



23 March 2011

Australian Securities Exchange Limited  
Company Announcements Office  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir,

**Aragon Resources Limited ABN 63 114 714 662 (Aragon, ASX Code: AAG) – Dispatch of Target's Statement**

Aragon today completed the dispatch of the Target's Statement to Aragon securityholders. A copy of the dispatch version of the Target's Statement is **enclosed**.

The enclosed dispatch version includes correction of typographical errors which were identified in the version released to ASX on 21 March 2011.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Fiona Van Maanen'.

**Fiona Van Maanen**  
Company Secretary

**Aragon Resources Limited**

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REQUIRES YOUR IMMEDIATE ATTENTION.  
If you are in doubt as to its contents, please  
contact your professional adviser.



# Target's Statement

## Aragon Resources Limited

ABN 63 114 714 662

In response to the offers by

## Westgold Resources Limited

ABN 60 009 260 306

to acquire all of your shares and  
options in Aragon Resources  
Limited for:

- one Westgold Resources Limited Share for each of your Aragon Resources Limited Shares; and
- one Westgold Resources Limited Option for each of your Aragon Resources Limited Options.

The Voting Directors unanimously recommend that you **ACCEPT** the Share Offer and the Option Offer, each in the absence of a superior proposal.

Financial Adviser



**GRESHAM**  
INVESTMENT HOUSE

Legal Adviser

**Blake Dawson**

## IMPORTANT INFORMATION

### Target's Statement

This Target's Statement is dated 21 March 2011 and is given by Aragon Resources Limited ABN 63 114 714 662 (**Aragon**) to Westgold Resources Limited ABN 60 009 260 306 (**Westgold**) under Part 6.5 of the Corporations Act. It is given in response to the bidder's statement dated 21 February 2011 received by Aragon from Westgold (the **Bidder's Statement**) and relates to the offers made by Westgold to acquire your shares in Aragon and your options to acquire shares in Aragon.

A copy of this Target's Statement was lodged with ASIC on 21 March 2011. ASIC takes no responsibility for the contents of this Target's Statement.

A number of defined terms are used in this Target's Statement. These terms are defined in Part C, section 14.

### Investment decisions

This document does not take into account the investment objectives, financial situation or particular needs of any person. Before making any investment decision on the basis of this document you should consider whether that decision is appropriate in the light of those factors and seek independent financial and taxation advice if necessary.

### Forward looking statements

This document contains forward looking statements. Forward looking statements are not based on historical facts, but are based on Aragon's current expectations of future results or events. These forward looking statements are subject to risks, uncertainties and assumptions which could cause actual results or events to differ materially from the expectations described in such forward looking statements. While Aragon believes that the expectations reflected in the forward looking statements in this document are reasonable, no assurance can be given that such expectations will prove to be correct. Matters as yet not known to Aragon or not currently considered material by Aragon, may cause actual results or events to be materially different from those expressed, implied or projected in any forward looking statements. Any forward looking statement contained in this document is qualified by this cautionary statement.

### Information line and website

If you have any queries in relation to Westgold's Offers or this Target's Statement, please contact Fiona Van Maanen, Company Secretary of Aragon, on +61 8 9220 5600.

Further information relating to Westgold's Offers can be obtained from Aragon's website at <http://aragonresources.com.au/>.

### Key dates

Date of Westgold's Offers (beginning of Offer Period)	9 March 2011
Date of this Target's Statement	21 March 2011
Date for Westgold to give notice of status of conditions (subject to change if Offer Period extended)	4 April 2011
Closing date of Westgold's Offers (unless extended or withdrawn)	5.00pm Perth time on 11 April 2011

## CEO'S LETTER

21 March 2011

Dear Aragon Securityholders

**Your Voting Directors recommend that you ACCEPT the Share Offer and the Option Offer, each in the absence of a superior proposal.**

On 7 February 2011, Westgold announced offers for your Company comprising:

- one Westgold Share for each of your Aragon Shares; and
- one Westgold Option (at an equivalent exercise date and exercise price) for each of your Aragon Options.

This Target's Statement contains your Voting Directors' formal response to Westgold's Offers and sets out in detail your Voting Directors' reasons for recommending that you accept both the Share Offer and the Option Offer, in the absence of a superior proposal.

Your Voting Directors have formed the view that Westgold's Offers represent fair value for your Aragon Securities, each in the absence of a superior proposal. In reaching this view your Voting Directors have considered the following matters:

**Significant premium** – Aragon Securityholders are being offered a substantial and attractive premium to the pre-offers Aragon share price.

**Fair and reasonable** – The Independent Expert has concluded that each of the Share Offer and the Option Offer is fair and reasonable, in the absence of a superior proposal.

**Creation of a mid-tier gold company** – Aragon Securityholders will become part of a mid-tier gold company with an attractive balance of development assets from a large resource base and a number of highly prospective exploration projects, with added exposure to copper and other base metals. The increased scale will provide the Combined Group with enhanced financial capacity and flexibility to advance the development of the projects and to pursue other potential growth opportunities.

**Stronger balance sheet** – The Combined Group will have an expected net cash position of approximately \$21.3 million as at 31 December 2010, which would support near term project funding and accelerate exploration and development activities.

**Ownership simplification** – The simplification of the corporate structure, cross-directorships and removal of cross-ownership issues between the Company and Westgold is expected to result in synergies and resourcing efficiencies within the Combined Group.

**Australian capital gains tax relief** – If Westgold becomes the holder of 80% or more of the voting shares in Aragon, as a result of Westgold's Offers, Aragon Shareholders who would otherwise make a capital gain from the disposal of their Aragon Shares under the Share Offer may be entitled to capital gains tax scrip-for-scrip rollover relief.

You are encouraged to read both the Bidder's Statement and Target's Statement in full and to consider Westgold's Offers having regard to your personal circumstances. The Directors encourage you to seek your own independent financial and taxation advice prior to deciding whether to accept the Share Offer or the Option Offer.

If you require additional assistance please contact Fiona Van Maanen, Company Secretary of Aragon, on +61 8 9220 5600. Your Directors will continue to keep you informed of all material developments relating to Westgold's Offers.

Yours sincerely



Paul Benson  
Aragon Resources Limited  
Chief Executive Officer



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## PART A – REASONS WHY YOU SHOULD ACCEPT THE WESTGOLD'S OFFERS

SHARE OFFER	
1	You are being offered a substantial and attractive premium to the pre-offers Aragon share price
2	The Independent Expert has concluded that the Share Offer is fair and reasonable, in the absence of a superior proposal
3	Creation of a mid-tier gold company better placed to enhance the value of the Combined Group's assets
4	Increased scale and ownership simplification
5	Westgold's Offers have the unanimous support of the Voting Directors
6	You may be eligible for Australian capital gains tax relief under the Share Offer
OPTION OFFER	

The Independent Expert has concluded that the Option Offer is fair and reasonable, and the Voting Directors unanimously recommend that you ACCEPT the Option Offer in the absence of a superior proposal. The Option Offer contemplates significant premiums as compared to the value of the relevant Aragon Options. In the event Aragon Optionholders exercise their options, they will potentially participate in certain other benefits listed above.

The following sections set out the details of each of the reasons above.



## 1. YOU ARE BEING OFFERED A SUBSTANTIAL AND ATTRACTIVE PREMIUM

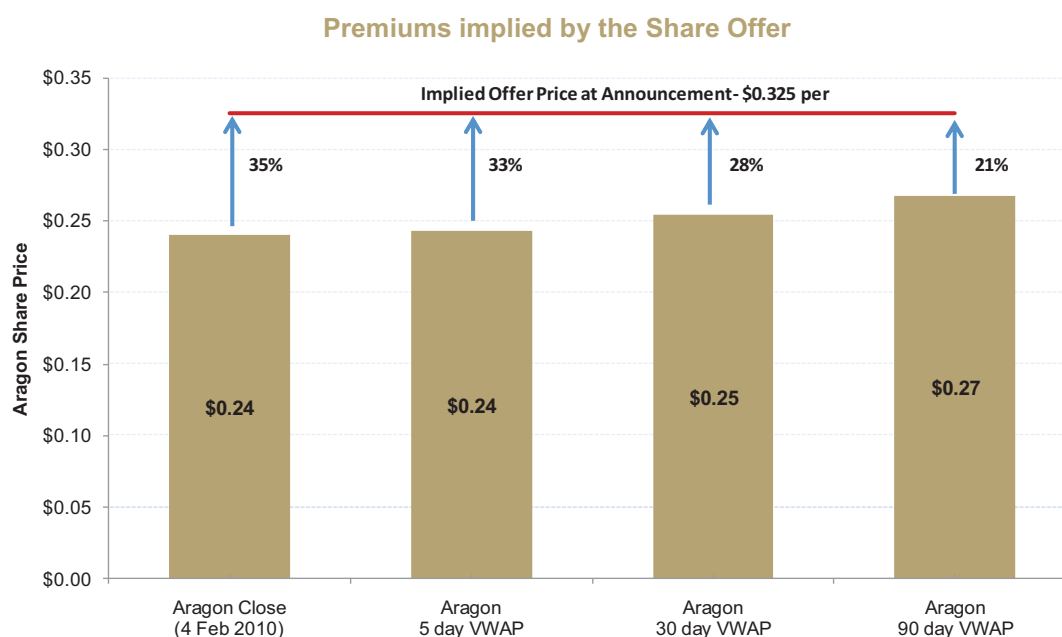
The Share Offer values each Aragon Share<sup>1</sup> at \$0.325, based on the closing price of Westgold Shares on ASX on 4 February 2011 (being the last trading day before the announcement of Westgold's Offers)<sup>2</sup>.

Based on the closing price of Westgold Shares on 4 February 2011, the Share Offer represents a premium of:

- 35% to Aragon's closing share price immediately prior to announcement of Westgold's Offers;
- 33% to Aragon's 5 day volume weighted average price (**VWAP**)<sup>3</sup>;
- 28% to Aragon's 1 month VWAP<sup>3</sup>; and
- 21% to Aragon's 3 month VWAP<sup>3</sup>.

As at 17 March 2011, the last practicable date prior to the finalisation of this Target's Statement, the Share Offer valued each Aragon Share at \$0.255<sup>4</sup>.

As set out below, the consideration under the Share Offer reflects an attractive premium over the recent market trading prices of Aragon Shares prior to the announcement of Westgold's Offers. The implied value of the Share Offer is not fixed, as the offer consideration consists of Westgold Shares, and the implied value of the offer will vary with the market price of Westgold Shares, which is impacted by both company-specific and macro-economic conditions.



<sup>1</sup> To three decimal places, based on the closing Westgold Share price of \$0.325 on 4 February 2011, the last trading day prior to the Announcement Date.

<sup>2</sup> The implied value of the Share Offer is not fixed. As the offer consideration consists of Westgold Shares, the implied value of the Share Offer will vary with the market price of Westgold Shares. Aragon Shareholders should obtain up to date quotes on the price of Westgold Shares and Aragon Shares from their financial adviser, or from [www.asx.com.au](http://www.asx.com.au).

<sup>3</sup> VWAP calculated for the stated number of trading days up to and including 4 February 2011.

<sup>4</sup> To three decimal places, based on the closing Aragon Share price of \$0.255 on 17 March 2011, the last practicable trading day prior to finalisation of this Target's Statement.



## PART A – WHY YOU SHOULD ACCEPT THE WESTGOLD'S OFFERS

The Share Offer also represents a significant premium to Aragon's Share price over a longer historical period as outlined in the chart below.

**Aragon Share price history to 4 February 2011**



Source: ASX share price trading information sourced from IRESS

### Once Westgold's Offers close, Aragon's share price is likely to fall

Since Westgold's Offers, Aragon Shares have traded at a level that reflects the terms of Westgold's Offer, and at a VWAP for the period from the Announcement Date until the last practicable day before the date of this Target's Statement of \$0.280. If the Share Offer was not to succeed, there is a risk that the Aragon share price would fall back from current levels.

The Directors of Aragon believe it is unlikely that another offer will be made for Aragon Shares, given that Westgold already holds 20.13% of Aragon Shares and expects to acquire further Aragon Shares under the Share Offer.

The actual value of the Share Offer will vary depending on the price of Westgold Shares during the Offer Period and when the Westgold Shares are issued to you, if you accept Westgold's Offer.

Also, if Westgold acquires additional Aragon Shares but Aragon remains a listed company, the market for Aragon Shares is very likely to be less liquid and less active, which could make it more difficult to sell Aragon Shares at a later time.

As at the day prior to the date of this Target's Statement, Aragon has not received any other proposal and it is uncertain whether a superior proposal will be received. However, the significant existing interest held by Westgold may deter other potential bidders.

Unless Westgold agrees to sell into a competing bid for Aragon, its current shareholding may preclude any other bidder from acquiring the 90% minimum threshold required to proceed to compulsory acquisition under the Corporations Act.





## 2. THE INDEPENDENT EXPERT HAS CONCLUDED THAT EACH OF THE SHARE OFFER AND OPTION OFFER IS FAIR AND REASONABLE, IN THE ABSENCE OF A SUPERIOR PROPOSAL

Aragon engaged BDO Corporate Finance (WA) Pty Ltd as an independent expert to prepare the Independent Expert's Report in relation to each of the Share Offer and the Option Offer. A full copy of the Independent Expert's Report is included with this Target's Statement as Annexure A. You are encouraged to read this report in its entirety.

In section 2.3 of the Independent Expert's Report, the Independent Expert states the following opinion:

*"We have considered the terms of the Offers as outlined in the body of this report and have concluded that, in the absence of a superior offer, each of the Offers is fair and reasonable to Shareholders and Optionholders respectively."*

### The Independent Expert's opinion on the Share Offer

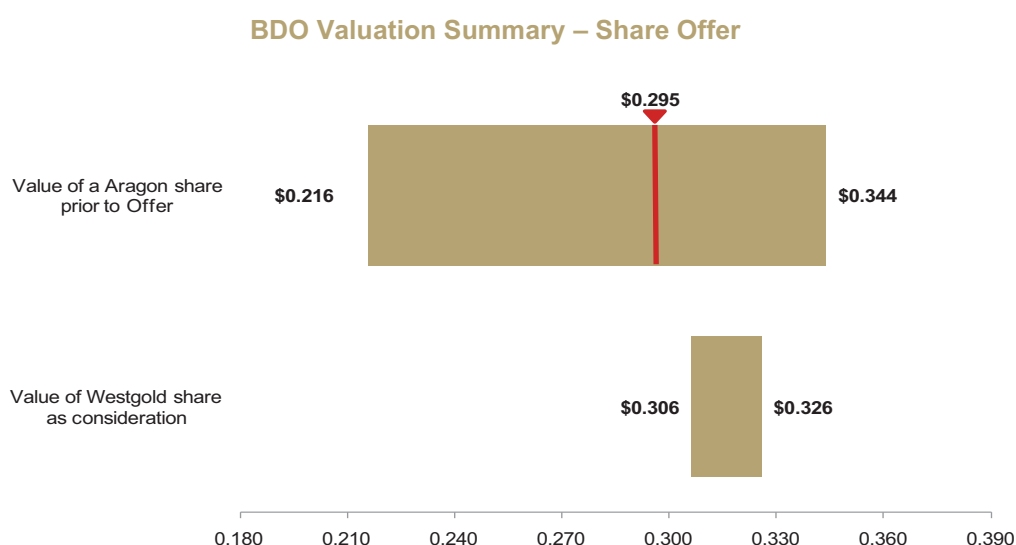
In the case of the Share Offer, the Independent Expert came to the following conclusions.

- The Independent Expert has determined that the value of an Aragon Share is in the range of \$0.216 to \$0.344, with a preferred value of \$0.295 as against the implied value under the Share Offer range of \$0.306 to \$0.325, with a preferred value of \$0.316. Based on this, the Independent Expert has concluded that the Share Offer is fair. See section 12 of the Independent Expert's Report for further details about this conclusion.
- The Independent Expert has also concluded that the Share Offer is reasonable, on the basis that its advantages to Aragon Shareholders (being that the Share Offer is fair, the diversification and increased exposure to gold assets, the future funding potential of the Combine Group, the stronger balance sheet of the Combined Group and cost synergies) outweigh the disadvantages (being dilution of shareholding, Aragon having to share benefits of its assets with Westgold, the stage of Westgold's assets, and the dilution of cash balance). See section 13 of the Independent Expert's Report for further detail about this conclusion.

The Independent Expert has reached these conclusions in the absence of a superior offer.

The Independent Expert's preferred value of the Share Offer consideration is 7% above the Independent Expert's preferred value of an Aragon Share.

The Independent Expert's valuation ranges are represented graphically below:



Source: BDO Independent Expert's Report



### The Independent Expert's opinion on the Option Offer

In section 12 of the Independent Expert's Report, the Independent Expert makes the following statement in relation to the fairness of the Option Offer:

*"In our assessment of the fairness of the Option Offer to the Optionholders we assessed each tranche of options and concluded that the Option Offer is fair for the Optionholders."*

In section 14 of the Independent Expert's Report, the Independent Expert also concludes that the Option Offer is reasonable, having regard to the advantages and disadvantages of accepting Westgold's Offers (that are set out in sections 13.4 and 13.5, respectively, of the Independent Expert's Report and referred to above).

Accordingly, the Independent Expert has concluded that the Option Offer is fair and reasonable, in the absence of a superior offer.

The following table below summarises the assessed value and the calculated premium associated with the Option Offer.

**BDO Valuation of Aragon Options vs Comparable Westgold Option**

Tranche	Number	Exercise Price	Expiry Date	Value of Aragon Option	Value of Westgold Option	Premium per Option	% Premium
1	1,250,000	\$0.30	31 May 11	\$0.058	\$0.068	\$0.010	17%
2	100,000	\$0.30	01 Jul 11	\$0.066	\$0.076	\$0.010	15%
3	2,500,000	\$0.21	30 Nov 12	\$0.169	\$0.181	\$0.012	7%
4	650,000	\$0.21	30 Nov 13	\$0.193	\$0.206	\$0.013	7%
5	400,000	\$0.22	24 Aug 14	\$0.205	\$0.217	\$0.012	6%
6	1,000,000	\$0.20	07 Jan 13	\$0.175	\$0.188	\$0.013	7%
7	1,025,000	\$0.32	11 Jan 14	\$0.170	\$0.179	\$0.009	5%
8	17,500,000	\$0.20	31 Dec 13	\$0.198	\$0.211	\$0.013	7%

Further details regarding this valuation, including the assumptions used by the Independent Expert in determining these values, are contained in Appendix 4 of the Independent Expert's Report.

### 3. CREATION OF MID-TIER GOLD COMPANY BETTER PLACED TO ENHANCE THE VALUE OF THE COMBINED GROUP'S ASSETS

If the Share Offer is successful, Aragon Shareholders will retain an interest in Aragon's project portfolio through a shareholding in the Combined Group.

The Voting Directors consider that the combination of Aragon's and Westgold's exploration expertise, technical capability and financial strength will provide the Combined Group with improved opportunity to maximise the value of Aragon's projects.

The following sets out further details of the potential benefits of the Combined Group.



<b>Creation of a Mid-Tier Gold Company</b>	<p>The Combined Group will be a mid tier gold focussed company with a diversified portfolio of development and exploration assets, targeting initial production within 2 years.</p> <p>The Combined Group will be targeting establishment of future production from two primary areas, via a combination of new mine development and mine re-opening. The future production potential of the Combined Group is supported by:</p> <ul style="list-style-type: none"> <li>• An increased total identified Mineral Resource base estimate of over 3Moz-equivalent of contained gold<sup>5</sup>; and</li> <li>• An initial Mining Reserve base estimate of 0.6Moz of contained gold when considering just the initial Aragon primary underground mine plans.</li> </ul>
<b>Financial Strength</b>	<p>The Combined Group will have a stronger balance sheet based on an expected pro forma net cash position of approximately \$21.3 million<sup>6</sup> as at 31 December 2010.</p> <p>The Combined Group's enlarged size and stronger balance sheet should improve access to future equity funding at a lower cost than what Aragon could achieve on its own. It is anticipated to also provide the Combined Group with the flexibility to support near term project funding and accelerate exploration and development activities.</p>
<b>Significant Exploration Portfolio</b>	<p>The Combined Group will have a dual development and production strategy focused on gold, supplemented with copper and other base metals in the portfolio.</p> <p>Westgold's greenfields exploration portfolio is located in an iron-oxide-copper-gold province while Aragon's ground covers three proven goldfields with considerable historical gold production and new gold discovery potential.</p>

#### 4. INCREASED SCALE AND OWNERSHIP SIMPLIFICATION

The aggregate pro forma market capitalisation of Aragon and Westgold at 4 February 2011 was approximately \$135 million<sup>7</sup>. The increased scale, when compared to other ASX listed Australian gold companies, together with the stronger balance sheet, should:

- increase the Combined Group's market relevance amongst both investors and the analyst community;
- provide for improved flexibility to fund the development of existing projects and pursue other potential growth opportunities; and
- attract additional senior executives with experience and expertise to advance the Combined Group to the next stage in its corporate development.

The simplification of the corporate structure, cross-directorships and removal of cross-ownership issues is expected to provide additional synergies and resourcing efficiencies within the Combined Group.

<sup>5</sup> Refer to section 5.2 of the Bidder's Statement, which states that 1,037,600 ounces of gold equivalent would be Westgold's share of this total figure. Refer to section 1.3 of Part C of this Target's Statement for details of Aragon's estimated Mineral Resource and Mining Reserve base, including the Competent Person's Statement in respect of such estimates.

<sup>6</sup> Based on, for Westgold's contribution to the total amount, the 31 December 2010 Appendix 5B – Mining Exploration Entity Quarterly Report.

<sup>7</sup> Based upon 100% acceptance of Westgold's Offers, the undiluted market capitalisation of Aragon implied by Westgold's Offers and upon Westgold's market capitalisation derived from the closing price of Westgold Shares on the day prior to the Announcement Date.



## **5. WESTGOLD'S OFFERS HAVE THE UNANIMOUS SUPPORT OF THE VOTING DIRECTORS**

The Voting Directors have considered the advantages and disadvantages of Westgold's Offers and unanimously recommend that Aragon Securityholders ACCEPT both the Share Offer and Option Offer, in the absence of a superior proposal.

Each Director of Aragon will ACCEPT Westgold's Offers in relation to all Aragon Securities owned or controlled by them (or their associates), in the absence of a superior proposal.

The proposed combination of Westgold and Aragon was announced to the market on 7 February 2011. As at the day prior to the date of this Target's Statement, no superior proposal has emerged and, as Westgold holds a relevant interest in Aragon of 20.13%, other potential bidders may be deterred.

## **6. YOU MAY BE ELIGIBLE FOR AUSTRALIAN CAPITAL GAINS TAX RELIEF**

If, as a result of the Share Offer, Westgold becomes the holder of 80% or more of the voting shares in Aragon, Aragon Shareholders who would otherwise make a capital gain from the disposal of their Aragon Shares pursuant to the Share Offer may be entitled to capital gains tax scrip-for-scrip rollover relief. Such rollover relief, if available, will allow those eligible Aragon Shareholders to disregard any capital gain, in whole or in part, that would otherwise arise in respect of the disposal of their Aragon Shares by way of acceptance of the Share Offer.

See section 9 of the Bidder's Statement for further information in relation to the availability of capital gains tax rollover relief and taxation considerations generally.

Capital gains tax scrip-for-scrip rollover relief may also be available to Aragon Optionholders who would otherwise make a capital gain from the disposal of their Aragon Options pursuant to the Option Offer.



## PART B – KEY QUESTIONS

This part answers some key questions that you may have about Westgold's Offers and should only be read in conjunction with the entire Target's Statement.

### 1.1 What am I being offered under Westgold's Offers?

Westgold's Offers comprise separate offers in respect of:

- Aragon Shares, being one Westgold Share for each of your Aragon Shares; and
- Aragon Options, being one Westgold Option (at an equivalent exercise date and exercise price) for each of your Aragon Options.

### 1.2 What is the value of Westgold's Offers?

Based on the closing sale price of a Westgold Share on ASX on 4 February 2011, the implied offer value under the Share Offer is \$0.325 for each of your Aragon Shares. This is \$0.085 more than the closing price of Aragon Shares on 4 February 2011 and \$0.077 more than the volume weighted average price of Aragon Shares for the past six months.

In Appendix 4 of the Independent Expert's Report, BDO sets out the value comparison between Aragon Options and Westgold Options, and describes the resulting premium per tranche of Aragon Options.

The implied value of the Share Offer will change as a consequence of changes in the market price of Westgold Shares.

### 1.3 What choices do I have as an Aragon Securityholder?

Unless you are a holder of Aragon ESOP Options, which are, as at the last practicable day before the date of this Target's Statement, not transferable (in which case, see question 1.4 below), you have the following choices in respect of your Aragon Securities.

- **Accept Westgold's Offers for all of your Aragon Securities.** Your Voting Directors recommend that you ACCEPT both the Share Offer and the Option Offer, each in the absence of a superior proposal;
- **In the case of Aragon Shareholders, sell all of your Aragon Shares on ASX,** unless you have already accepted the Share Offer;
- In the case of Aragon Optionholders:
  - **exercise or otherwise deal with your Aragon Options** (subject to and in accordance with the relevant terms of those Aragon Options) unless you have already accepted the Option Offer;
  - **accept the Share Offer**, in respect of any Aragon Shares you are issued on exercise of your Aragon Options; or
- **Do nothing.**

### 1.4 I am a holder of Aragon ESOP Options, what choices do I have?

If you are a holder of Aragon Options issued pursuant to the Aragon Employee Share Option Plan (**Aragon ESOP Options**), then, as at the last practicable day before the date of this Target's Statement, your options are not transferable. This means that, at this stage, you cannot participate in the Option Offer.

However, as set out in Part C, section 13.4 of this Target's Statement, Aragon intends to seek a waiver from Listing Rule 6.23.4 to permit the Board to amend the terms of the Aragon ESOP Options without shareholder approval, so that those options can be transferred to Westgold under the Option Offer. Aragon expects that it will be able to obtain this waiver from ASX, and will communicate ASX's decision whether to grant the waiver, by way of ASX announcement.

If ASX grants Aragon the waiver described above, holders of Aragon ESOP Options will be able to participate in the Option Offer in the same way as all other Aragon Optionholders (see question 3 above).



Even if Aragon does not obtain the waiver from ASX, holders of Aragon ESOP Options can still choose to do one of the following with regard to the Option Offer.

- Do nothing – If Westgold's Offers are successful, Westgold may be able to compulsorily acquire your Aragon ESOP Options in certain circumstances.
- Exercise your options – You may choose to exercise your Aragon ESOP Options, in which case you will be issued Aragon Shares. If you do this, you can:
  - **accept the Share Offer for all of those Aragon Shares**, provided you have exercised your Aragon ESOP Options before 5.00pm (Perth Time) on 11 April 2011 and accept the Share Offer in respect of the resulting Aragon Shares before that time, unless the Offer Period is extended: if the Offer Period is extended, you could exercise your Aragon ESOP Options after this time and still participate in the Share Offer. Your Voting Directors recommend that you **ACCEPT** the Share Offer in the absence of a superior proposal;
  - **sell all of your Aragon Shares on ASX**, unless you have already accepted the Share Offer; or
  - **do nothing**. If Westgold's Offers are successful, Westgold may be able to compulsorily acquire your Aragon Shares in certain circumstances.

However, if you exercise your Aragon ESOP Options, and the Share Offer is not successful, you will remain a holder of Aragon Shares.

If you wish to exercise your Aragon ESOP Options, please refer to the relevant terms of those Aragon Options.

See Part C, section 11.1 of this Target's Statement for further details about Aragon ESOP Options.

### 1.5 How do I accept Westgold's Offers?

To accept, you must complete and sign the Share Acceptance Form or the Option Acceptance Form (as the case may be), that is included with the Bidder's Statement in accordance with the instructions on it.

Once completed and signed, you must send or deliver this form, together with all other documents required by the instructions on it, to the address set out below.

#### **Mailing Address:**

Westgold Resources Limited  
 C/- Computershare Investor Services Pty Limited  
 Level 2, Reserve Bank Building  
 45 St Georges Terrace  
 Perth WA 6000

#### **Delivery Address (do not use for mailing purposes):**

Westgold Resources Limited  
 Level 3, 123 Adelaide Terrace  
 East Perth WA 6004

To validly accept Westgold's Offers for your Aragon Securities, your acceptance must be received before 5.00pm (Perth Time) on 11 April 2011, unless the Offer Period is extended.

### 1.6 What are the Voting Directors of Aragon recommending?

Your Voting Directors recommend that you **ACCEPT** both the Share Offer and the Option Offer, each in the absence of a superior proposal.

### 1.7 Why haven't all Directors made a recommendation?

Mr Peter Cook is a director of both Aragon and Westgold. Due to his relationship with Westgold, Mr Peter Cook does not consider it is appropriate for him to make, and declines to make, a recommendation to Aragon Securityholders.



All other Directors are Voting Directors. See Part C, section 6.1 for further information, and section 7.5, which outlines the benefits the Directors will, or could, receive in relation to Westgold's Offers.

### **1.8 What do the Directors of Aragon intend to do with their Aragon Securities?**

Each Director of Aragon intends to ACCEPT Westgold's Offers in relation to those Aragon Securities held by them or in which they have a relevant interest, each in the absence of a superior proposal.

### **1.9 Why are the Voting Directors recommending that I accept the Share Offer and the Option Offer (each in the absence of a superior proposal)?**

Your Voting Directors consider that each of the Share Offer and the Option Offer represents fair value for your Aragon Shares and your Aragon Options, respectively. In reaching this decision your Voting Directors have considered the following matters:

- You are being offered a substantial and attractive premium;
- The Independent Expert has concluded that each of the Share Offer and the Option Offer is fair and reasonable, in the absence of a superior proposal;
- The creation of a mid tier gold company better placed to enhance the value of the Combined Group's assets;
- Increased scale and ownership simplification; and
- You may be eligible for Australian capital gains tax relief under the Share Offer.

Further details about each of these matters is provided in Part A of this Target's Statement.

### **1.10 What happens if I do nothing?**

If you do nothing you will remain as an Aragon Securityholder, unless Westgold can compulsorily acquire your Aragon Securities.

If you do nothing, but Westgold acquires at least 90% of the relevant class of Aragon Securities (by number) on issue at any time during the Offer Period and the conditions of Westgold's Offers are satisfied or waived, Westgold has stated that it intends to compulsorily acquire your Aragon Securities. At the conclusion of compulsory acquisition, you will be issued Westgold Shares or Westgold Options (as the case may be).

### **1.11 What are the consequences of accepting Westgold's Offers now?**

If you accept Westgold's Offers, subject to the withdrawal rights set out in question 1.12 below and Part C, section 3.5, you will give up your right to sell your Aragon Securities on ASX (only in the case of Aragon Shares) or to any competing bidder or to deal with them in any other manner.

### **1.12 If I accept Westgold's Offers, can I withdraw my acceptance?**

You only have limited rights to withdraw your acceptance of Westgold's Offers. You may only withdraw your acceptance of the Share Offer or the Options Offer (as the case may be) if:

- a) Westgold's Offer is still subject to a defeating condition; and
- b) Westgold's Offer is varied in a way that postpones, for more than one month, the time when Westgold needs to meet its obligations under Westgold's Offer. This may occur if Westgold extends the Offer Period by more than one month and Westgold's Offer is still subject to a defeating condition.

### **1.13 When do Westgold's Offers close?**

Each of Westgold's Offers will close at 5.00pm (Perth Time) on 11 April 2011, unless either of them is extended or withdrawn.



**1.14 What are the conditions of Westgold's Offers?**

The conditions of Westgold's Offers are set out in the following sections of the Bidder's Statement:

- a) in the case of the Share Offer, Annexure A, section 9; and
- b) in the case of the Option Offer, Annexure B, section 7.

A summary of these conditions is set out in Annexure B to this Target's Statement.

**1.15 What happens if the conditions of Westgold's Offers are not satisfied or waived?**

If the conditions of the Share Offer are not satisfied or waived by the closing date, both the Share Offer and Option Offer will lapse. This means that Westgold's Offers will not proceed and you will continue to hold your Aragon Securities.

If the conditions of the Share Offer are satisfied or waived by the closing date, but the conditions of the Option Offer are not satisfied or waived by that time, the Option Offer will lapse. This means that the Options Offer will not proceed and, if you are an Aragon Optionholder, you will continue to hold your Aragon Options. The Share Offer, however, will still proceed in accordance with the terms of that offer.

**1.16 What are the tax consequences if I accept Westgold's Offers?**

The tax consequences of accepting Westgold's Offers will depend on the circumstances of individual shareholders. You should consult a taxation adviser if you need further information regarding your tax position.

**1.17 Is there a phone number I can call if I have further questions in relation to Westgold's Offers?**

If you require additional assistance please contact Fiona Van Maanen on +61 8 9220 5600.





## PART C – ADDITIONAL INFORMATION

### 1. BACKGROUND TO ARAGON

#### 1.1 Overview

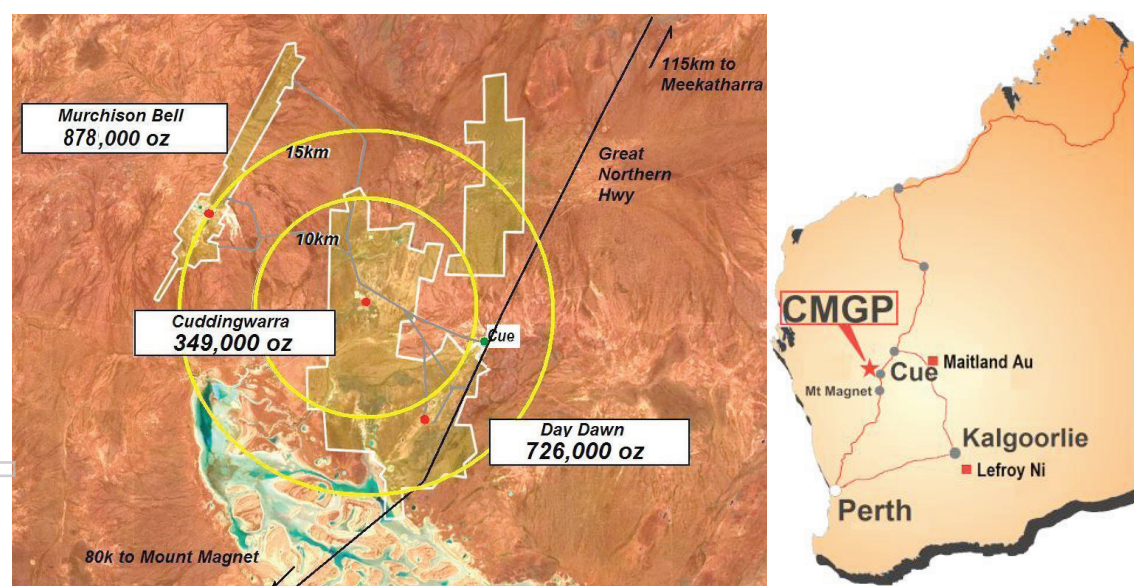
Aragon (ASX:AAG) is an emerging company with a primary focus on the exploration and development of the Central Murchison Gold Project (**CMGP**). The CMGP is located approximately 600km north of Perth in the Cue District and consists of contiguous mining tenure spanning the three historic goldfields of Murchison Bell, Day Dawn and Cuddingwarra.

Aragon's strategic plan for the development of the CMGP is to delineate sufficient mining reserves from its resource base and operate multiple underground and open pit mines across the project feeding ore into a single centralised ore processing facility.

Aragon completed acquisition of the CMGP in January 2010 and over the past year has significantly advanced the project towards development. Aragon has adopted a prudent and considered approach to the development of the CMGP, focussing its activities over the first year on evaluating and expanding the defined resources and completing mine evaluation studies for the re-commencement of underground and open pit mining from the multiple ore bodies outlined within the tenement package.

The success of Aragon over this year is reflected by a number of milestones.

- A 31% increase in the total identified JORC resource to 2 million ounces (see Table 2).
- Completed mining studies and development plans which enabled an initial Mining Reserve estimate (Probable Classification) of 614,000 ounces of gold (see Table 1).
- Exploration success in discovering shallow gold mineralisation from its ongoing regional exploration programs.



**Figure 1. Diagram of the current combined JORC mineral resource estimate of each goldfield that makes up the Central Murchison Gold Project. Refer to Table 2. for deposit and resource category details.**

Aragon's portfolio of assets also includes other exploration projects: the 100% owned Lake Lefroy Nickel Prospect, located west of the Kambalda nickel province in Western Australia and a joint venture (Aragon 49%) with ASX-listed Alamar Resources Ltd (ASX: ALG) at the Maitland Gold Prospect, within the Yandal Greenstone Belt in Western Australia.



In addition, the Company has a strategic interest in ASX-listed Rum Jungle Resources Limited (ASX: RUM). Aragon currently holds 11.20% of the total issued capital (16,000,000 fully paid ordinary shares) in RUM. Half (50% or 8,000,000 fully paid ordinary shares) of the shares are escrowed until 8 January 2012. RUM is a diversified junior explorer, exploring for uranium, potash, phosphate and base metals within the Northern Territory and Queensland. As at the close of trade on 17 March 2011 (ie the last practicable trading day prior to finalisation of this Target's Statement), RUM shares were trading at \$0.45, which values Aragon's investment at \$7.2 million as at this date.

## 1.2 CMGP development strategy

Following the completion of initial mine re-development studies on the Big Bell and Golden Fingall underground mines, Aragon has commenced the next phase geotechnical and mine dewatering studies critical to the re-development of the Big Bell mine and will move into a more detailed phase of feasibility study for the Golden Fingall deposits.

In addition, the Company has commenced studies on ore processing options and will complete detailed flow-sheet design, plant capacity optimisation, infrastructure and services analysis and capital and operating cost estimates as the next step as it guides the CMGP toward a definitive study.

Preliminary evaluation of open pit gold resources has been completed with first pass open pit re-optimisations across the project. Aragon believes it can significantly improve on the outcomes of these first pass studies and has commenced the next stage of evaluation by assessing by inter-pit options for deepening and extraction of additional resources to support the development of the CMGP.

Aragon continues to interrogate and build on the historical data sets it inherited from multiple previous owners of the CMGP to define areas with potential for additional gold discoveries. Several high priority targets at Cuddingwarra and Day Dawn have been identified for both reverse circulation and aircore drill testing programs, scheduled for completion in the first half of the 2011 calendar year.

## 1.3 JORC Mining Reserve and Mining Resource estimates for the CMGP

### a) Competent Person's Statement

The information in this section 1.3 of Part C of the Target's Statement that relates to exploration, mineral resources or mining reserves is based on information compiled by Mr Paul Benson (B.Sc.) who is the CEO and an Executive Director of Aragon Resources Ltd and a member of the AusIMM. Mr Benson has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a competent person as described by the JORC Code. Mr Benson consents to the inclusion in this Target's Statement of the matters based on his information in the form and context in which it appears.

### b) Table 1. CMGP: Mining Reserve Estimates

Deposit	Probable Mining Reserve Estimate		
	Tonnes	Grade (g/t Au)	Ounces
Big Bell Underground	2,895,000	4.2	390,000
Golden Fingall Underground <sup>1</sup>	878,000	8.0	224,000
<b>Total</b>	<b>3,773,000</b>	<b>5.1</b>	<b>614,000</b>

### Modifying Factors

The Mining Reserve Estimates (Probable JORC Classification) include mining dilution and ore extraction factors. The mine evaluation studies conducted or commissioned by Aragon apply a gold price of AU\$1,250 and state royalty of 2.5%. Nominal ore process operating unit cost of \$25 per tonne have been used in the studies and metallurgical recoveries are based on actual historical data for the mines when in operation:

- Big Bell – Mining dilution of 20% applied to ore production, mine extraction factors of 85% are estimated. Metallurgical recoveries of 90% are applied.
- Golden Fingall - Mining dilution of 10% applied, mine extraction factors of 80% are estimated. Metallurgical recoveries of 95% have been applied.



### Important Notes about Table 1:

The parameters applied during the conversion of resources into reserve estimates (modifying factors) are estimates and assumptions made only for the purposes of the mining studies and preparation of the Mining Reserve estimates (Probable Classification under JORC) set out in Table 1. They should not be relied upon in any way as reliable forecasts or indications of future actual costs or recoveries. Further, the assumptions relating to metallurgical process recovery represent a conceptual recovery applied after analysis of historical performance during the operating phases of the mines. Actual metallurgical performance contains significant risk and multiple operating functions to ensure maximisation of recoverable gold.

<sup>1</sup> Great Fingall Joint Venture Claim: There is a 49% joint venture interest claim over the Great Fingall deeps orebody from 500 metres below surface, by virtue of a farm-in agreement signed in 1984 and passed down through the various owners. The current total resource included in the area of the claimed JV is approximately 927,000 tonnes @ 9.1g/t Au for 271,000 ounces. The current Mining Reserve Estimate (Probable JORC classification) in the JV area is estimated at 502,000 tonnes @ 6.6g/t Au containing 107,000 ounces. Please refer to Part C, section 12.1 of this Target's Statement for further information about the Great Fingall Joint Venture Claim.

