosophy is to optimise the value by extracting the highest head grade material and lowest strip ratio first. The planned mining method uses conventional load and haul equipment (excavators and trucks). The constraint on equipment selection is volume-related as the overall in-situ bulk density of ore is low; ore density averages 1.28 t/m³.

The analysis provides a project with a mine life of 40 years generating significant free cash flow.

Detailed pit designs have been carried out for the first 20 years of mine life. A total of 20 pits were designed, however the majority of the mill feed is contained within five pits. The total pits within the first 20 years contain some 85Mt of mill feed at 1.08% Ni and 0.088% Co, and 42Mt of waste for an average stripping ratio of 0.5:1. At the end of 20 years, pit optimisation shell 21 contains a further 86.2Mt of Measured and Indicated resources at an average grade of 0.87% Ni and 0.065% Co. Scheduling of the pits has indicated that the deposit is amenable to a diminishing grade mining strategy. The mining schedule shows diminishing grades from the early years of around 1.25% Ni and 0.1% Co reducing to 0.9% Ni and 0.07% Co in the latter years.

Two waste dumps are planned at the northern and southern sections. It is expected that in pit dumping of waste will be able to be employed later in the mine's life when full sections of the ore body have been mined out.

Pit wall stability is not considered to be a major issue due to the extensive project life and relatively shallow pits.

The Coffey Mining report also confirmed that the bulk of the material was deeply weathered and would require only ripping and that the roads formed in the pits should remain trafficable with larger 200t capacity haul trucks should Metals X choose to increase the fleet size.

BEHRE DOLBEAR

Static water levels range between 30-50m below surface. The orebody has a high clay content, and groundwater yields are expected to be low.

It is planned that the operation will employ standard open pit mining methods using 100t rated excavators and 55t capacity off highway dump trucks, supported by appropriately sized ancillary equipment including dozers, graders and water trucks.

Processing

The mined ore will be crushed and ground in a simple semi-autogenous grinding ("SAG") circuit to prepare the material for subsequent treatment. The ground material is thickened to provide an adequate feed to the autoclaves in the HPAL circuit. In order to conserve energy, heat is recovered from the leach discharge and is used to heat the fresh feed pulp. The free acid in the leached pulp is neutralised and the slurry washed in a seven-stage counter-current decantation ("CCD") washing step to recover most of the solubilised metals. The solution after CCD is treated with magnesium oxide to precipitate the nickel and cobalt into a mixed hydroxide product. This product is filtered and packaged ready for delivery to market. The barren solids from the CCD circuit are neutralised and discharged to a central discharge tailings storage facility. Reagents will be imported to site and sulphur will be burned to produce the acid needed for leaching.

Metals X engaged a number of Australian consultancy firms to provide specialist input into the completion of the Phase 1 Feasibility Study. These firms and the lead study manager, Jacobs, are well known in the industry and have appropriate experience and capability.

Process Testwork

The laterite mineralisation at Wingellina occurs in high iron limonitic clays formed by the weathering of ultramafic rocks. The geochemistry differs from that of the bulk of the Western Australian laterite deposits in that Wingellina has a much lower magnesium oxide content together with low silica. This provides some significant processing advantages.

The bulk of the mineralisation typically has a magnesium content of less than 2% and is therefore classed as a low acid-consuming resource, although this is partially offset by the high aluminium content. Low silica results in relatively low viscosity slurries which assist processing. However, there is little potential for beneficiation of the Wingellina material.

The average composition of the Wingellina mineralisation is shown in Table 6.15, along with comparable data for other HPAL operations.

Table 6.15
Comparison of the Chemical Composition of Laterite Deposits

Element	Unit	Wingellina	Moa Bay	Murrin Murrin	Bulong	Cawse
Nickel (Ni)	% Ni	1.1	1.3	1.2	1.1	1.0
Cobalt (Co)	% Co	0.09	0.12	0.09	0.08	0.07
Iron (Fe)	% Fe	34	48	22	21	18
Aluminium (Al)	% Al	5.7	4.5	2.7	2.8	2.7
Magnesium (Mg)	% Mg	1.6	1.0	4.5	4.0	1.6
Silica (Si)	% Si	18	9	42	43	43
Manganese (Mn)	% Mn	0.8	0.75	0.40	0.36	0.17
Chromium (Cr)	% Cr	1.1	2.0	1.0	0.6	0.9
Water (H ₂ O)	% H ₂ O	10-20	>20	~30	<35	<10

Note: cut offs generally around 0.5-0.8% Ni;

A report entitled Testwork Summary October 2009 by Aker (now Jacobs) discusses the testwork conducted from 2008 onwards. The principal conclusions were that the limonite ore was amenable to high pressure acid leaching, with extractions of up to 95% Ni and 90% Co after 60 minutes with acceptable levels of acid consumption of 0.3t acid per tonne of ore

Recent testwork has been based on an HPAL flowsheet and has focussed on the process-related parameters needed to allow good plant design. The majority of the testwork was conducted by SGS with a significant programme undertaken by CSIRO. These companies are well known mineral processing testing laboratories and BDA is confident that the results derived from the testwork will be reliable and can be appropriately utilised as a basis for detailed process plant design.

BEHRE DOLBEAR

Optimum operating parameters are selected as:

- leach time 80 minutes
- operating solids 35% w/w
- operating temperature 255°C
- acid addition around 300kg/t feed.

The testwork conducted to date has been reasonable and appropriate and has been carried out by well-respected specialist laboratories. All principal facets of the nickel and cobalt laterite processing steps have been investigated and the results are suitable for process plant design.

Infrastructure

Site infrastructure facilities to be provided include site roads, site buildings, power supply and reticulation, water storage and reticulation, operations workforce accommodation, fire protection, security facilities, fuel supply, communication systems, an airfield and waste management facilities.

Total installed power demand for the project is estimated by Aker to be 57MW, with average power demand including distribution losses estimated at 42.5MW. A steam-powered power station augmented by a gas-fired turbine generator is proposed, with steam to be provided from waste heat boilers in the sulphuric acid plant and from auxiliary boilers and gas to be provided from a gas supplier through a Build, Own, Operate ("BOO") contract by a spur gas line to be constructed by the BOO contractor from the Mereenie gas field in the Northern Territory.

The total raw water demand for the project has been estimated by Aker at around 28.5ML/d.

Raw water is to be pumped to the site from the off-site borefield to a raw water surge tank and distributed from there to the raw water ponds, the water treatment plant, the reverse osmosis ("RO") plant and the demineralised water plant to provide water for the various water supply facilities. Two raw water ponds lined with HDPE to provide 48 hours storage capacity are to be constructed. Borefield drilling and pumping is being undertaken to confirm the water supply parameters as part of the environmental applications and approval process.

The road transport option adopted for the PFS is from the site to the Impadna siding on the Adelaide to Darwin railway using, in part, the existing Lasseter Highway (Figure 5).

The Tarcoola-Darwin rail line passes around 450km to the east of the site and is equipped with a rail siding at Impadna (Figure 5). It is proposed to upgrade this siding to allow containers to be loaded and unloaded.

Options for the port for the importing of supplies and consumables and the export of product include the ports of Darwin and Adelaide. Either port is technically capable of servicing the project.

It is proposed to let a BOO contract with a gas pipeline operator to construct and operate a gas pipeline to transport gas from the Mereenie/Palm Valley gas field, owned and operated by Magellan Petroleum and Santos.

Metals X has determined that there is sufficient gas available to supply the project for its life and that letting of a BOO contract is a viable option. Metals X has discussed various options with the owners of the gas field and will negotiate commercial agreements upon commitment to the development project.

It is likely that the BOO contractor will construct a 400km gas pipeline from the gas field to the site comprising 166km of DN200 piping and 235km of DN150 pipeline.

Overall infrastructure requirements are relatively straightforward in a technical sense but require further extensive analysis to determine the optimum economic and permitting parameters. BDA considers that a competent study and owners project teams should be able to optimise the infrastructure facilities and develop the facilities without significant technical risk.

Environmental, Licensing and Approvals Issues

BDA has not undertaken any legal due diligence on ownership, tenement or licensing issues and has relied on information provided by Metals X.

A schedule of tenements applying to the Wingellina project and adjoining areas is shown in Table 6.16. BDA has not independently verified the current ownership status and legal standing of the material tenements relating to the Wingellina project that are the subject of this report, but Metals X has advised that all tenements are in good standing. The Wingellina project lies entirely within Exploration Lease EL 69/535, whilst Miscellaneous Licences L 69/12 and L 69/13 are held for the establishment of potential borefields for water supply for the project. To the east of Wingellina within South Australia Metals X holds Exploration Licence EL 4751.

BEHRE DOLBEAR

Table 6.16
Exploration and Miscellaneous Purpose Tenements

Licence	Area (ha)	Grant Date	Expiry Date	Holder/Comment
EL 69/535	11,078	23/12/1993	22/12/2010	Hinckley Range Pty Ltd
L 69/12	61,237	26/02/2009	25/02/2030	Hinckley Range Pty Ltd
EL 69/2453	61,871	Pending		Hinckley Range Pty Ltd
EL 69/2458	55.2	08/08/2011	07/08/2016	Hinckley Range Pty Ltd
EL 69/3017	47,060	12/06/2012	11/06/2017	Hinckley Range Pty Ltd
ELA 69/3065	17,245	Pending		Hinckley Range Pty Ltd
EL 4751	137,200	20/06/2011	19/06/2013	Austral Nickel Pty Ltd
EL 3932	47,300	24/09/2007	23/09/2012	Rio Tinto Exploration Pty Ltd

Note: ha = hectare; tenement EL 4751 and 3932 are under SA government jurisdiction, whilst the remaining tenements are under WA government jurisdiction; EL denotes Exploration Licence, L denotes Miscellaneous Licence (for water), ELA denotes Exploration Licence application.

Metals X has a farm-in and joint venture agreement with Rio Tinto Exploration over the South Australian Mt Davis exploration tenement (EL 3932). This tenement is wholly encapsulated within the EL 4751 (Figure 5) which is 100% owned by Metals X.

Miscellaneous Water Licences L69/12 and 69/13 have been obtained in the areas of interest to the northwest and southwest of the Wingellina project in the Cobb Depression and Officer Basin respectively.

Land Ownership and Access Arrangements

The project is located within Aboriginal Reserve A17614, which covers an area of about 80,166km² (8,016,568ha) which is leased to the Ngaanyatjarra Land Council and over which Native Title has been granted. The project region also lies within Place Id: 9861, the Ranges of the Western Desert, which is listed on the Register of the National Estate. This is in the same location as the Aboriginal Reserve A17614.

The granted Ngaanyatjarra Lands Claim encloses the project area. The Ngaanyatjarra Lands Indigenous Protected Area was declared in August 2002. It covers a total area of 98,000km² (9,800,000ha) and has a population of 1,838 people. Encompassing the entire WA section of the Central Ranges bio-region and parts of the Gibson, Great Victoria and Great Sandy deserts, it is the largest declared IPA in Australia.

The project will be the first mining operation on the Ngaanyatjarra lands and obtaining an agreement for mining with the Native Title holders has been seen as a major impediment for the project in the past. Metals X negotiated and signed an ILUA with the Traditional Owners in July 2010. The Agreement covers all required approvals and compensation payments and allows Metals X to proceed with the application for grant of a Mining Lease. Metals X advises that it has a strong cooperative relationship with the Traditional Owners who are supportive of the project. Consent from Traditional Owners, which has been provided through the mining agreement, is a requirement for the granting of a Mining Lease by the Minister for Resource Development.

Development Approval Process

The Environmental Protection ("EP") Act 1986 is the principal statute relevant to environmental protection and licensing matters in WA. Baseline environmental studies, flora and fauna studies, geochemistry, waste disposal, and groundwater studies have all been completed.

An Environmental Scoping Document has been submitted and approved by the EPA. A Public Environmental Review ("PER") level of assessment with an eight week public review period has been set. In order to complete the Environmental Impact Statement Metals X has been advised that hydrological studies need to be completed to confirm the location of the borefield and the borefield characteristics. This work is ongoing and the work required for submission and consideration of the EIS is anticipated to be completed in September 2012.

Interstate Approvals

Various interstate approvals will be required for off-site mining activities in both the Northern Territory and South Australia. The agencies responsible for issuing approvals include the NT Department of Natural Resources for the transport corridors and the proposed gas pipeline, the NT Department of Resources Development for port requirements, and SA Department of Primary Industries and Resources for mining approval for the mining of the calcrete deposit.

Project approvals for the components of the project situated in NT and SA will require both regulatory agency and Traditional Owner consent.

BEHRE DOLBEAR

Production Plans

Metals X has provided a financial model which sets out a LOM plan for 39 years assuming all resources are mined and processed; a summary of the LOM is shown in Table 6.17. The current mine plan prepared by Coffey Mining details approximately twenty years production from twenty separate pits within three areas. northern, central and southern (Figure 5), with the remainder of the mine life being based on pit optimisation shells of Measured and Indicated resources.

Table 6.17
Wingellina Project Production Plan

Item	Unit	Years										Total
		-1	1	2	3	4	5	6-10	11-20	21-30	31-39	
Mining												
Ore	Mbcm	0.10	1.59	2.39	2.88	3.19	3.19	16.0	31.9	31.9	28.1	121.3
Waste	Mbcm	0.07	0.16	0.28	0.50	0.75	2.41	7.3	18.6	54.4	48.9	133.4
Total	Mbcm	0.18	1.75	2.68	3.38	3.94	5.61	23.3	50.5	86.3	77.0	254.7
Strip Ratio	W : O	0.70	0.10	0.12	0.17	0.24	0.76	0.46	0.58	1.70	1.74	1.1
Processing												
Throughput	Mt		2.2	3.3	3.9	4.4	4.4	21.7	43.5	43.5	38.3	165.1
Ni grade	%		1.3	1.3	1.2	1.3	1.1	1.1	1.1	0.9	0.9	1.0
Co grade	%		0.14	0.12	0.12	0.08	0.10	0.08	0.08	0.07	0.07	0.08
Ni recovery	%		92	92	92	92	92	92	92	92	92	92
Co recovery	%		89	89	89	89	89	89	89	89	89	89
Production												
Contained Ni	kt		26	40	44	51	44	217	421	349	307	1499
Contained Co	kt		3	3	4	3	4	16	32	25	22	113
MHP	kt		80	121	134	154	134	660	1277	1058	931	4548

Note: the MHP averages 33% Ni and 25% Co

Mine production requires a mine fleet of two 125t hydraulic excavators loading a fleet of nine 50t trucks. The mining rate is approximately 5Mbcm per annum in the initial twenty year period when the strip ratio of waste to ore is approximately 0.5:1. The remaining LOM plan is based on an increase in stripping ratio to 1.7:1 and an increased mining rate of 8.5Mbcm per annum, but there are no detailed mine plans for this latter period.

The mine inventory assumes 97% ore recovery and 0% ore dilution. While the orebodies are relatively large, in BDA's opinion there will be some potential for dilution although this is likely to be relatively minor.

The proposed production is achieved by mining and processing 4.35Mtpa of ore grading 1.0% Ni over the life of the project with steady-state nickel recovery of 92%. Nickel production averages 42,000tpa and cobalt 3,300tpa over the first 20 years. Higher ore grades will be processed initially averaging 1.2% Ni over the first five years compared with a LOM average of 1.0% Ni; BDA considers this is likely to be achievable in the early years.

Metals X has proposed a production ramp up over three years. BDA considers this appropriate, and has prepared a ramp-up schedule reflecting a ramp up in extraction, recoveries and unit throughput.

Capital Costs

The capital cost estimate prepared by Aker and included in the project financial model is A\$2,524.7M as summarised in Table 6.18.

Table 6.18
PFS - Initial Capital Estimates

Cost Centre	Capital Cost (A\$M)
Direct Costs	
Onsite Infrastructure	1,450.8
Off Site Infrastructure	253.6
Mining	17.6
Tailings	40.3
Raw Water Supply	73.3
<i>Subtotal</i>	<i>1835.6</i>
Indirect Costs	
EPCM Costs	270.9
Owners Costs	73.4
<i>Subtotal</i>	<i>344.3</i>
Contingency	344.8
Total	2,524.7

BEHRE DOLBEAR

The process plant comprises ore preparation, high pressure acid leach, feed slurry thickening, HPAL slurry storage, three HPAL trains, recycle leach, neutralisation, counter current decantation, iron removal, mixed hydroxide precipitation and manganese removal. Metals X is now considering preparation of a mixed sulphide rather than mixed hydroxide as the final product. This will change the details of the capital equipment but overall BDA does not consider this will have a material impact on the current valuation assessment.

Process plant infrastructure comprises plant roads and drainage, bulk earthworks and drainage, the general office, administration and engineering building, the canteen and changehouse, workshops, the spares storage building, the product storage building, the process plant control room, the laboratory, the chemical storage building, the sulphur storage pad, the calcrete storage pad, the container unloading facility and the pipe racks. .

General infrastructure comprises the accommodation village, the mine buildings, the construction camp, communications, the process plant control system and the security building and fencing.

Construction services and support includes construction offices, common contractor facilities, survey, medical facilities, geotechnical and soil testing, warehouse operations, security, vendor representative costs, major construction cranes, road and building maintenance, camp management and catering and commissioning support.

An allowance of 3% of major equipment costs has been included in each area for the cost of commissioning and capital spares. Design allowances for expected increases in quantities as detailed engineering proceeds have been applied as a percentage to estimates for equipment items; these allowances vary from 2% for the acid plant to 15% for the HPAL critical vessels.

Off-site infrastructure comprises road and rail facilities only. GHD has selected a road and rail route for project supply and product transport from a number of options. The chosen option requires construction of 214km of road from the mine to the Lasseter Highway and 41km of road from the Stuart Highway to the Impadna rail siding (Figure 5), upgrading of 75km of the Lasseter Highway and upgrading of the Impadna rail siding. GHD has applied nominal unit rates of A\$1,100,000 per km of road construction and A\$370,000 per km of road upgrade to the quantities determined from the nominal route layout and made a nominal allowance of A\$5,000,000 for the upgrading of the siding.

No provision has been made in the capital cost estimate for the cost of the gas pipeline for the transmission of gas to the project site. It is proposed that the gas pipeline will be funded and constructed by the gas supply contractor as part of a BOO contract for gas supply.

Coffey Mining has estimated the costs of the initial fleet of mining equipment using Coffey Mining's in-house data base. Pre-production costs are the cost of pre-stripping of the mine and are based on the movement of 240,000t of material at a cost of A\$4.12/t. Nominal allowances have been made for the costs of light vehicles, haul roads and computing systems.

The EPCM costs have been estimated by the various consultants responsible for estimating the costs of the individual facilities by applying nominal percentage allowances to the relevant direct costs.

Contingency allowances are included in the estimate. The contingency allowances have been nominated by the various consultants responsible for estimating the costs of the individual facilities by applying nominal percentage allowances to the relevant direct and EPCM costs.

Metals X has estimated deferred and sustaining capital costs for the 40 year mine life.

BDA considers that the methodology and data used for the estimate are generally reasonable and appropriate for valuation assessment purposes.

Operating Costs

Table 6.19 sets out the operating costs for Wingellina based on the Metals X updated financial model.

Table 6.19
Wingellina Project Operating Cost Estimates

Item	Unit	Years									Total
		1	2	3	4	5	6-10	11-20	21-30	31-39	
Production											
Ore Milled	Mt	2.2	3.3	3.9	4.4	4.4	21.7	43.5	43.5	38.3	165.1
Ni Production	kt	26	40	44	51	44	217	421	349	307	1,499
Co Production	kt	2.6	3.4	4.2	3.0	4.0	16.4	32.3	25.2	22.7	113.8
Site Costs											
Mining	AS\$M	15	19	22	24	29	132	277	389	348	1,255
Mill/Infrastructure	AS\$M	168	229	249	258	255	1,268	2,523	2,540	2,236	9,726
Off-Site Infrastructure	AS\$M	3	3	3	3	3	16	31	31	28	122
Transport	AS\$M	54	81	94	106	100	497	975	924	814	3,643
Tailings/Water	AS\$M	0	0	0	0	0	2	5	5	4	19
Total Site Costs	AS\$M	240	333	369	391	388	1,915	3,811	3,889	3,430	14,765
Off-Site Costs											
Treatment Charges	AS\$M	55	82	91	105	91	451	874	723	637	3110
Royalties	AS\$M	18	26	30	32	30	141	275	227	200	980
Total Costs	AS\$M	313	442	490	529	509	2,508	4,959	4,840	4,267	18,855
Unit Costs											
Site Unit Cost/t Milled	AS\$/t	111	102	94	90	89	88	88	89	90	89
Overall Unit Cost/lb Ni	US\$/lb	4.57	4.29	4.29	4.02	4.46	4.45	4.54	5.36	5.36	4.85
Unit Cost Ni with Co Credit	US\$/lb	2.55	2.53	2.34	2.81	2.59	2.91	2.98	3.88	3.89	3.31

Mine operating costs were prepared by Coffey Mining in 2008 and were based on first principles and cost parameters from the consultant's data base of costs. It was assumed that only 10% of the lateritic material and 100% of fresh material will require drilling and blasting with the remainder being 'free-dig'; the majority of the material is classified as lateritic. The load and haul costs were based on a fleet of two 100t excavators and nine 50t trucks with ancillary equipment including graders, dozers and water trucks. The costs assume an owner-operated fleet with a maintenance and repair contract.

Processing costs including relevant site infrastructure costs, tailings and water make up over 66% of site costs. Reagent costs makes up 60% of the processing costs with sulphur comprising nearly half of all reagent costs. The projected reagent consumptions appear reasonable, but processing costs are sensitive to the cost of sulphur.

The principal areas of uncertainty in terms of operating costs relate to the estimate of energy costs and reagent costs, specifically sulphur. Purchased energy will be complemented by the use of co-generated power from the acid plant. The proposed use of gas turbines represents the lowest source of fuel-generated power. Site administration costs have been incorporated into processing costs. Freight costs to site have been estimated by GHD consultants and the costs applied to the consumables required to be delivered to site.

The processing cost detailed calculations appear thorough, however, the process operating costs are considered low when compared with other known nickel laterite operations. BDA has considered the sensitivity of the project to increases in processing costs in undertaking the valuation assessment.

Project Implementation

Since the PFS was completed in July 2008, work has focussed on additional geotechnical and hydrological studies, and environmental studies to complete the EIS submission. An Indigenous Land Use Agreement or ILUA has been negotiated with the Ngaanyatjarra Traditional Owners covering all required access agreements, approvals and compensation payments; the ILUA is registered with the NNTT.

Metals X proposes to engage a suitably qualified engineering company supported by appropriate specialist technical consultants to complete a DFS and to use the DFS report to finalise project financing and permitting and set the parameters for project development.

With respect to project financing, Metals X will pursue an approach that is appropriate for a capital intensive strategic project such as a world class nickel laterite project. This typically involves a substantial equity partner arranging project financing generally in return for offtake and equity participation.

With respect to project development, Metals X proposes to use an Owners team to let and administer an engineering, procurement and construction contract for the majority of the site and off-site facilities. It is also planned to use an in-house team to directly manage and undertake the mining operation, supported by specialist consultants.

BEHRE DOLBEAR

6.5 Collingwood Tin Project

The Collingwood site is located 160km north of Cairns and 30km south of Cooktown (Figure 1). Access is via a gravel road from a sealed highway that connects Cooktown to Cairns via the town of Mareeba. Cooktown is serviced by commuter flights from Cairns and has small-scale port facilities, suitable for barges and shallow draft craft.

The tenement holdings comprise six Mining Leases and two Mineral Development Licences. BDA has not independently verified the current ownership status and legal standing of the material tenements relating to the Collingwood project, but Metals X advises that all material tenements are in good standing. A registered Native Title Claim covers most of the project area. However, Metals X advises that all tenements were granted prior to lodgement of the claim.

In late 2011 a portion of the land that underlies the project area was granted as freehold title to the Jabalbina Yalanji Land trust by the Queensland Environmental Protection Agency and the Queensland Parks and Wildlife. Part of the project area also overlays a pastoral lease. Metal X has access compensation agreements in place with the landowners.

Tin was first discovered in the Cooktown region in 1885. Significant production occurred in the late 1800s and continued for the first two decades of the twentieth century. Minor production, mostly from alluvials and small open pits continued through to the 1980s.

The Collingwood prospect was discovered by BHP in the 1960s. Shell/Billiton undertook trenching, percussion drilling and diamond drilling from 1980 to 1984. In 1984 an exploration decline/adit was developed, extending approximately 600m to the southeast to access the mineralised lodes. Approximately 540m of north-south strike drive was mined, parallel to the strike of the mineralised lodes. Over 120 underground diamond holes were drilled on approximately 25m centres, a bulk sample was mined in 1987 and a Pre Feasibility Study undertaken.

The collapse in the tin price around 1987 resulted in the project being put on Care and Maintenance. Bluestone purchased the Collingwood Project in 2000 and completed a Feasibility Study in 2001. In 2003 Environmental Authority was granted and project development commenced in 2005.

It was planned to carry out underground mining and process around 360,000tpa of ore grading around 1.2% Sn, recovering a tin concentrate containing around 3,600t of tin per annum. The mine and plant commenced operations in 2006 but operations were suspended in 2008 and the mine put on care and maintenance.

Remaining Indicated and Inferred resources at Collingwood are summarised in Table 6.20.

Table 6.20
Collingwood Resource Estimate - June 2012

Category	Tonnage Mt	Grade % Sn	Contained Sn Tonnes
Indicated	0.652	1.29.	8,400
Inferred	0.051	1.12	600
Total	0.702	1.28	9,000

Metals X has advised that the project has been written down in its books to around A\$1M and the company intends to sell the project. Discussions with interested third-parties have taken place, with offers of around A\$2M to A\$5M.

6.6 Other Assets

Metals X has significant investments in other listed mining and exploration companies comprising:

- Westgold Resources Limited – 26.98% interest
- Independence Group NL – 2.81% interest
- Mongolian Resource Company Limited – 15.33% interest
- Aziana Limited – 25.0% interest.

As these are all investments in listed entities, BDO Corporate Finance will assess the appropriate valuation in its Independent Expert Report.

BEHRE DOLBEAR

7.0 VALUATION DISCUSSION

7.1 Overview

The assets valued herein comprise:

Westgold

- the Central Murchison Gold Project (CMGP) in WA
- the Rover-1 copper-gold project in the NT
- the Explorer 108 and 142 projects in the NT
- various exploration properties and exploration joint ventures.

Metals X

- the Renison tin mine in Tasmania
- the Mount Bischoff tin project in Tasmania
- the Rentails project in Tasmania
- the Central Musgrave project located in Central Australia, comprising the Wingellina and Claude Hills nickel laterite prospects
- the Collingwood tin project in North Queensland.

The valuation principles outlined in Section 3 have been applied to the Westgold and Metals X assets discussed in Sections 5 to 6. Valuations have been considered as of the Valuation Date of 30 June 2012. The discounted cash flow net present value method has been applied to those projects which are considered to be sufficiently well advanced to prepare a conceptual financial model, supported by other valuation methods considered appropriate, such as past expenditure, comparable transactions, joint venture terms, or yardstick guidelines.

Overall the value range assigned is based on the principles defined in the Valmin Code whereby the fair market value of a property is the amount a willing buyer would pay a willing seller in an arm's length transaction, wherein each party acted knowledgeably, prudently and without compulsion.

7.2 General Assumptions

BDA's valuations assume that:

- All licences, permits, certificates and consents issued by the Federal, State or local government or other authorised entities or organizations that will affect the continuity of the operations have been obtained or will be obtained as required in the future.
- The financial and operational information provided by Westgold and Metals X has been prepared on a reasonable basis, reflecting estimates that have been arrived at after due and careful consideration.
- There will be no material change in the existing political, legal, fiscal, technological, market and economic conditions which will affect the revenues and incomes being generated.
- There will be no material change in the taxation laws and regulations and the rates of tax payable will remain unchanged and all applicable laws and regulations will be complied with.
- The market return, market risk, interest rates and exchange rates will not differ materially from those presently prevailing and market and economic conditions will not differ materially from those forecast.
- Relevant metal supply and demand will not differ materially from those forecast.
- Management will implement financial and operational strategies that will maximize the efficiency of the operation of the business.
- Management has sufficient knowledge and experience in respect of the operation of the business, and turnover of any manager or key person will not significantly affect the operation of the business.
- Adequate financial capital for the projected capital expenditure and working capital will be available and any scheduled interest or repayments of loans will be paid on time.
- Management has adopted reasonable and appropriate contingency measures against any human disruption such as fraud, corruption and strike, and the occurrence of any such disruption will not significantly affect the operation of the business.
- Management has adopted reasonable and appropriate contingency measures against any natural disaster such as fire or flood and the occurrence of any natural disaster will not significantly affect the operation of the business.

BEHRE DOLBEAR

BDA is not a commodities expert and for an expert view on future metal prices and exchange rates BDA has relied on parameters supplied by BDO Corporate Finance. However, BDA notes that there is no guarantee that prices will follow the BDO Corporate Finance projections, and that the valuations are highly sensitive to the metal price assumptions.

BDO Corporate Finance parameters adopted for this valuation include metal price forecasts expressed in nominal terms, US\$/A\$ exchange rate forecast and a range of discount rates also expressed in nominal terms. The metal price and exchange rate forecasts are summarised in Table 17.1. The years are calendar years and the 2012 forecasts are for the six months from July to December 2012.

Table 7.1
Metal Price and Exchange Rate Forecasts

Parameters	Units	2012	2013	2014	2015	2016
Gold	US\$/oz	1,800	1,790	1,590	1,440	1,340
Tin Price	US\$/t	24,050	24,410	24,130	23,710	21,990
Cu Price	US\$/t	8,660	8,680	8,090	7,630	7,290
Nickel Price	US\$/t	20,360	21,120	21,510	22,070	22,130
Cobalt Price	US\$/lb	14.70	15.20	15.50	14.70	15.40
Exchange Rate	US\$/A\$	1.02	1.00	0.96	0.91	0.86

Note: Calendar Years; 2012 projections relate to July-December 2012; beyond 2016, the averages for 2013-2016 have been used; the real prices used in the DCF valuations are shown in the Parameters and Assumptions tables for each project

BDO Corporate Finance has recommended adopting a nominal discount rate range of 9.5% to 12.5% for determining the net present values for all projects. Given that some projects are more advanced than others, and that the perceived risks vary, some consideration of the appropriate discount rate within the prescribed range is warranted when assessing the derived project values.

7.3 Westgold Projects

7.3.1 Central Murchison Gold Project (CMGP)

BDA has assessed the value of the CMGP primarily using the yardstick approach. Yardsticks have been derived from the market capitalisation of companies with advanced gold projects in Australia, and also from transactions involving gold companies. These methods are considered most appropriate as there are a number of comparable companies with projects at a similar stage of development as the CMGP, although some consideration must be given to the current depressed state of the stock market.

As a secondary valuation measure, BDA has applied the discounted cash flow method to the schedules being developed for the feasibility study. As the project development is quite complex with multiple sources of mostly residual ore from historic mining sites feeding a central processing plant, the schedules are conceptual and require further optimisation work.

BDA has also considered whether any other independent valuations of the property have been undertaken.

Yardstick Valuations - Market Capitalisation

In this section BDA has considered valuations based on market capitalisation ratios. Using a yardstick or 'rule of thumb' approach, a value can be ascribed, as described in Section 3, by applying appropriate industry factors or ratios to relevant resource parameters. The relevant yardstick factors applied to gold projects are dollars per ounce of contained gold in the resource or reserve, or dollars per ounce of contained gold equivalent. The factors applied can be derived from consideration of either market capitalisation of other gold development companies or based on recent gold transactions. The derived ratios can vary considerably from company to company and project to project, commonly reflecting the 'quality' of the resource or the likelihood of development.

In determining yardsticks on the basis of market capitalisation (and comparable transactions), BDA has reviewed five gold development companies to establish a range of yardstick values per ounce of contained gold equivalent. Gold equivalent rather than gold is used to allow for the varying input of other metals to the resource value. The value that the market places on a company is reflected in the company's market capitalisation. Where the company essentially owns only one major asset, the market capitalisation is indicative of the value the market places on that asset. In BDA's view, a major portion of the market capitalisation of the five companies reviewed can be attributed to their gold assets.

BDA acknowledges that the difficulty in this area of valuation is the extent to which the companies considered are in fact comparable.

A brief description of the companies considered to derive market capitalisation yardsticks follows.

Doray Minerals Limited

Doray Minerals Limited (ASX: DRM) ("Doray") has a portfolio of gold properties within Western Australia and South Australia.

The Company's focus is its 80% owned Andy Well gold project (Doray 80%) located approximately 45km north of Meekatharra, in the Murchison region of Western Australia. In March 2010, Doray announced the discovery of the high-grade Wilber Lode, a quartz gold lode within sheared basalt. In February 2011, Doray announced a maiden gold resource for the Wilber Lode down to depth of approximately 230m below surface. Extensive drilling at Andy Well has delivered ongoing high-grade results for the Wilber and Judy zones, and in March 2012, the Company announced an increase and upgrade to the Wilber Lode resource.

The combined Inferred and Indicated resource for the Wilber Lode now totals 680,000t at 15.1g/t Au for a total of 331,000ozs of contained gold. The resource has been defined to a depth of approximately 480m below the surface and remains open at depth.

The Company is currently completing an extensive drilling campaign along with a number of other development-related activities designed to bring the project into production as quickly as possible.

Gold Road Resources

Gold Road Resources (ASX: GOR) ("Gold Road") has a portfolio of gold properties within the Yamarna Greenstone Belt located 140km east of Laverton on the eastern edge of the Yilgarn Craton in Western Australia.

Gold Road has 100% ownership of the Yamarna Belt (with some tenements subject to separate royalty agreements) and has made a number of significant gold discoveries across its substantial ground holding of around 5,000km². Situated directly north of the 6Moz Tropicana deposit, there is increasing evidence that the Yamarna Greenstone Belt could be a major, gold-rich, shear zone in the Yilgarn Craton.

Yamarna's cover and isolation means it is one of the most historically under-explored greenstone belts in Western Australia. Gold Road is first company to systematically explore the region. Gold Road has discovered six high-grade gold deposits since 2009.

Gold Road is focussing on two key project areas on the Yamarna Belt, the Attila Trend and the Central Bore Trend. The combined resource for Central Bore now totals 519,000t at 9.1g/t Au with 152,000ozs of contained gold and the combined resource for the Attila Trend totals 19.8Mt at 1.4g/t Au for a total of 917,000ozs of contained gold.

Cortona Resources Limited

Cortona Resources Limited (ASX: DRM) ("Cortona") has gold properties located within the historic gold field of Dargues Reef in NSW which is approximately 60km southeast of Canberra.

Exploration drilling at Dargues Reef has led to the discovery of high grade parallel structures and a number of additional near mine prospects and extensions to the Dargues Lode are being tested.

The Dargues Reef resource is currently 1.615Mt at 6.3g/t Au containing 327,300oz of gold and 142,000oz of silver within 2-10m wide 'sulphide lodes' associated with quartz-sericite-carbonate-pyrite alteration of the host granodiorite. The quoted mineral resources have been calculated to a depth of 450m and the mineralisation remains open at depth.

A feasibility study has confirmed a viable operation and, subject to finalisation of permitting and licencing, ore processing will commence at 270,000tpa in 2013 and ramp up to 330,000tpa by 2014, resulting in total production of 248,900ozs of gold and 73,144ozs of silver over a six year period. The mining inventory does not include the recently discovered Ruby Lode (12.6m at 9.90g/t Au) or Chinaman's Prospect (4m at 28g/t Au), which are located within 200m of the proposed development portal.

Mutiny Gold Limited

Mutiny Gold Limited (ASX: MYG) ("Mutiny") is a diversified resource company focused on the exploration and development of gold, copper and nickel tenements in Western Australia. The Company's lead project is the Deflector gold/copper deposit within the Gullewa tenements located in the South Murchison region of Western Australia.

The Company is focusing on commencing production at its Deflector and White Well deposits with completion of a definitive feasibility study on the Deflector deposit planned during 2012. The study is based on initial open

BEHRE DOLBEAR

pit mining followed by underground mining over a total project mine life of around ten years with gold recovery of approximately 216,000ozs of gold. Exploration is continuing at other prospective Gullewa gold targets and there is an expectation of expanding the production levels and extending the mine life.

The company has entered into a project finance facility to fund Deflector into production; the first phase of the facility was a drawdown of A\$11M for completion of review studies and further drilling.

The latest resource estimate for Deflector is 3.26Mt at 5.1g/t Au, 6.0g/t Ag and 0.82% Cu, for contained metal of 532,000oz of gold, 630,000ozs of silver and 27,000t of copper of which Measured and Indicated resources total 2.35Mt at 4.7g/t Au, 6.8g/t Ag and 0.90% Cu.

Mungana Goldmines Limited

Mungana Goldmines Limited (ASX: MUX) ("Mungana") has two main development projects, the Mungana gold project in North Queensland (100% owned) and the Tunkillia gold project in South Australia (55% owned).

The Mungana gold project covers two large gold-copper-silver resources, Red Dome and Mungana, in the Chillagoe region of North Queensland. Situated 3km apart, the porphyry-style deposits include combined Measured, Indicated and Inferred resources of 131Mt at 0.64g/t Au, 0.21% Cu and 8g/t Ag for contained metal of 2.7Mozs of gold, 34Mozs silver and 273,000t of copper.

Both sites have potential for large scale open pit and underground mining. This is being evaluated in detail through the final stage of a feasibility study now in progress, which is building on previous scoping and feasibility outcomes. The base case configuration is for a 4Mtpa operation yielding 100,000ozs of gold, 10,000t of copper and 1.5Mozs of silver per year through copper concentrate and precious metals doré production.

The Tunkillia gold project is located approximately 600km northwest of Adelaide and 200km northeast of Ceduna in South Australia within the Gawler Craton region. The current Measured, Indicated and Inferred resource is 15.5Mt at 1.6g/t Au and 3.3g/t Ag for contained metal of 803,000ozs of gold and 1.7Mozs of silver. Mungana's initial review is based on mining the resource via open pit and processing via a CIP gold plant targeting throughput of up to 2Mtpa and production of around 80,000ozs of gold per annum.

Mungana also has other extensive exploration tenure in areas across Queensland and South Australia.

Derivation of Yardstick Values

The market capitalisations for the five companies described are summarised in Table 7.2. The range is broadly based on the share price lows and highs over the past 12 months and the allocation factor represents the percentage of the market capitalisation attributed, in BDA's opinion, to the gold resource assets of the companies. Cash reserves are also taken into consideration.

