

# PROSPECTUS 2013



ABN: 56 152 443 626

**For an offer of 17,500,000 Shares at an issue price of \$0.20 each to raise \$3,500,000.**

## IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay. The Shares offered by this Prospectus should be considered highly speculative.

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## 1. CORPORATE DIRECTORY

### Directors

Philip Re  
*Non-Executive Chairman*

Paul Lloyd  
*Managing Director*

David Holden  
*Non-Executive Technical Director*

Roger Steinepreis  
*Non-Executive Director*

### Registered Office

Suite 1, Ground Floor  
437 Roberts Road  
Subiaco WA 6008

Telephone: +61 8 9476 9250  
Facsimile: +61 8 9381 1122

Email: [plloyd@tropicalgold.com.au](mailto:plloyd@tropicalgold.com.au)  
Website: [www.tropicalgold.com.au](http://www.tropicalgold.com.au)

### Company Secretary

Christine Chainey

### Proposed ASX Code

TPO

### Share Registry

Link Market Services \*  
Ground Floor, 178 St Georges Terrace  
Perth WA 6000  
Telephone: +61 8 9211 6670

### Solicitors

Steinepreis Paganin  
Level 4  
The Read Buildings  
16 Milligan Street  
Perth WA 6000

### Independent Geologist

Terence Topping  
Factor Resources Pty Ltd  
9 Third Avenue  
Mount Lawley WA 6050

### Investigating Accountant and Auditor

HLB Mann Judd  
Level 4, 130 Stirling Street  
Perth WA 6000

\* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

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## **2. IMPORTANT NOTICE**

This Prospectus is dated 28 February 2013 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

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

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

### **2.1 Exposure Period**

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with Section 724 of the Corporations Act. Applications for Shares under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on applications lodged prior to the expiry of the Exposure Period.

### **2.2 Web Site – Electronic Prospectus**

A copy of this Prospectus can be downloaded from the website of the Company at [www.tropicangold.com.au](http://www.tropicangold.com.au). If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

### **2.3 Website**

No document or information included on our website is incorporated by reference into this Prospectus.



## **2.4 Forward-looking statements**

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and our management.

The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Directors have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 7 of this Prospectus.

## **2.5 Photographs and Diagrams**

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

## **2.6 Competent Persons' Statement**

The statements in this Prospectus (excluding the Independent Geologist's Report in Section 8) that relate to Exploration Results are based on information reviewed by David Holden, a Member of The Australasian Institute of Mining and Metallurgy. David Holden is employed by the Company in the role of Non-Executive Technical Director. David Holden has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". David Holden consents to the inclusion in this Prospectus of these statements in the form and context in which they appear.

## **2.7 No Guarantee of Economically Exploitable Resource**

This Prospectus contains information about mineral exploration projects in the vicinity of the Projects. There is no guarantee that exploration on the Projects will achieve the same results as those other projects or that the Company's

exploration programmes will be successful or result in an economic discovery of gold or any other minerals.

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### **3. INVESTMENT OVERVIEW**

This section is a summary only and not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

#### **3.1 The Company**

The Company was incorporated on 2 August 2011 for the primary purpose of exploring, identifying and developing the Tropicana Gold Project in Western Australia.

#### **3.2 Business Model**

The Company is a speculative exploration company and, following successful completion of the Offer, will acquire 100% of Sulphide Resources Pty Ltd, which owns 3 gold exploration projects located in Western Australia, providing the Company with a good opportunity to identify and develop gold resources in a time of high gold prices.

The flagship project is the Tropicana Gold Project located east of Kalgoorlie in Western Australia where, following on from the success at AngloGold Ashanti Limited and Independence Group NL's Tropicana gold mine, the Company is optimistic that further gold mineralisation will be discovered. An aggressive exploration strategy on the Tropicana Gold Project is at the forefront of the Company's planned activities as soon as practicable upon successful listing on the ASX.

The Company will also commence exploration of the Kat Gap Project located at Forrestania in Western Australia. This project is considered as "advanced exploration" because previous explorers, including WMC Resources Limited, have identified consistent and coherent gold anomalies in an area known to host gold mineralisation. The Company is also confident of further opportunity for exploration success at the Lake Johnston project, where previous exploration activity has already identified anomalous gold. More verification work by way of trenching and sampling has recently been undertaken, with a view to drill testing positive results over the coming months as outlined in the budget proposals.

The Company's ability to generate revenue in the future will depend upon the success of the Company's exploration activities on the Tropicana Gold Project, Kat Gap Project and Lake Johnston Project and the ability to successfully exploit any minerals that may be discovered on the land which is the subject of these projects. Completion under the Heads of Agreement to acquire Sulphide Resources Pty Ltd and therefore the projects which it holds will not occur until immediately prior to the Company being admitted to the Official List. Refer to the Solicitor's Report in Section 10 for further details in relation to the Heads of Agreement.

Full details in respect of the Company and the projects are set out in Section 6.

#### **3.3 The Objectives**

The Company's main objectives on completion of the Offer are:

- (a) completion of the Heads of Agreement to acquire Sulphide Resources Pty Ltd including the Projects within it; and

- (b) commence exploration of the Tropicana, Kat Gap and Lake Johnston gold Projects located in Western Australia.

### 3.4 The Key Investment Highlights

- (a) Completion of the Heads of Agreement that will deliver the Company a 100% interest in the Tropicana Gold Project, the Kat Gap Project and the Lake Johnston Project.
- (b) A Board and management with significant exploration and corporate experience.
- (c) The continuing pursuit by the Company of ways to increase Shareholder value through the discovery and development of economically viable projects.

### 3.5 Key Risks

The business, assets and operations of the Company are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the securities of the Company.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which they can effectively manage them is limited.

Set out below are key risks that the Company is exposed to and which may have a direct influence on the Company, its assets and activities. The below list of risk factors ought not to be taken as exhaustive of the risks faced by the Company and you should refer to the additional risk factors in Section 7 of this Prospectus before deciding whether to apply for Shares pursuant to this Prospectus.

(a) **Contractual risk**

In order for the Company to be able to achieve its objectives the Company is reliant on the registered holder of the Tenements complying with its contractual obligations under the Heads of Agreement, with respect to maintaining the Tenements in full force and effect, free from any liability to forfeiture or non-renewal. Further details relating to this risk is set out in Section 7.

(b) **Limited History**

The Company was incorporated on 2 August 2011 and its operational and financial historical performance is limited. No assurance can be given that the Company will achieve commercial viability through the successful exploration and/or mining of the Tenements. Until the Company is able to realise value from the Projects, it is likely to incur ongoing operating losses.

(c) **Status of Tenements**

The Company cannot guarantee that the granted exploration licences and prospecting licences which it will indirectly acquire pursuant to the Heads of Agreement will be renewed beyond their current expiry date

and there is a material risk that, in the event the Company is unable to renew these granted tenements beyond their current expiry date, the Company's interest in the Tenements will be relinquished.

(d) **Proposed Nature Reserves**

Three proposed State nature reserves, PNR/82, PNR/58 and PNR/59, lie over parts of Tenements E63/1186, E63/1189, E74/492-I, E74/422, E74/467 and P74/339. In particular, E63/1186 is overlapped by PNR/82 by 84.8%, E74/492-I is overlapped by PNR/58 by 78.3% and E74/422 is overlapped by PNR/58 by 69.5%.

The affected Tenements currently have conditions which include providing a detailed programme of works to the DMP setting out the environmental impact of the works and the management of that impact.

If the proposed nature reserves are granted, the Company's activities will become subject to additional conditions and the Company's operations, and financial performance, could be adversely affected. The new conditions could include a prohibition on:

- (i) a mining lease being granted without the consent of both Houses of Parliament; and
- (ii) mining without the approval of the Minister for Mines and Petroleum and the Minister for Environment and Conservation.

Refer to the Solicitor's Report in Section 10 of this Prospectus for more detail.

(e) **Petroleum Exploration Permits**

Two Tenements, E69/2777 and E69/3008, overlap existing petroleum exploration permits, which are governed by the *Petroleum and Geothermal Energy Resources Act 1967 (WA)* (**Petroleum Act**). While there is currently no conflict between mining and petroleum activities, if one arose in the future, the Company's operations and financial performance could be adversely affected as the Petroleum Act provides that no person may intentionally or recklessly interfere with any petroleum operation or geothermal energy operation. However, the Petroleum Act also provides that no holder of a licence under the Petroleum Act may interfere with any operations of another person being lawfully carried on by way of exploration for, recovery of or conveyance of a mineral.

The Mining Act provides that, in the event that a dispute arises between the holder of the relevant PEP (**PEP Holder**) and the Company concerning any operations carried out or proposed to be carried out by the Company or the PEP Holder, the disputed matter will be referred to a warden of the mines as appointed under the Mining Act (**Warden**).

Refer to the Solicitor's Report in Section 10 of this Prospectus for more detail.

(f) **Renewal of Prospecting Licence**

P77/3869 has an expiry date of 3 March 2013. An application was made 26 February 2013 to extend the term of P77/3869 for a further four years. This application for extension of term may or may not be granted, however until such time as the Minister determines the outcome of the renewal application, P77/3869 will remain valid. The Company does not consider this tenement to be material.

(g) **Exploration Success**

At present, no JORC Code compliant resources have been identified on the Tenements on which the Company will be conducting exploration. Potential investors should understand that mineral exploration and project development are high risk undertakings. There can be no assurance that exploration of these Tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited. Until the Company is able to realise value from its Projects, it is likely to incur ongoing operating losses. Further details relating to this risk are set out in Section 7.

(h) **Dilution Risk**

The Options as set out in Section 3.9 (a total of 9,000,000 Options) will make up a significant proportion of the Company's issued securities. If all of the Options were exercised, this would raise further capital for the Company (at a price higher than the offer price under this Prospectus) but would also result in the issue of a further 9,000,000 Shares. This would significantly dilute the interest that Shareholders have in the Company immediately on listing.

### 3.6 **The Offer**

The Company invites applications for 17,500,000 Shares at an issue price of \$0.20 per Share to raise \$3,500,000. The key information relating to the Offer and references to further details are set out below.

**Indicative timetable\***

Lodgement of Prospectus with ASIC	28 February 2013
Opening Date	8 March 2013
Closing Date	5 April 2013
Despatch of holding statements	12 April 2013
Expected date for quotation on ASX	19 April 2013

*\* The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offer early without notice.*

### 3.7 Purpose of the Offer

The purpose of the Offer is to facilitate an application by the Company for admission of the Company to the official list of ASX and position the Company to seek to achieve the objectives set out above in Section 3.3.

### 3.8 Use of Funds

The Company intends to apply funds raised from the Offer, together with existing cash reserves, over the first two years following admission of the Company to the official list of ASX as follows:

Allocation of funds	Full Subscription (\$) \$3,500,000	Percentage of Funds (%)
Expenses of the Offer <sup>1</sup>	320,000	9.1
Exploration expenditure <sup>2</sup>	1,940,000	55.4
Administration costs <sup>3</sup>	1,140,000	32.6
Reimbursement of funds under the Heads of Agreement	100,000	2.9
<b>Total</b>	<b>3,500,000</b>	<b>100</b>

<sup>1</sup> Refer to Section 13.7 of this Prospectus for further details.

<sup>2</sup> Refer to the Independent Geologist's Report in Section 8 of this Prospectus for further information on the planned exploration activities and expenditure budget for the Project.

<sup>3</sup> Administration costs mean the following: audit fees (\$50,000), accounting and Company Secretary fees (\$131,000), Non-Executive Directors' fees (\$235,000), rent (\$141,000), salaries and consulting fees (\$490,000) and miscellaneous (\$93,000).

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events including exploration success or failure and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

### 3.9 Capital Structure

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

#### Shares<sup>1</sup>

	Number
Shares currently on issue <sup>2</sup>	20,000,000
Shares to be issued under the Heads of Agreement	4,000,000
Shares to be issued pursuant to the Offer	17,500,000
<b>Total Shares on completion of the Offer</b>	<b>41,500,000</b>

## Options

	Number
Options currently on issue <sup>3</sup>	4,000,000
Options to be granted under the Heads of Agreement <sup>3</sup>	5,000,000
<b>Total Options on completion of the Offer</b>	<b>9,000,000</b>

<sup>1</sup> The rights attaching to the Shares are summarised in Section 13.1 of this Prospectus.

<sup>2</sup> The Shares currently on issue were issued at a discount to the issue price of the Shares offered pursuant to the Offer to reflect the increased risk associated with an investment in the Company at the time of issue of the seed capital.

<sup>3</sup> Each Option will be unquoted and is exercisable at 25 cents on or before 31 July 2016.

### 3.10 Substantial Shareholders

Those Shareholders holding 5% or more of the Shares on issue both as at the date of this Prospectus and on completion of the Offer (assuming full subscription) are set out in the respective tables below.

#### *As at the date of the Prospectus*

Shareholder	Shares	Options	% (undiluted)	% (fully diluted)
Traditional Securities Group Pty Ltd <sup>1</sup>	2,200,000	1,000,000	11.0%	13.3%
Coral Brook Pty Ltd <sup>2</sup>	2,200,000	1,000,000	11.0%	13.3%

<sup>1</sup> This entity is controlled by Philip Re, a Director of the Company.

<sup>2</sup> This entity is controlled by Paul Lloyd, a Director of the Company.

<sup>3</sup> Each Option will be unquoted and is exercisable at 25 cents on or before 31 July 2016.

#### *On completion of the Offer (assuming no existing substantial Shareholder subscribes and receives additional Shares pursuant to the Offer)*

Shareholder	Shares	Options	% (undiluted)	% (fully diluted)
David Donald Boyer as trustee for the DB Family Trust	4,000,000	5,000,000	9.6%	17.8%
Traditional Securities Group Pty Ltd	2,200,000	1,000,000	5.3%	6.3%
Coral Brook Pty Ltd	2,200,000	1,000,000	5.3%	6.3%

The Company will announce to the ASX details of its top-20 Shareholders (following completion of the Offer) prior to the Shares commencing trading on ASX.



### **3.11 Restricted Securities**

Subject to the Company being admitted to the Official List, certain Shares and Options on issue prior to the Offer will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

The Company will announce to the ASX full details (quantity and duration) of the Shares and Options required to be held in escrow prior to the Shares commencing trading on ASX.

### **3.12 Financial Information**

The Company was only recently incorporated in August 2011 and has no operating history, limited historical financial performance and no significant financial history. The Company has conducted very limited exploration activities on the area of land the subject of the Tenements, other than some drilling which has been undertaken at Kat Gap as set out in Section 6 of this Prospectus.

As a result, the Company is not in a position to disclose any key financial ratios other than its balance sheet which is included in the Investigating Accountant's Report set out in Section 9 of this Prospectus.