### c) Table 2. CMGP Total Identified JORC Mineral Resource Estimate Table (rounding errors may occur)

Mining Centre / Deposit	Measured			Indicated			Inferred			Total Resource		
	Tonnes ('000s)	Au g/t	Au Oz	Tonnes ('000s)	Au g/t	Au Oz	Tonnes ('000s)	Au g/t	Au Oz	Tonnes ('000s)	Au g/t	Au Oz
<b>Murchison Bell</b>												
1600N/Shocker				415	2.5	33,000	359	3.2	37,000	774	2.8	70,000
Big Bell *				5,153	4.5	747,000	7	4.9	1,200	5,161	4.5	748,000
Fender				71	4.1	9,000				71	4.1	9,000
North Fender				385	1.7	21,000	578	1.6	30,000	963	1.7	51,000
<b>Sub-Total</b>				<b>6,024</b>	<b>4.2</b>	<b>810,000</b>	<b>944</b>	<b>2.2</b>	<b>68,200</b>	<b>6,969</b>	<b>3.9</b>	<b>878,000</b>
<b>Cuddingwarra</b>												
Black Swan				222	3.5	25,000	1	1.3		223	3.5	25,000
Black Swan South				315	3.5	35,000	1,816	3.8	224,000	2,131	3.8	259,000
Chieftain				50	3.1	5,000	75	3.4	8,000	125	3.3	13,000
City of Chester				28	2.3	2,000	82	2.4	6,000	110	2.4	8,000
City of Sydney	4	1.6		62	2.1	4,000				65	2.0	4,000
Golden Gate				65	3.0	6,000	1	2.6		66	3.0	6,000
Rheingold							89	3.8	11,000	89	3.8	11,000
Rheingold South	23	3.3	3,000	82	3.6	10,000	96	3.4	11,000	202	3.5	23,000
<b>Sub-Total</b>	<b>27</b>	<b>3.0</b>	<b>3,000</b>	<b>824</b>	<b>3.3</b>	<b>87,000</b>	<b>2,160</b>	<b>3.7</b>	<b>260,000</b>	<b>3,011</b>	<b>3.6</b>	<b>349,000</b>
<b>Day Dawn</b>												
3210				50	3.3	5,000				50	3.3	5,000
Golden Crown *				551	9.6	169,000	91	5.4	16,000	642	9.0	185,000
Great Fingall				349	1.0	21,000	1,500	1.4	67,000	1,849	1.5	88,000
Great Fingall * <sup>1</sup>				1,034	10.2	340,000	271	6.5	56,000	1,305	9.4	396,999
Kinsella	1	2.9		54	3.1	5,000				55	3.1	6,000
Mt Fingall							30	3.1	3,000	30	3.1	3,000
Rubicon	19	2.9	2,000	50	2.3	4,000	12	1.3		80	2.3	6,000
South Fingall				36	2.8	3,000	28	3.1	3,000	65	3.0	6,000
Try Again	1	1.8		12	3.2	1,000	178	3.1	17,000	192	3.1	19,000
Yellow Taxi				80	2.4	6,000	15	2.9	1,000	94	2.5	7,000
Yellow Taxi South							37	4.3	5,000	37	4.3	5,000
<b>Sub-Total</b>	<b>21</b>	<b>2.8</b>	<b>2,000</b>	<b>2,216</b>	<b>7.8</b>	<b>554,000</b>	<b>2,162</b>	<b>2.5</b>	<b>168,000</b>	<b>4,399</b>	<b>5.1</b>	<b>726,000</b>
<b>Sub Total In Situ</b>	<b>47</b>	<b>3.3</b>	<b>5,000</b>	<b>9,064</b>	<b>5.1</b>	<b>1,451,000</b>	<b>5,266</b>	<b>2.9</b>	<b>496,200</b>	<b>14,379</b>	<b>4.2</b>	<b>1,953,000</b>
<b>Stockpiles</b>												
Great Fingall				108	1.0	3,000				108	1.0	3,000
Fingall Sands				34	1.2	1,000				34	1.2	1,000
<b>Stockpiles</b>				<b>142</b>	<b>0.9</b>	<b>4,000</b>				<b>142</b>	<b>0.9</b>	<b>40,000</b>
<b>Total</b>	<b>47</b>	<b>3.3</b>	<b>5,000</b>	<b>9,206</b>	<b>4.9</b>	<b>1,455,000</b>	<b>5,266</b>	<b>2.9</b>	<b>496,200</b>	<b>14,521</b>	<b>4.2</b>	<b>1,957,000</b>

### Important Notes about Table 2:

The Identified Mineral Resources estimates set out above inclusive of those Resources which make up the Mining Reserve estimate described in Table 1 of Part C, section b) of this Target's Statement.

\* Denotes a resource that is amenable to underground mining methods.



<sup>1</sup> Great Fingall Joint Venture Claim: Relates to the claim over a 49% joint venture interest discussed in Part C, section 12.1 of this Target's Statement.

## 1.4 Board and management

### a) Peter Gerard Cook – Non Executive Chairman

Mr Cook is a Geologist (BSc (Applied Geology)) and a Mineral Economist (MSc (Min. Econ), MAusIMM). He has over 15 years of corporate experience during which he has served in the roles of Managing Director of Ramsgate Resources Limited, Hill 50 Limited and Abelle Limited, Chief Executive Officer of Harmony Gold Australia Pty Ltd and Non-executive 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 a Non-executive Director of Westgold Resources Limited and Kingsrose Mining Limited and the Non- executive Chairman of Metals X Limited, Aragon Resources Limited and Pacific Niugini Limited. During the past three years, Mr Cook has served as a Director of the following listed public companies:

- Metals X Limited\* (Appointed 23 June 2004);
- Westgold Resources Limited \* (Appointed 19 March 2007);
- Aragon Resources Limited\* (Appointed 18 May 2007);
- Pacific Niugini Limited\* (Appointed 31 August 2009); and
- Kingsrose Mining Limited\* (Appointed 1 October 2010).

### b) Paul Garrett Benson – Executive Director/Chief Executive Officer

Mr Benson is a geologist (BSc (Geology), MAusIMM, MAICD) with over 18 years experience the mining industry. He has considerable experience in the exploration and development of gold and tin projects in Australia. Prior to joining Aragon Mr Benson was employed by Metals X Limited initially as the Geology Manager for the Collingwood Project, managing the geological and environmental aspects of the project from its construction and, since April 2006, as General Manager of the Collingwood Tin Project. Prior to joining Metals X, his previous roles include Exploration Geologist with Consolidated Gold at Davyhurst/Riverina WA, Underground Mine Geologist with Abelle at Gidgee WA, Project Geologist with Barrick at Lawlers WA and Senior Exploration Geologist with Westcoast Mining at Tuckabianna WA. During the past three years, Mr Benson has served as a Director of Vital Metals Limited\* (Appointed 17 April 2009 – Resigned 28 June 2010).

### c) Benjamin Craig Pollard - Non Executive Director (Appointed 14 January 2010)

Mr Pollard is a Geologist (B.Sc. (Mineral Exploration and Mining Geology), MAusIMM) with significant mining, exploration and management experience in the gold industry throughout Western Australia. He brings to the Company exploration, mine planning and resource estimation skills suited to the project development and Company's expansion plans. He is also Principal Geologist of managing geological consulting company, BMGS Perth servicing clients both in Australia and overseas. Mr Pollard has held no other public company directorships in the past three years.

### d) Brian David Thomas - Non Executive Director

Mr Thomas is a geologist (BSc, MBA, SA Fin, MAusIMM, MAICD) with more than 25 years of mining and exploration industry experience in a broad range of commodities, ranging from precious and base metals, bulk and industrial minerals, diamonds to oil and gas. This is complemented by 12 years in the Australian financial services sector working in corporate stock broking, investment banking, fund management and with an Australian commercial bank, sourcing mining finance opportunities. He is one of the founding directors of Aragon Resources Limited (formerly Navarre Resources Pty Ltd). During the past three years, Mr Thomas has served as a Director of the following listed public companies:

- Pacific Niugini Ltd (formerly Chrome Corporation Limited) (Appointed 22 November 2004 – Resigned 3 November 2009);
- Namibian Copper NL (Appointed 17 August 2007 – Resigned 30 March 2009);
- White Cliff Nickel Limited (Appointed 14 August 2007 - Resigned 22 February 2010);
- Noble Mineral Resources Limited\* (Appointed 8 April 2010);



- Transit Holdings Limited\* (Appointed 9 June 2010); and
- Bailey Minerals NL\* (Appointed 21 May 2008).

*\*denotes current directorship*

## 2. KEY FEATURES OF WESTGOLD'S OFFERS

### 2.1 Consideration

The consideration being offered by Westgold is:

- in the case of the Share Offer, one Westgold Share for each of your Aragon Shares; and
- in the case of the Option Offer, one Westgold Option (at an equivalent exercise date and exercise price) for each of your Aragon Options,

including any rights attaching to those Aragon Securities.

The Share Offer extends to all Aragon Shares that are issued to you during the Offer Period as a result of the exercise of Aragon Options (on issue at the Record Date).

## 3. MECHANICS OF WESTGOLD'S OFFERS

### 3.1 Offer Period

Westgold's Offers are open for acceptance from 9 March 2011 until 5.00pm (Perth Time) on 11 April 2011, unless either of them are extended or withdrawn.

### 3.2 Extension of Offer Period

While either of Westgold's Offers is subject to a defeating condition, Westgold may extend the Offer Period in respect of that offer at any time before giving the Notice of Status of Conditions. However, if Westgold's Offer is not subject to a defeating condition (that is, it is free of all defeating conditions), Westgold may extend the Offer Period at any time before the end of the Offer Period. To extend the Offer Period, Westgold must lodge a notice of variation with ASIC and give a notice to Aragon and to each Aragon Securityholder to whom offers were made under the takeover bid constituted by the Share Offer or the Option Offer (as the case may be).

In addition, there will be an automatic extension of the Offer Period if, within the last seven days of the Offer Period:

- a) Westgold improves the consideration under the applicable Westgold's Offer; or
- b) Westgold's voting power in Aragon increases to more than 50%.

If either of these events occur, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

### 3.3 Withdrawal of Westgold's Offers

Westgold may not withdraw either of the Share Offer or the Option Offer if you have already accepted it. Before you accept either of Westgold's Offers, Westgold may withdraw them with the written consent of ASIC and subject to the conditions (if any) specified in that consent.

### 3.4 Effect of acceptance

If you accept Westgold's Offers, subject to the withdrawal rights set out in section 3.5 below, you will give up your right to sell your Aragon Securities on ASX (only in the case of Aragon Shares) or to any competing bidder or to deal with them in any other manner. The effect of acceptance is set out in detail in the following sections of the Bidder's Statement:

- a) in the case of the Share Offer, Annexure A, section 6; and



- b) in the case of the Option Offer, Annexure B, section 5.

These sections describe the rights attached to your Aragon Securities that you will be giving up, the representations and warranties that you will be making and the irrevocable authorities and appointments that you will be giving Aragon if you accept Westgold's Offers. Please note that the Directors do not take any responsibility for the contents of the Bidder's Statement and are not endorsing any of the statements contained in it.

### 3.5 Limited rights to withdraw your acceptance

You have only limited rights to withdraw your acceptance of Westgold's Offers. You may withdraw your acceptance of the Share Offer or the Options Offer (as the case may be) only if:

- a) it is still subject to a defeating condition; and
- b) Westgold's Offer is varied in a way that postpones, for more than one month, the time when Westgold needs to meet its obligations under Westgold's Offer. This may occur if Westgold extends the Offer Period by more than one month and Westgold's Offer is still subject to a defeating condition.

If you have accepted Westgold's Offer and the offer conditions are not satisfied or waived by the end of the Offer Period (which may be extended) Westgold's Offer will lapse and you will be free to deal with your Aragon Securities (subject to and in accordance with the relevant terms of those securities).

### 3.6 Timing of payment

If you accept the Share Offer or the Option Offer in accordance with the instructions contained in the Bidder's Statement, Westgold will pay or provide the consideration for your relevant Aragon Securities to you by the earlier of:

the day one month after you accept Westgold's Offer or, if Westgold's Offer is subject to a defeating condition when accepted, one month after the contract resulting from your acceptance becomes unconditional; and

the day 21 days after the end of the Offer Period, assuming Westgold's Offer has become unconditional.

### 3.7 Conditions

Each of Westgold's Offers is subject to a number of conditions, a summary of which is set out in Annexure B to this Target's Statement. The full terms of these conditions are set out in the following sections of the Bidder's Statement:

- a) in the case of the Share Offer, Annexure A, section 9; and
- b) in the case of the Option Offer, Annexure B, section 7.

### 3.8 Notice of Status of Conditions

The Bidder's Statement states that Westgold will give its Notice of Status of Conditions to the ASX and Aragon on 4 April 2011. If the Offer Period is extended by a period before the time by which the Notice of Status of Conditions is to be given, the date for giving the Notice of Status of Conditions will be taken to be postponed for the same period. If there is such an extension, Westgold is required, as soon as possible after the extension, to give a notice to ASX and Aragon that states the new date for the giving of the Notice of Status of Conditions.

Westgold is required to set out in its Notice of Status of Conditions:

- a) whether Westgold's Offer is free of any or all conditions;
- b) whether, so far as Westgold knows, any of the conditions have been fulfilled; and
- c) Westgold's voting power in Aragon.



If a condition is fulfilled (so that Westgold's Offer becomes free of the condition) before the date on which the Notice of Status of Conditions is required to be given, Westgold must, as soon as possible, give ASX and Aragon a notice that states that the particular condition has been fulfilled.

#### **4. COMPULSORY ACQUISITION**

Westgold has stated in section 8.2(a) of the Bidder's Statement that if it becomes entitled to proceed to compulsory acquisition of Aragon Securities in accordance with the Corporations Act and the other conditions of Westgold's Offers are satisfied, then Westgold intends to proceed to compulsory acquisition.

The two types of compulsory acquisition under Chapter 6A of the Corporations Act are discussed below.

##### **4.1 Follow on compulsory acquisition**

Under Part 6A.1 of the Corporations Act, Westgold will be entitled to compulsorily acquire any outstanding Aragon Securities for which it has not received acceptances on the same terms as Westgold's Offer if, during or at the end of the Offer Period, Westgold (together with its associates):

- a) has relevant interests in at least 90% (by number) of the relevant class of Aragon Securities; and
- b) has acquired at least 75% (by number) of the relevant class of Aragon Securities that Westgold offered to acquire under Westgold's Offer (whether the acquisitions happened under Westgold's Offer or otherwise).

If these thresholds are met, Westgold will have up to one month after the end of the Offer Period within which to give compulsory acquisition notices to Aragon Securityholders who have not accepted Westgold's Offer. Aragon Shareholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the relevant Aragon Securityholder to establish to the satisfaction of a court that the terms of Westgold's Offer do not represent "fair value" for the Aragon Shares or Aragon Options (as the case may be).

Aragon Securityholders should be aware that if they do not accept Westgold's Offer and their Aragon Securities are compulsorily acquired, those Aragon Securityholders will face a delay in receiving the consideration for their Aragon Securities compared with Aragon Securityholders who have accepted Westgold's Offer.

##### **4.2 General compulsory acquisition**

Under Part 6A.2 of the Corporations Act, Westgold will be entitled to compulsorily acquire any outstanding Aragon Securities, if Westgold holds full beneficial interests in at least 90% of the relevant class of Aragon Securities (by number) (i.e. if Westgold becomes a 90% holder).

If this threshold is met, Westgold will have six months after Westgold becomes a 90% holder within which to give compulsory acquisition notices to Aragon Shareholders or Aragon Optionholders (as the case may be). The compulsory acquisition notices sent to Aragon Shareholders or Aragon Optionholders (as the case may be) must be accompanied by an independent expert's report and an objection form.

The independent expert's report must set out whether the terms of the compulsory acquisition give a "fair value" for the relevant class of Aragon Securities and the independent expert's reasons for forming that opinion.

If Aragon Securityholders with at least 10% of the relevant class of Aragon Securities covered by the compulsory acquisition notice object to the acquisition before the end of the objection period (which must be at least one month), Westgold may apply to the Court for approval of the acquisition of the relevant class of Aragon Securities covered by the notice.

Aragon Securityholders should be aware that if they do not accept Westgold's Offer and their Aragon Securities are compulsorily acquired, those Aragon Securityholders will face a delay in receiving the consideration for their Aragon Securities compared with Aragon Securityholders who have accepted Westgold's Offer.



### 4.3 Compulsory acquisition of Aragon ESOP Options

As set out in Part C, section 11.1 of this Target's Statement, as at the last practicable day before the date of this Target's Statement, Aragon ESOP Options are not transferable. However, as set out in Part C, section 13.4 of this Target's Statement, Aragon intends to seek a waiver from Listing Rule 6.23.4 to permit the Board to amend the terms of the Aragon ESOP Options without shareholder approval, so that those options can be transferred to Westgold under the Option Offer. Aragon expects that it will be able to obtain this waiver from ASX, and will communicate ASX's decision whether to grant the waiver, by way of ASX announcement.

In the event that the ASX waiver described above is not granted so that the Aragon ESOP Options remain non-transferable, and to the extent that Westgold intends to compulsorily acquire these Aragon Options, Aragon expects that Westgold would seek to rely on ASIC class order 03/636.

ASIC class order 03/636 modifies Parts 6A.1 and 6A.2 of the Corporations Act so that, in certain circumstances, a person may compulsorily acquire securities despite any restriction on transfer in the terms of issue of those securities.

## 5. INDEPENDENT EXPERT

BDO, the Independent Expert, has given an opinion that each of the Share Offer and Option Offer is fair and reasonable to Aragon Shareholders and Aragon Optionholders, respectively, and each in the absence of a superior proposal. The Independent Expert's key conclusions are summarised in Part A (section 2) of this Target's Statement.

A copy of the Independent Expert's Report is included as Annexure A to this Target's Statement. Aragon Securityholders should read that report in full.

## 6. VOTING DIRECTORS' RECOMMENDATIONS AND INTENTIONS

### 6.1 Directors of Aragon

As at the date of this Target's Statement, the Aragon Directors are:

- a) Mr Peter Cook;
- b) Mr Paul Benson;
- c) Mr Brian Thomas; and
- d) Mr Benjamin Pollard.

Each of Mr Paul Benson, Mr Brian Thomas and Mr Benjamin Pollard desires to make, and considers himself justified in making, a recommendation to Aragon Securityholders. These directors are referred to in this section and elsewhere in this Target's Statement as the **Voting Directors**. The Voting Directors have been responsible for the preparation of this Target's Statement and have formed the view that Westgold's Offers represent fair value for your Aragon Shares.

As provided in Part C, section 7.3 of this Target's Statement, Mr Brian Thomas has an interest in Westgold Shares. The Aragon Board has considered this interest and has formed the view that Mr Brian Thomas's shareholding in Westgold is not such that it would prevent him from acting in Aragon's best interests when making a recommendation to Aragon Securityholders about Westgold's Offers.

Mr Peter Cook is also a non-executive director of Westgold. Due to his relationship with Westgold, Mr Peter Cook was not party to the discussions that the Voting Directors had with Westgold. He has not participated in the preparation of this Target's Statement, nor does he consider it is appropriate for him to make, and declines to make, a recommendation to Aragon Securityholders.

See section 7.5 for details of the benefits the Directors will, or could, receive in connection with Westgold's Offers.





## 6.2 Voting Directors' recommendation

Having considered the terms of Westgold's Offers and the matters discussed at Part A, including the Independent Expert's Report, each of the Voting Directors feels justified in making a recommendation in relation to Westgold's Offers.

**Each of the Voting Directors recommends that you ACCEPT both the Share Offer and the Option Offer, each in the absence of a superior proposal.**

## 6.3 Reasons for this recommendation

The Voting Directors' recommendation to accept Westgold's Offers, each in the absence of a superior proposal, is based on the factors set out in Part A of this Target's Statement.

## 6.4 Directors' intentions

Each of the Directors intends to ACCEPT both the Share Offer and the Option Offer, each in the absence of a superior proposal.

## 7. INFORMATION RELATING TO YOUR DIRECTORS

### 7.1 Interests of the Directors in Aragon Securities

As at the day before the date of this Target's Statement, the Directors of Aragon have the following direct or indirect interests in securities of Aragon:

Director	Aragon Shares			Aragon Options		
	Direct	Indirect	Total	Direct	Indirect	Total
Peter Cook <sup>8</sup>	92,277	67,171,858	<b>67,264,135</b>	Nil	750,000 expiring 30/11/2012	<b>750,000</b>
Paul Benson <sup>9</sup>	Nil	120,000	<b>120,000</b>	1,250,000 expiring 30/11/2012	1,000,000 expiring 31/05/2011	<b>2,250,000</b>
Brian Thomas <sup>10</sup>	Nil	740,000	<b>740,000</b>	500,000 expiring 30/11/2012	250,000 expiring 31/05/2011	<b>750,000</b>
Benjamin Pollard <sup>11</sup>	Nil	9,303,334	<b>9,303,334</b>	Nil	4,051,667 expiring 31/12/2013	<b>4,051,667</b>

### 7.2 Dealings in Aragon Securities

No Director has acquired or disposed of, or had any other change in its holding in, any Aragon Securities in the four month period ending on the date immediately before the date of this Target's Statement except as shown below.

- On 28 November 2010, 1,000,000 Aragon Options<sup>12</sup> held Mr Peter Cook expired.
- On 26 November 2010, Mr Peter Cook indirectly acquired 8,710,000 Aragon Shares through participation in a placement by Westgold and Metals X Limited, both of which he is a director.

<sup>8</sup> Mr Peter Cook is a director of Metals X Limited and Westgold Resources Limited, which holds 67,171,858 ordinary shares in Aragon. He is also a director of Ajava Holdings Pty Ltd, which has a beneficial interest in 750,000 unlisted options in Aragon shares.

<sup>9</sup> Mr Paul Benson's spouse holds 120,000 ordinary shares in Aragon and 1,000,000 options in Aragon shares.

<sup>10</sup> Brian Thomas is a beneficiary under a family trust, which holds 740,000 ordinary shares in Aragon and 250,000 Aragon Options.

<sup>11</sup> Benjamin Pollard is a beneficiary under a family trust, which holds 9,303,334 ordinary shares in Aragon and 4,051,667 Aragon Options.

<sup>12</sup> These Aragon Options were exercisable at 35 cents and expired on 28 November 2010.



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## PART C – ADDITIONAL INFORMATION

- c) On 27 October 2010, Mr Peter Cook indirectly acquired 800,000 Aragon shares after an on-market purchase by Westgold, of which he is a director.

### 7.3 Interests of the Directors in Westgold securities

As at the day before the date of this Target's Statement, the Directors of Aragon have the following direct or indirect interest in securities of Westgold:

- a) Mr Peter Cook – 73,665,636 ordinary Westgold Shares  
b) Mr Brian Thomas – 2,850,000 ordinary Westgold Shares.

### 7.4 Dealings in Westgold securities

None of the Directors or their associates has acquired or disposed of a relevant interest in any Westgold securities in the four month period ending on the date immediately before the date of this Target's Statement.

### 7.5 Benefits and agreements

As a result of Westgold's Offers, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person or someone else from a board or managerial office of Aragon or a related body corporate of Aragon.

There are no agreements made between any Director and any other person (including Westgold) in connection with, or conditional upon, the outcome of Westgold's Offers.

None of the Directors has entered into any contracts with Westgold.

Section 7.4 of the Bidder's Statement states that, if Westgold's Offers are successful, Westgold intends to invite two of the Voting Directors (including the CEO, Mr Paul Benson) to join Westgold's board. No Voting Director (including Mr Benson) has received an offer of directorship from Westgold, nor has any Voting Director engaged in any discussions with Westgold in relation to an offer of a Westgold directorship to any Voting Director.

## 8. FINANCIAL INFORMATION

### 8.1 Changes in Aragon's financial position

So far as is known to the Directors of Aragon, there have been no material changes to the financial position of Aragon since the date of the last balance sheet sent to Aragon Shareholders (being the balance-sheet as at 30 June 2010) which have not been announced to ASX, including, for the avoidance of doubt, the half-year report for the period ended 31 December 2010. A list of ASX announcements made in relation to Aragon between 30 June 2010 and the last practicable trading day before the date of printing and dispatch of this Target's Statement is set out in Annexure C to this Target's Statement.

## 9. PRICE PERFORMANCE OF ARAGON SHARES

The highest sale price paid on ASX during the past 12 months ending immediately before 4 February 2011, being the last trading day immediately before the Announcement Date, was \$0.325 and the lowest price during that time was \$0.12.

## 10. EFFECT OF WESTGOLD'S OFFERS ON ARAGON'S MATERIAL CONTRACTS

No material contract of Aragon will be affected by Westgold's Offers.



## 11. EFFECT OF WESTGOLD'S OFFERS ON ARAGON'S INCENTIVE PLANS

Aragon currently operates the Aragon Long Term Incentive Plan and, in the past, operated the Aragon Employee Share Option Plan. This section outlines the implications of Westgold's Offers in relation to those plans and the Aragon Options issued under them.

### 11.1 Aragon Employee Share Option Plan

#### a) Aragon Options on issue

The following Aragon Options have been issued under the Aragon Employee Share Option Plan:

- i. 1,250,000 options exercisable at 30 cents expiring 31 May 2011;
- ii. 100,000 options exercisable at 30 cents expiring 1 July 2011;
- iii. 650,000 options exercisable at 21 cents expiring 30 November 2013; and
- iv. 400,000 options exercisable at 22 cents expiring 24 August 2014,

(these are the **Aragon ESOP Options**).

#### b) Relevant terms of the Aragon ESOP Options

Pursuant to the terms of the Aragon Share Option Plan, the Aragon ESOP Options:

- i. as at the last practicable day before the date of this Target's Statement, are not transferable (meaning that, at this stage, you cannot accept the Option Offer); and
- ii. became exercisable (if they were not already) on and from the Announcement Date until the end of the Offer Period.

As set out in Part C, section 13.4 of this Target's Statement, Aragon intends to seek a waiver from Listing Rule 6.23.4 to permit the Board to amend the terms of the Aragon ESOP Options without shareholder approval, so that those options can be transferred to Westgold under the Option Offer. Aragon expects that it will be able to obtain this waiver from ASX, and will communicate ASX's decision whether to grant the waiver, by way of ASX announcement.

#### c) Choices available to holders of Aragon ESOP Options

If Aragon obtains the waiver from ASX described in section b) above, holders of Aragon ESOP Options will be able to participate in the Option Offer in the same way as all other Aragon Optionholders.

Even if Aragon does not obtain the waiver from ASX, holders of Aragon ESOP Options can still choose to do one of the following with regard to the Option Offer.

- i. **Do nothing** – As set out in Part C, section 4 of this Target's Statement, if Westgold's Offers are successful, Westgold may be able to compulsorily acquire your Aragon ESOP Options in certain circumstances.
- ii. **Exercise your options** – You may choose to exercise your Aragon ESOP Options, in which case you will be issued Aragon Shares. If you do this, you can:
  - A. **accept the Share Offer for all of those Aragon Shares**, provided you have exercised your Aragon ESOP Options before 5.00pm (Perth Time) on 11 April 2011 and accept the Share Offer in respect of the resulting Aragon Shares before that time, unless the Offer Period is extended. If the Offer Period is extended, you could exercise your Aragon ESOP Options after this time and still participate in the Share Offer. Your Voting Directors recommend that you **ACCEPT** the Share Offer in the absence of a superior proposal;



- B. **sell all of your Aragon Shares on ASX**, unless you have already accepted the Share Offer; or
- C. **do nothing.** As set out in Part C, section 4 of this Target's Statement, if Westgold's Offers are successful, Westgold may be able to compulsorily acquire your Aragon Shares in certain circumstances.

However, if you exercise your Aragon ESOP Options, and the Share Offer is not successful, you will remain a holder of Aragon Shares.

If you wish to exercise your Aragon ESOP Options, please refer to the relevant terms of those Aragon Options.

## 11.2 Aragon Long Term Incentive Plan

### a) Aragon Options on issue

Under the Aragon Long Term Incentive Plan, 1,025,000 options exercisable at 32 cents and expiring 11 January 2014 were issued (**Aragon LTIP Options**).

### b) Relevant terms of the Aragon LTIP Options

Pursuant to the terms of the Aragon Long Term Incentive Plan, the Aragon LTIP Options:

- i. are transferable - Aragon has consented to holders of Aragon LTIP Options transferring their options to Westgold pursuant to the terms of the Option Offer; and
- ii. became exercisable (if they were not already) on 9 March 2011 (being the date of Westgold's Offers).

### c) Choices available to holders of Aragon LTIP Options

Holders of Aragon LTIP Options can choose to do one of the following with regard to the Option Offer.

- i. **Accept the Option Offer for all of your Aragon LTIP Options** – Your Voting Directors recommend that you ACCEPT the Option Offer in the absence of a superior proposal.
- ii. **Do nothing** – As set out in Part C, section 4 of this Target's Statement, if Westgold's Offers are successful, Westgold may be able to compulsorily acquire your Aragon LTIP Options in certain circumstances.
- iii. **Exercise your options** – You may choose to exercise your Aragon LTIP Options, in which case you will be issued Aragon Shares. If you do this, you can:
  - A. **accept the Share Offer for all of those Aragon Shares**, provided you have exercised your Aragon LTIP Options before 5.00pm (Perth Time) on 11 April 2011 and accept the Share Offer in respect of the resulting Aragon Shares before that time, unless the Offer Period is extended. If the Offer Period is extended, you could exercise your Aragon LTIP Options after this time and still participate in the Share Offer. Your Voting Directors recommend that you ACCEPT the Share Offer in the absence of a superior proposal;
  - B. **sell all of your Aragon Shares on ASX**, unless you have already accepted the Share Offer; or
  - C. **do nothing.** As set out in Part C, section 4 of this Target's Statement, if Westgold's Offers are successful, Westgold may be able to compulsorily acquire your Aragon Shares in certain circumstances.

However, if you exercise your Aragon LTIP Options, and the Share Offer is not successful, you will remain a holder of Aragon Shares.



If you wish to exercise your Aragon LTIP Options, please refer to the relevant terms of those Aragon Options.

**Otherwise deal with your Aragon LTIP Options** – This is subject to and in accordance with the relevant terms of those options, unless you have already accepted the Option Offer.

**d) Continuance of the Aragon Long Term Incentive Plan**

If Westgold's Offers are successful, the Aragon Long Term Incentive Plan will come to an end.

**12. LEGAL MATTERS**

**12.1 Great Fingall Joint Venture Claim**

As previously disclosed to the market and referred to in Part C, section 1.3 of this Target's Statement, there is a claim for a 49% interest in a portion of the Great Fingall Deposit (from 500m below surface). This 49% joint venture interest is claimed by Great Fingall Mining Company NL (Great Fingall Mining) pursuant to a farm-in agreement, which governs any joint venture relationship between Aragon and Great Fingall Mining. Great Fingall Mining has lodged a caveat against M21/7 (the tenement the subject of the Great Fingall Deposit) to protect its claimed 49% interest in the Great Fingall Deposit.

As there is currently no formal joint venture agreement in place between Aragon and Great Fingall Mining, Aragon is seeking confirmation of the rights and obligations attached to Great Fingall Mining's interest. Aragon continues to be in discussions with Great Fingall Mining about this matter and will advise the market of any material results.

The outcome of these discussions is unlikely, in Aragon's view, to have a material impact on the Company's operations and financial prospects.

**13. OTHER MATERIAL INFORMATION**

**13.1 Aragon's issued securities**

As at the close of business on the day before the date of this Target's Statement, the issued securities of Aragon consist of:

- a) 232,994,805 ordinary shares;
- b) 1,250,000 options exercisable at 30 cents expiring 31 May 2011;
- c) 100,000 options exercisable at 30 cents expiring 1 July 2011;
- d) 2,500,000 options exercisable at 21 cents expiring 30 November 2012;
- e) 650,000 options exercisable at 21 cents expiring 30 November 2013;
- f) 1,000,000 options exercisable at 20 cents expiring 7 January 2013;
- g) 17,500,000 options exercisable at 20 cents expiring 31 December 2013;
- h) 400,000 options exercisable at 22 cents expiring 24 August 2014; and
- i) 1,025,000 options exercisable at 32 cents expiring 11 January 2014.

**13.2 Aragon's ASX announcements since 30 June 2010**

A list of ASX announcements made in relation to Aragon between 30 June 2010 and the last practicable trading day before the date of printing and dispatch of this Target's Statement is set out in Annexure C to this Target's Statement.



### 13.3 Taxation considerations

The taxation consequences of accepting Westgold's Offers will depend on the circumstances of individual Aragon Securityholders. You should consult a taxation adviser if you need further information regarding your taxation position.

If you are in any doubt as to the action you should take in relation to Westgold's Offers, you should consult a professional adviser.

### 13.4 ASIC and ASX modifications, exemptions and waivers

#### a) Aragon

Aragon has not obtained from ASIC any modifications of, or exemptions from, the Corporations Act in relation to this Target's Statement. However, ASIC has published various instruments providing for modifications and exemptions that apply generally to all persons, including Aragon.

Aragon intends to seek a waiver from Listing Rule 6.23.4 to permit the Board to amend the terms of the Aragon ESOP Options without shareholder approval, so that those options can be transferred to Westgold under the Option Offer. Aragon expects that it will be able to obtain this waiver from ASX, and will communicate ASX's decision whether to grant the waiver, by way of ASX announcement.

#### b) Westgold

ASIC has granted Westgold a modification to the application of the Corporations Act. The ASIC relief is set out in Annexure F to the Bidder's Statement. The effect of the ASIC relief is to allow:

- i. Westgold to treat the different classes of unlisted Aragon Options as one class of options for the purpose of the Options Offer; and
- ii. Westgold to offer different consideration for each class of Aragon Options under the Option Offer.

As set out in Part C, section 4.3 of this Target's Statement, Aragon expects that, to the extent that Westgold intends to compulsorily acquire Aragon Securities which are, as at the last practicable day before the date of this Target's Statement, not transferable (ie Aragon ESOP Options), Westgold would seek to rely on ASIC class order 03/636. ASIC class order 03/636 modifies Parts 6A.1 and 6A.2 of the Corporations Act so that, in certain circumstances, a person may compulsorily acquire securities despite any restriction on transfer in the terms of issue of those securities.

According to section 11.15 of the Bidder's Statement, ASX has granted Westgold a waiver from Listing Rule 10.1 to permit the acquisition of all of Metals X Limited's Aragon Shares pursuant to, and in accordance with, the terms of the Share Offer, without the need for approval of Westgold's shareholders under Listing Rule 10.1.

### 13.5 Consents

This Target's Statement contains statements made by, or statements said to be based on statements made by the following persons (together, Consenting Persons).

- BDO;
- Blake Dawson;
- Golder Associates Pty Ltd; and
- Gresham Advisory Partners Limited.

Each of the Consenting Persons has consented to the inclusion of each statement it has made in the form and context in which that statement appears and has not withdrawn that consent at the date of this Target's Statement.

This Target's Statement includes or is accompanied by statements which are made in or based on statements made in documents lodged with ASIC or on the company announcement platform of ASX. Under the terms of ASIC class order 01/1543, the parties making those statements are not required to



consent to, and have not consented to, those statements being included in this Target's Statement. If you would like to receive a copy of any of these documents please contact Fiona Van Maanen, Company Secretary of Aragon, on +61 8 9220 5600 and you will be sent copies free of charge.

### 13.6 No other material information

There is no information that holders of Aragon Shares and their professional advisers would reasonably require to make an informed assessment whether or not to accept Westgold's Offers and reasonably expect to find in this Target's Statement that is known to any of the Directors other than:

- a) information set out in this Target's Statement and the Bidder's Statement and Westgold's Offers; and
- b) information which has previously been disclosed to the holders of Aragon Shares or disclosed to ASX or ASIC under the regular reporting and disclosure obligations to which Aragon is subject as a disclosing entity for Corporations Act purposes.

## 14. DEFINITIONS AND INTERPRETATION

### 14.1 Definitions

The following definitions apply in interpreting this Target's Statement, except where the context makes it clear that a definition is not intended to apply.

**Announcement Date** means 7 February 2011.

**Aragon** or **Company** means Aragon Resources Limited ABN 63 114 714 662.

**Aragon Employee Share Option Plan** means the employee share option plan adopted by Aragon in 2007 and superseded by the Aragon Long Term Incentive Plan.

**Aragon ESOP Options** means the following Aragon Options issued under the Aragon Employee Share Option Plan:

- a) 1,250,000 options exercisable at 30 cents expiring 31 May 2011;
- b) 100,000 options exercisable at 30 cents expiring 1 July 2011;
- c) 650,000 options exercisable at 21 cents expiring 30 November 2013; and
- d) 400,000 options exercisable at 22 cents expiring 24 August 2014.

**Aragon Group** means Aragon and its Subsidiaries.

**Aragon Long Term Incentive Plan** means the long term incentive plan adopted by Aragon in 2010.

**Aragon LTIP Options** means the 1,025,000 Aragon Options exercisable at 32 cents expiring 11 January 2014 issued under the Aragon Long Term Incentive Plan.

**Aragon Optionholder** means a registered holder of Aragon Options.

**Aragon Options** means options issued by Aragon.

**Aragon Share** means a fully paid ordinary share in Aragon.

**Aragon Shareholder** means a registered holder of Aragon Shares.

**Aragon Security** means an Aragon Share or an Aragon Option (and both if the context requires).

**Aragon Securityholder** means a holder of one or more Aragon Securities.

**ASIC** means Australian Securities and Investments Commission.

**ASX** means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as appropriate.



**BDO or Independent Expert** means BDO Corporate Finance Pty Ltd ABN 27 124 031 045, Australian Financial Services Licence Number 316158.

**Bidder's Statement** means the bidder's statement received by Aragon from Westgold on 21 February 2011 as supplemented by the supplementary bidder's statement received by Aragon from Westgold on 15 March 2011, in accordance with Part 6.5 of the Corporations Act.

**Board** means the board of directors of Aragon.

**Combined Group** means the combined group entities comprising Westgold and all of its subsidiaries, following the acquisition by Westgold of all, or a majority of, the Aragon Securities pursuant to Westgold's Offers.

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

**Director** means a director of Aragon.

**Great Fingall Joint Venture Claim** means the claim described in Part C, section 12.1 of this Target's Statement.

**Implied Offer Price** means the implied value of an Aragon Share pursuant to the Share Offer, being \$0.325, based on the closing price of Westgold Shares on ASX on the last trading day before the Announcement Date.

**Independent Expert or BDO** means BDO Corporate Finance Pty Ltd ABN 27 124 031 045, Australian Financial Services Licence Number 316158.

**Independent Expert's Report** means the independent expert's report prepared by BDO and dated 18 March 2011, which is contained in Annexure A of this Target's Statement.

**Indicated Mineral Resource** has the meaning ascribed to that term in the JORC Code.

**Inferred Mineral Resource** has the meaning ascribed to that term in the JORC Code.

**JORC Code** means the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves", which comprises Appendix 5A to the Listing Rules.

**Listing Rules** means the official listing rules of ASX.

**Measured Mineral Resource** has the meaning ascribed to that term in the JORC Code.

**Mineral Resource** has the meaning ascribed to that term in the JORC Code.

**Mining Reserve** means a JORC compliant mining reserve.

**Notice of Status of Conditions** means Aragon's notice disclosing the status of the conditions of each of Westgold's Offers which is required to be given by section 630(3) of the Corporations Act.

**Offer Period** means:

- a) in the context of the Share Offer, the Share Offer Period;
- b) in the context of the Options Offer, the Option Offer Period; or
- c) both the Share Offer Period and the Option Offer Period, if the context requires.

**Option Acceptance Form** means the form with that title that accompanied the Bidder's Statement.

**Option Offer** means the offer to acquire all Aragon Options on issue as at the Record Date made by Westgold in the Bidder's Statement.

**Option Offer Period** means the period during the Option Offer remains open for acceptance, being the period starting from 9 March 2011 and ending at 5:00pm (Perth Time) on 11 April 2011, subject to any extension in accordance with the Corporations Act.





**Probable** means, in the context of a Mining Reserve, the meaning ascribed to that term in the JORC Code.

**Public Authority** means any government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency, competition authority or entity whether foreign, federal, state, territorial or local in any part of the world in which a party is domiciled or holds any of its assets, including ASIC and ASX (and any other stock exchange).

**Record Date** means the date set by Westgold under section 633(2) of the Corporations Act, being 5.00pm (Perth Time) on 25 February 2011.

**Relevant Employees** the directors and senior managers of the Aragon Group.

**Relevant Interest** has the meaning in section 9 of the Corporations Act.

**Share Acceptance Form** means the form with that title that accompanied the Bidder's Statement.

**Share Offer** means the offer to acquire all Aragon Shares on issue as at the Record Date, or resulting from the exercise of Aragon Options themselves on issue as at the Record Date, made by Westgold in the Bidder's Statement.