Table 7.2
Summary of Market Capitalisations

Company	Market Capitalisation (A\$M)		Cash (A\$M)	Allocation Factor	Allocated Capitalisation (A\$M)	
	Low	High			Low	High
Doray	49.4	131.8	9.0	95%	38.4	116.6
Gold Road	67.3	302.9	18.0	95%	46.9	270.7
Cortona	23.9	52.3	4.0	100%	18.9	45.8
Mutiny	33.3	70.2	4.0	95%	27.8	62.9
Mungana	53.0	126.1	19.0	95%	32.3	101.8

The attributed resources for each of the companies and the derived yardstick ranges are summarised in Table 7.3. The average yardstick range derived is weighted by the allocated market capitalisation of the companies.

Table 7.3
Yardsticks Derived from Market Capitalisations

Company	Attributed Resource	A\$/t Resource		A\$/oz AuEq	
	Mt / g/t Au/Mozs AuEq	Low	High	Low	High
Doray	0.71/12.2/0.28	54.1	164.6	139	421
Gold Road	20.34/1.6/1.07	2.2	12.6	42	240
Cortona	1.62/6.3/0.33	12.3	29.9	60	147
Mutiny	3.26/5.1/0.68	8.5	9.4	41	92
Mungana	139.5/0.7/5.19	0.2	0.7	6	20
Weighted Average		3.6	10.2	27	130

Note: Doray parameters omitted from weighted average

In calculating the weighted average yardsticks in the above table, the Doray parameters have been omitted as they are significantly higher, reflecting the high grade of the resource. On the other hand, the Mungana parameters have been included although they are significantly lower, reflecting the low grade resource, because the Westgold resource also includes low grade material.

Applying these yardstick ranges to the CMGP resource results in valuation ranges of A\$113.1-319.9M based on resource tonnes and A\$72.5-351.9M based on the contained gold equivalent.

BDA has some reservations as to the valuation range generated by this approach, in particular the high end of the range, as it is based on the high market capitalisations of the companies during the past 12 months, which generally peaked in the second half of 2011. As stock prices are generally near the low end of the 12 month share price range, BDA has adopted the low yardstick value as the most likely, and applied a factor of $\pm 20\%$ to derive the range. The adjusted valuation ranges are A\$90.5-135.8M based on resource tonnes and A\$58.0-87.0M based on contained gold equivalent.

Yardstick Valuations - Recent Transactions

BDA has taken a similar approach to establishing yardsticks on the basis of recent gold project transactions. BDA has reviewed several transactions involving gold properties; a brief description of these transactions follows.

Zijin Acquisition of Norton

In May 2012, Norton Gold Fields Limited (ASX - NGF) ("Norton") and Zijin Mining Group Co Ltd ("Zijin") signed a Bid Implementation Deed regarding a takeover offer to be made by Zijin (through a wholly-owned subsidiary) in terms of which Zijin would offer all Norton shareholders A\$0.25 per share, plus shareholders will be able to keep a A\$0.02 special unfranked dividend that Norton proposed to declare and pay subject to certain milestones. Based on the offer of A\$0.27 per share (including dividend), the consideration equates to approximately A\$229M.

Norton holds mining and exploration leases in Western Australia's Goldfields region, with an extensive tenement package spanning an area of 693km². The Company's flagship operation is the Paddington mine with annual production in excess of 150,000ozs of gold. The total resource estimate for the numerous deposits within the Paddington region is 110.8Mt at 1.67g/t Au with contained gold of 5.96Mozs, of which more than 3.2Mozs is classified as Measured and Indicated.

The company also has a portfolio of copper and gold projects in Central Queensland, with a 100% interest in the Mount Morgan gold tailings project. The resource estimate is 8.4Mt at 1.23g/t Au with contained gold of 330,000ozs, of which 128,000ozs is classified as Indicated and 202,000ozs is classified as Inferred.

The acquisition price is equivalent to A\$1.93/t of resource and A\$36.5/oz of contained gold equivalent.

Mungana Acquisition of Tunkillia

In January 2012, Mungana announced it would acquire a 55% interest in the Tunkillia gold/silver project by:

- paying Minotaur A\$4M cash, and
- issuing 3,076,923 Mungana shares to Minotaur Exploration Ltd.

Based on the 20 day average price as at January 2012, the total consideration equates to approximately A\$5.5M.

BEHRE DOLBEAR

Tunkillia had a JORC-compliant resource of 15.5Mt at 1.6g/t Au and 3.3g/t Ag for contained metal of 803,000ozs of gold and 1.7Mozs of silver, of which 493,000ozs of gold were classified as Measured and Indicated. The acquisition price is equivalent to A\$7.50/t of resource and A\$35.6/oz of contained gold equivalent.

Mutiny Acquisition of Gullewa

In October 2011, Mutiny announced it would proceed to earn a further 30% (aggregate 100%) interest in Gullewa gold project by:

- completing a positive Feasibility Study
- sole funding all expenditure
- paying ATW Gold Corp Australia Pty Ltd ("ATW") A\$4M cash, and
- paying ATW a 10% net profit interest royalty in respect of minerals derived from Gullewa.

Mutiny subsequently acquired the 10% royalty for a consideration of 40,000,000 Mutiny shares which are subject to a 15 month escrow period. Based on the 20 day average price as at December 2011, the total consideration equates to approximately A\$7.3M.

Gullewa had a JORC-compliant resource of 3.3Mt at 5.1g/t Au, 6.0g/t Ag and 0.82% Cu, for contained metal of 532,000ozs gold, 630,000ozs silver and 27,000t copper of which 354,000ozs of gold were classified as Measured and Indicated. The acquisition price is equivalent to A\$0.65/t of resource and A\$12.1/oz of contained gold equivalent.

A summary of the transactions-derived yardsticks is given in Table 7.4.

Table 7.4
Yardsticks Derived from Recent Transactions

Transaction	Date	A\$/t Resource			A\$/oz AuEq		
		Low	Mid-Point	High	Low	Mid-Point	High
Zijin/Norton	May 2012		1.93			36.5	
Mungana/Tunkillia	Jan 2012		0.65			12.1	
Mutiny/Gullewa	Oct 2011		7.49			35.5	
Average/Range		2.68	3.35	4.03	22.5	28.1	33.7

Note: the applicable High and Low values are calculated at $\pm 20\%$ of the mid-point value.

Applying these yardstick ranges to the CMGP resource results in valuation ranges of A\$84.3-126.5M based on resource tonnage and A\$60.7-91.0M based on contained gold equivalent.

DCF Method

BDA has prepared a financial model of the CMGP expressed in nominal terms in accordance with the BDO Corporate Finance metal price and discount rate inputs, and based on financial years ending 30 June.

The model is based on preliminary production and cost schedules being developed for the feasibility study in progress. Capital expenditure commences in the 2013 financial year and production the following year. The conceptual scenario is a ramp up to production of 1.5Mtpa as the underground mines are developed, with initial production from re-processing of tails and treatment of low grade stockpiles and open pit ores.

BDA acknowledges that the schedules are preliminary and further optimisation is required. It is a complex development with multiple open pit and underground ore sources feeding a central processing plant. Development costs including underground accesses and pit cut-backs are high, and transport costs of the ore from the mining camps to the processing plants have been considered.

Given the preliminary nature of the scheduling as the DFS is still being finalised, BDA has prepared a financial model that can reproduce the preliminary feasibility production and costs, and can be switched to a more simplified representation so that BDA can assess the impact of extending the 11 year mine life based on current reserve and resource estimates.

The key parameters and assumptions used in the preliminary CMGP feasibility modelling are summarised in Table 7.5.

Table 7.5
CMGP Parameters and Assumptions

Item	Unit	Value	Comment
Ore Mined - Open Pit	Mt	2.7	In line with reserve estimate
Grade	g/t Au	2.0	Slightly higher than reserve grade
Ore Mined - Underground	Mt	8.9	Double reserve tonnage, assumes extension of reserves with depth
Grade	g/t Au	3.2	Consistent with lower cut-off grade used
Tails Processed	Mt	3.0	Consistent with reserves
Grade	g/t Au	0.7	As above
Total Material Milled	Mt	14.8	Includes 0.2Mt of lower grade stockpiles
Milled Grade	g/t Au	2.4	
Mine Life	Years	11	From 2014 to 2024 (plus an additional 2 years exploration upside)
Recovery	% Au	88	Average for different ore types
Gold Produced	Mozs	1.02	Averages around 100koz per annum
Cash Site Operating Costs	AS/t milled	81	Reflects very high underground mining costs
Cash Site Operating Costs	US\$/oz	885	Approximately AS\$930/oz
Initial Capital Costs	AS\$M	219	Includes U/G and O/P mining establishment development
Ongoing Capital Costs	AS\$M	123	Reflects high capitalised mine development costs
Real Gold Price	US\$/oz	1,346	BDO projection, average over mine life
Exchange Rate	US\$/AS	0.88	BDO projection, average over mine life
Tax Rate	%	30.0	No tax payable in base case
Nominal Discount Rate	%	9.5-12.5	BDO input

Reserve Data

The assessment is based primarily on the reserve estimates and review of the work currently in progress on the DFS. BDA has made what it considers to be reasonable assumptions (consistent with the assumptions that a willing and knowledgeable buyer might make) in terms of extension of the underground mineralisation.

Mining

Mining is based on initial open pit production (together with reclaim of low grade stockpiles and tailings) followed by an increasing contribution of underground ore as access to the Big Bell, Golden Crown and Great Fingall underground deposits are re-developed.

Processing

Processing adopts the LOM plan average throughput of 1.5Mtpa at an average grade of 2.4g/t Au based on processing a combination of open pit and underground ores, low grade stockpiles and former tails. Annual gold production once the underground operations have ramped up ranges from approximately 120,000-150,000ozs of gold per annum. Process recovery is assumed to average 88%.

Operating Costs

Operating cost forecasts are generally consistent with the estimates in the LOM plan, averaging approximately AS\$81/t of ore or AS\$930 per ounce of gold produced.

Capital Costs

Capital cost forecasts are based on the LOM plan comprising initial re-development capital followed by ongoing sustaining capital expenditure (related to ongoing underground development and tailings storage facilities and end of mine life rehabilitation estimates).

Metal Prices and Exchange Rates

For modelling and valuation purposes we have adopted BDO Corporate Finance's long-term gold price projections expressed in US\$ and AS/US\$ exchange rate projections. We have not assumed any hedging.

Discount Rate

We have adopted BDO Corporate Finance's nominal discount rate range of 9.5-12.5%.

Exploration Potential

We have assumed that successful exploration (of both underground and open pit resources) leads to a total mine life of 13 years.

BEHRE DOLBEAR

Results and Sensitivities

In assessing valuation, BDA has considered the likelihood that the mine life will be extended beyond the projected 11 year mine life. The Cuddingwarra deposits have not been considered in the feasibility study, nor have the Inferred resources at Big Bell and Day Dawn. On the basis that the feasibility schedule is yet to be finalised and optimised and that, in BDA's view, there is scope to improve the fundamentals, BDA has assumed that an additional 1.5Mt of open pit material grading 2g/t Au and 1.5Mt of underground ore grading 4g/t Au will be added to the reserve base thereby extending the mine life by two years.

This provides a valuation range, as at 30 June 2012, of A\$48.8-155.3M, with a preferred value of A\$100.6M. The range and preferred values are based on a sensitivity analysis of the key variables as shown in Table 7.6. The key variable ranges are based on an assessment of probability of changes in these parameters. The sensitivity analysis shows the impact of a change in one variable at a time, with the sensitivity factor in the table representing the change in value per 1% change in the project parameter. The summary valuation ranges are based on the mean of the individual ranges.

Table 7.6
CMGP Valuation and Sensitivity

Item	Base	Range	Valuation US\$M			Sensitivity %
			Low	Most Likely	High	
Discount Rate	11%	±1.5%	79.0	100.6	125.6	1.7
Grade	2.5g/t	±10%	24.0	100.6	177.0	7.6
Recovery	89%	±3%	59.0	100.6	143.2	13.9
Operating Costs	A\$77/t	±10%	78.1	100.6	123.1	2.2
Capital Costs	A\$356M	±10%	52.4	100.6	148.8	4.8
Gold Price	US\$1,343	±10%	20.8	100.6	180.2	7.9
Exchange Rate	0.88	±10%	28.1	100.6	189.0	7.4
Summary Range			48.8	100.6	155.3	

The sensitivity analysis demonstrates that project value is:

- most sensitive to gold recovery, gold price, grade and exchange rate
- less sensitive to capital expenditure, operating costs and the discount rate.

Independent Expert Valuations

The Valmin Code notes that an Independent Expert valuation report should refer to other recent valuations undertaken on the company or property. We have inquired of Westgold whether any other recent valuations of the company or its assets have been undertaken and have been advised that no other relevant independent valuations have been undertaken.

Valuation Summary

A summary of BDA's valuation ranges for the CMGP is provided in Table 7.7.

Table 7.7
Summary Valuation of CMGP

Method	Basis	Valuation (\$M)			Comments
		Low	Most Likely	High	
Yardstick – Market Capitalisation	\$/t resource	90.5	113.1	135.8	Based on 5 Australian gold companies
	\$/oz AuEq	58.0	72.5	87.0	Based on 5 Australian gold companies
	<i>Mean Values</i>	<i>74.3</i>	<i>92.8</i>	<i>111.4</i>	
Yardstick – Transactions	\$/t resource	84.3	105.4	126.5	Based on 3 Australian gold transactions
	\$/oz AuEq	60.7	75.8	91.0	Based on 3 Australian gold transactions
	<i>Mean Values</i>	<i>72.5</i>	<i>90.6</i>	<i>108.8</i>	
DCF		48.8	100.6	155.3	Assumed 13 year O/P and U/G ops
Average		65.2	94.7	125.1	

The average of the valuation ranges derived for the CMGP is A\$65.2-125.1M with a most likely value of A\$94.7M.

BEHRE DOLBEAR

7.3.2 Rover 1 and Explorer Projects

BDA has assessed the value of the Rover 1 and Explorer 108 projects primarily using the yardstick approach. As a secondary valuation measure for Rover 1, BDA has applied the discounted cash flow method to the schedules developed as part of the scoping study.

Explorer 142 has no defined resource estimate to date and alternative means of valuation have been considered including exploration expenditure. For Explorer 108 BDA has also considered exploration expenditure as a secondary measure of valuation.

Yardstick Approach

As discussed in Section 7.3.1, yardsticks can be derived from the market capitalisation of companies with advanced gold projects, and from transactions involving gold companies. Based on the market capitalisation and comparable transactions considered in Section 7.3.1, average yardstick ranges were derived of A\$27.0 (market capitalisation) and A\$28.1 (comparable transactions) per ounce of gold equivalent. This provides an average most likely yardstick value of A\$27.5/oz gold equivalent.

In determining the appropriate application of the yardstick ranges to the Rover 1 and Explorer 108 projects, certain aspects of the two projects must be considered.

Rover 1 is at the scoping stage, with approximately 50% of the resources in the Measured/Indicated category. The project relies on copper, bismuth and cobalt credits to the extent that only 36% of the resource equivalent ounces are represented by gold ounces. Explorer 108 is essentially a lead/zinc project with copper, gold and silver credits. The entire resource is classified as Inferred and contained gold represents only 8% of the contained gold equivalents.

BDA considers that a willing and knowledgeable buyer might discount the yardsticks derived for a pure gold resource with known processing characteristics to reflect the higher risks associated the polymetallic deposits which are inherently more difficult to process than gold ores. On this basis, BDA has valued Rover 1 and Explorer 108 by applying a range of 60-80% and 40-50% respectively to the previously derived gold equivalent yardsticks.

For Rover 1, 60-80% of the most likely yardstick value of A\$27.5/oz gold equivalent gives a range of A\$16.5-22.0/oz, providing a valuation range of A\$17.5-23.4M with a most likely value of A\$20.4M when applied to the contained gold equivalents in the Rover 1 resource.

Similarly, for Explorer 108, 40-50% of the most likely yardstick value of A\$27.50/oz gold equivalent gives a range of A\$11.0-13.7/oz, providing a valuation range of A\$10.2-12.8M with a most likely value of A\$11.5M when applied to the contained gold equivalents in the Explorer 108 resource.

Explorer 142 is a gold-copper prospect, and with no resources defined to date, the yardstick method is not applicable. BDA has however considered its value in terms of its potential to add additional feed to the Rover 1 project (see DCF method below).

DCF Method

BDA has prepared a financial model of the Rover project expressed in nominal terms in accordance with the BDO Corporate Finance metal price and discount rate inputs, and based on financial years ending 30 June.

The base case model is based on the 2010 scoping study parameters which comprise a 400,000tpa underground mining operation producing a gold/silver doré and copper, bismuth and cobalt concentrates, with total throughput of 2.85Mt over an eight year mine life. A financial model was not prepared as part of the scoping study. BDA has assumed that development would commence in 2016 with production commencing the following year. The capital cost estimate in the scoping study was around A\$100M including a contingency of A\$6.5M, plus ongoing capital of around A\$25M, mostly for capitalised development. BDA has increased the contingency to 20% or A\$18.6M to allow for cost increases since the scoping study was completed.

The key parameters and assumptions used in the scoping study are summarised in Table 7.8.

Table 7.8
Rover 1 Parameters and Assumptions

Item	Unit	Value	Comment
Ore Mined and Milled	Mt	2.85	Based on preliminary mine design
Annual Production Rate	ktpa	400	Scoping study parameter
Metal Grades	g/t Au	2.76	Based on preliminary mine design
	% Cu	1.12	As above
	% Bi	0.15	As above
	% Co	0.09	As above
Gold Equivalent Grade	g/t AuEq	6.09	Based on BDO price inputs
Mine Life	Years	8	BDA assumption from 2016 to 2023
Recovery – to Dore	% Au	81	Includes gravity and leach recovered gold
Recovery – to Concentrate	% Au	14	Assumed 95% payable
	% Cu	90	Concentrate grade 24% with 90% payable
	% Bi	80	Concentrate grade 20% with 60% payable
	% Co	75	Concentrate grade 5% with 70% payable
Gold Recovered to Dore	kozs Au	203.9	Averages around 25koz per annum
Metal in Concentrate	kozs Au	34.6	Reports to all concentrate
	kt Cu	28.6	Reports to Cu concentrate grading 24%
	kt Bi	3.44	Reports to Bi concentrate grading
	kt Co	1.90	Reports to Co concentrate grading
Gold Equivalent Produced	kozs AuEq	498.1	Based on BDO Corporate Finance metal price assumptions
Cash Site Operating Costs	A\$/t milled	102	Mining costs could prove to be higher
Cash Site Operating Costs	US\$/oz	686	Includes offsite costs
Initial Capital Costs	A\$M	112	Includes A\$20M underground development expenditure
Ongoing Capital Costs	A\$M	26	Mostly capitalised mine development costs
Real Gold Price	US\$/oz	1,308	BDO Corporate Finance projection, average over mine life
Exchange Rate	US\$/A\$	0.86	BDO Corporate Finance projection, average over mine life
Tax Rate	%	30.0	No tax payable in base case
Nominal Discount Rate	%	12.5	High end of BDO Corporate Finance discount range

Reserve Data

The assessment is based on the 2010 scoping study assumptions. No additional allowance has been made for potential conversion of resources or additional exploration potential.

Mining

Mining is based on decline development and underground stoping of the Western and Jupiter zones.

Processing

It is proposed that ore will be treated through a gravity circuit to recover about 50% of the gold and produce a gold and silver doré, followed by cyanidation to extract the remaining recoverable gold and flotation to produce bismuth, copper, and cobalt concentrates. Ore throughput will average 400,000tpa.

Operating Costs

Operating cost forecasts are generally consistent with the estimates in the LOM plan, equating to approximately A\$102/t milled or A\$641/oz of gold equivalent.

Capital Costs

Capital cost forecasts are based on the LOM plan comprising approximately A\$100M of initial capital, ongoing sustaining capital expenditure and end of mine life rehabilitation estimates.

Metal Prices

For modelling and valuation purposes we have adopted the metal prices provided by BDO Corporate Finance. We have not assumed any hedging.

Discount Rate

We have adopted the high end of the discount rate range provided by BDO Corporate Finance as the mid-point and applied a range of $\pm 1.5\%$ to give a nominal range of 11-14%. In BDA's opinion, the higher discount range is appropriate as the Rover project is at scoping study only.

BEHRE DOLBEAR

Exploration Potential

BDA has allowed for an additional 500,000t of ore to be processed at the end of the mine life, based on the assumed development of Explorer 142. The additional NPV from this LOM extension has been used as an alternative means of assessing a potential value for the Explorer 142 project.

Results and Sensitivities

On the basis of these assumptions, the valuation range, as at 30 June 2012, is A\$24.3-54.7M, with a preferred value of A\$39.1M, based on the BDO Corporate Finance price inputs. The range and preferred values are based on a sensitivity analysis of the key variables as shown in Table 7.9. The key variable ranges are based on an assessment of probability of changes in these parameters. The sensitivity analysis shows the impact of a change in one variable at a time, with the sensitivity factor in the table representing the change in value per 1% change in the project parameter. The summary valuation ranges are based on the mean of the individual ranges.

Table 7.9
Rover Valuation and Sensitivity

Item	Base	Range	Valuation US\$M			Sensitivity %
			Low	Most Likely	High	
Discount Rate	12.5%	±1.5%	31.1	39.1	48.2	1.8
Grade	6.1g/t AuEq	±10%	15.9	39.1	62.2	5.9
Recovery	89% AuEq	±3%	32.1	39.1	46.0	5.9
Operating Costs	A\$102/t	±10%	30.7	39.1	47.4	2.1
Capital Costs	A\$138M	±10%	28.1	39.1	50.0	2.8
Gold Price	US\$1,308	±10%	15.1	39.1	63.1	6.1
Exchange Rate	0.86	±10%	17.3	39.1	65.7	5.8
Summary Range			24.3	39.1	54.7	

The sensitivity analysis demonstrates that project value is:

- sensitive to factors impacting revenue including grade, recovery, prices and exchange rate
- less sensitive to capital expenditure, operating costs and discount rate.

As a means of valuing the Explorer 142 copper-gold project, BDA considers that a willing and knowledgeable buyer would assess the potential value of providing incremental mill feed to the Rover 1 project, which has an eight year mine life based on work carried out to date. BDA has assumed that the Explorer 142 project provides 500,000t of ore developed at a capital cost of A\$25M, with an ore haulage cost of A\$5/t. On this basis, the additional value added to the Rover 1 project and thus the value ascribed to Explorer 142 is between A\$4.5-7.4M with a most likely value of A\$5.9M.

Exploration Expenditure and Acquisition Costs

As discussed in Section 3, past expenditure, or the amount spent on exploration of a tenement is commonly used as a guide in determining the value of exploration tenements. Acquisition costs or joint venture agreements are commonly determined on a similar basis, where the incoming party is effectively matching the value of the work carried out by the other party. BDA has used the past expenditure method as a guide to the value of the Explorer projects.

As the Rover 1 project has advanced to the stage of a scoping study and resources have been defined BDA considers the Yardstick and DCF methods are more relevant to Rover 1.

Westgold has spent some A\$5.5M on Explorer 108 and A\$3.0M on Explorer 142. BDA has applied Prospectivity Enhancement Multiplier's or PEMs, as described in Section 3, to reflect the effectiveness and success of that exploration effort in adding value to the property. At Explorer 108 a resource has been defined and BDA has applied a PEM of 2.0-2.5. At Explorer 142 some significant drill hole intersections have been achieved but no resource has been defined to date and BDA has applied a PEM range of 1.0-1.5. Exploration expenditure valuations are summarised in Table 7.10.

BEHRE DOLBEAR

Table 7.10
Summary of Exploration Expenditure Valuations

Property	Effective Expenditure	PEM		Valuation (A\$M)	
	ASM	Low	High	Low	High
Explorer 108	5.5	2.0	2.5	11.0	13.8
Explorer 142	3.0	1.0	1.5	3.0	4.5

Valuation Summary

A summary of BDA's valuation ranges for the Rover and Explorer projects is provided in Table 7.11.

Table 7.11
Summary Valuation of the Rover and Explorer Projects

Property	Method	Valuation (\$M)			Comments
		Low	Most Likely	High	
Rover	Yardstick	17.5	20.4	23.4	60-80% of yardsticks derived for CMGP Discount range of 11-14%
	DCF	24.3	39.1	54.7	
	<i>Average</i>	<i>20.9</i>	<i>29.8</i>	<i>39.0</i>	
Explorer 108	Yardstick	10.2	11.5	13.8	40-50% of yardsticks derived for CMGP PEM of 2.0-2.5 applied
	Exploration Exp	11.0	12.4	13.8	
	<i>Average</i>	<i>10.6</i>	<i>11.9</i>	<i>13.3</i>	
Explorer 142	DCF	4.5	5.9	7.4	Incremental NPV PEM of 1.0-1.5 applied
	Exploration Exp	3.0	3.8	4.5	
	<i>Average</i>	<i>3.8</i>	<i>4.8</i>	<i>5.9</i>	
Total		35.3	46.5	58.2	

The total of the valuation ranges derived for the Rover/Explorer properties is A\$35.3-58.2M with a most likely value of A\$46.5M.

7.3.3 Additional Exploration Interests

In addition to the CMGP and the Rover/Explorer projects, Westgold has various exploration interests mostly at fairly early stage of exploration. Some of these are 100% owned, while some are joint ventures. None is at a sufficiently advanced stage to have defined resources, and in most cases no drilling has yet been undertaken. BDA has reviewed each project from a valuation perspective and in most cases has determined that joint venture terms, exploration expenditure, or both, form the most relevant basis for valuation.

Warumpi

The Warumpi Joint Venture is an area of approximately 2,600km² in the Northern Territory, 340km west-northwest of Alice Springs where Westgold can earn an 80% interest through exploration expenditure. The area is located on Aboriginal Land and has not been subject to any modern exploration although earlier mapping and sampling identified a major Proterozoic basin with potential for copper, gold and nickel mineralisation. An access agreement has been signed and preliminary activities have commenced. These will initially comprise surface mapping and sampling with follow-up drilling.

The project is located on Aboriginal Lands and a Landmark aboriginal exploration access deed has been signed. A heritage survey has been completed and exclusion zones have been defined. Approval has been granted by the land owners for a regional geochemical survey to be carried out.

Exploration expenditure to date totals A\$169,000. BDA accepts that the area is of material geological interest and prospectivity and because of access difficulties has until recently been excluded from modern exploration. BDA has based its assessment of value on exploration expenditure and on the joint venture terms. The project is owned by Lassact Pty Ltd and Westgold is earning up to an 80% interest in two stages:

- *Stage 1* - \$600,000 expenditure within two years to earn 51% equity; minimum expenditure of \$250,000 in first year before withdrawal
- *Stage 2* - \$2,000,000 total expenditure (including Stage 1) within four years to earn 80% equity.

Based on exploration expenditure BDA assesses a value of A\$250,000 to A\$340,000, applying a prospectivity enhancement multiplier (PEM) of 1.5 to 2. BDA accepts that with only preliminary mapping and rock chip sampling this is a relatively high range for a grass roots project, but the opportunity to gain access to a large and prospective area which has been excluded from exploration activity in modern times is, in BDA's opinion, of significant potential value. Westgold will not earn its 51% interest until \$600,000 has been spent on exploration. Having already spent approximately 30% of the required funds, BDA considers there is a high probability that at least the Stage 1 expenditure will be committed and that Westgold will earn a 51% interest in the property. The joint venture terms suggest that Westgold considers that the expenditure of \$600,000 would be appropriate to earn a 51% interest.

On the basis of expenditure and joint venture terms BDA assesses Westgold's interest in the joint venture as of the current date to be in the range of A\$125,000 to A\$600,000 with a most likely value of A\$400,000.

McArthur River

The McArthur River prospect covers an area of approximately 630km² in the northeast of the Northern Territory covering the same stratigraphy as the Pb-Zn McArthur River deposit. The area is considered prospective for base metal mineralisation. The tenements are 100% owned by Westgold but have been farmed out to MMG Exploration (Minmetals Resources Limited) who can earn a 60% equity interest through exploration expenditure. Thus is a grass roots exploration project; to date, MMG has undertaken only desktop studies, but it is expected that field work will commence during the 2012 dry season.

MMG is undertaking a basin wide search for base metals. The joint venture terms enable MMG to earn 60% equity by sole funding exploration expenditure of A\$3.0M over four years, subject to a minimum expenditure of \$250,000 in the first 12 months. MMG may elect to increase equity to 80% by sole funding further exploration to commencement of a Pre-Feasibility Study, subject to a minimum further expenditure of A\$2.0M. Thereafter Westgold contributes pro-rata or dilutes to a net smelter royalty.

On the basis of the joint venture terms BDA assesses Westgold's interest in the area in a range of A\$250,000 to A\$2M with a most likely value, given the limited work and lack of results to date, of A\$500,000.

BEHRE DOLBEAR

Yandal

The Yandal prospect, an area of approximately 56km² in the Yandal Greenstone Belt of WA is considered prospective for gold. Westgold has a 49% contributing interest. The manager of the joint venture and owner of the remaining interest is Mongolian Resource Corporation ("MRC"). Work to date has comprised aircore drilling; no significant results have been reported. MRC's focus is now overseas and there has been no recent activity on the properties. Total exploration expenditure on the project to date is approximately A\$660,000.

Based on the exploration expenditure and a prospectivity enhancement multiplier between 0.5 and 1.0 BDA assesses the value of Westgold's 49% interest in the Lefroy project in a range of A\$160,000 to A\$320,000 with a most likely value of A\$200,000.

Lefroy

The Lefroy project covers an area of approximately 14km² over Lake Lefroy, a salt lake 10km east of Kambalda in WA. The area is considered prospective for nickel mineralisation. EM surveys have been undertaken and two holes drilled; prospective geology was intersected but no significant mineralisation. Westgold owns 100% of the tenements, but has no immediate plans for further exploration and is considering farming out the prospect. Total exploration expenditure to date is approximately A\$320,000.

Based on the exploration expenditure and a prospectivity enhancement multiplier between 1 and 1.5 BDA assesses the value of Westgold's Lefroy project in a range of A\$300,000 to A\$500,000 with a most likely value of A\$350,000.

Tennant Creek Regional

In addition to the Rover/Explorer tenements, Westgold holds an area of approximately 78km² in the Warrego district adjacent to Tennant Creek in the Northern Territory. Airborne magnetic and EM data have indicated the potential for Tennant Creek style Cu-Au targets. The area has geological merit, however all three tenements are subject to Native Title Agreements and will require Heritage Surveys and clearance from the CLC. Expenditure to date on the area totals approximately A\$215,700.

Based on the exploration expenditure and a prospectivity enhancement multiplier between 1 and 1.5 BDA has assessed a value ranging from A\$210,000 to A\$320,000 with a most likely value of A\$250,000.

7.3.4 Valuation Summary

A summary of BDA's valuation ranges for the Westgold properties is provided in Table 7.12.

Table 7.12
Summary Valuation of Westgold Assets

Property	Valuation (\$M)			Comments
	Low	Most Likely	High	
CMGP	65.2	94.7	125.1	Yardstick and DCF
Rover 1 and Explorer Projects	35.3	46.5	58.2	Yardstick, DCF and Exploration.
Exploration Properties	1.0	1.7	3.7	Exploration and Joint Venture
Total	101.5	142.9	187.1	

The sum of the valuation ranges derived for the Westgold properties is A\$101.5-187.1M with a most likely value of A\$142.9M.

7.4 Metals X Projects

7.4.1 Renison Operation

DCF Method

BDA has derived a DCF valuation of the Renison operation based on the NPV of the pre-debt, post-tax discounted cash flows. BDA has prepared a financial model of the project with production projected for approximately seven years to 2019 based on estimated reserves and assumed conversion of Measured and Indicated resources only. The model is expressed in nominal terms and is based on financial years ending 30 June.

The BDA financial model has been prepared with due regard to the BTMJV LOM plan for the Renison operation. Mining and processing of the Mount Bischoff ore was completed during the September 2010 quarter and therefore is not included in the production forecasts. BDA has adopted the nominal metal price assumptions for tin and copper and the exchange rate forecasts provided by BDO Corporate Finance, and applied the Australian corporate tax rate of 30%.

The principal parameters and assumptions adopted in the BDA financial model are summarised Table 7.13.

Table 7.13
Renison Parameters and Assumptions

Item	Unit	Value	Comment
Mine Life	Years	7	Assumes progressive conversion of resources to reserves
Underground Ore Mined	Mt	4.5	Incorporates 3.0Mt of U/G reserves and 1.5Mt of U/G Inferred resources; note, current resources total 9.7Mt
Open Pit Ore mined	Mt	-	Mining and processing of Mt Bischoff ore completed Sep 2010
Total Ore Mined	Mt	4.5	Based on reserves and Measured and Indicated resources only
Ore Processed	Mt	4.5	Stockpiles as at datum are minimal
Average Grade	% Sn	1.5	Consistent with production records and reserve grades
Average Recovery	% Sn	67	Based on BTMJV projections
Concentrate Grade	% Sn	55.0	Consistent with current and historical production
Concentrate Produced	kdmt	85.1	Average 12.2ktpa
Metal in Concentrate	kt Sn	46.8	Average 6.7ktpa
Cash Site Operating Costs	A\$/t milled	117	Expressed in real terms
Total Cash Costs	A\$/t milled	148	Includes transport and smelter charges and royalties
Cost per Tonne Metal	US\$/t Sn	12,833	Includes transport and smelter charges and royalties
Capital Cost	ASMPa	27.2	Average over remaining LOM
Real Tin Price	US\$/t	21,150	BDO Corporate Finance input, LOM average
Tax Rate	%	30	Australian corporate tax rate
Long Term Exchange Rate	A\$:US\$	0.90	BDO Corporate Finance input, LOM average
Nominal Discount Rate	%	9.5%	Lower end of BDO Corporate Finance range

Resource/Reserve Data

This assessment is based on the estimates in BMTJV's LOM plan. The LOM plan assumes that in addition to mining the currently defined underground reserve of 3.0Mt (0.3Mt of open pit reserves are not currently incorporated in the LOM plan which is based entirely on underground production), the Measured, Indicated and Inferred resources will be progressively upgraded and converted to mineable reserves with further development and drilling. Currently 1.5Mt of Inferred resources have been included in the LOM plan. Given the ongoing exploration programme and results and the longevity of the Renison operation, BDA considers this a conservative projection; in BDA's opinion it is likely, provided the tin price remains strong, that economic reserves will be defined to extend the life well beyond the projected seven years adopted in the LOM model. Given the history of the mine, with Inferred resources progressively upgraded and the likelihood of further resources being defined at depth, based on the positive drilling results, BDA has assumed in its valuations that an additional 1.4Mt of underground ore grading 1.5% Sn will be added to the reserve base thereby extending the mine life by an additional two years to 2021.

The forecast average LOM grade of 1.5% Sn is the same as the resource grade, and generally consistent with recent production history. The currently reported reserve grade is actually slightly lower at approximately 1.4% Sn, but given the significantly higher grade intersections being obtained in recent deeper exploration drilling, Metals X is confident that the projected LOM grade will be achieved and BDA concurs.

BEHRE DOLBEAR

Mining

Mine production is based largely on the BTMJV LOM plan, foreshortened to exclude any contribution from Inferred resources. Underground production continues at a steady state rate of 660,000tpa. There is no open pit production in the LOM plan, although BTMJV has identified two potential open pit areas within the Renison mine lease. The LOM plan also assumes no further production from Mount Bischoff. BDA considers the targets generally achievable, but the ramp up to a consistent 660,000tpa may take a further 6-12 months to achieve.

Processing

The LOM production forecasts are based on the current and historical performance of the Renison concentrator. The forecast throughput continues at a steady state rate of 660,000tpa for the LOM. BDA considers that the long term 660,000tpa plant throughput is achievable, provided there is no shortfall in mine production. Forecast average recovery at 67% is slightly higher than recent performance but these levels have been achieved in the past and are considered reasonable.

Capital Costs

The forecast capital expenditure of approximately A\$30-35Mpa reflects the ongoing delineation drilling and mine development required to achieve the LOM production forecasts. It also reflects the sustaining capital required to maintain the process plant and equipment at Renison and TSF expansions.

Operating Costs

Site operating cost forecasts are largely based on the BTMJV LOM plan. BDA has derived fixed and variable cost components for the main components for the purpose of financial modelling. The average forecast site cash cost over the remaining mine life is A\$117/t milled, or A\$14,300/t (US\$12,833/t) of tin produced, including off-site costs (transport, smelter charges and royalties).

Metal Prices/Exchange Rates

BDA has adopted the nominal tin and copper price forecasts, and US\$/A\$ exchange rate forecasts as advised by BDO Corporate Finance. The average exchange rate over the remaining life of mine is 0.90 and the average metal prices, expressed in real terms, are approximately US\$21,150/t Sn and US\$3.24/lb Cu.

Discount Rate

BDA has applied a nominal discount rate range of 9.5%, the lower end of the range as advised by BDO Corporate Finance. The Renison mine is a mature operation and operating parameters are well established; BDA considers that the lower end of the BDO Corporate Finance discount rate range is more appropriate for valuation purposes.

Tax Rate

BDA has adopted the Australian corporate tax rate of 30%. It has been assumed that none of the recent proposed modifications to the taxing of the Australian minerals resource industry will impact on future Renison operations as the current proposals relate only to the bulk commodities of coal and iron ore.

Results and Sensitivities

In assessing valuation, BDA has considered the likelihood that the mine life will be extended beyond the current seven year LOM projections. Given the history of the mine, with Inferred resources progressively upgraded and the likelihood of further resources being defined at depth, based on the positive drilling results, BDA considers it likely that the mine life will be extended well beyond the seven years, and considers that a willing and knowledgeable buyer would come to the same conclusion. For the purpose of valuation BDA has assumed that an additional 1.4Mt of underground ore grading 1.5% Sn will be added to the reserve base thereby extending the mine life by an additional two years to 2021.

On the basis of these assumptions, the valuation range, as at 30 June 2012, is A\$140.4-222.5M, with a preferred value of A\$179.4M, based on the BDO Corporate Finance price inputs. The range and preferred values are based on a sensitivity analysis of the key variables as shown in Table 7.14.

Table 7.14
Renison Valuation Results and Sensitivities

Item	Base	Range	Valuation A\$M			Sensitivity %
			Low	Most Likely	High	
Discount Rate	9.5%	8.0-11.0%	169.1	179.4	190.8	4.0
Metal Grade	1.5% Sn	±10%	104.3	179.4	258.0	4.2
Metal Recovery	67%	±3%	166.3	179.4	192.9	2.5
Site and Transport Costs	A\$117/t ore	±10%	145.6	179.4	215.6	1.9
Average Capital Cost	A\$27Mpa	±10%	166.3	179.4	192.7	0.7
Nominal Metal Price	US\$21,150/t Sn	±10%	110.6	179.4	252.1	3.9
Exchange Rate	0.91	±10%	120.5	179.4	255.1	3.6
Summary/Range			140.4	179.4	222.5	

The key variable ranges are based on an assessment of probability of changes in these parameters. The sensitivity analysis shows the impact of a change in one variable at a time, with the sensitivity factor in the table representing the change in value per 1% change in the project parameter.