### **3.13 Taxation**

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

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

### **3.14 Dividend Policy**

The Directors anticipate that significant expenditure will be incurred in the evaluation and development of the Projects. These activities, together with the possible acquisition of interests in other projects, are expected to dominate the two year period following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

### 3.15 Directors and Key Personnel

#### **Philip Re** **Non-Executive Chairman**

Mr Re is a Chartered Accountant and has been involved as a director and secretary of a number of ASX-listed and public companies involved in mineral production and exploration. In 2007 Mr Re was the founding Managing Director of ASX listed South American Ferro Metals Limited (ASX Code: SFZ), that is the only ASX-listed pure play iron ore producer in Brazil. Mr Re is a director of Regency Corporate Pty Ltd . Regency provides strategic corporate advisory and capital finance advisory services to a range of public companies. Mr Re is a Member of the Institute of Company Directors, a Chartered Secretary and the founding Chairman of the charity the Better Life Foundation WA.

Mr Re does not expect that his directorships with other companies or other business activities will interfere with his ability to act as a Non-Executive Chairman to the Company.

#### **Paul Lloyd** **Managing Director**

Mr Lloyd has been a Managing Director of an ASX listed gold explorer operating in Western Australia and Central Asia. After commencing his career with an international accounting firm, he was employed for approximately 10 years as the General Manager of Finance for a Western Australian based international drilling contractor working extensively in Asia and Africa. Based on experience obtained in the drilling industry and the involvement in a large number of gold exploration programs, Mr Lloyd has a good working knowledge and the ability to management gold exploration programs. Paul Lloyd is a Chartered Accountant with over twenty six years commercial experience.

Mr Lloyd is a non-executive Director of ASX-listed Firestrike Resources Limited.

During the last three years, Mr Lloyd has also served as a Director of South American Ferro Metals Limited, Sunseeker Minerals Limited, Target Energy Limited and Beacon Minerals Limited.

Mr Lloyd does not expect that his directorships with other companies or other business activities will interfere with his ability to act as a Managing Director of the Company.

#### **David Holden** **Non-Executive Technical Director**

David Holden holds a Bachelor of Science degree in geology from Otago University, New Zealand. His career spans over twenty five years in the minerals industry from the coal mines in New Zealand to deep underground gold mines in South Africa. Over his career, Mr Holden has held a number of senior management roles including Supervising Geologist, Chief Geologist and Technical Director for a many public companies including Prosperity Resources Limited (ASX-listed), Fulcrum Equity Limited, AVZ Minerals Limited (ASX-listed) and IGC Resources Inc (TSX-listed).

Mr Holden was intimately involved in the multi million ounce discoveries of gold at Mt Todd in the Northern Territory and the Nimary Mine in Western Australia. In 1997, Mr Holden founded a geological consulting service company, Ravensgate Pty Ltd, which specialises in expert reports, resource estimations valuations and

exploration management. In 2005, he founded Shackleton Capital Pty Ltd, advising listed companies on corporate and technical matters relating to project acquisition or initial public offering. In 2007, he founded Intra Energy Corporation Limited (ASX-listed), a solid energy company that is currently developing major coal assets in Tanzania.

Most recently he has been the co-founder and Managing Director of Firestrike Resources Limited (ASX-listed in 2010) and is the Technical Director of Tropicana Gold Limited. Mr Holden also holds a Masters in Business Administration and a Masters in Management, giving him a broad base of managerial skills to complement his years of experience. He is a Chartered Professional member of the Australian Institute of Mining and Metallurgy, a member of the Canadian Institute of Mining and a member of the Australian Institute of Geoscientists.

Mr Holden does not expect that his directorships with other companies or other business activities will interfere with his ability to act as a Non-Executive Director to the Company.

**Roger Steinepreis**  
**Non-Executive Director**

Mr Steinepreis graduated from the University of Western Australia, where he completed his law degree. He was admitted as a barrister and solicitor of the Supreme Court of Western Australia in 1987 and has been practising as a lawyer for over 25 years.

Mr Steinepreis' current directorships include DGI Holdings Limited, PHW Consolidated Limited, Apollo Consolidated Limited, AVZ Minerals Limited and Firestrike Resources Limited.

Mr Steinepreis was until November 2010 a director of Ibex Aqua Pty Ltd and Aqua Resort Pty Ltd (**Aqua**). Each of these companies had a receiver and manager appointed in April 2011, approximately 5 months after he ceased to be a director. The Directors (other than Mr Steinepreis) have considered the circumstances surrounding Mr Steinepreis' involvement in Aqua and are of the view that his involvement as a director of each entity prior to the appointment of a receiver and manager, in no way impacts on his appointment and contribution as a director of the Company.

Mr Steinepreis does not expect that his directorships with other companies or other business activities will interfere with his ability to act as a Non-Executive Director to the Company.

**Other Management and Technical Consultants**

**Don Boyer**  
**Technical Consultant**

Mr Boyer is a consultant geologist, with over 40 years experience in gold and base metal exploration and the management of resource projects in Australia and overseas. His experience ranges from project acquisition through discovery to production and he has been instrumental in the listing of a number of successful junior exploration companies.

Mr Boyer has held a number of executive and non-executive Director positions in Australian listed companies in the past.

The Company has entered into an informal arrangement with Mr Boyer, pursuant to which he has agreed to provide technical advice on an "as needs" basis.

**Ben Webster**  
**Geologist**

Ben Webster holds a Bachelor of Science Degree in Geology from the University of Western Australia, from which he graduated in 2009. Since his graduation he has been employed by ASX-listed company Beacon Minerals Ltd and worked closely on their Lake Barlee Gold Project, which has produced a JORC compliant gold resource.

In his limited years within the minerals exploration industry Mr Webster has established significant experience in both the field and desktop skills necessary to sustain and efficiently explore greenfields projects. His role at the Company is to maintain the standing of all reporting for projects, database management, GIS querying and imagery/map production, exploration program planning and supervision, field reconnaissance and liaison between contractors and land holders.

**Future Management**

The Company is aware of the need to have sufficient management to properly supervise the exploration and (if successful) for the development of the projects in which the Company has, or will in the future have, an interest and the Board will continually monitor the management roles in the Company. As the Projects require an increased level of involvement, the Board will look to appoint additional management and/or consultants when and where appropriate to ensure proper management of the Projects.

**3.16 Corporate Governance**

To the extent applicable, in light of the Company's size and nature, the Company has adopted *The Corporate Governance Principles and Recommendations (2nd Edition)* as published by ASX Corporate Governance Council (**Recommendations**).

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined in Section 11.1 of this Prospectus and the Company's compliance and departures from the Recommendations are set out in Section 11.12 of this Prospectus.

In addition, the Company's full Corporate Governance Plan is available from the Company's website [www.tropicanagold.com.au](http://www.tropicanagold.com.au).

**3.17 Disclosure of Interests**

The Company has paid no cash remuneration to its Board since incorporation to the date of this Prospectus and no remuneration will be paid or accrue until such time as the Company is admitted to the Official List.

For each of the Directors, the proposed annual remuneration for the financial year following the Company being admitted to the Official List together with the relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below.

Director	Remuneration	Shares	Options <sup>1</sup>
Philip Re	39,240	2,200,000	1,000,000
Paul Lloyd	163,500	2,200,000	1,000,000
David Holden	39,240	1,000,000	1,000,000
Roger Steinepreis	39,240	1,000,000	1,000,000

<sup>1</sup> Each Option is unquoted and exercisable at 25 cents on or before 31 July 2016.

### 3.18 Agreements with Directors or Related Parties

The Company's policy in respect of related party arrangements is:

- (a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- (b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

#### ***Executive Services Consultancy Agreement – Paul Lloyd***

The Company has entered into a consultancy agreement with Coral Brook Pty Ltd and Paul Lloyd (**ESCA**) effective from the date on which the Company is admitted to the Official List for a period of two years, with the possibility of being extended. Under the ESCA, Mr Lloyd is engaged by the Company to provide services to the Company in the capacity of Managing Director.

Coral Brook Pty Ltd will be paid a fee of \$13,625 per month exclusive of GST. Mr Lloyd will be reimbursed for reasonable expenses incurred in carrying out his duties and will be allocated a reasonable budget for business development (conference attendance) and attendance at professional development courses, as agreed by the Board from time to time.

The ESCA contains standard termination provisions under which each party must give 3 month's written notice of termination (or shorter period in the event of serious misconduct or a material breach) and, where the Company, terminates the agreement, the Company must pay Coral Brook Pty Ltd an additional sum equivalent to a 3 months' fee.

#### ***Deeds of indemnity, insurance and access***

The Company has entered into a deed of indemnity, insurance and access with each of its Directors. Under these deeds, the Company agrees to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant officer and must also allow the officers to inspect board papers in certain circumstances.

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#### 4. CHAIRMAN'S LETTER

Dear Investor,

On behalf of the Board of Directors, I am pleased to present this Prospectus to you and to invite you to become a shareholder in Tropicana Gold Limited.

The Company is a Western Australian based mineral gold exploration company. The Company's objective is to identify and explore new mineral discoveries that significantly upgrade the value of it project that potentially lead to mining.

The Company has entered into a Heads of Agreement pursuant to which it will acquire 100% of Sulphide Resources Pty Ltd (**Sulphide**) from a well known geologist Don Boyer. Sulphide owns 100% of the Tropicana Gold Project, Kat Gap Project and the Lake Johnston Project in Western Australia.

The Company will advance exploration of the Tropicana Gold Project soon after listing on ASX. The project is located 50 kilometres northeast of the Tropicana gold mine Joint Venture between AngloGold Ashanti Limited and Independence Group NL and is sandwiched between Beadell Resources Limited's high grade Hercules and Pleides Projects, which offers the Company opportunity to explore within a highly desirable gold belt.

Comprising seven tenements, the Kat Gap Project in Forrestania, Western Australia, offers the Company the opportunity for a new discovery in an historical gold and nickel belt. The project is considered as "advanced exploration" where previous explorers, including WMC Resources Limited, have identified consistent and coherent gold in an anomaly that is over 5 kilometres long.

Also included in the portfolio is the Lake Johnston Project. With indications of potential gold mineralisation already identified from historical work on the property, the project presents a great opportunity for a significant gold discovery.

The Company's Board and management has a strong combination of experience and industry knowledge, which will enhance the ability of the Company to develop the Projects into viable mining operations should an economic discovery be made.

The information in this Prospectus is very important and should be read in detail and any investment of this nature must be considered speculative. Investors should consider the merit of seeking independent investment advice.

On behalf of the Directors, I look forward to welcoming you as a shareholder of Tropicana Gold Limited.

Yours sincerely



**Philip Re**  
**CHAIRMAN**

---

## 5. DETAILS OF THE OFFER

### 5.1 The Offer

Pursuant to this Prospectus, the Company invites applications for 17,500,000 Shares at an issue price of \$0.20 per Share to raise \$3,500,000.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue.

### 5.2 Minimum subscription

If the minimum subscription to the Offer of \$3,500,000 has not been raised within four months after the date of this Prospectus, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

### 5.3 Applications

Applications for Shares under the Offer must be made using the Application Form.

Applications for Shares must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares and payment for the Shares must be made in full at the issue price of \$0.20 per Share.

Completed Application Forms and accompanying cheques, made payable to "**Tropicana Gold Limited – Share offer account**" and crossed "Not Negotiable", must be mailed or delivered to the address set out on the Application Form by no later than the Closing Date.

The Company reserves the right to close the Offer early.

### 5.4 ASX listing

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus.

If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

### 5.5 Allotment

Subject to the minimum subscription to the Offer being reached and ASX granting conditional approval for the Company to be admitted to the Official List, allotment of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date.

Pending the allotment and issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act.

The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

The Directors will determine the allottees of all the Shares in their sole discretion. The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the Closing Date.

#### **5.6 Applicants outside Australia**

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

If you are outside Australia it is your responsibility to obtain all necessary approvals for the allotment and issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

#### **5.7 Oversubscriptions**

No oversubscriptions will be accepted by the Company.

#### **5.8 Not underwritten**

The Offer is not underwritten.

#### **5.9 Commissions payable**

The Company reserves the right to pay a commission of 6% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensee in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee.



## 6. COMPANY AND PROJECT OVERVIEW

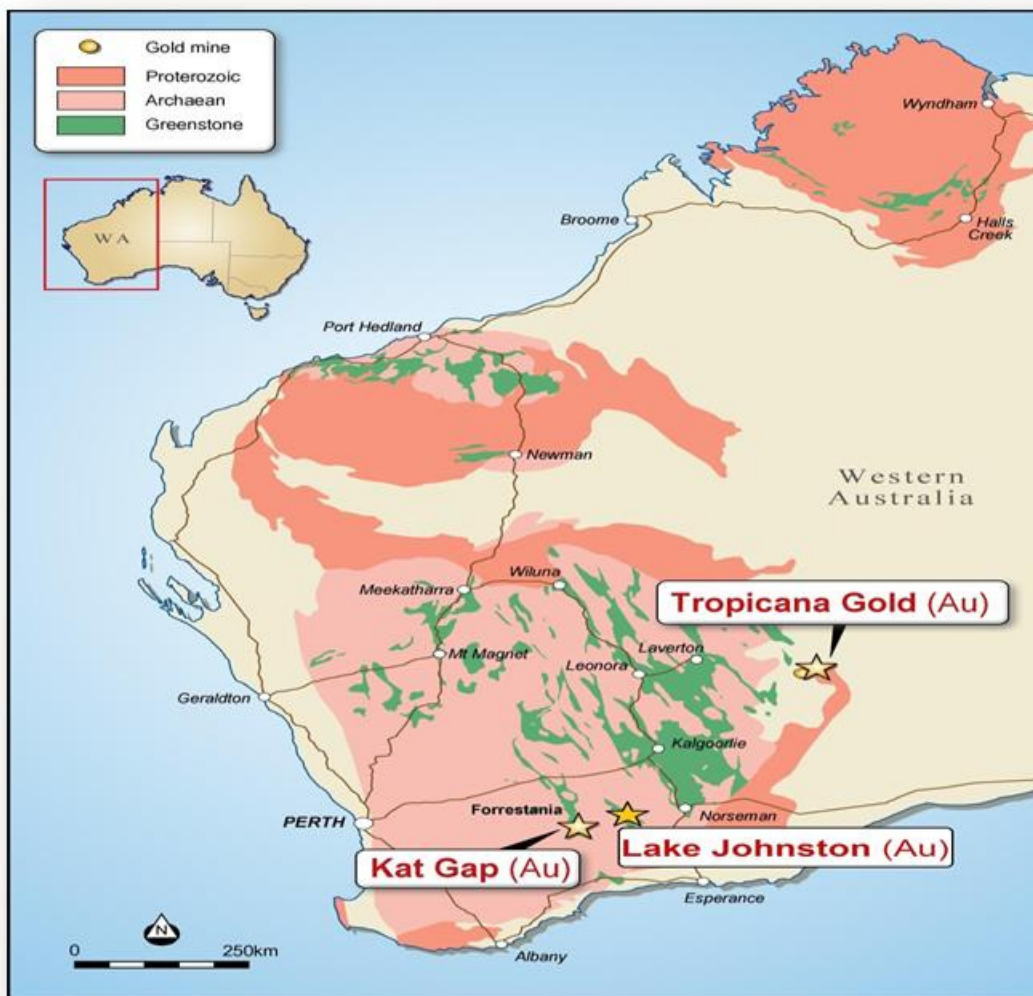
### 6.1 Background

Tropicana Gold Limited is a Western Australian based mineral exploration Company focused on exploring and developing gold assets.