**Share Offer Period** means the period during which Share Offer remains open for acceptance, being the period starting from 9 March 2011 and ending at 5:00pm (Perth Time) on 11 April 2011, subject to any extension in accordance with the Corporations Act.

**Subsidiary** means Fulcrum Resources Pty Ltd ABN 31 118 431 182 or Big Bell Gold Operations Pty Ltd ABN 84 090 642 809, and Subsidiaries means both of them.

**Target's Statement** means this target's statement, being the statement made by Aragon under Part 6.5 Division 3 of the Corporations Act relating to Westgold's Offers.

**Voting Directors** means Mr Paul Benson, Mr Brian Thomas and Mr Benjamin Pollard, being Directors, each of whom desires to make, and considers himself justified in making, a recommendation to Aragon Shareholders regarding Westgold's Offers.

**Westgold** means Westgold Resources Limited (ABN 60 009 260 306).

**Westgold's Offers** means the Share Offer and the Options Offer, and Westgold's Offer means either of them, as the context requires.

**Westgold Option** means an option issued by Westgold.

**Westgold Share** means a fully paid ordinary share in Westgold.

## 14.2 Interpretation

- a) Words and phrases which are defined by the Corporations Act have the same meaning in this Target's Statement and, if a special meaning is given for the purposes of Chapter 6 or 6A or a provision of Chapter 6 or 6A of the Corporations Act, have that special meaning.
- b) Headings are for convenience only, and do not affect interpretation.
- c) The following rules also apply in interpreting this Target's Statement, except where the context makes it clear that a rule is not intended to apply:
  - i. a singular word includes the plural, and vice versa;
  - ii. a word which suggests one gender includes the other genders;
  - iii. if a word is defined, another part of speech has a corresponding meaning;
  - iv. references in this Target's Statement to Parts, sections, paragraphs and sub-paragraphs are to Parts, sections, paragraphs and sub-paragraphs of this Target's Statement (unless expressly stated otherwise);



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PART C – ADDITIONAL INFORMATION

- v. a reference to any legislation (including subordinate legislation) is to that legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;
- vi. a reference to a person includes a body corporate;
- vii. a reference to dollars, \$, A\$ or AUD is to the lawful currency in Australia unless otherwise stated; and
- viii. appendices to this Target's Statement form part of it.

**DATED** 21 March 2011

**SIGNED** for Aragon Resources Limited by Paul Benson, being a Director of Aragon Resources Limited who is authorised to so sign under a resolution passed at a meeting of the directors of Aragon Resources Limited.

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**ANNEXURE A – INDEPENDENT EXPERT'S REPORT**

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# INDEPENDENT EXPERT'S REPORT Aragon Resources Limited

18 March 2011



## Financial Services Guide

18 March 2011

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 (“BDO” or “we” or “us” or “ours” as appropriate) has been engaged by Aragon Resources Limited (“Aragon”) to provide an independent expert’s report on the off market bid by Westgold Resources Limited (“Westgold”) to purchase all of the shares it does not already own in Aragon. You will be provided with a copy of our report as a retail client because you are a shareholder of Aragon.

### 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

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## **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 \$25,000.

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 Aragon 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 Subiaco 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](http://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](mailto: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.

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Appendix 1 - Glossary

Appendix 2 - Valuation Methodologies

Appendix 3 - Summary of Valuation of Aragon Options and Westgold Options

Appendix 4 - Independent Valuation Report - Golder Associates Pty Ltd

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18 March 2011

Aragon Resources Limited  
Level 3  
The Hyatt Centre  
123 Adelaide Terrace  
PERTH WA 6000

Dear Sirs

## Independent Expert's Report

### 1. Introduction

On 7 February 2011 Westgold Resources Limited (“**Westgold**”) announced that it intended to make offers to purchase all the shares and options it did not already own in Aragon Resources Limited (“**Aragon**” or “**the Company**”). The off market takeover bids offer one Westgold share for every one Aragon share it does not currently own and one Westgold option for every one Aragon option currently on issue (“**the Offers**”).

### 2. Summary and Opinion

#### 2.1 Purpose of the report

The directors of Aragon 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 Offers of:

- 1 Westgold share for every 1 Aragon share it does not already own (“**Share Offer**”); and
- 1 Westgold option for every 1 Aragon Option (“**Option Offer**”).

are fair and reasonable to the non associated shareholders of Aragon (“**Shareholders**”) and the non associated optionholders of Aragon (“**Optionholders**”).

Our Report is prepared pursuant to section 640 of the Corporations Act in order to assist the Shareholders and Optionholders in their decision whether to accept the Offers.

#### 2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission (“**ASIC**”) 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 Offers as outlined in the body of this report. We have considered:

- How the value of an Aragon share compares to the value of consideration offered by Westgold;



- How the value of an Aragon option compares to the value of consideration offered by Westgold;
- The likelihood of a superior alternative offer being available to Aragon;
- Whether a premium for control is being offered by Westgold and whether this is appropriate;
- Other factors which we consider to be relevant to the Shareholders and Optionholders in their assessment of the Offers; and
- The position of Shareholders and Optionholders should the Offers not proceed.

### 2.3 Opinion

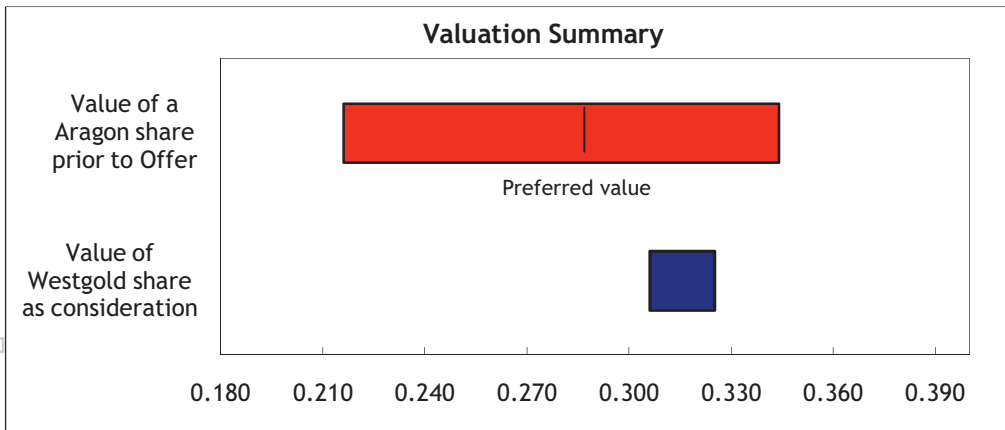
We have considered the terms of the Offers as outlined in the body of this report and have concluded that, in the absence of a superior offer, each of the Offers is fair and reasonable to Shareholders and Optionholders respectively.

### 2.4 Fairness

In Section 12 we determined that the consideration of a Westgold share and a Westgold option offered by Westgold compares to the value of an Aragon share and an Aragon option, as detailed hereunder.

	Ref	Low \$	Preferred \$	High \$
Value of Aragon share	<u>10.3</u>	0.216	0.295	0.344
Value of Westgold share	<u>11.3</u>	0.306	0.316	0.325

The above valuation ranges are represented graphically below:



We note from the table above that the value of a Westgold share is within the range of the value of an Aragon share and that Share Offer is above the preferred value of an Aragon share. Therefore, we consider that the Share Offer is fair. In our assessment of the fairness of the Option Offer to the Optionholders we assessed each tranche of options and concluded that the Option Offer is fair for the Optionholders. Refer Appendix 3 for a summary of our valuations for Aragon Options and Westgold Options.

The above pricing indicates that, in the absence of any other relevant information, and a superior offer, each of the Offers is fair for Shareholders and Optionholders.

## 2.5 Reasonableness

We have considered the analysis in Sections 12 and 13 of this report, in terms of both

- advantages and disadvantages of the Offers; and
- alternatives, including the positions of Shareholders and Optionholders if the Offers do not proceed.

In our opinion, the position of Shareholders if the Offers are successful is more advantageous than the position if the Offers are not successful. Accordingly, in the absence of any other relevant information and/or a superior proposal we believe that each of the Offers is reasonable for Shareholders and Optionholders respectively.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
<u>12</u>	The Offers are fair	<u>13.5</u>	Dilution of shareholders
<u>13.4</u>	Diversification and increased exposure to gold assets	<u>13.5</u>	Aragon will have to share benefits of its assets with Westgold
<u>13.4</u>	Future funding potential of the Combined Group	13.5	Stage of Westgold's assets
<u>13.4</u>	Stronger Balance Sheet of the Combined Group	13.5	Dilution of cash balance
<u>13.4</u>	Cost synergies		

Other key matters we have considered include:

Section	Description
<u>13.1</u>	Lack of an alternative offer
<u>13.2</u>	The practical level of control
<u>13.3</u>	Post announcement movements in share price

### 3. Scope of the Report

#### 3.1 Purpose of the Report

Westgold has prepared a Bidder's Statement under Section 636 of the Corporations Act ("the Act"). Under Section 633 Item 10 of the Act Aragon is required to prepare a Target Statement in response to the Bidder's Statement. Section 640 of the Act requires the Target Statement to include an independent expert's report to shareholders if:

- The bidder's voting power in the target is 30% or more; or
- The bidder and the target have a common director or directors.

Westgold and Aragon have a common director, Mr Peter Cook, who is both Chairman of Aragon and a Director of Westgold. Therefore, an independent expert's report is required for inclusion in the Target Statement. The directors of Aragon have engaged BDO to satisfy this requirement.

#### 3.2 Regulatory guidance

Under Section 640 of the Act the independent expert's report must state whether, in the opinion of the expert, the takeover offer is fair and reasonable to the target company's non-associated shareholders. The Act does not define the meaning of "fair and reasonable". In determining whether the Offer is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that where the transaction is a control transaction the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. RG 111 suggests that where a transaction is a control transaction it should be analysed on a basis consistent with a takeover bid.

In our opinion the Offer is a control transaction as defined by RG 111 and we have therefore assessed the Offer to consider whether in our opinion it is fair and reasonable to 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. When considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. When the consideration for those securities is in the form of scrip then the expert should consider this value inclusive of a control premium.

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:

- A comparison between the consideration for each Aragon share and the value of each Aragon share being acquired (fairness - see Section 12 "Is the Offer Fair?"); and
- An investigation into other significant factors to which Shareholders and Optionholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness - see Section 13 "Is the Offer Reasonable?").

## 4. Outline of the Offer

On 7 February 2011 Westgold announced that it intended to make offers to acquire all of the shares and options that it does not already own in Aragon. Westgold has made off market takeover bids under which it offers one of its shares for every one Aragon share it does not currently own (“Share Offer”) and one option for every one Aragon option (“Option Offer”).

### 4.1 Conditions

The Offers are subject to a number of conditions:

- 1 Minimum acceptance of 90% of the Share Offer;
- 2 The Option Offer is conditional upon the success of the Share Offer; and
- 3 In the case of the Share Offer, there are no material adverse changes, prescribed occurrences, and no change of control rights.

### Capital structure

Westgold has offered one Westgold share for every one Aragon share, and one Westgold option for every Aragon option. The impact on the relative shareholdings of Aragon and Westgold are illustrated below.

Number of shares	Aragon				Westgold			
	Shares	%	+Exercise options	%	Shares	%	+Exercise options	%
<b>Current shareholding</b>								
Westgold	46,900,000	20.1%	46,900,000	18.2%	-	0.0%	-	0.0%
Metals X	20,271,858	8.7%	20,271,858	7.9%	72,915,636	32.0%	72,915,636	31.4%
Other Aragon shareholders	165,822,947	71.2%	190,247,947	73.9%	-	0.0%	-	0.0%
Other Westgold shareholders	-	0.0%	-	0.0%	155,018,210	68.0%	159,093,210	68.6%
<b>Total shareholding</b>	<b>232,994,805</b>	<b>100.0%</b>	<b>257,419,805</b>	<b>100.0%</b>	<b>227,933,846</b>	<b>100.0%</b>	<b>232,008,846</b>	<b>100.0%</b>
<b>Post Offer shareholding</b>								
Westgold	232,994,805	100.0%	257,419,805	100.0%	-	0.0%	46,900,000	9.6%
Metals X	-	0.0%	-	0.0%	93,187,494	22.5%	93,187,494	19.0%
Other Aragon shareholders	-	0.0%	-	0.0%	165,822,947	40.1%	190,247,947	38.9%
Other Westgold shareholders	-	0.0%	-	0.0%	155,018,210	37.4%	159,093,210	32.5%
<b>Total shareholding</b>	<b>232,994,805</b>	<b>100.0%</b>	<b>257,419,805</b>	<b>100.0%</b>	<b>414,028,651</b>	<b>100.0%</b>	<b>489,428,651</b>	<b>100.0%</b>

**Note:** We have not reviewed and cross referenced full shareholder listings, and for the purposes of the above illustration we have assumed that there are no joint shareholders of Aragon and Westgold, other than Metals X (the majority shareholder) and Westgold.

### 4.2 Board members

Following the completion of the Offers, Westgold intends to invite two directors of Aragon to join its Board, including the current Aragon CEO, Mr Paul Benson.

## 5. Profile of Aragon

### 5.1 History

Aragon Resources Limited is a mineral explorer and developer based in Western Australia. It was incorporated in 2005 and was 100% owned by Westgold. Through an Initial Public Offering (“IPO”) the Company listed on the Australian Securities Exchange (“ASX”) in August 2007. The Company is focused on the development of gold mining operations at its core asset, the Central Murchison Gold Project (“CMGP”). Aragon’s key projects are listed below;

#### CMGP

The CMGP is located in the Murchison Goldfield of Western Australia approximately 600km north-east of Perth. The project has a long history of production with 5 million ounces of gold being produced since it was first discovered in the late 1980’s. Consisting of three proven goldfields, Murchison Bell, Day Dawn and Cuddingwarra the CMGP is approximately 33,000 hectares and has a total Identified Mineral Resource (JORC) Estimate of 2 million ounces of gold. The company’s goal is to develop a centralised multi mine gold operation targeting 100,000 ounces per annum for an initial 8 to 10 years.

#### Lake Lefroy

The Lake Lefroy project is located in the Kambala region of Western Australia. The region is prospective for both organic gold and contains a substantial nickel sulphide mineralisation.

#### Maitland Joint Venture

The Company entered into a Joint Venture agreement with Alamar Resources Limited (“Alamar”) on 15 June 2009 over this non-core gold prospect in the Yandal Belt of Western Australia. The agreement allows Alamar the exclusive right to earn 51% in the project over 24 months by spending at least \$200,000, and an additional 24% interest by spending a further \$130,000 over 12 months. Alamar has already completed 83 drill holes at an average depth of 63 meters. The results produced 4 metres at 1.91 g/t (“Grams per tonne”) of gold at a depth of 26 to 30 meters.

## 5.2 Historical Balance Sheet

Aragon Balance Sheet	Reviewed as at	Audited as at	Audited as at
As at	31-Dec-10	30-Jun-10	30-Jun-09
	\$	\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	11,081,747	8,132,960	4,055,690
Trade and other receivables	104,683	346,074	44,275
Other assets	51,822	21,213	8,146
<b>TOTAL CURRENT ASSETS</b>	<b>11,238,252</b>	<b>8,500,247</b>	<b>4,108,111</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	3,349,670	3,314,952	72,181
Available for sale financial assets	-	-	959,750
Property, plant and equipment	404,568	468,242	127,156
Exploration and evaluation asset	21,978,096	19,366,820	3,768,816
<b>TOTAL NON-CURRENT ASSETS</b>	<b>25,732,334</b>	<b>23,150,014</b>	<b>4,927,903</b>
<b>TOTAL ASSETS</b>	<b>36,970,586</b>	<b>31,650,261</b>	<b>9,036,014</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	421,290	1,506,371	204,280
Provision	54,748	66,421	34,021
<b>TOTAL CURRENT LIABILITIES</b>	<b>476,038</b>	<b>1,572,792</b>	<b>238,301</b>
<b>NON CURRENT LIABILITIES</b>			
Provision	3,232,818	3,232,818	39,000
<b>TOTAL LIABILITIES</b>	<b>3,708,856</b>	<b>4,805,610</b>	<b>277,301</b>
<b>NET ASSETS</b>	<b>33,261,730</b>	<b>26,844,651</b>	<b>8,758,713</b>
<b>EQUITY</b>			
Issued capital	37,119,761	30,055,509	11,792,853
Reserves	2,647,485	2,608,173	438,717
Accumulated losses	(6,505,516)	(5,819,031)	(3,472,857)
<b>TOTAL EQUITY</b>	<b>33,261,730</b>	<b>26,844,651</b>	<b>8,758,713</b>

Source: Aragon audited financial statements as at 30 June 2010 and reviewed financial statements as at 31 December 2010.

### 5.3 Historical Income Statements

Aragon Income Statement	Audited	Audited
For the year ended	30-Jun-10	30-Jun-09
	\$	\$
<b>Revenue</b>		
Interest revenue	320,584	243,365
Other income	1,154,893	39,245
<b>Total Revenue</b>	<b>1,475,477</b>	<b>282,610</b>
<b>Expenses</b>		
Depreciation and amortisation expense	(38,466)	(32,904)
Employee benefits expense	(851,398)	(304,073)
Administration and other expenses	(471,057)	(360,617)
Exploration and evaluation expenditure written off	(2,147,388)	(2,519,808)
<b>Loss before income tax</b>	<b>(2,032,832)</b>	<b>(2,934,792)</b>
Income tax	(313,342)	409,552
<b>Net Loss for continuing operation after income tax</b>	<b>(2,346,174)</b>	<b>(2,525,240)</b>
<b>Other comprehensive income</b>		
Net fair value gains on available-for-sale financial asset	(523,500)	523,500
Income tax on items of other comprehensive income	156,484	(156,484)
<b>Other comprehensive income for the period, net of tax</b>	<b>(367,016)</b>	<b>367,016</b>
<b>Total comprehensive loss</b>	<b>(2,713,190)</b>	<b>(2,158,224)</b>

Source: Aragon audited financial statements for 30 June 2010.

We have not undertaken a review of Aragon's audited accounts 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 accounts has not been prepared on a reasonable basis.

As at 31 December 2010 the cash reserves have risen as a result of a share placement undertaken in November 2010. This raised approximately \$7.2 million in cash.

During the year ended 30 June 2010 Aragon sold its 13.84% holding in the ASX-listed entity Vital Metals Limited. This resulted in a net gain on sale of approximately \$1.1 million recorded as other income and a decrease in the available for sale financial assets for the year ended 30 June 2010.

## 5.4 Capital Structure

The share structure of Aragon as at 8 March 2011 is outlined below:

	Number
Total ordinary shares on issue	232,994,805
Top 20 shareholders	159,642,873
Top 20 shareholders - % of shares on issue	68.52%

Source: Security Transfer Registrars - 8 March 2011.

The ordinary shares held by the most significant shareholders as at 8 March 2011 are detailed below:

Name	Number of Ordinary Share Held	Percentage of Issued Shares (%)
Westgold Resources Limited	46,900,000	20.13%
Metals X Limited	20,271,858	8.70%
National Nominees Limited	19,590,961	8.41%
Equity Trustees limited	9,576,923	4.11%
Subtotal	96,339,742	41.35%
Others	136,655,063	58.65%
<b>Total ordinary shares on issue</b>	<b>232,994,805</b>	<b>100.00%</b>

Source: Security Transfer Registrars - 8 March 2011.

As at the date of this report Aragon had 24,425,000 unquoted options on issue as shown below:

Number	Exercise Price	Expiry
1,250,000	\$0.30	31 May 2011
100,000	\$0.30	1 July 2011
2,500,000	\$0.21	30 November 2012
650,000	\$0.21	30 November 2013
400,000	\$0.22	24 August 2014
1,000,000	\$0.20	7 January 2013
1,025,000	\$0.32	11 January 2014
17,500,000	\$0.20	31 December 2013
<b>24,425,000</b>		



## 6. Profile of Westgold

### 6.1 History

Westgold Resources Limited is an Australian gold company based in the Northern Territory of Australia. Westgold's main prospects are at the Rover Field deposit which is a relatively underexplored district approximately 75km south-west of Tennant Creek.

#### Rover Projects

The Rover Project is an identifiable new mineral field containing high-grade iron oxide copper-gold ("IOCG") and polymetallic base and precious metal styles of mineralisation. Westgold's mining tenure is in excess of 11,000 sq km which includes three advanced base metal prospects. The Rover 1 deposit is a gold and copper ironstone system. The existing resource supply comprises of 5.3 Mt ("Megaton") at 6.3 g/t AuEq ("Gold Equivalent") or a total of 1 Moz ("Million Ounces") of gold equivalent with a high grade core of 2.4Mt at 9.3g/t AuEq for a total of 728,799 gold equivalent ounces. A gold equivalent ounce is a measurement of the value of other metals (in Westgold's case this include Silver, Copper, Bismuth and Cobalt) into a value expressed in terms of their relative value of gold.

The 728,799 gold equivalent ounces is comprised of 276,600 ounces of Indicated and 452,100 Inferred ounces. An inferred resource is the lowest level of geological confidence and knowledge, as the confidence and knowledge increase a resource is categorised as Indicated and then measured. A resource has a lower level of consideration of modifying factors, including but not limited to, mining, metallurgical, economic and marketing.

The Rover Explore 108 is located on a defined hydrothermal system with significant high-grade Zinc ("Zn"), Lead ("Pb"), Silver ("Ag"), Copper ("Cu") and Gold ("Au") mineralisation. Westgold also holds the Rover Explorer 142 prospect, which has shown mineralisation of copper and gold.

#### McArthur Basin

The McArthur Project is a Joint Venture that covers fourteen tenements held by Westgold, via its subsidiary company Castile Resources Pty Ltd. The project is located in the southern portion of the McArthur Basin which holds one of the world's largest zinc-lead deposits. This deposit has stated mineral resources of 157 Mt at 11.3% Zn, 4.9% Pb and 49g/t of Ag.

Source: Westgold website

## 6.2 Historical Balance Sheet

Westgold Balance Sheet	Reviewed as at	Audited as at	Audited as at
As at	31-Dec-10	30-Jun-10	30-Jun-09
	\$	\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6,907,099	15,026,236	4,728,492
Other assets	28,958	1,490	36,984
<b>TOTAL CURRENT ASSETS</b>	<b>6,936,057</b>	<b>15,027,726</b>	<b>4,765,476</b>
<b>NON-CURRENT ASSETS</b>			
Other receivables	111,140	88,600	86,000
Property, plant and equipment	903,094	755,283	438,253
Exploration and evaluation asset	32,137,391	26,205,695	17,957,674
Investments	12,663,000	7,600,000	2,500,000
<b>TOTAL NON-CURRENT ASSETS</b>	<b>45,814,625</b>	<b>34,649,578</b>	<b>20,981,927</b>
<b>TOTAL ASSETS</b>	<b>52,750,682</b>	<b>49,677,304</b>	<b>25,747,403</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	1,532,746	1,091,584	847,702
Provision	140,245	112,482	49,928
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,672,991</b>	<b>1,204,066</b>	<b>897,630</b>
<b>TOTAL LIABILITIES</b>	<b>1,672,991</b>	<b>1,204,066</b>	<b>897,630</b>
<b>NET ASSETS</b>	<b>51,077,691</b>	<b>48,473,238</b>	<b>24,849,773</b>
<b>EQUITY</b>			
Issued capital	113,384,013	113,384,013	91,904,624
Reserves	4,822,128	1,317,539	474,340
Accumulated losses	(67,128,450)	(66,228,314)	(67,529,191)
<b>TOTAL EQUITY</b>	<b>51,077,691</b>	<b>48,473,238</b>	<b>24,849,773</b>

Source: Westgold audited financial statements as at 30 June 2010 and reviewed financial statements as at 31 December 2010.

### 6.3 Historical Income Statements

Westgold Income Statement	Audited	Audited
For the year ended	30-Jun-10	30-Jun-09
	\$	\$
<b>Revenue</b>		
Finance income	513,616	169,540
Share of net gains on available-for-sale financial assets of associate transferred to profit and loss	254,049	-
Gain on re-measurement of investment in associate to fair value	1,882,840	-
Other income	3,123	-
<b>Total Revenue</b>	2,653,628	169,540
<b>Expenses</b>		
Depreciation and amortisation expense	(144,412)	(84,940)
Other expenses	(1,557,319)	(1,169,090)
Reversal of (Provision for) diminution of investments	1,199,518	(1,199,518)
Share of loss of equity accounted associate	(850,538)	(937,579)
<b>Loss before income tax</b>	1,300,877	(3,221,587)
Income tax	-	-
<b>Net Loss for continuing operation after income tax</b>	1,300,877	(3,221,587)
<b>Other comprehensive income</b>		
Share of net gain on available-for-sale financial asset adjustment in investment in associate	118,180	-
Net gains on former associate available-for-sale financial assets transferred to profit and loss	(254,049)	-
Net change in fair value of available-for-sale financial	800,000	-
<b>Other comprehensive income for the period, net of income tax</b>	664,131	-
<b>Total comprehensive income/(loss)</b>	1,965,008	(3,221,587)

Source: Westgold audited financial statements for 30 June 2010.

We have not undertaken a review of Westgold's audited accounts 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 accounts has not been prepared on a reasonable basis.

Cash and equivalents increased for the year ended June 2010 as a result of a share placement which took place during the period. Due to exploration expenditure, the cash balance as at 31 December 2010

reduced by approximately \$8 million over the six-month period. We note that if this expenditure continues Westgold will require additional funds, via a capital raising, or will be required to utilise Aragon's cash reserves to continue the exploration of its projects.

Other investments refer to the Company's investment in Aragon Resources Limited which is classed as an available-for-sale financial asset. Prior to January 2010 this investments was treated as an Investment in Associate.

## 6.4 Capital Structure

The share structure of Westgold as at 9 September 2010 is outlined below:

	Number
Total ordinary shares on issue	227,933,846
Top 20 shareholders	142,522,921
Top 20 shareholders - % of shares on issue	62.53%

Source: Westgold Financial Statements for the year ended 30 June 2010.

The range of shares held in of Westgold at 9 September 2010 is as follows:

Range of Shares Held	Number of Ordinary Shareholders
1 - 1,000	158
1,001 - 5,000	582
5,001 - 10,000	307
10,001 - 100,000	797
100,001 - and over	208
<b>TOTAL</b>	<b>2,052</b>

Source: Westgold Financial Statements for the year ended 30 June 2010.

The ordinary shares held by the most significant shareholders as at 16 February 2011 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Metals X Limited	72,915,636	31.99%
Fitel Nominees Limited	9,566,721	4.20%
Mr Andrew Francis Beckwith	9,125,000	4.00%
Merrill Lynch (Australia) Nominees Pty Ltd <Berndale A/C>	8,055,576	3.53%
Bell Potter Nominees Ltd <BB Nominees A/C>	6,161,860	2.70%
Subtotal	105,824,793	46.43%
Others	122,109,053	53.57%
<b>Total ordinary shares on Issue</b>	<b>227,933,846</b>	<b>100.00%</b>

Source: Westgold Bidder's Statement dated 21 February 2011.

The most significant option holders of Westgold as at 9 September 2010 are outlined below:

Name	Number of Options	Exercise Price (\$)	Expiry Date
A Beckwith	750,000	0.35	31-Mar-11
A Beckwith	750,000	0.45	31-Mar-12
D Stephens	500,000	0.65	5-Oct-14
A Chapman	100,000	0.45	25-Mar-15
<b>Total Number of Options</b>	<b>2,100,000</b>		
<b>Cash Raised if Options Exercised</b>	<b>970,000</b>		

Source: Westgold Financial Statements for the period ended 30 June 2010.

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## 7. Economic analysis

Global output grew strongly in 2010, notwithstanding the relatively subdued performance of several of the major economies. The Chinese and Indian economies in particular have recorded very strong expansions, and price pressures, particularly for food and raw materials, have picked up. Concerns about sovereign creditworthiness in Europe have remained prominent and uncertainty from this source seems likely to persist for some time. Overall, however, the global economy continues to look strong going into 2011. Commodity prices have remained high and in many instances have risen further over recent months.

Australia's terms of trade are at their highest level since the early 1950s and national income is growing strongly. There have been further indications that private investment is beginning to pick up in response to high levels of commodity prices. In the household sector thus far, in contrast, there continues to be caution in spending and borrowing, and an increase in the saving rate. Asset values have generally been little changed over recent months and overall credit growth remains quite subdued, notwithstanding evidence of some greater willingness to lend.

Employment growth was unusually strong in 2010. Most leading indicators suggest further growth, though most likely at a slower pace. After the significant decline in 2009, growth in wages picked up somewhat last year. Some further increase is likely over the coming year.

Inflation is consistent with the medium-term objective of monetary policy, having declined significantly from its peak in 2008. Recent data show underlying inflation at around 2¼ per cent in 2010. The CPI rose by about 2¾ per cent, reflecting the once-off effect of the increase in tobacco excise. These moderate outcomes are being assisted by the high level of the exchange rate, the earlier decline in wages growth and strong competition in some key markets, which have worked to offset large rises in utilities prices. The Reserve Bank of Australia ("RBA") expects that inflation over the year ahead will continue to be consistent with the 2-3 per cent target.

The flooding in Queensland and Victoria is having a temporary adverse effect on economic activity and prices. Some production of crops and resources has been lost and some other forms of economic output have also been lower in the affected areas.

Prices for the relevant commodities have risen and are likely to remain elevated in the near term. Resumption of production is occurring at differing speeds by region and industry. In setting monetary policy the Bank will, as on past occasions where natural disasters have occurred, look through the estimated effects of these short-term events on activity and prices. The focus of monetary policy will remain on medium-term prospects for economic activity and inflation.

The floods also resulted in damage or destruction to physical capital in the affected regions. Over the next year or two, the efforts to repair or replace infrastructure and housing will add modestly to aggregate demand, compared with what would otherwise likely have occurred. The extent of this net additional effect will depend on the full extent of the damage, the speed of the rebuilding, and the extent to which other public and private spending is deferred. The RBA's preliminary assessment is that the net additional demand from rebuilding is unlikely to have a major impact on the medium-term outlook for inflation.

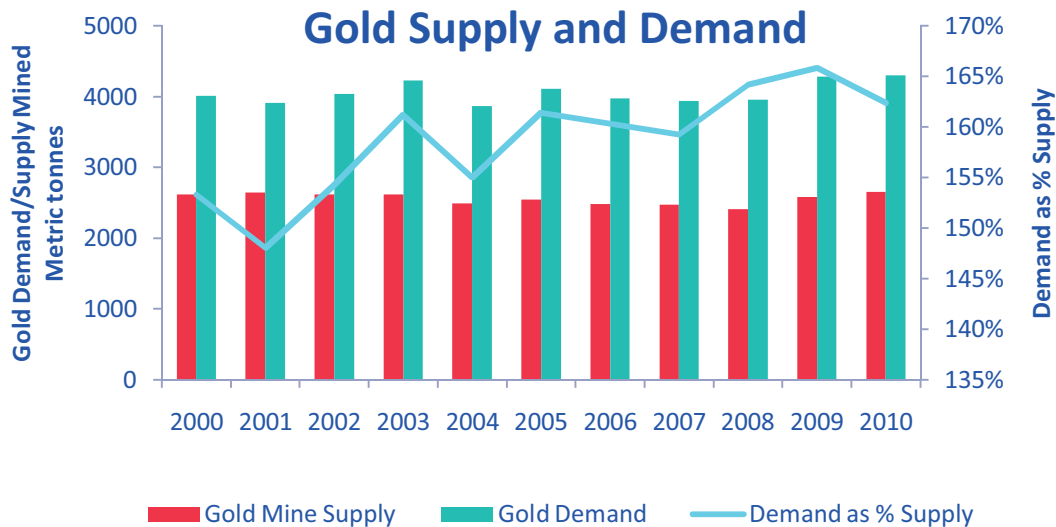
Source: [www.rba.gov.au](http://www.rba.gov.au)

## 8. Industry analysis

### 8.1. Supply and Demand

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. According to GFMS Limited, at the end of 2007 the above ground stocks of gold were approximately 161,000 tonnes. Approximately two-thirds of annual demand for gold is driven by jewellery fabrication, with the remainder driven by industrial use and investment in gold.

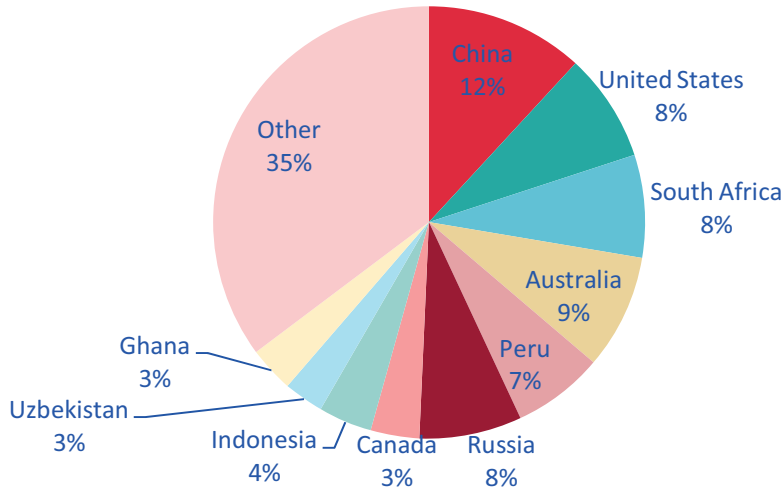
As illustrated in the chart below, gold mine production was approximately 2,652 metric tonnes in 2010 and gold consumption was 4,306 metric tonnes. Demand for gold has consistently exceeded supply over the last 10 years, and the escalated level of economic and financial uncertainty during the past 18 months 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 9% between 2008 and 2010, with demand as a percentage of supply increasing from 164.2% in 2008 to 166.5% over the same period.



Source: Bloomberg

Until the late 1980's South Africa produced approximately half of total gold production. More recently, gold production has become geographically segmented, as shown in the chart below. In 2009 production was dominated by China (314 metric tonnes), Australia (227 metric tonnes), USA (216 metric tonnes) and South Africa (205 metric tonnes).

### Production by Country



Source: Data from GFMS Limited

### 8.2. Price

The price of gold fluctuates on a daily basis depending on global demand and supply factors. As can be seen in the graph below, the value of gold has increased over the past 5 years to USD\$1423.75 per ounce on 6 December 2010. This peak was largely caused by the US Federal Reserve Bank announcing a new round of quantitative easing, but was also driven by contagion concerns in Europe. The price trend over the last 2 years is reflective of weak global economic conditions driving demand. The consensus view is that gold prices will fall over the next 3 years to approximately USD\$1168 in 2014. The current forward rate suggests that the price of gold will stabilise at current levels over the next three years.

### Gold Spot Price



Source: Bloomberg



## 9. 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:

- Net Asset Value on a going concern basis (“NAV”)
- Quoted Market Price Basis (“QMP”)
- Capitalisation of future maintainable earnings (“FME”)
- Discounted Cash Flow (“DCF”)
- Multiple of Exploration Expenditure (“MEE”)

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. In our assessment of the value of Aragon shares we have chosen to employ the following methodologies:

- Net asset value as our primary method; and
- Quoted market price as our second method.

In our assessment of the value of Westgold shares we have chosen to employ the following methodology:

- Quoted market price as our primary method.

We have chosen these methodologies for the following reasons:

- As Aragon is an exploration company, its core value is in the exploration assets that it holds. These assets are recorded in the balance sheet. We have instructed Golder Associates Pty Ltd (“Golder”) to provide us with an independent specialist report (Appendix 4) on the value of the assets held by Aragon and have considered these in the context of Aragon’s other assets and liabilities;
- We are unable to value Westgold on an NAV basis as we do not have access to the books and records of Westgold, in particular information in relation to exploration and evaluation assets on which an independent specialist geologist valuation can be performed.
- Both Aragon and Westgold are listed on the ASX and this provides an indication of the market value where an observable market for the securities exists;
- Neither Aragon nor Westgold 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;
- Aragon and Westgold have no foreseeable future net cash inflows and therefore the application of DCF is not possible.

## 10. Valuation of Aragon prior to Transaction

### 10.1 Net Asset Valuation of Aragon

The value of Aragon assets on a going concern basis is reflected in our valuation below:

Aragon (\$)	Note	Pre-transaction	Re-valued pre-transaction		
			Low	Preferred	High
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	2	11,081,747	12,081,747	12,081,747	12,081,747
Trade and other receivables		104,683	104,683	104,683	104,683
Other assets		51,822	51,822	51,822	51,822
<b>TOTAL CURRENT ASSETS</b>		<b>11,238,252</b>	<b>12,238,252</b>	<b>12,238,252</b>	<b>12,238,252</b>
<b>NON-CURRENT ASSETS</b>					
Trade and other receivables		3,349,670	3,349,670	3,349,670	3,349,670
Property, plant and equipment		404,568	404,568	404,568	404,568
Investments	2	-	7,280,000	7,280,000	7,920,000
Exploration and evaluation asset	1	21,978,096	30,650,000	49,250,000	59,950,000
<b>TOTAL NON-CURRENT ASSETS</b>		<b>25,732,334</b>	<b>41,684,238</b>	<b>60,284,238</b>	<b>71,624,238</b>
<b>TOTAL ASSETS</b>		<b>36,970,586</b>	<b>53,922,490</b>	<b>72,522,490</b>	<b>83,862,490</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables		421,290	421,290	421,290	421,290
Provision		54,748	54,748	54,748	54,748
<b>TOTAL CURRENT LIABILITIES</b>		<b>476,038</b>	<b>476,038</b>	<b>476,038</b>	<b>476,038</b>
<b>NON CURRENT LIABILITIES</b>					
Provision		3,232,818	3,232,818	3,232,818	3,232,818
<b>TOTAL LIABILITIES</b>		<b>3,708,856</b>	<b>3,708,856</b>	<b>3,708,856</b>	<b>3,708,856</b>
<b>NET ASSETS</b>		<b>33,261,730</b>	<b>50,213,634</b>	<b>68,813,634</b>	<b>80,153,634</b>
Shares on issue (Number)		232,994,805	232,994,805	232,994,805	232,994,805
Value per share (\$)		\$0.143	\$0.216	\$0.295	\$0.344

We have been advised that there has not been a significant change in the net assets of Aragon since 31 December 2010 except as indicated in the below adjustments. The table above indicates that the net asset value of an Aragon share ranges between \$0.216 and \$0.344 with a preferred value of \$0.295.

The following adjustments were made to the net assets of Aragon as at 31 December 2010 in arriving at our valuation:

## 1) Exploration and evaluation assets

We instructed Golder to provide an independent valuation of Aragon's exploration and evaluation assets. Golder considered a number of different valuation methods when valuing the properties but relied on a DCF analysis when valuing the Central Murchison Gold Project and relied on the multiple of exploration expenditure method to value the Yandal Maitland JV and Lake Lefroy (Hogans) projects. Golder's Independent Specialist Report can be found at Appendix 4. Golder adopted a preferred discount rate of 10% in their valuation of CMGP. In their high and low valuations, Golder had adopted discount rates of 8% and 12% respectively around their preferred rate. BDO requested that the discount rate adopted for Golder's high value be increased from 8% to 9% and this change was made. The effect of this range can be seen in section 5.1.2 of Golder's report in Appendix 4.

The range of values for the Aragon's properties as calculated by Golder is set out below:

	Low Value	Preferred Value	High Value
Exploration & Evaluation Assets	\$	\$	\$
Central Murchison Gold Project	30,400,000	48,900,000	59,500,000
Maitland JV - Yandal	100,000	150,000	200,000
Lake Lefroy - Hogans	150,000	200,000	250,000
<b>Total</b>	<b>30,650,000</b>	<b>49,250,000</b>	<b>59,950,000</b>

The table above indicates a range of values between \$30.65 million and \$59.95 million, with a preferred value of \$49.25 million.

## 2) Sale of Territory Phosphate Pty Ltd

On 8 February 2011 Aragon announced that it had completed the sale of its 100% wholly owned subsidiary, Territory Phosphate Pty Ltd ("Territory") to Rum Jungle Resources Ltd ("RUM") for a total consideration of \$1 million cash and 16 million fully paid ordinary shares in RUM. We have therefore increased the cash at bank balance by \$1 million and have increased the investment held in RUM by the following:

	Low Value	Preferred Value	High Value
	\$	\$	\$
Value per share (\$)	0.455	0.455	0.495
Number of shares	16,000,000	16,000,000	16,000,000
<b>Total investment</b>	<b>7,280,000</b>	<b>7,280,000</b>	<b>7,920,000</b>

We note the value of a RUM share on the date of sale was \$0.455 per share while the value as at 10 March 2011 has increased to \$0.495 per share.