Based on this analysis, the Renison valuation is moderately sensitive to revenue factors, including the exchange rate and tin price, grade and recovery, and the discount rate. The project is relatively insensitive to capital and operating costs.

Metals X's 50% interest in Renison is valued at A\$70.2-111.3M with a most likely value of A\$89.7M.

Alternative Offers/Previous Transactions Method

In December 2010, an agreement involving the sale of an interest in the Tasmanian tin assets was entered into. The Renison mine is a 50/50 joint venture between Metals X and YT Parksong Australia, 100% owned by Yunan Tin Hong Kong (Holdings) Group Co Limited ("Yunan Tin HK"). Yunan Tin HK is 82% owned by Parksong Mining and Resource Recycling Ltd ("Parksong"), a wholly owned subsidiary of Vitar International Holdings Limited ("Vitar"), a Cayman Islands company, and 18% owned by Yunan Tin Group (Holding) Co Ltd ("Yunan Tin PRC") of China.

The December 2010 agreement involved the sale of Parksong to a wholly owned subsidiary of Vitar. Consideration was HK\$1,086.5M (A\$139.3M), with HK\$280M (A\$35.9M) paid as a deposit and the balance to be paid in convertible bonds. At the 100% level, this transaction valued the Tasmanian tin assets at A\$340M. At the time approximately 78% of the value or A\$266M was attributed to the Renison mine.

On the basis of this transaction, Metals X's 50% interest in Renison was effectively valued at A\$132.8M.

Although it could be argued that the tin price was higher at the time of this transaction, BDA considers the transaction still highly relevant to the current valuation. While BDA certainly acknowledges that commodity prices at the time of a transaction are a factor, a willing and knowledgeable buyer will base his or her assessment of value on a view of the long term price (along with many other factors) and will not be unduly influenced by the price 'on the day'.

Valuation Summary

A summary of BDA's valuation ranges for Metals X's 50% interest in Renison is provided in Table 7.15.

Table 7.15
Summary Valuation of Renison

Method	Valuation (\$M)			Comments
	Low	Most Likely	High	
DCF	70.2	89.7	111.3	Based on projected mine life
Alternative Offer	106.3	132.8	159.4	Range is ±20%
Average	88.2	111.3	135.3	

Note - values of Renison represent Metals X's 50% interest

The December 2010 transaction effectively valued the Renison project at A\$132.8M, which is almost 50% higher than the current DCF valuation. BDA considers that this transaction remains relevant as it reflects the

BEHRE DOLBEAR

consideration paid by a willing buyer for an interest in this specific operation. The DCF valuation is sensitive to the tin price, and BDA notes that a 12% increase in the tin price assumptions used in the current valuation would generate an NPV comparable to the December 2010 transaction price. That transaction involved a leading player in the tin industry who, in BDA's opinion, would have a firm view on future tin prices. BDA has adopted a nine year mine life for the purpose of the NPV assessment; however, the Renison mine has been operating for over 40 years and it is probable that a willing and knowledgeable buyer would assess that the future mine life could extend well beyond the current reserves and LOM plan.

The average of the valuation ranges derived for Metals X's 50% interest in Renison is A\$88.2-135.3M with a most likely value of A\$111.3M.

7.4.2 Mount Bischoff Project

Yardstick Approach based on Comparable Transactions

The yardstick or 'rule of thumb' method can be used to derive value by applying relevant ratios to resource, reserve and production estimates, or to an expected or potential resource estimate in the case of an advanced exploration project. The relevant ratios that are typically applied are dollars per tonne of contained metal in the resource or reserve, with the ratios calculated on the basis of market value or other transactions. The derived ratios can vary considerably from project to project and reflect the 'quality' of the resource estimate and the likelihood of development.

The valuation range derived for a 50% interest the Renison operation in Section 7.4.1 was A\$88.2-135.3M, equivalent to a yardstick range of A\$1,938-2,973/t of contained tin, with a most likely yardstick value of A\$2,445/t.

In determining the appropriate yardstick range applicable to the Mount Bischoff project, certain aspects of the two projects must be considered. Renison is an operating mine whereas the Mount Bischoff open pit operation was recently suspended with only low grade resources remaining. Nevertheless, BDA considers that with further exploration work there are reasonable prospects of defining additional mineable material that would warrant trucking to Renison for processing.

On this basis, BDA considers that a willing and knowledgeable buyer might value the remaining resources and future potential at about 20-25% of the value that might be ascribed to an operating hard rock resource under development or in production. Applying 20-25% to the most likely value of A\$2,445/t gives a range of A\$489-611/t. Applying this range to the contained tin in the Mount Bischoff Measured and Indicated resource provides a valuation range of A\$4.4-5.5M with a most likely value of A\$4.9M.

DCF Valuation

BDA has derived a DCF valuation of the Mount Bischoff project by determining the incremental value of the Renison operation, on a pre-debt, post-tax basis, attributed to processing the Mount Bischoff ore at the end of the Renison mine life. For valuation purposes, BDA has assumed that 250,000t of ore grading 1.3% Sn will be processed at the end of the project. Mining and haulage costs are based on recent forecasts.

Based on the above assumptions and parameters, BDA has derived an incremental discounted cashflow valuation of A\$5.1-7.9M, with a most likely value of A\$6.5M, for the Mount Bischoff project.

Alternative Offers Method

The December 2010 transaction discussed in Section 7.4.1 valued the Tasmanian tin assets at A\$340M, of which approximately 1.4% or A\$4.8M was attributed to the Mt Bischoff project.

On the basis of this transaction, Metals X's 50% interest in Mt Bischoff was effectively valued at A\$2.4M.

Valuation Summary

A summary of BDA's valuation ranges for Mt Bischoff is provided in Table 7.16.

Table 7.16
Summary Valuation of Mt Bischoff

Method	Valuation (\$M)			Comments
	Low	Most Likely	High	
DCF	5.1	6.5	7.9	Incremental value of processing at Renison
Yardstick	4.4	4.9	5.5	20-25% of yardsticks derived for Renison
Alternative Offer	3.8	4.8	5.7	Range is ±20%
Average (100%)	4.4	5.4	6.4	
Average (Metals X 50% Interest)	2.2	2.7	3.2	

The average of the valuation ranges derived for the Mt Bischoff project is A\$4.4-6.4M with a most likely value of A\$5.4M. Metals X's 50% interest in Mt Bischoff is valued at A\$2.2-3.2M with a most likely value of A\$2.7M.

BEHRE DOLBEAR

7.4.3 Rentails Project

DCF Valuation

BDA has derived a DCF valuation of the Rentails project based on the NPV of the pre-debt, post-tax discounted cash flows. BDA has prepared a financial model of the project with production projected for 10 years to 2023, commencing in 2014. The model is expressed in nominal terms and is based on financial years ending 30 June.

The BDA financial model has been prepared with due regard to BMTJV's LOM plan for the Rentails project. BDA has adopted the nominal tin price assumptions and exchange rate forecasts provided by BDO Corporate Finance, and applied the Australian corporate tax rate of 30%.

The principal parameters and assumptions adopted in the BDA financial model are summarised in Table 7.17.

Table 7.17

Rentails Parameters and Assumptions

Item	Unit	Value	Comment
Mine Life	Years	10	Includes initial construction years
Tailings Retreated	Mt	18	Processing rate of 1.9Mtpa
Average Grade	% Sn	0.44	Consistent with reserve grade
Average Recovery	% Sn	60	Consistent with testwork
Concentrate Grade	% Sn	72	Final product from fuming process
Concentrate Produced	kdmt	65.3	Average 7.4ktpa concentrate shipped
Metal in Concentrate	kt Sn	47.0	Average 5.3ktpa tin
Total Cash Costs	A\$/t treated	37	Includes transport and smelter charges and royalties
Cost per Tonne Metal	US\$/t Sn	12,266	Includes transport and smelter charges and royalties
Initial Capital Cost	AS\$M	214	Includes tin fumer
Ongoing Capital Cost	AS\$Mpa	1.3	Includes tailings facilities and sustaining capital
Real Tin Price	US\$/t	20,735	BDO Corporate Finance input, LOM average
Tax Rate	%	30	Australian corporate tax rate
Average Exchange Rate	A\$:US\$	0.88	BDO Corporate Finance input, LOM average
Nominal Discount Rate	%	12.5%	High end of BDO Corporate Finance input range

Resource/Reserve Data

The estimates are based on survey and drill data supported by metallurgical records. The latest estimate has increased the average grade from 0.42% Sn to 0.44% Sn and 0.2% Cu.

Mining Data

The tailings will be dredged and the slurry pumped to the tailings retreatment plant for processing. The tailings from the retreatment process will be stored in a new tailings facility until sufficient working area has been cleared in the existing dams.

Processing

The process is relatively complex, however the technology being considered is well established at other operations around the world. The overall tin recovery of 60% is considered achievable and could potentially be improved with further refinements to the process.

Capital Costs

BDA has adopted the revised initial capital cost estimate of A\$213M in the DCF analysis. This assumes that the Rentails project is developed on a stand-alone basis and that the Renison plant is operating independently on underground ore; however, the Rentails operation still benefits from established infrastructure, where relevant.

Operating and Offsite Costs

BDA has adopted the latest operating cost estimates. The indicative unit cash operating cost including site and offsite costs is estimated to be approximately A\$13,900/t (US\$12,266/t) of tin in real terms or approximately A\$11,800/t after copper credits.

Metal Prices/Exchange Rates

BDA considers that a willing and knowledgeable buyer would take a reasonably positive view of the long term tin price, based on the current strength in the market and future projections. BDA has adopted the price and exchange rate assumptions provided by BDO Corporate Finance..

BEHRE DOLBEAR

Discount Rate

BDA has adopted the high end of the discount rate range of 12.5% as advised by BDO Corporate Finance. In BDA's opinion, this reflects the higher technical risk attached to this project.

Tax Rate

BDA has adopted the Australian corporate tax rate of 30%. It has been assumed that none of the recent proposed modifications to the taxing of the Australian minerals resource industry will impact on future Rentails operations as the current proposals relate only to the bulk commodities of coal and iron ore.

Results and Sensitivities

Based on the above assumptions and parameters, BDA has derived a discounted cash flow valuation for the Rentails project, as at 30 June 2012, of A\$30.6-88.8M with a preferred value of A\$58.8M, based on the BDO Corporate Finance price inputs. The range and preferred values are based on a sensitivity analysis of the key variables as shown in Table 7.18. The key variable ranges are based on an assessment of probability of changes in these parameters. The sensitivity analysis shows the impact of a change in one variable at a time, with the sensitivity factor in the table representing the change in value per 1% change in the project parameter. The summary valuation ranges are based on the mean of the individual ranges.

Table 7.18
Rentails Valuation Results and Sensitivities

Item	Base	Range	Valuation A\$M			Sensitivity %
			Low	Most Likely	High	
Discount Rate	12.5.0%	11.0-14.0%	43.0	58.8	76.4	2.3
Metal Grade	0.44 % Sn	±10%	16.9	58.8	101.1	7.1
Metal Recovery	60%	±3%	44.8	58.8	72.7	7.9
Site and Transport Costs	A\$31/t ore	±10%	35.6	58.8	82.1	3.9
Initial Capital Cost	A\$214M	±10%	41.1	58.8	76.4	3.0
Real Metal Price	US\$20,735t Sn	±10%	15.7	58.8	102.3	7.3
Exchange Rate	0.88	±10%	16.8	58.8	110.7	7.4
Summary/Range			30.6	58.8	88.8	

The sensitivity analysis demonstrates that project value is:

- sensitive to revenue factors grade, recovery, metal price and exchange rate, and
- less sensitive to operating costs, capital costs and discount rate.

Past Exploration Expenditure

Past exploration expenditure is commonly used as a guide to determining the value of exploration properties, the assumption being that well-directed exploration has added value to the property. This is not always the case and exploration can also down-grade a property, consequently a prospectivity enhancement multiplier (PEM) factor is applied as described in Section 3.

According to Metals X data, past Bluestone and Metals X expenditure on the Rentails project is of the order of A\$4.3M. Much of this expenditure has been on drilling, sampling and metallurgical studies to establish the viability of processing the tailings material. The testwork has been generally successful in developing a process flowsheet that produces a tin fume product and copper matte.

On the basis that the resource is well defined, that the testwork has produced encouraging results and that the work is at a detailed feasibility study stage, BDA has applied a PEM range of 2.0-3.0 for valuation purposes. The derived valuation range is A\$8.6-12.9M, with a most likely value of A\$12.0M.

BEHRE DOLBEAR

Yardstick Approach based on Comparable Transactions

The yardstick or 'rule of thumb' method can be used to derive value by applying relevant ratios to resource, reserve and production estimates, or to an expected or potential resource estimate in the case of an advanced exploration project. The relevant ratios that are typically applied are dollars per tonne of contained metal in the resource or reserve, with the ratios calculated on the basis of market value or other transactions. The derived ratios can vary considerably from project to project and reflect the 'quality' of the resource estimate and the likelihood of development.

The valuation range derived for a 50% interest in the Renison operation in Section 7.4.1 was A\$88.2-135.3M, equivalent to a yardstick range of A\$1,938-2,973/t of contained tin, with a most likely yardstick value of A\$2,445/t.

In determining the appropriate yardstick range applicable to the Rentails project, certain aspects of the two projects must be considered. Renison is an operating mine whereas Rentails is at the pre-development stage, and as demonstrated in the DCF analysis, requires a tin price of around A\$16,000/t to break even. Tailings are inherently more difficult to process than the primary ore based on the fact that the easily extracted metal has already been recovered, and the grade is significantly lower, increasing the operating risk. Also the capital cost of the potential project development is comparatively high which also adds to the project risk.

On this basis, BDA considers that a willing and knowledgeable buyer might value a tailings resource at about 25-30% of the value that might be ascribed to an operating hard rock resource under development or production. Applying 25-30% to the most likely value of A\$2,445/t gives a range of A\$611-733/t. Applying this range to the contained tin in the Rentails reserve provides a valuation range of A\$52.1-62.6M with a most likely value of A\$57.4M.

Alternative Offers Method

The December 2010 transaction discussed in Section 7.4.1 valued the Tasmanian tin assets at A\$340M, of which approximately 20.4% or A\$69.3M was attributed to the Rentails project.

On the basis of this transaction, Metals X's 50% interest in Rentails was effectively valued at A\$34.7M.

Valuation Summary

Given the well-defined nature of the tailings resource, with effectively a known location, tonnage and grade based on historical production data, BDA considers the past expenditure method a less realistic guide to value, and has based the Rentails valuation on the DCF and Yardstick methods. While Rentails represents a significant tin resource, the grade is relatively low and a reasonably high tin price is required to warrant development of the project. BDA considers that the valuation tabulation below provides a realistic estimate of the value range that a willing and knowledgeable buyer might ascribe.

A summary of BDA's valuation ranges for the Rentails project is provided in Table 7.19.

Table 7.19
Summary Valuation of Rentails

Method	Valuation (A\$M)			Comments
	Low	Most Likely	High	
DCF	30.6	58.8	76.4	Nominal discount range of 11-14%
Yardstick	52.1	57.4	62.6	25-30% of yardsticks derived for Renison
Alternative Offer	55.5	69.3	83.2	Range is $\pm 20\%$
Average (100%)	46.1	61.8	78.2	
Average (Metals X 50% Interest)	23.0	30.9	39.1	

The average of the valuation ranges derived for the Rentails project is A\$46.1-78.2M with a most likely value of A\$61.8M. Metals X's 50% interest in Rentails is valued at A\$23.0-39.1M with a most likely value of A\$30.9M.

7.4.4 Wingellina Project

BDA has considered a number of valuation methodologies as discussed in Section 3. BDA has prepared the discounted cash flow for the project and derived a net present value as one basis for valuation. As noted in Section 3, this is considered an appropriate method of valuation for a project under development, for which a LOM plan has been developed and the operating parameters well established. In the case of Wingellina, the project is at the Feasibility Study stage, and an agreement has been signed with the Traditional Owners and Land Council. On completion of the current hydrological work the EIS will be completed and submitted, allowing Metals X to proceed to the application for grant of a Mining Lease. BDA considers that significant progress has been made towards all these objectives, that no insuperable obstacles have been identified, and that a willing and knowledgeable buyer would consider the net present value of the discounted cashflows of the proposed project as an important measure of potential value.

BDA recognises that the capital requirement for project development is significant, and that it is likely that Metals X will need to bring in a major partner to assist with development and raising finance. However, given the long life and overall quality of the project, BDA anticipates that this will be achievable; indeed, Metals X has as one of its shareholders the Jinchuan Group, the largest nickel producer in Asia, and has announced that it is in discussions with international companies in relation to the development of the Wingellina deposit. BDO has further considered this aspect in its Independent Expert report.

BDA has also derived yardsticks based on the market capitalisation of other nickel laterite explorers and developers, and comparable transactions involving nickel laterite resources, as alternative guides to valuation. Other methodologies considered include acquisition and exploration expenditure on the project by MLX and Metals X, and recent independent valuations of nickel laterite resources. In assessing final value, BDA has considered the market capitalisation of Metals X itself and its key assets.

DCF Method

BDA has derived a DCF valuation of the project based on the NPV of the pre-debt, after-tax discounted cash flows. The BDA model is expressed in nominal terms and is based on financial years ending 30 June.

The model can review a number of scenarios, including the 3-autoclave operation developed in the feasibility study, and a 2-autoclave option that has also been considered. The 3-autoclave operation is currently the preferred option as it provides significantly higher returns, notwithstanding the higher capital cost involved. This option is based on the mining and processing of 83Mt of ore with an average grade of 1.10% Ni over a 20 year project life followed by the processing of over 82Mt of lower grade material grading 0.87% Ni over a further 20 year mine life. The lower grade model has not been considered for valuation purposes given the 20 year mine life based on the higher grade material, and the sensitivity of the lower grade material to costs and recovery. BDA has assumed that project construction will commence in the 2015 financial year with commissioning to commence three years later. The principal parameters and assumptions adopted in the BDA financial model are summarised Table 7.20.

Table 7.20
Wingellina Parameters and Assumptions

Item	Unit	Value	Comment
Production Life	Years	±50	Lower grade material after year 20
High Grade Ore Processed	Mt	83	Mined over the first 20 years
Average Grades	% Ni, Co	1.10, 0.09	Higher grades initially
Average Ni Recovery	% Ni	92	As per the FS
Average Co Recovery	% Co	88	As above
Mixed Product Grade	% Ni	33.0	Co grade is 2.5% Co
Mixed Product Produced	kt	2,537	As per the FS
Ni in Mixed Product	kt Ni	836	As per the FS
Co in Mixed Product	kt Co	65.5	As per the FS
Metal Payability	% Ni, Co	98%	BDA assumption
Cash Site Operating Costs	A\$/t milled	91.80	Expressed in real terms
Total Cash Costs	A\$/t milled	105.00	Includes refining charges and royalties
Total Cash Costs	US\$/lb Ni	4.11	Expressed in real terms
Total Costs after Co Credits	US\$/lb Ni	3.63	Based on Co recovery and price assumptions
Total Initial Capital Cost	AS\$M	3,000	BDA assumptions, increased contingency
Sustaining Capital	AS\$Mpa	15	BDA assumption based on 4% of site costs

BEHRE DOLBEAR

Real Ni Price	US\$/t	18,830	BDO Corporate Finance input, average over first 20 years
Real Co Price	US\$/t	29,070	BDO Corporate Finance input, average over first 20 years
Corporate Tax Rate	%	30%	Australian corporate tax rate
Exchange Rate	A\$/US\$	0.87	BDO Corporate Finance input, average over first 20 years
Nominal Discount Rate Range	% pa	9.5-12.5	BDO Corporate Finance input

For modelling and valuation purposes we have adopted BDO Corporate Finance's long-term nickel and cobalt price projections expressed in US\$, A\$/US\$ exchange rate projections and nominal discount rate range of 9.5-12.5%.

Given the very long mine life based on known resources, we have not attributed any additional value to future exploration success.

Results and Sensitivities

Based on the above assumptions and parameters, BDA has derived a discounted cash flow valuation for the Wingellina project, as at 30 June 2012, of A\$168.4-737.7M, with a preferred value of A\$445.4M, based on the BDO Corporate Finance price inputs. The range and preferred values are based on a sensitivity analysis of the key variables as shown in Table 7.21. The key variable ranges are based on an assessment of probability of changes in these parameters. The sensitivity analysis shows the impact of a change in one variable at a time, with the sensitivity factor in the table representing the change in value per 1% change in the project parameter.

Table 7.21
Wingellina Project Valuation Results and Sensitivities

Item	Base	Range	Valuation A\$M			Sensitivity %
			Low	Mid-Point	High	
Discount Rate	11.0%	9.5-12.5%	141.3	445.4	841.2	5.2
Ni Grade	0.99%	±10%	60.1	445.4	830.7	8.7
Ni Recovery	92%	±4%	291.3	445.4	599.5	8.7
Real Cash Costs	US\$4.11/lb	±10%	260.5	445.4	630.3	4.2
Real Capital Cost	A\$3,000	±10%	237.3	445.4	653.5	4.7
Real Ni Price	US\$8.50/lb	±10%	20.0	445.4	870.8	9.6
A\$/US\$ Exchange Rate	0.87	±10%	47.6	445.4	931.6	9.0
Summary/Range			168.4	445.4	737.7	

Based on this analysis, the project valuation is:

- quite sensitive to all factors which impact revenue, including the nickel price and exchange rate and nickel grade and recovery, and
- less sensitive to capital expenditure, operating costs and discount rate.

BDA considers that the sensitivity valuation range is too wide for valuation purposes, with neither the low nor the high values reflecting the willing buyer/willing seller value at its present stage of evaluation, and has opted to apply a ±50% range to the most likely value, resulting in a valuation range of A\$222.7-668.1M.

Yardstick Valuations - Market Capitalisation

Using a yardstick or 'rule of thumb' approach, a value can be ascribed, as described in Section 3, by applying appropriate industry factors or ratios to relevant resource parameters. The relevant yardstick factors applied to nickel laterite projects are dollars per tonne of resource or reserve, and dollars per tonne of contained nickel or nickel equivalent. The factors applied can be derived from consideration of either market capitalisation of other nickel laterite companies, or based on recent nickel laterite transactions. The derived ratios can vary considerably from company to company and project to project, commonly reflecting the 'quality' of the resource or the likelihood of development.

In determining yardsticks on the basis of market capitalisation (and comparable transactions), BDA has reviewed five nickel laterite companies (and transactions) to establish a range of yardstick values per tonne of resource and per tonne of contained nickel equivalent. Nickel equivalent rather than nickel is used to allow for the varying input of cobalt to the resource value. The value that the market places on a company is reflected in the company's market capitalisation. Where the company essentially owns only one major asset, the market

capitalisation is indicative of the value the market places on that asset. In BDA's view, a major portion of the market capitalisation of the five companies reviewed can be attributed to their nickel laterite assets.

BDA acknowledges that the difficulty in this area of valuation is the extent to which the companies considered are in fact comparable.

A brief description of the companies considered to derive market capitalisation yardsticks follows.

Horizonte Minerals plc – HZM (AIM/TSX)

Horizonte Minerals plc ("Horizonte") is an AIM and TSX listed exploration and development company with a portfolio of nickel and gold projects in the Carajas District of Brazil. Horizonte owns 100% of the advanced Araguaia nickel project which, according to Horizonte, has the potential to deliver a resource with size and grades comparable to other world-class projects in northern Brazil. Horizonte has two major mining partners, Teck Resources Limited, a major strategic shareholder in the company, and AngloGold Ashanti Limited, a JV partner on the gold portfolio.

The resource estimate for the Araguaia project, at a 0.95% Ni cut-off, is 39.3Mt at 1.39% Ni and 0.061% Co (Indicated resource) and 60.9Mt at 1.22% Ni and 0.058% Co (Inferred resource), for total contained metal of approximately 1.29Mt Ni and 64,600t Co.

The Araguaia project area comprises 17 Exploration Licences. Some 25,700m of diamond drilling has been completed since 2006, and direct expenditure since August 2010 has amounted to approximately £5.5M. Work currently in progress includes:

- a Preliminary Economic Assessment commenced in September 2011
- an Environmental Baseline Study and Social Impact Assessment commenced in October 2011, and
- testwork for upgrading the ore initiated in April 2012.

Tenders have been requested from third parties to carry out optimisation tests in atmospheric tank leaching testwork and proposals are being evaluated to operate a pyrometallurgical pilot plant, using a 150t bulk sample.

ENK plc - ENK(AIM/ASX)

ENK plc ("ENK") is an ASX and AIM listed mining company involved in the development of heap leach technology to process nickel laterite ores. In 2010, ENK merged with Rusina Mining NL ("Rusina") with significant nickel laterite interests in the Philippines. Prior to the merger, ENK had been developing its heap leach technology at its Caldag project in Turkey for several years. In December 2010, ENK announced the decision to put the Caldag project on care and maintenance until such time that it receives the outstanding forestry permit. In November 2011, ENK completed the sale of the Caldag project to a Turkish mining company for US\$40M in cash.

ENK has 92% interests in the Acoje nickel laterite project and Zambales Chromite Mining Corporation ("ZCMC"). The viability of nickel heap leaching has been confirmed at the pre-feasibility level and a feasibility study is in progress. Extensive leach testwork has been carried out at the Acoje Test Centre, a custom built metallurgical laboratory which has been in operation for four years. Substantial progress has been made in the areas of agglomeration, heap leaching, wet weather mitigation measures, downstream nickel and cobalt recovery processing, nickel and cobalt product enhancement, and environmental issues specific to Acoje ore and environmental conditions.

A 2,500t heap leach and integrated downstream nickel and cobalt recovery process plant has tested various nickel and cobalt flowsheet options. The heap testwork reported recoveries of 65% Ni, 78% Co and 21% Fe, although the nickel recovery is expected to increase by 5-10% following rinsing. Tank leach trials undertaken in China in 2011 showed very positive results with recoveries of 92% Ni and 97% Co over a 22 hour period. A bridging study comparing heap and tank leach showed significant economic advantages of tank leach in the Acoje environment. The feasibility study in progress will adopt the tank leach approach with a staged development increasing to 2.5-3.0Mtpa throughput, producing around 25,000tpa of nickel.

The resource estimate for Acoje at a 0.8% Ni cut-off is 40.9Mt at 1.08% Ni and 0.052% Co Indicated and 29.0Mt at 0.96% Ni and 0.06% Co Inferred, for total contained metal of 720,000t Ni and 38,000t Co. The reported Inferred resource for the ZCMC property at a 0.75% Ni cut-off is 23.6Mt at 1.18% Ni and 0.05% Co containing approximately 277,300t Ni and 11,800t Co. ENK has a 92% interest in the Acoje and ZCMC projects.

BEHRE DOLBEAR

Toledo Mining Corporation plc - TMC (AIM)

Toledo is an AIM listed mining company focused on nickel exploration and development in the Philippines. Toledo has substantial nickel laterite interests on the island of Palawan, comprising the BNP project in which it has an effective 56% interest, the Ulugan Nickel project in which it has a 58% interest, and the Ipilan Nickel project in which it has a 52% interest.

The most advanced project is BNP comprising the Berong, Moorsom, Long Point and Tagkawayan deposits situated on the west coast of Palawan. The BNP project is based on the direct shipping of laterite ore to China for the production of nickel pig iron in blast furnaces. The mining operations are restricted to a 288ha permitted portion of the Berong tenure and direct shipping commenced in 2007 with completion of the haul road and loading facilities. Mining later ceased due to low nickel prices and operational difficulties.

By early 2011, significant numbers of electric arc furnaces in China increased demand for high grade ore, with the spot price for 1.8% Ni ore between US\$52-65 per wet metric tonne ("wmt") compared with US\$23/wmt for Berong's 1.5% Ni ore. The ore is now graded and separated so that for every tonne of 1.8% Ni ore mined, two tonnes of lower grade 1.3% Ni material is stockpiled for future use. Shipping recommenced in 2011 and the targeted production for 2012 is 750,000wmt of 1.8% Ni ore.

More recently, there has been a substantial improvement in the Chinese market in prices for 1.5% and 1.6% nickel ores. This is partly due to restrictions on the export of unprocessed ores from Indonesia which has created robust Chinese demand for lower grade Philippine nickel ores.

The cash flow generated from these operations will be used to fund ongoing exploration and evaluation of onsite processing options, with the intent of completing a feasibility study into the development of a modern large-scale nickel processing operation at Berong.

The total resource estimates for the BNP deposits is approximately 250Mt at 1.3% Ni and 0.08% Co with contained metal of approximately 3.3Mt Ni and 190,000t Co.

At Ipilan, exploration is well advanced with a JORC-compliant Inferred resource estimate of 43Mt at 1.2% Ni and 0.10% Co containing 520,000t Ni and 43,000t Co, and a non-JORC estimate of 46Mt at 1.2% Ni containing approximately 570,000t Ni, within the Celestial deposit which covers some 800ha of the 2,835ha tenement area. The non-JORC resources are based on estimates by previous explorers and while conceptual in nature are considered to be a reasonable estimate of the resource potential of the properties.

Acid leach testwork has been conducted on the deposit and a pre-feasibility study has demonstrated economic viability, subject to more detailed feasibility work being carried out. As Ipilan's average grade is not sufficiently attractive to Chinese buyers to make for a profitable DSO mining operation, Toledo is exploring sintering as a low cost alternative to upgrading Ipilan ore for consumption in ferronickel smelters.

In July 2010, Toledo signed a MOU with Jinchuan Group Limited ("Jinchuan"), China's largest producer of primary nickel, with the objective of forming a strategic alliance. In October 2011, a 90-day MOU was signed with Jinchuan regarding sale of Ipilan for US\$17.4M for Toledo's share.

In February 2012, Jinchuan presented a draft purchase agreement including commercial terms which Toledo and its joint venture partners in Ipilan deemed unacceptable, and the exclusivity granted to Jinchuan has expired.

GME Resources Limited - GME (ASX)

GME Resources Limited ("GME") is an ASX listed company involved in the development of its wholly owned NiWest nickel laterite project in Western Australia. This project consists of a number of deposits with a resource estimate of 56.6Mt at 1.02% Ni and 0.066% Co (Measured/Indicated) and 19.1Mt at 0.96% Ni and 0.059% Co (Inferred), for total contained metal of approximately 761,500t Ni and 48,500t Co.

A feasibility study is in progress based on a 3.5-4.5Mtpa heap leach project producing 30-35,000tpa Ni over a 20 year mine life.

Intex Resources ASA - ITX (OSE)

Intex Resources ASA ("GME") is an OSE (Oslo) listed company with a diversified portfolio of exploration assets. Its principal asset is the Mindoro nickel project located on the island of Mindoro in the Philippines. Other exploration projects include the advanced Hurdal molybdenum project in Norway and the Maniitsoq diamond province in Greenland, as well as a number of grassroots exploration opportunities and other projects under consideration.

A pre-feasibility study was completed in 2008 and a definitive feasibility study was completed in February 2010. The feasibility study was based on a 6Mtpa operation with nickel production of approximately 52,000tpa.

The estimated capital cost was around US\$2.5B. Intex is considering a staged development with production capacity increasing in increments of 2Mtpa.

The resource estimate is 224Mt at 0.86% Ni and 0.05% Co (Measured/Indicated) and 91Mt at 0.77% Ni and 0.07% Co (Inferred), for total contained metal of approximately 2.63Mt Ni and 182,000t Co. The Proved/Probable reserve estimate is 126Mt at 0.95% Ni.

During the last couple of years the main focus has been on project financing. In January 2012 Intex entered into a MOU with the Chinese MCC8 Group, a state-controlled engineering and construction company, and a former division of China's largest nickel producer, the Jinchuan Group.

The MOU outlines a plan to develop Mindoro through a consortium of companies to be coordinated by MCC8. MCC8 and strategic partners have a first right of refusal/option to buy up to 90% of Mindoro in a staged process for US\$296M. Intex will keep 10% of the project free carried and have the further right to buy back 10% for US\$60M after completion. In April 2012, Intex received a proposal from CITIC-GEM regarding an 800M Norwegian Krone equity funding.

Derivation of Yardstick Values

The market capitalisations for the five companies described are summarised in Table 7.22. The range is broadly based on the share price lows and highs over the past 12 months and the allocation factor represents the percentage of the market capitalisation attributed, in BDA's opinion, to the nickel laterite resource assets of the companies.

Table 7.22
Summary of Market Capitalisations

Company	Market Capitalisation (A\$M)		Cash A\$M	Allocation Factor	Allocated Capitalisation (A\$M)	
	Low	High			Low	High
Horizonte	28.0	97.8	-	95%	26.6	93.0
ENK	36.7	83.9	33.6	100%	3.1	50.3
Toledo	13.2	27.4	-	95%	12.5	26.0
GME	12.3	30.7	-	95%	11.6	29.1
Intex	47.7	144.4	-	90%	42.9	130.0

The attributed resources for each of the companies and the derived yardstick ranges are summarised in Table 7.23. The average yardstick range derived is weighted by the allocated market capitalisation of the companies.

Table 7.23
Yardsticks Derived from Market Capitalisations

Company	Attributed Resource Mt / % Ni / % Co	A\$/t Laterite Resource		A\$/t Nickel Equivalent	
		Low	High	Low	High
Horizonte	100.2/1.29/0.064	0.27	0.93	18.0	63.1
ENK	85.9/1.07/0.053	0.04	0.59	3.0	48.1
Toledo	190.4/1.29/0.083	0.07	0.14	4.3	9.0
GME	75.7/1.01/0.064	0.15	0.38	13.0	32.4
Intex	315/0.83/0.058	0.14	0.41	13.7	41.4
Weighted Average		0.16	0.56	13.2	45.2

Applying these yardstick ranges to the Wingellina resource results in valuation ranges of A\$29.6-102.7M based on resource tonnage and A\$29.0-98.9M based on contained nickel equivalent.

BDA has some reservations as to whether this approach provides fair value for the Wingellina project. The current market applies a significant discount to junior nickel laterite companies, and may not appropriately value a resource of the size and potential longevity as Wingellina. Accordingly BDA has determined that the market capitalisation yardstick method is not appropriate in these circumstances. This is further discussed in Section 7.4.4, Valuation Summary.

BEHRE DOLBEAR

Yardstick Valuations - Recent Transactions

BDA has taken a similar approach to establishing yardsticks on the basis of recent lateritic nickel project transactions. BDA has reviewed several transactions involving nickel laterite properties; a brief description of these transactions follows.

ENK Sale of Berong

In May 2012, ENK announced the conditional sale of its 18.7% interest in Berong Nickel Corporation ('BNC') for US\$6.55M in cash to World Fund Pte Limited. The sale of the BNC shares is conditional upon the other shareholders of BNC, being TMC and Atlas Consolidated Mining Corporation ('Atlas') not exercising their pre-emptive rights.

The BNC total resource estimate is around 250Mt at 1.31% Ni and 0.077% Co for total contained metal of approximately 3.29Mt nickel and 192,000t cobalt.

Based on the total resource estimates, the acquisition price at the 100% level of US\$35M is equivalent to US\$0.14/t (A\$0.14/t) of laterite resource and US\$9.2/t (A\$9.2/t) of contained nickel equivalent.

Toledo Sale of Ipilan

In October 2011, Toledo announced that the company had entered into a 90-day MOU with Jinchuan Group of China regarding the sale of its 52% interest in the Ipilan project for US\$17.4M. In February 2012, Jinchuan presented a draft purchase agreement including commercial terms which Toledo and its joint venture partners in Ipilan deemed unacceptable, and the exclusivity granted to Jinchuan has expired. However the transaction provides indicative yardsticks although possibly on the high side.

The total resource for Ipilan is around 89Mt at 1.23% Ni and 0.10% Co for total contained metal of approximately 1.10Mt nickel and 89,400t cobalt. Based on the total resource estimates, the acquisition price at the 100% level of US\$33.5M is equivalent to US\$0.37/t (A\$0.37/t) of laterite resource and US\$24.8/t (A\$24.8/t) of contained nickel equivalent.

Solway Acquisition of Fenix

In August 2011, Hudbay Minerals Inc. ("Hudbay") announced that it had agreed to sell its 98.2% interest in the Fenix nickel project in Guatemala to the Solway Group, a private Russian company based in Cyprus. The terms were US\$140M in cash at closing and US\$30M upon the satisfaction of certain conditions during development. The total US\$170M consideration is less than half of the US\$460M that Hudbay paid for the mine in 2007.

Fenix is a brownfield nickel mine and processing facility built by Inco in the mid-1970s. It operated for four years under the name Exmibal before high energy costs and low nickel prices forced its shutdown. The property was mothballed in 1982 and Inco wrote off its entire US\$220M investment.

The latest feasibility study for the project assumes that production of ferro-nickel will begin in 2014 with a ramp up to full production by Year 4. Average annual production for the first 20 years after start of full production is estimated to be over 24,000t of nickel per year at a cash cost of less than US\$4.00/lb.

The combined resource estimate for several deposits within the area is 156.4Mt at 1.43% Ni Measured/Indicated and 138.7Mt at 1.34% Ni Inferred, for total contained metal of approximately 4.08Mt Ni, of which 64% is classified as saprolite and the remainder as limonite. Based on these resources, the acquisition price at the 100% level of US\$173M is equivalent to US\$0.59/t (A\$0.59/t) of laterite resource and US\$41.1/t (A\$41.1/t) of contained nickel equivalent.

Horizonte Acquisition

In July 2011, Horizonte announced that it had entered into a definitive agreement with respect to the purchase by Horizonte of 100% of the Vila Oito and Floresta nickel laterite projects, located south of the Carajás Mineral District of northern Brazil, from certain affiliates of Canadian-listed Lara Exploration Ltd ("Lara").

The total consideration for the acquisition was 8.5M new shares in Horizonte. Based on the 20-day average price as at 18 January 2011, the day of signing the Heads of Agreement with Lara, the consideration equates to approximately C\$2M.

The Vila Oito property had a resource at a 1% nickel cut-off of between 10 to 11Mt grading 1.3-1.4 % Ni. The Floresta property was a well-defined target with shallow auger drilling results include 6.7m grading 1.28% Ni. The Vila Oito and Floresta laterite properties will form part of the ongoing 20,000m resource drilling programme at Araguaia, with potential to add to the overall project resource target.

Based on these resources, the acquisition price is equivalent to US\$0.19/t (A\$0.19/t) of laterite resource and US\$14.1/t (A\$14.1/t) of contained nickel equivalent.