On 19 December 2012, the Company signed a binding Heads of Agreement to purchase Sulphide Resources Pty Ltd, the owner of the Tropicana Gold Project, Kat Gap Project and Lake Johnston Project.

Following completion of its acquisition of Sulphide, the Company's flagship project will be the Tropicana Gold Project, where, following on from the success at the Tropicana Gold Joint Venture between AngloGold Ashanti Limited and Independence Group NL, the Company is optimistic that further gold mineralisation will be discovered within the defined prospective gold corridor. An aggressive exploration strategy on the Tropicana tenements is at the forefront of the Company's planned activities as soon as practicable upon successful listing on the ASX.

The fundamental strategy for the Company is to explore its concessions with a view to identifying economic deposits of gold within two years.



*Location of the Tropicana Gold, Kat Gap and Lake Johnston Gold Projects in Western Australia*

This Section 6 contains information about mineral exploration projects in the vicinity of the Projects. There is no guarantee that exploration on the Projects will achieve the same results as those other projects or that the Company's exploration programmes will be successful or result in an economic discovery of gold.

## 6.2 Tropicana Gold Project

The project comprises the granted exploration licences E39/1277, E69/2777 and E69/3008.

The Tropicana Gold Project consists of over 400 square kilometres, is located less than 50 kilometres to the northeast of the Tropicana gold mine Joint Venture between AngloGold Ashanti Limited and Independence Group NL (**Tropicana JV**), which, as at December 2012 had a Mineral Resource containing a total of 7.89 million ounces, with 29.8 million tonnes (**Mt**) of Measured material grading 2.12 grams per tonne (**g/t**), 76.4 Mt of Indicated material grading 1.95 g/t and 11.9 Mt of Inferred material grading 2.83 g/t. The Tropicana Gold Project is sandwiched between Beadell Resources Limited's high grade Hercules and Pleides Projects. On the basis of the above, the Company believes the concessions offer the Company an opportunity to explore within a highly desirable gold belt.

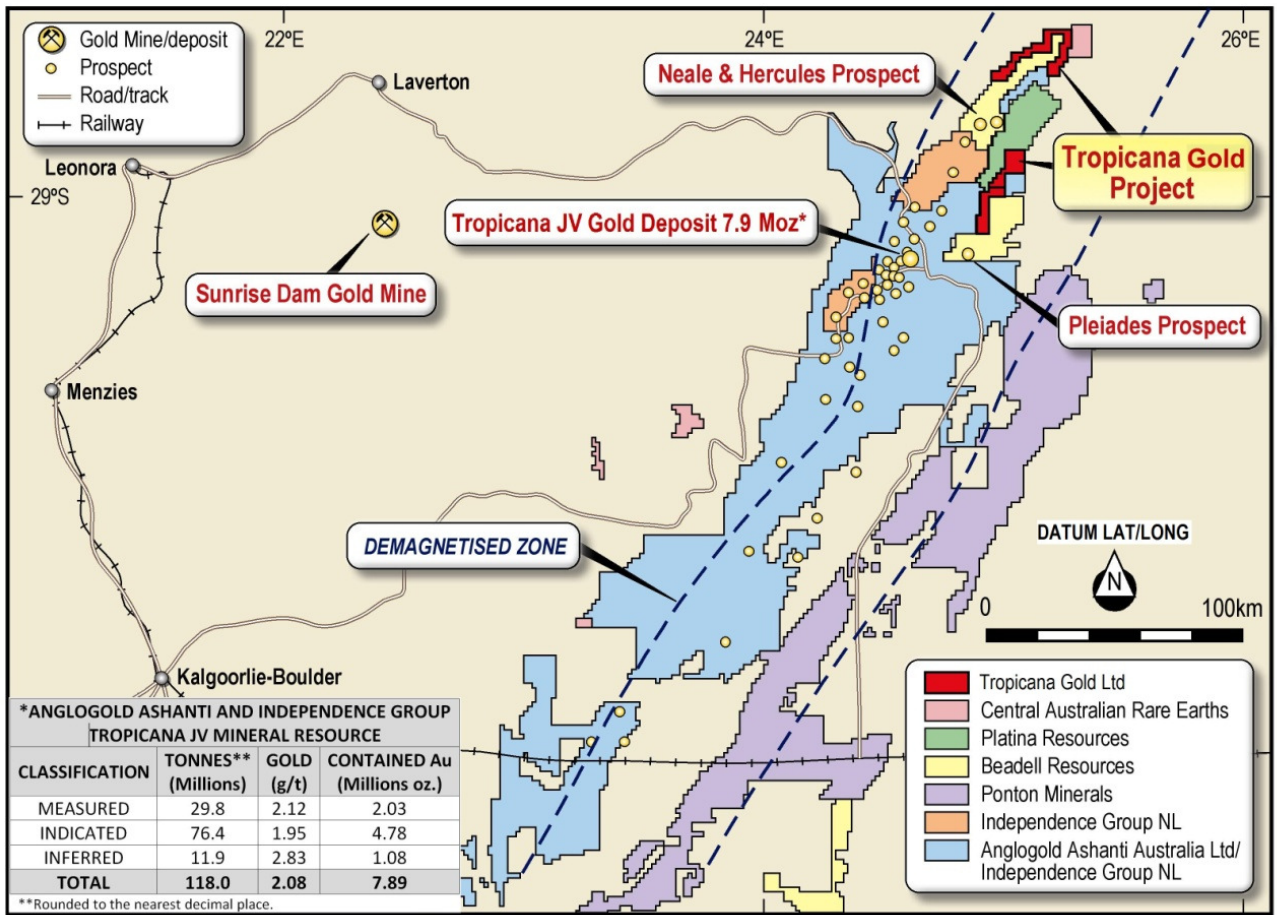
The project is located approximately 350 kilometres northeast of Kalgoorlie and 230 kilometres east southeast of Laverton in the Great Victoria Desert. Access to the region is via Laverton, Kalgoorlie or the Trans-Australian Railway.

This emerging region on the edge of the Archaean Craton is proving to be a significantly mineralised gold corridor with mineralisation seen at the nearby Tropicana JV as close as 30 metres from surface.

The gold is thought to be strongly structurally controlled within high grade metamorphic rocks on the margin of a major tectonic collision zone marking the edge of the Main Yilgarn Archaean Craton against the Frazer – Albany proterozoic age mobile belt.

From a review of the exploration successes at both Beadell Resources Limited's holding and the Tropicana JV, a dominant northeast structural orientation appears to influence the mineralisation. Such features are seen within the three tenements that comprise this flagship project area for the Company.

There is limited exploration history on the Tropicana Gold Project prior to Sulphide's activity, particularly within the southern tenement area. Sulphide has acquired the airborne magnetic data, radiometric and digital terrain imagery as a first step towards structured exploration and has re-processed this data. In addition Sulphide has completed broad spaced MAGLAG geochemical sampling in the northern and southern parts of E39/1277. From this work targets are identified with soil anomalies of a similar tenor of grade to the original soil anomalies that lead to the discovery at the Tropicana JV. This positive result has encouraged the Company to continue to compile regional geochemical sampling and undertake more detailed investigations with a RAB/Air core drilling rig to explore below the surficial area.



### Regional Location Map of the Tropicana Gold project and other projects in the area

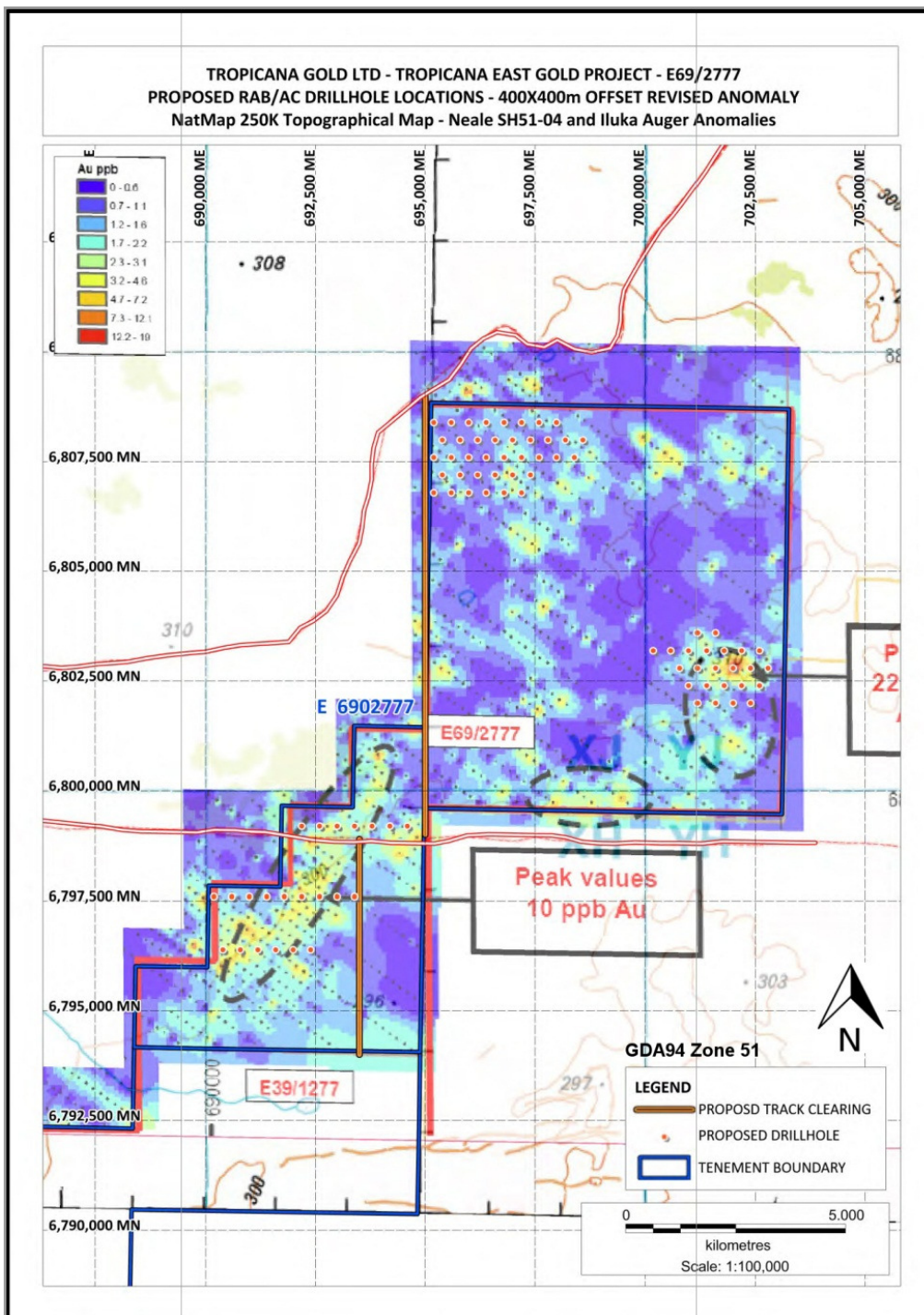
#### Proposed RAB/AC Drill Program

Historical geochemical auger sampling, performed by Iluka Resources Ltd between 2007 and 2008, detected several low level gold anomalies which now lie within E69/2777. The Company has planned a 400 x 400 metre offset spaced RAB/AC drill program to test these existing areas of gold anomalism and to define the underlying geology. The initial program is planned for 150 vertical drill holes to be completed to blade refusal, estimated to be approximately 45 metres, for a total of 6,500 metres of drilling. This drilling is to be co-funded with the DMP under their exploration incentive scheme. Samples will be collected in 4m composite intervals and assayed for gold and a suite of base metals and trace elements to detect any zones of anomalous gold as well as any broad geochemical signatures that may be evident of proximal gold mineralisation, such as the silver, bismuth, tellurium, molybdenum signature associated with Beadell Resources Limited's 'Hercules' Prospect that lies approximately 15km north west of E69/2777. All drill holes are to be logged from surface to bottom of hole in an effort to gain an understanding for any potential zones of gold accumulation in the transported and leached horizons with the overall objective being to locate prospective basement geology similar to that which hosts the Tropicana JV and uncover zones of primary mineralisation.

The area surrounding the Tropicana Gold Project is overlain by a significant amount of transported cover, a combination of heavily weathered aeolian sands and dunes over marine and glacially influenced sediments, with depths of up to 60 metres in areas. This amount of cover creates a difficult environment in which to explore for gold mineralisation, hence it being relatively untouched until the Tropicana JV uncovered the Tropicana deposit (being a Mineral



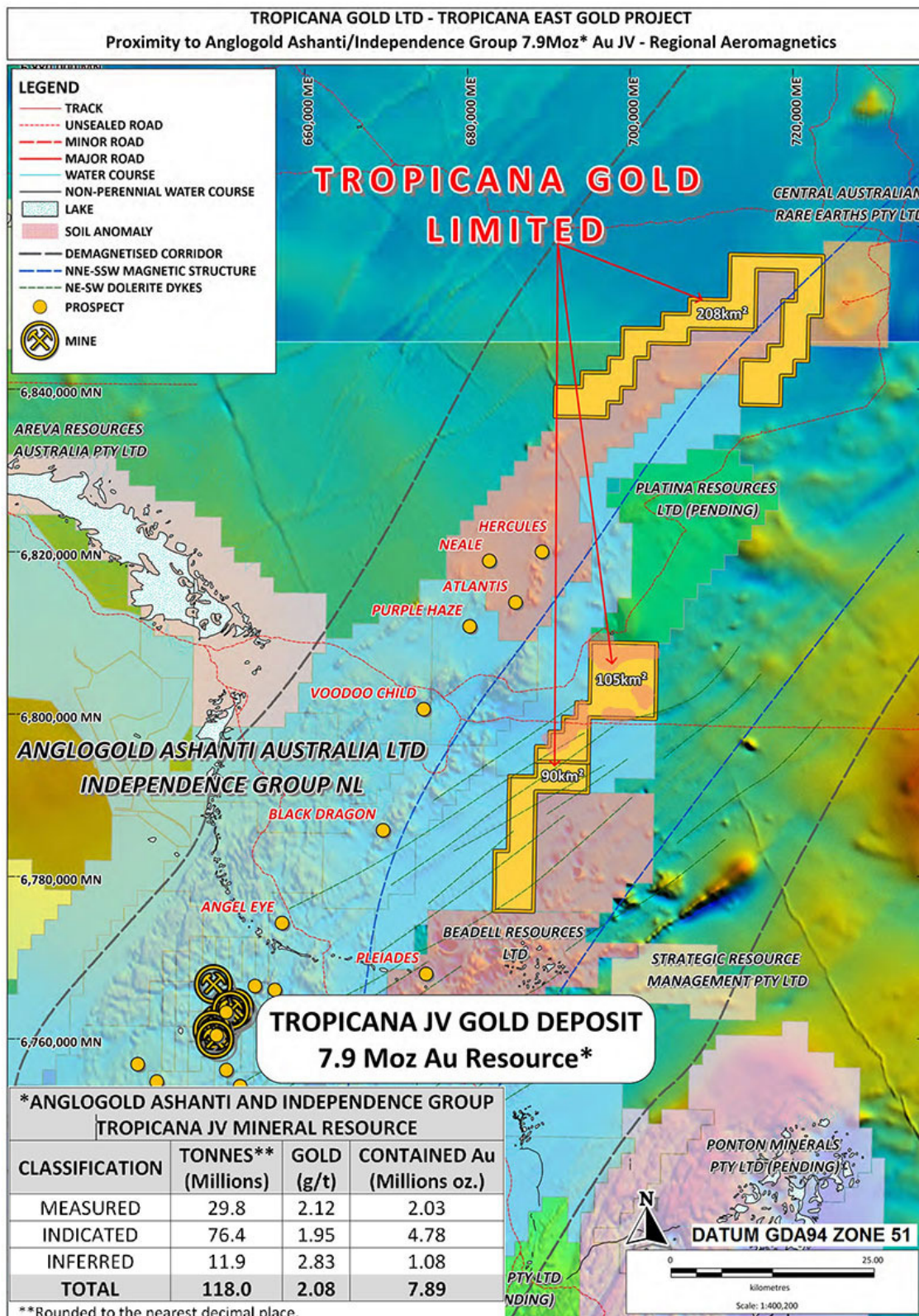
Resource containing a total of 7.89 million ounces, with 29.8 Mt of Measured material grading 2.12 g/t, 76.4 Mt of Indicated material grading 1.95 g/t and 11.9 Mt of Inferred material grading 2.83 g/t). As a result of the depth of cover and the underlying bedrock being stripped of any significant weathered profile development by glacial movement there is very little secondary dispersion of gold mineralisation to be detected, therefore any level of gold anomalism located within the transported cover horizon should be deemed extremely positive and prospective for locating further mineralisation.