## 10.2 Quoted Market Prices for Aragon Securities

To provide a comparison to the valuation of Aragon in Section [10.1](#), we have also assessed the quoted market price for an Aragon share.

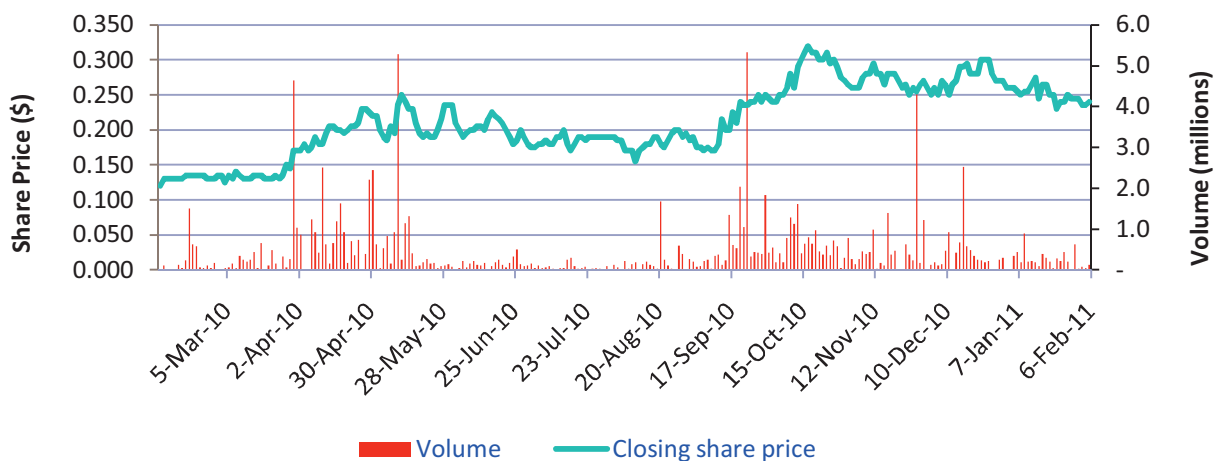
The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

Our calculation of the quoted market price of an Aragon share has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

### Minority interest value

Our analysis of the quoted market price of an Aragon share is based on the pricing prior to the announcement of the Offer. This is because the value of an Aragon share after the announcement may include the affects of any change in value as a result of the Offer. However, we have considered the value of an Aragon share following the announcement when we have considered reasonableness in Section 13.

Information on the Offer was announced to the market on 7 February 2011. Therefore, the following chart provides a summary of the share price movement over the year to 4 February 2011 which was the last trading day prior to the announcement.



Source: Bloomberg

The daily price of Aragon shares from 7 February 2010 to 4 February 2011 has ranged from a high of \$0.3250 on 19 October 2010 to a low of \$0.1200 on 9 February 2010.

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	Closing Share Price Three Days After Announcement
		\$ (movement)	\$ (movement)
3 February 2011	Exploration update - Cuddingwarra & Lefroy	0.235 (▲ 0%)	0.270 (▲ 15%)
28 January 2011	Quarterly activities & cashflow report	0.245 (▲ 0%)	0.235 (▼ 4%)
12 January 2011	RUM: Acquisition of 100% in Ammaroo phosphate discovery	0.255 (▲ 0%)	0.245 (▼ 4%)
23 December 2010	Positive mine study results	0.280 (▲ 0%)	0.300 (▲ 7%)
21 December 2010	RUM: Ammaroo phosphate project update	0.280 (▼ 5%)	0.300 (▲ 7%)
7 December 2010	Ammaroo phosphate JV	0.260 (▲ 4%)	0.265 (▲ 2%)
23 November 2010	Aragon completes \$7.29m placement	0.270 (▼ 4%)	0.250 (▼ 7%)
18 November 2010	Trading halt	0.280 (▲ 6%)	0.270 (▼ 4%)
18 November 2010	RUM: Upgrade of assay data - Ammaroo project	0.280 (▲ 5%)	0.270 (▼ 4%)
16 November 2010	Central Murchison gold project reaches 2.0m ounces	0.280 (▲ 0%)	0.280 (▲ 0%)
29 October 2010	Quarterly activities & cashflow report	0.290 (▼ 3%)	0.265 (▼ 9%)
25 October 2010	RUM: New phosphate discovery - Ammaroo	0.300 (▲ 0%)	0.300 (▲ 0%)
12 October 2010	Significant gold intercepts - Day Dawn Exploration	0.280 (▲ 8%)	0.300 (▲ 7%)
1 October 2010	Central Murchison gold project reaches 1.76m ounces	0.250 (▲ 4%)	0.240 (▼ 4%)
27 August 2010	Further high grade gold results from Great Fingall	0.200 (▲ 3%)	0.195 (▼ 3%)
24 August 2010	Exploration drilling commences at 2 Cuddingwarra	0.175 (▼ 3%)	0.200 (▲ 14%)
19 August 2010	Bonanza Gold results from Golden Crown	0.190 (▲ 6%)	0.175 (▼ 8%)
29 July 2010	Quarterly activities & cashflow report	0.190 (▲ 0%)	0.190 (▲ 0%)

1 July 2010	RUM progress report - Ammaroo phosphate	0.180 (▼ 5%)	0.180 (▲ 0%)
30 June 2010	High grade gold results at Day Dawn	0.190 (▼ 5%)	0.175 (▼ 8%)
25 June 2010	AAG sells stake in VML	0.180 (▼ 3%)	0.190 (▲ 6%)
11 June 2010	Mining studies commence on CMGP	0.205 (▲ 3%)	0.215 (▲ 5%)
7 May 2010	High grade gold at CMGP	0.185 (▼ 3%)	0.235 (▲ 27%)
28 April 2010	Response to ASX price & volume query	0.230 (▲ 10%)	0.220 (▼ 4%)
28 April 2010	Quarterly activities & cashflow report	0.230 (▲ 10%)	0.220 (▼ 4%)
5 March 2010	ALG: Update on Yandal gold drilling program	0.125 (▼ 7%)	0.140 (▲ 12%)

To provide further analysis of the market prices for an Aragon share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 4 February 2011.

	4 February 2011	10 Days	30 Days	60 Days	90 Days
Closing Price	\$0.2400				
Weighted Average	\$0.2492	\$0.2408	\$0.2540	\$0.2624	\$0.2697

The above weighted average prices are prior to the date of the announcement of the Offer, to avoid the influence of any increase in price of Aragon shares that has occurred since the offer was announced. The closing price on 4 February 2011 was based on one trade of 7,000 shares at 24 cents. On that day there was also a total of 8 trades with a total volume of 185,000 shares at 25 cents, and one trade at 24.5 cents for 15,000 shares.

An analysis of the volume of trading in Aragon shares for the twelve months to 4 February 2011 is set out below:

	Share price low	Share price high	Cumulative Volume traded	As a % of Issued capital
1 day	\$0.2400	\$0.2500	210,000	0.09%
10 days	\$0.2250	\$0.2600	1,847,906	0.79%
30 days	\$0.2250	\$0.3000	6,362,743	2.73%
60 days	\$0.2250	\$0.3100	23,559,599	10.11%
90 days	\$0.2250	\$0.3250	39,863,551	17.11%

180 days	\$0.1500	\$0.3250	66,523,913	28.55%
1 year	\$0.1200	\$0.3250	110,668,664	47.50%

This table indicates that Aragon's shares display a moderate level of liquidity, with 47.50% of the Company's current issued capital being traded in a twelve month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.53 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; and
- 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 values for Aragon shares based on market pricing, after disregarding post announcement pricing, is between \$0.240 and \$0.260.

### Control Premium

We have reviewed control premiums paid by acquirers of gold mining companies, both listed and unlisted. We have summarised our findings below:

Transaction Period	Number of Transactions	Average Deal Value (AUD \$m)	Average Control Premium (%)
2010	14	993.62	54.59
2009	15	114.50	23.38
2008	5	370.44	23.33
2007	13	245.05	25.73
2006	13	142.54	19.53
<b>Total</b>	<b>60</b>	<b>373.23</b>	<b>29.31</b>

Source: 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.

We conclude that an appropriate control premium to use in our valuation is between 25% and 35%.

### Quoted market price including control premium

Applying a control premium to Aragon's quoted market share price results in the following quoted market price value including a premium for control:

	Low	High
	\$	\$
Quoted market price value	0.240	0.260
Control premium	25%	35%
Quoted market price valuation including a premium for control	0.300	0.351

Therefore, our valuation of an Aragon share based on the quoted market price method and including a premium for control is between \$0.300 and \$0.351.

### 10.3 Assessment of Aragon Value

The results of the valuations performed are summarised in the table below:

	Low	Preferred	High
	\$	\$	\$
Net assets (Section 10.1)	0.216	0.295	0.344
ASX market prices (Section 10.2)	0.300	0.326	0.351

Based on the results above we consider the value of an Aragon share to be in the range of \$0.216 and \$0.344 with a preferred value of \$0.295. We have relied on the net asset valuation as Aragon shares are considered illiquid. Therefore the ASX market price is not considered a reliable reflection of the value of the company to Shareholders.



## 11. Valuation of Westgold

### 11.1 Net Tangible Asset Valuation of Westgold

We are unable to value Westgold on an NTA basis as we do not have access to the books and records of Westgold, in particular information in relation to exploration and evaluation assets on which an independent specialist geologist valuation can be performed.

### 11.2 Quoted Market Prices for Westgold Securities

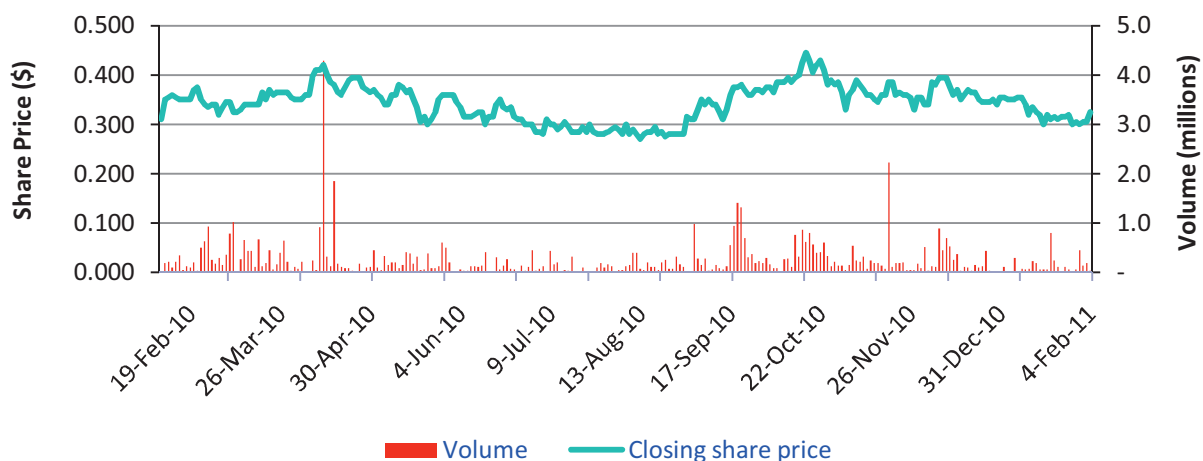
We have assessed the quoted market price for a Westgold share. The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

Under RG 111.31 it is noted that if, in a script bid, the target is likely to become a controlled entity of the bidder, the bidder's securities can also be valued using a notionally combined entity. However, it should still be noted that the accepting holders are likely to hold minority interests in that combined entity. Therefore we have assessed the quoted market price for a Westgold share on a minority interest basis.

#### Minority interest value

Our analysis of the quoted market price of a Westgold share is based on the pricing prior to the announcement of the Offer. This is because the value of a Westgold share after the announcement may include the affects of any change in value as a result of the Offer.

Information on the Offer was announced to the market on 7 February 2011. Therefore, the following chart provides a summary of the share price movement over the year to 4 February 2011 which was the last trading day prior to the announcement.



Source: Bloomberg

The daily price of Westgold shares from 7 February 2010 to 4 February 2011 has ranged from a high of \$0.4650 on 18 October 2010 to a low of \$0.2650 on 25 August 2010.

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	Closing Share Price Three Days After Announcement
		\$ (movement)	\$ (movement)
3 February 2011	New high grade lode - Rover 1	0.305 (▲ 0%)	0.300 (▼ 2%)
31 January 2011	31 December 2010 quarterly report	0.305 (▲ 2%)	0.305 (▲ 0%)
20 January 2011	Drilling resumes at Rover	0.310 (▼ 3%)	0.315 (▲ 2%)
20 December 2010	New high grade results enhance Rover 1	0.370 (▲ 3%)	0.350 (▼ 5%)
6 December 2010	Westgold's third discovery in the Rover Field	0.385 (▲ 13%)	0.395 (▲ 3%)
16 November 2010	Bonanza Gold intercept at Rover 1 Western Zone	0.360 (▲ 4%)	0.385 (▲ 7%)
29 October 2010	30 September 2010 quarterly report	0.385 (▲ 1%)	0.360 (▼ 6%)
13 October 2010	Rover 1 Jupiter extension confirmed	0.395 (▲ 3%)	0.445 (▲ 13%)
11 October 2010	Rover 1 scoping study results	0.395 (▲ 3%)	0.400 (▲ 1%)
20 September 2010	McArthur Basin joint venture with Minerals & Metal Group	0.375 (▲ 4%)	0.370 (▼ 1%)
20 September 2010	Significant mineralisation ironstone intersected at Rover 1	0.375 (▲ 4%)	0.370 (▼ 1%)
1 September 2010	AngloGold decision on Rover 1 clawback due 20 October 2010	0.315 (▲ 13%)	0.330 (▲ 5%)
30 August 2010	Trading halt	0.280 (▲ 0%)	0.310 (▲ 11%)
28 July 2010	30 June 2010 quarterly report	0.280 (▼ 2%)	0.285 (▲ 2%)
27 May 2010	Rover 1 drilling results	0.350 (▲ 8%)	0.360 (▲ 3%)
28 April 2010	Quarterly activities & cashflow report	0.375 (▼ 5%)	0.370 (▼ 1%)
8 April 2010	Extensive drilling campaign commences at Rover	0.395 (▲ 10%)	0.420 (▲ 6%)
9 March 2010	AngloGold Rover 1 clawback	0.325 (▼ 6%)	0.340 (▲ 5%)

5 March 2010	Trading halt	0.345 (▲ 3%)	0.325 (▼ 5%)
23 February 2010	Rover 1 maiden JORC resource 1Moz	0.375 (▲ 1%)	0.335 (▼ 11%)
22 February 2010	Trading halt	0.370 (▲ 6%)	0.340 (▼ 8%)

To provide further analysis of the market prices for a Westgold share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 4 February 2011.

	4 February 2011	10 Days	30 Days	60 Days	90 Days
Closing Price	\$0.3250				
Weighted Average	\$0.3202	\$0.3062	\$0.3161	\$0.3516	\$0.3699

The above weighted average prices are prior to the date of the announcement of the Offer, to avoid the influence of any increase in price of Westgold shares that has occurred since the offer was announced.

An analysis of the volume of trading in Westgold shares for the twelve months to 4 February 2011 is set out below:

	Share price low	Share price high	Cumulative Volume traded	As a % of Issued capital
1 day	\$0.3100	\$0.3250	173,597	0.08%
10 days	\$0.2900	\$0.3300	1,953,144	0.86%
30 days	\$0.2750	\$0.3650	4,426,851	1.94%
60 days	\$0.2750	\$0.4000	13,024,113	5.71%
90 days	\$0.2750	\$0.4650	22,540,670	9.89%
180 days	\$0.2650	\$0.4650	39,650,178	17.40%
1 year	\$0.2650	\$0.4650	65,627,860	28.79%

This table indicates that Westgold's shares display a low level of liquidity, with 28.79% of the Company's current issued capital being traded in a twelve month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.53 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; and
- 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 values for Westgold shares based on market pricing, after disregarding post announcement pricing, is between \$0.306 and \$0.325.

### 11.3 Assessment of Westgold Value

The results of the valuations performed are summarised in the table below:

	Low	Preferred	High
	\$	\$	\$
ASX market prices (Section 11.2)	0.306	0.316	0.325

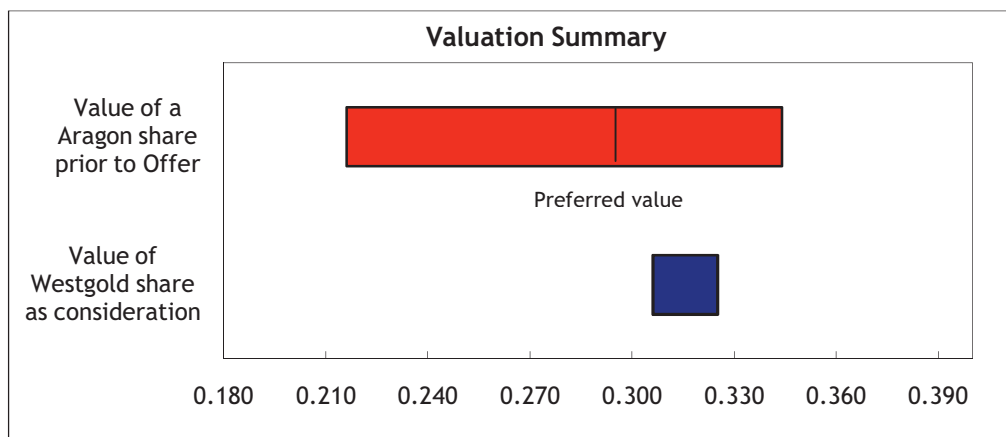
Based on the results above we consider the value of a Westgold share to be \$0.316.

## 12. Are the Offers fair?

The value of an Aragon share and the value of a Westgold share are compared below:

	Ref	Low \$	Preferred \$	High \$
Value of Aragon share	<u>10.3</u>	0.216	0.295	0.344
Value of Westgold share	<u>11.3</u>	0.306	0.316	0.325

The above valuation ranges are represented graphically below:



We note from the table above that the value of a Westgold share is within the range of the value of an Aragon share and that the Share Offer is above the preferred value of an Aragon share. Therefore, we consider that the Share Offer is fair.

In our assessment of the fairness of the Option Offer to the Optionholders we assessed each tranche of options and concluded that the Option Offer is fair for the Optionholders. Refer Appendix 3 for a summary of our valuations for Aragon Options and Westgold Options.

## 13. Are the Offers reasonable?

### 13.1 Alternative Proposal

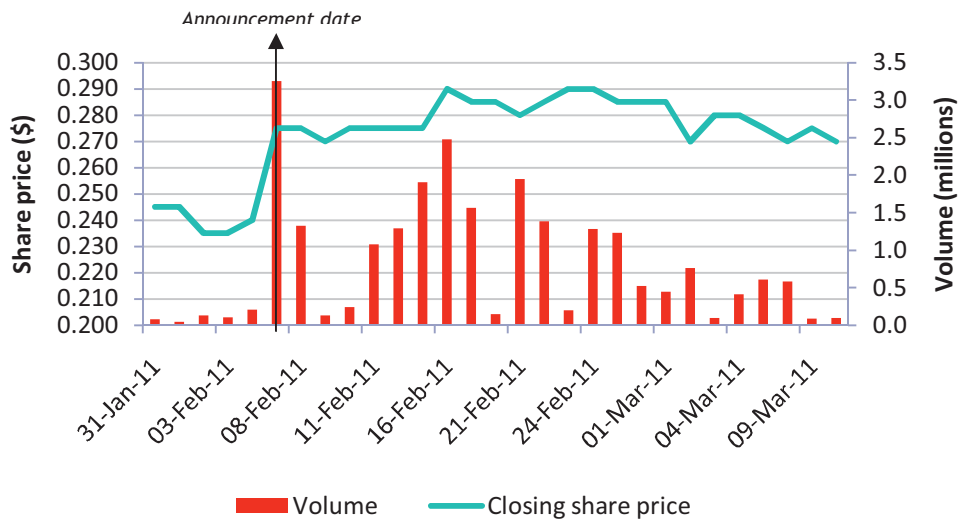
We are unaware of any alternative proposal that might offer the Shareholders or Optionholders of Aragon a premium over the value ascribed to that resulting from the Offers.

### 13.2 Practical Level of Control

If the Share Offer is successfully completed then Aragon shareholders will hold an interest of approximately 40.1% in Westgold. Following the completion of the Offers, Westgold intends to invite two directors of Aragon to join its Board, including the current Aragon CEO, Mr Paul Benson.

### 13.3 Post announcement pricing

We have analysed movements in Aragon's share price since the Offers were announced. A graph of Aragon's share price since the announcement is set out below.

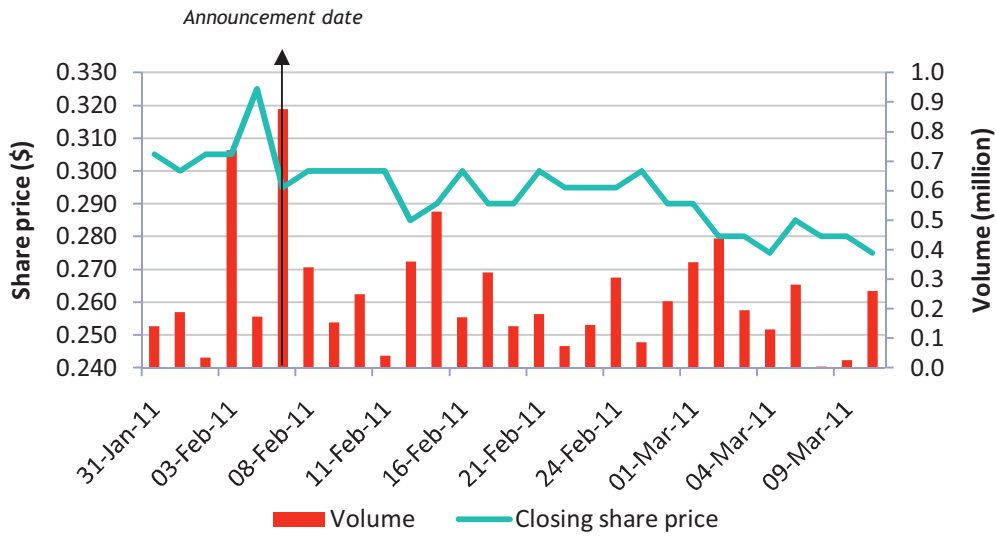


Source: Bloomberg

Following the announcement of the Offers on 7 February 2011, Aragon's share price increased from an average of \$0.251 over the previous month to \$0.275 (9.6% increase). The volume of shares traded on 8 February 2011 (the next trading day) totalled 1,321,482.

Given the above analysis it is possible that if the Share Offer is not successful Aragon's share price may decline.

We have also analysed movements in Westgold's share price since the Offers were announced. A graph of Westgold's share price since the announcement is set out below.



Following the announcement of the Offers on 7 February 2011, Westgold’s share price decreased from an average of \$0.323 over the previous month to \$0.300 (7.1% decrease). The volume of shares traded on 8 February 2011 (the next trading day) totalled 340,500.

As at 10 March 2011 the closing share price of Aragon was \$0.265 and the closing share price of Westgold was \$0.28. It appears that the market has factored in the premium which is inherent in the Offers with the prices of the two companies converging. This also indicates that the market expects that the transaction is likely to proceed.

### 13.4 Advantages of Accepting the Offers

We have considered the following advantages when assessing whether the Offers are reasonable.

Advantage	Description
The Offers are fair	As set out in Section 12 the Offers are fair. RG 111 states that an offer is reasonable if it is fair.
Diversification and increased exposure to gold assets	If the Share Offer is successful Aragon shareholders will be exposed to a more diversified portfolio of assets across a greater number of projects including the Rover 1 Gold-Copper Project in the Northern Territory.
Future funding potential	With the increase in diversification and an increased asset backing the opportunity for funding potential future developments could increase. However this may be offset by having an expanded portfolio of assets which require funding or may result in some projects not being funded in the short to medium term.

Combined Group will have stronger Balance Sheet

Upon acceptance of the Offer the combined Group will have cash reserves of approximately \$18 million. We note that the cash balance will primarily result from the funds held by Aragon

Cost synergies

There is potential to realise certain cost synergies such as corporate overheads and rationalisation of management structures upon the acceptance of the Offers. There has been no disclosure of specific synergies in the bidder's statement.

### 13.5 Disadvantages of Accepting the Offers

If the Offers are successful, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

Disadvantage	Description
Dilution of shareholders	Prior to the Share Offer Aragon shareholders owned approximately 71.17% of the Company. If the Share Offer is successful Aragon shareholders will hold approximately 40.1% of Westgold.
Aragon will have to share benefits of its assets with Westgold	If the Share Offer is successful Aragon shareholders will hold a diluted interest in Aragon assets and will have to share any development or exploration upside in the asset portfolio with the current shareholders of Westgold.
Stage of Westgold's assets	Westgold's assets are currently limited to indicated and inferred resources, these assets are at an earlier stage of exploration than Aragon's assets which includes a 600,000 ounce reserve and a 2 million ounce resource. The development of Westgold's assets may require significant funds limiting the funds that can be applied to Aragon's assets.
Dilution of cash balance	Based on 31 December 2010 financials Aragon have a cash backing per share of 4.76 cents per share, on a combined basis this decreases to 3.91 cents per share. If the Share Offer is successful it is likely Westgold will need to utilise Aragon's cash balance to fund its exploration expenditure based on the level of expenditure for the six-months to 31 December 2010.

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## 14. Conclusion

We have considered the terms of the Offers as outlined in the body of this report and have concluded that the Offers are fair and reasonable to the Shareholders and Optionholders of Aragon, respectively.

## 15. Sources of information

This report has been based on the following information:

- Draft Target Statement on or about the date of this report;
- Audited financial statements of Aragon for the year ended 30 June 2010;
- Reviewed financial statements of Aragon for the half-year ended 31 December 2010;
- Audited financial statements of Westgold for the year ended 30 June 2010;
- Reviewed financial statements for Westgold for the half-year ended 31 December 2010;
- Share registry information;
- Golder Associates Pty Ltd Independent Specialist Report;
- Information in the public domain; and
- Discussions with Directors and Management of Aragon.

## 16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$25,000 (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 Aragon in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the Aragon, 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 Aragon and Westgold 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 Aragon and Westgold 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 Aragon, or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to Aragon 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).

## 17. 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 150 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.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 12 years in the Audit and Assurance and Corporate Finance areas.

## 18. Disclaimers and consents

This report has been prepared at the request of Aragon for inclusion in the Target's Statement which will be sent to all Aragon Shareholders. Aragon engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report on the off market takeover bid made by Westgold to purchase all the shares it does not already own in Aragon.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Target's Statement. 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 Target's Statement 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 Aragon or Westgold 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 Aragon. 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 Offer, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Aragon, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent property valuations for properties held by Aragon. This has been performed by Golder Associates Pty Ltd.

The valuers engaged for the property valuations possess the appropriate qualifications and experience in the property industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuations are appropriate for this report. We have received consents from the valuers for the use of their valuation reports in the preparation of 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**



**Sherif Andrawes**

Director



**Adam Myers**

Associate Director

Authorised Representative

## Appendix 1 - Glossary of Terms

Reference	Definition
The Act	The Corporations Act
Alamar	Alamar Resources Limited
Aragon	Aragon Resources Limited
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
AuEq	Gold equivalent
BDO	BDO Corporate Finance (WA) Pty Ltd
CMGP	Central Murchison Gold Project
The Company	Aragon Resources Limited
DCF	Discounted Future Cash Flows
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FME	Future Maintainable Earnings
Golder	Golder Associates Pty Ltd
g/t	Grams per tonne
IOCG	Iron oxide copper gold
IPO	Initial Public Offering
Moz	Million ounces
NAV	Net Asset Value
The Offer	The offer of Westgold to purchase all of the shares it does not already own in Aragon
Option Offer	The offer of one Westgold option for every one Aragon option on issue



Our Report	This Independent Expert's Report prepared by BDO
RBA	Reserve Bank of Australia
RUM	Rum Jungle Resources Ltd
Shareholders	Shareholders of Aragon not associated with Westgold
Share Offer	The offer of one Westgold share for every one Aragon share that Westgold does not already own
Territory	Territory Phosphate Pty Ltd
VWAP	Volume Weighted Average Price
Westgold	Westgold Resources Limited

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## Appendix 2 - Valuation Methodologies

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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 entities are not profitable, a significant proportion of the entity’s assets are liquid or for asset holding companies.

### 2 *Quoted Market Price Basis*

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.

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 Multiple of Exploration Expenditure (“MEE”)**

The Past Expenditure method is a method of valuing exploration assets in the resources industry. It is applicable for areas which are at too early a stage of prospectivity to justify the use of alternative valuation methods such as DCF. The Past Expenditure method is often referred to as the Multiple of Exploration Expenditure method.

Past expenditure, or the amount spent on exploration of a tenement, is commonly used as a guide in determining value. The assumption is that well directed exploration adds value to a property. This is not always the case and exploration can also downgrade a property. The Prospectivity Enhancement Multiplier (“PEM”) which is applied to the effective expenditure therefore commonly ranges from 0.5 to 3.0. The PEM generally falls within the following ranges:

- 0.5 to 1.0 where work to date or historic data justifies the next stage of exploration;
- to 2.0 where strong indications of potential for economic mineralisation have been identified; and
- to 3.0 where ore grade intersections or exposures indicative of economic resources are present.

## Appendix 3 - Valuation of Options

Tranche	Number and terms of existing Aragon Options and new Westgold Options	Value of Aragon Options	Value of Westgold Options	Premium (\$/option)
1	1,250,000 exercisable at \$0.30 expiring 31/5/2011	\$0.058	\$0.068	\$0.010
2	100,000 exercisable at \$0.30 expiring 1/7/2011	\$0.066	\$0.076	\$0.010
3	2,500,000 exercisable at \$0.21 expiring 30/11/2012	\$0.169	\$0.181	\$0.012
4	650,000 exercisable at \$0.21 expiring 30/11/2013	\$0.193	\$0.206	\$0.013
5	400,000 exercisable at \$0.22 expiring 24/8/2014	\$0.205	\$0.217	\$0.012
6	1,000,000 exercisable at \$0.20 expiring 7/1/2013	\$0.175	\$0.188	\$0.013
7	1,025,000 exercisable at \$0.32 expiring 11/1/2014	\$0.170	\$0.179	\$0.009
8	17,500,000 exercisable at \$0.20 expiring 31/12/2013	\$0.198	\$0.211	\$0.013

### Assumptions

The values in the above table were determined using the Black Scholes option valuation methodology under the following assumptions:

- The date of the valuation for the Aragon Options and the Westgold Options is 7 February 2011 and is based on the preferred values of an Aragon share of \$0.295 and a preferred value of a Westgold share of \$0.316.
- The term to expiry is calculated from 7 February 2011.
- No dividends are payable by either Aragon or Westgold.
- Annualised volatility of 90% for Aragon shares was calculated from 24 months daily share price movements to 7 February 2011.
- Annualised volatility of 85% for Westgold shares was calculated from 24 months daily share price movements to 7 February 2011.
- Risk free interest rates assumed for each tranche respectively of Aragon Options and Westgold Options are:  
5.16%, 5.16%, 5.16%, 5.32%, 5.32%, 5.16%, 5.32%, 5.32%.
- The valuations do not necessarily represent the market prices of the respective Aragon Options and Westgold Options for taxation purposes.



# Appendix 4 - Independent Specialist Report

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March 2011

ARAGON RESOURCES LIMITED

# Independent Specialist Report

**Submitted to:**

Aragon Resources Limited  
Level 3, The Hyatt Centre  
123 Adelaide Terrace  
EAST PERTH WA 6004

**Report Number.** 117641011-001-R-Rev0

**Distribution:**

1 x pdf - Aragon Resources Ltd  
1 x pdf - BDO Corporate  
1 - Golder file

REPORT



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Tenement Schedule – Lakeside (Alamar JV)

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### 1.0 INTRODUCTION

#### 1.1 Purpose and Scope of Work

The directors of Aragon Limited ("Aragon" or "the "Company") engaged BDO Corporate Finance (WA) Pty Ltd ("BDO") to prepare an independent expert report ("IER") in relation to Westgold Resources Limited's ("WGR") proposed off-market takeover bid for all of the fully paid ordinary shares and issued options in Aragon, the consideration for which is one WGR share for each fully paid ordinary Aragon share and for each option currently on issue ("the Proposed Transaction"). Aragon is a public company listed on the Official List of ASX Limited ("ASX"). The Company's principal asset is its interest in a number of tenements over former gold mining properties in the Day Dawn region of Western Australia. WGR is a public company listed on the ASX.

The directors of Aragon also engaged Golder Associates Pty Ltd ("Golder") to prepare an independent valuation report to assist BDO in preparing its Expert Report. In consideration for the appointment, Golder is required to permit BDO to rely on Golder's report and to append a copy of the report or a summary of the report to BDO's report. Golder was requested to prepare its Independent Valuation report in accordance with the Valmin Code 2005.

While Aragon holds title to tenements elsewhere in the state of Western Australia, its principal interest is in the Central Murchison Gold Project ("CMGP"), where the company has acquired leases covering the former gold mines centred on the Day Dawn, Great Fingall and Golden Crown operations. The company is working to re-establish Mineral Resources and Ore Reserves at the CMGP in order to re-start operations from several of the remnant zones of mineralisation to feed a central mill probably based at the former mill site at Golden Crown.

Golder has prepared the valuation of the mineral assets giving regard to the principles set out in the Valmin Code. Where Golder has employed a discounted cash flow analysis as a valuation method, Golder prepared the cash flows on a real basis using a real discount rate of 10% and assumed constant gold price of USD1300/ounce for the life of the operation. We consider these assumptions appropriate for valuation of Aragon's gold assets which are only at advanced exploration stage and any future mining is speculative until such time as mining plans are advanced.

All technical data has been provided to Golder by the Company. Golder has made reasonable enquiry with respect to the completeness and accuracy of the data provided.

Peter Onley, Stephen Jones and Rob Jessop made a one day site visit to the Company's offices and properties in Day Dawn specifically for the purposes of preparing this report.

For the purposes of valuing Aragon's mineral assets, Golder prepared a discounted cash flow analysis in order to estimate the underlying technical value of the Mineral Resources within the tenements.

We note that a discounted cash flow model of this nature incorporates the value-in-use of the infrastructure and other assets employed throughout the period of generation of the cash flow. Provided that an allowance is made for the salvage value of those assets remaining on the closure of the operation, no further valuation of the infrastructure and associated non-mining assets is required.

#### 1.2 Qualifications and Independence

##### 1.2.1 Golder Associates

Golder Associates is respected across the globe for providing consulting, design and construction services in our specialist areas of earth and environment, and the related areas of energy. Our clients gain the advantage of working with highly skilled engineers, scientists, project managers and other technical specialists who are committed to helping them succeed. By building strong relationships and meeting the needs of clients, our people have created one of the most trusted professional services firms in the world.

Employee owned since our formation in 1960, we have created a unique culture with pride in ownership, resulting in enduring relationships and long-term organisational stability. Golder professionals take the time





to build an understanding of client needs and of the specific environments in which they operate. This enables us to help clients achieve their short and long-term financial, social and environmental goals.

The success of Golder's approach can be seen through our sustained growth over five decades. We now employ 7000 people who operate from more than 160 offices located throughout Africa, Asia, Australasia, Europe, North America and South America. Our knowledge of local cultures, languages and regulatory requirements, combined with our global resources, makes it possible for us to help our clients achieve their business objectives around the world and at home.

### 1.2.2 Statement of Competence

This report was prepared by Peter Onley, Stephen Jones, Rob Jessop, Sia Khosrowshahi and Richard Gaze who are all full-time employees of Golder Associates Pty Ltd. Overall responsibility for the preparation of this report is taken by Peter Onley.

**Peter Onley MBA, MSc, BSc (Hons) FAusIMM, CP.**, a geologist with more than 40 years post-graduate experience, is the principal author of this report. He holds the degrees of BSc (Hons) Geology from the University of Exeter, MSc (Engineering Geology and Geotechnics) from the University of Leeds and MBA (Master of Business Administration) from the University of Western Australia. He is a Fellow ("FAusIMM") and Chartered Professional ("CP") of the Australasian Institute of Mining and Metallurgy.

Peter Onley has prepared numerous independent valuation reports. He has extensive experience in mineral exploration and project evaluation and in 2001 was appointed by the Board of AusIMM as a member of the three-man Taskforce commissioned to review the workings of the Valmin Code. He has previously served on the boards of two exploration and mining companies listed on the Australian Stock Exchange and is a member of the Liaison Committee of the Geological Survey of Western Australia ("GSWA") providing review and feedback to the GSWA.

Peter Onley has relied on work by other employees of Golder who are appropriately qualified professionals in the fields of mining engineering, geological resource estimation and geostatistics, in assessing the value of the mineral assets.

**Stephen Jones, Principal Mining Engineer** is a Principal Mining Engineer with over 25 years experience in the Australian industry. His experience includes management of operations, project management, surface and underground design, mine design and planning including feasibility studies, technical audits, economic assessment of mining projects, cost estimation and schedule optimisation. Stephen has worked with a range of commodities including gold, copper, iron ore, nickel, zinc, lead and manganese. Software competencies include Maptek Vulcan and Surpac. Stephen's recent experience includes operating mines in North Queensland.

**Dr Rob Jessop, Senior Ecological Scientist, PhD, MSc, BSc**, has more than 15 years' of research and consultancy experience in environmental management. Rob was the Coordinator of the Golder Associates New Zealand Terrestrial Ecology Team until his move to Perth in 2007. He has practical experience in Armenia, Yemen, New Zealand and Australia in the provision of strategic advice and effects assessments of industrial activities on ecological processes in biological systems such as deserts, forests, grasslands, sand dunes, salt marshes and wetlands. Other relevant experience includes project management, expert evidence presentation, site auditing, environmental management and monitoring, design and implementation of flora and fauna assessment programs, data compilation and assessment and report preparation. Rob has been involved in the development and environmental management of diverse projects including surface and underground mines, an LNG plant, wind farms, hydro-power and irrigation schemes, pipelines, roads, subdivisions and military training grounds.

### **Sia Khosrowshahi, Principal, PhD, MSc, Bsc, Hons**

Sia is a geostatistician with over 30 years experience in geology, ore reserves development, grade control, computerised mine planning systems and technical engineering activities related to projects in Australia, Chile, Indonesia and many other countries. He has specialist expertise in applying geostatistical methods to mineral resources, ore reserves, and grade control. Sia has been a leader in the development and

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application of advanced geostatistical methods for resource estimation and is one of the few practising geostatisticians with a background in geology and mining operations having been responsible for resource estimation at the Ok Tedi mine in Papua New Guinea. Before becoming an independent consultant, Sia worked with BHP Resources as part of the resource assessment team.

### **Richard Gaze – Principal, MSc, BSc (Hons)**

Richard has 16 years of practical experience in geostatistics. He provides consulting services in the application of specialised geostatistical techniques in the field of mineral resource evaluation, and he has been involved in a wide variety of geostatistical studies across a wide range of commodities. His work has also included audits/reviews of resources for several deposits, identifying areas of risk and opportunities for significant improvements.

### **1.2.3 Statement of Independence**

Golder has prepared this Independent Specialist Valuation Report on the basis of its regular schedule of fees. Payment of such fees is not contingent on the conclusions of the Report.

Golder has not previously undertaken work for Aragon and specifically has not provided any advice relating to this transaction or any other potential transaction. Except in respect of the fees, Golder, its directors, associates and employees have no material interest in the properties, Aragon or its associates. Employees of Golder may have non-material holdings in listed companies either directly or indirectly.

### **1.3 Field Inspection**

Peter Onley, Stephen Jones and Rob Jessop visited the Central Murchison Gold Project area specifically for the purposes of this valuation on 18 February 2011. We had the opportunity to inspect the previous mining operations and remnant infrastructure on site, together with the company's exploration facilities in Cue.

### **1.4 Tenements**

Golder is not expert in tenement administration or management and Golder was provided with the tenement schedules by Aragon included here under the individual project descriptions as Appendix A to Appendix E. For the purposes of this report, we have relied on Aragon's advice based on their due diligence of the tenements and internal tenement management practices that they are in good standing. We have therefore prepared this valuation on the basis that all tenements are in good standing and unencumbered except for the usual conditions placed on mining and exploration tenements effective of the date of this valuation. Third parties should seek their own advice with respect to the tenements as the position may change in a short period of time.

## **2.0 VALUATION METHODOLOGY**

### **2.1 Effective Date for Valuation**

The effective date of valuation of these assets is 1 January 2011. All values are expressed in Australian Dollars ("AUD") unless otherwise specified in the text as United States Dollars ("USD").

### **2.2 Fair Market Valuation Criteria**

The criterion that Golder has used in establishing fair market value of a property is the amount a willing buyer would pay a willing seller in an arms-length transaction at a particular point in time, wherein each party acted knowledgeably, prudently and without compulsion.

### **2.3 Standards and Procedures**

This Specialist Valuation has been prepared in compliance with the Valmin Code (2005).