BEHRE DOLBEAR

Horizonte Acquisition of Araguaia

In August 2010, Horizonte completed a reverse takeover of a Brazilian subsidiary of Teck Resources, to acquire 100% of the Araguaia nickel laterite project, through an all-share deal. The consideration for the acquisition was the issue of 123.3M ordinary Shares to Teck so that Teck held 50% of the enlarged issued share capital of Horizonte. This transaction coincided with a raising by Horizonte at a price at 10 pence per share, notionally valuing the transaction at £12.3M.

This was a strategic acquisition as it consolidated Araguaia with Horizonte's adjacent Lontra nickel project. While not having a compliant resource, the Lontra-Araguaia project has been extensively drilled and Horizonte has reported resource potential in the order of 100Mt at 1.3% nickel.

Based on the reported resources, the acquisition price is equivalent to £0.12/t (A\$0.21/t) of laterite resource and £8.4/t (A\$14.5/t) of contained nickel equivalent.

ENK Merger with Rusina

In February 2010, ENK announced that it had signed a merger agreement with Rusina. In consideration of the transaction, Rusina shareholders were offered four ENK shares for every five Rusina shares held, with the consideration valued at £18.1M, with Rusina option holders to receive consideration of £0.5M. The merger was completed on 14 June.

Prior to the merger, ENK had approximately 548M issued shares and a further 96M shares were issued at 7p on 17 June. A consolidation of the share capital was undertaken on 23 June on a 1 for 4 basis, and approximately 60M shares on a post-consolidation basis were issued to Rusina share and option holders, resulting in a current issued capital of approximately 221M shares.

Rusina's interest in the Acoje project will be diluted to 40% following completion of ENK's funding of the feasibility study and transfer of an additional 12% interest to a local Philippine partner.

Based on the reported resources in February 2010, the acquisition price is equivalent to £0.63/t (A\$1.08/t) of laterite resource and £50.5/t (A\$86.5/t) of contained nickel equivalent.

Anfield Acquisition of Sechol

In May 2009, Anfield Nickel Corp ("Anfield" TSX-V:ANF) acquired a 100% interest in the Sechol nickel project in Guatemala from BHP Billiton for US\$2.5M plus the issuance of a 1.5% net smelter royalty. The Sechol project is located in the Mayaniquel area and has been extensively explored by BHP Billiton and prior to that by Jaguar Nickel. Anfield completed a NI 43-101 resource estimate prior to acquisition.

The combined resource estimate for several deposits within the area, at a cut-off grade of 0.8% Ni, is 18.3Mt at 1.41% Ni Indicated and 31.4Mt at 1.24% Ni Inferred, for total contained metal of approximately 649,000t Ni.

We have assumed an acquisition price of US\$12.5M, which includes the cash payment and the present value of the royalty. Based on the reported resources at the time, the acquisition price was equivalent to US\$0.25/t (A\$0.33/t) of laterite resource and US\$19.3/t (A\$25.3/t) of contained nickel equivalent.

Weda Bay Acquisition

On 15 March 2006, Eramet SA ("Eramet") agreed to acquire Weda Bay Minerals Inc for C\$260M. The company had a 90% interest in the Weda Bay nickel laterite project located on the island of Halmahera near Sulawesi in Indonesia. At the time, the resource estimate was 155Mt at 1.45% Ni and 0.09% Co Indicated and 123Mt at 1.53% Ni and 0.08% Co Inferred, for total contained metal of approximately 4.13Mt Ni and 238,000t Co.

The average MgO content of the deposits is approximately 14%. The deposit consists of around 50:50 saprolite and limonite with MgO grades of up to 25% in the saprolite but generally less than 3% in the limonite. The saprolite is likely to be treated in a ferro-nickel process while the limonite would be amenable to HPAL. The limonite grade averages around 1.2% Ni.

On 19 February 2009, Mitsubishi Corporation acquired a 30% interest in the project from Eramet for US\$145M. The resource estimate at the time was reported as 5Mt contained nickel. In October 2009, the consortium announced plans to build a US\$4.6 billion ferro-nickel operation producing 60,000tpa of product.

Based on the reported resources in 2009 of 181.7Mt at 1.35% Ni and 0.11% Co Measured and Indicated and 159.3Mt at 1.37% Ni and 0.11% Co Inferred, for total contained metal of 4.63Mt Ni and 375,000t Co, the acquisition price was equivalent to US\$1.42/t (A\$2.23/t) of laterite resource and US\$84.9/t (A\$133.3/t) of contained nickel equivalent. Only the most recent transaction involving Weda Bay has been considered for valuation purposes in this assessment.

BEHRE DOLBEAR

Hudbay Acquisition of Skye

In August 2008, Hudbay Minerals Inc (“Hudbay” TSX HBM) acquired Skye Resources Inc (“Skye” TSX SKR) which had a 98.2% interest in the Fenix nickel project in Guatemala. Consideration was 0.61 Hudbay shares plus C\$0.001 cash for each Skye common share. Hudbay issued a total of 31.3M shares for a total consideration of C\$448.6M.

Fenix is a development-stage ferro-nickel project. It is held by Companhia Guatemalteca de Niquel SA (“CGN”), a Guatemalan company that holds exploitation and exploration rights and a pyrometallurgical nickel processing plant that operated from 1977 to 1980, producing a nickel matte for export.

Hatch completed a feasibility study in late 2006 based on a ferro-nickel operation involving the refurbishment and expansion of the existing plant to produce annually 49Mlbs of nickel in ferro-nickel alloy over the first 20 years, with an estimated 30 year mine life.

In mid-2007, CGN received approval from the Guatemalan Ministry of Environment and Natural Resources for each of four component environmental impact assessments, and construction permits for the brownfield project.

The combined resource estimate for several deposits within the area is 156.4Mt at 1.43% Ni Measured/Indicated and 138.7Mt at 1.34% Ni Inferred, for total contained metal of approximately 4.08Mt Ni, of which 64% is classified as saprolite and the remainder as limonite.

Based on the reported resources at the time, the acquisition price was equivalent to C\$1.55/t (A\$1.60/t) of laterite resource and C\$109.0/t (A\$112.3/t) of contained nickel equivalent.

European Nickel/Toledo Investment

In May 2008, European Nickel acquired the 18.7% interest in the BNP held by Investika for US\$25.75M. Based on the BNP resource, the acquisition price was equivalent to US\$0.50/t (A\$0.53/t) of laterite resource and US\$35.4/t (A\$37.3/t) of contained nickel equivalent.

As part of this transaction, European Nickel acquired Toledo shares held by Investika and another party, a total of 5.7M shares or 19.3% of the company, for US\$22.24M at a price of US\$3.91 (£2.00) per share.

Based on Toledo’s attributed resources in the Palawan projects, the acquisition price was equivalent to US\$0.42/t (A\$0.44/t) of laterite resource and US\$27.4/t (A\$28.9/t) of contained nickel equivalent.

European Nickel/Rusina Joint Venture

In May 2007, Rusina entered into an agreement with European Nickel whereby European Nickel could earn a 40% interest in Rusina’s Acoje property in Zambales by spending US\$10M over a three year period.

The terms of the joint venture effectively valued the Acoje property at US\$10.0-13.6M, with the range determined by the factors applied to take into account the time value of money over the three year term and the risk that the agreement will not be completed.

Based on the resource estimate at the time the agreement was entered into, the assessed valuation range is equivalent to US\$0.30-0.41/t (A\$0.36-0.50/t) of laterite resource and US\$28.7-39.1/t (A\$35.0-47.7/t) of contained nickel equivalent.

CVRD/Canico Takeover

In early 2006, CVRD completed a C\$940M takeover bid for the Canadian company Canico Resource Corporation (“Canico”), the owner of the Onca Puma nickel laterite project in Brazil. Canico had completed a feasibility study based on the development of a 40,000tpa nickel smelter to produce ferro-nickel.

The reported saprolite resource at the time was 98.6Mt at 1.70% Ni Measured/Indicated and 137.2Mt at 1.48% Ni Inferred, for total contained metal of approximately 3.71Mt Ni. The acquisition price was equivalent to C\$3.99/t (A\$4.59/t) of laterite resource and C\$253.8/t (A\$291.7/t) of contained nickel equivalent.

A summary of the transactions-derived yardsticks is given in Table 7.24.

Table 7.24
Yardsticks Derived from Recent Transactions

Transaction	Date	A\$/t ore			A\$/t NiEq		
		Low	Mid-Point	High	Low	Mid-Point	High
ENK/Berong	May 2012		0.14			9.2	
Toledo/Ipilan	Oct 2011		0.37			24.5	
Solway/Fenix	Sep 2011		0.59			41.1	
Horizonte	Jul 2011		0.19			14.1	
Horizonte/Araguaia	Aug 2010		0.21			14.5	
ENK/Rusina	Feb 2010		1.08			86.5	
Anfield/Sechol	May 2009		0.33			25.3	
Mitsubishi/Weda Bay	Feb 2009		2.26			130.7	
Hudbay/Skye	Aug 2008		1.60			112.0	
European Nickel/Toledo	May 2008		0.44			29.2	
European Nickel/Rusina	May 2007	0.36	0.43	0.50	32.5	38.5	44.4
Eramet/Weda Bay	May 2006		1.23			71.3	
CVRD/Canico	Jan 2006		4.59			291.7	
Applicable Yardstick		0.82	1.03	1.24	54.5	68.3	82.0

Note: the lowest and highest values have been excluded from the calculation of the Applicable Yardstick value; the applicable High and Low values are calculated at +/- 20% of the mid-point value.

Applying these yardstick ranges to the Wingellina resource results in valuation ranges of A\$151.1-226.6M based on resource tonnage and A\$119.6-179.4M based on contained nickel equivalent.

Exploration Expenditure and Acquisition Costs

As discussed in Section 3.2, past expenditure, or the amount spent on exploration of a tenement is commonly used as a guide in determining the value of exploration tenements. Acquisition costs or joint venture agreements are commonly determined on a similar basis, where the incoming party is effectively matching the value of the work carried out by the other party. BDA has used the past expenditure method together with acquisition costs as a guide to the value of the Wingellina project.

In 2006, Metals Exploration acquired 100% of the Wingellina project for total consideration of A\$10.1M. Since acquiring the property, some A\$16.4M has been spent on the evaluation and development of the project.

In assessing the effective exploration expenditure on the property, BDA has utilised the acquisition cost plus 100% of the resource evaluation expenditure. BDA considers the acquisition cost effectively represents the deemed value of exploration work carried out at that time or on those tenements.

On this basis BDA has estimated the total effective exploration expenditure, including the acquisition costs, at A\$26.4M. This does not incorporate any INCO expenditure from the 1950s and 60s. As described in Section 3.2, a Prospectivity Enhancement Multiplier or PEM is typically applied to exploration expenditure to reflect the effectiveness and success of that exploration effort in adding value to the property. The highest PEMs of 2.5-3 are applied when exploration has proved effective in developing a material resource capable of supporting a feasibility study and further development.

BDA has applied a PEM range of 2.5-3 to the effective expenditure on the basis that this expenditure has significantly enhanced the value of the property. This approach gives a valuation range of A\$66.1-79.3M with a most likely valuation of A\$72.7M.

In BDA's opinion, the exploration expenditure approach is more applicable to properties at an earlier stage of exploration and does not necessarily provide a fair value for a project such as Wingellina which is at a feasibility study stage with well-defined resources and substantial development studies having been undertaken.

BEHRE DOLBEAR

Other Recent Valuations

BDA considers it appropriate to consider the views of other Independent Experts in deriving an estimate of value.

In April 2010, Deloitte Corporate Finance Pty Limited ("Deloitte") completed an independent expert's report in respect to the proposed merger of ENK and Rusina via a scheme of arrangement.

Deloitte assigned valuation ranges of:

- US\$69-99M to the Acoje project, equivalent to US\$85-122/t of contained Ni
- US\$165-185M to the Caldag project, equivalent to US\$440-493/t of contained Ni.

The Caldag yardsticks are significantly higher than those for Acoje as project development is well advanced. In terms of its state of development, BDA considers the Acoje yardsticks more relevant to the Wingellina resources. The Acoje values are the averages for the various resources, and the individual yardsticks range from a low of US\$40/t Ni to a high of US\$161/t Ni, as shown in Table 7.25.

Table 7.25
Summary of Acoje Valuation Ranges

Resource	Value (US\$M)		Value (US\$/t Ni)	
	Low	High	Low	High
Acoje - Indicated	40	60	108	161
Acoje - Inferred	18	22	111	136
Zambales - Inferred	11	17	40	61
Total	69	99	85	122

The average yardsticks were US\$85-122/t of Ni, equivalent to US\$60.7-87.1/t NiEq and US\$0.94-1.34/t of ore. Applying these average yardsticks to Wingellina results in valuation ranges of A\$171.6-246.3M based on tonnes of ore and A\$132.8-190.5M based on contained nickel equivalent.

Valuation Summary

BDA has considered a range of methods to derive a value for the Wingellina project, namely the NPV or Discounted Cashflow method, the Yardstick method based on Market Capitalisation and on Related Transactions, the Exploration Expenditure Method and a review of Other Independent Expert Valuations.

BDA has not used the Exploration Expenditure Method in its final determination of the value of the Wingellina project. In BDA's opinion, the exploration expenditure approach is more applicable to properties at an earlier stage of exploration and does not necessarily provide a fair value for a project such as Wingellina which is at a feasibility study stage with well-defined resources and substantial development studies having been undertaken.

BDA also has reservations about the Market Capitalisation Method as an appropriate means of valuing the Wingellina deposit. The difficulty of Market Capitalisation yardsticks is the extent to which the companies or projects considered are in fact comparable. It is recognised that the companies reviewed generally control nickel laterite resources significantly smaller and without the potential longevity of Wingellina; some also are involved in heap leach projects or direct shipping of laterite ores, quite different to the HPAL process envisaged for Wingellina. The current market applies a significant discount to junior nickel laterite companies, and may not appropriately value a resource of the size and potential longevity as Wingellina.

The Wingellina project differs from many other laterites in that it is a deeply weathered, laterally extensive deposit comprising a relatively uniform unusually thick limonite resource with low MgO content. It is amenable to open-pit mining and to HPAL processing, with relatively low acid consumption. Deposits with similar size and mineralogy include Moa Bay in Cuba, Ambatovy in Madagascar, Goro in New Caledonia and to a lesser extent Ramu in Papua New Guinea, and the limonite component of Weda Bay in Indonesia. Although BDA recognises that the DCF methodology has given a value materially higher than the Yardstick method, BDA notes the comments relating to the relative quality of the assets in the paragraph above. For a very long life project such as Wingellina it could also be argued that the DCF method in fact undervalues the project, due to the large discount applied to the later years beyond, say, a 20 year life. This is a well-recognised issue in terms of the application of DCF methods to long life projects.

A summary of the values derived using the various methods is provided in Table 7.26.

BEHRE DOLBEAR

Table 7.26
Summary Valuation of Wingellina

Property	Valuation (A\$M)			Comments
	Low	Most Likely	High	
Yardstick - Transactions	135.3	169.2	203.0	Based on 13 transactions
DCF method	222.7	445.4	668.1	Adjusted range to $\pm 50\%$ of most likely
Independent Valuation	152.2	185.3	218.4	Average of the ranges derived
Total	170.1	266.6	363.2	

The valuation range determined for the Wingellina project is A\$170.1-363.2M with a most likely value of A\$266.6M.

7.4.5 Claude Hills Project

Claude Hills is located approximately 30kms to the east of Wingellina. Metals X has completed a 141 hole drilling campaign at the Claude Hills deposit and outlined a second substantial deposit within the area. To date a strike length of approximately 1.6km has been drilled with an average width of approximately 200m. The average thickness of the ore is approximately 30 to 40m deep below transported cover of 5-10m. The grades obtained are similar to Wingellina for both nickel and cobalt and it is anticipated that the metallurgical behaviour of the ore will also be similar based on the low magnesium and alumina grades.

Metals X anticipates that the Claude Hills area will add a significant amount of additional resources to the feed-stock of Wingellina, none of which has been included in the Wingellina feasibility. The current Inferred resource estimate is 33Mt at 0.81% Ni with contained metal of 270,000t of nickel.

The yardstick or 'rule of thumb' method can be used to derive value by applying the yardsticks derived for the Wingellina project, equivalent to a yardstick range of A\$13.2-45.2/t of contained nickel based on comparable company market capitalisations, and A\$54.5-82.0M based on nickel transactions.

BDA considers that a willing and knowledgeable buyer might value the resources and future potential about 30-40% of the value that might be ascribed to the Wingellina project for which a feasibility study has been completed. Applying 30-40% to the yardstick ranges gives a range of A\$4.0-18.1/t for the market capitalisation approach and A\$16.4-32.8/t for the transactions approach. Applying these ranges to the contained nickel in the Claude Hills Inferred resource provides valuation ranges of A\$1.1-4.9M and A\$4.4-8.8M respectively, for an average valuation range of A\$2.7-6.9M with a most likely value of A\$4.8M.

7.4.6 Collingwood Project

The Collingwood site is located 160km north of Cairns and 30km south of Cooktown. The tenement holdings comprise six Mining Leases and two Mineral Development Licences. A registered Native Title Claim covers most of the project area. However, Metals X advises that all tenements were granted prior to lodgement of the claim.

Shell/Billiton undertook trenching, percussion drilling and diamond drilling from 1980 to 1984. In 1984 an exploration decline/adit was developed to access the mineralised lodes. Approximately 540m of north-south strike drive was mined, over 120 underground diamond holes were drilled on approximately 25m centres, a bulk sample was mined and a Prefeasibility Study undertaken.

Bluestone purchased the Collingwood project in 2000 and completed a Feasibility Study in 2001. In 2003 Environmental Authority was granted and project development commenced in 2005. It was planned to carry out underground mining and process around 360,000tpa of ore grading around 1.2% Sn, recovering a tin concentrate containing around 3,600t of tin per annum. The mine and plant commenced operations in 2006 but operations were suspended in 2008 and the mine put on care and maintenance.

Remaining Indicated and Inferred resources at Collingwood are summarised in Table 7.27.

BEHRE DOLBEAR

Table 7.27
Collingwood Resource Estimate - June 2012

Category	Tonnage Mt	Grade % Sn	Contained Sn Tonnes
Indicated	0.652	1.29	8,400
Inferred	0.051	1.12	600
Total	0.702	1.28	9,000

Metals X has advised that the project has been written down in its books to around A\$1M and the company intends to sell the project. Discussions with interested third-parties have taken place, with offers of around A\$2M to A\$5M.

Given the existence of a remaining resource, BDA considers it appropriate to assess a value of the project based on the Yardstick method. With a contained tin content of 9,000t and a yardstick value range of A\$351-439/t of tin derived in Section 7.4.2, BDA assesses a yardstick value for the Collingwood project in a range of A\$3.2-4.0M with a most likely value of A\$3.6M.

However, BDA considers the ongoing sale process to be the prime indicator of value. Metals X has advised that offers have been received in a range of A\$2M to A\$5M and that the Board determined that it would be prepared to sell the project for appropriate offers towards the upper end of this range. Negotiations progressed with one buyer in the A\$4-5M range but due to the eventual failure of the prospective buyer to raise the necessary funds, the purchase did not proceed; however, Metals X advises that similar offers would be considered.

On the basis of the prospective sale of the project and offers received, BDA assesses a value of Metals X interest in the Collingwood project in a range of A\$2M to A\$5M, with a most likely value of A\$4M.

7.4.7 Metals X Valuation Summary

A summary of BDA's valuation ranges for the Metals X interest in the properties is provided in Table 7.28.

Table 7.28
Summary Valuation of Metals X Assets

Property	Valuation (A\$M)			Comments
	Low	Most Likely	High	
Renison	88.2	111.3	135.3	DCF/Alternative Offer methods
Mt Bischoff	2.2	2.7	3.2	DCF/Alternative Offer/Yardstick methods
Rentails	23.0	30.9	39.1	DCF/Alternative Offer/Yardstick methods
Wingellina	170.1	266.6	363.2	DCF/Yardstick/Independent Valuation methods
Claude Hills	2.7	4.8	6.9	Yardstick method
Collingwood	2.0	4.0	5.0	Indicative Sale Price
Total	288.3	420.3	552.6	

Note – values of Renison/Mount Bischoff and Rentails represent Metals X's 50% interest

The sum of the valuation ranges derived for the Metals X properties is A\$288.3-552.6M with a most likely value of A\$420.3M.

7.5 Westgold Metals X Combined Valuation Summary

A summary of BDA's valuation ranges for the Westgold and Metals X assets is provided in Table 7.29.

Table 7.29
Summary Valuation of Westgold and Metals X Assets

Property	Valuation (A\$M)			Comments
	Low	Most Likely	High	
Westgold				
CMGP	65.2	94.7	125.1	DCF/Yardstick methods
Rover and Explorer	35.3	46.5	58.2	DCF/Yardstick/Exploration Expenditure methods
Exploration Properties	1.0	1.7	3.7	Notional valuation
Total	101.5	142.9	187.1	
Metals X				
Renison/Mount Bischoff	90.4	114.0	138.5	DCF/Alternative Offer/Yardstick methods
Rentails Project	23.0	30.9	39.1	DCF/Alternative Offer/Yardstick methods
Collingwood Project	2.0	4.0	5.0	Indicative Sale Price
Wingellina/Claude Hills	172.8	271.4	370.0	DCF/Yardstick/Independent Valuation methods
Total	288.3	420.3	552.6	

Note – values of Renison/Mount Bischoff and Rentails represent Metals X's 50% interest

8.0 STATEMENT OF CAPABILITY

This report has been prepared by Mr Bill Kable, Senior Associate of BDA, in conjunction with Mr Malcolm Hancock and Mr John McIntyre, both of whom are Directors of BDA, Mr Peter Ingham, General Manager Mining and Mr Phil Fillis and Mr Ian White, BDA Senior Associates. Mr Hancock and Mr McIntyre have reviewed the data and report. A summary of the professional qualifications and experience of the consultants involved is included below.

BDA is a mineral industry consulting group, specialising in independent due diligence reviews, valuations and technical audits of resources and reserves, mining and processing operations, project feasibility studies, and Independent Engineer work on project development, construction, and certification. BDA specialises in review and due diligence work for companies and financial institutions. The parent company, Behre Dolbear and Company Inc. has operated continuously as a mineral industry consultancy since 1911, and has offices in Denver, New York, Toronto, Vancouver, London, Hong Kong, Guadalajara and Sydney.

Mr Malcolm Hancock (BA, MA, FGS, FAusIMM, MIMM, MMICA, CP(Geol)) is a Principal and Executive Director of BDA. He is a geologist with more than 35 years experience in the areas of resource/reserve estimation, reconciliation, project feasibility and development, mine geology and mining operations. Before joining BDA he held executive positions responsible for geological and mining aspects of project acquisitions, feasibility studies, mine development and operations. He has been involved in the feasibility, construction, and commissioning of several mining operations. He has worked on both open pit and underground operations, on gold, base metal, light metal and industrial mineral projects, and has undertaken the management and direction of many of BDA's independent engineer operations in recent years.

Mr John McIntyre (BE (Min) Hon., FAusIMM, MMICA, CP (Min)) is a Principal and Managing Director of BDA. He is a mining engineer who has been involved in the Australian and international mining industry for more than 35 years, with operational and management experience in copper, lead, zinc, nickel, gold, uranium and coal in open pit and underground operations. He has been involved in numerous mining projects and operations, feasibility studies and technical and operational reviews in Australia, West Africa, New Zealand, North and South America, PNG and Southeast Asia. He has been a consultant for more than 15 years and has been Managing Director of BDA since 1994, involved in the development of the independent engineering and technical audit role.

Mr Peter Ingham (B.Sc. (Min), M.Sc., DIC, GDipAppFin (Sec Inst), CEng, FAusIMM, MIMMM) is a Senior Associate of BDA and General Manager Mining and is a graduate mining engineer with more than 25 years in the mining industry in Europe, Africa, Australia and Asia. His experience includes operations management, mining contract management, strategic planning, project assessment and acquisition, cost estimation and operational audits and trouble-shooting. He is experienced in a range of commodities, including copper, nickel, base metals, gold and platinum, in both surface and underground mining.

Mr Bill Kable (CGeol, BEcon, BComm, MAusIMM, SIA(Aff), MPESA) is an economic geologist with over 30 years experience in the minerals, oil and gas and broking industries. His specialisation is financial modelling and due diligence studies for public reports, corporate mergers, acquisitions and company floats. He has wide experience of projects throughout Australia, Southeast Asia and Africa.

Mr Philip Fillis (BSc. (Hon) Geology, MSc, FAusIMM, FIMMM, FGS, MMICA, MAIG, CP(Geol)) is a Senior Associate of BDA with over 35 years of experience in the exploration and mining industry. He has worked with a number of major corporations including Seltrust, US Steel, Mt Newman and Esso Minerals in Africa, Canada, Europe, the Middle East, Southeast Asia and Australia. He has worked as an independent consultant since 1986 and has consulted to a wide range of clients in a range of commodities including gold, platinum, base metals, nickel, iron ore and uranium. He has managed many exploration programmes and technical reviews and audits.

Mr Ian White (MSc, BSc(Hon), DIC, MAusIMM, MMICA) is a Senior Associate of BDA with more than 25 years experience in the Australian mining industry. He has held senior management positions in several operating mines and has been involved in plant design and optimisation, process design testwork, feasibility studies and plant commissioning and project valuation. He is experienced in CIP/CIL technology, flotation, gravity separation, heap leaching, SX/EW, comminution, magnetic separation and pelletising and has worked with a range of commodities including gold, copper, iron ore, industrial minerals and base metals. Mr White has conducted the process review, engineering and construction monitoring, and Completion Testing for BDA on numerous major projects in Australia, New Zealand, Laos, Vietnam, the Philippines, China and the Pacific region.

BEHRE DOLBEAR

Mr Adrian Brett (BSc (Hon) Geol., MSc Envir., MEnvir. Law) is a Senior Associate of BDA with more than 25 years experience in environmental and geo-science, including the fields of environmental planning and impact assessment, site contamination assessments, environmental audit, environmental law and policy analysis and the development of environmental guidelines and training manuals. He has worked in an advisory capacity with several United Nations, Australian and overseas government agencies. He has completed assignments in Australia, Indonesia, Thailand, Laos, the Philippines, the Middle East, Africa and South America. He has undertaken the environmental reviews for BDA on both the AMC and SAMAG magnesium projects.

9.0 STATEMENT OF INDEPENDENCE

Neither the Principals nor Associates of BDA have any material interest or entitlement in the securities or assets of Westgold or Metals X, or any associated companies. BDA will be paid a fee for this report comprising its normal professional rates and reimbursable expenses. The fee is not contingent on the conclusions of this report.

10.0 LIMITATIONS AND CONSENT

This assessment has been based on data, reports and other information made available to BDA by Westgold and Metals X, and BDO Corporate Finance. BDA has been advised that the information is complete as to material details and is not misleading. A draft copy of this report has been provided to Westgold, Metals X, and BDO Corporate Finance for comment as to any errors of fact, omissions or incorrect assumptions.

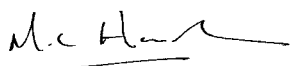
The opinions stated herein are given in good faith. We believe that the basic assumptions are factual and correct and the interpretations reasonable.

With respect to the BDA report and use thereof by Westgold and BDO Corporate Finance, Westgold agrees to indemnify and hold harmless BDA and its shareholders, directors, officers, and associates against any and all losses, claims, damages, liabilities or actions to which they or any of them may become subject under any securities act, statute or common law and will reimburse them on a current basis for any legal or other expenses incurred by them in connection with investigating any claims or defending any actions.

This report is provided to the Directors of Westgold and BDO Corporate Finance in connection with the valuation and proposed transaction and should not be used or relied upon for any other purpose. This report does not constitute an audit. Neither the whole nor any part of this report nor any reference thereto may be included in or with or attached to any document or used for any purpose without our written consent to the form and context in which it appears.

Yours faithfully

BEHRE DOLBEAR AUSTRALIA PTY LTD



Malcolm C Hancock
Executive Director - BDA



John McIntyre
Managing Director - BDA

*Prepared by Behre Dolbear Australia Pty Limited
Level 9, 80 Mount Street
North Sydney NSW 2060 Australia
Tel 612 9954 4988; Fax 612 9929 2549*

BEHRE DOLBEAR

Annexure B – Merger Implementation Agreement



Merger Implementation Agreement

Metals X Limited
ACN 110 150 055
Metals X

and

Westgold Resources Limited
ACN 009 260 306
Westgold

Dated 13 May 2012 (as varied by a deed of variation dated 16 July 2012)

CONFORMED COPY

Jackson McDonald
Lawyers
140 St Georges Terrace
Perth Western Australia 6000

t: +61 8 9426 6611
f: +61 8 9481 8649
w: www.jacmac.com.au

Contact: Will Moncrieff
Reference: 7144427

Date: 16 July 2012

Parties

Metals X Limited ACN 110 150 055 of Level 3, 123 Adelaide Terrace, East Perth, Western Australia (**Metals X**)

Westgold Resources Limited ACN 009 260 306 of Level 3, 123 Adelaide Terrace, East Perth, Western Australia (**Westgold**)

Background

- A. Westgold and Metals X have agreed to effect a transaction by means of a scheme of arrangement under Part 5.1 of the Corporations Act between Westgold and Westgold Shareholders, other than Metals X, pursuant to which Metals X will acquire all of the Scheme Shares and Westgold will become a wholly-owned subsidiary of Metals X, in accordance with this Agreement.
- B. Westgold intends to propose the Scheme to Westgold Shareholders and issue the Scheme Booklet.
- C. Westgold and Metals X have agreed in good faith to implement the Scheme on the terms and conditions of this Agreement.

Agreement

1. Definitions and interpretation

1.1 Definitions

In this Agreement, unless the context otherwise requires:

Agreement means this Merger Implementation Agreement.

Alternative Proposal means, in relation to Westgold:

- (a) any bona fide, funded proposal or offer by any person (other than Metals X) made in writing to Westgold to evaluate or enter into any transaction which is similar to the Transaction (whether a scheme of arrangement, a takeover bid or otherwise) or under which other than as required or contemplated by the Scheme:
 - (i) that person (together with its associates) may acquire a relevant interest in 100% of the Westgold Shares;
 - (ii) that person (together with its associates) may acquire a relevant interest in 100% of the Westgold Options;
 - (iii) that person may acquire, directly or indirectly (including by way of joint venture, dual listed company structure, strategic alliance or otherwise), any interest in all or a substantial part of the Business or assets of Westgold; or

- (iv) that person may otherwise acquire control of or merge or amalgamate with Westgold;
- (b) any acquisition of, or agreement to acquire, a relevant interest in 100% of the Westgold Shares by any person (other than Metals X); or
- (c) any acquisition of, or agreement to acquire, a relevant interest in 100% of the Westgold Options by any person (other than Metals X).

Announcement means a press release, announcement or other public statement other than an explanatory statement or supplementary explanatory statement required by the Corporations Act.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ABN 98 008 624 691 or the stock market operated by it, as the context requires.

Authorisation means

- (a) an approval, authorisation, consent, declaration, exemption, licence, notarisation, permit or waiver, however it is described, including any renewal or amendment and any condition attaching to it, from or by a Government Agency; and
- (b) in relation to anything that could be prohibited or restricted by law, if a Government Agency acts in any way within a specified period, the expiry of that period without that action being taken.

Business means:

- (a) in relation to Westgold and its Subsidiaries, the business presently carried on by Westgold and its Subsidiaries; and
- (b) in relation to Metals X and its Subsidiaries, the business presently carried on by Metals X and its Subsidiaries.

Business Day means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth, Western Australia.

Claim means a claim, action, proceeding or demand made against the person concerned, however it arises and whether it is present or future, fixed or unascertained, actual or contingent.

Condition means:

- (a) in relation to the Share Scheme, a condition precedent to completion of the Share Scheme in clause 2.2; and
- (b) in relation to the Option Scheme, a condition precedent to completion of the Option Scheme in clause 2.4.

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

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

Court means a court in Western Australia of competent jurisdiction under the Corporations Act.

Effective means:

- (a) when used in relation to the Share Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act of the order of the Court made under sections 411(4)(b) of the Corporations Act (and if applicable, section 411(6) of the Corporations Act) in relation to the Share Scheme; and
- (b) when used in relation to the Option Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act of the order of the Court made under sections 411(4)(b) of the Corporations Act (and if applicable, section 411(6) of the Corporations Act) in relation to the Option Scheme.

Effective Date means the date on which the Share Scheme becomes Effective.

Excluded Shares means any Westgold Shares held by, on behalf of or for the benefit of, Metals X or its Subsidiaries.

First Court Date means the first day of the hearing by the Court of an application for an order under section 411(1) of the Corporations Act convening the Scheme Meetings or, if the hearing of such application is adjourned for any reason, means the first day of the adjourned hearing.

Government Agency means a government, government department or a governmental, semi-governmental, administrative, statutory or judicial entity, agency, authority, commission, department, tribunal, or person charged with the administration of a law or agency, whether in Australia or elsewhere, including ASIC, the Takeovers Panel, and any self-regulatory organisation established under statute or by ASX.

GST means the same as in the GST Law.

GST Law means the same as "GST law" means in *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Implementation means, in relation to the Share Scheme, the implementation of the Share Scheme, on the Share Scheme becoming Effective.

Implementation Date means the third Business Day immediately following the Record Date.

Independent Expert means an independent, reputable and qualified expert nominated by Westgold.

Independent Expert's Report means the report prepared by the Independent Expert stating whether or not, in its opinion:

- (a) the Share Scheme is in the best interests of the Westgold Shareholders, and setting out the reasons for that opinion; and
- (b) the Option Scheme is in the best interests of the Scheme Optionholders, and setting out the reasons for that opinion.

Ineligible Foreign Holder means a Scheme Shareholder whose address in the register of Westgold Shareholders is in a jurisdiction outside Australia and its external territories, except where Metals X in its sole discretion is satisfied that the issue of New Metals X Shares in that jurisdiction under the Share Scheme would be neither prohibited by law nor unduly onerous.

Insolvency Event means, in relation to an entity:

- (a) the entity resolving to be wound up or liquidated;
- (b) the appointment of a liquidator, provisional liquidator or administrator of the entity;
- (c) the making of an order by a court for the winding up of the entity;
- (d) the entity executing a deed of company arrangement; or
- (e) the appointment of a receiver or a receiver and manager, in relation to the whole, or a substantial part, of the property of the entity.

Listing Rule means a listing rule of ASX.

Loss means a damage, loss, cost, expense or liability incurred by the person concerned, however it arises and whether it is present or future, fixed or unascertained, actual or contingent.

Material Adverse Change means any change, effect, event, occurrence, state of facts or developments that is materially adverse to the business, financial condition, results or operations, provided that:

- (a) any change in the market price or trading volume of shares after the date of this Agreement; and
- (b) any change as regards to one party (the first party) (which change is otherwise caught by the terms of this definition) that has been fully and fairly disclosed either to the market generally or otherwise to the other party (the second party) in writing under this proviso immediately prior to the execution of this Agreement and the change occurs as regards the first party substantially in accordance with those terms,

will not be taken into account in determining whether there has been a Material Adverse Change.

Material Contract means any contract which is or may reasonably be expected to be material to the assets, liabilities, financial position, profits, losses or operation of the entity which is party to it.

Meeting Date means 5.00pm on the date on which Westgold Shareholders vote on a resolution to approve the Share Scheme under section 411(4)(a) of the Corporations Act.

Metals X Material means the information provided by Metals X to Westgold in accordance with clause 8(b) for inclusion in the Scheme Booklet, other than information:

- (a) relating to the financial or trading position of Metals X following Implementation to the extent that such information has been prepared by Metals X in reliance on information provided by Westgold; and
- (b) for which Metals X disclaims responsibility under clause 7(f)(ii).

Metals X Option means an option to subscribe for a Metals X Share.

Metals X Prescribed Event means, except as required by this Agreement or by the Share Scheme (or with the prior written consent of Westgold), the occurrence of any of the following:

- (a) **(convert shares)** Metals X or a Subsidiary of Metals X converts all or any of its shares into a larger or smaller number of shares;
- (b) **(reduce share capital)** Metals X or a Subsidiary of Metals X resolves to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
- (c) **(buy-back)** Metals X or a Subsidiary of Metals X:
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the repurchase of any of its issued capital, other than pursuant to the buy-back announced by Metals X on 16 June 2011;
- (d) **(declare dividend)** other than any dividend paid, declared or announced by Metals X on or before the date of this Agreement in accordance with its ordinary dividend policy, Metals X declares any dividend or pays, makes or incurs any liability to pay or make any distribution whether by way of dividend, capital distribution, bonus or other share of its profits or assets;
- (e) **(Insolvency Event)** an Insolvency Event occurring in relation to Metals X;
- (f) **(change to constitution)** Metals X makes any material change or amendment to its constitution;
- (g) **(change to accounting practice or policies)** Metals X making any change to its accounting practices or policies, other than to comply with generally accepted Australian accounting standards and any domestically accepted international accounting standards or electing to form a consolidated group for the purposes of the *Income Tax Assessment Act 1997* (Cth);
- (h) **(debentures)** Metals X or a Subsidiary of Metals X issues, agrees to issue or grants an option to subscribe for debentures (as defined in section 9 of the Corporations Act);
- (i) **(disposal)** Metals X or a Subsidiary of Metals X disposes, or agrees to dispose, of the whole, or a substantial part, of its Business or property;
- (j) **(security)** Metals X or a Subsidiary of Metals X charges, or agrees to charge, the whole or a substantial part, of its Business or property, or creates or alters, or agrees to create or alter, any mortgage, charge lien, security interest or other encumbrance over the whole or a substantial part of its Business or property;
- (k) **(share disposal)** Metals X or a Subsidiary of Metals X disposes, or agrees to dispose, of shares in a Subsidiary of that party;
- (l) **(litigation)** Metals X or a Subsidiary of Metals X becomes a party to any material litigation;
- (m) **(financial indebtedness)** Metals X or a Subsidiary of Metals X incurs any financial indebtedness or issues any debt securities of in aggregate more than

\$1,000,000 other than advances under credit facilities in existence as at the date of this Agreement and fully and fairly disclosed in the Metals X Material;

- (n) **(Material Contracts)** Metals X or a Subsidiary of Metals X:
 - (i) changes the terms of any Material Contract to the material detriment of Metals X or a Subsidiary of Metals X;
 - (ii) terminates any Material Contract;
 - (iii) pays, discharges or satisfies any claims, liabilities or obligations under any Material Contract other than in accordance with past practice and consistent with the contract terms; or
 - (iv) waives any material claims or rights under or waives the benefit of any provisions of any Material Contract;
- (o) **(commitments)** Metals X or a Subsidiary of Metals X enters into:
 - (i) any onerous contract or commitment; or
 - (ii) any long term contract or commitment (including any joint venture or partnership agreement) except in the ordinary course of Business; or
- (p) **(renewing or extending agreements)** except in the ordinary course of its Business, Metals X or a Subsidiary of Metals X exercises any material contractual right or other option to renew or extend an existing agreement (including under any lease),

provided that (if otherwise caught by the terms of this definition) an acquisition of any business, assets (or interest in such assets), entity or undertaking by Metals X or a Subsidiary of Metals X, or a contract or commitment of the kind referred to in clause (o) above, will not be a Metals X Prescribed Event if the terms of that acquisition, or potential contract or commitment, as the case may be, have been fully and fairly disclosed either to the market generally or to Westgold in writing under this proviso immediately prior to the execution of this Agreement and the acquisition, contract or commitment as the case may be, proceeds substantially in accordance with those terms.