**RAB/AC Drill Locations for upcoming program**



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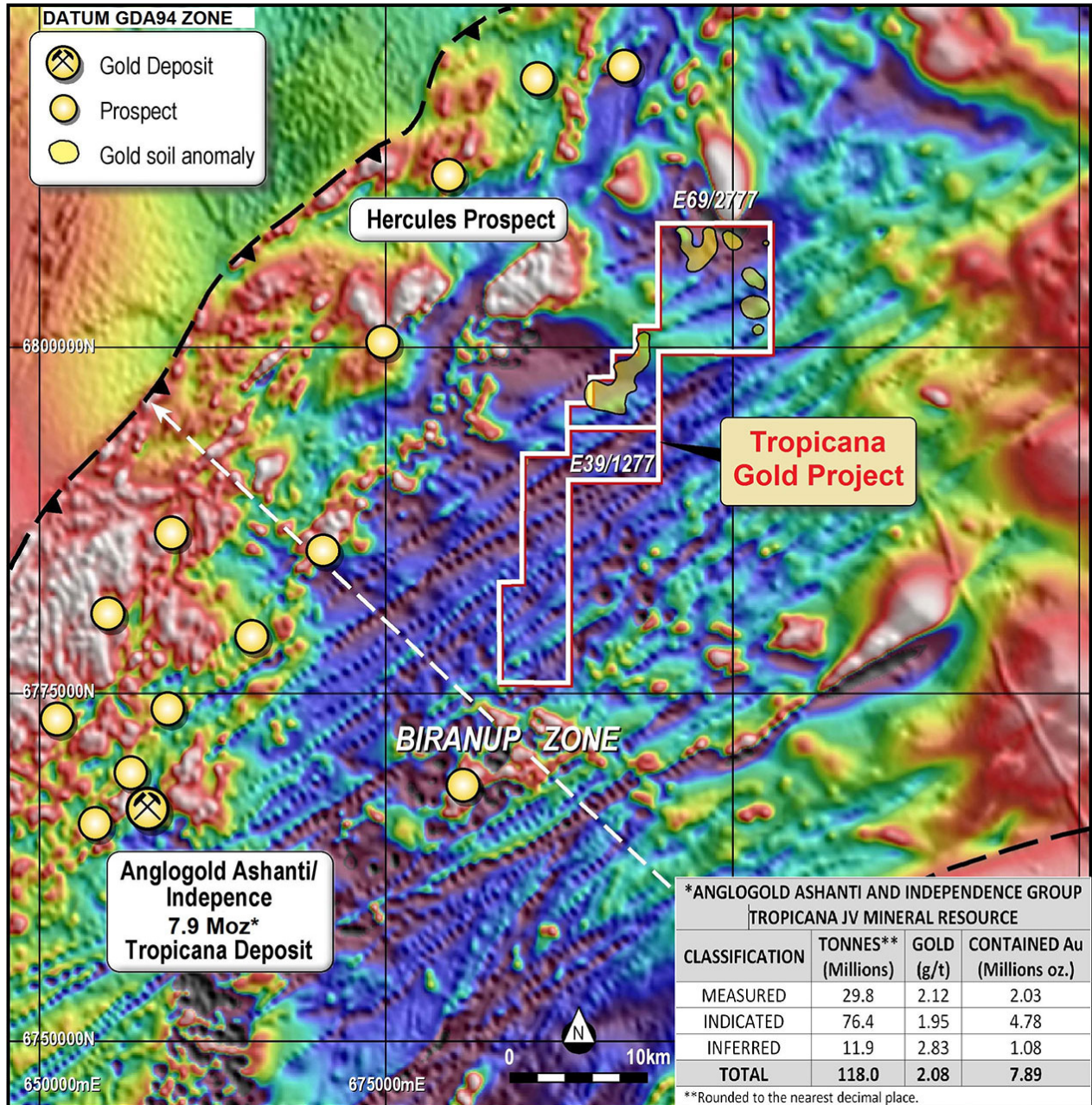
**Detailed Location map of Tropicana Gold Belt**

The Tropicana JV has identified 4 exploration targets north of the JORC resource. As shown on the map above, the Prospects have been named Angel Eye, Black Dragon, Voodoo Child, and Purple Haze. The Tropicana JV is continuing its aggressive exploration program on the Prospects to the North of the JORC resource based on encouraging results. The Voodoo Child Prospect is approximately 16 kilometres from ground held by the Company. In addition, Beadell Resources Ltd has identified 3 exploration targets further north of the



Tropicana JV exploration targets and they have been named Atlantis, Neale and Hercules. Beadell Resources Ltd has planned a large drilling campaign for the second quarter of 2013.

The Directors of Tropicana Gold Limited are of the opinion that the recent discoveries of gold mineralisation along the Tropicana belt and on adjoining land provides significant encouragement for an aggressive exploration program to immediately commence post listing of the Company on ASX.

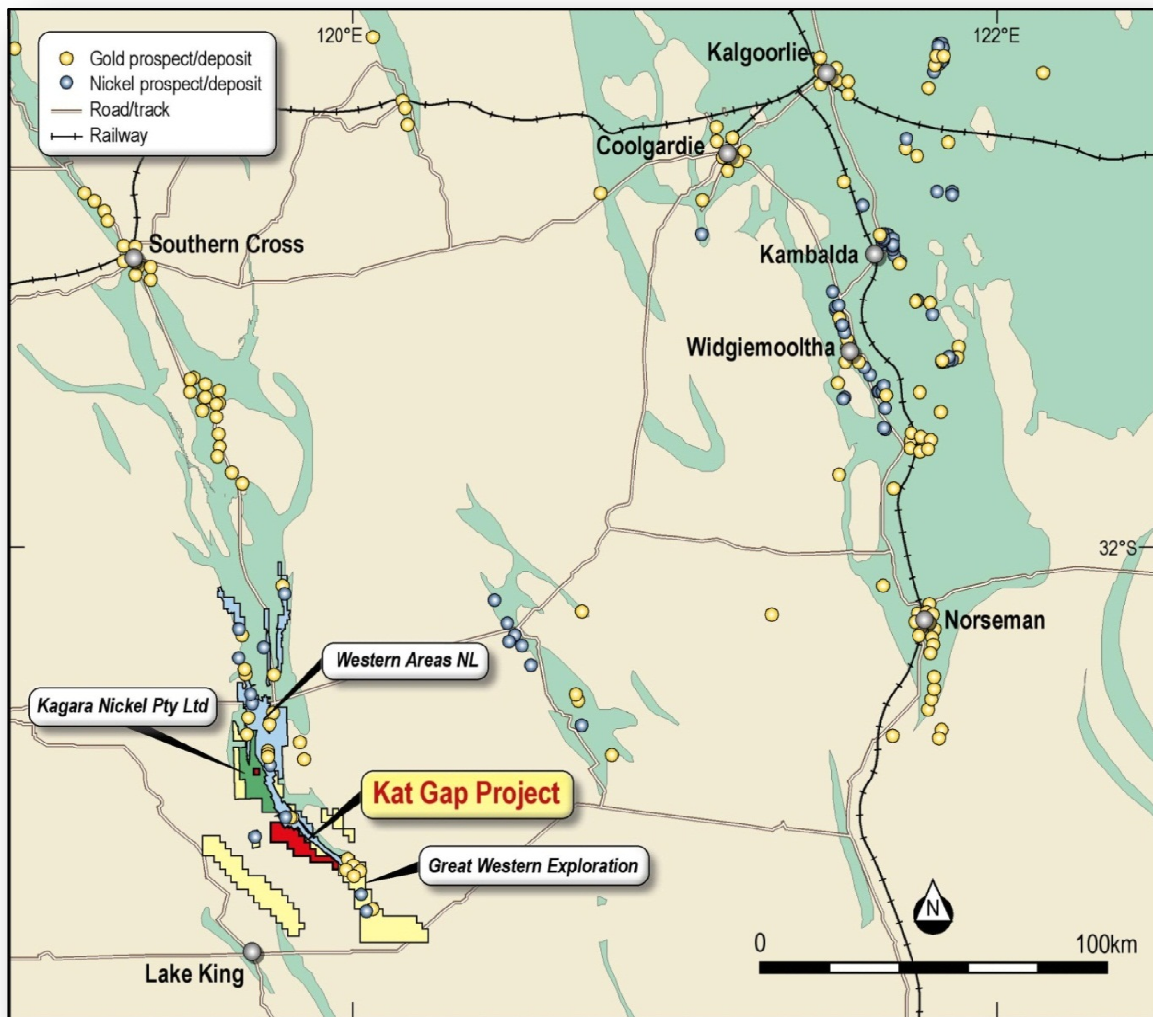


**Location map of southern Tropicana tenements showing historical gold anomalies in soil overlying aeromagnetic data**

### 6.3 Kat Gap Project

Comprising seven tenements and over 103 square kilometres, the project offers the Company the opportunity for a significant new discovery in an historical gold and nickel belt. The project is considered as advanced exploration where previous explorers including WMC Resources Limited have identified consistent and coherent gold in an anomaly that is over 5 kilometres long and has

recorded significant rock chip sample grades above primary gold-bismuth-telluride mineralisation associated with quartz veining.



**Location Map of Kat Gap Project**

Exploration to date has focused on the surficial gold identified, however soil anomalies and three diamond core holes suggest there is potential for primary mineralisation within the host rock itself. Even with the 5 kilometres long anomaly already defined, a further 6 kilometres of granite/ greenstone contact remains to be tested.

During early 2012, the Company on behalf of Sulphide, completed 30 holes for 1,291 metres of aircore drilling, producing 728 samples. Holes were drilled to the point of blade refusal which averaged 40 metres in depth. 193 samples were collected as 4 metre composites outside the target zone and 535 single metre samples within the zones. Maximum gold value for the composite samples is 1.1 g/t gold with a mean of 0.11 g/t. Maximum value for the single metre samples is 29.34 g/t gold with a mean for the samples of 0.23 g/t.

Given that previous gold producers have quantified a surficial area as potential resource the opportunity exists to quickly move the project into defined resources in accordance with the JORC Code.

The Forrestania Greenstone belt is well known for its high grade nickel sulphide along the greenstone contact and this should be further investigated along with the gold.

## 6.4 Lake Johnston

Located in the Lake Johnston greenstone belt, the project area is immediately east of the Emily Ann and Maggie Hayes producing nickel mines. While the area has previously been explored for further komatiitic ultramafic rocks as potential nickel hosts, little serious work to date has been done in the exploration effort for gold. This is despite five historical gold anomalies being identified within an 11 kilometre strike in the western portion of the project area. Of these anomalies, two have already intersected anomalous gold at depth within RAB and RC drilling. The mineralisation seen is generally associated with quartz veining and sulphides within a mafic host.

More recently resampling of quartz material seen on the spoils along the edge of historical trenching near the drilling has also returned elevated gold with 3 samples of 13 taken exceeding 0.1g/t (maximum value of 0.8 g/t) supporting the drill results.

The Company is now committed to further exploration following up on the historical results. Additional trenches have been completed to assist in determining the width and orientation of the quartz veins identified. The company is encouraged by the very thin surficial cover in the area which has exposed mappable bedrock within the proposed trenches. This is not only an efficient and economic exploration approach but will rapidly advance the project in the short term with minimal lead time required to complete the programme.

Expected success from this programme will lead the Company to embark upon drilling as the first step to defining potential economic gold in the area.

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## 7. RISK FACTORS

### 7.1 Introduction

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the business. These are set out in Section 3.5 of this Prospectus and below. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### 7.2 Company specific

#### (a) Contractual and Licence risk

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance.

Where the registered holder of the Tenements fails to comply with conditions of the Tenements and that results in loss of title to the Tenements, the Company would lose its interest in the minerals rights being acquired pursuant to the Heads of Agreement. It may then be necessary for the Company to approach a court to seek a legal remedy. Legal action can be costly and there can be no guarantee that a legal remedy will be ultimately granted on the appropriate terms. The Company has no current reason to believe that the registered holder of the Tenement that it has contracted with will not meet and satisfy its obligations under the Heads of Agreement.

#### (b) Exploration costs

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

#### (c) Exploration success

The Tenements are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the Tenements, or any other licenses that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The Company has not yet published resource estimates for any prospects. There is no assurance that exploration or project studies by the Company will result in the definition of an economically viable mineral deposit or that the exploration tonnage estimates and conceptual project developments discussed in this Prospectus are able to be achieved.

The exploration costs of the Company described in the Independent Geologist's Report are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

### **7.3 Industry specific**

#### **(a) Environmental**

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and

licences. Significant liabilities could be imposed on the Company for damages, clean up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

In this regard, the DMP from time to time reviews the environmental bonds that are placed on tenements. The Directors are not in a position to state whether a review is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Company.

(b) **Native title and Aboriginal Heritage**

In relation to tenements which the Company will in the future acquire an interest in, there may be not yet identified areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

Please refer to the Solicitor's Report on Tenements in Section 10 of this Prospectus for further details.

Further to this, it is possible that an Indigenous Land Use Agreement (**ILUA**) may be registered against one or more of the tenements in which the Company will acquire an interest. The terms and conditions of any such ILUA may be unfavourable for, or restrictive against, the Company.

The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company will acquire an interest.