Golder has also considered whether any special circumstances which relate in particular to mining projects or tenements can have a significant impact on value and modify valuations which might otherwise apply. In particular, Golder has considered:



- *environmental risks* - which can result in a project being subject to extensive opposition, delays and possibly refusal of development approvals,
- *Native Title* issues - projects in areas of significance to the indigenous population or subject to Native Title claims could experience prolonged delays, extended negotiations or veto, and
- *technical issues* peculiar to an area or orebody such as geotechnical or hydrological conditions, or metallurgical difficulties could affect a project's economics.

### 2.4 Verification of Tenements and Ownership

Golder is not expert in mineral tenure and has not undertaken any independent verification of the status of the tenements and we have relied on information provide by Austwide Mining Title Management Pty Ltd.

The property has been valued on the basis that all tenements are held unencumbered except such terms and conditions that are usually imposed on such tenements. Any party relying on our report should make his own enquiry regarding the current status of the tenements at the time of such reliance, as tenement status and ownership can change at any time.

### 2.5 Valuation Methods

This Specialist Valuation report is restricted to the value of the mineral potential of the tenements. We have not considered any other assets or liabilities of the company. However, it should be noted that the fair valuations presented here and in particular the values derived from Discounted Cash Flows, are "values in use" and incorporate the value of the necessary infrastructure to the company in achieving those values.

There are several recognised methods for valuing mineral tenements which may be classified into Income Based Methods, Cost Based Methods and Market Methods:

#### 2.5.1 Income Based Methods

Income based methods use actual or potential revenues that may flow from the project and generally rely on a discounted cash flow analysis ("DCF") to derive a net present value ("NPV") for the project. More recently, options valuation methods have been adapted for use with analysing project valuations. DCF techniques can only be applied to projects at an advanced stage of development, however, real options techniques can be used at any stage of development and are particularly useful when employed in conjunction with DCF analysis to capture the exploration value of the exploration that is not recognised in the DCF.

##### 2.5.1.1 Discounted Cash Flow Analysis

A DCF analysis is used to determine the NPV of a project by using its estimated future cash flows. Forecast free cash flows comprising operating profit plus depreciation plus amortisation of goodwill, capital expenditures, cash taxes and change in working capital are discounted to a present value to reflect both the time value of money and risk.

At its simplest, a single discount rate is selected for the life of the operation. This may be chosen on the basis of a particular market sector, or more appropriately chosen to reflect the company's weighted average costs of capital.

##### 2.5.1.2 Real Options Valuation

Traditional methods such as DCF analysis may fail to capture the full economic value of mineral assets in an environment of highly volatile commodity prices.

Real options capture the value of managerial flexibility to adapt decisions in response to unexpected market developments. For example, a traditional DCF analysis does not take into account the fact that management will close non-profitable stopes or pits when prices fall and develop new operations when prices rise. Thus while a particular part of an orebody may not contribute to the NPV if average prices are applied in a DCF, the value of that part may be captured during a short period of high prices which may prevail for perhaps as little as 5% of the operating life of the mine.

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While options valuation has a substantial history in valuing market derivatives, it is relatively new and not widely used in real property valuations.

### 2.5.2 Cost Based Methods

Cost based methods use previous expenditure on the property, plus a discount or premium depending on current market conditions, to derive a value for the property. This is most applicable to properties at exploration or early development stage.

#### 2.5.2.1 Past Expenditure

This method, which is often referred to as the Multiple of Exploration Expenditure method, is one of the most commonly used valuation techniques for exploration properties (Onley, 1994, Lawrence, 1994). Past expenditure, or the amount spent on exploration of a tenement, is commonly used as a guide in determining value 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 to 3.0, is applied to the effective expenditure. The selection of the appropriate multiplier is a matter of experience and judgement. Previous writers have suggested that the enhancement multiplier should broadly conform with the following limits:

- 0.5 to 1.0 – work to date or historic data justifies the next stage of exploration.
- 1.0 to 2.0 – strong indications of potential for economic mineralisation identified.
- 2.0 to 3.0 – “ore grade” intersections or exposures indicative of economic resources present.

Values greater than 3.0 are generally not considered appropriate as there should be alternative methods of valuation available for more advanced projects.

Further assessment of an appropriate multiplier may be influenced by the explorer’s commitment to further expenditure which may be reasonably presumed to reflect the company’s view of the relative prospectivity of the tenement within its portfolio of exploration properties.

#### 2.5.2.2 Prospectivity Rating Systems

The Geoscience Rating System of valuation is a cost based system that attempts to derive an absolute value per unit area for a tenement based on the cost of application and maintenance of a tenement. The method is only applicable to exploration tenements. Geoscience rating systems were originally proposed as a method of quantifying relative prospectivity in North America where it is more commonly used than in Australia. The method was set out in Goulevitch and Eupene (1994) and will not be described here.

### 2.5.3 Market Based Methods

Market based methods include analysis of recent comparable sales in the market, the use of alternative offers or joint venture transactions, rules of thumb or yardstick measures to compare values of metal in the ground. Market based methods can be applied to projects at all stages of development.

#### 2.5.3.1 Comparable Transactions

The price paid in recent comparable transactions is relevant to the valuation of projects and tenements. The difficulty is that rarely are two transactions sufficiently similar to make such value comparison. There can also be substantial change in value over quite short periods of time (Grant, 1994, Lawrence, 1994). However, the method has the advantage of applying real market transactions with theoretical valuations.

#### 2.5.3.2 Alternative Offers and Joint Venture Terms

Joint venture or farm-in 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. Arms-length offers or recent transactions on the property under consideration are highly significant (Appleyard, 1994, Sorentino, 2002).



Appleyard (1994) argued that in the simplest case where party A agrees to spend \$E to earn an interest of I% in the property, then the value \$V of the property at the time of the deal would be calculated as follows:

$$\$V = \$E(100-I)/I$$

Sorrentino (2002) argues that the formula for calculation of the participating interest is:

$$(NPV_B) = (NPV_A/I_A) - NPV_A$$

Where A is the farminee and B is the farmenor.

Golder uses the two methods as the lower and higher ends of the value range respectively when applying this method.

### 2.5.3.3 Rules of Thumb or Yardstick Methods

Certain industry ratios are commonly applied to mining and exploration projects to derive an approximate indication of value. The most commonly used ratios are dollars per tonne of metal in resources, or, for more advanced properties or operations, dollars per tonne of metal in Ore Reserves, and dollars per tonne of annual production. The ratios used cover a substantial range which is generally attributed to the "quality" of the contained metal in question. Low cost metal is clearly worth more than high cost metal. Where a project has substantial future potential not yet reflected in the quoted Mineral Resources or Ore Reserves, a ratio towards the high end of the range may be justified.

## 2.6 Selection and Application of Valuation Method

There is no single method of valuation which is appropriate for all situations and it is preferable to derive valuations using at least two of the three valuation classes where possible. An overview of the techniques employed in this valuation is presented below.

Where exploration properties are adjacent to an existing mining operation, this is likely to add significantly to the value of any ore that may be defined on the property.

In purchasing a mining property, a willing and knowledgeable buyer would be mindful of the potential of exploration to provide additional ore feed to a project and would pay a higher price where this potential was considered high. In these circumstances, in Golder's view, it is appropriate to add a premium to the value as described, as this is essentially the process followed by a willing and knowledgeable buyer.

Where some or all tenements for a project remain at the application stage, values may be discounted for the probability that an application will not be successful. It should be noted that some valuers argue that no value should be attributed to tenements at the application stage because until a tenement is granted a company has no rights to the tenement. However, Golder has taken the view that as the application provides the applicant with an opportunity to acquire that tenement ahead of other applicants, it is appropriate to value the tenement as if it were granted and then, if necessary, discount that value for both the time value of money and the probability of the tenement being granted. In Golder's experience, the latter position better represents the market view of the value of an application.

## 2.7 Previous Valuations

Golder was advised by Aragon that there are no previous recent independent valuations for the current property under consideration.

## 2.8 Valuation Procedures Specific to This Report

For the purposes of this valuation, in order to value the CMGP Golder has employed a DCF analysis based on desktop studies by others on mining both open pit and underground at the CMGP where the company has defined Mineral Resources; we have used the multiple of exploration expenditure to value the Lake Lefroy (Hogans) projects and the joint venture method to value the Lakeside project.

We have also relied on an analysis of recent comparable transactions as a subsidiary method of deriving a value for the project as this provides a measure of fair market value which incorporates market premiums

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and discounts. We have taken a more subjective view of the valuation of the Yandal tenements as the company has not yet undertaken any significant exploration on the tenements and there is no technical basis for a valuation and again considered the impact of comparable transactions in placing a value on these tenements.

Mineral Resources for the project, where quoted, are stated in accordance with the Guidelines to the Australasian Code for Reporting Identified Mineral Resources and Ore Reserves (the "JORC Code") prepared by the Joint Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (December 2004). References to resource statements by others on tenements not the subject of this valuation may be quoted more informally as Golder is not in a position to verify those statements.

### 3.0 THE CENTRAL MURCHISON GOLD PROJECT

#### 3.1 Introduction

##### 3.1.1 Property Description and Location

The CMGP tenements are located in the Murchison district of Western Australia 650 km north of Perth along the Great Northern Highway. 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 12 km. The Murchison Bell tenement block, hosting the Big Bell mineralisation is centred approximately 24 km northwest of Cue. The Cuddingwarra tenement block extends due north-south from a point 12 km northwest of Cue to a point 12 km southwest of Cue (Figure 1).

Topography in the area is flat, and should provide no hindrance to mining or the siting of infrastructure.

##### 3.1.2 Proposed Project Scope

Aragon proposes to redevelop gold mining operations at CMGP, southwest of Cue in Western Australia. The company holds tenements covering a number of former open pit and underground mining operations, including waste rock dumps and tailings storage facilities.

Mineralisation is centred on three structures hosting historic mineralisation: Murchison Bell, Day Dawn and Cuddingwarra.

- **Murchison Bell.** There is a long history of underground mining focussed on the Big Bell mine where there was previously a 2 Mtpa plant.
- **Cuddingwarra.** Hosted a series of open pits with some remnant resources remaining at a grade of 3 to 4 g/t Au.
- **Day Dawn.** The Great Fingall Dolerite is the main host to both the Great Fingall and Golden Crown mines. These were characterised by high-grade narrow vein mineralisation.

The company proposes to develop operations to mine at the rate of approximately 450 000 to 500 000 tpa from underground and a similar quantity from open pits. Underground ore will come primarily from Big Bell with additional material from Great Fingall and Golden Crown. Open pit ore will come from various open pits most requiring cut-backs from former mining operations. Ore will be trucked to a proposed new mill located at Big Bell with a nominal capacity of 1 Mtpa.

Exploration will continue on the three main mineralised trends at Day Dawn, Murchison Bell and Cuddingwarra.

Aragon in its press release of 7 February 2011, reported Mineral Resources for Day Dawn, Cuddingwarra and Murchison Bell Mining Centres as shown in Table 1, Table 2 and Table 3 respectively.

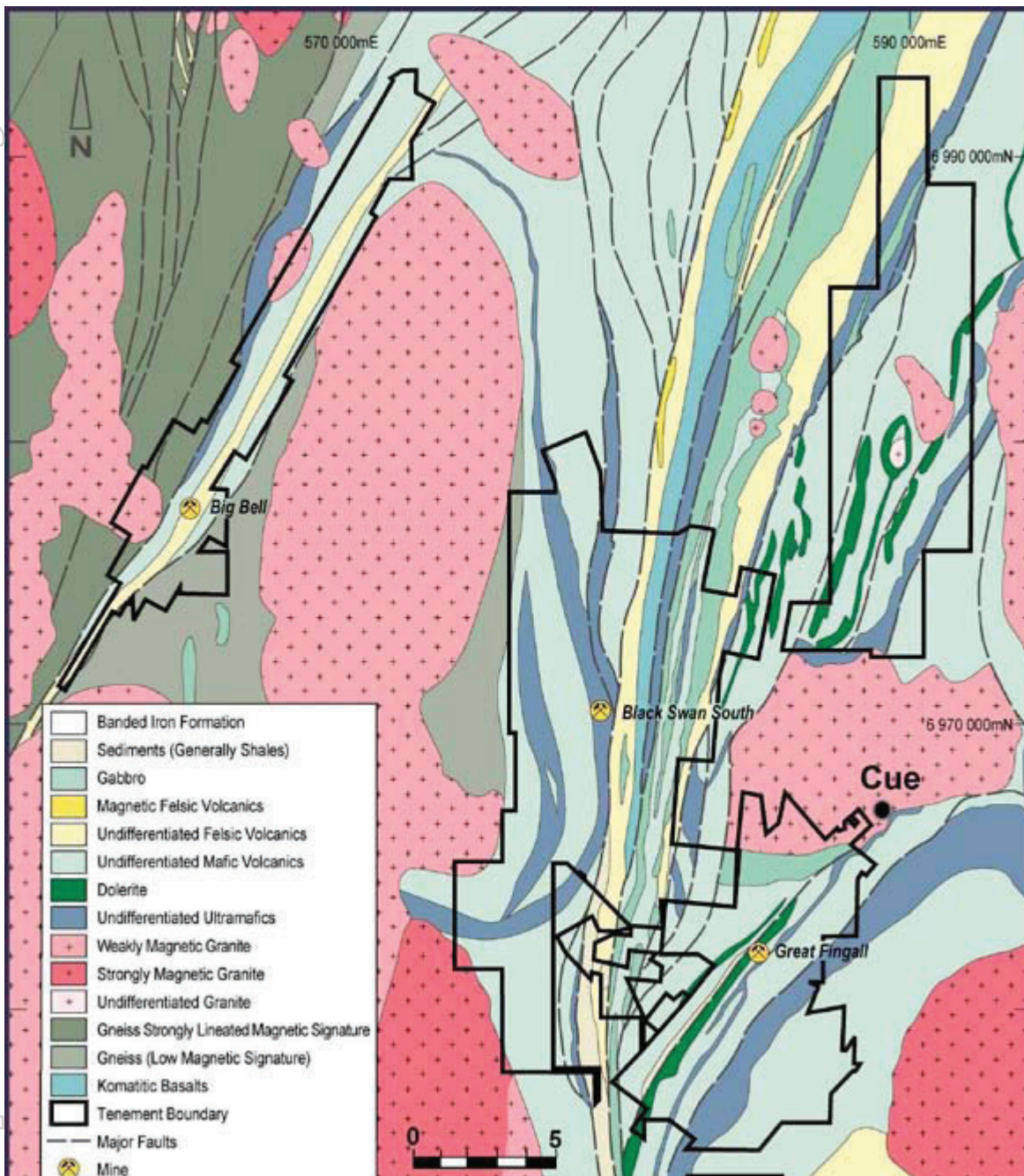


Figure 1: Central Murchison Gold Project – Tenement Outlines and Geology

**ARAGON - INDEPENDENT SPECIALIST REPORT**

**Table 1: Summary of Mineral Resources for Day Dawn Mining Centre reported by Aragon**

Mining Centre/Deposit	Measured			Indicated			Inferred			Total Resource		
	Tonnes t	Au g/t	Au oz	Tonnes t	Au g/t	Au oz	Tonnes t	Au g/t	Au oz	Tonnes t	Au g/t	Au oz
Day Dawn												
3210				50 000	3.3	5 000				50 000	3.3	5 000
<b>Golden Crown Underground</b>				<b>551 000</b>	<b>9.6</b>	<b>169 000</b>	<b>91 000</b>	<b>5.4</b>	<b>16 000</b>	<b>642 000</b>	<b>9.0</b>	<b>185 000</b>
Great Fingall				349 000	1.9	21 000	1 500 000	1.4	67 000	1 849 000	1.5	88 000
<b>Great Fingall Underground</b>				<b>1 034 000</b>	<b>10.2</b>	<b>340 000</b>	<b>271 000</b>	<b>6.5</b>	<b>56 000</b>	<b>1 305 000</b>	<b>9.4</b>	<b>396 000</b>
Kinsella	1 000	2.9		54 000	3.1	5 000				55 000	3.1	6 000
Mt Fingall							30 000	3.1	3 000	30 000	3.1	3 000
Rubicon	19 000	2.9	2 000	50 000	2.3	4 000	12 000	1.3		80 000	2.3	6 000
South Fingall				36 000	2.8	3 000	28 000	3.1	3 000	65 000	3.0	6 000
Try Again	1 000	1.8		12 000	3.2	1 000	178 000	3.1	17 000	192 000	3.1	19 000
Yellow Taxi				80 000	2.4	6 000	15 000	2.9	1 000	94 000	2.5	7 000
Yellow Taxi South							37 000	4.3	5 000	37 000	4.3	5 000
<b>Total</b>	<b>21 000</b>	<b>2.8</b>	<b>2 000</b>	<b>2 216 000</b>	<b>7.8</b>	<b>554 000</b>	<b>2 162 000</b>	<b>2.5</b>	<b>168 000</b>	<b>4 399 000</b>	<b>5.1</b>	<b>726 000</b>



**ARAGON - INDEPENDENT SPECIALIST REPORT**

**Table 2: Summary of Mineral Resources for Cuddingwarra reported by Aragon**

Mining Centre/ Deposit	Measured			Indicated			Inferred			Total Resource		
	Tonnes t	Au g/t	Au oz	Tonnes t	Au g/t	Au oz	Tonnes t	Au g/t	Au oz	Tonnes t	Au g/t	Au oz
Black Swan				222 000	3.5	25 000	1 000	1.3		223 000	3.5	25 000
Black Swan South				315 000	3.5	35 000	1 816 000	3.8	224 000	2 131 000	3.8	259 000
Chieftain				50 000	3.1	5 000	75 000	3.4	8 000	125 000	3.3	13 000
City of Chester				28 000	2.3	2 000	82 000	2.4	6 000	110 000	2.4	8 000
City of Sydney	4 000	1.6		62 000	2.1	4 000				65 000	2.0	4 000
Golden Gate				65 000	3.0	6 000	1 000	2.6		66 000	3.0	6 000
Rheingold							89 000	3.8	11 000	89 000	3.8	11 000
Rheingold South	23 000	3.3	3000	82 000	3.6	10 000	96 000	3.4	11 000	202 000	3.5	23 000
<b>Total</b>	<b>27 000</b>	<b>3.0</b>	<b>3000</b>	<b>824 000</b>	<b>3.3</b>	<b>87 000</b>	<b>2 160 000</b>	<b>3.7</b>	<b>260 000</b>	<b>3 011 000</b>	<b>3.6</b>	<b>349 000</b>

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Table 3: Summary of Mineral Resources for Murchison Bell reported by Aragon

Mining Centre/Deposit	Measured			Indicated			Inferred			Total Resource		
	Tonnes t	Au g/t	Au oz	Tonnes t	Au g/t	Au oz	Tonnes t	Au g/t	Au oz	Tonnes t	Au g/t	Au oz
1600N/Shocker				415 000	2.5	33 000	359 000	3.2	37 000	774 000	2.8	70 000
<b>Big Bell Underground</b>				<b>5 153 000</b>	<b>4.5</b>	<b>747 000</b>	<b>7 000</b>	<b>4.9</b>	<b>1 200</b>	<b>5 161 000</b>	<b>4.5</b>	<b>748 000</b>
Fender				71 000	4.1	9 000				71 000	4.1	9 000
North Fender				385 000	1.7	21 000	578 000	1.6	30 000	963 000	1.7	51 000
<b>Total</b>				<b>6 024 000</b>	<b>4.2</b>	<b>810 000</b>	<b>944 000</b>	<b>2.2</b>	<b>68 200</b>	<b>6 969 000</b>	<b>3.9</b>	<b>878 000</b>



### 3.2 Environmental Review

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.

Golder environmental scientists have prepared the following environmental review of Aragon's project, based on the following information sources:

- Aragon-supplied documents (principally the following)
  - Annual environmental reports for 2009 and 2010
  - specialist consultant reports
  - draft environmental management plan ("EMP")
- a site reconnaissance in February 2010
- general discussions with Aragon staff.

Note that the phrase "expert opinion" used in the report refers to statements in Aragon documents that may be collectively attributable to Aragon and its technical consultants.

#### 3.2.1 Environmental Approval Process

##### *State Assessment Process*

Aragon at present does not have an operating license and requires various approvals from the Department of Environment and Conservation ("DEC"), the Department of Minerals and Petroleum ("DMP"), and the Department of Water ("DOW") before it can begin mining on the leases.

The Environmental Protection Authority ("EPA") also formally assesses projects under the Environmental Protection Act 1986 ("EP Act") if the project is 'likely, if implemented, to have a significant effect on the environment'.

##### *Federal Assessment Process – Department of Sustainability, Environment Water, Population and Communities*

The Environmental Protection and Biodiversity Conservation Act 1999 ("EPBC Act") is administered through the Department of Sustainability, Environment Water, Population and Communities ("DSEWPC"), formerly the Department of Environment, Water, Heritage and Arts ("DEWHA"). The EPBC Act provides a legal framework to protect and manage matters of national environmental legislation.

The CMGP may come under the EPBC Act's jurisdiction if it relates to at least one of the seven matters of national environmental significance. The most relevant likely 'matter' is if the Project area potentially contains 'listed threatened species and ecological communities'.

Previous environmental research (e.g. Mattiske Consulting and Outback Ecology) indicates that several listed flora and fauna species may occur in the Project area and subsequently may require the Project approvals process to be referred to the DSEWPC.

The DSEWPC may defer Project assessment to the EPA under the 2002 (reviewed 2007) bilateral agreement between the Commonwealth of Australia and the State of Western Australia.

##### *Environmental Approvals, Licences and Permits*

Table 4 lists the potential major environmental approvals, permits and licences Aragon may need to develop the Project. It should be noted that this list is based on the information available and may not be exhaustive. Water bore and abstraction licences are excluded.



Table 4: Environmental approvals, licenses and permits

Authority	Objective
Department of Sustainability, Environment Water, Population and Communities(Commonwealth)	Mining Proposal for development and operation of mines, camp and haul road.
Department of Mines and Petroleum (Western Australia)	Approval for Mining Proposal
Department of Mines and Petroleum (Western Australia)	Permit to clear native vegetation
Department of Indigenous Affairs (Western Australia)	Aboriginal Heritage Act 1972 – Section 16 Permit for area BC09-26 to undertake archaeological investigations, excavations, etc.
Department of Indigenous Affairs (Western Australia)	Aboriginal Heritage Act 1972 – Section 16 Permit to undertake archaeological investigations, excavations, etc.

3.2.2 Environmental Management Status

Golder’s assessment of Aragon’s overall environmental management status is based on the following:

- adherence to corporate environmental policy
- the implementation status of the EMP
- site observations
- environmental management system (EMS) documentation and implementation
- allocated environmental management resources.

3.2.2.1 Corporate Environmental Commitment

Aragon demonstrates a commitment to environmental management through its corporate Environmental Policy Statement (document reference PY002). Site and documented evidence suggests that Aragon is endeavouring to implement this policy.

3.2.2.2 Environmental Management System

At present Aragon does not have a documented EMS that provides overarching structure to environmental management. Given that the CMGP is not yet operating, we would not expect a complex EMS to be in place however Aragon should be formulating such a system in parallel with Project development. Elements of an EMS are in place (e.g. a draft EMP, ongoing monitoring and annual reporting); however the general impression is that environmental management requires improved structure and planning. Developing a simple EMS and progressively reviewing and updating the system would provide this structure and planning.

3.2.2.3 Environmental Management Plan

An EMP defines what environmental management is necessary and how it will be undertaken. Again given that the CMGP is not yet operating, we would not expect a complex EMP to be in place however Aragon should be formulating such a system in parallel with Project development. Aragon has a draft EMP (document reference ARAGON-ENV-PL-00), which includes the outline of a management framework. The latter could provide a basis for EMS development. The draft EMP will require considerable work to address all environmental disturbances and management requirements, and to complete the document. Golder suggests Aragon consider developing a start-up EMP that bridges to a full operations EMP at the appropriate time.

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### 3.2.2.4 Environmental Management Status Summary

Golder considers that the status of environmental management structure and planning is adequate at the current time and poses a minimal threat to Project development. Golder recommends that Aragon focus on developing its EMS ahead of Project development as much as possible so environmental management can be proactive rather than reactive to Project needs.

### 3.2.3 Aboriginal Heritage

The EPA environmental objective for Aboriginal heritage is to ensure that changes to the biophysical environment do not adversely affect historical and cultural associations, and comply with relevant heritage legislation.

It is an offence to disturb any Aboriginal site without consent under section 18 of the Aboriginal Heritage Act 1972 (AH Act). Archaeological and ethnographic surveys of the Project area have identified two archaeological sites and 21 isolated artefacts in the Cuddingwarra mining area but significant sites are absent from both the Big Bell and Golden Crown mining areas. The Aboriginal heritage sites are appropriately identified and access is prohibited. Aragon's employee induction stresses that interference with Aboriginal heritage sites and artefacts is an offence under the AH Act.

The project area overlaps the Yamagee and Barimaia tribal areas. Aragon has good relations with these two tribes and is exploring employment options with local Aboriginal community members. The two tribes apparently do not share such good relations between each other.

**Golder considers potential Aboriginal heritage threats to Project development as minimal.**

### 3.2.4 European Heritage

Mining has been undertaken in the Cue area since the 1890s and historical structures remain around the former Big Bell town site and the Golden Crown mine area. Many of the structures are in ruins or comprise remnants following demolition. The mine office of Great Fingall Limited is the only National Heritage Trust of Western Australia listed building. Aragon manages access to the historical sites.

**Golder considers potential threats to Project development from European heritage protection requirements as negligible.**

### 3.2.5 Flora and Vegetation

Various flora and vegetation studies have been undertaken within the Project area over the last 20 years. The vegetation cover can be described simply as low mulga woodland on extensive plains and is reduced to scrub on scattered low hills and rising slopes. Halophytic vegetation is common where the soils become more saline around Lake Austin approximately five kilometres to the southwest of the Project area.

No reference to listed Commonwealth species under the EPBC Act is made in any documentation; however an Outback Ecology Services search of the DSEWPC's database revealed the occurrence of Beaked Eremophila (*Eremophila rostrata*), a Critically Endangered species listed under the EPBC Act, within 10 km of a point central to the CMGP. The presence of the EPBC Act significant species may trigger an assessment referral to the DSEWPC under the EPBC Act.

No declared rare flora or Threatened Ecological Communities under the Wildlife Conservation Act 1950 (WA) (WC Act) have been recorded.

The former Department of Conservation and Land Management (CALM; now known as the Department of Environment and Conservation) identified 20 Priority Flora listed species that may occur in the Cue region (Table 5).

No information was provided regarding declared weed species (Department of Agriculture (Western Australia) 2008) or weeds of national significance (Weeds Australia 2007).



**Table 5: Conservation significant flora species and vegetation communities in the Project area**

Species	Common Name	Conservation status*
Acacia speckii		P3
Angianthus microcephalus	Small-headed Angianthus	P2
Angianthus uniflorus		P1
Bergia auriculata		P2
Calytrix erosipetala		P3
Calytrix verruculosa		P1
Dicrastylis sp. Cue		P1
Drummondita miniata		P3
Eremophila rostrata		P1
Eucalyptus striaticalyx	Cue York Gum	P1
Goodenia berringbinensis		P1
Grevillea inconspicua	Cue Grevillea	P4
Hemigenia tysonii		P3
Maireana prosthecochaeta		P3
Millotia depauperata		P1
Mimulus repens	Creeping Monkey Flower	P3
Myriocephalus appendiculatus		P3
Myriophyllum balladoniense		P4
Prostanthera petrophila		P1
Ptilotus beardii		P3

\* Conservation status has not been confirmed or updated.

Detailed flora surveys of the Project area, as specified by the EPA, are likely to be required as part of the Project start-up approval process. Golder considers it unlikely that conservation significant flora populations and vegetation communities likely to hinder Project development will be identified within the historically disturbed mine areas. In the unlikely event that conservation significant vegetation is recorded, it is likely additional populations outside the mine disturbance areas have acted as seed sources indicating regional populations exist.

**Although Aragon may have to undertake detailed flora surveys to gain approval to start operating, Golder considers potential terrestrial vegetation and flora threats to Project development are minimal.**

### 3.2.5.1 Terrestrial Fauna

Various fauna studies have been undertaken within the Project area over the past 20 years.

No reference to listed Commonwealth species under the EPBC Act is made in any documentation; however Aragon searched (undated) the CALM Threatened fauna database and recorded several potential species within the Cue region; three of these species are currently threatened fauna under the EPBC Act (Table 6).

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**Table 6: Conservation significant terrestrial fauna in the Project area**

Species	EPBC Act significance	WA Act significance
Greater Bilby Macrotis lagotis	Vulnerable	Schedule 1
Mallefowl Leipoa ocellata	Vulnerable	Schedule 1
Western Spiny-tailed Skink Egernia stokesii badia	Endangered	Schedule 1
Peregrine Falcon Falco peregrinus	-	Schedule 4
Australian Bustard Ardeotis australis	-	Priority taxa
Bush Stone-curlew Burhinus grallarius	-	Priority taxa
Lerista eupoda	-	Priority taxa

The presence of the EPBC Act significant species may trigger an assessment referral to the DSEWPC under the EPBC Act.

No reference to any threatened ecological communities under State or Federal legislation is made in any documentation.

Aragon's draft EMP and annual reports state that feral animals, particularly goats and rabbits, are having a significant adverse effect on mine revegetation programs. This issue is addressed further in Section 3.2.12 Rehabilitation and Closure.

Detailed fauna surveys of the Project area, as specified by the EPA, are likely to be required as part of the Project start-up approval process. Golder considers it unlikely that conservation significant fauna species and communities likely to hinder Project development will be identified within the historically disturbed mine areas. In the unlikely event that conservation significant fauna is recorded, it is likely that they have established from additional populations outside the mine disturbance areas indicating regional populations exist.

**Although Aragon may have to undertake detailed terrestrial fauna surveys to gain approval to start operating, Golder considers potential terrestrial fauna threats to Project development are minimal.**

**3.2.5.2 Subterranean Fauna**

No reference to stygofauna and troglifauna was found in any documentation. Dewatering mine pits and pumping freshwater from the various borefields will affect groundwater levels and may adversely affect stygofauna populations should they be present. Similarly mining above groundwater levels will directly affect troglifauna populations if present.

Detailed stygofauna and troglifauna surveys of the Project area, as specified by the EPA, may be necessary as part of the Project start-up approval process. The historical mining operations are likely to already have had a major effect on any existing subterranean fauna populations. Any subterranean fauna found in new surveys are likely to be animals that have re-established from more extensive and therefore relatively sustainable populations.

**Although Aragon may have to undertake detailed subterranean fauna surveys to gain approval to start operating, Golder considers potential subterranean fauna threats to Project development are minimal.**

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### 3.2.6 Surface and Underground Water

#### 3.2.6.1 Surface Hydrology

Surface water within the Project area generally results from high intensity rainfall and from dewatering activities. The Project area is subject to intense, short-duration rain storms with the potential to cause erosion, sedimentation and pollution of downstream environments.

Much water is lost through evaporation while infiltration to groundwater is apparently minimal. The general surface flow path is towards ephemeral Lake Austin's extensive system of salinas south and southwest of the CMGP. Surface waters from historical tailings storage facilities (TSFs), waste rock dumps and plant areas currently flow either indirectly through sumps and catchment drains or more directly into the historical pit voids. Numerous pit lakes exist within the CMGP. Haul and access roads intersect minor drainage channels but appear to cause little impediment.

#### **Big Bell Tailings Storage Facility**

The Big Bell TSF appears to have ongoing seepage issues. Former modification works saw seepage water interception trenches excavated around the TSF. Previous owners, Harmony Gold Australia (Harmony), monitored ground and seepage water quality as part of operating compliance requirements. Aragon has undertaken a commitment to continue this monitoring.

#### **Golden Crown Mine**

Harmony monitored total petroleum hydrocarbons (TPH) at the Golden Crown mine centre and Aragon has committed to continue this monitoring. No documentation to explain why such monitoring was undertaken was provided.

#### 3.2.6.2 Groundwater

According to Aragon's draft EMP, groundwater flows in response to a hydraulic gradient towards Lake Austin and the Tertiary valley fills, which underlie the salt lake.

The depth to groundwater for the CMGP's three main mining centres is generally <15 m; therefore all historical mining operations required dewatering to prevent flooding. As mentioned, there are now numerous pit lakes within the CMGP.

Several borefields around the CMGP complex used for process and potable water were also historically in operation.

#### 3.2.6.3 Surface Water and Ground Water Quality

The Big Bell and Golden Crown monitoring programs have recorded water quality fluctuations over the past few years as monitoring data in recent annual environmental reports has shown. Cyanide, various heavy metal (e.g. cadmium and chromium), total dissolved solid, TPH and electrical conductivity levels have all exceeded compliance or 'standard' levels within the last five years. Conclusive explanations for these fluctuations have not been provided; however to date neither the DMP nor the DEC have raised concerns.

At Golden Crown TPH levels have fluctuated dramatically over the past 7 years (although here are no compliance limits for TPH). In response to fluctuating TPH, the 2010 annual environmental report states:

"It is unclear whether these high concentrations are the result of steady ongoing TPH contamination of the groundwater or due to a discrete pollution event. It is likely that, given the proximity of both bores to old workshop facilities, some leaching of hydrocarbons from contaminated soil has occurred and these have entered the water-table".

At Big Bell the 2010 annual environmental report states:

"Exceedances of WADCN and total cyanide limits (0.5 mg/L) were detected at several trenches and monitoring bores, a trend that has been typical of these sampling points since monitoring commenced. Limits of cadmium and chromium (0.005 mg/L) were also exceeded in two and three seepage trenches respectively".

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No explanation was given for these exceedances.

There appears to be considerable uncertainty regarding the cause of water quality fluctuations and the potential for groundwater contamination. The influential hydro(geo)logical processes also do not appear to be well understood. Groundwater contamination is potentially a significant environmental concern.

### 3.2.6.4 Discharge to Lake Austin

Excess dewatering and process water was historically discharged via a pipe to Lake Austin. The water generally was hypersaline. Harmony conducted aquatic studies of the effects of discharge water on Lake Austin and its biodiversity, and found the effects to be minimal.

Aragon are also considering discharging the existing pit lake waters, and future excess dewatering and process waters into Lake Austin. The existing water quality within each of the pit lakes appears to be unknown. Given the Big Bell TSF seepage water drains into one of the pit lakes, there is the potential for pit lake waters to be contaminated and unsuitable for discharging into Lake Austin. The cumulative effects of discharging such large volumes of hypersaline water into the lake are also unknown.

The importance of Lake Austin to Aboriginal heritage, regional hydrology and regional biodiversity may influence any environmental approval to discharge water from the CMGP into Lake Austin.

**Golder recognises that there is great uncertainty regarding water quality in surface, ground and potential discharge waters. Golder considers that water quality and potential contamination issues pose a moderate to major threat to Project development.**

### 3.2.7 Contaminated Sites

The CMGP features historical infrastructure areas including the former Big Bell mine processing and infrastructure area. Many of the old structures have been demolished and much of the machinery and building materials removed. Some sites have been levelled with some building debris covered over; however there is still considerable rubbish scattered around sites.

There is the potential for sites to comprise contaminating materials such as hydrocarbons from former storage areas or waste sumps, asbestos building materials and waste process chemicals. The 2010 annual environmental report mentions hydrocarbon contaminated soils at the Golden Crown Mine.

Redevelopment of such sites for future mine operations may uncover additional contaminated areas, which may require decontamination and rehabilitation.

**Golder considers that contaminated sites are likely to occur and pose an uncertain threat to Project development.**

### 3.2.8 Light, Dust and Noise

Since the CMGP is in care and maintenance, there are no current issues with lighting, dust or noise. Aragon's proposed operations will produce lighting effects, dust and noise.

Aragon will need to manage solutions as part of the Project start-up approvals process:

- Since the CMGP is in a remote area and has a history of lighting effects, Golder considers potential lighting effects pose a negligible threat to Project development.
- Aragon's proposed operations will produce dust and Aragon will need to develop dust management solutions as part of the Project start-up approvals process. The dust produced may adversely affect the health of vegetation close to dust sources. Whether dust effects will extend to the town of Cue is unknown. Standard practices such as water applications, progressive rehabilitation of disturbed areas and using low dust producing techniques would be expected to minimise dust emissions.
- Aragon's proposed operations will produce noise and Aragon will need to develop noise management solutions as part of the Project start-up approvals process.



**Golder considers light and noise emissions to pose a negligible threat to the proposed operations because the area is remote and has a local history of operation. Potential dust emissions will also pose a negligible threat if managed appropriately.**

### 3.2.9 Waste Management

#### 3.2.9.1 Industrial and Domestic Waste

Since the CMGP is in care and maintenance, there are no current issues with waste management. Aragon's proposed operations will produce domestic and industrial liquid and solid waste; therefore Aragon will need to develop waste management solutions as part of the Project start-up approvals process.

#### 3.2.9.2 Waste Rock Management

Waste rock dump management is addressed in the Section 3.2.12 Rehabilitation and Closure.

### 3.2.10 Land Use

Pastoral activities comprise the predominant land use. Construction and mining operations may restrict or modify pastoral activities such as water provision from wells, stock movements and land access, and reduce pasture availability. Aragon currently appears to have a good relationship with local landowners and engages some of them to undertake rehabilitation work.

**Golder considers that adverse land use effects may cause a real but relatively minimal limitation to Project development.**

### 3.2.11 Community Issues

Tourism is a small but increasing industry in the area. Aragon contributes by allowing access to some of the historic mining areas and structures.

Aragon is also actively trying to employ local people where possible and indirectly contribute to the local economy through procurement.

**Although limited information was available to assess this issue, Golder considers that Aragon is meeting its social responsibilities and therefore threats to Project development are likely to be negligible.**

### 3.2.12 Rehabilitation and Closure

Harmony has developed several rehabilitation and closure plans, and initially undertook extensive rehabilitation and monitoring of selected landforms within the CMGP. Actions have included:

- partial capping of the Big Bell TSF
  - Harmony identified that Big Bell run-of-mine material was unsuitable for capping so other material needs to be sourced.
- seeding and planting of waste landforms
- fencing to exclude goats and grazing stock from revegetation areas.

Rehabilitation was discontinued during the recent care and maintenance period, and monitoring has shown a decline in rehabilitation performance due to:

- landform erosion
- plant mortality due to rabbit browse and goat grazing, and unsuitable soil conditions
- ineffective fencing
- a lack of rehabilitation maintenance.



Aragon has committed to continuing rehabilitation of historical landforms and will be required to present an updated rehabilitation and closure plan as part of the start-up approvals process. Currently performance bonds of \$3.19 M are held until the DMP agrees that lease conditions for rehabilitation and closure have been met.

Considerable ongoing human and financial resources will be needed to rehabilitate all historical landforms and to address future disturbed lands to meet closure requirements.

**Golder considers that mine rehabilitation and closure does not pose an immediate threat to Project development but could pose a moderate threat to Project operations due to financial and resourcing requirements.**

### 3.2.13 Summary and Recommendations

Golder reviewed the status of Aragon's environmental management of its CMGP and has not identified any major environmental management concerns that potentially threaten Project development.

Aragon has yet to gain regulatory environmental approvals, licences and permits necessary to commence operations.

Various environmental surveys have been undertaken as the historical mining areas have developed, however there are many gaps in environmental knowledge and it is not possible to quantify all the environmental liabilities at this stage.

Golder recommends addressing the following environmental management aspects as they pose greater than minimal threats to Project development:

- The environmental approvals process represents an uncertain threat to Project development. The existence of historical mine operations is an advantage to gaining future approvals; however more stringent contemporary environmental requirements may delay or threaten Project development.
- There is significant uncertainty regarding water quality, and surface, ground and future discharge water contamination and this poses a moderate threat to the proposed operation.
- There is potential for contaminated sites, and the need for decontamination and rehabilitation which is not yet quantified.
- The rehabilitation and closure requirements are extensive and not yet quantified.

## 3.3 Geology

### 3.3.1 Regional Geology

Regionally the tenements are situated within the Meekatharra – Wydgee Greenstone Belt.

The following is a description of regional geology from Aragon's internal report;

The Day Dawn Mining Centre is located within the Archaean Meekatharra-Mount Magnet greenstone belt and comprises the upper three greenstone formations of the Luke Creek Group. These formations listed from youngest to oldest are;

- **Windaning Formation** - A succession of abundant jaspilitic Banded Iron Formation ("BIF") and chert units interlayered with felsic volcanics, volcanoclastic, and volcanogenic rocks with minor basalts.
- **Gabanintha Formation** - A bimodal succession of mafic and ultramafic rocks, felsic volcanics and volcanoclastics, and sedimentary rocks.
- **Golconda Formation** - A succession of quartz-haematite BIF, interlayered with mafic and ultramafic extrusive and intrusive rocks. The lowermost formation of the Luke Creek Group, the Murrouli Basalt, is



not exposed in this region. The area around Cue is composed of rocks of the Gabanintha and Golconda Formation and late-stage granite intrusives.