Metals X Share means a fully paid ordinary share in Metals X.

New Metals X Shares means those Metals X Shares to be issued to Scheme Shareholders in consideration for their Scheme Shares pursuant to the Share Scheme.

Non-conflicted Directors means the directors of Westgold other than Peter Cook and Warren Hallam.

Option Scheme means the scheme of arrangement under Part 5.1 of the Corporations Act between Westgold and the Scheme Optionholders, the form of which is attached as Annexure 3, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by Metals X and Westgold.

Option Scheme Consideration means the consideration to be provided by Metals X to each Scheme Optionholder for the cancellation of each Scheme Option, as determined in accordance with clause 3.7.

Option Scheme Deed Poll means a deed poll to be executed by Metals X in the form of Annexure 4 (or such other form as is agreed between Metals X and Westgold, including any alterations made with approval or at the discretion of the Court which are agreed by Metals X and Westgold (each acting reasonably)) under which Metals X covenants in favour of the Scheme Optionholders to perform its obligations under the Option Scheme.

Record Date means the day which is 5 Business Days after the Effective Date, or any other date agreed by the parties in writing.

Register means:

- (a) in respect of the Westgold Shareholders, the register of members of Westgold;
- (b) in respect of the Scheme Optionholders, the register of optionholders of Westgold; and
- (c) in respect of Westgold Performance Rights holders, the register of holders of performance rights in Westgold.

Regulatory Approvals means the consents, approvals, clearances, decisions, determinations or other acts by a Government Agency necessary to effect Implementation (if any).

Regulator's Draft means the draft of the Scheme Booklet in a form which is provided to ASIC for approval pursuant to section 411(2) of the Corporations Act.

Relevant Date means, in relation to a Condition, the date or time specified in this Agreement for its fulfilment or, if no date or time is specified, 8.00am on the Second Court Date, subject, in either case, to extension under clause 2.8.

Scheme or **Share Scheme** means the scheme of arrangement under part 5.1 of the Corporations Act between Westgold and the Scheme Shareholders, the form of which is attached as Annexure 1, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by Metals X and Westgold.

Scheme Booklet means the information memorandum in respect of the Scheme and Option Scheme to be approved by the Court and dispatched to Westgold Shareholders and Scheme Optionholders, and includes the Scheme, Option Scheme, Scheme Deed Poll, Option Scheme Deed Poll, an explanatory statement complying with the requirements of the Corporations Act and the Corporations Regulations, the Independent Expert's Report and the notice of meeting and proxy form.

Scheme Meetings means

- (a) the meeting of Westgold Shareholders, to be convened by the Court, to consider the Share Scheme; and
- (b) the meeting of Scheme Optionholders, to be convened by the Court, to consider the Option Scheme.

Scheme Option means a Westgold Option identified in Schedule 1 on issue at 5.00pm on the Record Date.

Scheme Optionholders means each person entered in the Register as a holder of Scheme Options as at 5.00pm on the Record Date.

Scheme Shareholders means each Westgold Shareholder, other than Metals X (if it holds Westgold Shares), as at 5.00pm on the Record Date (taking into account registration of all registrable transfers and transmission applications received at Westgold's share registry by the Record Date).

Scheme Share means a Westgold Share on issue at 5.00pm on the Record Date, other than Excluded Shares.

Second Court Date means the first day on which the Court hears the application for an order under section 411(4)(b) of the Corporations Act approving the Share Scheme or, if the application is adjourned or subject to appeal for any reason, the first day on which the adjourned or appealed application is heard.

Share Scheme Consideration means the consideration to be provided by Metals X to each Scheme Shareholder for the transfer to Metals X of each Scheme Share, as determined in accordance with clause 3.2.

Share Scheme Deed Poll means a deed poll to be executed by Metals X in the form of Annexure 2 (or such other form as is agreed between Metals X and Westgold, including any alterations made with approval or at the discretion of the Court which are agreed by Metals X and Westgold (each acting reasonably)) under which Metals X covenants in favour of the Scheme Shareholders to perform its obligations under the Share Scheme.

Subsidiary of an entity means another entity which is a subsidiary of the first within the meaning of Part 1.2, Division 6 of the Corporations Act, or is a subsidiary or otherwise controlled by the first within the meaning of any approved accounting standard.

Sunset Date means, subject to any extension under clause 2.8, 31 December 2012.

Superior Proposal means an Alternative Proposal in relation to Westgold that:

- (a) in the determination of the Westgold Board acting in good faith, is reasonably capable of being valued and completed, taking into account both the nature of the Alternative Proposal and the person or persons making it; and
- (b) in the determination of the Westgold Board acting in good faith and in order to satisfy what that board considers to be its fiduciary or statutory duties, would, if completed substantially in accordance with its terms, result in a transaction more favourable to Westgold Shareholders than the Transaction.

Takeovers Panel means the Takeovers Panel constituted under the *Australian Securities and Investments Commission Act 2001* (Cth).

Third Party Consent means any consent, agreement, waiver, licence or approval from or by a party in respect of a contract involving Westgold or a Subsidiary or Westgold or Metals X or a Subsidiary of Metals X, which the parties have agreed, or subsequently agree, in writing is required for Implementation of the Share Scheme.

Transaction means:

- (a) the proposed acquisition of all the issued Westgold Shares by Metals X (other than those Westgold Shares already held by Metals X);

-
- (b) the proposed cancellation or acquisition of all the issued Westgold Options;
and
 - (c) the proposed cancellation or acquisition of all Westgold Performance Rights,
on the terms set out in this Agreement.

Westgold Board means the board of directors of Westgold.

Westgold Group means Westgold and its related bodies corporate.

Westgold Option means an option to subscribe for a Westgold Share.

Westgold Performance Rights means performance rights granted pursuant to the Westgold Resources Limited Long Term Incentive Plan.

Westgold Prescribed Event means, except as required by this Agreement, the Share Scheme or the Option Scheme (or with the prior written consent of Metals X), the occurrence of any of the following:

- (a) **(convert shares)** Westgold converts all or any of its Shares into a larger or smaller number of Shares;
 - (b) **(reduce share capital)** Westgold or a subsidiary of Westgold resolves to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
 - (c) **(buy-back)** Westgold or a subsidiary of Westgold:
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under the Corporations Act;
 - (d) **(issue shares or options)** Westgold or a subsidiary of Westgold issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option or right to a Westgold Share, excluding:
 - (i) any issue or grant contemplated by the Share Scheme; and
 - (ii) any Westgold Shares issued by Westgold as a result of the exercise of existing Westgold Options or Westgold Performance Rights;
 - (e) **(change to terms of Westgold Options)** Westgold (or the Westgold Board) makes any amendment to the terms of issue of any Westgold Option, where, as a consequence, any one or more of the following occurs:
 - (i) the period for exercise of any Westgold Option is extended;
 - (ii) the number of Westgold Options that are exercisable at any time is increased;
 - (iii) the earliest date for exercise of any Westgold Option is brought forward;
 - (iv) the exercise price of any Westgold Option is reduced; or
-

-
- (v) the number of Westgold Shares to be issued on exercise of any Westgold Option;
 - (f) **(issue convertible securities)** Westgold or a subsidiary of Westgold issues, or agrees to issue, securities or other instruments convertible into shares;
 - (g) **(declare dividend)** other than any dividend paid, declared or announced by Westgold on or before the date of this Agreement in accordance with its ordinary dividend policy, Westgold declares any dividend or pays, makes or incurs any liability to pay or make any distribution whether by way of dividend, capital distribution, bonus or other share of its profits or assets;
 - (h) **(Insolvency Event)** an Insolvency Event occurring in relation to Westgold;
 - (i) **(change to constitution)** Westgold makes any change or amendment to its constitution;
 - (j) **(change to accounting practice or policies)** Westgold making any change to its accounting practices or policies, other than to comply with generally accepted Australian accounting standards and any domestically accepted international accounting standards or electing to form a consolidated group for the purposes of the *Income Tax Assessment Act 1997* (Cth);
 - (k) **(debentures)** Westgold or a Subsidiary of Westgold issues, agrees to issue or grants an option to subscribe for debentures (as defined in section 9 of the Corporations Act);
 - (l) **(disposal)** Westgold or a Subsidiary of Westgold disposes, or agrees to dispose, of the whole, or a substantial part, of its Business or property;
 - (m) **(security)** Westgold or a Subsidiary of Westgold charges, or agrees to charge, the whole or a substantial part, of its Business or property, or creates or alters, or agrees to create or alter, any mortgage, charge lien, security interest or other encumbrance over the whole or a substantial part of its Business or property;
 - (n) **(share disposal)** Westgold or a Subsidiary of Westgold disposes, or agrees to dispose, of shares in a Subsidiary of that party;
 - (o) **(litigation)** Westgold or a Subsidiary of Westgold becomes a party to any material litigation;
 - (p) **(financial indebtedness)** Westgold or a Subsidiary of Westgold incurs any financial indebtedness or issues any debt securities of in aggregate more than \$1,000,000 other than advances under credit facilities in existence as at the date of this Agreement or advances from Metal X (at Metal X's sole discretion);
 - (q) **(benefits to officers and employees)** other than in accordance with an existing contract in place at the date of this Agreement or with the consent of Metals X (such consent not to be unreasonably withheld), Westgold:
 - (i) increasing the remuneration of, or otherwise varying, the employment arrangements with any of its directors or employees;
-

-
- (ii) accelerating the rights of any of its directors or employees to compensation or benefits of any kind (including under any executive or employee share plans); or
 - (iii) paying any of its directors or officers a termination or retention payment;
 - (r) **(Material Contracts)** Westgold or a Subsidiary of Westgold:
 - (i) changes the terms of any Material Contract to the material detriment of Westgold or a Subsidiary of Westgold;
 - (ii) terminates any Material Contract;
 - (iii) pays, discharges or satisfies any claims, liabilities or obligations under any Material Contract other than in accordance with past practice and consistent with the contract terms; or
 - (iv) waives any material claims or rights under or waives the benefit of any provisions of any Material Contract;
 - (s) **(commitments)** Westgold or a Subsidiary of Westgold enters into:
 - (i) any onerous contract or commitment; or
 - (ii) any long term contract or commitment (including any joint venture or partnership agreement) except in the ordinary course of Business; or
 - (t) **(renewing or extending agreements)** except in the ordinary course of its Business, Westgold or a Subsidiary of Westgold exercises any material contractual right or other option to renew or extend an existing agreement (including under any lease),

provided that an acquisition of any business, assets (or interest in such assets), entity or undertaking by Westgold or a Subsidiary of Westgold will not be a Westgold Prescribed Event if the terms of that acquisition have been fully and fairly disclosed to Metals X in a document signed by Westgold and Metals X for the purposes of identification under this proviso immediately prior to the execution of this Agreement and the acquisition proceeds substantially in accordance with those terms.

Westgold Share means each fully paid ordinary share in Westgold.

Westgold Shareholder means each person entered in the Register as a holder of Westgold Shares, other than any Excluded Shares.

Westgold Shareholder Approval means a resolution in favour of the Share Scheme passed by the required majorities of Westgold Shareholders under section 411(4)(a)(ii) of the Corporations Act.

1.2 Interpretation

In this Agreement:

- (a) headings are for convenience only and do not affect interpretation; and
- unless the context indicates otherwise:

-
- (b) a word or phrase in the singular number includes the plural, a word or phrase in the plural number includes the singular, and a word indicating a gender includes every other gender;
 - (c) if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
 - (d) a reference to:
 - (i) a clause or schedule is a reference to a clause or schedule of this Agreement;
 - (ii) a party includes that party's executors, administrators, successors and permitted assigns, including persons taking by way of novation;
 - (iii) a document in writing includes a document produced by means of typewriting, printing, lithography, photography and other modes of representing or reproducing words in a visible form, recorded by any electronic, magnetic, photographic or other medium by which information may be stored or reproduced;
 - (iv) a document (including this Agreement) includes a reference to all schedules, exhibits, attachments and annexures to it, and is to that document as varied, novated, ratified or replaced from time to time;
 - (v) legislation or to a provision of legislation includes any consolidation, amendment, re-enactment, substitute or replacement of or for it, and refers also to any regulation or statutory instrument issued or delegated legislation made under it;
 - (vi) a person includes an individual, the estate of an individual, a corporation, an authority, an unincorporated body, an association or joint venture (whether incorporated or unincorporated), a partnership and a trust;
 - (e) a reference to a day is to a period of time commencing at midnight and ending twenty four (24) hours later;
 - (f) a reference to a Chapter, Part, Division or section is a reference to a Chapter, Part, Division or section of the Corporations Act;
 - (g) the word **"includes"** in any form is not a word of limitation;
 - (h) the word **"applicable"** when used of a law is used to refer to any relevant law (including any subordinate or delegated legislation or statutory instrument of any kind) of a jurisdiction in or out of Australia, and also to any relevant judgment, order, policy, guideline, official directive or request (even if it does not have the force of law) of any Government Agency within or outside Australia;
 - (i) a reference to **"information"** is to information of any kind in any form or medium, whether formal or informal, written or unwritten, for example, computer software or programmes, concepts, data, drawings, ideas, knowledge, procedures, source codes or object codes, technology or trade secrets;
-

- (j) the words “**associate**”, “**controller**”, “**entity**”, “**officer**”, “**related body corporate**”, “**relevant interest**” and “**subsidiary**” have the same meaning as in section 9 of the Corporations Act, and “**control**” has the same meaning as in section 50AA of the Corporations Act;
- (k) time is a reference to time in Perth, Western Australia;
- (l) a reference to “\$” or “**dollar**” is to Australian currency;
- (m) a contravention of or a breach of any of the representations and warranties includes any of the representations and warranties not being complete, true and correct;
- (n) each representation and warranty is a separate representation and warranty, and its meaning is not affected by any other representation or warranty;
- (o) a period of time dates from a given day or the day of an act or event, it is to be calculated exclusive of that day; and
- (p) when a day on or by which anything to be done is not a Business Day, that thing may be done on or by the next Business Day.

2. Conditions

2.1 Obligations to complete Share Scheme not binding until Conditions satisfied

Subject to this clause 2, the Share Scheme will not become Effective unless each of the Conditions in clause 2.2 are satisfied or waived to the extent and in the manner set out in this clause 2.

2.2 Conditions to the Share Scheme

The Conditions to the Share Scheme are:

	Condition	Party entitled to benefit
(a)	(Board recommendation) between the date of this Agreement and the date on which the Share Scheme is approved by Westgold Shareholders, the Non-conflicted Directors do not change or withdraw their recommendation to Westgold Shareholders to vote in favour of the Share Scheme and all resolutions (if any) incidental to the Share Scheme;	Metals X
(b)	(orders convening the Scheme Meeting) the Court orders the convening of the Scheme Meeting;	Both

	Condition	Party entitled to benefit
(c)	(Independent Expert's Report) the Independent Expert's Report concludes that the Share Scheme is in the best interests of Westgold Shareholders and, upon consideration of all available relevant information from time to time, the Independent Expert does not change that conclusion or withdraw its report prior to 8am on the Second Court Date;	Westgold
(d)	(Westgold Shareholder approval) a resolution in favour of the Share Scheme is passed by the required majorities of Westgold Shareholders under section 411(4)(a)(ii) of the Corporations Act is obtained;	Both
(e)	(Court approval of the Share Scheme) the Court makes orders under section 411(4)(b) of the Corporations Act approving the Share Scheme;	Both
(f)	(orders lodged with ASIC) an office copy of the Court orders approving the Share Scheme is lodged with ASIC under section 411(10) of the Corporations Act;	Both
(g)	(orders and injunctions) no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of Implementation is in effect at 8.00am on the Second Court Date;	Both
(h)	(Regulatory Approvals) the Regulatory Approvals are obtained prior to 8.00am on the Second Court Date;	Both
(i)	(no Material Adverse Change) from the date of this Agreement until 8.00am on the Second Court Date, no Material Adverse Change occurs, is announced or otherwise is disclosed or becomes public;	Both
(j)	(Westgold representations and warranties) the representations and warranties of Westgold set out in clauses 11.1 and 11.2 being true and correct as at the date of this Agreement and as at 8.00am on the Second Court Date;	Metals X
(k)	(no Westgold Prescribed Event) from the date of this Agreement until 8.00am on the Second Court Date, no Westgold Prescribed Event occurs;	Metals X

	Condition	Party entitled to benefit
(l)	(no Metals X Prescribed Event) from the date of this Agreement until 8.00am on the Second Court Date, no Metals X Prescribed Event occurs;	Westgold
(m)	(Metals X representations and warranties) the representations and warranties of Metals X set out in clauses 11.1 and 11.3 being true and correct as of the date of this Agreement and as at 8.00am on the Second Court Date;	Westgold
(n)	(Third Party Consents) all Third Party Consents are granted or obtained in respect of Implementation and those consents, agreements, waivers, licences or approvals are not withdrawn, cancelled or revoked;	Both
(o)	(termination of Agreement) this Agreement has not been terminated before 8.00am on the Second Court Date;	Both
(p)	(ASX quotation of the shares) the New Metals X Shares to be issued as the Scheme Consideration pursuant to the terms of the Share Scheme are approved for official quotation by ASX (conditional only on the issue of those shares and on Metals X providing ASX with a completed Appendix 3B as required by the Listing Rules) prior to 5.00pm on the day before the Second Court Date;	Both
(q)	(no prohibitive action) no Government Agency or judicial entity or authority taking any action or making any order or decree which action, order or decree restrains or prohibits the Implementation of the Share Scheme or any transaction contemplated by this Agreement;	Both
(r)	(Westgold Performance Rights) before 8.00am on the Second Court Date, binding agreements have been entered into for all outstanding Westgold Performance Rights in accordance with clause 5.2 or otherwise dealt with to Metals X's satisfaction, acting reasonably;	Metals X

	Condition	Party entitled to benefit
(s)	(FIRB approval) if required, the Treasurer of the Commonwealth of Australia has either: (i) provided written notice which is unconditional or subject only to conditions reasonably acceptable to both Westgold and Metals X that there is no objection under the <i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth) or Australian foreign investment policy to the Scheme; or (ii) become precluded from exercising any power to make an order under the <i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth) in relation to the Scheme.	Both

2.3 Obligations to complete Option Scheme not binding until Conditions satisfied

Subject to this clause 2, the Option Scheme will not become Effective unless each of the Conditions in clause 2.4 are satisfied or waived to the extent and in the manner set out in this clause 2.

2.4 Conditions to the Option Scheme

The Conditions to the Option Scheme are:

	Condition	Party entitled to benefit
(a)	(Board recommendation) between the date of this Agreement and the date on which the Option Scheme is approved by Scheme Optionholders, the Non-conflicted Directors do not change or withdraw their recommendation to Scheme Optionholders to vote in favour of the Option Scheme and all resolutions (if any) incidental to the Option Scheme;	Metals X
(b)	(orders convening the Option Scheme Meeting) the Court orders the convening of the Option Scheme Meeting;	Both
(c)	(Independent Expert's Report) the Independent Expert's Report concludes that the Option Scheme is in the best interests of Scheme Optionholders and, upon consideration of all available relevant information from time to time, the Independent Expert does not change that conclusion or withdraw its report prior to 8.00am on the Second Court Date;	Westgold

	Condition	Party entitled to benefit
(d)	(Scheme Optionholder approval) a resolution in favour of the Option Scheme is passed by the required majorities of Scheme Optionholders under section 411(4)(a)(ii) of the Corporations Act is obtained;	Both
(e)	(Court approval of the Option Scheme) the Court makes orders under section 411(4)(b) of the Corporations Act approving the Option Scheme;	Both
(f)	(orders lodged with ASIC) an office copy of the Court orders approving the Option Scheme is lodged with ASIC under section 411(10) of the Corporations Act;	Both
(g)	(Listing Rule waiver) ASX granting a waiver from Listing Rule 6.23 in relation to the Option Scheme or Scheme Optionholders giving any necessary approvals under Listing Rule 6.23 in relation to the Option Scheme.	Both
(h)	(Share Scheme) the Share Scheme becoming Effective.	Both

2.5 Waiver of a Condition

- (a) **(If only one party benefiting, that party only may waive)** If a Condition has been included for the benefit of one party only (as specified in relation to a Condition in the third column of the table in clause 2.2), only that party may, in its sole and absolute discretion, waive the breach or non fulfilment of the Condition.
- (b) **(If both parties benefiting, both must waive)** If a Condition has been included for the benefit of both parties (as specified in relation to a Condition in the third column of the table in clause 2.2), the breach or non fulfilment of the Condition may be waived only by the consent of both parties.
- (c) **(Conditional waiver)** If a waiver by a party of a Condition is itself made subject to a condition and the other party accepts that condition, the terms of that condition apply accordingly. If the other party does not accept a conditional waiver of a Condition, that Condition has not been waived.
- (d) **(Waiver precludes litigation)** If a party waives the breach or non fulfilment of a Condition, that waiver precludes the party from suing another party for any breach of this Agreement that resulted in the breach or non fulfilment of the Condition.
- (e) **(Waiver restricted)** Unless specified in the waiver, a waiver of the breach or non-fulfilment of any Condition will not constitute:
 - (i) a waiver of breach or non-fulfilment of any other Condition resulting from events or circumstances giving rise to the breach or non-fulfilment of the first Condition; or

- (ii) a waiver of breach or non-fulfilment of that Condition resulting from any other event or circumstance.

- (f) **(Waiver in writing)** Any waiver must be in writing.

2.6 Fulfilment of each Condition

Each party must:

- (a) **(procure satisfaction of Condition)** use its reasonable endeavours to procure that each Condition is satisfied as soon as practicable after the date of this Agreement, including providing all reasonable assistance to the other party as is necessary to satisfy each Condition; this obligation does not require any party to pay any money (other than nominal amounts) to or for a person from whom a Third Party Consent is sought to secure fulfilment of the Condition in clause 2.2(n);
- (b) **(not prevent satisfaction of Condition)** not take any action (except as required by law including, for the avoidance of doubt, an action taken to avoid a potential breach of directors' fiduciary duties or statutory obligations) which is designed or is likely to prevent the Conditions being satisfied, without the prior consent of the other party; and
- (c) **(promptly notify)** promptly notify the other party of the fulfilment or waiver of a Condition and must keep the other party informed of any material developments of which it becomes aware in relation to a Condition.

2.7 When a Condition is fulfilled

Each Condition is deemed to be fulfilled on the Relevant Date unless the party for whose benefit the Condition has been included (or, in the case of a Condition included for the benefit of all those parties, either party) gives notice to the other party on or before the Relevant Date of the non-fulfilment of the Condition.

2.8 If a Condition is not fulfilled or waived

If a Condition to the Share Scheme has not been fulfilled or waived by the Relevant Date, or the Effective Date has not occurred or is incapable of occurring by the Sunset Date, the parties:

- (a) will consult in good faith to determine whether the Share Scheme or Option Scheme (as applicable) may proceed by way of alternative means or methods; and
- (b) may agree to extend the Relevant Date or the Sunset Date, or both.

2.9 Certificate

Westgold and, if necessary for the Share Scheme to proceed, Metals X must provide the Court at the hearing on the Second Court Date with a certificate confirming that all of the Conditions (other than clauses 2.2(e) and (f)) have been satisfied or waived in accordance with the terms of this Agreement.

3. Schemes

3.1 Share Scheme

Westgold agrees to propose the Share Scheme upon and subject to the terms of this Agreement, under which, subject to the Share Scheme becoming Effective:

- (a) all of the Scheme Shares held by the Scheme Shareholders will be transferred to Metals X; and
- (b) Scheme Shareholders will be entitled to receive the Share Scheme Consideration for each Scheme Share held on the Record Date.

3.2 Share Scheme Consideration

- (a) The Scheme Consideration is 11 New Metals X Shares for every 10 Scheme Shares.
- (b) Subject to clauses 3.2(d), 3.4 and 3.5, Metals X undertakes and warrants to Westgold that in consideration for the transfer to Metals X of each Scheme Share held by a Scheme Shareholder under the terms of the Share Scheme, on the Implementation Date Metals X will provide to each Scheme Shareholder the Share Scheme Consideration in accordance with the terms of this Agreement and the Share Scheme.
- (c) Subject to clause 3.2(e), the parties will procure that each Scheme Shareholder receives 11 New Metals X Shares for every 10 Scheme Shares held as at 5.00pm on the Record Date in accordance with the terms of this Agreement.
- (d) The parties will procure that the New Metals X Shares to be issued as Share Scheme Consideration will be validly issued, fully paid, and rank equally with Metals X's other issued fully paid ordinary shares from their date of issue and that application will be made to ASX for quotation of the New Metals X Shares.
- (e) Any fractional entitlement of a Scheme Shareholder to New Metals X Shares will be rounded up or down to the nearest whole number with fractions of 0.5 rounded up to the nearest whole number of New Metals X Shares.

3.3 No amendments to Share Scheme without consent

Westgold must not consent to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of, the Share Scheme without the prior consent of Metals X, such consent not to be unreasonably withheld.

3.4 Ineligible Foreign Holders

Where a Scheme Shareholder is an Ineligible Foreign Holder, the number of New Metals X Shares to which the Scheme Shareholder would otherwise be entitled, will be allotted to a nominee approved by Metals X, Westgold and (if necessary) ASIC, who will sell those New Metals X Shares as soon as practicable (at the risk of that Ineligible Foreign Holder) and pay the proceeds received, after deducting any applicable brokerage, stamp duty and other taxes and charges, and selling costs, to that Ineligible Foreign Holder in full satisfaction of that Ineligible Foreign Holder's rights under this Agreement to Share Scheme Consideration.

3.5 Unmarketable parcels

If the New Metals X Shares which would be issued as Share Scheme Consideration to any particular Scheme Shareholder would not constitute a marketable parcel within the meaning of the Listing Rules (calculated having regard to the closing price of Metals X Shares on the ASX on the Record Date), then, in respect of the number of New Metals X Shares to which the Scheme Shareholder would otherwise be entitled, the Scheme Shareholder will be given the option to have those New Metals X Shares allotted to a nominee approved by Westgold who will sell those New Metals X Shares as soon as practicable (at the risk of the Scheme Shareholder) and pay the proceeds received, after deducting any applicable brokerage, stamp duty and other taxes and charges, to that Scheme Shareholder in full satisfaction of that Scheme Shareholder's rights under this Agreement to Share Scheme Consideration.

3.6 Option Scheme

- (a) Westgold must propose a creditors' scheme of arrangement, to be conducted concurrently with the Scheme, between itself and each Scheme Optionholder under which all outstanding Scheme Options will be cancelled and each Scheme Optionholder will be entitled to receive the Option Scheme Consideration.
- (b) Westgold and Metals X agree that their obligations in clauses 6 and 7 (for Westgold) and clauses 6 and 8 (for Metals X) will apply mutatis mutandis to the creditors' scheme of arrangement (proposed in clause 3.6(a) above) as if the reference to the Scheme is to be construed as a reference to the Option Scheme.
- (c) Metals X will execute the Option Scheme Deed Poll in which it undertakes in favour of each Scheme Optionholder that it will, subject to the Scheme and the Option Scheme becoming Effective, pay the Option Scheme Consideration to each Scheme Optionholder.

3.7 Option Scheme Consideration

- (a) The Option Scheme Consideration is 11 Metals X Options for every 10 Scheme Options on the terms set out in Annexure 3.
- (b) Metals X undertakes and warrants to Westgold that in consideration of the cancellation of each Scheme Option held by a Scheme Optionholder under the terms of the Option Scheme, on the Implementation Date Metals X will grant to each Scheme Optionholder the Option Scheme Consideration in accordance with the terms of this Agreement and the Option Scheme.

3.8 No amendment to the Option Scheme without consent

Westgold must not consent to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of, the Option Scheme without the prior written consent of Metals X, such consent not to be unreasonably withheld.

3.9 ASX Waiver

- (a) As soon as reasonably practicable after the date of this Deed, Westgold must use its reasonable endeavours to procure that ASX grants a waiver from Listing Rule 6.23 in respect of the Option Scheme.
- (b) If the waiver referred to in clause 3.9(a):

- (i) is obtained on or before the date the Regulator's Draft is provided to ASIC, but is subject to one or more conditions that are not reasonably satisfactory to Metals X; or
- (ii) is not obtained on or before the date the Regulator's Draft is provided to ASIC,

Westgold agrees to seek any approvals that are required from the Westgold Shareholders under Listing Rule 6.23 in relation to the Option Scheme on the same date on which the meeting of Scheme Optionholders is held.

4. Conduct of business

4.1 Conduct of Westgold's business

From the date of this Agreement up to and including the Implementation Date, Westgold must, and Westgold must ensure that each of its Subsidiaries, conduct the Business in the ordinary course, in substantially the same manner and at the same locations as previously conducted and, to the extent consistent, use reasonable efforts to:

- (a) preserve intact its current business organisation;
- (b) keep available the services of its current officers and employees;
- (c) preserve its relationship with customers, suppliers, licensors, licensees and others having business dealings with it; and
- (d) maintain the Business and its assets and keep its assets in good working order, including maintaining at least its current level of insurance.

4.2 Conduct of Metals X's business

From the date of this Agreement up to and including the Implementation Date, Metals X must, and Metals X must ensure that each of its Subsidiaries, conduct the Business in the ordinary course, in substantially the same manner and at the same locations as previously conducted and, to the extent consistent, use reasonable efforts to:

- (a) preserve intact its current business organisation;
- (b) keep available the services of its current officers and employees;
- (c) preserve its relationship with customers, suppliers, licensors, licensees and others having business dealings with it; and
- (d) maintain the Business and its assets and keep its assets in good working order, including maintaining at least its current level of insurance.

5. Westgold Performance Rights

5.1 Treatment of Westgold Performance Rights

The parties must discuss in good faith and cooperate with each other to ensure that all outstanding Westgold Performance Rights are either cancelled, acquired by Metals X, vest and are converted into Westgold Shares or are otherwise dealt with to

Metals X's satisfaction (which may include the issue of generally equivalent rights in Metal's X), before the Second Court Date.

5.2 Transfer or cancellation of Westgold Performance Rights

- (a) If the parties agree under clause 5.1 that Metals X will pay consideration for the Westgold Performance Rights to be transferred, cancelled, waived or allowed to lapse (**PR Transfer**), Westgold agrees to cooperate with Metals X to facilitate the PR Transfer (including, if required the Westgold Board making any necessary lawful amendment, consent or determination for the purposes of the relevant terms and conditions upon which the Westgold Performance Right was issued).
- (b) If Metals X elects to pay consideration for Westgold Performance Rights to be transferred in accordance with clause 5.2(a), Metals X will offer the Westgold Performance Rights holders consideration or rights which generally accords with the value of the Scheme Consideration, with appropriate adjustment for certain factors, including relevant performance hurdles, performance periods, exercise prices (if any) and the time value of money.
- (c) Westgold (or the Westgold board of directors) shall not after the date of this Agreement exercise any discretion to allow for the exercise of Westgold Performance Rights as a result of, or in contemplation of, the Transaction, without the prior written consent of Metals X.

6. Obligations of both parties in relation to the Share Scheme and the Option Scheme

- (a) Each party must use its reasonable endeavours to give effect to the Share Scheme and the Option Scheme, subject to this Agreement and compliance with their respective obligations, powers and duties under this Agreement, their constituent documents and all applicable law and the proper performance by the directors of Westgold and Metals X of their fiduciary duties and statutory obligations.
- (b) Each party agrees to use its best endeavours to complete its obligations in this Agreement.

7. Westgold obligations

Westgold must:

- (a) (**commission Independent Expert's Reports**) appoint the Independent Expert and commission the preparation of the Independent Expert's Reports and provide all assistance and information reasonably requested by the Independent Expert to enable the preparation or updating of the Independent Expert's Reports;
- (b) (**prepare Scheme Booklet**) prepare a Scheme Booklet in accordance with all applicable law (including the Corporations Act and Corporations Regulations, the Listing Rules and applicable ASIC regulatory guides);
- (c) (**Scheme Booklet to contain statement**) ensure the Scheme Booklet includes a statement that:

-
- (i) subject to the Independent Expert concluding that the Scheme is in the best interests of Westgold Shareholders that:
 - A. the Non-conflicted Directors recommend the approval of the Share Scheme; and
 - B. the Non-conflicted Directors intend to vote or cause the voting of any Shares in which they have a relevant interest in favour of the Share Scheme,in each case in the absence of a Superior Proposal; and
 - (ii) subject to the Independent Expert concluding that the Option Scheme is in the best interests of Scheme Optionholders that:
 - A. the Non-conflicted Directors recommend the approval of the Option Scheme; and
 - B. the Non-conflicted Directors intend to vote or cause the voting of any Options in which they have a relevant interest in favour of the Option Scheme,in each case in the absence of a Superior Proposal.
 - (d) **(apply for ASX and ASIC relief)** use its reasonable endeavours to obtain all waivers, exemptions and modifications from ASX and ASIC as may be required to facilitate Implementation of the Share Scheme, including (if applicable) applying to ASX for a waiver of Listing Rule 6.23 to obtain the approval of Westgold Shareholders for the cancellation of the Westgold Options pursuant to clause 3.9.
 - (e) **(Westgold information)** prepare and provide to Metals X such information as Metals X reasonably requires to prepare the Metals X Information for inclusion in the Scheme Booklet;
 - (f) **(consult with Metals X on form of Scheme Booklet)** consult with Metals X in good faith in relation to the form and content of the Scheme Booklet, including taking into account its reasonable comments and incorporating the Metals X Material, if:
 - (i) after a reasonable period of consultation, the parties are unable to agree on the form or content of the Scheme Booklet, Westgold must make the final determination as to the form and content of the Scheme Booklet; and
 - (ii) Metals X disagrees with the final form and content, Westgold must include a statement to that effect in the Scheme Booklet and, if it relates to the Metals X Material, Westgold must include a statement that Metals X takes no responsibility for the relevant form or content;
 - (g) **(lodge Regulator's Draft)** as soon as practicable after the preparation of an advanced draft of the Scheme Booklet suitable for review by ASIC, lodging a Regulator's Draft with ASIC in accordance with section 411(2) of the Corporations Act;
 - (h) **(prepare Court documents)** prepare all documents necessary for the Court proceedings relating to the Share Scheme and the Option Scheme:
-

-
- (i) in accordance with all applicable law; and
 - (ii) in consultation with Metals X as to the form and content of the Court documents, including making whatever amendments to the documents Metals X reasonably requires;
- (i) **(seek Court order to convene Scheme Meetings)** apply to the Court under section 411(1) of the Corporations Act for an order directing Westgold to convene the Scheme Meetings;
 - (j) **(convene Scheme Meetings)** convene the Scheme Meetings, in accordance with the orders made by the Court under section 411(1) of the Corporations Act;
 - (k) **(register explanatory statement)** take all reasonable measures necessary to cause ASIC to register the explanatory statement relating to the Share Scheme and the Option Scheme in accordance with section 412(6) of the Corporations Act;
 - (l) **(ASIC review)** keep Metals X informed at all times of any matters raised by ASIC in relation to the Scheme Booklet, and use all reasonable endeavours, in co-operation with Metals X, to resolve any such matters;
 - (m) **(dispatch Scheme Booklet)** dispatch a copy of the Scheme Booklet to each Westgold Shareholder and Scheme Optionholder and to all other persons entitled to receive notice of the Scheme Meetings in accordance with the orders made by the Court under section 411(1) of the Corporations Act;
 - (n) **(inform shareholders of relevant post-Scheme Booklet information)** if it becomes aware of any further or new information after the date of dispatch of the Scheme Booklet which is material for disclosure to Westgold Shareholders or Scheme Optionholder in deciding whether to approve the Share Scheme or the Option Scheme, inform shareholders and optionholders of the information in an appropriate and timely manner, provided that Westgold must consult with Metals X and reasonably consider Metals X's views on the form and content of any correspondence with Westgold Shareholders and Scheme Optionholder in relation to such matters;
 - (o) **(section 411(17)(b) statement)** if:
 - (i) a resolution in favour of the Share Scheme is passed by the required majority of Westgold Shareholders under section 411(4)(a)(ii) of the Corporations Act is obtained, apply to ASIC for the production of a statement under section 411(17)(b) of the Corporations Act in relation to the Share Scheme; and
 - (ii) a resolution in favour of the Option Scheme is passed by the required majority of Scheme Optionholders under section 411(4)(a)(ii) of the Corporations Act is obtained, and subject to the condition in clause 2.4(h) being satisfied, apply to ASIC for the production of a statement under section 411(17)(b) of the Corporations Act in relation to the Option Scheme;
 - (p) **(apply for Court approval of Share Scheme)** subject to satisfaction or waiver of all Conditions in clause 2.2, apply to the Court for orders approving the Share Scheme under section 411(4) of the Corporations Act;
-

-
- (q) **(court approval of Option Scheme)** subject to satisfaction of all conditions in clause 2.4, apply to the Court for orders approving the Option Scheme under section 411(4) of the Corporations Act;
- (r) **(Implementation of Share Scheme)** if the Court approves the Share Scheme:
- (i) immediately notify ASX of the Court order approving the Share Scheme;
 - (ii) promptly lodge an office copy of the Court order with ASIC in accordance with section 411(10) of the Corporations Act;
 - (iii) determine who are the Scheme Shareholders and their entitlements to the Scheme Consideration as at 5.00pm on the Record Date in accordance with the Share Scheme;
 - (iv) in accordance with section 672A of the Corporations Act, direct those of the Westgold Shareholders notified to Westgold by Metals X (acting reasonably) in writing to make the disclosures required by section 672B of the Corporations Act and provide the resulting information to Metals X within 5 days of its receipt; and
 - (v) register all transfers of Westgold Shares to Metals X on the Implementation Date;
- (s) **(Implementation of Option Scheme)** if the Court approves the Option Scheme:
- (i) immediately notify ASX of the Court order approving the Option Scheme;
 - (ii) promptly lodge an office copy of the Court order with ASIC in accordance with section 411(10) of the Corporations Act;
 - (iii) determine who are the Scheme Optionholders and their entitlements to the Option Scheme Consideration as at 5.00pm on the Record Date in accordance with the Option Scheme; and
 - (iv) register all transfers of Westgold Options to Metals X on the Implementation Date;
- (t) **(Register information)** give to Metals X (or as it directs) details of the names, registered addresses and holdings of:
- (i) Westgold Shares of every Westgold Shareholder as shown in the Register as at 5.00pm on the Record Date and as at any other time reasonably requested by Metals X;
 - (ii) Westgold Options of every Westgold Optionholder as at any other time reasonably requested by Metals X; and
 - (iii) Westgold Performance Rights of every Westgold Performance Right holder as at any other time reasonably requested by Metals X,
- in such form as Metals X may reasonably require;
-

- (u) **(communications with Westgold Shareholders and Scheme Optionholders)**: participate in, and ensure the Westgold Board participates in, all communications, presentations and other measures reasonably requested by Metals X to promote the merits of the Transaction; and
- (v) **(post Implementation board)**: on the Effective Date, Westgold will use its best endeavours to ensure that all directors of Westgold resign save only for (unless otherwise determined by Metals X) Scott Huffadine, Peter Cook and Warren Hallam.