(c) **Resource estimates**

There are not presently any JORC Code compliant resources on the tenements in which the Company will acquire an interest. In the event a resource is delineated, this would be an estimate only. An estimate is an expression of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

## 7.4 General risks

### (a) Economic

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

### (b) Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

### (c) Additional requirements for capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the capital raising. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

### (d) Reliance on key personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(e) **Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

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**Factor Resources Pty Ltd**  
(ACN 149 858 300)

**INDEPENDENT GEOLOGIST'S REPORT**  
**On the Mineral Properties in Western Australia**

27<sup>th</sup> February 2013

The Directors  
Tropicana Gold Limited  
Suite 1, 437 Roberts Road  
Subiaco WA 6008  
Australia

Dear Sirs

**Independent Geologist's Report on the Mineral Assets of Tropicana Gold Limited**

Factor Resources Pty Ltd ("Factor") has been engaged by Tropicana Gold Limited ("Tropicana Gold" or the "Company") to prepare an Independent Geologist's Report ("the Report") on ten exploration licences and two prospecting licences located in Western Australia ("Tenements"). These Tenements are the subject of a binding Heads of Agreement with Sulphide Resources Pty Ltd ("Sulphide") through which Tropicana Gold will acquire beneficial rights to the Tenements.

The Report is to be included in a Prospectus ("the Prospectus") to be lodged with the Australian Securities and Investments Commission ("ASIC"), on or about 27th February 2013 for an initial public offering ("IPO") of up to 17.5 million shares at an issue price of \$0.20 per share, to raise a total of up to \$3.5 million (before costs associated with the issue). The funds raised will be used for the purpose of exploration and evaluation of the Tenements in which Tropicana Gold will hold an interest.

This review is based upon information provided by the title holders, along with technical reports by consultants, previous tenements holders and other relevant published and unpublished data for the Tenements. A listing of the principal sources of information is included in this Report. Factor has endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this Report is based.

This Report has been prepared in accordance with the rules and guidelines issued by such bodies as the ASIC and the Australian Securities Exchange ("ASX"), which pertain to Independent Expert Reports. Where Mineral Resources have been referred to in this Report, the classifications are consistent with the JORC Code. The Report complies with section 716(2) of the *Corporations Act 2001* where consent is required if statements have been attributed to third parties.

In consideration of the definition provided by the ASX and in the JORC Code, these properties are classified as 'advanced exploration projects', which are inherently speculative in nature. The properties are considered to be sufficiently prospective, subject to varying degrees of risk, to warrant further exploration and development of their economic potential, consistent with the programmes proposed by Tropicana Gold. No Resources have previously been reported within the Tenements.

Tropicana Gold intends that at least half of the liquid assets currently held and funds proposed to be raised are to be committed to the exploration and development of the Tenements. Tropicana Gold has sufficient working capital to carry out its stated objectives and has prepared staged exploration programmes, specific to the exploration potential of the individual tenements, which are consistent with its budget allocations. It is considered that sufficient previous exploration activities have been undertaken by explorers in the last 20 years to justify the proposed programmes and expenditure. The proposed exploration and development budgets exceed the minimum annual statutory expenditure requirement on the Tenements.

This Independent Geologist's Report has been compiled based on information available up to and including the 19<sup>th</sup> February 2013. The information in this Report that relates to Exploration Results is based on information compiled by Terence Topping, who is a Member of the Australasian Institute of Mining and Metallurgy and is employed by Factor Resources Pty Ltd. Terence Topping has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Terence Topping consents to the inclusion in the Report of the matters based on his information in the form and context in which it appears.

Factor and its employees are not, nor intend to be, directors, officers or other direct employees of Sulphide or Tropicana Gold. The relationship with Sulphide and Tropicana Gold is solely one of professional association between client and independent consultant. The review work and this Report are prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report.

Yours faithfully



Terence Topping,

For and on behalf of:

Factor Resources Pty Ltd



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## SUMMARY OF PROJECTS

Tropicana Gold Limited has entered into a binding heads of agreement (“Heads of Agreement”) to acquire 100% of the issued share capital of Sulphide Resources Pty Ltd (“Sulphide”), which holds three gold exploration projects in Western Australia.

The project areas have been the focus for gold exploration for a number of years, in recognised metallogenic provinces and lie proximal to existing deposits and mining operations. The projects have the potential for the discovery of gold predominantly as structurally controlled shear zone hosted mineralisation.

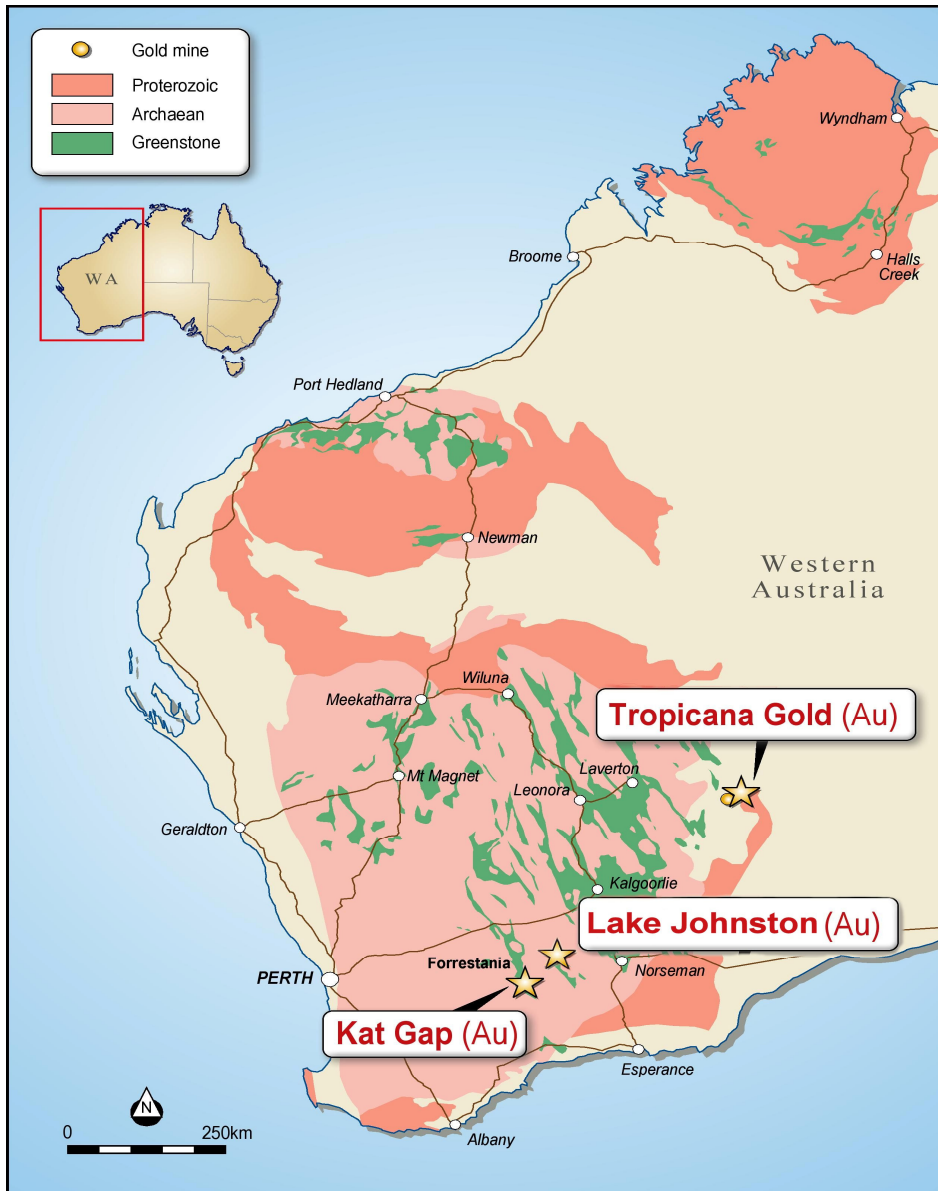


Figure 1 Project locations

## **1. INTRODUCTION**

### **1.1 Terms of Reference**

Factor was requested by Tropicana Gold to complete an Independent Geologist's Report on its mineral assets in Western Australia. Tropicana Gold is seeking to list on the Australian Securities Exchange ("ASX") for the purpose of raising working capital to fund exploration and evaluation of its projects. A requirement of this listing is the completion of an Independent Geologist's Report ("IGR" or "Report") on the mineral assets of the Company.

This Report has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports ("Valmin Code") and the JORC Code.

The legal status, including Native Title considerations associated with the tenure of the Tenements, is the subject to a separate Solicitor's Report on tenements, which appears elsewhere in the Prospectus. These matters have not been independently verified by Factor. The present status of the tenements listed in this Report is based on information provided by Tropicana Gold and the Report has been prepared on the assumption that the tenements will prove lawfully accessible for evaluation and development.

The Report is based on information available up to and including the date of this Report. Factor has endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this Report is based.

Consent has been given for the distribution of this Report in the form and context in which it appears.

### **1.2 Qualifications, Experience and Independence**

Factor is an independent, privately owned consulting firm and has been providing exploration, mining and Mineral Resource consulting services to the minerals industry since 2011.

Terence Topping is employed by Factor as a Principal Consultant undertaking a variety of corporate work including Independent Geologist's Reports and formal technical project reviews. He holds the relevant qualifications and professional associations required by the ASX, JORC and Valmin Codes in Australia. He is a Qualified Person under the rules of the Canadian Institute of Mining Metallurgy and Petroleum ("CIM") and Canadian National Instrument 43-101. Terence holds a Bachelor of Applied Science degree in geology from Queensland University of Technology. He has worked in geology for 25 years including gold exploration in Western Australia.

### **1.3 Principal Sources of Information**

This review is based on the information provided by the current title holders, the technical reports of consultants and previous explorers, as well as other published and unpublished data relevant to the area. Factor has carried out, to a limited extent, its own independent assessment of the quality of the geological data. The status of agreements, royalties or tenement standing pertaining to the assets was not investigated. This Report is based on public information, some of which was supplied by Sulphide, or publicly sourced data. Factor has not completed a site visit to the projects under consideration, as it is satisfied that there is sufficient information available to allow an informed appraisal to be made without an inspection. The author has endeavoured, by exercising reasonable due diligence along with other associated enquiries, to confirm the authenticity and completeness of the technical data upon which this Report is based. Where consents are required in relation to any

material in this Report, they have been obtained. Tropicana Gold was given a final draft of this Report and requested to identify any material errors or omissions prior to its final lodgement.

## 1.4 TROPICANA GOLD PROJECT

### 1.4.1 Tenure

The Tropicana Gold Project is comprised of granted exploration licences (E39/1277, E69/2777 and E69/3008). The three tenements cover a combined total area of 402 square kilometres. The licences are bounded to the south by tenure held by Beadell Resources Ltd (ASX Code: BDR), and by the Tropicana Gold Project Joint Venture between AngloGold Ashanti and Independence Group).

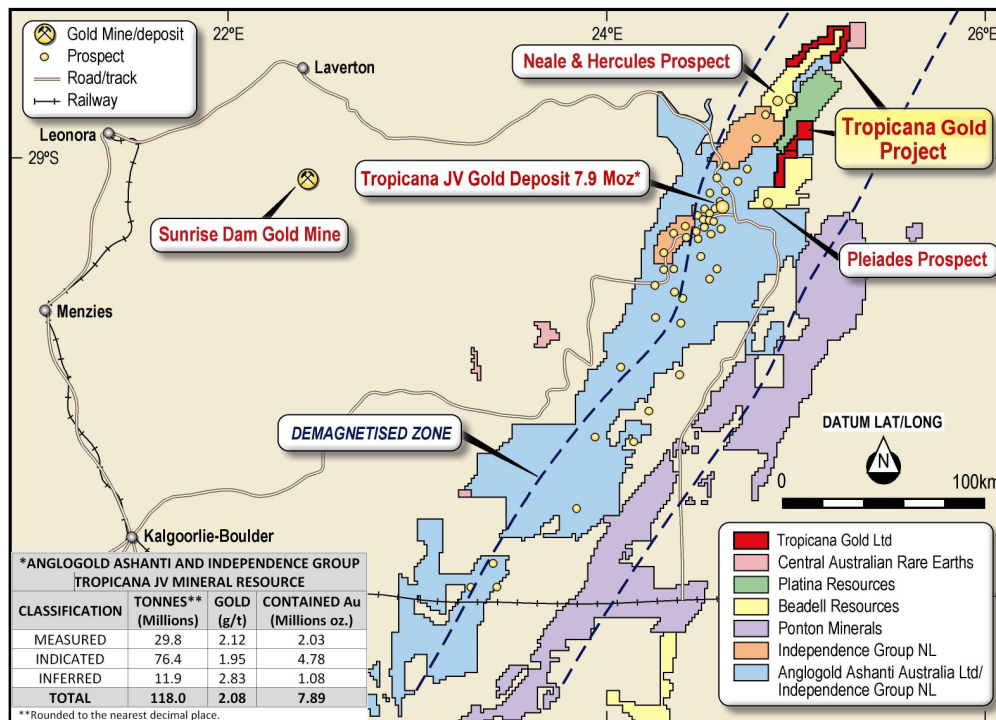


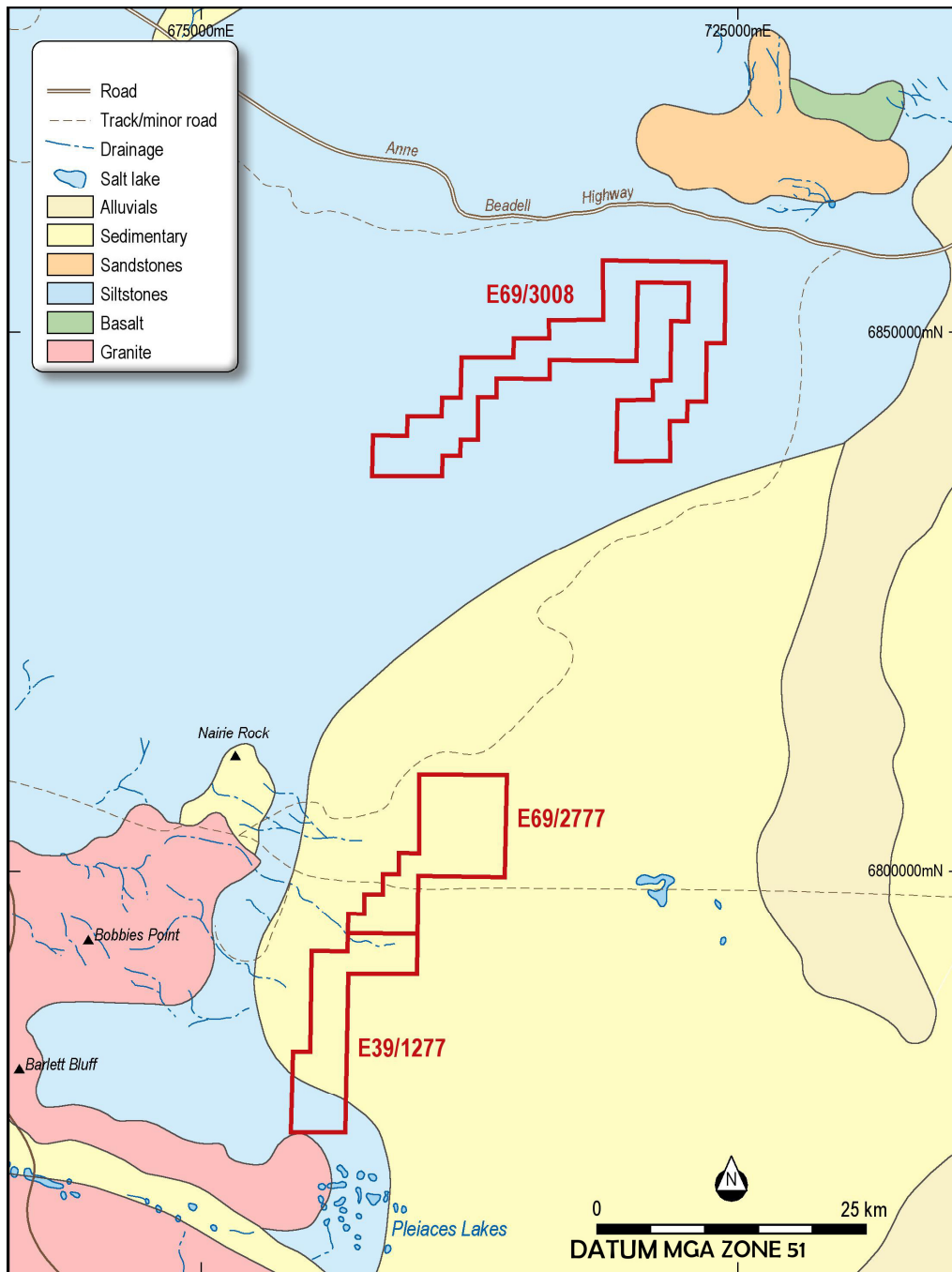
Figure 2 Location of Tropicana Gold Project, surrounding tenement holders and prospects.