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. D3 and D4 structures probably formed as a result of one long-lived deformation resulting from east-west compression (Watkins and Hickman, 1990). The principal shear C-fabrics are orientated north-northeast, are sub-vertical, and contain visibly orientated stretching lineations. Kinematic indicators at local and regional scales vary considerably, often giving opposing sense of movement.

The host unit to the project area is the Great Fingall Dolerite (GFD), which is sixteen kilometres long, striking north-northeast and dipping sixty to seventy degrees west-northwest. The unit is up to six hundred metres thick and can be subdivided into five major units.

### 3.4 Review of Mineral Resources

#### 3.4.1 Day Dawn Tenements

The Day Dawn tenement block comprises the 3210, Golden Crown, Great Fingall, Kinsella, Mt Fingall, Rubicon, South Fingall, Try Again, Yellow Taxi and Yellow Taxi South deposits (Figure 2).

The majority of the gold ounces in resources for the Day Dawn tenements occur at Great Fingall and Golden Crown. Aragon has re-estimated resources for both these deposits and Golder reviewed these estimates.

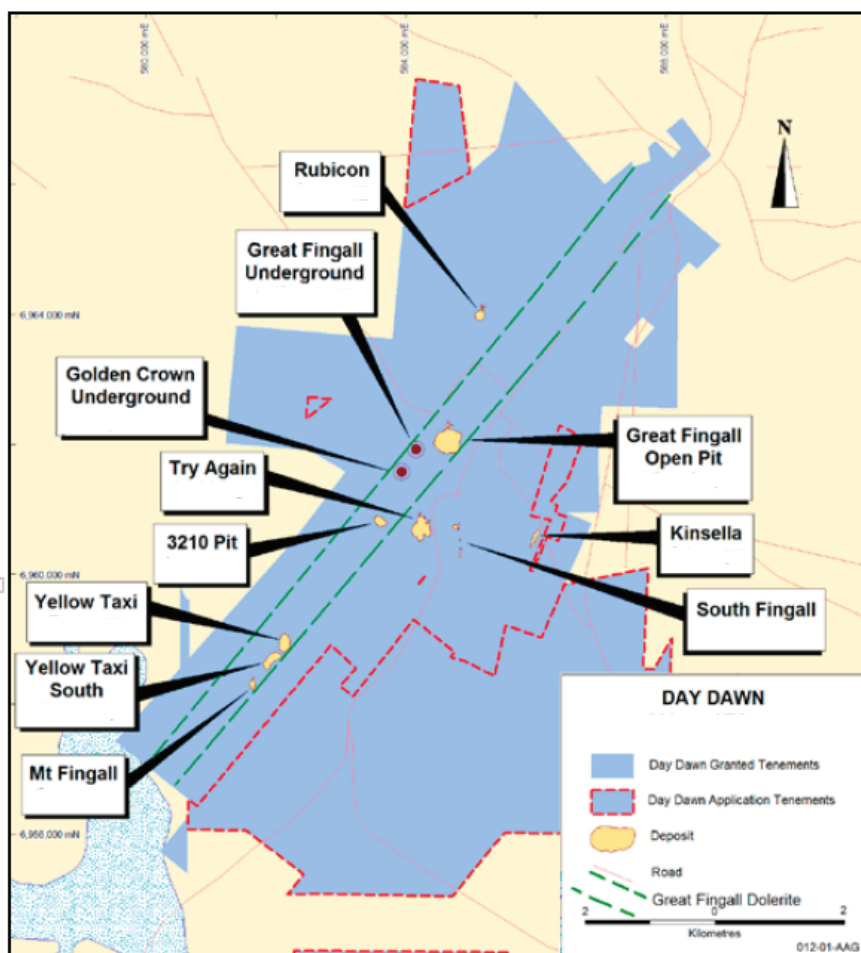


Figure 2: Location map of the Day Dawn Mining Centre deposits (from Aragon Annual Report 2010)



### 3.4.1.1 Golden Crown

The reefs at Golden Crown consist mainly of bucky white quartz and in places contain rafts of dolerite. Reefs contain sulfides mainly concentrated parallel to the margins with arsenopyrite, pyrrhotite and pyrite being the most common. A longitudinal section of the Golden Crown is shown as Figure 3.

At the Golden Crown Mine, three major reefs have been identified:

- **Main Reef:** Typically 1.5 – 2 m wide with a strike length of 250 – 300 m, with variable grade but averages 9.4 g/t Au over a mining width of approximately 1.6 m.
- **Spur Reef:** 1 m wide with a strike length 80 m, high grade averaging 22.0 g/t Au over a mining width of approximately 1.4 m.
- **Alimak Reef:** 1 – 1.5 m wide, strike length 30 – 50 m, highest grade averaging 23.4 g/t Au over approximately 1.6 m mining width.

The reefs above the 15 level generally dip about 60 degrees, however below the 15 level the reefs flatten slightly. This is also seen at Great Fingall below the 20 Level.

Resource modelling at Golden Crown concentrated on two zones;

- Deeps – defined as material below 15 level
- Remnants – Those around and laterally extended around the old workings.

The Golden Crown Deeps were intersected by 28 diamond core holes. All diamond core drilling (“DDH”) has down-hole survey information recorded.

For the remnant resource portion, there are 21 800 face chip assays in the database collected during the development and the production of the mine. It is unclear whether data was collected from channel sampling or whether representative grabs were taken. Data for the face chips was collected as point data which recorded both grade and width.

The remnant resource is as per Harmony's estimate.

The DDH samples are believed to have been analysed by screen fire assay and reported to be of high quality. However no quality assurance systems or quality control (“QA/QC”) information has been reported in the data reviewed and the quality of the assay cannot be verified. If core is still available, then a well planned QAQC program is recommended.

Similarly, Golder could not find any evidence of QA/QC associated with the face samples collected from the old workings.

Bulk density adopted in the models used the specific gravity of quartz, being 2.65 t/m<sup>3</sup>.

For modelling purposes, a mineralisation wireframe has been interpreted and used in three dimensions (“3D”). This ore wireframe is used to constrain the Ordinary Kriging (“OK”) grade interpolation in the block model. The Golden Crown Reef deeps, below the 15 Level, have been modelled as one entity, The Alimak, Spur and Main reefs are all one continuous reef.

No Measured Resources were defined.

Resource classification has been largely based on knowledge derived almost exclusively from information gained during mining. Principally material below 510 m RL has been defined as Inferred while the remainder is declared as Indicated. Resources have also been previously estimated by Harmony. Based on new diamond drilling results, Aragon's new modelling has identified substantially more material than reported by Harmony as presented in Table 7. Aragon's work on re-interpretation of the mineralisation identified a number of inappropriate modelling practices and parameters in the previous estimate, that when accounted for, helped to substantially increase the resources. Also, the new drill intersections down plunge from the



mineralisation identified in the Harmony resource estimate has additionally increased width and extent down-plunge of the mineralisation as shown in Table 7.

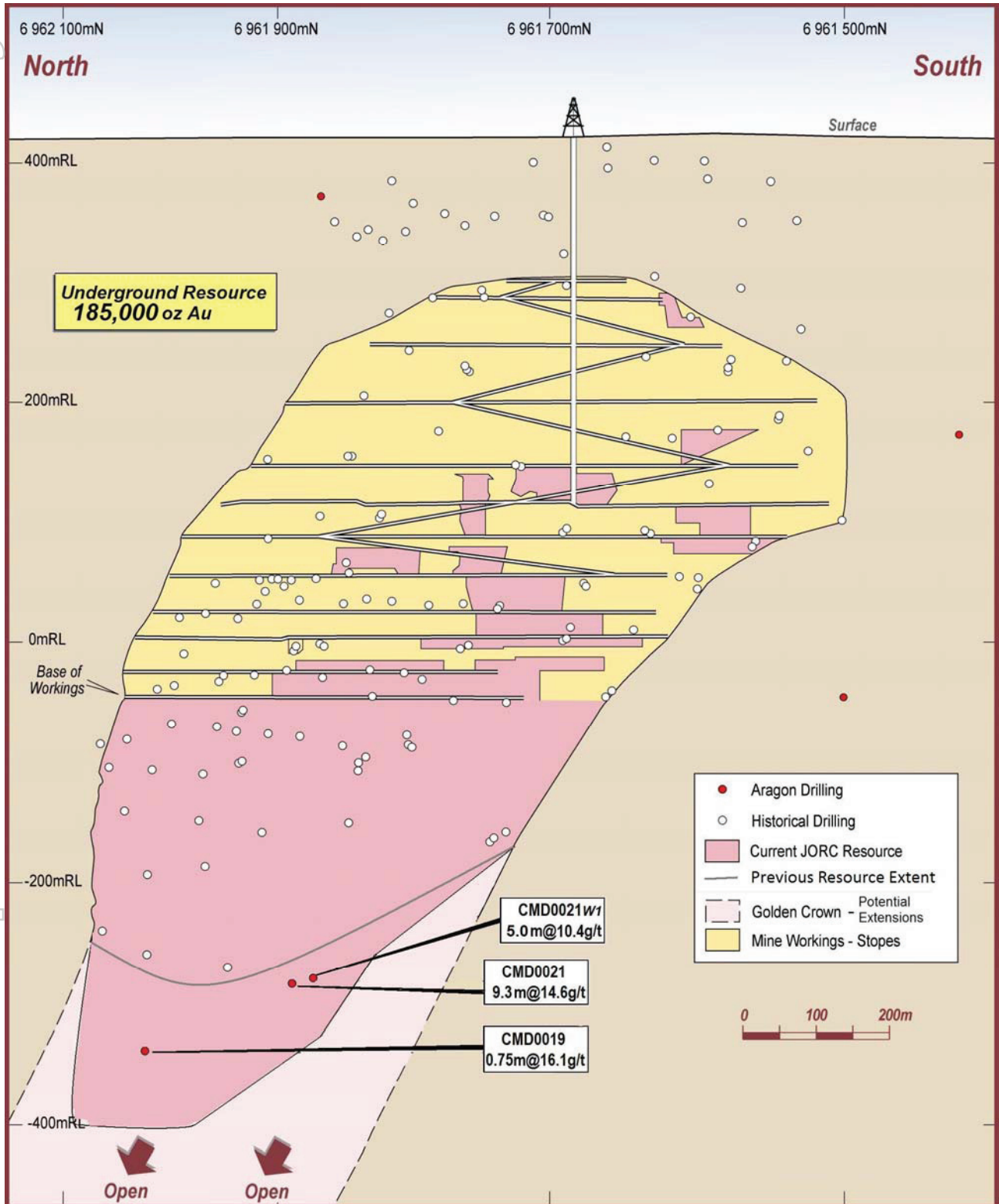


Figure 3: Golden Crown Longitudinal Section from Aragon



Table 7: Aragon versus Harmony Resource Estimates for Golden Crown

Resource Estimate	Indicated Mineral Resource			Inferred Mineral Resource			Total Mineral Resource		
	t	Au (g/t)	Au (oz)	t	Au (g/t)	Au (oz)	t	Au (g/t)	Au (oz)
Aragon	551 000	9.60	170 000	91 000	5.40	16 000	642 000	9.00	186 000
Harmony	95 000	7.48	23 000	144 000	8.80	41 000	239 000	8.28	64 000

Mineralisation remains open at depth.

### 3.4.1.2 Great Fingall

The Great Fingall Dolerite is the major lithological control on gold mineralisation in the area. The Great Fingall quartz reef strikes northwest and dips 60° to 65° southwest in the upper areas of the mine, flattening to 50° to 45° southwest below 700 m RL. The width of the quartz reef varies and can be up to 13 m thick but averages 2 to 3 metres. The thickest reef is usually hosted with the units AGF1, 2 and 3 of the Great Fingall Dolerite. A longsection of the Great Fingall is shown as Figure 4.

The unit of the Great Fingall Dolerite which the reef is passes through roughly controls grade. The unit AGF3 and AGF4 are the dominant units with all historic stoping mainly confined to these units.

The reef itself is thought to be analogous to the Golden Crown reef (situated 500 m to the south, and closed in 1995). Characteristics such as boudinaging and bifurcation of the reef as well as coarse gold are thought to be similar at Great Fingall.

Similar to Golden Crown the resource reporting is divided into;

- Deeps – Below 20 Level
- Remnants – Those around and laterally extended around the old workings.

Twenty-four diamond core holes are drilled into the vicinity of the deeps resource with 14 holes having intersected the mineralisation. The average strike length of the reef was modelled at 200 m.

All of the diamond drilling has down-hole survey information recorded and have collar locations accurately recorded by survey pickup.

Diamond core for the deeps resource was niche sampled according to discrete ore zones decided by the geologist. Core was cut in half using a core saw and one half of the core was sent to be analysed. The average length of a sample is less than 0.5 m.

The remnant resource is mostly based on old face chip samples mostly recorded prior to the closure of the mine in 1918. Aragon also drilled several holes in 2010 which intersected the reef close to old workings supporting continuity. The old chip samples are usually one underground mining-cut length apart (about 1.5 metres). This data is recorded for most production rises as well. In some areas of the mine, notably above the 10 level, large areas of data are missing, in what was reported to be the richest area of the historic workings.

Face chip samples were most likely taken as an average of a cut. The sampling method could have entailed the miner filling a bag from the broken ore and measuring the face width but this is not documented.

The diamond drilling undertaken during the 1980s was screen fire assayed (-80 mesh) and repeated at three different laboratories. As part of the original sampling for the Deeps resource a significant number (374) of samples were submitted to multiple laboratories for analysis. Generally the results compared relatively well.

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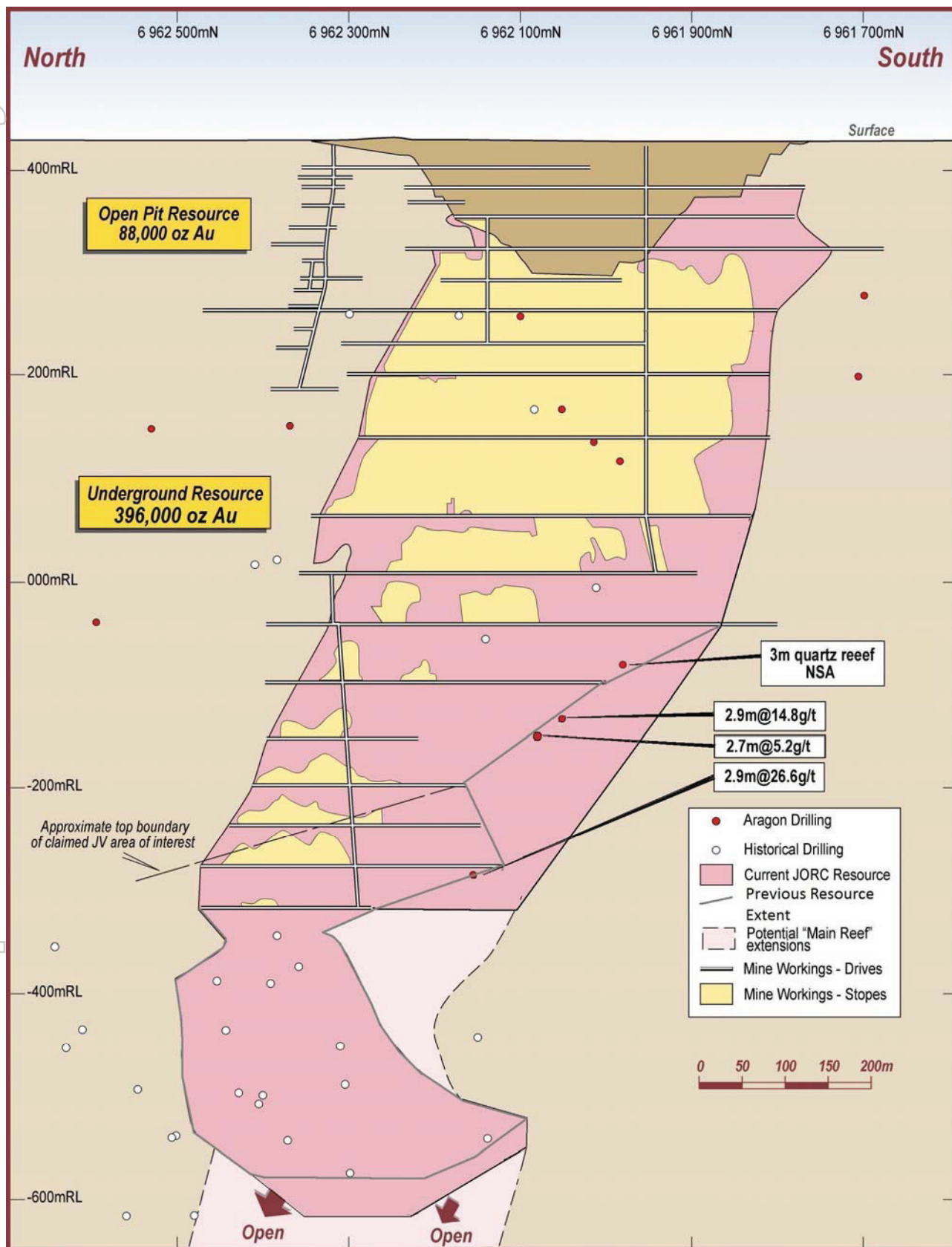


Figure 4: Great Fingall Longitudinal Section from Aragon





The only assessment of quality for the old data in the remnant areas is retrospective. The grades obtained closely resemble the historic extraction grade. The model gives a grade of 21.0 g/t of voids, slightly above the 19.5 g/t historic grade.

Bulk density has been assigned the specific gravity of quartz at 2.65 t/m<sup>3</sup> for Great Fingall mineralised portions and 2.97 t/m<sup>3</sup> for waste rock.

Modelling of the Great Fingall Remnants was conducted by Harmony in 2003. The inverse distance squared interpolation was constrained within a mineralised wireframe. Aragon has modelled an addition to the remnant resource following their 2010 drilling program. The resource addition was interpolated using OK and constrained within a mineralised wireframe. The addition was classified as Inferred. Aragon also remodelled the main reef below the 20 level (Deeps) following a review of the previous interpretation. The OK interpolation was constrained within a mineralised wireframe and includes lower grade and thin intersections of the reef.

The remnant reef was created by digitising the hanging wall and footwall samples and creating a solid for each level. Remnant blocks are categorised into broad areas 'around old voids' and 'away from voids'. Many of these tonnes are adjacent to old voids and may require some effort to convert to reserves.

A 70 g/t top cut has been applied to Great Fingall Deeps for estimation purposes while no high grade cutting was applied to the Remnant resource.

Aragon reported that in its recent resource model it has classified the Great Fingall Deeps largely (70%) as an Indicated Resource with 30% as Inferred. The supporting argument for this classification has been based on data density, additional drilling at depth and increased observed continuity

The remnant resource has been partially classified as an Indicated Resource by Aragon for material adjacent to the old workings and the remainder as Inferred Resources. Aragon additional drilling in 2010, which intersected the reef close to old workings, provided means of increasing the remnant resource. The additional resources have been classified as Inferred.

Resources had also been previously estimated by Harmony. Aragon's new modelling has identified more material as presented in Table 8. In case of the Deeps resource, the significant difference between Aragon's estimate and the previous Harmony resource has been reported to be the use of multiple estimation passes. The recent interpretation also introduced adjustments around the margins of the mineralisation in order to more realistically reflect the geological continuity of the mineralisation.

The application of a classification boundary was another difference between the two models, with the relative drilling density being used to define the transition from Indicated to Inferred resources.

Resources were reported as Indicated and Inferred by Aragon using cut-off grade of 2.5 g/t Au.

**Table 8: Comparison of Harmony and Aragon Resource Estimates for Great Fingall Underground**

Resource Estimate	Indicated Mineral Resource			Inferred Mineral Resource			Total Mineral Resource		
	t	Au (g/t)	Au (oz)	t	Au (g/t)	Au (oz)	t	Au (g/t)	Au (oz)
Aragon	1 034 000	10.2	339 000	271 000	6.5	57 000	1 305 000	9.4	395 000
Harmony	962 000	8.98	278 000				962 000	8.98	278 000

### 3.5 Discussion

- While both the estimates for Golder Crown deeps and Great Fingall Deeps are based on a sound gold assay data, both the interpretation and grade estimates are reliant on a very limited deep diamond drilling data. Aragon has classified this resource as an Indicated Resource. Aragon has relied on continuity of mineralisation to support its classification.

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- QAQC data relating to deep diamond holes comprises 374 samples analysed by three labs and indicates a good repeatability of the assay. No other quality control data such as check samples, duplicate samples, blanks or standards are available. Lack of sufficient QAQC data is a moderate risk item. The only standards presented by Aragon are that of the remnants addition report which shows bias over time.
- Aragon has not re-estimated the main part of remnant mineralisation. Resource estimates by Harmony were based on the face chip samples collected during mining in 1918 which are of unknown quality. However, Aragon's additional drilling in 2010, which intersected the reef close to old workings, provided means of extending the remnant resource. The additional resources have been classified as Inferred.
- No QAQC data exists with the remnant face chip samples in Great Fingall. For RC and Diamond drilling, however a set of 133 original and field duplicates were collected and analysed for assessment. Results, while showing a large scatter, are considered acceptable.
- Aragon has classified part of the remnant material as Indicated and part as Inferred. Although the face sample results have indicated a good reconciliation of historical production Golder cannot verify the representatively of the face sample assays to support their extrapolation to material outside the workings.
- Aragon additional drilling in 2010, which intersected the reef close to old workings, provided means of extending the remnant resource. The additional resources have been classified as inferred. This is supported by Golder.
- For the Great Fingall, high grade cutting at 70 g/t Au has been applied to the Deeps resource. No top cut was applied to remnant resource areas estimated by Harmony. Aragon used 100 g/t high grade cut on additions to remnant ore, Aragon's approach is supported by Golder.
- For the Golden Crown, a high grade cut of 100 g/t Au was applied to the Deeps and remnant resource areas. This is supported by Golder.
- For the Golden Crown resource, no evidence of QAQC data could be noted in relation to both Diamond and face chip samples. It is recommended that a comprehensive QAQC program is planned with existing core samples.

### 3.5.1 Murchison Bell

Murchison Bell has an extensive history of previous mining production commencing in 1913 and by 2003 produced around two million ounces from underground and open pit production. The Big Bell mineralisation is hosted within the Big Bell Shear zone which represents a significant exploration target as most of the previous drilling is less than 50 m deep.

Regionally the Big Bell greenstone consists of a narrow belt of strongly schistose (ductile) mafic and felsic rocks that have been metamorphosed to amphibolite facies. The greenstone belt is bound to the east by a foliated granitoid that forms the core to a regional anticline and to the west by a later granitoid complex that overprints the strong schistosity in the belt. The greenstone belt can be divided into an eastern domain and a western on the basis of the detailed magnetic and gravity data.

The Murchison Bell mining centre comprises the largest Mineral Resource in the CMGP, the Big Bell deposit, which was estimated with a total Mineral Resource of 5.1 Mt at 4.5 g/t Au for 748 000 contained ounces of gold. The area also comprises three smaller deposits, 1600N/Shocker (70 000 oz Au), Fender (9000 oz Au) and North Fender (51 000 oz Au). A location plan of the tenements is shown in Figure 5.

Golder reviewed the current and historical Mineral Resources for the Murchison Bell Area based on the available documents on the historical resource estimates for the purposes of this valuation.

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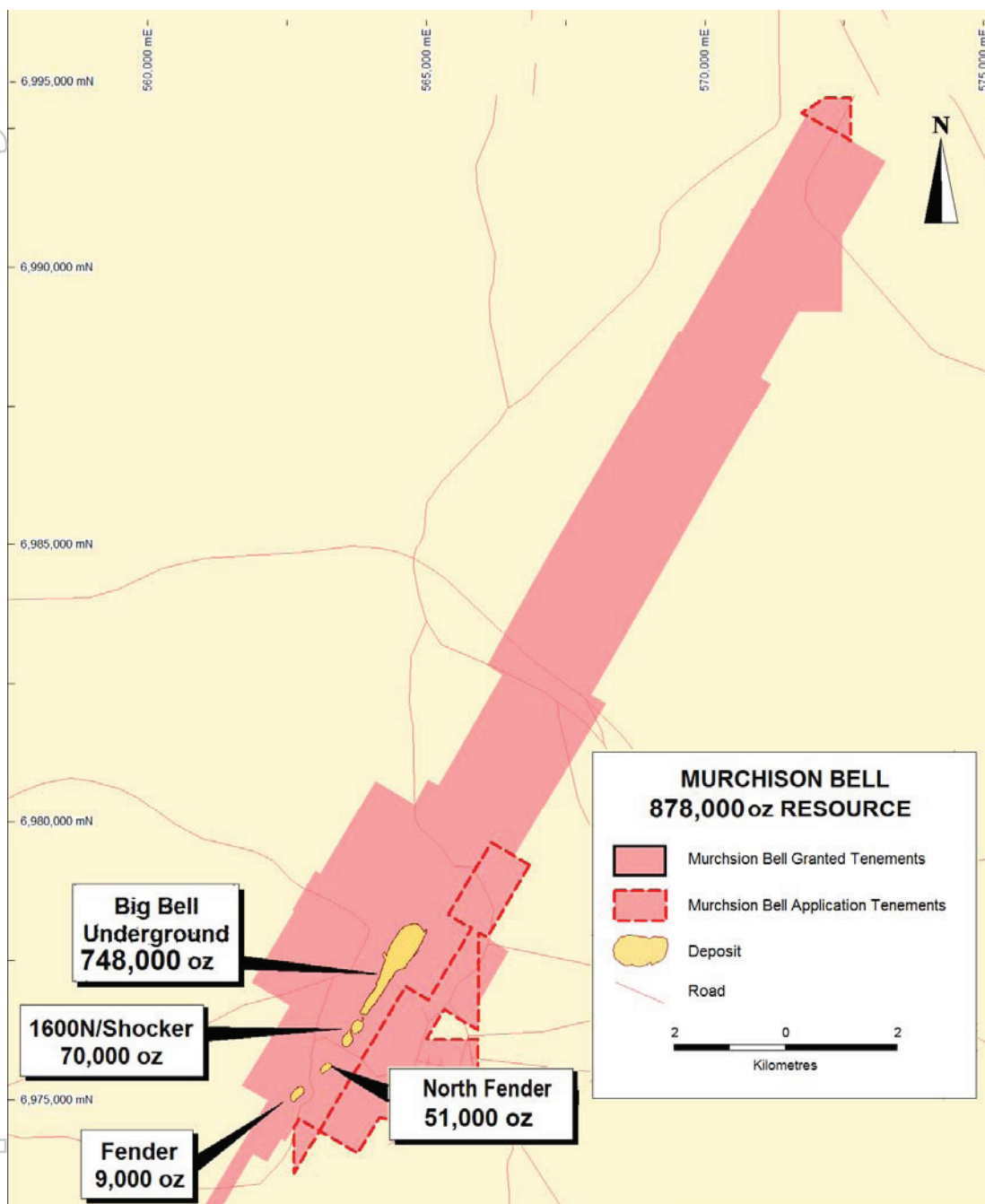


Figure 5: Murchison Bell Tenement Location Plan (from Aragon)

### 3.5.1.1 Big Bell

The Big Bell Mineral Resource was previously estimated by Harmony Gold in 2002/3 using the method of OK based on 3 m composite drill hole data. In 2010, Aragon updated the resource estimate, which represents the current reported block model.

The geological model for the Big Bell deposit is generally straight forward, being a potassic alteration of tholeiitic basalt. Economic mineralisation is restricted to the K-feldspar, Altered and Biotite schists, the better economic grades are located in the Altered Schist. Economic mineralisation is transgressive to stratigraphy, with higher grade reporting form the Biotite Schist in the southern sections of the mine while to the north the K-Feldspar schist carries the better grade. The intrusive pegmatite does not contain gold and outside of the three units mentioned gold values are greatly reduced. Mineralisation is lensoid in plan varying in width from

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6 to 8 m at the northern and southern limits to in excess of 35 m in the central area of the mine and extending over some 700 m in strike length. The mineralised units extend to a known depth of some 1500 m below surface.

The current Big Bell Mineral Resource comprises robust estimation methodology, with certain aspects summarised as follows:

- The robustness of the Mineral Resource has been progressively assessed as part of a wider study into the sampling and reconciliation issues. Various estimation quality aspects have been tested and improved from the earlier Harmony resource to the current Aragon resource estimate. The data supporting the Mineral Resource was considered to be acceptable.
- Drill hole data was composited to 1 m lengths downhole, with a minimum accepted length of 0.5 m. Basic univariate statistics and grade distribution plots were undertaken to examine global grade distributions. A high-grade cut of 90 g/t Au was applied, although the impact of the high-grade cut on the domain mean Au grade was relatively minor.
- Variography was undertaken to capture overall grade continuity in the mineralised zone and to provide parameters for OK. Underground grade control data was used for variography to define short-scale variogram structure due to the higher data density compared to resource drilling. The variography results were applied to all domains supported by resource drilling.
- The variograms indicating an overall range of influence of approximately 300 m, however most of the variability occurs within 100 m.
- Estimation of grade was undertaken using OK and a minimum of three and a maximum of ten composites per block estimate. Most blocks were estimated within the first estimation pass. The estimation parameters are reasonable, but in Golder's opinion the maximum samples is rather low. This tends to promote under-smoothing of the estimates. Ideally, checks should be undertaken to demonstrate that the block estimates appropriately reflect the assumed block support.
- The grade estimates were compared to the input data using swath plot validations. For the region outside the stoping areas, the resource models shows reasonable conformance with the input data.
- No details of the JORC resource classification process is provided in the Aragon summary report, which was incomplete at the time of this review. Golder notes that stoped areas were assigned a specific gravity of zero to account for previous mining in resource reporting.

Overall, the Aragon Mineral Resource estimation approach for Big Bell is acceptable. The high-grade cut applied to the composite data may require further review as the impact of the cutting is relatively minor.

### 3.5.1.2 *Fender and North Fender*

The Fender Mineral Resource estimate was prepared by Newhampton Goldfields Pty Ltd in 2001. The mineralisation at Fender is along strike from the Big Bell deposit and is contained within the same host rocks and therefore is similar in style to the northern end of Big Bell. The resource was estimated using OK using Datamine software within a mineralised envelope bounded by the Intermediate Schist as the hanging wall and Felsic Volcanic as the foot wall.

The overall estimation approach is supportable and mineralisation continuity is adequately captured from the variography. No high-grade cutting is used in the grade estimation. This tends towards an optimistic outcome on the estimated grade. A similar classification as Big Bell was adopted.

The Fender reported Mineral Resource of 71 kt at 4.1 g/t Au for 9000 oz Au is classified as Indicated,. Aragon has accepted the historical resource estimate for public reporting.

The current reported North Fender resource is 963 kt at 1.7 g/t Au for 51,000 oz Au at the 0.8 g/t Au cut-off. This project area, previously referred to as 700-1100 project is located approximately 2 km south of the Big



Bell pit. Aragon reviewed and updated the Mineral Resource estimate for North Fender in 2010, yielding the current reported resource.

The mineralisation is similar to Big Bell, but according to Aragon is not as tightly associated with specific lithologies. Aragon interpreted one main mineralisation zone which extended through the strike of the deposit and used to constrain the resource estimate. The mineralisation trends north-south and dips 70 degrees to the east. An oxidation surface was applied from the previous estimate and used to assign a bulk density of 2.3 t/m<sup>3</sup> for oxide and 2.75 t/m<sup>3</sup> for fresh, these values were taken from the Fender deposit.

The drilling supporting the North Fender resource is 106 RC holes and 3 DDH holes. Data was composited to 1 m downhole. Some limited QAQC analysis was completed by Aragon based on field duplicates. Removal of some outlier values indicated a reasonable reconciliation between the original samples and the duplicates with no obvious bias. This provides some support for the resource estimation.

Analysis of the 1 m composites using histograms was undertaken and a high-grade cut of 20.2 g/t Au was applied to the composite data for estimation, which applied a cut to 2 out of 935 composites. This has a relatively minor impact on the average Au grade in the mineralisation,

Variography was undertaken to capture overall grade continuity in the mineralised zone and to provide parameters for OK. The variograms showed reasonable structure and identified an overall range of influence of 70 m.

Grade estimation was undertaken using OK based on a block size of 12.5 by 12.5 by 5 m. A 100 m search radius was applied within the mineralisation plane with a minimum of 3 samples and a maximum of 15 samples per estimate. The estimation parameters are supportable, although the maximum samples in Golder's view, is on the low side. Grade estimates were validated and also compared to the previous block model using swath plots

Classification of the resource as Indicated was based on the first estimation pass and also applying coordinate limits to restrict the classification to the 25 by 25 m spaced drilling. Blocks not assigned to Indicated were classified as Inferred, which mainly affects the resource below the 80 m RL where the drill spacing is 100 by 100 m. Generally the classification is supportable.

Overall, Aragon's resource estimation procedures for North Fender are supportable.

### 3.5.1.3 1600N/Shocker

The Shocker deposit is a narrow high-grade shoot adjacent to the hangingwall shear zone, which occurs at the western contact of the hanging wall felsic porphyry. In addition, a lower grade, shoot of mineralisation, consisting of disseminated sulphide occurs in biotite schist further into the footwall.

1600 N comprises a hangingwall fault zone, which bounds the eastern side of the mineralisation. The sulphide mineralisation in the 1600N deposit occurs throughout the weakly altered schist but is deposited preferentially in amphibole boudin necks and in quartz vein boudin necks. This mineralisation style is similar to Big Bell South.

The Mineral Resource estimate for 1600 N and Shocker was prepared by Harmony Gold in 2003. The quoted Mineral Resource of 774 kt at 2.8 g/t for 70 000 oz Au at the 0.8 g/t Au cut-off, classified as Indicated and Inferred in near equal proportions. The 2003 resource was aimed to address reconciliation aspects and aimed to reduce the estimated tonnage to achieve a better indication of the resources and improve reconciliations.

The grade estimates were based on Inverse Distance Cubed ("ID<sup>3</sup>") using data composited to 1 m lengths. High-grade cuts ranging from 0.5 to 38 g/t Au were applied to the 1 m composites based on the 97.5 percentile. A lower cut-off of 1.0 g/t Au was used to eliminate the influence of waste and unmineralised samples. In Golder's view, this is a potentially optimistic approach, as the low-grade samples are a real part of the grade distribution within the mineralised lodes.

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The reported resource is based on the 2003 model by Harmony, which Aragon has accepted for public reporting.

The resource is classified as Indicated but the practitioners that estimated the 2003 model commented that a more appropriate classification would be Inferred. However, given the continuity and confidence on the geometry of the mineralisation the resource was classified as Indicated. In Golder's view, the classification should be considered as Inferred given the following areas of uncertainty that lower confidence in the resource estimate:

- No formal analysis of the sample and assaying QAQC has been undertaken.
- The density values and the method used to apply the density values to the block model are approximate and taken from the previous resource estimation. This places a high level of uncertainty over the resource tonnage.

### 3.5.2 Summary of Mineral Resource Reporting – Murchison Bell

Golder reviewed the JORC Reported Mineral Resources against the historical resource documentation and also information provided by Aragon regarding their independent reporting of the historical resources from the block models. The results are provided in Table 9.

Table 9: Summary of Mineral Resource Reporting – Murchison Bell

Deposit	Aragon Resource Estimate February 2011			
	Cut-off Grade	kt	Au (g/t)	Contained Gold (oz)
Big Bell	2.5	5161	4.5	748 000
1600N/Shocker	0.8	774	2.8	70 000
Fender	0.8	71	4.1	9 000
North Fender	1.1	963	1.7	51 000
<b>Sub-total</b>		<b>6969</b>	<b>3.9</b>	<b>878 000</b>

### 3.5.3 Cuddingwarra

The Cuddingwarra Mining Centre yields a current Mineral Resource according to JORC guidelines of 3.01 Mt at 3.6 g/t Au for 349 000 ounces. The area comprises eight separate deposits supported by historical Mineral Resources undertaken around 2001 to 2003 by Harmony Gold/New Hampton Goldfields. Historic production yielded 800 000 ounces of gold from open pit mining.

The regional Cuddingwarra Shear Zone that extends through the entire district is a significant mineralised structure and important 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 could potentially be mined from underground. Drilling by Aragon has targeted primary extensions beneath a number of these pits.

The most significant resource in the district in terms of resource size is the Black Swan South deposit, which comprises a resource of 2131 kt at 3.8 g/t Au for 259 000 oz. 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. The mineralisation remains open at depth and warrants further investigation (Aragon, 2010).

The project areas lie within the Meekatharra-Wyldgee Greenstone Belt, in the northeastern Murchison Province of the Archaean Yilgarn Craton. The Meekatharra-Wyldgee Greenstone Belt forms a major (F3) synform trending north-northeast. The principal structures in the project area are north and north-northeast

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trending major faults and shear zones. A major shear zone (Cuddingwarra Shear Zone) is located along the eastern margin of the tenement group.

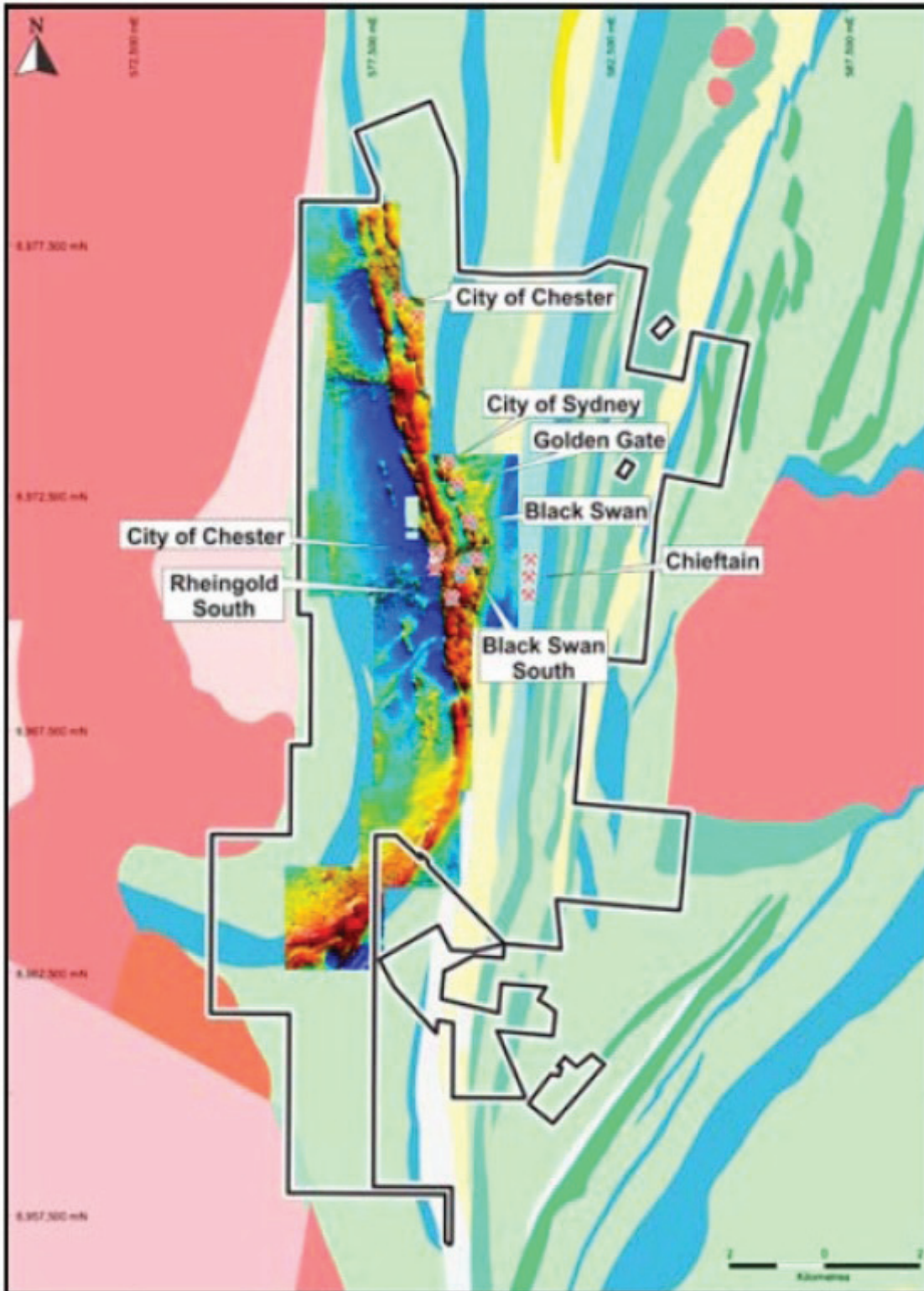


Figure 6: Cuddingwarra Tenement Location Plan (After Aragon)

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The Cuddingwarra Project area encloses three lithological sequences, generally separated from each other by sub-concordant strike faults trending northerly to NNE.