8. Metals X obligations

Metals X must:

- (a) **(assist preparation of Independent Expert's Reports)** as expeditiously as practicable, provide all assistance and information reasonably requested by the Independent Expert in connection with the preparation or updating of the Independent Expert's Reports;
- (b) **(supply information for Scheme Booklet)** as expeditiously as practicable, supply to Westgold for inclusion in the Scheme Booklet such information regarding Metals X which is reasonably required under all applicable law, including all relevant ASIC regulatory guides, to be included in the Scheme Booklet;
- (c) **(supply any further information required)** as expeditiously as practicable, supply to Westgold any further information reasonably required by Westgold before the Meeting Date to ensure that the Metals X Material is not misleading or deceptive and contains no material omissions and to enable Westgold to inform Westgold Shareholders and Scheme Optionholders of any further or new information after the date of dispatch of the Scheme Booklet, which is material for disclosure to Westgold Shareholders or Scheme Optionholders in deciding whether to approve the Share Scheme or the Option Scheme;
- (d) **(verify Metals X Material)**: subject to clause 7(f), verify to Westgold the accuracy of the Metals X Material in the Scheme Booklet and consent to the inclusion of that information in the form and context in which it appears;
- (e) **(Deed polls)** before the First Court Date, enter into the Share Scheme Deed Poll and the Option Scheme Deed Poll;
- (f) **(representation)** ensure that, if requested by Westgold, Metals X is represented at Court hearings convened for the purpose of section 411(4)(b) of the Corporations Act, and, through counsel, undertakes, if requested by the Court, to do all things and take all steps within its power necessary to fulfil its obligations under this Agreement;
- (g) **(not act inconsistently)** not act in a manner inconsistent with obtaining Court approval for the Share Scheme or the Option Scheme;
- (h) **(maintain ASX listing)** take all reasonable and appropriate steps to maintain Metals X's listing on ASX, notwithstanding any suspension of the quotation of Metals X Shares, up to and including the Effective Date; and
- (i) **(communications with Westgold Shareholders and Scheme Optionholders)**: participate in, and ensure the appropriate members of Metals X senior management participate in, all communications, presentations

and other measures reasonably requested by Westgold to promote the merits of the Transaction.

9. Announcement

9.1 Announcement of Scheme

Immediately after the execution of this Agreement, Westgold and Metals X must issue either a joint or separate public announcements in agreed terms, including a statement by the Non-conflicted Directors of Westgold that, subject to the Independent Expert concluding that the Scheme is in the best interests of Westgold Shareholders, they intend to recommend that Westgold Shareholders vote in favour of the Scheme subject to no Superior Proposal being made for all Westgold Shares.

9.2 No Announcement

Neither party may make an Announcement relating to the subject matter of this Agreement or its termination or make public this Agreement (or any of its terms) unless the Announcement or publication:

- (a) is required by clause 9.1 or any other provision of this Agreement;
- (b) has the prior approval of the other party, such approval not to be unreasonably withheld; or
- (c) is required to be made by any applicable law.

9.3 Notice of Announcement

If a party is required to make an Announcement under clause 9.2(c), it must, to the extent practicable without that party breaching any applicable law, give to the other party:

- (a) such notice as is reasonable in the circumstances of its intention to make the Announcement; and
- (b) a draft of the Announcement and an opportunity, which is reasonable in the circumstances, to comment on the contents of the draft Announcement.

10. Termination

10.1 When a party may terminate

Without limiting clause 2, this Agreement may be terminated:

- (a) **(before Relevant Date if Condition cannot be satisfied)** by either party, if, before the Relevant Date, a Condition solely or jointly for its benefit cannot be satisfied and is not waived by the time required in this Agreement for it to be satisfied or waived;
- (b) **(after Relevant Date if Condition has not been satisfied)** by either party, if, after the Relevant Date applicable to a Condition solely or jointly for its benefit, that Condition has not been satisfied or waived at that time;
- (c) **(after Sunset Date)** subject to clause 2.8, by either party, if the Effective Date has not occurred by the Sunset Date;

- (d) **(termination for breach)** before the Second Court Date:
 - (i) by Metals X – if Westgold is in breach of this Agreement (including a breach of a representation or warranty under clause 11) and that breach is material and is not remedied by Westgold within 5 Business Days (or such shorter period ending on the Second Court Date) of Westgold receiving notice from Metals X of the details of the breach and its intention to terminate; and
 - (ii) by Westgold – if Metals X is in breach of this Agreement (including a representation or warranty under clause 11) and that breach is material and is not remedied by Metals X within 5 Business Days (or such shorter period ending on the Second Court Date) of Metals X receiving notice from Westgold of the details of the breach and its intention to terminate,

by giving notice in writing to the other party.

10.2 Obligations on termination

- (a) If a party terminates this Agreement, all obligations of the parties under this Agreement, other than under this clause 10, clause 9 (**Announcement**), clause 11 (**Representations and Warranties**), clause 12 (**Indemnities**), clause 13 (**Release**), clause 14 (**GST**), clause 15 (**Notices**), clause 16 (**Amendment and Assignment**) and clause 17 (**General**), immediately cease to be of further force or effect.
- (b) The termination of this Agreement does not affect any Claim arising before this Agreement is terminated, that a party may have against another party.

11. Representation and warranties

11.1 Mutual representations and warranties

Each party represents and warrants to the other party that:

- (a) **(status)** it is a company limited by shares and is validly existing under the Corporations Act;
- (b) **(power)** it has full legal capacity and power to:
 - (i) own its property and to carry on its business; and
 - (ii) enter into this Agreement and to carry out the transactions that this Agreement contemplates;
- (c) **(corporate authority)** it has taken all corporate action that is necessary or desirable to authorise its entry into this Agreement and its carrying out the transactions that this Agreement contemplates;
- (d) **(Authorisations)** subject to obtaining those Authorisations contemplated under clauses 2.2(e), 2.2(h) and 2.2(p), it holds each Authorisation that is necessary or desirable to:
 - (i) enable it to execute this Agreement properly and to carry out the transactions that this Agreement contemplates;

-
- (ii) ensure that this Agreement is legal, valid, binding and admissible in evidence; and
 - (iii) enable it to carry on its business properly,
- and it is complying in all material respects with any conditions to which any Authorisation is subject;
- (e) **(Agreement effective)** this Agreement constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms;
 - (f) **(no contravention)** neither its execution of this Agreement nor the carrying out by it of the transactions that this Agreement contemplates, does or will contravene:
 - (i) any law to which it or any of its property is subject or any order of any Government Agency that is binding on it or any of its property;
 - (ii) any material Authorisation;
 - (iii) any undertaking or instrument binding on it or any of its property; or
 - (iv) its constitution;
 - (g) **(no litigation)** no litigation, arbitration, mediation, conciliation or administrative proceedings are taking place, pending or to its knowledge, threatened which, if adversely decided, could have a material adverse effect on it;
 - (h) **(no Insolvency Event)** it is not affected by an Insolvency Event; and
 - (i) **(not representative)** it is not entering into this Agreement in a representative capacity.

11.2 Westgold representations and warranties

Westgold represents and warrants to Metals X that:

- (a) **(exchanged information not false or misleading)** the information relating to the Business, assets, liabilities, operations, profits and losses, financial position and performance and prospects of Westgold, provided by Westgold to Metals X prior to the date of this Agreement in connection with this Transaction, is true and accurate in all material respects as at the date at which it was provided to Metals X, and Westgold has not knowingly or recklessly:
 - (i) omitted to disclose information to Metals X, the disclosure of which might reasonably be expected to have resulted in Metals X not entering into this Agreement, or entering into it on materially different terms;
 - (ii) omitted anything such as to make any part of the information provided to Metals X materially false or misleading;
 - (iii) included anything materially false or misleading; or
 - (iv) denied access to requested information with the intention of misleading Metals X;
-

- (b) **(Scheme Booklet not false or misleading)** as at the date of dispatch of the Scheme Booklet, the Scheme Booklet (other than the Metals X Material) will not contain any material statement which is false or misleading (including because of any material omission);
- (c) **(complied with applicable law)** Westgold has complied with all applicable laws, to the extent that any instance of non-compliance, individually or in aggregate, could not reasonably be expected to be a Material Adverse Change in relation to Westgold;
- (d) **(continuous disclosure)** Westgold has complied in all material respects with the continuous disclosure obligations under the Listing Rules and is not withholding any information pursuant to an exception in Listing Rule 3.1A (save in respect of the Share Scheme and the Option Scheme);
- (e) **(no other approvals necessary)** it is not aware of any consents, approvals or other acts by a Government Agency that are necessary to effect Implementation;
- (f) **(no default)** Westgold is not in default under any document or agreement binding on it or its assets and nothing has occurred which is, or would, with the giving of notice or lapse of time or both, constitute, an event of default, prepayment event or similar event under any such document or agreement, which individually or in aggregate could reasonably be expected to be a Material Adverse Change in relation to Westgold;
- (g) **(termination events)** Westgold is not a party to a material contract under which any of the other parties may take a step unfavourable to Westgold (such as to terminate or suspend the agreement or arrangement or to require a payment or the adoption of less favourable terms) because of any change in the control of Westgold, any transaction contemplated by this Agreement or compliance with any provision of this Agreement;
- (h) **(Third Party Consents)** so far as the Westgold Board is aware, having made all reasonable enquiry, no Third Party Consents are required in order to implement the Share Scheme; and
- (i) **(Schedule 1 accurately details Westgold capital)** Schedule 1 accurately records the total number and details of Westgold Shares, Westgold Options and Westgold Performance Rights.

11.3 Metals X representations and warranties

Metals X represents and warrants to Westgold that:

- (a) **(exchanged information not false or misleading)** the information relating to the business, assets, liabilities, operations, profits and losses, financial position and performance and prospects of Metals X, provided by Metals X to Westgold prior to the date of this Agreement in connection with this Transaction, is true and accurate in all material respects as at the date at which it was provided to Westgold, and Metals X has not knowingly or recklessly:
 - (i) omitted to disclose information to Westgold, the disclosure of which might reasonably be expected to have resulted in Westgold not entering into this Agreement, or entering into it on materially different terms;

-
- (ii) omitted anything such as to make any part of the information provided to Westgold materially false or misleading;
 - (iii) included anything materially false or misleading; or
 - (iv) denied access to requested information with the intention of misleading Westgold;
- (b) **(Metals X Material not false or misleading)** the Metals X Material as at the date of dispatch of the Scheme Booklet will not contain any material statement which is false or misleading (including because of any material omission);
 - (c) **(complied with applicable law)** Metals X has complied with all applicable laws to the extent that any instance of non-compliance individually or in aggregate, could not reasonably be expected to be a Metals X Material Adverse Change in relation to Metals X;
 - (d) **(continuous disclosure)** Metals X has complied in all material respects with the continuous disclosure obligations under the Listing Rules and is not withholding any information pursuant to an exception in Listing Rule 3.1A (save in respect of the Share Scheme and the Option Scheme);
 - (e) **(no other approvals necessary)** it is not aware of any consents, approvals or other acts by a Government Agency that are necessary to effect Implementation;
 - (f) **(no default)** Metals X is not in default under any document or agreement binding on it or its assets and nothing has occurred which is or would, with the giving of notice or lapse of time or both, constitute an event of default, prepayment event or similar event under any such document or agreement, which individually or in aggregate could reasonably be expected to be a Material Adverse Change in relation to Metals X;
 - (g) **(termination events)** Metals X is not a party to a material contract under which any of the other parties may take a step unfavourable to Metals X (such as to terminate or suspend the agreement or arrangement or to require a payment or the adoption of less favourable terms) because of any change in the control of Metals X, any transaction contemplated by this Agreement or compliance with any provision of this Agreement;
 - (h) **(Third Party Consents)** so far as the Metals X Board is aware, having made all reasonable enquiry, no Third Party Consents are required in order to implement the Share Scheme; and
 - (i) **(Schedule 2 accurately details Metals X capital)** Schedule 2 accurately records the total number and details of Metals X Shares and Metals X Options.

11.4 No representations made on economic or future matters

Neither Westgold nor Metals X makes any representation or warranty in relation to the achievability of:

- (a) any economic, fiscal or other interpretations or evaluations by Westgold or Metals X; or
-

- (b) future matters, including future or forecast costs, prices, revenues or profits.

11.5 Reliance on representations and warranties

Each party acknowledges that the other party has executed this Agreement and agreed to take part in the transactions that this Agreement contemplates in reliance on the representations and warranties that are made in clauses 11.1, 11.2 and 11.3.

11.6 When warranties are given

Each representation and warranty given or made under clauses 11.1, 11.2 and 11.3 is given:

- (a) as at the date of this Agreement; and
- (b) as at 8.00am on the Second Court Date; and
- (c) at any other date at which the representation or warranty is expressed to be given.

12. Indemnities

12.1 Indemnity by Westgold

Westgold indemnifies Metals X, its directors, officers and employees against any Loss or Claim arising from or in connection with a breach of the representations and warranties given by Westgold in clauses 11.1 and 11.2.

12.2 Indemnity by Metals X

Metals X indemnifies Westgold, its directors, officers and employees against any Loss or Claim arising from or in connection with a breach of the representations and warranties given by Metals X in clause 11.1 and 11.3.

12.3 Survival

Each representation, warranty and indemnity in clause 11 and this clause 12:

- (a) is severable; and
- (b) will survive termination of this Agreement.

13. Release

- (a) **(Officers not liable)** Subject to section 199A of the Corporations Act and clause 13(b), no officer or employee of a party is liable for anything done or purported to be done in connection with implementation of this Agreement, the Share Scheme and the Option Scheme or any one of them.
- (b) **(Except wilful misconduct)** Clause 13(a) does not exclude an officer or employee from any liability which may arise from wilful misconduct or a grossly negligent act or omission on the part of the person.
- (c) **(Benefit held for officers and employees)** Each party receives and holds the benefit of this release, to the extent that it relates to its officers and employees as agent for them.

14. GST

14.1 GST interpretation

In this Agreement:

- (a) any reference in this clause 14 to a term defined or used in the GST Law is, unless the context indicates otherwise, a reference to that term as defined or used in that Act;
- (b) if a person is a member of a GST group, references to GST for which the person is liable and to input tax credits to which the person is entitled include GST for which the representative member of the GST group is liable and input tax credits to which the representative member is entitled; and
- (c) references to GST extend to any notional liability of any person for GST and to any amount which is treated as GST under the GST Law, and references to an input tax credit extend to any notional input tax credit to which any person is entitled.

14.2 GST payable in addition to consideration for taxable supplies

A recipient of a taxable supply made under or in connection with this Agreement must:

- (a) pay to the supplier, in addition to the consideration for the taxable supply, an amount equal to any GST paid or payable by the supplier in respect of the taxable supply, without deduction or set-off of any other amount; and
- (b) make the payment either when the consideration for the taxable supply is payable, or upon demand.

14.3 Tax invoice

The supplier must issue a tax invoice to the recipient for any supply for which the supplier may recover GST from the recipient under or in connection with this Agreement.

14.4 Consideration exclusive of GST

Any consideration or payment obligation in this Agreement is exclusive of GST unless stated otherwise.

15. Notices

Each communication (including each notice, consent, approval, request and demand) under or in connection with this Agreement:

- (a) must be in writing;
 - (b) must be addressed to the address notified by the recipient to the other party from time to time. As at the date of this Agreement, the parties' respective addresses are the addresses as set out at page 1 of this Agreement;
 - (c) must be signed by the party making it or (on that party's behalf) by the solicitor for or any attorney, director, secretary or authorised agent of that party;
-

- (d) must be delivered by hand or posted by prepaid post to the address, or sent by fax to the number, of the addressee in accordance with clause (c); and
- (e) is taken to be received by the addressee:
 - (i) (in the case of prepaid post sent to an address in the same country) on the third day after the date of posting;
 - (ii) (in the case of prepaid post sent to an address in another country) on the fifth day after the date of posting;
 - (iii) (in the case of facsimile) at the time in the place to which it is sent equivalent to the time shown on the transmission confirmation report produced by the facsimile machine from which it was sent or other verification from the time of sending; and
 - (iv) (in the case of delivery by hand) on delivery,

but if the communication would, on the application of clauses (i) to (iv), be taken to be received on a day that is not a Business Day or after 5.00pm on a Business Day, it is taken to be received at 9.00am on the next Business Day.

16. Amendment and assignment

16.1 Amendment

This Agreement can only be amended, supplemented, replaced or novated by another document signed by the parties.

16.2 Assignment

A party cannot:

- (a) assign, novate or otherwise deal with any of its rights or obligations under this Agreement; or
- (b) dispose of, declare a trust over or otherwise create an interest in its rights under this Agreement,

without the prior written consent of the other party.

17. General

17.1 Governing law

This Agreement is governed by and must be construed according to the law applying in Western Australia.

17.2 Jurisdiction

Each party irrevocably:

- (a) submits to the non-exclusive jurisdiction of the courts of Western Australia, and any courts competent to determine appeals from any of those courts, with respect to any proceedings that may be brought at any time relating to or in connection with this Agreement; and

- (b) waives any objection that it may now or in the future have to the venue of any proceedings, and any claim that it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within clause 17.2(a).

17.3 Liability for expenses

- (a) Metals X must pay for all stamp duty payable on this Agreement or any instrument or transaction contemplated in or necessary to give effect to this Agreement.
- (b) Each party must pay its own expenses incurred in negotiating, preparing, executing and performing this Agreement and the proposed, attempted or actual implementation of this Agreement, the Share Scheme, the Option Scheme, the Scheme Booklet and this Agreement.

17.4 Further acts and documents

Each party must promptly do all further acts and execute and deliver all further documents (in form and content reasonably satisfactory to that party) required by law or reasonably requested by the other party to give full effect to this Agreement and the transactions contemplated by this Agreement.

17.5 Continuing obligations

Any provision of this Agreement remaining to be performed or observed by the parties or having effect after the termination, completion or expiration of this Agreement remains in full force and effect and is binding on the parties and their personal representatives.

17.6 Waiver of rights

- (a) Failure to exercise or enforce, or a delay in exercising or enforcing, or the partial exercise or enforcement, of a right provided by law or under this Agreement by a party does not preclude, or operate as a waiver of, the exercise or enforcement, or further exercise or enforcement, of that or any other right provided by law or under this Agreement.
- (b) A waiver or consent given by a party under this Agreement is only effective and binding on that party if it is given or confirmed in writing by that party.
- (c) No waiver of a breach of a term of this Agreement operates as a waiver of another breach of that term or of a breach of any other term of this Agreement.

17.7 No partnership or agency

Nothing in this Agreement is to be treated as creating a partnership and, except as specifically provided in this Agreement, no party may act as agent of or in any way bind another party to any obligation.

17.8 Indemnities

- (a) Each indemnity in this Agreement is a continuing obligation, separate and independent from the other obligations of the parties, and survives termination, completion or expiration of this Agreement.

- (b) It is not necessary for a party to incur expense or to make any payment before enforcing a right of indemnity conferred by this Agreement.
- (c) A party must pay on demand any amount it must pay under an indemnity in this Agreement.

17.9 Consents

Where this Agreement contemplates that a party may agree or consent to something (however it is described), the party may:

- (a) agree or consent, or not agree or consent, in its sole and absolute discretion; and
- (b) agree or consent subject to conditions,

unless this Agreement expressly contemplates otherwise.

17.10 Severance and enforceability

Any provision, or the application of any provision, of this Agreement that is void, illegal or unenforceable in any jurisdiction does not affect the validity, legality or enforceability of that provision in any other jurisdiction or of the remaining provisions of this Agreement in that or any other jurisdiction.

17.11 No merger

The rights and obligations of the parties under this Agreement do not merge on completion of any transaction under this Agreement, and survive the execution and delivery of any assignment or other document entered into for the purpose of implementing any transaction under this Agreement.

17.12 Entire agreement

To the extent permitted by law, in relation to its subject matter this Agreement:

- (a) embodies the entire understanding of the parties, and constitutes the entire terms agreed by the parties; and
- (b) supersedes any prior written or other agreement of the parties.

17.13 Counterparts

This Agreement may be executed in any number of counterparts and by the parties on separate counterparts, including by facsimile. Each counterpart constitutes an original of this Agreement and all together constitute one agreement.

17.14 Attorneys

Each person who executes this Agreement on behalf of a party under a power of attorney declares that he or she is not aware of any fact or circumstance that might affect his or her authority to do so under that power of attorney.

Schedule 1 – Westgold's capital

1. Shares

Westgold has 417,178,651 fully paid ordinary shares on issue.

2. Options

Westgold has on issue the following options to subscribe for fully paid shares:

Tranche	Expiry Date	Exercise Price	Balance
1.	8 November 2012	\$0.45	250,000
2.	25 March 2015	\$0.48	650,000
3.	30 November 2012	\$0.21	2,500,000
4.	7 January 2013	\$0.20	1,000,000
5.	30 November 2013	\$0.21	500,000
6.	31 December 2013	\$0.20	17,500,000
7.	11 January 2014	\$0.32	1,025,000
8.	24 August 2014	\$0.22	400,000
9.	4 July 2014	\$0.29	1,825,000
10.	15 August 2014	\$0.29	3,000,000
11.	1 November 2014	\$0.23	1,000,000
		Total	29,650,000

3. Performance Rights

Westgold has on issue the following performance each having the conditional right to subscribe for one fully paid share:

Tranche	Grant Date	Performance Hurdles	Expiry Date	Balance
1.	2 November 2011	Various	2 November 2014	300,000
2.	15 August 2011	Various	15 August 2014	2,000,000
			Total	2,300,000

Schedule 2 – Metals X's capital

1. Shares

Metals X has 1,316,663,257 fully paid ordinary shares on issue.

2. Options

Metals X has on issue the following options to subscribe for fully paid shares:

Tranche	Expiry Date	Exercise Price	Balance
1.	31 July 2012	\$0.45	1,000,000
2.	30 November 2013	\$0.13	2,800,000
3.	30 November 2012	\$0.14	2,500,000
4.	30 November 2013	\$0.32	1,000,000
5.	30 November 2014	\$0.30	4,850,000
		Total	12,150,000

Executed by the parties as an agreement.

Executed by
Metals X Limited
ACN 110 150 055
pursuant to Section 127
of the Corporations Act

}

WARREN HALLAM

.....
Director

FIONA VAN MAANEN

.....
Director/Secretary

Executed by
Westgold Resources Limited
ACN 009 260 306
pursuant to Section 127
of the Corporations Act

}

MICHAEL ATKINS

.....
Director

SCOTT HUFFADINE

.....
Director/Secretary

Annexure 1 – Share Scheme of Arrangement

See Annexure C of this Scheme Booklet

Annexure 2 – Share Scheme Deed Poll

See Annexure E of this Scheme Booklet

Annexure 3 – Option Scheme of Arrangement

See Annexure D of this Scheme Booklet

Annexure 4 – Option Scheme Deed Poll

See Annexure F of this Scheme Booklet

Annexure C – Share Scheme of Arrangement



Share Scheme of Arrangement

pursuant to Section 411 of the Corporations Act

Between

Westgold Resources Limited

ACN 009 260 306

Westgold

and

Each Scheme Shareholder

CONFORMED COPY

Jackson McDonald
Lawyers
140 St Georges Terrace
Perth Western Australia 6000

t: +61 8 9426 6611
f: +61 8 9481 8649
w: www.jacmac.com.au

Contact: Will Moncrieff
Reference: 7144427

Date: 16 July 2012

Parties

Westgold Resources Limited ACN 009 260 306 of Level 3, 123 Adelaide Terrace, East Perth, Western Australia (**Westgold**)

Each Scheme Shareholder

1. Definitions and Interpretation

1.1 Definitions

In this Scheme, unless the context otherwise requires:

ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited ACN 008 624 691 or, as the context requires, the financial market operated by it.
ASX Operating Rules	means the operating rules of ASX Settlement.
ASX Settlement	means ASX Settlement Pty Ltd ACN 008 504 532.
Westgold	means Westgold Limited ACN 009 260 306.
Business Day	means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth, Western Australia.
CHESS	means the Clearing House Electronic Sub-register System, for the electronic transfer of securities, operated by ASX Settlement.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Court	means the Supreme Court of Western Australia.
Deed Poll	means the deed poll executed by Metals X on or about 12 July 2012 in favour of each Scheme Shareholder as set out in Schedule 1.
Effective	means, when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in relation to the Scheme.
Effective Date	means the date on which the Scheme becomes Effective.
Implementation Date	means the third Business Day after the Record Date.

Ineligible Foreign Holder	means a Scheme Shareholder whose address in the Share Register is in a jurisdiction outside Australia and its external territories, except where Metals X in its sole discretion is satisfied that the issue of New Metals X Shares in that jurisdiction under the Scheme would be neither prohibited by law nor unduly onerous.
Listing Rules	means the listing rules of ASX.
Merger Implementation Agreement	means the merger implementation agreement dated 13 May 2012 between Westgold and Metals X as varied by deed of variation on or about 12 July 2012.
Metals X	means Metals X Limited ACN 110 150 055.
Metals X Option	means an option to subscribe for a Metals X Share.
Metals X Register	means the register of members of Metals X maintained by Security Transfer Registrars Pty Ltd and Metals X Registry has a corresponding meaning.
Metals X Share	means a fully paid ordinary share in Metals X.
New Metals X Shares	means those Metals X Shares to be issued (as Scheme Consideration) to (or in respect of) Scheme Shareholders as consideration for their Scheme Shares.
Record Date	means 5.00pm on the fifth Business Day after the Effective Date, or any other date agreed by Westgold and Metals X.
Registered Address	means, in relation to a Scheme Shareholder, the address of the Scheme Shareholder shown in the Share Register.
Sale Agent	means the person chosen by Westgold and Metals X to sell the New Metals X Shares that are attributable to Ineligible Foreign Holders and Small Shareholders under the terms of this Scheme (or any nominee of such person).
Scheme or Scheme of Arrangement	means the scheme of arrangement under Part 5.1 of the Corporations Act recorded in this document subject to any modifications or conditions made or required by the Court under section 411(6) of the Corporations Act.
Scheme Consideration	means the consideration to be provided by Metals X to Scheme Shareholders for the transfer of their Scheme Shares under the terms of the Scheme, being 11 New Metals X Shares for every 10 Scheme Shares.
Scheme Meeting	means the meeting of Shareholders, to be convened by the Court pursuant to section 411(1) of the Corporations Act, to consider and vote on the Scheme.
Scheme Shares	means the Westgold Shares on issue as at the Record Date not held by Metals X.

Scheme Shareholder	means each person, other than Metals X, who is registered in the Share Register as a holder of Scheme Shares as at the Record Date.
Second Court Date	means the first day of the Second Court Hearing, or if the application at such hearing is adjourned or subject to an appeal for any reason, the first day on which the adjourned or appealed application is heard.
Second Court Hearing	means the hearing of the Court of the application for an order pursuant to section 411(4)(b) of the Corporations Act approving this Scheme.
Shareholder	means a holder of a Westgold Share.
Share Register	means the register of Westgold members maintained by Computershare Investor Services Pty Limited and Share Registry has a corresponding meaning.
Small Shareholder	means a Scheme Shareholder who holds <number> Westgold Shares or less as at 5.00pm on the Record Date.
Subsidiary of an entity	means another entity which is a subsidiary of the first within the meaning of Division 6 of Part 1.2 of the Corporations Act or is a subsidiary or otherwise controlled by the first within the meaning of any approved accounting standard.
Sunset Date	means 31 December 2012.
Westgold Option	means an option to subscribe for a Westgold Share.
Westgold Performance Right	means a performance right granted pursuant to the Westgold Resources Limited Long Term Incentive Plan.
Westgold Share	means a fully paid ordinary share in Westgold.

1.2 Interpretation

In this Scheme:

- (a) headings are for convenience only and do not affect interpretation; and
- unless the context indicates otherwise:
- (b) a word or phrase in the singular number includes the plural, a word or phrase in the plural number includes the singular, and a word indicating a gender includes every other gender;
 - (c) if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
 - (d) a reference to:
 - (i) a clause or schedule is a reference to a clause or schedule of this Scheme;

- (ii) a party includes that party's executors, administrators, successors and permitted assigns, including persons taking by way of novation;
 - (iii) a document in writing includes a document produced by means of typewriting, printing, lithography, photography and other modes of representing or reproducing words in a visible form, recorded by any electronic, magnetic, photographic or other medium by which information may be stored or reproduced;
 - (iv) a document (including this Scheme) includes a reference to all schedules, exhibits, attachments and annexures to it, and is to that document as varied, novated, ratified or replaced from time to time;
 - (v) legislation or to a provision of legislation includes any consolidation, amendment, re-enactment, substitute or replacement of or for it, and refers also to any regulation or statutory instrument issued or delegated legislation made under it;
 - (vi) a person includes an individual, the estate of an individual, a corporation, an authority, an unincorporated body, an association or joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (e) a reference to a day is to a period of time commencing at midnight and ending twenty four (24) hours later;
- (f) a reference to a Chapter, Part, Division or section is a reference to a Chapter, Part, Division or section of the Corporations Act;
- (g) the word **"includes"** in any form is not a word of limitation;
- (h) a reference to **"information"** is to information of any kind in any form or medium, whether formal or informal, written or unwritten, for example, computer software or programmes, concepts, data, drawings, ideas, knowledge, procedures, source codes or object codes, technology or trade secrets;
- (i) the words **"entity"** and **"officer"** have the same meaning as in section 9 of the Corporations Act, and **"control"** has the same meaning as in section 50AA of the Corporations Act;
- (j) time is a reference to time in Perth, Western Australia;
- (k) a reference to **"\$"** or **"dollar"** is to Australian currency;
- (l) a contravention of or a breach of any of the representations and warranties includes any of the representations and warranties not being complete, true and correct;
- (m) each representation and warranty is a separate representation and warranty, and its meaning is not affected by any other representation or warranty;
- (n) a period of time dates from a given day or the day of an act or event, it is to be calculated exclusive of that day; and
- (o) when a day on or by which anything to be done is not a Business Day, that thing may be done on or by the next Business Day.
-

2. Preliminary

2.1 Westgold

- (a) Westgold is a public company limited by shares, incorporated in Australia and registered in Western Australia.
- (b) On 12 July 2012:
 - (i) 417,178,651 Westgold Shares were on issue;
 - (ii) 29,650,000 Westgold Options were on issue; and
 - (iii) 2,300,000 Westgold Performance Rights were on issue.
- (c) Westgold has been admitted to the official list of ASX and its shares have been granted official quotation.

2.2 Metals X

- (a) Metals X is a public company limited by shares, incorporated in Australia and registered in Western Australia.
- (b) On 12 July 2012:
 - (i) 1,316,663,257 Metals X Shares were on issue; and
 - (ii) 12,150,000 Metals X Options were on issue.
- (c) Metals X has been admitted to the official list of ASX and its shares have been granted official quotation.

2.3 Scheme summary

If this Scheme becomes Effective, then:

- (a) in consideration for the transfer of each Scheme Share to Metals X, Metals X will be obliged to provide the Scheme Consideration to each Scheme Shareholder (other than Ineligible Foreign Holders who will be dealt with in accordance with clause 4.9);
- (b) each Scheme Shareholder will be bound to transfer their Scheme Shares, and all rights and obligations attaching to them as at the Implementation Date, to Metals X and Westgold will enter Metals X's name and address in the Share Register as the holder of all Scheme Shares; and
- (c) on the transfer of all Scheme Shares to Metals X, Westgold will become a wholly owned Subsidiary of Metals X.

2.4 Implementation

- (a) Metals X has entered into the Deed Poll pursuant to which it has, among other things, covenanted to carry out its obligations (including its obligation to provide the Scheme Consideration, subject to clause 4.9 of this Scheme, to Scheme Shareholders) as contemplated by this Scheme.
-

- (b) Westgold and Metals X have also entered into the Merger Implementation Agreement, which sets out the terms on which Westgold and Metals X have agreed to implement the Scheme.

3. Conditions precedent and effectiveness

3.1 Conditions precedent

The conditions precedent to this Scheme becoming Effective are:

- (a) **(Scheme approval)** this Scheme being approved, in accordance with section 411(4)(a) of the Corporations Act, at the Scheme Meeting;
- (b) **(Conditions precedent to Merger Implementation Agreement)** all of the conditions set out in clause 2.2 of the Merger Implementation Agreement being satisfied or waived in accordance with the terms of the Merger Implementation Agreement by the times indicated in the Merger Implementation Agreement;
- (c) **(No termination)** the Merger Implementation Agreement or Deed Poll not being terminated prior to 8.00am on the Second Court Date;
- (d) **(Court approval)** the approval by the Court of this Scheme, pursuant to section 411(4)(b) of the Corporations Act, being given; and
- (e) **(Court conditions)** such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Scheme as are acceptable to Metals X and Westgold being satisfied.

The satisfaction of each of paragraphs (a) to (e) of this clause 3.1 is a condition precedent to the operation of this Scheme and this Scheme will be of no effect unless the conditions precedent in this clause 3.1 are satisfied.

3.2 Certificate

Metals X and Westgold will provide to the Court at the Second Court Hearing a certificate confirming whether or not all of the conditions in clause 2.2 of the Merger Implementation Agreement (other than those set out in clauses 2.2(e) and (f) of the Merger Implementation Agreement) have been satisfied or waived in accordance with the terms of the Merger Implementation Agreement.

3.3 Merger Implementation Agreement

If the Merger Implementation Agreement is terminated in accordance with its terms prior to 8.00am on the Second Court Date, Metals X and Westgold are each immediately released from any further obligation to take steps to implement the Scheme.

3.4 Sunset Date

This Scheme will lapse and be of no further force or effect if the Effective Date has not occurred on or before the Sunset Date.

4. Implementation of the Scheme

4.1 Court order

This Scheme will become binding on Westgold and each Scheme Shareholder if and only if the Court makes an order under section 411(4)(b) of the Corporations Act approving this Scheme and that order becomes effective under section 411(10) of the Corporations Act.

4.2 Lodgement with ASIC

Westgold will lodge with ASIC an office copy of the order of the Court made under section 411(4)(b) of the Corporations Act approving this Scheme as soon as practicable and, in any event, by 5.00pm on the first Business Day after:

- (a) the Court approves the Scheme; or
- (b) the date of satisfaction of the conditions precedent referred to in clause 3.1 of this Scheme,

whichever is the later.

4.3 Transfer of Scheme Shares

All of the Scheme Shares (together with all rights and entitlements attaching to the Scheme Shares) will be transferred to Metals X on the Implementation Date (without the need for any further act by a Scheme Shareholder other than acts performed by Westgold pursuant to the authority in clause 4.11) by Westgold effecting a valid transfer or transfers under section 1074D of the Corporations Act or, if that procedure is not available for any reason, by:

- (a) Westgold executing and delivering to Metals X, pursuant to the authority in clause 4.11, a valid share transfer form or forms (which may be a master transfer) to transfer all of the Scheme Shares to Metals X;
- (b) Metals X executing and delivering that share transfer form or those forms to Westgold; and
- (c) Westgold, immediately upon receipt of the executed share transfer form or forms, entering the name and address of Metals X in the Share Register as the holder of all Scheme Shares.

4.4 Consideration under this Scheme

Subject to and in accordance with the other terms and conditions of this Scheme (including clauses 4.6, 4.7, 4.9 and 4.10), in consideration for the transfer of each Scheme Share to Metals X, Metals X will on the Implementation Date issue to each Scheme Shareholder the number of New Metals X Shares as are due to that Scheme Shareholder as Scheme Consideration.

4.5 Joint holders

In the case of Scheme Shares held in joint names, any uncertificated holding statements for New Metals X Shares to be issued to Scheme Shareholders will be issued in the names of the joint holders and will be forwarded to the holder whose name appears first in the Share Register on the Record Date.

4.6 Fractional entitlements

Where the calculation of the total number of New Metals X Shares to be issued to (or in respect of) a particular Scheme Shareholder would result in a fractional entitlement to a New Metals X Share, then, any such fractional entitlement:

- (a) if to less than 0.5 of a New Metals X Share, will be rounded down to the nearest whole number of New Metals X Shares; and
- (b) if to 0.5 or more of a New Metals X Share, will be rounded up to the nearest whole number of New Metals X Shares.

4.7 Shareholding splitting or division

If Metals X is of the reasonable opinion that two or more Scheme Shareholders (each of whom holds a number of Scheme Shares which results in rounding in accordance with clause 4.6 or each of whom holds less than or equal to the number of Scheme Shares required to classify as a Small Shareholder) have, before the Record Date, been party to shareholding splitting or division in an attempt to obtain unfair advantage by reference to such rounding, Metals X may give notice to those Scheme Shareholders:

- (a) setting out their names and Registered Addresses;
- (b) stating that opinion; and
- (c) attributing to one of them specifically identified in the notice the Scheme Shares held by all of them,

and, after such notice has been given, the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares will, for the purposes of the other provisions of this Scheme, be taken to hold all of those Scheme Shares and each of the other Scheme Shareholders whose names and Registered Addresses are set out in the notice will, for the purposes of the other provisions of this Scheme, be taken to hold no Scheme Shares. Metals X, in complying with the other provisions of this Scheme relating to it in respect of the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares, will be taken to have satisfied and discharged its obligations to the other Scheme Shareholders named in the notice under the terms of this Scheme.

4.8 Scheme Shareholders bound

Each Scheme Shareholder who is to receive New Metals X Shares under this Scheme agrees (for all purposes including section 231 of the Corporations Act) to:

- (a) become a member of Metals X and to accept the New Metals X Shares issued to them under this Scheme subject to, and to be bound by, Metals X's constitution and other constituent documents; and
- (b) have their name and address entered into the Metals X Register.