### 1.4.2 Location and Access

The Tropicana Gold Project is located approximately 350 kilometres northeast of Kalgoorlie and 230 kilometres east southeast of Laverton in the Great Victoria Desert. Access to the region is via Laverton, Kalgoorlie or the Trans-Australian Railway.

### 1.4.3 Geological Setting

The Tropicana Gold Project is situated in the Great Victoria Desert of Western Australia. Due to its remoteness, the region has seen little historical exploration. The Geological Survey of Western Australia ("GSWA") conducted 1:250,000 scale geological mapping in the region in the 1970's which identified basement geology of gneiss and granite plus later mafic intrusive rocks. Geological exposure is obscured by numerous Quaternary dunes and associated aeolian sand plains over most of the project area apart from small outcrops of lateritic duricrust and silcrete.



**Figure 3 Basic geology of the Tropicana Gold Project.**

**1.4.4 Previous Exploration**

Prior to Sulphide’s involvement there is no record of exploration within the area of E39/1277. The Tropicana Gold Project area lies north-east of and adjacent to substantial regional ground position held by the Tropicana Gold Project Joint Venture (“Tropicana JV”).

The Tropicana JV is a joint venture between AngloGold Ashanti Australia Ltd (“AngloGold”) and Independence Group NL (“Independence”) in a 70% / 30% split, where AngloGold is the manager with 70%. The Tropicana JV area comprises more than 16,000 square kilometres of tenements stretching 300 kilometres with the Tropicana JV’s Tropicana Gold deposit (“JV

Deposit”) situated in the northern part of the area, 330 kilometres east north-east of Kalgoorlie.

The Tropicana JV Deposit was discovered in 2005 and the Havana deposit, just to the south was discovered in 2006. The first resource for the Tropicana JV was announced in December 2007 and as at December 2012 the Mineral Resource contained a total of 7.89 million ounces, with 29.8 million tonnes (Mt) of Measured material grading 2.12 grams/tonne, 76.4 Mt of Indicated material grading 1.95 grams/tonne and 11.9 Mt of Inferred material grading 2.83 grams/tonne<sup>1</sup>. A Bankable Feasibility Study (“BFS”) was initiated in August 2009 and on 11 November 2010 development of the project was announced by the JV partners. The BFS was based on open cut mining of the JV Deposit and Havana deposit. Construction of the gold production plant on the joint venture’s deposits commenced June 2011 and commercial production is expected to commence December 2013. The plant is has a planned production rate of 250,000 ounces per annum.

Exploration by Beadell Resources Ltd (“Beadell”) on E39/1215 adjoining the Tropicana Gold Project area to the south has identified a number of gold-in-soil anomalies where coherent values in the number and distribution of the gold in soils suggests a large area of above background values immediately adjacent to the southern boundary of E39/1277. Follow-up aircore drilling has identified bedrock mineralisation at several locations, the most significant being the Pleiades prospect located west of the Pleiades Lakes. Beadell has identified a 7 kilometre long northeast trending gold anomaly at Pleiades associated with a granite contact that trends into E39/1277.

Airborne magnetic, radiometric and digital terrain imagery has been acquired over the Tropicana Gold Project area, which has been processed by Southern Geoscience Consultants. QuickBird imagery at 50cm resolution has been acquired from Geoimage Pty Ltd (“Geoimgae”) to assist in ground survey control over E39/1277 and reconnaissance MagLag geochemical sampling has been conducted on three widely spaced traverses in the southern and northern parts of the licence area.

Iluka Resources Ltd (“Iluka”) conducted exploration for mineral sands and bedrock gold mineralisation within the area of E69/2777. Iluka also explored for mineral sands and gold on ground to the north of the project area (Wallace, 2008, 2009). Iluka was targeting heavy minerals in the Neale Embayment associated with Eocene shorelines left stranded by the retreat of the Eocene from the Bunda Plateau.

Tropicana Gold has not yet commenced any exploration programme on the Tropicana Gold Project. There is no guarantee that exploration on the Tropicana Gold Project will achieve the same results as those projects set out above or that Tropicana Gold’s exploration programmes will successful or result an economic discovery of gold.

#### **1.4.5 Proposed Exploration and Budget**

Tropicana Gold has provided programs and budgets for the initial two years of exploration. Exploration within the period is planned to include initially a detailed geological mapping programme with geochemical drilling using RAB or Aircore and follow up Reverse Circulation (“RC”) drilling to test any identified targets. There is an allowance in Year 2 for further RC drilling on confirmed targets identified from the first year’s exploration.

<sup>1</sup> [http://www.tropicana-jv.com.au/irm/content/projects\\_goldoverview.html](http://www.tropicana-jv.com.au/irm/content/projects_goldoverview.html)

The proposed exploration budget for the Tropicana Gold Project, based on a capital raising of \$3.5m will total \$1,045,000 for the first year of exploration and \$510,000 for the second year of exploration (Table 1).

**Table 1 Proposed budget for the Tropicana Gold Project**

<b>TROPICANA GOLD PROJECT</b>			
	<b>YEAR 1 (\$)</b>	<b>YEAR 2 (\$)</b>	<b>TOTAL (\$)</b>
<b>Field Sampling</b>	50,000	-	50,000
<b>Drilling</b>	935,000	510,000	1,445,000
<b>Geophysics</b>	60,000	-	60,000
<b>TOTAL</b>	<b>1,045,000</b>	<b>510,000</b>	<b>1,555,000</b>

Factor is of the opinion that the project is worthy of further investigation and that the proposed programme and budgets are appropriate and sufficient for the next stages of exploration of the tenements in accordance with the Company's business plan.

## **1.5 KAT GAP (FORRESTANIA) PROJECT**

### **1.5.1 Tenure**

The project comprises five exploration licences (E74/422, E74/467, E74/492, E77/1750 and E77/1811) and two prospecting licences (P74/339 and P77/3869) with a combined area of 103 square kilometres. Combined Reporting Status (C99/2011) has been granted for contiguous tenements E74/422, E74/467, E74/492 and P74/0339.

### **1.5.2 Location and Access**

The project tenements are located 400 kilometres east southeast of Perth, Western Australia. Access to the area from Perth is via the sealed highway to Hyden, and then east on the Hyden-Norseman road, or via the unsealed graded road east from Varley. Access within the area is provided by graded roads and various internal tracks and is generally excellent.

### **1.5.3 Geological Setting**

The tenements lie within the Forrestania Greenstone Belt, which forms the southern extension of the Southern Cross Greenstone Belt in the central Yilgarn Craton of Western Australia. Two major sequences comprise the greenstone belt; a lower sequence of basic amphibolite with numerous ultramafic and banded iron formation units, and an upper sequence of fine to coarse-grained clastic rocks that uncomfortably overlies the lower sequence.



The Kat Gap (Forrestania) Project is located on the southern attenuated eastern limb of a regional scale syncline. The greenstone belt is complicated and disrupted by subordinate folding and strike-slip faults. The upper meta-sedimentary sequence is exposed at the northern end of the belt. Late east-west to northeast-southwest trending faults and quartz vein systems occur throughout the belt.

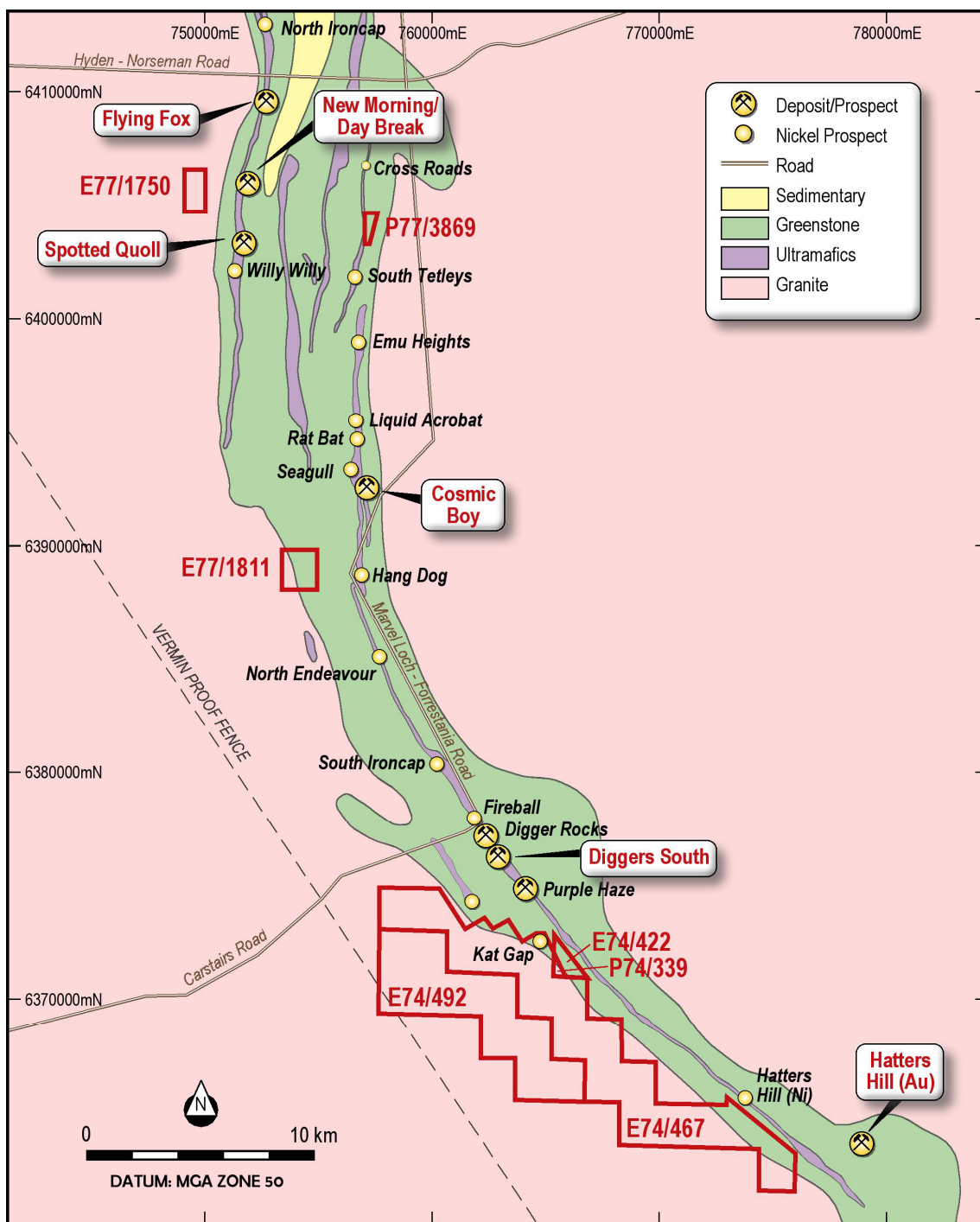


Figure 4 Basic geology of the Kat Gap (Forrestania) Project

#### 1.5.4 Previous Exploration



The Kat Gap (Forrestania) project area is located 75 kilometres south of the historical Bounty Gold Mine and is located at the contact of ultramafic and granitic lithologies which form part of the Forrestania Greenstone Belt. The area has been the subject of several exploration campaigns since the early 1970's where initial work was undertaken to evaluate the potential for nickel mineralisation within ultramafic lithologies.

The prospectivity of the Forrestania area for gold mineralisation became apparent after the discovery of the Bounty Gold Mine by Aztec Mining ("Aztec") in 1985. Exploration for gold in and around the Kat Gap area within E74/422 and E74/467 was undertaken by both Aztec and Normandy Mining ("Normandy") in 1991-1996. This work was initially comprised of Rotary Air Blast ("RAB") drilling and later programs of RC drilling (65 holes for 4,929m) and one diamond drill hole (66.6m). Forrestania Gold NL undertook RC drilling on a 100mN x 25mE spacing at Kat Gap during 1997-1998. Better mineralised areas have been drilled to a 40mN x 20mE spacing, but have not been tested below a vertical depth of 120m. All RC and diamond holes were inclined at 60 degrees towards grid west (222 degrees magnetic).

From 1989 to 1993 Aztec completed 353 RAB holes for 10,452 metres, 29 RC holes and 2 diamond holes in the area. It is unclear how much of this drilling was specifically on the Kat Gap Project.

In 1994 to 1996 Normandy completed the drilling of a third diamond hole with DD03 dip -60° azimuth 222° with a total depth of 150.5m (84m pre-collar RC and 66.5m HQ), 8 RC holes (KGP39 – 46) for 507 metres and 17 RAB holes for 168 metres in the project area.

In 1997 to 1998 Forrestania Gold completed a total of 203 RAB holes for 6,328 metres (FKGR001-FKGR203) vertical and 28 RC holes for 2,014 metres (FKGP001-FKP028) drilled at -60° bearing local grid west within the relevant area.