- A high-Mg basalt and basalt sequence in the west
- Intercalated komatiites and high-Mg basalts with minor tholeiitic basalts and dolerite in the centre of the project area
- A sequence of sediments and volcanoclastic rocks in the east.

The central sequence is fault-bounded by components of the Cuddingwarra Shear Zone, which strikes NNE and juxtaposes the greenstone sequences with the eastern volcano-sedimentary package.

The mafic-ultramafic sequences west of the Cuddingwarra Shear Zone are intruded by smaller plutonic to sub-volcanic felsic bodies. Two types and generations of porphyritic felsic intrusives are identified in the area; an earlier granodioritic phase and a later quartz feldspar porphyry.

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.

Golder reviewed the historical Mineral Resources for the Cuddingwarra Project based on the available documents on the historical resource estimates prepared by either New Hampton Goldfields or Harmony Gold in the period from 2001 to 2003.

No resource documentation was provided for the Black Swan deposit, however a report was provided for Black Swan South. Golder observes, from information provided by Aragon, that the reported Mineral Resources for Black Swan South and the significantly smaller Black Swan deposit (25 000 oz) have been reproduced from reporting from the block models by Aragon. This gives some support for the reported Mineral Resource that Aragon has accepted.

The other historical resources estimates for which resource documentation is available are Chieftain (13 000 oz), City of Chester (8000 oz), Golden Gate (6000 oz), Rheingold (11 000 oz) and Rheingold South (23 000 oz). Golder reviewed the Chieftain and Rheingold deposits in more detail, but also provides commentary on the other deposits.

### 3.5.3.1 *Black Swan South*

The Black Swan South gold deposit is located 12 km northwest of Cue. The mineralisation is contained within felsic porphyries and mafic rocks, with quartz/carbonate veining and associated alteration. The Mineral Resource was estimated in June 2000 by New Hampton Goldfields, using the method of inverse distance cubed/squared based on 2 m composited drill hole data.

The drilling supporting the resource estimate has been collected over various campaigns, progressively infilling to a 20 by 20 m pattern. The drilling is mainly RC with some DDH holes. All of the drill holes have been surveyed for collar position and downhole surveys were conducted on all holes exceeding 100 m depth. Hole deviations were reported to be minor above 100 m depth.

For the more recent drilling campaign by New Hampton Goldfields, sampling collection procedures in the field involved steps to help ensure sample quality was acceptable, particularly when drilling under the water table. 50 g fire assays were undertaken by Amdel in Perth, with QA/QC checks using duplicates and standards indicating no problems. The data collected by New Hampton Goldfields was reported to be of high quality, which provides some support for classification of part of the resource as indicated.

Global bulk densities were assigned based on Oxidised ( $2.1 \text{ t/m}^3$ ), Laterite ( $2.4 \text{ t/m}^3$ ), Transition ( $2.45 \text{ t/m}^3$ ) and Fresh ( $2.7 \text{ t/m}^3$ ) zones. The densities are based on limited bulk density data.

The estimation was constrained to a mineralised envelope based on a 0.4 g/t Au cut-off, based on the geological interpretation of narrow shoots trending N-S to NNE-SSW, with a steep easterly dip. The Black Swan South resource was subdivided into eight domains for estimation, which were estimated separately.

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High-grade cuts ranging from 10 to 30 g/t Au was applied to the 2 m composites for estimation, Golder has not reviewed the high-grade cutting as the cumulative log-probability plots mentioned in the resource report were not provided. The selection of the high-grade cuts is based on inflexion points on the plots, which is a reasonable approach.

Three estimation passes were used based on multiples of the first estimation pass, typically using a 40 m search radius in the plane of the mineralisation. The maximum number of samples of 30 per block grade estimate and other search parameters used in the estimate are generally supportable.

The resource classification parameters are reasonable; Indicated resources are supported by 20 m spaced drill sections with 10 to 20 m spacing on section. Inferred resources were generally assigned to the deeper parts if the resource.

The reported Mineral Resource for Black Swan South is 2131 kt at 3.8 g/t Au for 259 000 oz at the 1.2 g/t Au cut-off. The resource was confirmed by independent reporting of the historical block model by Aragon. Aragon has recently attempted variography of the Black Swan South deposit, which yielded well-structured variograms with overall ranges of influence of 150 to 200 m. This provides some support for the existing resource estimate that is reported.

### 3.5.3.2 Chieftain

The Chieftain deposit is located within the Chieftain Shear, adjacent to Black Swan South. The Mineral Resource was estimated by New Hampton Goldfields in 2001, using the method of inverse distance cubed/squared based on 3 m composited drill hole data.

The drilling supporting the resource estimate includes 39 DDH and 189 RC holes. Global bulk densities of 2.3 t/m<sup>3</sup> and 2.75 t/m<sup>3</sup> were assigned for oxide and fresh material, in line with values used for other Cuddingwarra resources.

The estimation was not constrained within any geological interpretation due to difficulty in defining a coherent mineralised boundary. Accordingly the estimation was constrained to the search ellipse, which was observed by the resource geologist to adequately control the smearing of high grades.

A high-grade cut of 20 g/t Au was applied to the 3 m composites for estimation, which looks rather optimistic from viewing a cumulative log-probability plot of the data. In the New Hampton report, there is some discussion of selecting this high-grade cut to achieve a more representative distribution of grade in the model around high-grade data. The maximum number of samples of 10 per block grade estimate, used in conjunction with the 20 g/t Au high-grade cut, is likely to tend to an optimistic outcome for the estimated resource grade.

The resource classification parameters are reasonable; Indicated resources are supported by 25 m spaced drill sections with infill drilling to 15 m down dip. Inferred resources are supported by 50 m spaced drill holes.

The reported Mineral Resource, accepted by Aragon, is 125 kt at 3.3 g/t Au for 13 000 oz at the 2.0 g/t Au cut-off..

### 3.5.3.3 City of Chester, City of Sydney and Golden Gate

These resources are relatively minor components of the Cuddingwarra resources, presenting a combined total of 18 000 oz.

For City of Chester, Aragon has reported the historical block model from April 2003, prepared by Harmony Gold. The reported Mineral Resource is 110 kt at 2.4 g/t Au for 8000 oz.

No report is available for the City of Sydney resource, with only notes available on the modelling process. The reported Mineral Resource is 65 kt at 2.0 g/t for 4000 oz, predominantly classified as Indicated with a small amount of Measured resources.

Golden Gate was estimated by Harmony Gold in 2002. The reported Mineral Resource of 660 kt at 3.0 g/t Au for 6000 oz at the 1.1 g/t Au cut-off was reproduced by Aragon from the historical block model by



reporting above the 320 RL. This is a subset of a larger unconstrained resource of around 15 000 oz. No specific density data is available for Golden Gate with approximate values used. No analysis of the sampling and assaying QAQC has been undertaken. Almost all of the reported resource is classified as Indicated. The lack of density and QAQC data reduces the resource confidence. In Golder's view, the resources should be assigned to Inferred.

### 3.5.3.4 Rheingold and Rheingold South

Rheingold is wholly contained within the Tenement M20/0252, which is located to the south of the road from Cue to the Big Bell mine area. The Rheingold deposits are one of the larger resources in the Cuddingwarra region, presenting a combined total of 34 000 oz. The Rheingold resource estimates were completed in late 2003 by Harmony Gold.

Rheingold Pit remnants resource has a reported Mineral Resource of 89 kt at 3.8 g/t Au for 11 000 oz at the 1.1 g/t Au cut-off, which is all assigned as Inferred. Aragon's independent reporting of the historical block model confirmed the overall ounces. Various aspects about the resource are summarised as follows:

- Mineralisation at Rheingold is within the central granodiorite related to brittle fracture quartz veins and on the sheared contacts between the regionally striking porphyries and mafics/ultramafics. There is also an apparent depletion zone beneath the initial laterite cap.
- Drilling density within the pit is 5 m by 5 m (grade control drilling), with other areas around the main vein on 10 m sections. All drilling is RC which recorded estimated recoveries of 90%. Assaying for Au was based on Fire assays.
- Density values were assigned based on weathering domain using values taken from previous estimates. There is no documentation regarding how the historical density values were derived. Overall, the density values look reasonable based on typical values for this style of mineralisation.
- Estimation was undertaken using inverse distance squared based on 1 m composites with high-grade cuts applied ranging from 8 to 48 g/t Au depending on domain. Overall estimation procedures look reasonable.

The Rheingold South resource is located immediately South of the Rheingold pit. The reported Mineral Resource is 202 kt at 3.5 g/t Au for 23 000 oz at the 1.1 g/t Au cut-off. The resource is classified as predominately Indicated and Inferred in similar proportions and a small proportion of Measured resources. Aragon's independent reporting of the historical block model confirmed the overall. Various aspects about the resource are summarised as follows:

- The majority of mineralisation is within a quartz reef and the low grade selvage surrounding it. The rest of the mineralisation comprises a mixture of supergene mineralisation or paleochannel mineralisation, Shear hosted mineralisation on N-NE trending shears and porphyry contact mineralisation.
- Drilling density is on 40 m sections for the porphyry contact mineralisation. The main quartz vein is defined by 20 m spaced sections perpendicular to the strike of the vein. The drilling is AC (3 holes), RAB (73 holes) and RC (179 holes). RC recorded estimated recoveries of 90%. Assaying for Au was based on Fire assays.
- QAQC analysis indicated that based on the results from standards in the database within the area; there is an average undercall in the assays of 6%. The integrity of these standards was not determined at the time of modelling.
- Density values were assigned based on weathering domain using values taken from previous estimates. There is no documentation regarding how the historical density values were derived. Overall, the density values look reasonable based on typical values for this style of mineralisation.

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- Variography was undertaken for the main vein, indicating the major orientation toward 215, with a dip of -63 degrees to the northwest, together with a plunge of 17° to the northeast. Variograms showed reasonable structure and indicated an overall range of continuity of 75 m.
- Estimation was undertaken using OK in the main vein and inverse distance squared in the remaining domains. Estimation was based on 1 m composites with high-grade cuts applied ranging from 5 to 31 g/t Au depending on domain.
- The block size (2 by 2.5 by 2.5 m) is very small with respect to the nominal 40 m spaced drill sections, which increases smoothing in the grade estimation and reduces overall estimation confidence.

### 3.5.4 Summary of Mineral Resource Reporting – Cuddingwarra

Golder reviewed the JORC Reported Mineral Resources against the historical resource documentation and also information provided by Aragon regarding their independent reporting of the historical resources from the block models. The results are provided in Table 10.

**Table 10: Summary of Mineral Resource Reporting – Cuddingwarra**

Deposit	Aragon Resources Estimate February 2011			
	Cut-off Grade	kt	Au (g/t)	Contained gold (oz)
Black Swan	n/a	223	3.5	25 000
Black Swan S	1.2	2131	3.8	259 000
Chieftain	2.0	125	3.3	13 000
City of Chester	1.1	110	2.4	8000
City of Sydney	0.9	65	2.0	4000
Golden Gate	1.1	66	3.0	6000
Rheingold	1.1	89	3.8	11 000
Rheingold S	1.1	202	3.5	23 000
<b>Sub-total</b>		<b>3011</b>	<b>3.6</b>	<b>349 000</b>

## 3.6 Mining Review

### 3.6.1 Introduction

Golder’s mining review was based on geological resource reports and various mining assessments for the CMGP at the mining centres of Murchison Bell, Cuddingwarra and Day Dawn.

Specifically Golder referred to:

- historic monthly production reports from previous operations,
- optimisation studies prepared by Aragon on Fender, Black Swan, Kinesella, Shocker, 1600, Try Again and Rubicon prospects,
- a desktop study for mining Golden Crown and Great Fingall prepared by consultants.

The Great Fingall/Golden Crown report and associated spreadsheets were of good quality with numerous options and refinements considered. The refinements included the mining of the remnants and Inferred Mineral Resources from the mines in addition to the Indicated Resources. The mining schedules that were included appeared to be systematic.

Aragon reports have open pit optimisations and designs constructed on a project by project basis. There was no overall schedule or capital applied to these projects.

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On 11 February 2011, Aragon reported Probable Mining Reserves for both Great Fingall and Golden Crown as shown in Table 11.

**Table 11: Probable Reserves Big Bell and Golden Crown/Great Fingall Underground**

Deposit	Probable Reserve		
	Tonnes	Grade (g/t Au)	Ounces
Big Bell Underground	2 895 000	4.2	390 000
Golden/Fingall Underground	878 000	8.0	224 000
<b>Total</b>	<b>3 773 000</b>	<b>5.1</b>	<b>614 000</b>

Note: Mining recoveries of 85% with 20% dilution has been applied at Big Bell Mining recoveries of 80% with 10% dilution has been applied at Golden Crown/Great Fingall

### 3.6.2 Big Bell

#### 3.6.2.1 Proposed Underground Mining Method

The proposed mining method for the Big Bell is an underground Sub Level Cave (“SLC”) below the existing cave that was previously mined until 2003. The Big Bell mine was also previously mined by open pit and underground methods. Many of the previous mining campaigns mined the full width of mineralisation. The last phase of mining to the minus 575 m RL was by longitudinal SLC. The longitudinal SLC was introduced due to difficulties with rock bursts associated with footwall drives when transverse SLC was operating.

Aragon is proposing to mine Big Bell by longitudinal SLC via a southern decline access the 3780 mN line from the minus 575 m RL to the minus 825 m RL. Aragon proposes to mine the high grade core of the deposit instead of the full width of mineralisation. The high grade ore has been modelled separately and the low grade material outside of the high grade has been estimated to carry a grade of 1.65 g/t Au.

The strike of the ore reduces as a pegmatite dyke stopes out the ore. The strike at minus 575 m RL is approximately 400 m reducing to 75 m at minus 825 m RL. There is an additional Inferred Resource below the dolerite dyke reported as 3.8 Mt at 4.0 g/t Au.

The 3870 mN line has been introduced as a geotechnical boundary. North of this line it is anticipated that the stress levels that are caused by mining cause adverse conditions.

Mining below the dyke will cause the decline to be located north of the stoping. Variation to the access and geotechnical parameters has not been considered in the scenario that adds the Inferred Resource below the dyke. It would apply that the stope below the dyke would be mined from south to north.

#### 3.6.2.2 Dilution and Recovery

The minable resource has had dilution and recovery factors applied to determine the minable reserve figures. The dilution used is 20% at a diluting grade of 1.65 g/t. The 20% dilution is slightly below the 23% reconciliation estimated for previous mining in 2008 which also estimated by back-calculation, that the historical diluting grade was 0.84 g/t Au. However, subsequently the mining strategy has changed, and now requires selectively mining narrower higher grade resources via a single heading. Golder is satisfied that a dilution grade higher than 0.84 g/t Au is reasonable.

The recovery factor applied is 85%, which is yet again slightly higher than the reconciled factor back calculated during the reconciliation in 2008. The review indicated that previous minable shapes ranged from 8 m to 25 m, with the majority being less than 15 m wide. It is proposed to mine the ore via a single heading. The narrower stopes would appear not to have a lower recovery.

There has been no allowance for existing tonnes or grade that may be available from the previously mined areas as broken rock within the void.

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### 3.6.2.3 *Grade Control*

There has been a \$6.0 million allowance for grade control costs as the definition of the high grade boundary for stope design will be difficult without further definition of the high grade boundary. A single ore drive will be within the boundary of the high grade core.

### 3.6.2.4 *Geotechnical*

It is proposed to minimise the development openings within the mine with dual access into levels. It is proposed that the stope be operated as a single blind heading, retreating back to the access points. In excess of 200 m of some levels will only have one access. The application of risk assessment processes has changed significantly since the deposit was previously mined. There is a risk that approvals from the Mines Department for this mining method in a known rock burst location might not be forthcoming in their current form.

The stoping front is to be tightly scheduled to minimise adverse effects of stress. This will need to be closely monitored.

The decline has been designed to minimise the effects of stress.

### 3.6.2.5 *Dewatering and Rehabilitation*

The Big Bell pit and underground contain water. An estimated time frame of 12 months has been allowed to dewater the workings. The cost allowed is \$5.2M. The decline was excavated in the mid 1990s, prior to the surface covering guideline for declines. There has been a reasonable allowance for rehabilitating the decline and other accesses, but this did not include rock surface covering with rock-bolted mesh, however, geotechnical work to date suggests that fibrecrete may provide adequate support and this can be placed within the current budget.

### 3.6.2.6 *Schedule*

The development and production rates have been estimated on a global year by year basis. We did not locate a production schedule although there are references in the report to a schedule.

The ownership of the leases has changed hands requiring the submission of a new Project Management Plan ("PMP") for approval. Approval for the project based upon the planned mining method may delay the project or even cause the application to be rejected.

### 3.6.2.7 *Mining cost*

The mining costs that have been applied to the project appear to be in the range that would be supplied by a mining contractor for the work and the risk of the project. The power price of \$0.28 kWh may be low given the current fuel price.

The cartage figure of \$8.30 was removed from the costing. The model has the processing plant located at the Big Bell site.

### 3.6.2.8 *Metallurgical Recovery*

The application of a fixed tail to the historic underground production indicates that the maximum metallurgical recovery would be 90.2%. The historic mill head grade was 3.03 g/t Au at a mill recovery of 85.86% which gives a tail grade of 0.42 g/t. If this tail grade was used with a head grade of 4.33 g/t the mill recovery would be 90.2%. A figure of 90% was used for the assessment, which is within the level of the study.

## 3.6.3 *Golden Crown and Great Fingall*

### 3.6.3.1 *Mining Method*

Aragon proposes to mine both the Great Fingall and the Golden Crown deposit from access from a single decline with a portal in the existing Great Fingall open pit. It is proposed to mine the ore via narrow long hole open stoping. A minimum width of 1.3 m horizontal has been applied to the ore zones and only Indicated Resources are included in the proposed mining schedule.

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### 3.6.3.2 *Defined Ore*

Aragon has assumed that 694 000 t at 10.1 g/t Au will be mined from the Indicated Resource with a further 1.25 Mt at 7.1 g/t Au remaining in Inferred Resources and remnant material.

### 3.6.3.3 *Dilution and Recovery*

The minable resource has had dilution and recovery factors applied to determine the minable reserve figures. The dilution used is 10% for stoping and no dilution for development. For narrow stoping a dilution of 10% would be acceptable, given the low overall recovery figure.

The recovery factor applied is 80% to the stope tonnes.

### 3.6.3.4 *Grade Control*

As the orebody will be mined to full width, the application of grade control at the face is adequate for this project.

### 3.6.3.5 *Geotechnical*

There has been no geotechnical assessment of mining of these deposits. The pillar to length ratio of 1:10 would appear reasonable when incorporated with the overall mining recovery of 80% but will need to be confirmed.

The materials at the base of the Great Fingal open pit appeared to be capable of supporting a portal.

### 3.6.3.6 *Schedule*

The parameters used for the proposed mining schedule are reasonable and achievable and appropriate for the level of the study.

### 3.6.3.7 *Mining cost*

The mining costs that have been applied to the project appear to be in the range that would be supplied by a mining contractor for the work and the risk of the project. The overall capital and operating cost of \$170 per tonne and \$95/tonne would be in the expected range for an underground project of this size.

The capital costs applied appear adequate.

## 3.6.4 *Open Pits*

Aragon has completed preliminary mining studies of which the majority indicate high costs and high stripping ratios. Aragon plan to address other open pit options in future studies.

## 4.0 OTHER PROJECTS

### 4.1 *Lake Lefroy Nickel (Hogans)*

The Lake Lefroy Nickel project is located approximately 15 km west of Kambalda district on the Aztec Dome which exhibits a similar regional magnetic response to that seen at the Kambalda Dome.

Aragon completed a SQUID EM survey and identified conductive targets that may be associated with nickel mineralisation. No work has been undertaken on the ground which is located within a salt lake. Aragon has been awarded co-funding of up to \$75,000 after a successful submission to the EIS Co-funded Drilling project for 2010/11. Drill targets will be tested when it is possible to access the lake.

Tenements are shown in Appendix D.

### 4.2 *Lakeside (Alamar Gold JV – 49% interest)*

Alamar Resources Limited (“Alamar”) drilled 83 holes, including 12 RAB and 71 air-core holes, to an average depth of 63 metres to test a 6 km strike length of sheared granite-greenstone contact concealed beneath transported cover.

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Drilling returned a best intersection of 4 m at 1.91 g/t of Au from 26 m downhole and established the location of the granite-greenstone contact beneath the transported cover. The contact is untested for 800 m along strike.

Alamar has earned 51% interest and is currently considering the next stage of exploration over the project.

Tenements are shown in Appendix E.

## 5.0 VALUATION

For the purposes of this valuation, we have used the DCF analysis based on desktop studies for mining both open pit and underground at the CMGP; we have used the multiple of exploration expenditure to value the Lake Lefroy (Hogans) projects and the joint venture method to value the Lakeside project.

### 5.1 Central Murchison Gold Project

Aragon is currently reviewing all opportunities for developing both open-pit and underground mining operations at its CMGP tenements in order to supply a mill at an assumed production rate of around 1 Mtpa. Aragon reviewed previous resource estimates prepared by Harmony Gold and subsequently undertook further drilling to prepare new resource estimates for many of the projects. Golder has reviewed the resource estimates prepared by Aragon for Big Bell, Great Fingall and Golden Crown, which constitute 80% of the underground resource base for the proposed project.

Golder has also reviewed the mining studies to re-develop the underground and open-pit resources.

In our opinion, for projects with resource estimates and a proposed mining development, a DCF analysis based on a notional mining schedule with appropriate cost estimates, foreign exchange rates and metal price forecasts provides a reasonable basis for determining the intrinsic or underlying value of the project, prior to application of market factors which may add a premium or discount to the intrinsic value of the project. Golder has therefore prepared a spreadsheet scheduling material from both open-pit and underground operations and assumed that they will be treated at a central milling facility at Big Bell.

We have used real cashflows and reduced the tax benefit from depreciation by an assumed constant inflation rate of 2.5%. Given the relative uncertainty of inputs to a spreadsheet for a conceptual study, this produces a similar result to a DCF based on nominal cashflows except that it assumes constant commodity prices, exchange rates, operating costs and for the purposes of tax effect corrections on depreciation benefits, it also assumes constant inflation rate.

We have used a constant gold price of \$1300/oz and real discount rate of 10% (approximately 13% nominal).

We have not made any allowance for residual capital at the end of the project and have assumed that any residual value that may be obtained on sale of assets on termination of the operation will be applied to final closure costs.

The notional mining schedule used for DCF analysis is shown in Table 12.

**ARAGON - INDEPENDENT SPECIALIST REPORT**

**Table 12: Notional Mining Schedule**

Mining Centre/Deposit	Scheduled from Ore Reserve			Notionally Scheduled from Mineral Resources			Total Notional Schedule from Mineral Resources and Ore Reserves		
	Tonnes t	Au g/t	Au oz	Tonnes t	Au g/t	Au oz	Tonnes t	Au g/t	Au oz
Great Fingal/Golden Crown U/G	693 700	10.06	224 350	559 561	3.37	60 544	1 253 300	7.07	284 892
Big Bell U/G	1 896 500	4.81	293 296	4 409 141	3.51	497 451	6 305 641	3.90	790 747
Open Pits	1 310 000	2.70	113 717	4 020 000	2.70	348 964	5 330 000	2.70	462 681
<b>Total</b>	<b>3 900 200</b>	<b>5.03</b>	<b>631 361</b>	<b>8 988 700</b>	<b>3.14</b>	<b>907 000</b>	<b>12 889 000</b>	<b>3.71</b>	<b>1 538 300</b>





**5.1.1 NPV derived from DCF Analysis**

Note that for the purposes of this valuation it is noted that there are limited Ore Reserves but extensive Mineral Resources for the CMGP.

In order to value these mineral resources Golder has made some assumptions with respect to the conversion of the Mineral Resources to Ore Reserves and prepared a notional mining schedule to incorporate a portion of the Mineral Resources as notional “reserves”. It is important for the reader to note that this has been done solely for the purposes of valuation as, in our opinion, gold assets including mineral resources are valued in the market only with only a minor discount to ore reserves. The assumption permits their use in a DCF analysis. There is no certainty that further work will permit the current Mineral Resources to be reported as Ore Reserves

Further, it should be noted that where we have notionally converted material currently classified as Mineral Resources to Ore Reserves, we have not used that material in the notional mining schedule until all Ore Reserves have been exhausted.

In our opinion, this is the most appropriate way to establish a market value for the Mineral Resources and identified Exploration Targets. It establishes a potential value for the Mineral Resources which can then be discounted for technical probability.

At this stage in the development of the project, the great majority of the identified gold mineralisation is classified as Mineral Resources rather than Ore Reserves and the majority of those Mineral Resources are in the Inferred Category, the category with the lowest level of confidence.

A DCF analysis based on inputs with low confidence levels result in an NPV output with a wider range of values at any given confidence level than for a DCF analysis based on inputs with higher confidence levels .

Assumptions used in the current DCF analysis are summarised in the following table:

**Table 13: DCF Assumptions**

<b>Class</b>	<b>Item</b>	<b>Input</b>
Capex	Mill	\$65.0M
	Tailings dam	\$10.0M
	Camp	\$9.5M
	Capitalised Development	\$1.0Mpa
	Depreciation/Amortisation	Straight line over 5 years
Opex	Exploration	\$2.0Mpa
	Milling and administration	\$25/t ore
	Open pit costs	\$60/t ore including capital development
	Underground costs	\$67/t ore including capital development
Financial	Gold price	USD 1300/oz
	Exchange rate	USD1.00 = AUD1.00
	Discount rate	10% real
	Taxation	30% on profit
	State Royalty	2.5% on production

In total we have scheduled 3.9 Mt of Ore Reserves and 9 Mt of Mineral Resources for a total of 12.9 Mt of material at an average grade of 3.71 g/t Au.

Golder has notionally scheduled these additional resource tonnes, in descending order of confidence after all Ore Reserves have been exhausted, at the rate of 1.0 Mtpa per annum.

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The impact of this is that the present value derived from these resources is significantly reduced as a result of discounting as they are not included in the cashflows until 2019 and continue to contribute until 2027. The present value of AUD1.00 in 2027 at a 10% discount is less than AUD0.24 today. The impact of the cashflow from resources has been further reduced by reducing the cashflow in each year from 2021 to 2016 by a further 10% and from 2016 to 2027 by further 20%.

Using our base case, the DCF analysis indicates that the most likely value of the mineral resources for CMGP to be \$48.9M at a discount rate of 10% real.

5.1.2 Sensitivity Analysis

We have considered the sensitivity of the value derived from the DCF to changes in the discount rate by varying the discount rate from the real base of 10.0% to a low of 9% and a high of 12%.

A summary of the results of the sensitivity analysis to discount rate is presented in Table 14.

Table 14: NPV Derived from DCF Analysis

Table with 4 columns: Case Name, Discount rate, and Project NPV Estimate (AUD million) at 9%, 10%, and 12%.

We also considered the sensitivity of the DCF analysis to changes in commodity prices, operating costs and exchange rate.

We note that there is significant uncertainty inherent in many of the inputs into the model, in particular exchange rate and commodity price forecasts which can vary by more than 25% in the space of a few months as witnessed during the period from 2008 to 2010.

The Australian dollar moved from a USD0.95 in mid July 2008 to just USD0.62 in mid November 2008, a decline of 31.6% in just four months. Similarly, since early March 2009, the Australian dollar has recovered from USD0.63 to parity, an increase of 61.3% in a period of 24 months. These exchange movements are shown in Figure 7

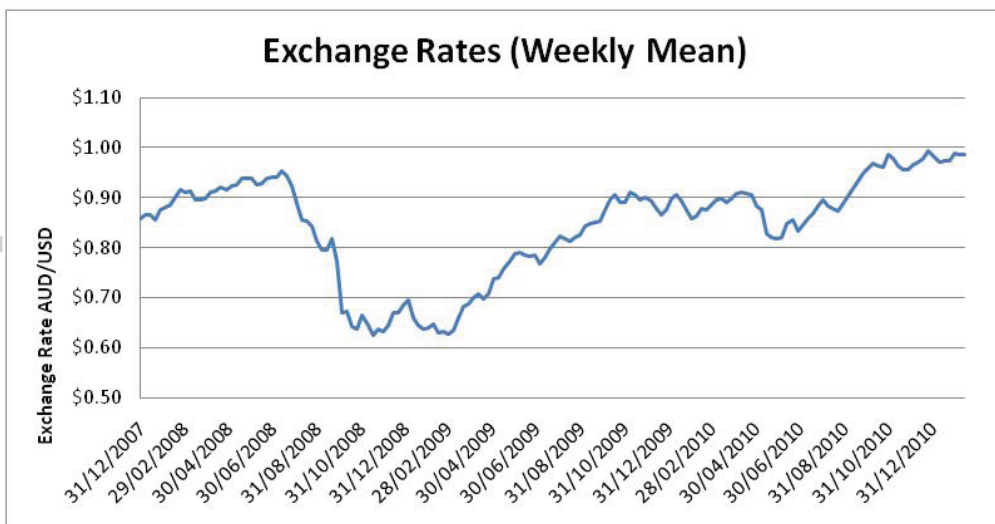
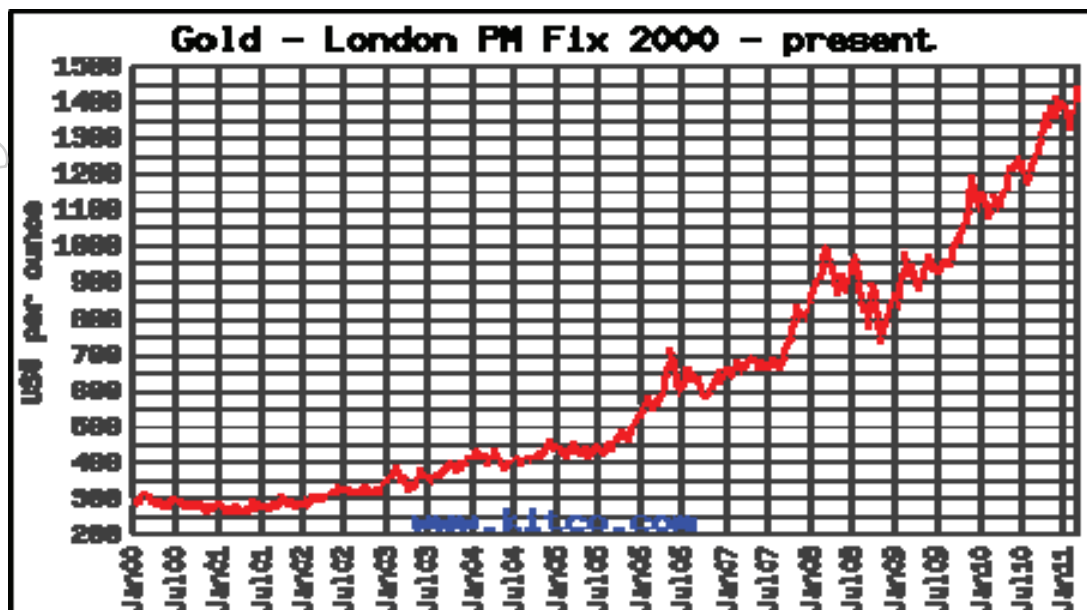


Figure 7: Foreign Exchange Rate AUD/USD from 2008 to Present

The gold price has shown a strong increase over the seven years from 2003 to present, with a fall of around 25% during the global financial crisis. The gold price has doubled from its recent low below USD750 per ounce in third quarter 2008 to a recent high in March 2011 of USD1500 per ounce.

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(Graph from Kitco.com)

Figure 8: Gold price movements

The results of the sensitivity analysis are shown in Table 15 and Figure 9.

Table 15: Sensitivity – NPV of Notional Mining Schedule in AUD million at 10% Real Discount Rate

Input	-20%	-10%	Base	+10%	+20%
Gold Price	-74.9	-8.5	48.9	105.7	162.5
AUD/USD	162.5	105.7	48.9	-8.5	-74.9
Operating Costs	123.1	86.0	48.9	11.8	-27.7
Capital Costs	81.5	65.2	48.9	32.6	16.3

The project is most sensitive to gold price (and to the same degree to foreign exchange rate), and to a lesser degree to operating costs and least sensitive to capital costs. As noted above, there is potential for swings in fundamental but external inputs to the valuation based on a DCF analysis, primarily gold price and foreign exchange rate. While the project is robust to an increase in operating costs of up to 15%, a reduction in gold price it is robust to an increase in exchange rate of less than 10%, there is no guarantee that the project is robust to the full range of possible external economic risk. These inputs overwhelm the technical factors and demonstrate that there is a significant real risk, and opportunity, to both investors and developers.

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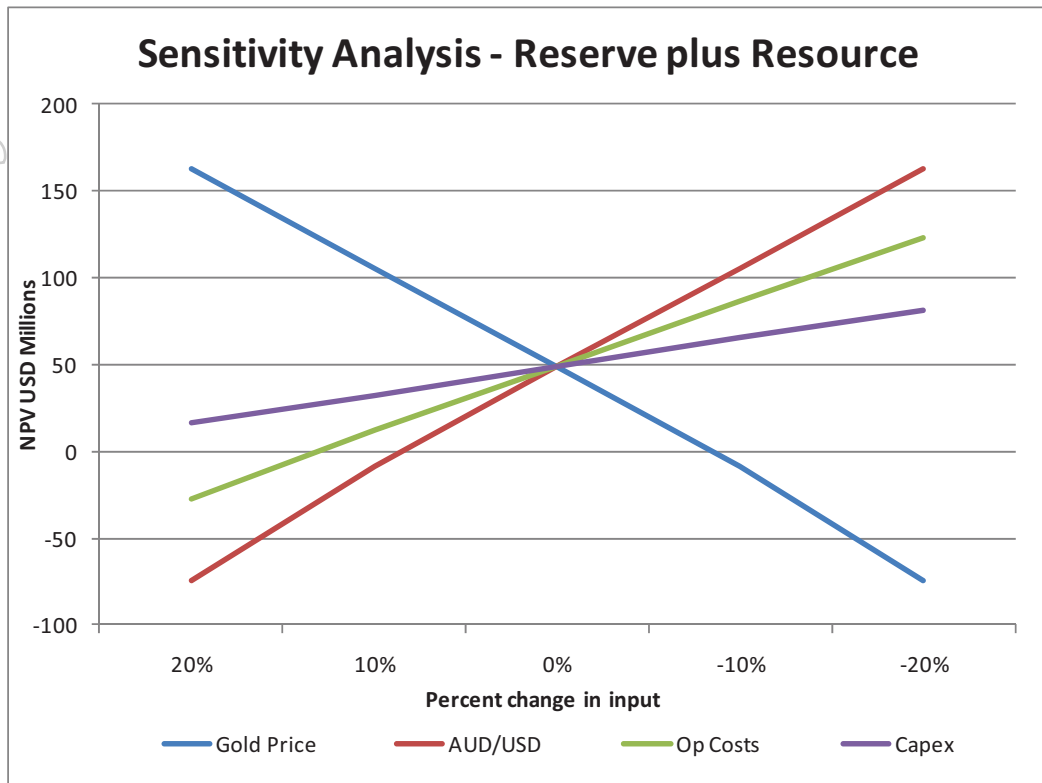


Figure 9: Sensitivity Analysis at 10% real discount rate

## 5.2 Comparable Transactions

Comparable transaction valuation provides a benchmark of recent market based transactions. Again, this approach has its flaws. Its usefulness is limited by the fact that each property is unique and it is unlikely that a directly comparable asset will be found. Such factors as: the strategic importance of the assets, existing infrastructure or lack thereof, stripping ratios, ore consistency and quality, capital and operating costs which are all excluded from the analysis.

Table 16 below contains a selection of gold exploration asset transactions which have taken place within the past 12 months in Australia and Africa including both exploration properties and producing gold mines.

The data is represented graphically in Figure 10.

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Table 16: Gold Property and Company Transactions

Company	Date	Transaction Summary	Price USD	Equity	Mt	g/t Au	ounces	USD/oz	Location
Bendigo Mining*	22/07/2010	Bendigo bid for RCD Resources valuing the mining at around \$58.6 million. BCD operates the Beaconsfield mine	USD58.6M	100%	0.155	16	79 630	735.91	TAS
Kingsgate*	20/10/2010	Kingsgate to acquire Dominion by offering 0.31 Kingsgate shares for each Dominion share valuing Dominion at \$3.63/share or \$376 million	USD376M	100%	3.820	7.5	92 1103	408.21	SA
Lihir*	23/08/2010	Newcrest offer for Lihir	USD9500M	100%	170.000	5.3	28 800 000	329.86	Global
Western Desert Resources	12/01/2011	Sale of Spring Hill gold project to Thor Mining for \$1.25 million cash and 10 million Thor Mining Shares worth 10 000 000 x \$0.46 = \$4.6M	USD5.85M	25%	3.640	2.34	273 843	85.45	NT
West Wits Mining	1/09/2010	Westwits has agreed to sell its Emerald gold project and Monarch resource in South Africa for around \$7.27M comprising \$4M in cash and deferred payments and a \$15/ounce royalty on gold or a lump sum payment of \$1.5M	USD8.77M	100%	2.157	2.01	139 389	52.16	South Africa
ABM Resources	9/03/2010	ABM will pay Newmont \$10.7 M for Hyperio, Grand and Soldier gold properties	USD10.7M				no resources		NT
Panoramic Gold	2/02/2011	Panoramic Resources purchased the Gidjee Gold project form Apex Minerals for \$15.5 M	USD15.5M	100%	1.840	5.2	307 613	50.39	WA
Argent Minerals Limited	5/10/2010	Argent purchased the Bullant Goldmine for \$5.326 M and lodgement of bonds totalling \$890 000	USD5.326M	100%	0.894	5.2	149 460	41.59	WA

## ARAGON - INDEPENDENT SPECIALIST REPORT

Company	Date	Transaction Summary	Price USD	Equity	Mt	g/t Au	ounces	USD/oz	Location
Bendigo Minerals	7/05/2010	Bendigo has taken 20% stake in Goldstone Resources for \$2.54 million. Proposed re-start of operation closed in 2003	USD6.3M	20%	6.300	1.39	281 539	111.89	Ghana
Empire Resources	15/09/2010	Empire announced sale of its Penny's Find gold project for \$2.0M	USD2.0M	100%	0.314	5.18	52 293	38.25	WA
Gold One	13/10/2010	Reverse takeover of White Water for the Megamine asset	USD38.6M	74%	21.550	4.36	3 020 769	17.27	South Africa
Indochine Mining	30/12/2010	Indochine has agreed to review the Mt Kare project- only represents option payment and not full value - say 10%	USD4.0M	10%	4.585	5.04	742 979	53.84	PNG
Northern Star	17/06/2010	Northern Star announced it would purchase Paulsens Gold Project for \$15.0M plus a royalty of \$200/ounce capped at \$12.0M	USD27.0M	100%	0.314	12.8	129 218	208.95	WA
<b>Aragon</b>	<b>10/02/2011</b>	<b>Current Transaction – assume \$60M attributable to resources</b>	<b>USD60.0M</b>	<b>100%</b>	<b>12.1</b>	<b>3.71</b>	<b>1 443 300</b>	<b>41.55</b>	<b>WA</b>

Note: *Bendigo Mining, Kingsgate and Lihir transactions in italics all related to operating mines.*

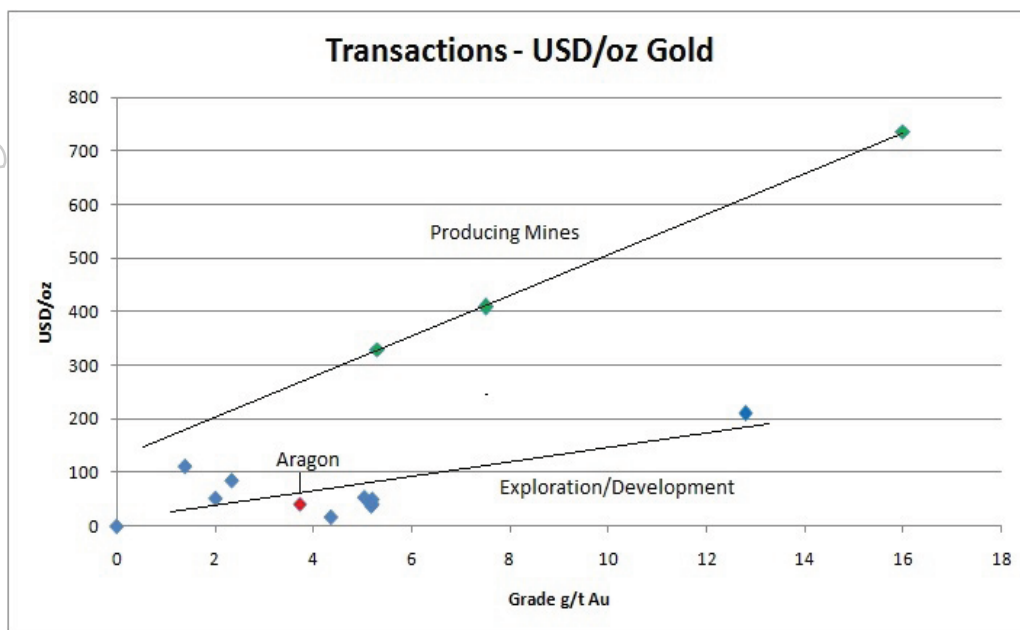


Figure 10: Gold Property Transactions

Figure 10 indicates that the value of contained gold in a resource project is largely driven by the grade of the resource. The category of resource, the location of the resources (Africa or Australia) and even the size of the resource appears to make little difference to the price paid on a dollar per contained ounce of gold. There is a significant difference in the price paid for an ounce of gold in an operating mine and the price paid per ounce of gold in an exploration company.