4.9 Ineligible Foreign Holders

- (a) Metals X will be under no obligation under this Scheme to issue, and will not issue, any New Metals X Shares to Ineligible Foreign Holders, and instead:

- (i) all the New Metals X Shares which would otherwise be required to be issued to any Ineligible Foreign Holder under the Scheme, if they were eligible to receive them, will be issued to the Sale Agent;
- (ii) Metals X will procure that, as soon as reasonably practicable (and in any event not more than 15 Business Days after the Implementation Date), the Sale Agent sells on ASX all of the New Metals X Shares issued to the Sale Agent pursuant to clause 4.9(a)(i) in such manner, at such price and on such other terms as the Sale Agent determines in good faith (and at the risk of the Ineligible Foreign Holders), and remits to Metals X the proceeds of sale (after deducting any applicable brokerage and other selling costs, taxes and charges) (**Proceeds**); and
- (iii) Metals X will pay to each Ineligible Foreign Holder such fraction of the Proceeds as is equal to the number of New Metals X Shares which would have been issued to that Ineligible Foreign Holder (if they were eligible to receive New Metals X Shares) divided by the total number of New Metals X Shares issued to the Sale Agent under clause 4.9(a)(i), promptly after the last sale of New Metals X Shares by the Sale Agent,

in full satisfaction of Metals X's obligations to those Ineligible Foreign Holders under the Scheme in respect of the Scheme Consideration.

- (b) Metals X will pay the relevant fraction of the Proceeds to each Ineligible Foreign Holder by either:
 - (i) dispatching, or procuring the dispatch, to that Ineligible Foreign Holder by prepaid post to that Ineligible Foreign Holder's Registered Address (at the Record Date), a cheque in the name of that Ineligible Foreign Holder; or
 - (ii) making a deposit in an account with any ADI (as defined in the *Banking Act 1959* (Cth)) in Australia notified by that Ineligible Foreign Holder to Westgold (or the Share Registry) and recorded in or for the purposes of the Share Register at the Record Date,

for the relevant amount, with that amount being denominated in Australian dollars.

- (c) Each Ineligible Foreign Holder appoints Westgold as its agent to receive on its behalf any financial services guide or other notices (including any updates of those documents) that the Sale Agent is required to provide to Ineligible Foreign Holders under the Corporations Act.

4.10 Small Shareholders

Each Small Shareholder may elect to either:

- (a) be allotted its entitlement to Metals X Shares in accordance with clause 4.4; or
- (b) have the New Metals X Shares to which it is entitled issued to the Sale Agent, in which case:
 - (i) Metals X will procure that, as soon as reasonably practicable (and in any event not more than 15 Business Days after the Implementation Date), the Sale Agent sells on ASX all of the New Metals X Shares issued to the Sale Agent pursuant to this clause 4.10(b) in such manner, at such price and on such other terms as the Sale Agent

determines in good faith (and at the risk of the Small Shareholder), and remits to Metals X the proceeds of sale (after deducting any applicable brokerage and other selling costs, taxes and charges) (**Proceeds**);

- (ii) Metals X will pay to each Small Shareholder such fraction of the Proceeds as is equal to the number of New Metals X Shares which would have been issued to that Small Shareholder divided by the total number of New Metals X Shares issued to the Sale Agent under clause 4.10(b)(i), promptly after the last sale of New Metals X Shares by the Sale Agent, in full satisfaction of Metals X's obligations to those Small Shareholder under the Scheme in respect of the Scheme Consideration;
- (iii) Metals X will pay the relevant fraction of the Proceeds to each Small Shareholder by either:
 - A. dispatching, or procuring the dispatch, to that Small Shareholder by prepaid post to that Small Shareholder's Registered Address (at the Record Date), a cheque in the name of that Small Shareholder; or
 - B. making a deposit in an account with any ADI (as defined in the *Banking Act 1959* (Cth)) in Australia notified by that Small Shareholder to Westgold (or the Share Registry) and recorded in or for the purposes of the Share Register at the Record Date,

for the relevant amount, with that amount being denominated in Australian dollars; and

- (c) for the purposes of clause 4.10(b), each Small Shareholder appoints Westgold as its agent to receive on its behalf any financial services guide or other notices (including any updates of those documents) that the Sale Agent is required to provide to Small Shareholders under the Corporations Act.

4.11 Authority given to Westgold

Each Scheme Shareholder will be deemed (without the need for any further act) to have irrevocably authorised Westgold (and each of its directors and officers, jointly and severally) as agent and attorney to do and execute all acts, matters, things and documents on the part of each Scheme Shareholder necessary to implement and give full effect to this Scheme and the transactions contemplated by it, including (without limitation):

- (a) executing a proper instrument of transfer (including for the purposes of section 1071B of the Corporations Act) of their Scheme Shares in favour of Metals X, which may be a master transfer of some or all Scheme Shares; and
- (b) where Scheme Shares are held in a CHESS holding, causing a message to be transmitted to ASX Settlement in accordance with the ASX Operating Rules to transfer the Scheme Shares held by the Scheme Shareholder from the CHESS sub-register to the issuer sponsored sub-register operated by Westgold and subsequently completing a proper instrument of transfer under paragraph (a) above.

4.12 Appointment of sole proxy

Upon the Scheme Consideration being issued by Metals X pursuant to this clause 4 and until Westgold registers Metals X as the holder of all Scheme Shares in the Share Register, each Scheme Shareholder:

- (a) is deemed to have appointed Metals X as attorney and agent (and directed Metals X in such capacity) to appoint the chairman of Metals X as its sole proxy and, where applicable, corporate representative, to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution, and no Scheme Shareholder may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 4.12(a)); and
- (b) must take all other actions in the capacity of a registered holder of Scheme Shares as Metals X reasonably directs.

5. Metals X's obligations and ancillary matters

5.1 Westgold notice and Scheme Shareholder consent

- (a) As soon as practicable after the Record Date, and in any event at least 2 Business Days before the Implementation Date, Westgold will give to Metals X (or procure that Metals X be given) details of the names and addresses shown in the Share Register of all Scheme Shareholders and the number of Scheme Shares held by each of them at the Record Date (in such form as may be reasonably requested by Metals X).
- (b) Scheme Shareholders agree that any information referred to in clause 5.1(a) may be disclosed to Metals X, Metals X's advisors, Westgold's advisors and other service providers (including the Metals X Registry) to the extent necessary to effect the Scheme.

5.2 Provision of Scheme Consideration

Subject to clauses 4.6, 4.7, 4.9 and 4.10, Metals X will provide to each Scheme Shareholder the Scheme Consideration to which that Scheme Shareholder is entitled by:

- (a) on the Implementation Date, issuing to that Scheme Shareholder 11 New Metals X Shares for every 10 Scheme Shares registered in the name of that Scheme Shareholder in the Share Register at the Record Date, which obligation will be satisfied by causing the name and Registered Address (at the Record Date) of that Scheme Shareholder to be entered into the Metals X Register as the holder of the New Metals X Shares issued to that Scheme Shareholder; and
- (b) within 5 Business Days after the Implementation Date, procuring the dispatch to that Scheme Shareholder, if their New Metals X Shares are held on the issuer sponsored subregister of Metals X, by pre-paid post to their Registered Address (at the Record Date), of an uncertificated holding statement in the name of that Scheme Shareholder relating to the number of New Metals X Shares issued to that Scheme Shareholder.

5.3 Status of New Metals X Shares

The New Metals X Shares to be issued in accordance with this Scheme will:

- (a) be validly issued;
- (b) be fully paid; and
- (c) rank equally in all respects with all other Metals X Shares then on issue (other than in respect of any dividend already declared and not yet paid by Metals X, where the record date for entitlement to that dividend occurred prior to the Implementation Date).

5.4 Deferred settlement trading

Metals X will use its best endeavours to ensure that the New Metals X Shares are quoted on ASX as soon as practicable after the Effective Date, initially on a deferred settlement basis and thereafter on an ordinary settlement basis.

5.5 Appointment of Metals X as attorney and agent

Each Scheme Shareholder, without need for any further act, irrevocably appoints Metals X and each of its directors and officers, jointly and severally, as that Scheme Shareholder's attorney and agent for the purpose of executing any form of application required for New Metals X Shares to be issued to that Scheme Shareholder under the Scheme.

6. Dealings in Westgold Shares

6.1 No allotment or issue

No Westgold Shares will be allotted or issued by Westgold after the Effective Date and before the Implementation Date.

6.2 No dealings after Record Date

Where this Scheme becomes binding as provided by clause 4.1, for the purposes of determining who are Scheme Shareholders, dealings in Westgold Shares will only be recognised if:

- (a) in the case of dealings of a type to be effected using CHESS, the transferee is registered in the Share Register as the holder of the Westgold Shares by the Record Date; and
- (b) in all other cases, registrable transfers or transmission applications in respect of those dealings are received by the Share Registry by the Record Date.

Westgold will register registrable transfers or transmission applications of the kind referred to in clause 6.2(b) on or before the Record Date.

6.3 No registration of transfers

Westgold will not accept for registration nor recognise for any purpose any transmission application, transfer or other dealing in respect of Scheme Shares received after the Record Date, other than a transfer to Metals X in accordance with this Scheme.

6.4 Statements of holding

All statements of holdings (or certificates) for Scheme Shares will cease to have any effect from the Record Date as documents of title in respect of such Scheme Shares. As from the Record Date, each entry current at that date on the Share Register relating to Scheme Shares will cease to be of any effect other than as evidence of entitlement to the Scheme Consideration.

6.5 Maintenance of Share Register

In order to determine entitlements to the Scheme Consideration, Westgold will maintain, or procure the maintenance of, the Share Register in accordance with this clause 6 until the Scheme Consideration has been provided to Scheme Shareholders, and the Share Register in this form will solely determine entitlements to the Scheme Consideration.

7. Quotation of Westgold Shares**7.1 Suspension of trading**

Westgold will apply to ASX for suspension of trading of Westgold Shares on ASX after the close of trading on ASX on the Effective Date. It is expected that suspension of trading in Westgold Shares will occur from the commencement of the Business Day following the day on which Westgold notifies ASX of this Scheme becoming Effective.

7.2 Termination of quotation

After the Implementation Date, Westgold will apply for termination of the official quotation of Westgold Shares and to have itself removed from the official list of ASX.

8. General**8.1 Scheme binding**

Each Scheme Shareholder will transfer their Scheme Shares to Metals X (together with all rights and entitlements attaching to those Scheme Shares) in accordance with the terms of this Scheme and this Scheme binds Westgold and all Scheme Shareholders (including those who do not attend the Scheme Meeting, do not vote at the Scheme Meeting, or vote against this Scheme at the Scheme Meeting).

8.2 Enforcement of Deed Poll

- (a) Each Scheme Shareholder appoints Westgold as its agent and attorney to enforce the Deed Poll against Metals X.
- (b) Westgold undertakes in favour of each Scheme Shareholder to enforce the Deed Poll against Metals X on behalf of, and as agent and attorney for, the Scheme Shareholders.

8.3 Modifications and amendments

Westgold may by its counsel or solicitors (but only with the prior consent of Metals X, which consent may not be unreasonably withheld or delayed) consent on behalf of all persons concerned (including the Scheme Shareholders) to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of this Scheme.

8.4 Accidental omissions and non-receipt of notice

The accidental omission to give notice of the Scheme Meeting to any holder of Westgold Shares or the non-receipt of such a notice by any holder of Westgold Shares will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings at the Scheme Meeting.

8.5 Status of Scheme Shares

- (a) Each Scheme Shareholder is deemed to have warranted to Westgold, in its own right and for the benefit of Metals X, that all of their Scheme Shares which are transferred to Metals X under the Scheme will, at the date of transfer of them to Metals X, be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, and that they have full power and capacity to sell and to transfer their Scheme Shares to Metals X.
- (b) Metals X will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by Westgold of the name and address of Metals X in the Share Register as the holder of the Scheme Shares.

8.6 Binding instruction or notification

Except for a Scheme Shareholder's tax file number, any binding instruction or notification from a Scheme Shareholder to Westgold relating to Scheme Shares at the Record Date (including any instructions relating to the payment of dividends or communications) will, from the Record Date, be deemed (except to the extent inconsistent with the other provisions of this Scheme or as determined otherwise by Metals X in its sole discretion) to be a similarly binding instruction or notification to Metals X in respect of the New Metals X Shares issued to the Scheme Shareholder until such time as it is revoked or amended in writing addressed to Metals X at the Metals X Registry.

8.7 Notices

Where a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post:

- (a) to Westgold, it will not be deemed to be received in the ordinary course of post or on a day other than the date (if any) on which it was actually received at Westgold's registered office or the Share Registry; and
- (b) to a Scheme Shareholder, it will be sent by ordinary pre-paid post (or by airmail in the case of Scheme Shareholders with overseas Registered Addresses) or courier to the Registered Address of the relevant Scheme Shareholder at the Record Date, or delivered to that address by any other means at no cost to the recipient.

8.8 Further obligations

Westgold and Metals X must each execute all deeds and other documents (including transfers) and do all acts and things as may be necessary or expedient on its part to implement and give full effect to this Scheme in accordance with its terms.

8.9 No liability

Neither Westgold nor Metals X, nor any of their respective officers, is liable to Scheme Shareholders for anything done or for anything omitted to be done in performance of this Scheme in good faith.

8.10 Costs and stamp duty

Westgold will pay the costs of the Scheme other than duty. All duty (if any) payable in connection with the transfer of the Scheme Shares to Metals X will be payable by Metals X.

8.11 Governing law

- (a) The Scheme is governed by the laws of Western Australia.
- (b) Westgold, Scheme Shareholders and Metals X each submit to the non-exclusive jurisdiction of the courts exercising jurisdiction in Western Australia, and any court that may hear appeals from any of those courts, for any proceedings in connection with this document, and waive any right they might have to claim that those courts are an inconvenient forum.

Schedule 1 – Share Scheme Deed Poll

See Annexure E of this Scheme Booklet

Annexure D – Option Scheme of Arrangement



Option Scheme of Arrangement pursuant to Section 411 of the Corporations Act

Between

Westgold Resources Limited
ACN 009 260 306
Westgold

and

Each Scheme Optionholder

CONFORMED COPY

Jackson McDonald
Lawyers
140 St Georges Terrace
Perth Western Australia 6000

t: +61 8 9426 6611
f: +61 8 9481 8649
w: www.jacmac.com.au

Contact: Will Moncrieff
Reference: 7144427

Date: 16 July 2012

Parties

Westgold Resources Limited ACN 009 260 306 of Level 3, 123 Adelaide Terrace, East Perth, Western Australia (**Westgold**)

Each Scheme Optionholder

1. Definitions and Interpretation

1.1 Definitions

In this Option Scheme, unless the context otherwise requires:

ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited ACN 008 624 691 or, as the context requires, the financial market operated by it.
ASX Operating Rules	means the operating rules of ASX Settlement.
ASX Settlement	means ASX Settlement Pty Ltd ACN 008 504 532.
Westgold	means Westgold Limited ACN 009 260 306.
Business Day	means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth, Western Australia.
CHESS	means the Clearing House Electronic Sub-register System, for the electronic transfer of securities, operated by ASX Settlement.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Court	means the Supreme Court of Western Australia.
Effective	means, when used in relation to the Option Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act in relation to the Option Scheme.
Effective Date	means the date on which the Option Scheme becomes Effective.
Implementation Date	means the third Business Day after the Record Date.
Listing Rules	means the listing rules of ASX.
Merger Implementation Agreement	means the merger implementation agreement dated 13 May 2012 between Westgold and Metals X as amended or restated from time to time.

Metals X	means Metals X Limited ACN 110 150 055.
Metals X Option	means an option to subscribe for a Metals X Share.
Metals X Register	means the register of members of Metals X maintained by Security Transfer Registrars Pty Ltd and Metals X Registry has a corresponding meaning.
Metals X Share	means a fully paid ordinary share in Metals X.
New Metals X Options	means those Metals X Options to be issued (as Option Scheme Consideration) to (or in respect of) Scheme Optionholders as consideration for their Scheme Options, on the terms set out in Schedule 1.
Option Register	means the register of holders of Westgold Options maintained by Computershare Investor Services Pty Limited and Option Registry has a corresponding meaning.
Option Scheme or Option Scheme of Arrangement	means the scheme of arrangement under Part 5.1 of the Corporations Act recorded in this document subject to any modifications or conditions made or required by the Court under section 411(6) of the Corporations Act.
Option Scheme Consideration	means the consideration to be provided by Metals X to Scheme Optionholders on cancellation of their Scheme Options under the terms of the Option Scheme, being 11 New Metals X Options for every 10 Scheme Options cancelled on the terms set out in Schedule 2.
Option Scheme Deed Poll	means the deed poll executed by Metals X on or about 12 July 2012 in favour of each Scheme Optionholder as set out in Schedule 3.
Option Scheme Meeting	means the meeting of Scheme Optionholders, to be convened by the Court pursuant to section 411(1) of the Corporations Act, to consider and vote on the Option Scheme.
Option Scheme Record Date	means 5.00pm on the fifth Business Day after the Effective Date, or any other date agreed by Westgold and Metals X.
Registered Address	means, in relation to a Scheme Optionholder, the address of the Scheme Optionholder shown in the Option Register.
Share Scheme Meeting	means the meeting of Shareholders, to be convened by the Court pursuant to section 411(1) of the Corporations Act, to consider and vote on the Share Scheme.
Shareholder	means the holder of a Westgold Share.
Scheme Optionholder	means each person who is registered in the Option Register as a holder of Scheme Options as at the Record Date.
Scheme Option	means all Westgold Options on issue as at 5.00pm on the Record Date, being those listed in Schedule 1.

Scheme Share	means a Westgold Share on issue as at the Share Scheme Record Date not held by Metals X.
Scheme Shareholder	means each person, other than Metals X, recorded in the register of members of Westgold as at the Share Scheme Record Date.
Second Court Date	means the first day of the Second Court Hearing, or if the application at such hearing is adjourned or subject to an appeal for any reason, the first day on which the adjourned or appealed application is heard.
Second Court Hearing	means the hearing of the Court of the application for an order pursuant to section 411(4)(b) of the Corporations Act approving this Option Scheme.
Share Scheme or Share Scheme of Arrangement	means the scheme of arrangement under Part 5.1 of the Corporations Act between Westgold and the Scheme Shareholders subject to any modifications or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to be Metals X and Westgold.
Share Scheme Record Date	means the "Record Date" as defined in the Share Scheme.
Subsidiary of an entity	means another entity which is a subsidiary of the first within the meaning of part 1.2 division 6 of the Corporations Act or is a subsidiary or otherwise controlled by the first within the meaning of any approved accounting standard.
Sunset Date	means 31 December 2012.
Westgold Option	means an option to subscribe for a Westgold Share.
Westgold Performance Right	means a performance right granted pursuant to the Westgold Resources Limited Long Term Incentive Plan.
Westgold Share	means a fully paid ordinary share in Westgold.

1.2 Interpretation

In this Option Scheme:

- (a) headings are for convenience only and do not affect interpretation; and
- unless the context indicates otherwise:
- (b) a word or phrase in the singular number includes the plural, a word or phrase in the plural number includes the singular, and a word indicating a gender includes every other gender;
 - (c) if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
 - (d) a reference to:
 - (i) a clause or schedule is a reference to a clause or schedule of this Option Scheme;
-

- (ii) a party includes that party's executors, administrators, successors and permitted assigns, including persons taking by way of novation;
 - (iii) a document in writing includes a document produced by means of typewriting, printing, lithography, photography and other modes of representing or reproducing words in a visible form, recorded by any electronic, magnetic, photographic or other medium by which information may be stored or reproduced;
 - (iv) a document (including this Option Scheme) includes a reference to all schedules, exhibits, attachments and annexures to it, and is to that document as varied, novated, ratified or replaced from time to time;
 - (v) legislation or to a provision of legislation includes any consolidation, amendment, re-enactment, substitute or replacement of or for it, and refers also to any regulation or statutory instrument issued or delegated legislation made under it;
 - (vi) a person includes an individual, the estate of an individual, a corporation, an authority, an unincorporated body, an association or joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (e) a reference to a day is to a period of time commencing at midnight and ending twenty four (24) hours later;
- (f) a reference to a Chapter, Part, Division or section is a reference to a Chapter, Part, Division or section of the Corporations Act;
- (g) the word “**includes**” in any form is not a word of limitation;
- (h) a reference to “**information**” is to information of any kind in any form or medium, whether formal or informal, written or unwritten, for example, computer software or programmes, concepts, data, drawings, ideas, knowledge, procedures, source codes or object codes, technology or trade secrets;
- (i) the words “**entity**” and “**officer**” have the same meaning as in section 9 of the Corporations Act, and “**control**” has the same meaning as in section 50AA of the Corporations Act;
- (j) time is a reference to time in Perth, Western Australia;
- (k) a reference to “**\$**” or “**dollar**” is to Australian currency;
- (l) a contravention of or a breach of any of the representations and warranties includes any of the representations and warranties not being complete, true and correct;
- (m) each representation and warranty is a separate representation and warranty, and its meaning is not affected by any other representation or warranty;
- (n) a period of time dates from a given day or the day of an act or event, it is to be calculated exclusive of that day; and
- (o) when a day on or by which anything to be done is not a Business Day, that thing may be done on or by the next Business Day.
-

2. Preliminary

2.1 Westgold

- (a) Westgold is a public company limited by shares, incorporated in Australia and registered in Western Australia.
- (b) On 12 July 2012:
 - (i) 417,178,651 Westgold Shares were on issue;
 - (ii) 29,650,000 Westgold Options were on issue; and
 - (iii) 2,300,000 Westgold Performance Rights were on issue.
- (c) Westgold has been admitted to the official list of ASX and its shares have been granted official quotation.

2.2 Metals X

- (a) Metals X is a public company limited by shares, incorporated in Australia and registered in Western Australia.
- (b) On 12 July 2012:
 - (i) 1,316,663,257 Metals X Shares were on issue; and
 - (ii) 12,150,000 Metals X Options were on issue.
- (c) Metals X has been admitted to the official list of ASX and its shares have been granted official quotation.

2.3 Option Scheme summary

If this Option Scheme becomes Effective, then:

- (a) in consideration for the cancellation of each Scheme Option, Metals X will be obliged to provide the Option Scheme Consideration to each Scheme Optionholder as set out in Schedule 2; and
- (b) all of the Scheme Options, and all rights and obligations attaching to them as at the Implementation Date, will be cancelled.

2.4 Implementation

- (a) Metals X has entered into the Option Scheme Deed Poll pursuant to which it has, among other things, covenanted to carry out its obligations (including its obligation to provide the Option Scheme Consideration to Scheme Optionholders) as contemplated by this Option Scheme.
 - (b) Westgold and Metals X have also entered into the Merger Implementation Agreement, which sets out the terms on which Westgold and Metals X have agreed to implement the Option Scheme.
-

3. Conditions precedent and effectiveness

3.1 Conditions precedent

The conditions precedent to this Options Scheme becoming Effective are:

- (a) **(Option Scheme approval)** this Option Scheme being approved, in accordance with section 411(4)(a) of the Corporations Act, at the Option Scheme Meeting;
- (b) **(Share Scheme approval)** the Share Scheme being approved, in accordance with section 411(4)(a) of the Corporations Act, at the Share Scheme Meeting;
- (c) **(Conditions precedent to Merger Implementation Agreement)** all of the conditions set out in clause 2.4 of the Merger Implementation Agreement being satisfied or waived in accordance with the terms of the Merger Implementation Agreement by the times indicated in the Merger Implementation Agreement;
- (d) **(No termination)** the Merger Implementation Agreement or Option Scheme Deed Poll not being terminated prior to 8.00am on the Second Court Date;
- (e) **(Court approval of Option Scheme)** the approval by the Court of this Option Scheme, pursuant to section 411(4)(b) of the Corporations Act, being given;
- (f) **(Court conditions for Option Scheme)** such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Option Scheme as are acceptable to Metals X and Westgold being satisfied;
- (g) **(Court approval of Share Scheme)** the approval by the Court of the Share Scheme, pursuant to section 411(4)(b) of the Corporations Act, being given; and
- (h) **(Court conditions for Share Scheme)** such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Share Scheme as are acceptable to Metals X and Westgold being satisfied.

The satisfaction of each of paragraphs (a) to (h) of this clause 3.1 is a condition precedent to the operation of this Option Scheme and this Option Scheme will be of no effect unless the conditions precedent in this clause 3.1 are satisfied.

3.2 Certificate

Metals X and Westgold will provide to the Court at the Second Court Hearing a certificate confirming whether or not all of the conditions in clause 2.4 of the Merger Implementation Agreement (other than those set out in clauses 2.4(e) and (f) of the Merger Implementation Agreement) have been satisfied or waived in accordance with the terms of the Merger Implementation Agreement.

3.3 Merger Implementation Agreement

If the Merger Implementation Agreement is terminated in accordance with its terms prior to 8.00am on the Second Court Date, Metals X and Westgold are each immediately released from any further obligation to take steps to implement the Option Scheme.

3.4 Sunset Date

This Option Scheme will lapse and be of no further force or effect if the Effective Date has not occurred on or before the Sunset Date.

4. Implementation of the Option Scheme

4.1 Court order

This Option Scheme will become binding on Westgold and each Scheme Optionholder if and only if the Court makes an order under section 411(4)(b) of the Corporations Act approving this Option Scheme and that order becomes effective under section 411(10) of the Corporations Act.

4.2 Lodgement with ASIC

Westgold will lodge with ASIC an office copy of the order of the Court made under section 411(4)(b) of the Corporations Act approving this Option Scheme as soon as practicable and, in any event, by 5.00pm on the first Business Day after:

- (a) the Court approves the Option Scheme; or
- (b) the date of satisfaction of the conditions precedent referred to in clause 3.1 of this Option Scheme,

whichever is the later.

4.3 Cancellation of Scheme Options

- (a) Subject to the provision of the Option Scheme Consideration in the manner contemplated by clause 4.4, on the Implementation Date all of the Scheme Options (together with all rights and entitlements attaching to the Scheme Options) will be cancelled (without the need for any further act by a Scheme Optionholder other than acts performed by Westgold pursuant to the authority in clause 4.7) and each Scheme Optionholder:
 - (i) releases Westgold from all obligations in relation to those Scheme Options;
 - (ii) releases and waives any and all rights it may have had (including to be issued Westgold Shares) in relation to those Scheme Options (including under a relevant option plan or under the terms of the relevant Scheme Options);
 - (iii) authorises Westgold to update the Option Register recording the cancellation of the Westgold Options that constitute the Scheme Options.
- (b) In consideration for the cancellation of their Scheme Options, each Scheme Optionholder will be entitled to receive the Option Scheme Consideration in accordance with clause 4.4.

4.4 Consideration under this Option Scheme

Subject to and in accordance with the other terms and conditions of this Option Scheme, in consideration for the cancellation of each Scheme Option, Metals X will on the Implementation Date grant to each Scheme Optionholder the number of New

Metals X Options as are due to that Scheme Optionholder as Option Scheme Consideration as set out in Schedule 2.

4.5 Joint holders

In the case of Scheme Options held in joint names, any uncertificated holding statements for New Metals X Options to be issued to Scheme Optionholders will be issued in the names of the joint holders and will be forwarded to the holder whose name appears first in the Option Register on the Record Date.

4.6 Scheme Optionholders bound

Each Scheme Optionholder who is to receive New Metals X Options under this Option Scheme agrees to:

- (a) have their name and address entered into the Metals X register of optionholders and accept the New Metals X Options issued by way of satisfaction of the Option Scheme consideration; and
- (b) be bound by the constitution of Metals X.

4.7 Authority given to Westgold

Each Scheme Optionholder, without the need for any further act:

- (a) on the Effective Date, irrevocably appoints Westgold and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of enforcing the Option Scheme Deed Poll against Metals X, and Westgold undertakes in favour of each Scheme Optionholder that it will enforce the Option Scheme Deed Poll against Metals X on behalf of and as agent and attorney for Scheme Optionholders; and
- (b) on the Implementation Date, irrevocably appoints Westgold and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of executing any document or doing or taking any other act, necessary, desirable or expedient to give effect to this Option Scheme and the transactions contemplated by it, including (without limitation) the cancellation of the Scheme Options,

and Westgold accepts each such appointment. Westgold as attorney and agent of each Scheme Optionholder, may sub-delegate its functions, authorities or powers under this clause 4.7 to all or any of its directors, officers or employees (jointly, severally or jointly and severally).

4.8 Appointment of sole proxy

Upon the Option Scheme Consideration being issued by Metals X pursuant to this clause 4 and until all Scheme Options are cancelled, each Scheme Optionholder:

- (a) is deemed to have appointed Metals X as attorney and agent (and directed Metals X in such capacity) to appoint the chairman of Metals X as its sole proxy and, where applicable, corporate representative, to attend meetings of holders of Westgold Options, exercise the votes attaching to the Scheme Options registered in their name and sign any resolution of holders of Westgold Options, and no Scheme Optionholder may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 4.8(a)); and

- (b) must take all other actions in the capacity of a registered holder of Scheme Options as Metals X reasonably directs.

5. Metals X's obligations and ancillary matters

5.1 Westgold notice and Scheme Optionholder consent

- (a) As soon as practicable after the Option Scheme Record Date, and in any event at least 2 Business Days before the Implementation Date, Westgold will give to Metals X (or procure that Metals X be given) details of the names and addresses shown in the Option Register of all Scheme Optionholders and the number of Scheme Options held by each of them at the Option Scheme Record Date (in such form as may be reasonably requested by Metals X).
- (b) Scheme Optionholders agree that any information referred to in clause 5.1(a) may be disclosed to Metals X, Metals X's advisors, Westgold's advisors and other service providers (including the Metals X Registry) to the extent necessary to effect the Option Scheme.

5.2 Provision of Option Scheme Consideration

Metals X will provide to each Scheme Optionholder the Option Scheme Consideration to which that Scheme Optionholder is entitled by:

- (a) on the Implementation Date, issuing to that Scheme Optionholder 11 New Metals X Options for every 10 Scheme Options registered in the name of that Scheme Optionholder in the Option Register at the Option Scheme Record Date, which obligation will be satisfied by causing the name and Registered Address (at the Option Scheme Record Date) of that Scheme Optionholder to be entered into the Metals X Register as the holder of the New Metals X Options issued to that Scheme Optionholder; and
- (b) within 5 Business Days after the Implementation Date, procuring the dispatch to that Scheme Optionholder, if their New Metals X Options are held on the issuer sponsored subregister of Metals X, by pre-paid post to their Registered Address (at the Record Date), of an uncertificated holding statement in the name of that Scheme Optionholder relating to the number of New Metals X Options issued to that Scheme Optionholder.

5.3 Status of New Metals X Options

The New Metals X Options to be issued in accordance with this Option Scheme will be validly issued.

5.4 Appointment of Metals X as attorney and agent

Each Scheme Optionholder, without need for any further act, irrevocably appoints Metals X and each of its directors and officers, jointly and severally, as that Scheme Optionholder's attorney and agent for the purpose of executing any form of application required for New Metals X Options to be issued to that Scheme Optionholder under the Option Scheme.

6. Dealings in Westgold Options

6.1 No allotment or issue

No Westgold Options will be allotted or issued by Westgold after the Effective Date.

6.2 No dealings after Option Scheme Record Date

Where this Option Scheme becomes binding as provided by clause 4.1, for the purposes of determining who are Scheme Optionholders, dealings in Westgold Options will only be recognised if:

- (a) in the case of dealings of a type to be effected using CHESS, the transferee is registered in the Option Register as the holder of the Westgold Options by the Option Scheme Record Date; and
- (b) in all other cases, registrable transfers or transmission applications in respect of those dealings are received by the Options Registry by the Option Scheme Record Date.

Westgold will register registrable transfers or transmission applications of the kind referred to in clause 6.2(b) on or before the Option Scheme Record Date.

6.3 No registration of transfers

Westgold will not accept for registration nor recognise for any purpose any transmission application, transfer or other dealing in respect of Scheme Options received after the Option Scheme Record Date, other than a transfer to Metals X in accordance with this Option Scheme.

6.4 Statements of holding

All statements of holdings (or certificates) for Scheme Options will cease to have any effect from the Option Scheme Record Date as documents of title in respect of such Scheme Options. As from the Option Scheme Record Date, each entry current at that date on the Option Register relating to Scheme Options will cease to be of any effect other than as evidence of entitlement to the Option Scheme Consideration.

6.5 Maintenance of Option Register

In order to determine entitlements to the Option Scheme Consideration, Westgold will maintain, or procure the maintenance of, the Option Register in accordance with this clause 6 until the Option Scheme Consideration has been provided to Scheme Optionholders, and the Option Register in this form will solely determine entitlements to the Option Scheme Consideration.

7. General

7.1 Option Scheme binding

This Option Scheme binds Westgold and all Scheme Optionholders (including those who do not attend the Option Scheme Meeting, do not vote at the Option Scheme Meeting, or vote against this Option Scheme at the Option Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of Westgold.

7.2 Enforcement of Option Scheme Deed Poll

- (a) Each Scheme Optionholder appoints Westgold as its agent and attorney to enforce the Option Scheme Deed Poll against Metals X.
 - (b) Westgold undertakes in favour of each Scheme Optionholder to enforce the Option Scheme Deed Poll against Metals X on behalf of, and as agent and attorney for, the Scheme Optionholders.
-

7.3 Modifications and amendments

Westgold may by its counsel or solicitors (but only with the prior consent of Metals X, which consent may not be unreasonably withheld or delayed) consent on behalf of all persons concerned (including the Scheme Optionholders) to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of this Option Scheme.

7.4 Accidental omissions and non-receipt of notice

The accidental omission to give notice of the Option Scheme Meeting to any holder of Scheme Options or the non-receipt of such a notice by any holder of Scheme Options will not, unless so ordered by the Court, invalidate the Option Scheme Meeting or the proceedings at the Option Scheme Meeting.

7.5 Binding instruction or notification

Except for a Scheme Optionholder's tax file number, any binding instruction or notification from a Scheme Optionholder to Westgold relating to Scheme Options at the Option Scheme Record Date (including any instructions relating to communications) will, from the Option Scheme Record Date, be deemed (except to the extent inconsistent with the other provisions of this Option Scheme or as determined otherwise by Metals X in its sole discretion) to be a similarly binding instruction or notification to Metals X in respect of the New Metals X Options issued to the Scheme Optionholder until such time as it is revoked or amended in writing addressed to Metals X at the Metals X Registry.

7.6 Notices

Where a notice, transfer, transmission application, direction or other communication referred to in this Option Scheme is sent by post:

- (a) to Westgold, it will not be deemed to be received in the ordinary course of post or on a day other than the date (if any) on which it was actually received at Westgold's registered office or the Option Registry; and
- (b) to a Scheme Optionholder, it will be sent by ordinary pre-paid post (or by airmail in the case of Scheme Optionholders with overseas Registered Addresses) or courier to the Registered Address of the relevant Scheme Optionholder at the Option Scheme Record Date, or delivered to that address by any other means at no cost to the recipient.

7.7 Further obligations

Westgold and Metals X must each execute all deeds and other documents and do all acts and things as may be necessary or expedient on its part to implement and give full effect to this Option Scheme in accordance with its terms.

7.8 No liability

Neither Westgold nor Metals X, nor any of their respective officers, is liable to Scheme Optionholders for anything done or for anything omitted to be done in performance of this Option Scheme in good faith.

7.9 Costs and stamp duty

Westgold will pay the costs of the Option Scheme other than duty.

7.10 Governing law

- (a) The Options Scheme is governed by the laws of Western Australia.
- (b) Westgold, Scheme Optionholders and Metals X each submit to the non-exclusive jurisdiction of the courts exercising jurisdiction in Western Australia, and any court that may hear appeals from any of those courts, for any proceedings in connection with this document, and waive any right they might have to claim that those courts are an inconvenient forum.

Schedule 1 - Scheme Options

	Exercise price and expiry date of Westgold Options	Number of Westgold Options on issue
1	Exercisable at \$0.45 expiring 8/11/2012	250,000
2	Exercisable at \$0.21 expiring 30/11/2012	2,500,000
3	Exercisable at \$0.20 expiring 7/1/2013	1,000,000
4	Exercisable at \$0.21 expiring 30/11/2013	500,000
5	Exercisable at \$0.20 expiring 31/12/2013	17,500,000
6	Exercisable at \$0.32 expiring 11/1/2014	1,025,000
7	Exercisable at \$0.29 expiring 3/7/2014	1,825,000
8	Exercisable at \$0.29 expiring 15/8/2014	3,000,000
9	Exercisable at \$0.22 expiring 24/8/2014	400,000
10	Exercisable at \$0.23 expiring 2/11/2014	1,000,000
11	Exercisable at \$0.48 expiring 25/3/2015	650,000
	TOTAL	29,650,000

Schedule 2 - Option Scheme Consideration

Part A – Summary of Westgold Options and Metals X Options

Westgold tranche	Exercise price and expiry date of Westgold Options	Number of Westgold Options on issue	Exercise price and expiry date of Metals X Options	Number of Metals X Options to be issued
A	Exercisable at \$0.45 expiring 8/11/2012	250,000	Exercisable at \$0.41 expiring 8/11/2012	275,000
B	Exercisable at \$0.48 expiring 25/3/2015	650,000	Exercisable at \$0.44 expiring 25/3/2015	715,000
C	Exercisable at \$0.21 expiring 30/11/2012	2,500,000	Exercisable at \$0.19 expiring 30/11/2012	2,750,000
D	Exercisable at \$0.20 expiring 7/1/2013	1,000,000	Exercisable at \$0.18 expiring 7/1/2013	1,100,000
E	Exercisable at \$0.21 expiring 30/11/2013	500,000	Exercisable at \$0.19 expiring 30/11/2013	550,000
F	Exercisable at \$0.20 expiring 31/12/2013	17,500,000	Exercisable at \$0.18 expiring 31/12/2013	19,250,000
G	Exercisable at \$0.32 expiring 11/1/2014	1,025,000	Exercisable at \$0.29 expiring 11/1/2014	1,127,500
H	Exercisable at \$0.22 expiring 24/8/2014	400,000	Exercisable at \$0.20 expiring 24/8/2014	440,000
I	Exercisable at \$0.29 expiring 3/7/2014	1,825,000	Exercisable at \$0.26 expiring 3/7/2014	2,007,500
J	Exercisable at \$0.29 expiring 15/8/2014	3,000,000	Exercisable at \$0.26 expiring 15/8/2014	3,300,000
K	Exercisable at \$0.23 expiring 1/11/2014	1,000,000	Exercisable at \$0.21 expiring 1/11/2014	1,100,000
	TOTAL	29,650,000		32,615,000

Part B – Terms and Conditions of New Metals X Options

The exercise prices of the New Metals X Options to be issued as Option Scheme Consideration are set out in Part A of this Schedule 2.