**Table 2 Tabled drill results from all identified historical drilling above at the Kat Gap prospect - values exceeding 1 g/t**

HOLE NUMBER	HOLE TYPE	NORTHING ( LOCAL GRID) (metres)	EASTING ( LOCAL GRID) (metres)	TOTAL DEPTH (metres)	FROM (metres)	INTERCEPT OF GOLD IN GRAMS PER TONNE
FKGP024	RC	92500	8830	100	86	2m @ 7.3 g/t Au
FKGP025	RC	92600	8835	100	78	2m @ 6.01 g/t Au
					82	3m @ 8.26 g/t Au
KGP041	RC	92620	8790	41	36	3m @ 3.1 g/t Au
KGP002	RC	92700	8825	90	39	15m @ 15.08 g/t Au
		Including			39	10m @ 21.83 g/t Au
		Including			39	2m @ 92.6 g/t Au
		and			86	1m @ 14.0 g/t Au
KGP015	RC	92700	8855	100	90	5m @ 4.18 g/t Au
		Including			91	1m @ 10 g/t Au

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HOLE NUMBER	HOLE TYPE	NORTHING ( LOCAL GRID) (metres)	EASTING ( LOCAL GRID) (metres)	TOTAL DEPTH (metres)	FROM (metres)	INTERCEPT OF GOLD IN GRAMS PER TONNE
KGP046	RC	92740	8860	96	87	8m @ 5.66 g/t Au
		Including			92	1m @ 30.30 g/t Au
KGD003	Diamond	92740	8880	150.5	116.5	3m @ 10.28 g/t Au
		Including			116.5	<b>1m @ 25.03 g/t Au</b>
KGP003	RC	92800	8830	100	59	7m @ 3.49 g/t Au
		Including			65	1m @ 10.30 g/t Au
KGP004	RC	92900	8830	84	56	2m @ 11.60 g/t Au
KGP028	RC	93400	8405	80	34	1m @ 5.40 g/t Au
FKGP012	RC	91500	8813	73	45	1m @ 4.5 g/t Au
FKGP023	RC	92500	8780	75	33	2m @ 5.92 g/t Au

AMG84 tie points to local grid, taken from Forrestania Gold NL's Combined Mineral Exploration Report on the Mount Hope South Reporting Group for the Period 1<sup>st</sup> January 1997 to 30<sup>th</sup> June 1998.

GRID NORTH	GRID EAST	AMG North	AMG East
91400	8446	6370954	765314
92900	8767	6372207	764430

Prior to Sulphide's involvement, no exploration had been conducted on the property since 2003. To date, Sulphide has acquired detailed and regional airborne geophysical data that is being processed by consultants, and has created a GIS database for the project ahead of a planned drilling program. There is no guarantee that exploration on the Kat Gap Project will achieve the same results as those projects set out above or that Tropicana Gold's exploration programmes will successful or result an economic discovery of gold.

During early 2012, Tropicana Gold on behalf of Sulphide completed 30 holes for 1,291 metres of Aircore drilling producing 728 samples. Holes were drilled to the point of blade refusal which averaged 40 metres in depth. 193 samples were collected as 4 metres composites outside the target zone and 535 single metre samples within the zones. Maximum gold value for the composite samples is 1.1 g/t Au with a mean of 0.11 g/t. Maximum value for the single metre samples is 29.34 g/t Au with a mean for the samples of 0.23 g/t.

**Table 3 Results of all drilling with intervals greater than 0.5 g/t.**

HOLE_ID	FROM	TO	Interval	Au ppm
TKA0027	0.00	4.00	4 metres	<b>1.1</b>
TKA0021	40.00	41.00	1 metre	0.89
TKA0021	41.00	42.00	1 metre	0.58
TKA0019	56.00	58.00	2 metres	<b>1.58</b>
TKA0017	52.00	53.00	1 metre	0.54
TKA0017	54.00	55.00	1 metre	<b>2.55</b>

TKA0017	55.00	56.00	1 metre	0.65
TKA0017	56.00	57.00	1 metre	0.50
TKA0015	43.00	44.00	1 metre	0.61
TKA0015	44.00	45.00	1 metre	0.68
TKA0015	45.00	46.00	1 metre	<b>1.27</b>
TKA0015	48.00	49.00	1 metre	0.54
TKA0015	50.00	51.00	1 metre	0.87
TKA0015	51.00	52.00	1 metre	0.63
TKA0015	51.00	52.00	1 metre	0.63
TKA0014	42.00	43.00	1 metre	0.94
TKA0014	42.00	43.00	1 metre	0.54
TKA0012	33.00	34.00	1 metre	0.97
TKA0012	34.00	35.00	1 metre	<b>1.84</b>
TKA0012	45.00	46.00	1 metre	<b>1.80</b>
TKA0011	52.00	53.00	1 metre	0.61
TKA0011	52.00	53.00	1 metre	0.59
TKA0009	32.00	36.00	4 metres	0.53
TKA0009	41.00	42.00	1 metre	0.90
TKA0009	47.00	48.00	1 metre	<b>1.45</b>
TKA0009	47.00	48.00	1 metre	0.76
TKA0008	44.00	45.00	1 metre	0.50
TKA0005	35.00	36.00	1 metre	0.67
TKA0005	36.00	37.00	1 metre	0.87
TKA0003	16.00	17.00	1 metre	<b>2.09</b>
TKA0003	17.00	18.00	1 metre	<b>29.34</b>
TKA0003	18.00	19.00	1 metre	<b>2.95</b>

### 1.5.5 *Proposed Exploration and Budget*

Tropicana Gold has provided programs and budgets for the initial two years of exploration. Exploration within the period is planned to include additional RC drilling in year 1 to confirm the existing target potential size and an allowance in the second year for more regional RAB to assist in identifying any mineralisation outside that identified to date.

The proposed exploration budget based on a capital raising of \$3.5m will total \$125,000 for the first year of exploration and \$66,000 for the second year of exploration (Table 4).

**Table 4 Proposed budget for the Kat Gap Project**

<b>KAT GAP (FORRESTANIA) PROJECT</b>			
	<b>YEAR 1 (\$)</b>	<b>YEAR 2 (\$)</b>	<b>TOTAL (\$)</b>
<b>Field Sampling</b>	-	-	-
<b>Drilling</b>	105,000	66,000	171,000
<b>Geophysics</b>	20,000	-	20,000
<b>TOTAL</b>	<b>125,000</b>	<b>66,000</b>	<b>191,000</b>

Factor is of the opinion that the project is worthy of further investigation and that the proposed programme and budgets are appropriate and sufficient for the next stages of exploration of the tenements in accordance with the Company's business plan.

## **1.6 LAKE JOHNSTON PROJECT**

### **1.6.1 Tenure**

The project comprises two granted exploration licences (E63/1186 and E63/1189) with a total area of 101.5 square kilometres which are located on vacant crown land. Combined Reporting Status has been granted under Combined Reporting Number C4/2010.

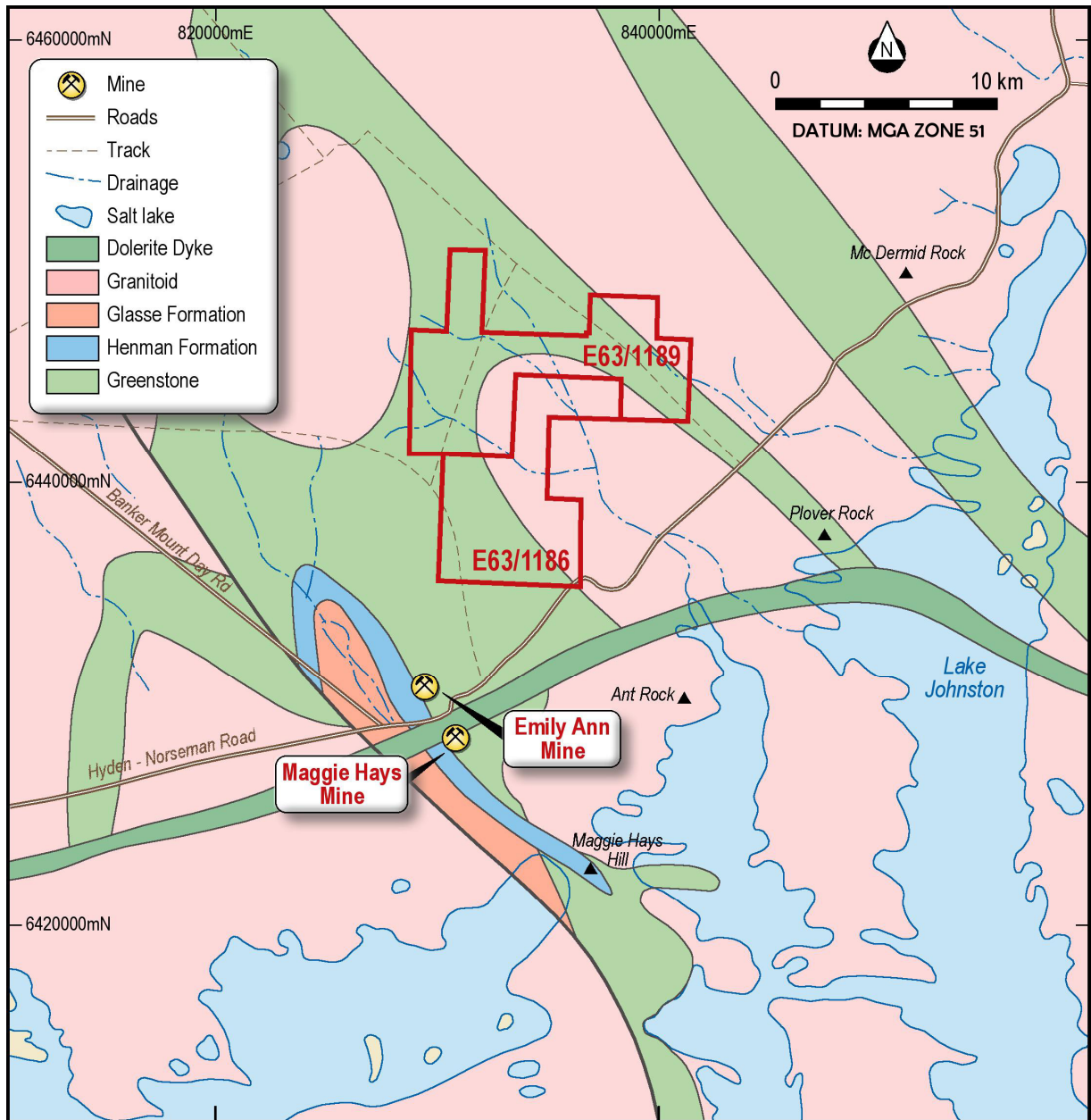
### **1.6.2 Location and Access**

The Lake Johnston project is located 450 km east of Perth, 170 km east of Hyden and 150km south east of Southern Cross. Access to the area from Perth is via the Hyden-Norseman road, which traverses the project area. It is adjacent to the Norilsk Nickel Ltd Emily Ann nickel project. Access within the area is provided by unmaintained bush tracks.

### **1.6.3 Geological Setting**

The project lies within the Archaean Lake Johnston Greenstone Belt, part of the Southern Cross Province, a narrow belt of greenstone rocks approximately 80 km long and up to 30km wide located in the southern part of the Yilgarn Block. The belt is elongated in a NW-SE direction, generally steeply dipping, locally overturned and bounded to the east and west by major strike slip faults. The boundaries of the greenstone belt are marked by strike parallel faults/shear zones defining the contacts with the surrounding granitic terrains.

The stratigraphy of the Lake Johnston greenstone belt is subdivided into the Maggie Hays (mainly basalts), Honman (mainly felsic volcanics) and Glasse (BIF and basalt) Formations.



**Figure 5 Basic Geology of the Lake Johnston Project**

#### **1.6.4 Previous Exploration**

Exploration over the tenement area has been predominantly for gold. In 1987 -1988 Billiton completed a regional soil BLEG programme on a 1000m x 400m grid. The company reported in the results a weakly anomalous gold covering an area of 14 kilometres by 4 kilometres but did not further explore the area.

In 1990 – to 1991 Battle Mountain explored the eastern portion of E63/1189 over now identified Gollum and Chatterley prospects. The company completed 24 RAB holes for 1,326 metres to an average depth of 40 metres an angled at 60°. The company reported that 2 holes had values greater than 1 g/t Au. PR5 2m @ 1.91 g/t from 38 m to bottom of hole and PR26 2m @1.01 g/t from 32m.

Over a similar period (1988 to 1992) Australasian Gold Mines completed regional mapping, soil sampling and shallow RC drilling completing 22 holes for only 109 metres. This was within the western margin of E63/1186.

During 1994 to 1997 under JV with Bullion Minerals Limited Goldfields exploration completed 224 holes for 3,990 metres of shallow RAB drilling (less than 15 metres on average) over five prospects with work more predominantly over the identified Frodo prospect. The drilling was considered by the company to be largely ineffective due to the broad spacing of traverses and failure of the drilling to penetrate past an identified zone of depletion.

During 1992 – 1998 Australasian Gold Mines identified a 1.3 kilometre by 250 metre soil anomaly with a peak value of 120 ppb. Follow up drilling during 1994-1995 with RC for 11 holes (440 metres) did not intercept any gold values over 0.5 g/t. The company then switched focus to look for nickel before withdrawing from further exploration in 1998.

In the period 2000- 2002 Bullion Minerals completed 56 holes for 2,886m as RAB. From that drilling the company reported the following significant intercepts of >0.5 g/t

PROSPECT	HOLE	Intercept in grams per tonne ("g/t") gold.
Bilbo	PRAB013	4m @ 4.21 g/t from 8m Incl 1m @ 7.70 g/t from 8m 2m @ 0.55 g/t from 24m
Frodo	PRAB001	2m @ 1.06 g/t from 48m
	PRAB002	1m @ 0.65 g/t from 63m
	PRAB007	2m @ 0.7 g/t from 30m
	PRAB008	4m @ 1.67 g/t from 54m Incl 1m @ 5.4g/t from 55m
	PRAB010	3m @ 1.07 g/t from 36m Incl 1m @ 1.84 g/t from 37m
	PRAB011	1m @ 0.7 g/t from 45m

There is no guarantee that exploration on the Lake Johnston Project will achieve the same results as those projects set out above or that Tropicana Gold's exploration programmes will successful or result an economic discovery of gold.

Exploration by Sulphide has included acquisition and processing of airborne geophysical survey data, MagLag soil sampling over selected prospects, and the establishment of a digital database. During January 2013 Tropicana Gold constructed 4 costeans for a total length of 760 metres, samples were taken at 1 metre intervals and assay results are pending at the time of writing this Report.

#### 1.6.5 **Proposed Exploration and Budget**

Tropicana Gold has provided programs and budgets for the initial two years of exploration. Exploration within the two year period is planned to include further review of historical data

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and further field testing of targets including mapping and some geochemical drill sampling with an emphasis on looking for targets away from previously explored areas.

The proposed exploration budget based on a capital raising of \$3.5m will total \$94,000 for the first year of exploration and \$100,000 for the second year of exploration (Table 5).

**Table 5 Proposed budget for the Lake Johnston Project**

LAKE JOHNSTON PROJECT			
	YEAR 1 (\$)	YEAR 2 (\$)	TOTAL (\$)
Field sampling	-	-	-
Drilling	79,000	100,000	179,000
Geophysics	15,000	-	15,000
<b>TOTAL</b>	<b>94,000</b>	<b>100,000</b>	<b>194,000</b>

Factor is of the opinion that the project is worthy of further investigation and that the proposed programme and budget are appropriate and sufficient for the next stages of exploration of the tenements in accordance with the Company's business plan.

## 2. EXPLORATION AND DEVELOPMENT STRATEGY AND BUDGET

### 2.1 Exploration Strategy

The Company has set in place a staged exploration programme. The majority of funds in the first year will focus on sampling and drilling at the Tropicana Gold Project, intended to identify and follow up gold mineralisation in the area. A proportion of the Years 1 and 2 budget will focus on regional target generation and the development of other opportunities.