The valuation per ounce of gold in Aragon’s resources appears to be broadly consistent with recent transactions.

### 5.3 Lake Lefroy (Hogans)

We have examined previous activity and expenditure on the Lake Lefroy tenements which are currently being explored for nickel. We estimate the current value of exploration completed on the tenements to be in the order of \$200 000. The tenements are at an early stage of exploration and we estimate the fair value for the project to lie in the range of AUD150 000 to AUD250 000 with a most likely value of AUD200 000.

### 5.4 Lakeside (Alamar JV – 49% interest)

We have used the terms of the Joint Venture Agreement between Alamar and Aragon to estimate a value for the Lakeside Project.

Under the farm-in/joint venture agreement Alamar was required to spend AUD200 000 over 3 years to earn a 51% interest in the Lakeside project and will be responsible for maintaining the tenements in good standing and determining the work program. Alamar has now earned its 51% interest.

Alamar may also earn another 24% interest by spending an additional AUD130 000 over 12 months, taking total expenditure to AUD330 000 over 4 years for a 75% interest in the Project. Aragon may elect not to contribute in which case its interest will be diluted by 1% for every additional AUD10 000 of expenditure incurred by Alamar.

We have only used the value of the first part of the agreed transaction price, as the second transaction would have not yet been implemented

The first transaction for 51% of the project can be valued using the following formulae:



Appleyard (1994) argued that in the simplest case where party A agrees to spend \$E to earn an interest of i% in the property, then the value \$V of the property at the time of the deal would be calculated as follows:

$$\$V = \$E(100-i)/i$$

Sorrentino (2002) argues that the formula for calculation of the participating interest is:

$$(NPV_B) = (NPV_A/i_A) - NPV_A$$

Where A is the farminee and B is the farmminor.

The difference between the two formulae is that the Appleyard method values the project prior to the exploration expenditure and the Sorrentino method values the project on the assumption that the exploration expenditure will be incurred in full. We have used a real discount rate of 10% to determine the NPV of the respective interests using the Sorrentino method.

Thus using the Appleyard method, the value of the project is estimated at AUD200 000 and Aragon’s 49% interest is valued at AUD98 000 and Alamar’s interest is valued at AUD102 000.

Using the Sorrentino method, the value of Alamar’s interest is valued at AUD192 000 while Alamar’s interest is valued at AUD200 000.

In our opinion the project has a current value in the range of AUD100 000 to AUD200 000 with a most likely value of AUD150 000.

## 6.0 VALUATION STATEMENT

Golder has undertaken a DCF analysis of the potential cash flows from Aragon’s CMGP using assumptions set out in our report. The range of values derived from the analysis of the potential cash flows is significantly impacted by the gold price and exchange rates.

We have selected the cash flow derived from this analysis using a real post-tax discount rate of 10% as the fair value for the project. In our opinion, while we have used a 8% discount rate for an “upper case” and 12% discount rate for a “lower case” value, this may not capture the full range of value that may result from significant changes in these external factors. However, they do form a reasonable range for valuation using the assumptions set out in this report.

We have also considered the value of the exploration tenements, including Lakeside and Lake Lefroy.

Given the comments above, and using the parameters selected, in our opinion the fair value of Aragon’s interests in the tenements lies in the range of AUD30 M to approximately AUD72 M with a most likely value of approximately AUD49 M.

The values are summarised in Table 17

Table 17: Project Valuation Summary

Project	Project Value (AUD million)		
	High	Most Likely	Low
Net present value of CMGP	59.5	48.9	30.4
Lakeside	0.2	0.15	0.1
Lake Lefroy-Hogans	0.25	0.2	0.15
<b>TOTAL (Rounded)</b>	<b>60.0</b>	<b>49.25</b>	<b>30.65</b>

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## Report Signature Page

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# APPENDIX A

## Tenement Schedule – Murchison Bell

**ARAGON - INDEPENDENT SPECIALIST REPORT**

**Big Bell Tenement Schedule**

Lease	Lease Status	Aragon Interest	Area (ha)	Applcn Date	Grant Date	Expiry Date	Expenditure Commitment	Group Report	Rent
E20/216	Granted	100%	4.00	5/05/1993	9/08/1993	8/08/1999	\$50,000.00	C150/1998 - Big Bell	\$1,937.32
E20/505	Granted	100%	1.00	16/02/2001	13/02/2006	12/02/2012	\$15,000.00	C150/1998 - Big Bell	\$291.72
M20/17	Granted	100%	534.50	16/03/1984	5/11/1984	4/11/2026	\$53,500.00	C150/1998 - Big Bell	\$8,533.25
M20/50	Granted	100%	912.30	11/08/1986	25/02/1987	24/02/2029	\$91,300.00	C150/1998 - Big Bell	\$14,562.35
M20/98	Granted	100%	525.10	9/09/1987	19/02/1988	18/02/2030	\$52,600.00	C150/1998 - Big Bell	\$8,389.70
M20/99	Granted	100%	245.90	9/09/1987	19/02/1988	18/02/2030	\$24,600.00	C150/1998 - Big Bell	\$3,923.70
M20/192	Granted	100%	203.25	15/12/1989	11/09/1990	10/09/2011	\$20,400.00	C150/1998 - Big Bell	\$3,253.80
M20/197	Granted	100%	999.15	25/01/1990	14/06/1990	13/06/2011	\$100,000.00	C150/1998 - Big Bell	\$15,950.00
M20/307	Granted	100%	248.45	25/08/1995	3/04/1996	2/04/2017	\$24,900.00	C150/1998 - Big Bell	\$3,971.55
P20/1578	Granted	100%	40.33	30/12/1992	23/02/1993	22/02/1995	\$2,000.00	C150/1998 - Big Bell	\$94.71
G20/1	Granted	100%	241.35	20/12/1985	3/04/1986	4/11/2026	\$0.00		\$3,433.98
G20/11	Granted	100%	1.21	20/09/1996	19/05/1999	18/05/2020	\$0.00		\$28.38
G20/2	Granted	100%	203.40	20/12/1985	3/04/1986	4/11/2026	\$0.00		\$2,894.76
G20/3	Granted	100%	239.95	20/12/1985	3/04/1986	4/11/2026	\$0.00		\$3,405.60
G20/4	Granted	100%	242.65	20/12/1985	3/04/1986	4/11/2026	\$0.00		\$3,448.17
L20/21	Granted	100%	158.22	14/12/1988	18/04/1989	17/04/2014	\$0.00		\$2,256.21
L20/39	Granted	100%	51.43	30/07/1996	27/12/1996	26/12/2011	\$0.00		\$737.88
M20/333	Application	100%		7/08/1996			\$0.00	Replacing E20/216	\$0.00
M20/351	Application	100%		24/01/1997			\$0.00	Replacing P20/1578	\$0.00
M20/418	Application	100%		23/03/1998			\$0.00	Replacing E20/216	\$0.00
M20/435	Application	100%		2/08/1999			\$0.00	Replacing E20/216	\$0.00
M20/436	Application	100%		2/08/1999			\$0.00	Replacing E20/216	\$0.00



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# APPENDIX B

## Tenement Schedule – Cuddingwarra

ARAGON - INDEPENDENT SPECIALIST REPORT

Cuddingwarra Tenement Schedule

Lease	Lease Status	Aragon Interest	Area (ha)	Applcn Date	Grant Date	Expiry Date	Expenditure Commitment	Group Report	Rent
E20/638	Granted	100%	2.00	18/04/2006	12/03/2007	11/03/2012	\$20,000.00	C304/1995 - Cuddingwarra	\$376.86
E21/104	Granted	100%	3.00	21/06/2000	22/11/2005	21/11/2011	\$30,000.00	C304/1995 - Cuddingwarra	\$767.25
E21/127	Granted	100%	2.00	29/05/2006	13/03/2007	12/03/2012	\$20,000.00	C304/1995 - Cuddingwarra	\$376.86
M20/102	Granted	100%	600.00	6/10/1987	27/07/1988	26/07/2030	\$60,000.00	C304/1995 - Cuddingwarra	\$9,570.00
M20/103	Granted	100%	569.00	6/10/1987	19/05/1988	18/05/2030	\$56,900.00	C304/1995 - Cuddingwarra	\$9,075.55
M20/104	Granted	100%	359.50	6/10/1987	19/05/1988	18/05/2030	\$36,000.00	C304/1995 - Cuddingwarra	\$5,742.00
M20/105	Granted	100%	869.00	6/10/1987	19/05/1988	18/05/2030	\$86,900.00	C304/1995 - Cuddingwarra	\$13,860.55
M20/171	Granted	100%	197.55	23/11/1988	29/06/1989	28/06/2031	\$19,800.00	C304/1995 - Cuddingwarra	\$3,158.10
M20/202	Granted	100%	41.69	23/05/1990	24/10/1991	23/10/2012	\$10,000.00	C304/1995 - Cuddingwarra	\$669.90
M20/21	Granted	100%	100.80	28/06/1984	29/08/1985	28/08/2027	\$10,100.00	C304/1995 - Cuddingwarra	\$1,610.95
M20/218	Granted	100%	90.00	24/05/1991	2/04/1992	1/04/2013	\$10,000.00	C304/1995 - Cuddingwarra	\$1,435.50
M20/22	Granted	100%	8.40	28/06/1984	29/08/1985	28/08/2027	\$10,000.00	C304/1995 - Cuddingwarra	\$143.55
M20/252	Granted	100%	799.50	12/10/1992	16/12/1992	15/12/2013	\$80,000.00	C304/1995 - Cuddingwarra	\$12,760.00
M20/256	Granted	100%	87.99	21/01/1993	18/05/1993	17/05/2014	\$10,000.00	C304/1995 - Cuddingwarra	\$1,403.60
M20/297	Granted	100%	120.00	21/06/1995	17/05/1999	16/05/2020	\$12,000.00	C304/1995 - Cuddingwarra	\$1,914.00
M20/298	Granted	100%	465.00	21/06/1995	27/02/1996	26/02/2017	\$46,500.00	C304/1995 - Cuddingwarra	\$7,416.75
M20/299	Granted	100%	135.00	21/06/1995	27/02/1996	26/02/2017	\$13,500.00	C304/1995 - Cuddingwarra	\$2,153.25
M20/300	Granted	100%	63.00	21/06/1995	27/02/1996	26/02/2017	\$10,000.00	C304/1995 - Cuddingwarra	\$1,004.85
M20/301	Granted	100%	180.00	21/06/1995	27/02/1996	26/02/2017	\$18,000.00	C304/1995 - Cuddingwarra	\$2,871.00
M20/313	Granted	100%	122.00	22/01/1996	17/05/1999	16/05/2020	\$12,200.00	C304/1995 - Cuddingwarra	\$1,945.90
M20/315	Granted	100%	244.00	2/02/1996	23/07/1996	22/07/2017	\$24,400.00	C304/1995 - Cuddingwarra	\$3,891.80
M20/354	Granted	100%	421.45	18/02/1997	16/06/1999	15/06/2020	\$42,200.00	C304/1995 - Cuddingwarra	\$6,730.90
M20/78	Granted	100%	151.90	22/05/1987	14/01/1988	13/01/2030	\$15,200.00	C304/1995 - Cuddingwarra	\$2,424.40
M21/102	Granted	100%	82.00	3/11/1995	22/03/1999	21/03/2020	\$10,000.00	C304/1995 - Cuddingwarra	\$1,307.90

ARAGON - INDEPENDENT SPECIALIST REPORT

Lease	Lease Status	Aragon Interest	Area (ha)	Applcn Date	Grant Date	Expiry Date	Expenditure Commitment	Group Report	Rent
M21/104	Granted	100%	410.00	3/11/1995	22/03/1999	21/03/2020	\$41,000.00	C304/1995 - Cuddingwarra	\$6,539.50
P20/1505	Granted	100%	105.00	26/05/1992	28/07/1992	27/07/1996	\$4,200.00	C304/1995 - Cuddingwarra	\$242.55
P20/1506	Granted	100%	120.00	26/05/1992	25/08/1992	24/08/1996	\$4,800.00	C304/1995 - Cuddingwarra	\$277.20
P20/1735	Granted	100%	121.00	1/04/1997	28/08/1997	27/08/2001	\$4,840.00	C304/1995 - Cuddingwarra	\$279.51
P20/1737	Granted	100%	121.00	1/04/1997	28/08/1997	27/08/2001	\$4,840.00	C304/1995 - Cuddingwarra	\$279.51
P20/1842	Granted	100%	140.00	1/09/2000	10/08/2010	9/08/2014	\$5,600.00	C304/1995 - Cuddingwarra	\$323.40
P20/1951	Granted	100%	161.96	24/02/2006	15/07/2009	14/07/2013	\$6,480.00	C304/1995 - Cuddingwarra	\$374.22
P20/1964	Granted	100%	200.00	16/06/2006	25/07/2007	24/07/2011	\$8,000.00	C304/1995 - Cuddingwarra	\$462.00
P20/1965	Granted	100%	186.00	16/06/2006	25/07/2007	24/07/2011	\$7,440.00	C304/1995 - Cuddingwarra	\$429.66
P20/1966	Granted	100%	193.00	16/06/2006	31/01/2007	30/01/2012	\$7,720.00	C304/1995 - Cuddingwarra	\$445.83
P20/1967	Granted	100%	198.00	16/06/2006	31/01/2007	30/01/2012	\$7,920.00	C304/1995 - Cuddingwarra	\$457.38
P20/1968	Granted	100%	200.00	16/06/2006	31/01/2007	30/01/2012	\$8,000.00	C304/1995 - Cuddingwarra	\$462.00
P20/1969	Granted	100%	200.00	16/06/2006	31/01/2007	30/01/2012	\$8,000.00	C304/1995 - Cuddingwarra	\$462.00
P20/1970	Granted	100%	195.00	16/06/2006	31/01/2007	30/01/2012	\$7,800.00	C304/1995 - Cuddingwarra	\$450.45
P20/1975	Granted	100%	9.68	5/07/2006	25/07/2007	24/07/2011	\$2,000.00	C304/1995 - Cuddingwarra	\$23.10
P20/1976	Granted	100%	3.69	5/07/2006	25/07/2007	24/07/2011	\$2,000.00	C304/1995 - Cuddingwarra	\$23.10
P20/1991	Granted	100%	161.00	9/11/2006	17/08/2007	16/08/2011	\$6,440.00	C304/1995 - Cuddingwarra	\$371.91
P20/1992	Granted	100%	161.00	9/11/2006	17/08/2007	16/08/2011	\$6,440.00	C304/1995 - Cuddingwarra	\$371.91
P20/1993	Granted	100%	145.00	9/11/2006	17/08/2007	16/08/2011	\$5,800.00	C304/1995 - Cuddingwarra	\$334.95
P20/1994	Granted	100%	139.00	9/11/2006	17/08/2007	16/08/2011	\$5,560.00	C304/1995 - Cuddingwarra	\$321.09
P20/1995	Granted	100%	120.00	9/11/2006	17/08/2007	16/08/2011	\$4,800.00	C304/1995 - Cuddingwarra	\$277.20
P20/1996	Granted	100%	120.00	9/11/2006	17/08/2007	16/08/2011	\$4,800.00	C304/1995 - Cuddingwarra	\$277.20
P20/1997	Granted	100%	120.00	9/11/2006	17/08/2007	16/08/2011	\$4,800.00	C304/1995 - Cuddingwarra	\$277.20
P20/1998	Granted	70%	193.00	9/11/2006	30/10/2007	29/10/2011	\$7,720.00	C304/1995 - Cuddingwarra	\$445.83
P20/1999	Granted	70%	170.00	9/11/2006	30/10/2007	29/10/2011	\$6,800.00	C304/1995 - Cuddingwarra	\$392.70

**ARAGON - INDEPENDENT SPECIALIST REPORT**

Lease	Lease Status	Aragon Interest	Area (ha)	Applcn Date	Grant Date	Expiry Date	Expenditure Commitment	Group Report	Rent
P20/2000	Granted	70%	120.00	9/11/2006	30/10/2007	29/10/2011	\$4,800.00	C304/1995 - Cuddingwarra	\$277.20
P20/2001	Granted	70%	120.00	9/11/2006	30/10/2007	29/10/2011	\$4,800.00	C304/1995 - Cuddingwarra	\$277.20
P20/2011	Granted	100%	16.35	29/01/2007	15/07/2009	14/07/2013	\$2,000.00	C304/1995 - Cuddingwarra	\$39.27
P20/2133	Granted	100%	23.00	7/12/2009	5/01/2011	4/01/2015	\$2,000.00	C304/1995 - Cuddingwarra	\$53.13
E21/122	Granted	100%	1.00	1/07/2005	22/08/2006	21/08/2011	\$15,000.00	C304/1995 - Cuddingwarra	\$255.75
P21/668	Granted	100%	121.00	9/11/2006	17/08/2007	16/08/2011	\$4,840.00	C304/1995 - Cuddingwarra	\$279.51
P21/669	Granted	100%	121.00	9/11/2006	17/08/2007	16/08/2011	\$4,840.00	C304/1995 - Cuddingwarra	\$279.51
P21/670	Granted	100%	121.00	9/11/2006	17/08/2007	16/08/2011	\$4,840.00	C304/1995 - Cuddingwarra	\$279.51
P21/671	Granted	100%	121.00	9/11/2006	17/08/2007	16/08/2011	\$4,840.00	C304/1995 - Cuddingwarra	\$279.51
P21/688	Granted	100%	11.00	27/04/2007	11/06/2008	10/06/2012	\$2,000.00	C304/1995 - Cuddingwarra	\$27.72
P21/695	Granted	100%	112.28	12/02/2008	15/07/2009	14/07/2013	\$4,520.00	C304/1995 - Cuddingwarra	\$261.03
L20/40	Granted	100%	139.20	15/09/1997	27/10/1998	26/10/2013	\$0.00		\$1,986.60
L20/41	Granted	100%	9.43	10/10/1997	27/10/1998	26/10/2013	\$0.00		\$141.90
L21/14	Application	100%		18/05/2000			\$0.00		\$0.00
M20/332	Application	100%		22/07/1996			\$0.00	Replacing P20/1505, 1506	\$0.00
M20/456	Application	100%		7/08/2001			\$0.00	Replacing P20/1735, 1727, 1995, 1996, 1997	\$0.00
P20/2158	Application	100%		26/05/2010			\$0.00		\$0.00
P21/714	Application	100%		6/01/2011			\$0.00		\$0.00





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# APPENDIX C

## Tenement Schedule – Day Dawn

**ARAGON - INDEPENDENT SPECIALIST REPORT**

**Golden Crown Tenement Schedule**

Lease	Lease Status	Aragon Interest	Area (ha)	Appln Date	Grant Date	Expiry Date	Expenditure Commitment	Group Report	Rent
E20/537	Granted	100%	14.00	2/04/2002	16/02/2006	15/02/2012	\$50,000.00	C149/1998 - Golden Crown / Austin	\$3,580.50
E20/540	Granted	100%	3.00	29/07/2002	26/04/2006	25/04/2011	\$30,000.00	C149/1998 - Golden Crown / Austin	\$767.25
M20/293	Granted	100%	847.15	28/04/1995	28/11/1995	27/11/2016	\$84,800.00	C149/1998 - Golden Crown / Austin	\$13,525.60
E21/37	Granted	50%	2.00	14/11/1991	6/05/1992	5/05/2000	\$50,000.00	C149/1998 - Golden Crown / Austin	\$968.66
M21/10	Granted	100%	135.55	12/09/1985	29/04/1986	28/04/2028	\$13,600.00	C149/1998 - Golden Crown / Austin	\$2,169.20
M21/103	Granted	100%	408.00	3/11/1995	22/03/1999	21/03/2020	\$40,800.00	C149/1998 - Golden Crown / Austin	\$6,507.60
M21/105	Granted	100%	19.42	23/11/1995	15/07/1996	14/07/2017	\$10,000.00	C149/1998 - Golden Crown / Austin	\$319.00
M21/110	Granted	60%	18.80	28/08/1996	19/05/1999	18/05/2020	\$10,000.00	C149/1998 - Golden Crown / Austin	\$303.05
M21/14	Granted	100%	130.55	23/10/1985	6/06/1986	5/06/2028	\$13,100.00	C149/1998 - Golden Crown / Austin	\$2,089.45
M21/24	Granted	100%	19.30	27/03/1987	20/04/1989	19/04/2031	\$10,000.00	C149/1998 - Golden Crown / Austin	\$319.00
M21/44	Granted	100%	217.10	15/01/1988	3/08/1989	2/08/2031	\$21,800.00	C149/1998 - Golden Crown / Austin	\$3,477.10
M21/49	Granted	100%	117.60	16/09/1988	3/03/1989	2/03/2031	\$11,800.00	C149/1998 - Golden Crown / Austin	\$1,882.10
M21/55	Granted	100%	2.64	27/07/1989	14/10/1991	13/10/2012	\$5,000.00	C149/1998 - Golden Crown / Austin	\$47.85
M21/56	Granted	100%	9.29	27/07/1989	14/10/1991	13/10/2012	\$10,000.00	C149/1998 - Golden Crown / Austin	\$159.50
M21/65	Granted	100%	644.80	8/05/1990	25/10/1991	24/10/2012	\$64,500.00	C149/1998 - Golden Crown / Austin	\$10,287.75
M21/69	Granted	100%	80.00	6/09/1990	7/07/1992	6/07/2013	\$10,000.00	C149/1998 - Golden Crown / Austin	\$1,276.00
M21/7	Granted	50%	999.90	7/06/1985	1/10/1985	30/09/2027	\$100,000.00	C149/1998 - Golden Crown / Austin	\$15,950.00
M21/74	Granted	100%	83.62	18/04/1991	2/04/1992	1/04/2013	\$10,000.00	C149/1998 - Golden Crown / Austin	\$1,339.80
M21/75	Granted	100%	5.06	9/05/1991	2/09/1991	1/09/2012	\$10,000.00	C149/1998 - Golden Crown / Austin	\$95.70
M21/83	Granted	100%	58.43	15/06/1993	22/09/1993	21/09/2014	\$10,000.00	C149/1998 - Golden Crown / Austin	\$941.05
M21/89	Granted	100%	203.25	25/11/1994	29/09/1995	28/09/2016	\$20,400.00	C149/1998 - Golden Crown / Austin	\$3,253.80
M21/93	Granted	100%	148.00	24/05/1995	14/12/1995	13/12/2016	\$14,800.00	C149/1998 - Golden Crown / Austin	\$2,360.60
P21/458	Granted	100%	8.60	9/05/1991	24/06/1991	23/06/1995	\$2,000.00	C149/1998 - Golden Crown / Austin	\$23.10
P21/459	Granted	100%	41.00	9/05/1991	24/06/1991	23/06/1995	\$2,000.00	C149/1998 - Golden Crown / Austin	\$94.71

ARAGON - INDEPENDENT SPECIALIST REPORT

Lease	Lease Status	Aragon Interest	Area (ha)	Appln Date	Grant Date	Expiry Date	Expenditure Commitment	Group Report	Rent
P21/543	Granted	100%	44.31	28/05/1993	28/09/1993	27/09/1995	\$2,000.00	C149/1998 - Golden Crown / Austin	\$103.95
P21/544	Granted	100%	5.79	28/05/1993	28/09/1993	27/09/1995	\$2,000.00	C149/1998 - Golden Crown / Austin	\$23.10
P21/546	Granted	100%	3.00	28/05/1993	13/07/1993	12/07/1995	\$2,000.00	C149/1998 - Golden Crown / Austin	\$23.10
P21/575	Granted	100%	6.00	27/06/1994	27/09/1994	26/09/1998	\$2,000.00	C149/1998 - Golden Crown / Austin	\$23.10
P21/584	Granted	100%	120.00	29/12/1994	26/09/1995	25/09/1999	\$4,800.00	C149/1998 - Golden Crown / Austin	\$277.20
P21/649	Granted	100%	15.00	7/04/2006	6/12/2006	5/12/2011	\$2,000.00	C149/1998 - Golden Crown / Austin	\$34.65
P21/672	Granted	100%	46.00	9/11/2006	9/06/2009	8/06/2013	\$2,000.00	C149/1998 - Golden Crown / Austin	\$106.26
P21/673	Granted	100%	165.00	9/11/2006	9/06/2009	8/06/2013	\$6,600.00	C149/1998 - Golden Crown / Austin	\$381.15
P21/674	Granted	100%	157.00	9/11/2006	9/06/2009	8/06/2013	\$6,280.00	C149/1998 - Golden Crown / Austin	\$362.67
P21/675	Granted	100%	95.00	9/11/2006	9/06/2009	8/06/2013	\$3,800.00	C149/1998 - Golden Crown / Austin	\$219.45
P21/676	Granted	100%	157.00	9/11/2006	9/06/2009	8/06/2013	\$6,280.00	C149/1998 - Golden Crown / Austin	\$362.67
P21/677	Granted	100%	179.00	9/11/2006	9/06/2009	8/06/2013	\$7,160.00	C149/1998 - Golden Crown / Austin	\$413.49
P21/678	Granted	100%	172.00	9/11/2006	9/06/2009	8/06/2013	\$6,880.00	C149/1998 - Golden Crown / Austin	\$397.32
P21/679	Granted	100%	176.00	9/11/2006	9/06/2009	8/06/2013	\$7,040.00	C149/1998 - Golden Crown / Austin	\$406.56
P21/680	Granted	100%	197.76	9/11/2006	9/06/2009	8/06/2013	\$7,920.00	C149/1998 - Golden Crown / Austin	\$457.38
P21/681	Granted	100%	0.06	9/11/2006	8/12/2010	7/12/2014	\$2,000.00	C149/1998 - Golden Crown / Austin	\$23.10
P21/683	Granted	100%	26.21	29/01/2007	9/06/2009	8/06/2013	\$2,000.00	C149/1998 - Golden Crown / Austin	\$62.37
P21/684	Granted	100%	199.86	29/01/2007	9/06/2009	8/06/2013	\$8,000.00	C149/1998 - Golden Crown / Austin	\$462.00
P21/685	Granted	100%	199.83	29/01/2007	9/06/2009	8/06/2013	\$8,000.00	C149/1998 - Golden Crown / Austin	\$462.00
P21/686	Granted	100%	199.31	29/01/2007	9/06/2009	8/06/2013	\$8,000.00	C149/1998 - Golden Crown / Austin	\$462.00
P21/687	Granted	100%	8.09	29/01/2007	9/06/2009	8/06/2013	\$2,000.00	C149/1998 - Golden Crown / Austin	\$23.10
P21/689	Granted	100%	99.52	4/10/2007	15/07/2009	14/07/2013	\$4,000.00	C149/1998 - Golden Crown / Austin	\$231.00
E21/131	Application	100%		29/01/2007			\$0.00		\$0.00
L20/29	Granted	100%	3.00	18/12/1990	29/01/1991	28/01/2016	\$0.00		\$42.57
L20/38	Granted	100%	9.97	29/05/1995	23/11/1995	22/11/2015	\$0.00		\$141.90



**ARAGON - INDEPENDENT SPECIALIST REPORT**

Lease	Lease Status	Aragon Interest	Area (ha)	Appln Date	Grant Date	Expiry Date	Expenditure Commitment	Group Report	Rent
L21/11	Granted	100%	0.94	31/10/1989	27/02/1990	26/02/2015	\$0.00		\$14.19
M21/96	Application	100%		21/06/1995			\$0.00	Replacing P21/459	\$0.00
M21/97	Application	100%		21/06/1995			\$0.00	Replacing P21/458	\$0.00
M21/122	Application	100%		11/07/1997			\$0.00	Replacing P21/546	\$0.00
M21/123	Application	100%		9/09/1997			\$0.00	Replacing P21/543, 544	\$0.00
M21/135	Application	100%		18/09/1998			\$0.00	Replacing P21/575	\$0.00
E21/153	Application	100%		3/09/2010			\$0.00		\$0.00

Note Tenements M21/89, P21/546 and P21/543 are subject to payment of 2% of gold to vendor  
 Tenements M21/44, M21/65 and M21/74 are subject to payment of 1% of gold to vendor



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## APPENDIX D

### Tenement Schedule – Lake Lefroy Nickel (Hogans)

**ARAGON - INDEPENDENT SPECIALIST REPORT**

**Lake Lefroy Nickel (Hogans) Tenement Schedule**

Lease	Lease Status	Aragon Interest	Area (ha)	Applcn Date	Grant Date	Expiry Date	Expenditure Commitment	Group Report	Rent
E15/905	Granted	100%	4.00	1/12/2005	5/01/2007	4/01/2012	\$30,000.00	C27/2008 - Hogans	\$1,023.00
E15/1152	Granted	100%	2.00	7/07/2009	17/03/2010	16/03/2015	\$15,000.00	C27/2008 - Hogans	\$242.22



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# APPENDIX E

## Tenement Schedule – Lakeside (Alamar JV)



**ARAGON - INDEPENDENT SPECIALIST REPORT**

**Lakeside Tenement Schedule**

Lease	Lease Status	Aragon Interest	Area (ha)	Applcn Date	Grant Date	Expiry Date	Expenditure Commitment	Group Report	Rent
M21/0145	Application	50%		22/05/2000			\$0.00		\$0.00
M21/0146	Application	50%		03/01/2001			\$0.00		\$0.00
M21/0147	Application	50%		03/01/2001			\$0.00		\$0.00

Note: tenements are subject to an additional 2% royalty payable to vendor



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## ANNEXURE B – SUMMARY OF CONDITIONS OF WESTGOLD'S OFFERS

1. The following is a summary of the conditions of the Share Offer:
- a) **90% minimum acceptance:** At or before the end of the Share Offer Period, Westgold has a Relevant Interest in such number of Aragon Shares which represents at least 90% of the aggregate of all the Aragon Shares on issue at the end of the Share Offer Period.
  - b) **No prescribed occurrences:** Between the Announcement Date and the end of the Offer Period (each inclusive), none of the following occurrences (being the prescribed occurrences listed in section 652C of the Corporations Act) happens:
    - i. Aragon converts all or any Aragon Shares into a larger or smaller number of shares under section 254H of the Corporations Act;
    - ii. Aragon or any Subsidiary resolves to reduce its share capital in any way;
    - iii. Aragon or any Subsidiary:
      - A. enters into a buy-back agreement; or
      - B. resolves to approve the terms of a buy-back agreement under subsection 257C(1) or 257D(1) of the Corporations Act;
    - iv. Aragon or a Subsidiary issues shares, or grants an option over its shares, or agrees to make such an issue or grant such an option;
    - v. Aragon or a Subsidiary issues, or agrees to issue, convertible notes;
    - vi. Aragon or a Subsidiary disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
    - vii. Aragon or a Subsidiary charges, or agrees to charge, the whole or a substantial part, of its business or property;
    - viii. Aragon or a Subsidiary resolves to be wound up;
    - ix. a liquidator or provisional liquidator of Aragon or a Subsidiary is appointed;
    - x. a court makes an order for the winding up of Aragon or a Subsidiary;
    - xi. an administrator of Aragon or of a Subsidiary is appointed under section 436A, 436B or 436C of the Corporations Act;
    - xii. Aragon or a Subsidiary executes a deed of company arrangement; or
    - xiii. a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Aragon or a Subsidiary.
  - c) **No material adverse change:** Between the Announcement Date and the end of the Share Offer Period (each inclusive), no event, change or condition occurs, is announced or becomes known to Westgold (whether or not it becomes public) where that event, change or condition has had, or could reasonably be expected to have, a material adverse effect on:
    - i. the business, assets, liabilities, financial or trading position, profitability or prospects of Aragon, since the Announcement Date by an amount of \$1,000,000 or more; or
    - ii. the status or terms of any approvals, licences or permits from any Public Authority, taken as a whole, applicable to any licence or permit held by the Aragon Group or which a member of the Aragon Group has agreed to acquire from a third party,

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except for events, changes and conditions disclosed or publicly announced by Aragon (or otherwise disclosed in public filings in Australia by Aragon or any Subsidiary), prior to the Announcement Date, provided that the relevant disclosure or announcement is not, and is not likely to be, incomplete, incorrect, untrue or misleading.

d) **No major acquisitions, disposals or new commitments:** Between the Announcement Date and the end of the Offer Period (each inclusive), no member of the Aragon Group:

- i. purchases, acquires, sells, disposes, surrenders, any property or asset (or any right, title or interest therein), where the total aggregate consideration or value exceeds \$1,000,000, or agrees or comes under an obligation to do any such things; or
- ii. enters, or comes under an obligation to enter, any other commitment that would require a member of the Aragon Group to make an aggregate expenditure in excess of \$1,000,000,

except with Westgold's prior written consent or as publically announced by Aragon before the Announcement Date.

e) **Corporate actions:** Except with the prior written consent of Westgold, between the Announcement Date and the end of the Offer Period (each inclusive), no member of the Aragon Group:

- i. gives, or agrees to give, any mortgage, charge, lien or other encumbrance over any of its assets otherwise in the ordinary course of business;
- ii. makes, or proposes to make, any material change to its constitution;
- iii. increases, or agrees to increase, its level of indebtedness (including financial liabilities incurred under finance leases) or issues, or agrees to issue, any indebtedness or debt securities, other than:
  - A. advances under existing credit facilities in the ordinary course of business; or
  - B. indebtedness incurred to external service providers in relation to advising on Westgold's Offer for Aragon Shares;
- iv. make, or agrees to make, any loans, advances or capital contributions to, or investments in, any other person;
- v. increases the remuneration of, pays any bonus (other than in accordance with existing contractual entitlements as at the Announcement Date), issues any securities, options or performance rights or otherwise varies the employment arrangements with any Relevant Employee;
- vi. accelerates the rights of any of the Relevant Employees to compensation or benefits of any kind (including under an executive or employee share or option plan and including by vesting the outstanding performance rights);
- vii. pays any of the Relevant Employees termination or retention payments (otherwise than in accordance with existing contractual entitlements at the Announcement Date);
- viii. enters into, amends, or terminates, any material contract;
- ix. declares or distributes any dividend, bonus or other share of its profits or assets; or
- x. resolves, agrees, commits or announces an intention to do any of the things referred to in items i to x above.



- f) **No change of control rights:** Between the Announcement Date and the end of the Offer Period (each inclusive), no person, as a result of a change of control event in respect of Aragon (including Westgold acquiring Aragon Shares) or any Subsidiaries or assets:
- i. has a right or an entitlement to a right;
  - ii. alleges an entitlement; or
  - iii. expresses or announces an intention (whether or not that intention is subject to conditions or is stated to be a final or determined decision of that person),  
to:
    - iv. terminate or alter any contractual relations between any person and Aragon or any Subsidiary, including altering the operation of any contract, whether or not that altered operation is provided for under the existing terms of the contract;
    - v. require the termination, modification or disposal (or offer to dispose) of any interest or asset, corporate body, joint venture or other entity; or
    - vi. accelerate or adversely modify the performance of any obligations of Aragon or any Subsidiary under any agreement, contract or other legal arrangement.

2. Pursuant to section 625(3) of the Corporations Act, the Share Offer is also subject to Westgold:

- a) seeking permission for admission to official quotation on ASX within seven days after the start of the Share Offer Period; and
- b) being granted permission for admission to official quotation by ASX no later than seven days after the Share Offer Period.

Under section 625(3) of the Corporations Act, the condition in this item 2 cannot be waived by Westgold. Consequently, no statements made by Westgold can be taken to waive this condition.

3. The following is a summary of the conditions of the Option Offer:

- a) **Share offer minimum acceptance:** During, or at the end of, the Share Offer Period, Westgold has a Relevant Interest in more than 90% of all Aragon Shares on issue at the end of the Offer Period; and
- b) **Share offer unconditional:** Before the end of the Offer Period, the Share Offer is, or has been declared, unconditional in all respects.

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## ANNEXURE C – ARAGON ASX ANNOUNCEMENTS SINCE 30 JUNE 2010

Date	Announcement
17 March 2011	Change in substantial holding from WGR
15 March 2011	WGR: Supplementary Bidder's Statement
9 March 2011	Change in substantial holding from WGR
8 March 2011	Lodgement of Bidders Statement by WGR
4 March 2011	Update - Progress of Central Murchison Gold Project
3 March 2011	Half Yearly Report and Accounts
24 February 2011	WGR: Record Date for Mailout of Bidders Statement
23 February 2011	Takeover Update
21 February 2011	Westgold Lodges Bidders Statement for Aragon
21 February 2011	Bidder's Statement
9 February 2011	RUM: Completion of Purchase of Territory Phosphate Pty Ltd
8 February 2011	Completion of Sale of Territory Phosphate Pty Ltd
8 February 2011	Becoming a substantial holder for RUM
7 February 2011	Initial Response to WGR Takeover Offer
7 February 2011	WGR: Westgold Announces Takeover Offer for Aragon
7 February 2011	Drilling to Recommence at Big Bell
3 February 2011	Exploration Update - Cuddingwarra and Lefroy
28 January 2011	Quarterly Activities and Cashflow Reports
20 January 2011	Appendix 3B
12 January 2011	Sale of Territory Phosphate to Rum Jungle
12 January 2011	RUM: Acquisition of 100% in Ammaroo Phosphate Discovery
23 December 2010	Positive Mine Study Results
21 December 2010	RUM: Ammaroo Phosphate Project Update
20 December 2010	Securities Trading Policy
7 December 2010	Ammaroo Phosphate JV
7 December 2010	RUM: Ammaroo Phosphate JV
2 December 2010	Top 20 securityholders
30 November 2010	Change of Director's Interest Notice
30 November 2010	Expiry of unlisted Options
26 November 2010	Change of Director's Interest Notice
26 November 2010	Appendix 3B - Completion of Placement
26 November 2010	Final Director's Interest Notice

26 November 2010	Resignation of Executive Director
24 November 2010	Results of Annual General Meeting
24 November 2010	Annual General Meeting Presentation
23 November 2010	Aragon Completes \$7.29M Placement
18 November 2010	Trading Halt
18 November 2010	Upgrade of Assay Data - Ammaroo Project
18 November 2010	RUM: Upgrade of Assay Data - Ammaroo Project
16 November 2010	Central Murchison Gold Project Reaches 2.0M Ounces
10 November 2010	Sydney Gold Symposium Presentation
29 October 2010	Quarterly Activities and Cashflow Reports
28 October 2010	Change in Director's Interest Notice
25 October 2010	RUM: New Phosphate Discovery - Ammaroo
20 October 2010	Notice of Annual General Meeting/Proxy Form
20 October 2010	Annual Report to shareholders
14 October 2010	Appendix 3B
12 October 2010	Significant Gold Intercepts-Day Dawn Exploration
4 October 2010	Change of Director's Interest Notice x 3
4 October 2010	Appendix 3B Expiry of Listed Options
1 October 2010	Central Murchison Gold Project Reaches 1.76M Ounces
22 September 2010	RIU Melbourne Resources Round-Up Presentation
20 September 2010	RUM: Exploration Update - 20 September, 2010
15 September 2010	Appendix 3B
13 September 2010	Full Year Statutory Accounts
10 September 2010	Form 603 Notice of Initial Substantial Holder
10 September 2010	High Grade Gold Golden Crown and Great Fingall
31 August 2010	Letter to Listed Option Holders
27 August 2010	Further high Grade Gold Results from Great Fingall
25 August 2010	Amended Change of Directors Interest Notice
25 August 2010	Appendix 3B
24 August 2010	Exploration Drilling Commences at Cuddingwarra, CMGP
19 August 2010	Bonanza Gold results from Golden Crown
29 July 2010	Quarterly Activities and Cashflow Reports
26 July 2010	Lapse of Unlisted Options - Appendix 3B
20 July 2010	Investor Presentation - London UK
1 July 2010	Aragon to JV with Rum Jungle - Ammaroo Project
1 July 2010	RUM: Progress Report - Ammaroo Phosphate

## Corporate Directory

### Directors

Mr Peter Cook  
Mr Paul Benson  
Mr Brian Thomas  
Mr Benjamin Pollard

### Company Secretary

Fiona Van Maanen

### Headquarters and Registered Office

Level 3, Hyatt Centre  
123 Adelaide Terrace  
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### Share Registry

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### Financial Adviser

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28 The Esplanade  
Perth, Western Australia 6000

### Legal Adviser

Blake Dawson  
2 The Esplanade  
Perth, Western Australia 6000

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