In addition to the specified exercise price and expiry date, the options will be issued on the following terms:

- (a) Each option will entitle the holder to subscribe for and be allotted one fully paid ordinary share in Metals X;
- (b) The options will be exercisable subject to ASX escrow restrictions, at any time before 5.00pm on the applicable expiry date (refer to Part A of this Schedule 2), by notice in writing to Metals X accompanied by payment of the applicable exercise price (refer to this Schedule 2) for each option;
- (c) The options will be transferable;
- (d) Shares allotted and issued pursuant to the exercise of the options will be allotted and issued not more than 10 business days after receipt of a properly executed notice of exercise of the options and payment of the requisite application moneys;
- (e) Shares issued upon exercise of the options will rank pari passu in all respects with Metals X's fully paid ordinary shares. Subject to ASX escrow restrictions Metals X will apply for official quotation by the ASX (of all shares issued upon exercise of the options within 10 business days after the date of allotment of those shares;
- (f) There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital or bonus issues offered or made to shareholders during the currency of the options. However, Metals X will send a notice to each optionholder at least 20 business days before the record date, and this will give optionholders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue;
- (g) In the event of a bonus issue to holders of ordinary shares prior to the expiry date, the number of shares over which an option is exercisable will be increased in accordance with ASX Listing Rule 6.22.3;
- (h) In the event of a pro rata issue to holders of ordinary shares prior to the expiry date, the exercise price of an option will be adjusted in accordance with ASX Listing Rule 6.22.2;
- (i) In the event of any reorganisation or reconstruction of the issued capital of Metals X on or prior to the expiry date, the rights of an optionholder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of the reorganisation or reconstruction, and in all other respects the terms for the exercise of the options will remain unchanged;
- (j) Metals X will, at least 20 business days before the expiry date, send notices to the optionholders stating the name of the optionholder, the number of options held and the number of securities to be issued on exercise of the options, the exercise price, the due date for payment and the consequences of non-payment.

Schedule 3 – Option Scheme Deed Poll

See Annexure F of this Scheme Booklet

Annexure E – Share Scheme Deed Poll



Share Scheme Deed Poll

Metals X Limited
ACN 110 150 055
Metals X

CONFORMED COPY

Jackson McDonald
Lawyers
140 St Georges Terrace
Perth Western Australia 6000

t: +61 8 9426 6611
f: +61 8 9481 8649
w: www.jacmac.com.au

Contact: Will Moncrieff
Reference: 7144427

Date: 16 July 2012

Parties

Metals X Limited ACN 110 150 055 of Level 3, 123 Adelaide Terrace, East Perth, Western Australia (**Metals X**)

In favour of each holder of fully paid ordinary shares in the capital of Westgold Limited ACN 009 260 306 (**Westgold**) (other than Metals X) on issue as at 5.00pm on the Record Date (each a **Scheme Shareholder**)

Recitals

- A. Metals X and Westgold have entered into the Merger Implementation Agreement.
- B. Westgold has agreed in the Implementation Agreement to propose the Share Scheme.
- C. Under the Share Scheme, all Westgold Shares held by Scheme Shareholders will be transferred to Metals X for the Share Scheme Consideration.
- D. In accordance with the Implementation Agreement, Metals X is entering into this Deed to covenant in favour of the Scheme Shareholders to perform its obligations under the Share Scheme.

Operative Provisions

1. Definitions and interpretation

1.1 Definitions

In this Deed, unless the context requires otherwise:

Deed means this Share Scheme Deed Poll.

Implementation Agreement means the merger implementation agreement between Westgold and Metals X dated 13 May 2012 as varied by a deed of variation dated on or about 12 July 2012.

Terms that are not defined in this Deed and that are defined in the Implementation Agreement have the same meaning in this Deed as given to the term in the Implementation Agreement, unless the context makes it clear that a definition is not intended to apply.

1.2 Interpretation

The rules specified in clause 1.2 of the Implementation Agreement apply in interpreting this Deed, unless the context makes it clear that a rule is not intended to apply.

1.3 Nature of Deed Poll

Metals X acknowledges that this Deed may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it.

2. Condition precedent and termination**2.1 Condition**

Metals X's obligations under clause 3 are subject to the Share Scheme becoming Effective.

2.2 Termination

If the Share Scheme does not become Effective on or before the Sunset Date, or the Implementation Agreement is terminated, Metals X's obligations under this Deed will automatically terminate and the terms of this Deed will be of no further force or effect, unless Metals X and Westgold otherwise agree in writing.

2.3 Consequences of termination

If this Deed is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) Metals X is released from its obligations to further perform this Deed except those obligations contained in clause 8.3; and
- (b) each Scheme Shareholder retains any rights it has against Metals X in respect of any breach of this Deed which occurred before it is terminated.

3. Payment of Scheme Consideration**3.1 Undertaking to pay Scheme Consideration**

Subject to clauses 2, 3.3 and 3.4, in consideration of the transfer of each Westgold Share to Metals X, Metals X must:

- (a) acquire all Westgold Shares on issue at the Record Date from Scheme Shareholders, in accordance with the provisions of the Share Scheme;
- (b) issue and allot the Scheme Consideration to each Scheme Shareholder (other than to Ineligible Foreign Holders who will be dealt with in accordance with clause 3.3); and
- (c) otherwise do all things necessary or expedient on its part to implement the Share Scheme.

3.2 Satisfaction of obligation to provide Scheme Consideration

The obligation of Metals X to provide the Scheme Consideration referred to in clause 3.1(b) will be satisfied by Metals X:

- (a) on the Implementation Date, entering in the register of members of Metals X the name of each Scheme Shareholder, in relation to all the New Metals X Shares issued to each Scheme Shareholder as Scheme Consideration in accordance with the Share Scheme; and
 - (b) within 10 Business Days after the Implementation Date, dispatching to each Scheme Shareholder, if their New Metals X Shares are held on the issuer sponsored subregister of Metals X, by pre-paid post to his or her address as recorded in Westgold's share register at the Record Date, an uncertificated
-

holding statement in the name of that Scheme Shareholder representing the number of New Metals X Shares issued to that Scheme Shareholder.

3.3 Ineligible Foreign Holders

Metals X will be under no obligation under the Share Scheme to issue, and will not issue, any New Metals X Shares to an Ineligible Foreign Holder, and instead where a Scheme Shareholder is an Ineligible Foreign Holder, the number of New Metals X Shares to which the Scheme Shareholder would otherwise be entitled, will be allotted to a nominee approved by Westgold and ASIC who will sell those New Metals X Shares as soon as practicable (at the risk of that Ineligible Foreign Holder) and pay the proceeds received, after deducting any applicable brokerage, stamp duty and other taxes and charges, to that Ineligible Foreign Holder in full satisfaction of that Ineligible Foreign Holder's rights under the Share Scheme to Scheme Consideration.

3.4 Unmarketable Parcels

Where the New Metals X Shares which would otherwise be issued as Scheme Consideration to any particular Scheme Shareholder would not constitute a marketable parcel within the meaning of the Market Rules Procedures of ASX (calculated having regard to the closing price of Metals X Shares on the ASX on the Record Date), then, in respect of the number of New Metals X Shares to which the Scheme Shareholder would otherwise be entitled, the Scheme Shareholder will be given the option to have those New Metals X Shares allotted to a nominee approved by Westgold who will sell those New Metals X Shares as soon as practicable (at the risk of the Scheme Shareholder) and pay the proceeds received, after deducting any applicable brokerage, stamp duty and other taxes and charges, to that Scheme Shareholder in full satisfaction of that Scheme Shareholder's rights under the Share Scheme to Scheme Consideration.

3.5 Joint holders

In the case of Westgold Shares held by Scheme Shareholders in joint names:

- (a) any entry in the register of members of Metals X required to be made must record the names and registered addresses of the joint holders; and
- (b) any uncertificated holding statement for New Metals X Shares must be issued to Scheme Shareholders in the names of the joint holders and must be forwarded to the holder whose name first appears in Westgold's share register at the Record Date.

4. Representations and warranties

Metals X represents and warrants that:

- (a) **(status)** it is a company limited by shares and validly existing under the Corporations Act;
 - (b) **(power)** it has full legal capacity and power to enter into this Deed and to carry out the transactions that this Deed contemplates;
 - (c) **(corporate authority)** it has taken all corporate action that is necessary or desirable to authorise its entry into this Deed and its carrying out the transactions this Deed contemplates; and
-

- (d) **(Deed effective)** this Deed constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms (except to the extent limited by equitable principles and laws affecting creditor's rights generally) subject to any necessary stamping.

5. Continuing obligations

This Deed is irrevocable and, subject to clause 2, remains in full force and effect until Metals X has completely performed its obligations under this Deed or the earlier termination of this Deed under clause 2.

6. Notices

Each communication (including each notice, consent, approval, request and demand) under or in connection with this Deed:

- (a) must be in writing;
- (b) must be addressed to the address notified by the recipient to the other party from time to time. As at the date of this Deed, the Metals X's address is the address as set out at the start of this Deed;
- (c) must be signed by the party making it or (on that party's behalf) by the solicitor for or any attorney, director, secretary or authorised agent of that party;
- (d) must be delivered by hand or posted by prepaid post to the address, or sent by fax to the number, of the addressee in accordance with clause (c); and
- (e) is taken to be received by the addressee:
 - (i) (in the case of prepaid post sent to an address in the same country) on the third day after the date of posting;
 - (ii) (in the case of prepaid post sent to an address in another country) on the fifth day after the date of posting;
 - (iii) (in the case of facsimile) at the time in the place to which it is sent equivalent to the time shown on the transmission confirmation report produced by the facsimile machine from which it was sent or other verification from the time of sending; and
 - (iv) (in the case of delivery by hand) on delivery,

but if the communication would, on the application of clauses (i) to (iv), be taken to be received on a day that is not a Business Day or after 5.00pm on a Business Day, it is taken to be received at 9.00am on the next Business Day.

7. Amendment and assignment

7.1 Amendment

This Deed may not be varied unless:

- (a) before the Second Court Date, the variation is agreed to in writing by Westgold; or

- (b) on or after the Second Court Date, the variation is agreed to in writing by Westgold and is approved by the Court,

and, in which case, Metals X will enter into a further deed poll in favour of Scheme Shareholders giving effect to that amendment.

7.2 Assignment

The rights and obligations of a person under this Deed are personal. They cannot be assigned, novated, encumbered, charged or otherwise dealt with, and no person shall attempt or purport to do so.

8. General

8.1 Governing law

This Deed is governed by and must be construed according to the law applying in Western Australia.

8.2 Jurisdiction

Each party irrevocably:

- (a) submits to the non-exclusive jurisdiction of the courts of Western Australia, and any courts competent to determine appeals from any of those courts, with respect to any proceedings that may be brought at any time relating to or in connection with this Deed; and
- (b) waives any objection that it may now or in the future have to the venue of any proceedings, and any claim that it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within clause 8.2(a).

8.3 Liability for expenses

Metals X is solely responsible for, and must indemnify each Scheme Shareholder against, and must pay each other party on demand the amount of, any duty that is payable on or in relation to this Deed and the transactions that this Deed contemplates.

8.4 Waiver of rights

- (a) Failure to exercise or enforce, or a delay in exercising or enforcing, or the partial exercise or enforcement, of a right provided by law or under this Deed by a party does not preclude, or operate as a waiver of, the exercise or enforcement, or further exercise or enforcement, of that or any other right provided by law or under this Deed.
- (b) A waiver or consent given by a party under this Deed is only effective and binding on that party if it is given or confirmed in writing by that party.
- (c) No waiver of a breach of a term of this Deed operates as a waiver of another breach of that term or of a breach of any other term of this Deed.

8.5 Consent

Metals X consents to Westgold producing this Deed to the Court.

8.6 Further acts and documents

Metals X must promptly do all further acts and execute and deliver all further documents (in such form and content reasonably satisfactory to Westgold) required by law or reasonably requested by Westgold to give full effect to this Deed and the transactions contemplated by this Deed.

8.7 Severance and enforceability

Any provision, or the application of any provision, of this Deed that is void, illegal or unenforceable in any jurisdiction does not affect the validity, legality or enforceability of that provision in any other jurisdiction or of the remaining provisions of this Deed in that or any other jurisdiction.

Executed as a deed.

Executed by
Metals X Limited
ACN 110 150 055
pursuant to Section 127
of the Corporations Act

}

WARREN HALLAM

.....
Director

FIONA VAN MAANEN

.....
Director/Secretary

Annexure F – Option Scheme Deed Poll



Option Scheme Deed Poll

Metals X Limited
ACN 110 150 055
Metals X

CONFORMED COPY

Jackson McDonald
Lawyers
140 St Georges Terrace
Perth Western Australia 6000

t: +61 8 9426 6611
f: +61 8 9481 8649
w: www.jacmac.com.au

Contact: Will Moncrieff
Reference: 7144427

Date: 16 July 2012

Parties

Metals X Limited ACN 110 150 055 of Level 3, 123 Adelaide Terrace, East Perth, Western Australia (**Metals X**)

In favour of each holder of options to subscribe for fully paid ordinary shares in the capital of Westgold Limited ACN 009 260 306 (**Westgold**) identified in the Option Scheme on issue as at 5.00pm on the Option Scheme Record Date (each a **Scheme Optionholder**)

Background

- A. Metals X and Westgold have entered into the Implementation Agreement.
- B. Westgold has agreed in the Implementation Agreement to propose the Option Scheme.
- C. Under the Option Scheme, all Scheme Options held by Scheme Optionholders will be cancelled and Scheme Optionholders will receive the Option Scheme Consideration.
- D. In accordance with the Implementation Agreement, Metals X is entering into this Deed to covenant in favour of the Scheme Optionholders to perform its obligations under the Option Scheme.

Operative Provisions

1. Definitions and interpretation

1.1 Definitions

In this Deed, unless the context requires otherwise:

Deed means this Option Scheme Deed Poll.

Implementation Agreement means the merger implementation agreement between Westgold and Metals X dated 13 May 2012 as varied by a deed of variation dated on or about 12 July 2012.

Terms that are not defined in this Deed and that are defined in the Option Scheme have the same meaning in this Deed as given to the term in the Option Scheme, unless the context makes it clear that a definition is not intended to apply.

1.2 Interpretation

The rules specified in clause 1.2 of the Option Scheme apply in interpreting this Deed, unless the context makes it clear that a rule is not intended to apply.

1.3 Nature of Deed Poll

Metals X acknowledges that this Deed may be relied on and enforced by any Scheme Optionholder in accordance with its terms even though the Scheme Optionholders are not party to it.

2. Condition precedent and termination

2.1 Condition

Metals X's obligations under clause 3 are subject to the Option Scheme becoming Effective.

2.2 Termination

If the Option Scheme does not become Effective on or before the Sunset Date, or the Implementation Agreement is terminated, Metals X's obligations under this Deed will automatically terminate and the terms of this Deed will be of no further force or effect, unless Metals X and Westgold otherwise agree in writing.

2.3 Consequences of termination

If this Deed is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) Metals X is released from its obligations to further perform this Deed except those obligations contained in clause 8.3; and
- (b) each Scheme Optionholder retains any rights it has against Metals X in respect of any breach of this Deed which occurred before it is terminated.

3. Payment of Option Scheme Consideration

3.1 Undertaking to pay Option Scheme Consideration

Subject to clause 2, in consideration of the cancellation of each Scheme Option, Metals X must:

- (a) grant the Option Scheme Consideration to each Scheme Optionholder; and
- (b) otherwise do all things necessary or expedient on its part to implement the Option Scheme.

3.2 Satisfaction of obligation to provide Option Scheme Consideration

The obligation of Metals X to provide the Option Scheme Consideration referred to in clause 3.1(a) will be satisfied by Metals X:

- (a) on the Implementation Date, entering in the Metals X Register the name of each Scheme Optionholder, in relation to all the New Metals X Options granted to each Scheme Optionholder as Option Scheme Consideration in accordance with the Option Scheme; and
 - (b) within 10 Business Days after the Implementation Date, dispatching to each Scheme Optionholder, by pre-paid post to his or her address as recorded in Westgold's Option Register at the Option Scheme Record Date, a certificate in the name of that Scheme Option holder representing the number of New Metals X Options granted to that Scheme Optionholder.
-

3.3 Joint holders

In the case of Scheme Options held by Scheme Optionholders in joint names:

- (a) any entry in the Metals X Register required to be made must record the names and registered addresses of the joint holders; and
- (b) any uncertificated holding statement for New Metals X Options must be issued to Scheme Optionholders in the names of the joint holders and must be forwarded to the holder whose name first appears in Westgold's Option Register at the Option Scheme Record Date.

4. Representations and warranties

Metals X represents and warrants that:

- (a) **(status)** it is a company limited by shares and validly existing under the Corporations Act;
- (b) **(power)** it has full legal capacity and power to enter into this Deed and to carry out the transactions that this Deed contemplates;
- (c) **(corporate authority)** it has taken all corporate action that is necessary or desirable to authorise its entry into this Deed and its carrying out the transactions this Deed contemplates; and
- (d) **(Deed effective)** this Deed constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms (except to the extent limited by equitable principles and laws affecting creditor's rights generally) subject to any necessary stamping.

5. Continuing obligations

This Deed is irrevocable and, subject to clause 2, remains in full force and effect until Metals X has completely performed its obligations under this Deed or the earlier termination of this Deed under clause 2.

6. Notices

Each communication (including each notice, consent, approval, request and demand) under or in connection with this Deed:

- (a) must be in writing;
 - (b) must be addressed to the address notified by the recipient to the other party from time to time; as at the date of this Deed, the Metals X's address is the address as set out at the start of this Deed;
 - (c) must be signed by the party making it or (on that party's behalf) by the solicitor for or any attorney, director, secretary or authorised agent of that party;
 - (d) must be delivered by hand or posted by prepaid post to the address, or sent by fax to the number, of the addressee in accordance with clause (c) and
-

-
- (e) is taken to be received by the addressee:
- (i) (in the case of prepaid post sent to an address in the same country) on the third day after the date of posting;
 - (ii) (in the case of prepaid post sent to an address in another country) on the fifth day after the date of posting;
 - (iii) (in the case of facsimile) at the time in the place to which it is sent equivalent to the time shown on the transmission confirmation report produced by the facsimile machine from which it was sent or other verification from the time of sending; and
 - (iv) (in the case of delivery by hand) on delivery,
- but if the communication would, on the application of clauses (i) to (iv), be taken to be received on a day that is not a Business Day or after 5.00pm on a Business Day, it is taken to be received at 9.00am on the next Business Day.

7. Amendment and assignment

7.1 Amendment

This Deed may not be varied unless:

- (a) before the Second Court Date, the variation is agreed to in writing by Westgold; or
- (b) on or after the Second Court Date, the variation is agreed to in writing by Westgold and is approved by the Court,

and, in which case, Metals X will enter into a further deed poll in favour of Scheme Optionholders giving effect to that amendment.

7.2 Assignment

The rights and obligations of a person under this Deed are personal. They cannot be assigned, novated, encumbered, charged or otherwise dealt with, and no person shall attempt or purport to do so.

8. General

8.1 Governing law

This Deed is governed by and must be construed according to the law applying in Western Australia.

8.2 Jurisdiction

Each party irrevocably:

- (a) submits to the non-exclusive jurisdiction of the courts of Western Australia, and any courts competent to determine appeals from any of those courts, with respect to any proceedings that may be brought at any time relating to or in connection with this Deed; and
-

-
- (b) waives any objection that it may now or in the future have to the venue of any proceedings, and any claim that it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within clause 8.2(a).

8.3 Liability for expenses

Metals X is solely responsible for, and must indemnify each Scheme Optionholder against, and must pay each other party on demand the amount of, any duty that is payable on or in relation to this Deed and the transactions that this Deed contemplates.

8.4 Waiver of rights

- (a) Failure to exercise or enforce, or a delay in exercising or enforcing, or the partial exercise or enforcement, of a right provided by law or under this Deed by a party does not preclude, or operate as a waiver of, the exercise or enforcement, or further exercise or enforcement, of that or any other right provided by law or under this Deed.
- (b) A waiver or consent given by a party under this Deed is only effective and binding on that party if it is given or confirmed in writing by that party.
- (c) No waiver of a breach of a term of this Deed operates as a waiver of another breach of that term or of a breach of any other term of this Deed.

8.5 Consent

Metals X consents to Westgold producing this Deed to the Court.

8.6 Further acts and documents

Metals X must promptly do all further acts and execute and deliver all further documents (in such form and content reasonably satisfactory to Westgold) required by law or reasonably requested by Westgold to give full effect to this Deed and the transactions contemplated by this Deed.

8.7 Severance and enforceability

Any provision, or the application of any provision, of this Deed that is void, illegal or unenforceable in any jurisdiction does not affect the validity, legality or enforceability of that provision in any other jurisdiction or of the remaining provisions of this Deed in that or any other jurisdiction.

Executed as a deed.

Executed by
Metals X Limited
ACN 110 150 055
pursuant to Section 127
of the Corporations Act

}

WARREN HALLAM

.....
Director

FIONA VAN MAANEN

.....
Director/Secretary

Annexure G – Notice of Share Scheme Meeting

Notice of Scheme Meeting of Westgold Shareholders

Notice is hereby given that, by order of the Supreme Court of Western Australia (Court) made on 22 August 2012 pursuant to section 411(1) of the Corporations Act, a meeting of Westgold Shareholders will be held at Traders Lounge, Hyatt Regency Perth, 99 Adelaide Terrace, Perth, Western Australia, on Wednesday, 3 October 2012 commencing at 10.00am.

The Court has also directed that Mr Michael Atkins, act as chairman of the Scheme Meeting, or failing him, Mr Scott Huffadine, and has directed the chairman to report the result of the Scheme Meeting to the Court.

Purpose of the Scheme Meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, to agree (with or without modification) to a scheme of arrangement proposed to be made between Westgold and the Westgold Shareholders.

A copy of the Scheme and the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Scheme Booklet of which this notice forms part.

Resolution – Approval of Scheme

To consider, and if thought fit, to pass the following resolution:

“That pursuant to and in accordance with section 411 of the Corporations Act, the scheme of arrangement proposed between Westgold and Westgold Shareholders, as contained in and more particularly described in the document of which the notice convening this meeting forms part, is approved (with or without modification as approved by the Supreme Court of Western Australia).”

Majority Required

To pass the resolution approving the Scheme, votes in favour of the Scheme must be cast by:

- more than 50% in number of Westgold Shareholders (other than Metals X) present and voting (whether in person, by proxy, by attorney or, in the case of a corporation, by corporate representative); and
- at least 75% of the total number of votes cast on the resolution by Westgold Shareholders (other than Metals X).

Voting at the Scheme Meeting will be by poll rather than by show of hands.

Metals X is excluded from voting on the Scheme by reason of its existing shareholding interest in Westgold and the fact that it is the proponent of the Scheme. As at the date of the Scheme Booklet, Metals X and its associates hold 26.98% of Westgold Shares.

How to Vote

Westgold Shareholders can vote in either of two ways:

- by attending the Scheme Meeting and voting in person or by attorney or, in the case of corporate Westgold Shareholders, by corporate representative; or
- by appointing a proxy to attend and vote on their behalf, using the proxy form enclosed with the Scheme Booklet.

Voting in Person (or by Attorney or Corporate Representative)

Westgold Shareholders or their attorneys who plan to attend the Scheme Meeting are asked to arrive at the venue 30 minutes prior to the time designated for the Scheme Meeting so that the shareholding can be checked against the Westgold Register and attendances can be noted. If a Westgold Shareholder wishes to appoint an attorney, that Shareholder will need to provide Westgold with an original or certified copy of the power of attorney under which they authorise the attorney to attend and vote at the Scheme Meeting at least 48 hours prior to the commencement of the Scheme Meeting. In order to vote in person at the meeting, a Westgold Shareholder which is a corporation may appoint an individual to act as its

representative. The appointment must comply with the requirements of section 250D of the Corporations Act. A corporate Westgold Shareholder should obtain an "Appointment of Corporate Representative" form from Computershare and complete that form in accordance with its instructions. The representative should bring this form, duly completed, to the Scheme Meeting and any authority under which it is signed, unless this has already been provided and is kept at Computershare.

Jointly Held Westgold Shares

If the Westgold Shares are jointly held, only one of the joint shareholders is entitled to vote. If more than one shareholder votes in respect of jointly held Westgold Shares, only the vote of the shareholder whose name appears first on the Westgold Register will be counted.

Proxy Instructions

- A Westgold Shareholder entitled to attend and vote at the Scheme Meeting is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the Scheme Meeting.
- The appointment of a proxy may specify the proportion or the number of votes that the proxy may exercise. Where two proxies are appointed, unless the appointment specifies the proportion or number of the Westgold Shareholder's votes, each proxy may exercise half of the votes. Fractions of votes will be disregarded.
- A proxy may, but need not be, a Westgold Shareholder.
- If a proxy is instructed to abstain from voting on any item of business, that person is directed not to vote on the Westgold Shareholder's behalf on a poll and the Westgold Shares the subject of the proxy appointment will not be counted in computing the required majority.
- If a proxy is not directed how to vote on an item of business, the proxy may vote or abstain from voting, as that person thinks fit.
- Westgold Shareholders who return their proxy forms with a direction on how to vote but without nominating the identity of their proxy will be taken to have appointed the chairman of the Scheme Meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the Scheme Meeting, the chairman of the Scheme Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the chairman of the Scheme Meeting, the secretary or any director which do not contain a direction will, in the absence of a change in circumstances, be used to vote in favour of the Scheme.
- A vote given in accordance with the terms of a proxy is valid despite the revocation of the proxy, unless notice in writing of the revocation has been received by Westgold or Computershare before commencement of the Scheme Meeting.
- Appointing a proxy will not preclude you from attending the Scheme Meeting in person and voting at the Scheme Meeting instead of your proxy.
- Completed proxy forms may be lodged by:
 - using one of the reply paid envelopes enclosed with the Scheme Booklet; OR
 - by posting, delivery or facsimile to the Westgold share registry as follows:

Computershare Investor Services Pty Limited
GPO Box 242
MELBOURNE VIC 3001
AUSTRALIA
Fax: 1800 783 447 (within Australia)
+613 9473 2555 (outside Australia)
- To be valid for the Scheme Meeting, completed proxy forms (and any power of attorney under which they are signed) must be received by no later than 10.00am (Perth time) on Monday, 1 October 2012.

- The proxy form must be signed by the Westgold Shareholder or the Westgold Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointor's attorney, a certified copy of the power of attorney, or the power itself, must be received by Computershare at the above addresses or by facsimile transmission by 10.00am (Perth time) on Monday, 1 October 2012. If facsimile transmission is used, the power of attorney must be certified.

Westgold Shareholders who are Entitled to Vote

Pursuant to section 411 of the Corporations Act and all other enabling powers, the Court has determined that the time for determining a person's entitlement to vote at the Scheme Meeting is 5.00pm (Perth time) on Monday, 1 October 2012. Only those Westgold Shareholders entered on the Westgold Register as at that time will be entitled to attend and vote at the Scheme Meeting. Registrable transfers or transmission applications received after this time will be disregarded in determining entitlements to vote at the Scheme Meeting.

Court Approval

In accordance with section 411(4)(b) of the Corporations Act, the Scheme (with or without modification) will not be implemented unless it is approved by an order of the Court. If the resolution put to the Scheme Meeting is passed by the majority required, Westgold intends to apply to the Court for the necessary orders to give effect to the Scheme.

Annexure H – Notice of Option Scheme Meeting

Notice of Option Scheme Meeting of Westgold Optionholders

Notice is hereby given that, by order of the Supreme Court of Western Australia (Court) made on 22 August 2012 pursuant to section 411(1) of the Corporations Act, a meeting of Westgold Optionholders will be held at Traders Lounge, Hyatt Regency Perth, 99 Adelaide Terrace, Perth, Western Australia, on Wednesday, 3 October 2012 commencing at the later of 10.30am and the conclusion of the Share Scheme Meeting.

The Court has also directed that Mr Michael Atkins, act as chairman of the Option Scheme Meeting, or failing him, Mr Scott Huffadine, and has directed the chairman to report the result of the Option Scheme Meeting to the Court.

Purpose of the Option Scheme Meeting

The purpose of the Option Scheme Meeting is to consider and, if thought fit, to agree (with or without modification) to a scheme of arrangement proposed to be made between Westgold and the Westgold Optionholders.

A copy of the Option Scheme and the explanatory statement required by section 412 of the Corporations Act in relation to the Options Scheme are contained in the Scheme Booklet of which this notice forms part.

Resolution – Approval of Options Scheme

To consider, and if thought fit, to pass the following resolution:

“That pursuant to and in accordance with section 411 of the Corporations Act, the scheme of arrangement proposed between Westgold and Westgold Optionholders, as contained in and more particularly described in the document of which the notice convening this meeting forms part, is approved (with or without modification as approved by the Supreme Court of Western Australia).”

Majority Required

To pass the resolution approving the Option Scheme, votes in favour of the Option Scheme must be cast by:

- more than 50% in number of Westgold Optionholders present and voting (whether in person, by proxy, by attorney or, in the case of a corporation, by corporate representative); and
- Westgold Optionholders whose debts or claims amount in aggregate to at least 75% of the total amount of debts or claims of Westgold Optionholders present and voting at the Option Scheme Meeting on the Option Scheme Resolution.

Voting at the Option Scheme Meeting will be by poll rather than by show of hands.

How to Vote

Westgold Optionholders can vote in either of two ways:

- by attending the Option Scheme Meeting and voting in person or by attorney or, in the case of corporate Westgold Optionholders, by corporate representative; or
- by appointing a proxy to attend and vote on their behalf, using the proxy form enclosed with the Scheme Booklet.

Voting in Person (or by Attorney or Corporate Representative)

Westgold Optionholders or their attorneys who plan to attend the Option Scheme Meeting are asked to arrive at the venue 30 minutes prior to the time designated for the Option Scheme Meeting so that the optionholding can be checked against the Westgold Option Register and attendances can be noted. If a Westgold Optionholder wishes to appoint an attorney, that Optionholder will need to provide Westgold with an original or certified copy of the power of attorney under which they authorise the attorney to attend and vote at the Option Scheme Meeting at least 48 hours prior to the commencement of the Option Scheme Meeting. In order to vote in person at the meeting, a Westgold Optionholder which is a corporation may appoint an individual to act as its representative. The appointment must comply with the requirements of section 250D of the Corporations Act. A corporate Westgold Optionholder should obtain an “Appointment of Corporate Representative” form from Computershare and complete that form in accordance with its instructions. The representative should bring this form, duly completed, to the Option Scheme Meeting and any authority under which it is signed, unless this has already been provided and is kept at Computershare.

Jointly Held Westgold Options

If the Westgold Options are jointly held, only one of the joint shareholders is entitled to vote. If more than one optionholder votes in respect of jointly held Westgold Options, only the vote of the optionholder whose name appears first on the Westgold Option Register will be counted.

Proxy Instructions

- A Westgold Optionholder entitled to attend and vote at the Option Scheme Meeting is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the Option Scheme Meeting.
- The appointment of a proxy may specify the proportion or the number of votes that the proxy may exercise. Where two proxies are appointed, unless the appointment specifies the proportion or number of the Westgold Optionholder's votes, each proxy may exercise half of the votes. Fractions of votes will be disregarded.
- A proxy may, but need not be, a Westgold Optionholder.
- If a proxy is instructed to abstain from voting on any item of business, that person is directed not to vote on the Westgold Optionholder's behalf on a poll and the Westgold Options the subject of the proxy appointment will not be counted in computing the required majority.
- If a proxy is not directed how to vote on an item of business, the proxy may vote or abstain from voting, as that person thinks fit.
- Westgold Optionholders who return their proxy forms with a direction on how to vote but without nominating the identity of their proxy will be taken to have appointed the chairman of the Option Scheme Meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the Option Scheme Meeting, the chairman of the Option Scheme Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the chairman of the Option Scheme Meeting, the secretary or any director which do not contain a direction will, in the absence of a change in circumstances, be used to vote in favour of the Option Scheme.
- A vote given in accordance with the terms of a proxy is valid despite the revocation of the proxy, unless notice in writing of the revocation has been received by Westgold or Computershare before commencement of the Option Scheme Meeting.
- Appointing a proxy will not preclude you from attending the Option Scheme Meeting in person and voting at the Option Scheme Meeting instead of your proxy.
- Completed proxy forms may be lodged by:
 - using one of the reply paid envelopes enclosed with the Scheme Booklet; OR
 - by posting, delivery or facsimile to the Westgold share registry as follows:

Computershare Investor Services Pty Limited
GPO Box 242
MELBOURNE VIC 3001
AUSTRALIA
Fax: 1800 783 447 (within Australia)
+613 9473 2555 (outside Australia)
- To be valid for the Option Scheme Meeting, completed proxy forms (and any power of attorney under which they are signed) must be received by no later than 10.30am (Perth time) on Monday, 1 October 2012.
- The proxy form must be signed by the Westgold Optionholder or the Westgold Optionholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointor's attorney, a certified copy of the power of attorney, or the power itself, must be received by Computershare at the above addresses or by facsimile transmission by 10.30am (Perth time) on Monday, 1 October 2012. If facsimile transmission is used, the power of attorney must be certified.

Westgold Optionholders who are Entitled to Vote

Pursuant to section 411 of the Corporations Act and all other enabling powers, the Court has determined that the time for determining a person's entitlement to vote at the Option Scheme Meeting is 5.00pm (Perth time) on Monday, 1 October 2012. Only those Westgold Optionholders entered on the Westgold Option Register as at that time will be entitled to attend and vote at the Option Scheme Meeting. Registrable transfers or transmission applications received after this time will be disregarded in determining entitlements to vote at the Option Scheme Meeting.

Court Approval

In accordance with section 411(4)(b) of the Corporations Act, the Option Scheme (with or without modification) will not be implemented unless it is approved by an order of the Court. If the resolution put to the Option Scheme Meeting is passed by the majority required, Westgold intends to apply to the Court for the necessary orders to give effect to the Option Scheme, subject to the Share Scheme being approved by Westgold Shareholders.

Annexure I – Summary of Westgold Options and New Metals X Options

Westgold tranche ⁷	Exercise price and expiry date of Westgold Options	Number of Westgold Options on issue	Exercise price and expiry date of New Metals X Options	Number of New Metals X Options to be issued
A	Exercisable at \$0.45 expiring 8/11/2012	250,000	Exercisable at \$0.41 expiring 8/11/2012	275,000
B	Exercisable at \$0.48 expiring 25/3/2015	650,000	Exercisable at \$0.44 expiring 25/3/2015	715,000
C	Exercisable at \$0.21 expiring 30/11/2012	2,500,000	Exercisable at \$0.19 expiring 30/11/2012	2,750,000
D	Exercisable at \$0.20 expiring 7/1/2013	1,000,000	Exercisable at \$0.18 expiring 7/1/2013	1,100,000
E	Exercisable at \$0.21 expiring 30/11/2013	500,000	Exercisable at \$0.19 expiring 30/11/2013	550,000
F	Exercisable at \$0.20 expiring 31/12/2013	17,500,000	Exercisable at \$0.18 expiring 31/12/2013	19,250,000
G	Exercisable at \$0.32 expiring 11/1/2014	1,025,000	Exercisable at \$0.29 expiring 11/1/2014	1,127,500
H	Exercisable at \$0.22 expiring 24/8/2014	400,000	Exercisable at \$0.20 expiring 24/8/2014	440,000
I	Exercisable at \$0.29 expiring 3/7/2014	1,825,000	Exercisable at \$0.26 expiring 3/7/2014	2,007,500
J	Exercisable at \$0.29 expiring 15/8/2014	3,000,000	Exercisable at \$0.26 expiring 15/8/2014	3,300,000
K	Exercisable at \$0.23 expiring 1/11/2014	1,000,000	Exercisable at \$0.21 expiring 1/11/2014	1,100,000
	TOTAL	29,650,000		32,615,000

⁷ The references to Tranches A to K in this Annexure I correspond to references to Tranches A to K as valued by the Independent Expert – refer Appendix 3 of the Independent Expert's Report.

Annexure J – Terms and Conditions of New Metals X Options

The exercise prices and expiry dates of the New Metals X Options to be issued as Option Scheme Consideration are set out at Annexure I.

In addition to the specified exercise prices and expiry dates, the New Metals X Options will be issued on the following terms:

- (a) Each option will entitle the holder to subscribe for and be allotted one fully paid ordinary share in Metals X.
- (b) The options will be exercisable subject to ASX escrow restrictions, at any time before 5.00pm on the applicable expiry date (refer to Annexure I), by notice in writing to Metals X accompanied by payment of the applicable exercise price (refer to Annexure I) for each option.
- (c) The options will be transferable.
- (d) Shares allotted and issued pursuant to the exercise of the options will be allotted and issued not more than 10 business days after receipt of a properly executed notice of exercise of the options and payment of the requisite application moneys.
- (e) Shares issued upon exercise of the options will rank pari passu in all respects with Metals X's fully paid ordinary shares. Subject to ASX escrow restrictions Metals X will apply for official quotation by the ASX (of all shares issued upon exercise of the options within 10 business days after the date of allotment of those shares.
- (f) There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital or bonus issues offered or made to shareholders during the currency of the options. However, Metals X will send a notice to each optionholder at least 20 business days before the record date, and this will give optionholders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue.
- (g) In the event of a bonus issue to holders of ordinary shares prior to the expiry date, the number of shares over which an option is exercisable will be increased in accordance with ASX Listing Rule 6.22.3.
- (h) In the event of a pro rata issue to holders of ordinary shares prior to the expiry date, the exercise price of an option will be adjusted in accordance with ASX Listing Rule 6.22.2.
- (i) In the event of any reorganisation or reconstruction of the issued capital of Metals X on or prior to the expiry date, the rights of an optionholder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of the reorganisation or reconstruction, and in all other respects the terms for the exercise of the options will remain unchanged.
- (j) Metals X will, at least 20 business days before the expiry date, send notices to the optionholders stating the name of the optionholder, the number of options held and the number of securities to be issued on exercise of the options, the exercise price, the due date for payment and the consequences of non-payment.

Corporate Directory

Directors

Michael Atkins
Scott Huffadine
Andrew Beckwith
Peter Cook
Warren Hallam

Company Secretary

Andrew Chapman

Registered & Principal Office

Level 3
123 Adelaide Terrace
EAST PERTH WA 6004

Solicitors

Jackson McDonald
Level 25, 140 St Georges Terrace
PERTH WA 6000

Auditor

Ernst & Young
11 Mounts Bay Road
PERTH WA 6000

Share Registry

Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000

Westgold Securityholder Information Helpline

In Australia: 1300 668 535 (toll free)
Outside Australia: +61 2 8022 7902