Tropicana's focus will however be upon its core assets at the Tropicana Gold Project and the Company may seek to farm out or divest itself of the other projects depending upon the outcome of the initial year of exploration on those properties.

Factor considers that the overall strategy is of a sufficient nature and the tenor of exploration expenditure is sufficient advance the exploration opportunities identified and to maintain expenditure commitments placed against the tenements.

### 2.2 Exploration Budget

**Table 6 Proposed \$3.5m Exploration Expenditure for Initial Two Year Period**

TOTAL \$3.5m			
Project	YEAR 1 (\$)	YEAR 2 (\$)	TOTAL (\$)
Tropicana Gold	1,045,000	510,000	1,555,000
Kat Gap (Forrestania)	125,000	66,000	191,000
Lake Johnston	94,000	100,000	194,000
<b>TOTAL EXPLORATION</b>	<b>1,264,000</b>	<b>676,000</b>	<b>1,940,000</b>
Expenses of the Offer	320,000	-	320,000
Admin Costs	570,000	570,000	1,140,000
Reimbursement of Funds to Vendor	100,000	-	100,000
<b>TOTAL</b>	<b>2,254,000</b>	<b>1,246,000</b>	<b>3,500,000</b>

### 3. GLOSSARY OF TECHNICAL TERMS

<i>aeromagnetic</i>	A survey undertaken by helicopter or fixed-wing aircraft for the purpose of recording magnetic characteristics of rocks by measuring deviations of the Earth's magnetic field.
<i>Alluvium</i>	Clay silt, sand, gravel, or other rock materials transported by flowing water and deposited in comparatively recent geologic time as sorted or semi-sorted sediments in riverbeds, estuaries, and flood plains, on lakes, shores and in fans at the base of mountain slopes and estuaries.
<i>Amphibolite</i>	Metamorphic rocks that contain amphibole.
<i>anomalies</i>	An area where exploration has revealed results higher than the local background level.
<i>Archaean</i>	Older than 2500 million years before present. The oldest subdivision of the Precambrian Era.
<i>arsenopyrite</i>	Sulphide mineral of arsenic, FeAs <sub>2</sub>
<i>assayed</i>	The testing and quantification metals of interest within a sample.
<i>auger drilling</i>	A rotary drilling technique which uses a blade drill bit and screw auger shaft to return sample to the surface.
<i>base metals</i>	A non-precious metal, usually referring to copper, lead and zinc.
<i>basin</i>	A large depression within which sediments are sequentially deposited and lithified.
<i>Bedrock</i>	Any solid rock underlying unconsolidated material.
<i>biotite</i>	Mineral of the mica group. with the approximate chemical formula K(Mg,Fe) <sub>3</sub> AlSi <sub>3</sub> O <sub>10</sub> (F,OH) <sub>2</sub>
<i>breccia</i>	Rock consisting of angular fragments enclosed in a matrix, usually the result of persistent fracturing by tectonic or hydraulic means.
<i>Cainozoic</i>	An era of geological time spanning the period from 65 million years ago to the present.
<i>calcite</i>	A mineral of composition CaCO <sub>3</sub> (calcium carbonate) it is an essential component of limestones and marbles.
<i>Calcrete</i>	Superficial residual deposits cemented by or precipitated from groundwater as secondary calcium carbonate as a result of evaporation
<i>Cambrian</i>	first geological period of the Paleozoic Era, lasting from 540 million years ago to 488 million years ago. It is succeeded by the Ordovician
<i>carbonate</i>	Rock of sedimentary or hydrothermal origin, composed primarily of calcium, magnesium or iron and CO <sub>3</sub> . Essential component of limestones and marbles.
<i>chalcopyrite</i>	Sulphide mineral of copper. CuFeS <sub>2</sub>
<i>chert</i>	Fine grained sedimentary rock composed of cryptocrystalline silica.
<i>chlorite</i>	A green coloured hydrated aluminium-iron-magnesium silicate mineral (mica) common in metamorphic rocks.
<i>clastic</i>	Pertaining to a rock made up of fragments or pebbles (clasts).
<i>clays</i>	A fine-grained, natural, earthy material composed primarily of hydrous aluminium silicates.
<i>colluvium</i>	A loose, heterogeneous and incoherent mass of soil material deposited by slope processes.
<i>conglomerate</i>	A rock type composed predominantly of rounded pebbles, cobbles or boulders deposited by the action of water.
<i>contact</i>	Surface which marks the change between rocks of different type.
<i>craton</i>	Large, usually ancient, stable mass of the earth's crust.
<i>Cretaceous</i>	The third and final period of the Mesozoic era, between 141 and 65 million years ago.
<i>depletion</i>	The lack of a mineral in the near-surface environment due to leaching processes during weathering.
<i>diamond drill hole</i>	Mineral exploration hole completed using a diamond set or diamond impregnated bit for retrieving a cylindrical core of rock.
<i>dip</i>	The angle at which a rock stratum or structure is inclined from the horizontal.
<i>dolomite</i>	A rock or mineral composed of calcium and magnesium carbonate.
<i>electromagnetic survey</i>	A geophysical technique whereby transmitted electromagnetic fields are used to energise and detect conductive material beneath the earth's surface.
<i>Epidote</i>	calcium aluminium iron sorosilicate mineral, Ca <sub>2</sub> Al <sub>2</sub> (Fe <sup>3+</sup> ;Al)(SiO <sub>4</sub> )(Si <sub>2</sub> O <sub>7</sub> )O(OH),
<i>erosional</i>	The group of physical and chemical processes by which earth or rock material is loosened or dissolved and removed from any part of the Earth's surface.
<i>Fluviatile</i>	Material transported and deposited in rivers and streams.
<i>Felsic</i>	Rock that contains >75% felsic minerals; namely quartz, orthoclase and plagioclase
<i>Galena</i>	Sulphide Mineral of lead. PbS.
<i>geochemical</i>	Pertains to the concentration of an element.
<i>Geophysical</i>	Pertains to the physical properties of a rock mass.
<i>Gneiss</i>	Rocks formed by high-grade regional metamorphic processes from pre-existing formations that were originally either igneous or sedimentary rocks.



<i>granitoid</i>	A general term to describe coarse grained felsic intrusive igneous rocks resembling granite.
<i>hematite</i>	Iron oxide mineral, Fe <sub>2</sub> O <sub>3</sub> .
<i>horizon</i>	A time - plane discernable in rocks by some characteristic feature such as lithology.
<i>hydrothermal fluids</i>	Pertaining to hot aqueous solutions, usually of magmatic origin, which may transport metals and minerals in solution.
<i>intra-cratonic</i>	Situated between or within cratons.
<i>Intrusion, Intrusive</i>	An intrusion is liquid rock that forms under the surface of the earth
<i>Kyanite</i>	blue silicate mineral, commonly found in aluminium-rich metamorphic pegmatites and/or sedimentary rock
<i>lacustrine</i>	Of or pertaining to lake sediments or a lake depositional environment
<i>laterite</i>	A cemented residuum of weathering, generally leached in silica with a high alumina and/or iron content.
<i>leaching</i>	Removal of elements from soil by their dissolution in water and moving downward in the ground.
<i>Limestone</i>	A sedimentary rock containing at least 50% calcium or calcium-magnesium carbonate.
<i>Mafic</i>	Rock which is rich in iron and magnesium.
<i>magnetic anomaly</i>	Zone where the magnitude and orientation of the earth's magnetic field differs from adjacent areas.
<i>Metasediment</i>	A rock formed by metamorphism of sedimentary rocks.
<i>Mylonite</i>	Ductilely deformed rocks formed by the accumulation of large shear strain, in ductile fault zones
<i>Noeoproterozoic</i>	Geological time period lasting from 1000 Million years ago to 542 years ago, succeeded by the Cambrian.
<i>Ordovician</i>	Geological time period that covers the time between 488 to 443 million years ago
<i>orogen</i>	A belt of deformed rocks, usually comprising metamorphic and intrusive igneous rocks, mostly occurring along the collision zone between cratons.
<i>outcrops</i>	Surface expression of underlying rocks.
<i>oxidising</i>	Where oxidizing agents (oxidants) e.g. oxygen are present.
<i>oxidizing agents</i>	Species that gain electrons when they oxidize reduced species.
<i>palaeochannel</i>	An ancient preserved stream or river.
<i>palaeodrainage</i>	A preserved, inactive river system in-filled with partially consolidated fluvial sediments that may continue to carry water in the subsurface.
<i>pedogenic</i>	A product of soil processes.
<i>pisolitic</i>	Describes the prevalence of rounded manganese, iron or alumina-rich chemical concretions, frequently comprising the upper portions of a laterite profile.
<i>playa lake</i>	Broad shallow lakes that quickly fill with water and quickly evaporate, characteristic of deserts.
<i>Polymictic</i>	Referring to coarse sedimentary rocks, typically conglomerate, containing clasts of many different rock types
<i>Pyrite</i>	Sulphide Mineral of iron- FeS <sub>2</sub>
<i>Pyrrhotite</i>	Sulphide Mineral of iron - Fe <sub>1-x</sub> S
<i>Quaternary</i>	0 - 2 million years, the latest period of time in the stratigraphic column.
<i>Quartzite</i>	hard metamorphic rock which was originally sandstone
<i>RAB drilling</i>	A drilling method in which fragmented material is brought to the surface on the outside of the drill hole.
<i>radiometric</i>	Data relating to the radioactivity emitted by rocks at or near the earth's surface, usually collected by helicopter or aircraft.
<i>RC drilling</i>	A drilling method in which the fragmented sample is brought to the surface inside the drill rods, thereby reducing contamination.
<i>regolith</i>	The layer of unconsolidated material which overlies or covers in situ basement rock.
<i>residual</i>	Soil and regolith which has not been transported from its point or origin.
<i>resources</i>	In situ mineral occurrence from which valuable or useful minerals may be recovered.
<i>saline</i>	Salty
<i>sandstone</i>	Sedimentary rock comprising predominantly of sand.
<i>saprock</i>	Zone of weathered rock preserved within the weathered profile.
<i>saprolite</i>	Disintegrated, in-situ rock, partially decomposed by the chemical and physical processes of oxidation and weathering.
<i>satellite imagery</i>	The images produced by photography of the Earth's surface from satellites.
<i>Sedimentary</i>	A term describing a rock formed from sediment.
<i>Schist</i>	medium-grade metamorphic rocks, chiefly notable for the preponderance of lamellar minerals
<i>Shear zone</i>	A shear zone is a zone of strong deformation (with a high strain rate) surrounded by rocks with a lower state of finite strain
<i>Silcrete</i>	Superficial deposit or precipitate formed by low temperature chemical processes associated with ground waters, and composed of fine grained, hydrated minerals of silica.

<i>Sphalerite</i>	Sulphide mineral of zinc - ZnS
<i>Tertiary</i>	This is the time period from the end of the Cretaceous to the present time. 65 million years in duration.
<i>Tonalite, Tonalitic transition zone</i>	Tonalite is an igneous, plutonic (intrusive) rock, of felsic composition, Material or partly oxidised ore intermediate between the oxide zone and the primary zone.
<i>unconformably</i>	Having the relation of uniformity to the underlying rocks; not succeeding the underlying strata in immediate order of age or parallel position.
<i>unconformity</i>	A term applied to a contact between stratigraphic units emplaced in an interrupted succession and not in parallel position.

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27 February 2013

The Directors  
Tropicana Gold Limited  
Suite 1, Ground Floor  
437 Roberts Road  
SUBIACO WA 6008

Dear Sirs

## INVESTIGATING ACCOUNTANT'S REPORT

### Introduction

This Investigating Accountant's Report ("Report") has been prepared for inclusion in a prospectus to be dated on or about 27 February 2013 ("Prospectus") for the issue by Tropicana Gold Limited ("Tropicana" or the "Company") of 17,500,000 ordinary shares at an issue price of 20 cents each to raise a total of \$3,500,000 before the expenses of the issue ("Offer").

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

### Structure of Report

This Report has been divided into the following sections:

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

#### 1. *Background Information*

The Company was registered in Australia on 2 August 2011. The current directors of the Company are Mr Paul Lloyd, Mr Philip Re, Mr Roger Steinepreis and Mr David Holden. Mrs Christine Chainey acts as the Company Secretary.

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On 19 December 2012, Tropicana signed a binding Heads of Agreement to purchase Sulphide Resources Pty Ltd ("Sulphide"), including the Tropicana Gold Project, the Kat Gap Gold Project and the Lake Johnston Gold Project in Western Australia.

The Company's flagship project is the Tropicana Gold Project, where, following on from the success at AngloGold Ashanti limited/Independence Group NL's Tropicana Gold Joint Venture, the Company is optimistic that further gold resources will be discovered within the defined highly prospective gold corridor. An aggressive exploration strategy on the Tropicana tenements is at the forefront of the Company's planned activities as soon as practicable upon successful listing on the ASX.

The fundamental strategy for the Company is to explore its concessions with a view to identifying economic deposits of gold within two years.

As at the date of this Report, the issued share capital of the Company is 20,000,000 ordinary fully paid shares. The following table summarises share capital movements since registration.

<b>Date</b>		<b>Number issued</b>	<b>Issue price</b>	<b>\$</b>
02/08/2011	Promoter shares	13,500,000	\$0.001	13,500
02/08/2011	Seed capital	1,500,000	\$0.10	150,000
19/02/2012	Seed capital	1,565,000	\$0.10	156,500
29/11/2012	Seed capital	1,935,000	\$0.10	193,500
26/02/2013	Seed capital	1,500,000	\$0.10	150,000
		<u>20,000,000</u>		<u>663,500</u>

The Company's main objectives are set out in Section 3.3 of the Prospectus.

## **2. Scope of Report**

You have requested HLB Mann Judd ("HLB") to prepare this Report presenting the following information:

- a) the historical financial information of the Company, comprising the historical Statement of Financial Position as at 30 June 2012 and 31 January 2013 and the historical Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the periods 2 August 2011 (date of registration) to 30 June 2012 and 1 July 2012 to 31 January 2013 as set out in Appendix 1 to this Report; and
- b) the proforma financial information of the Company, comprising the proforma Statement of Financial Position as at 31 January 2013 and the proforma Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the period 1 July 2012 to 31 January 2013 as set out in Appendix 1 to this Report.

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

We performed a review of the historical financial information and the proforma financial information of the Company as at 31 January 2013 in order to ensure consistency in the application of applicable Accounting Standards and other mandatory professional reporting requirements.

Our review of the historical financial information and the proforma information of the Company was carried out in accordance with Australian Auditing Standard ASRE 2410 "Review of an Interim Financial Report performed by the Independent Auditor of the Entity" and included such enquiries and procedures which we considered necessary for the purposes of this Report. The review procedures undertaken by HLB in our role as Investigating Accountants were substantially less in scope than that of an audit examination conducted in accordance with generally accepted auditing standards. Our review was limited primarily to an examination of the historical financial information and the proforma information, analytical review procedures and discussions with senior management. A review of this nature provides less assurance than an audit and, accordingly, this Report does not express an audit opinion on the historical financial information and proforma information included in this Report or elsewhere in the Prospectus.

In relation to the information presented in this Report:

- a) support by another person, corporation or an unrelated entity has not been assumed;
- b) the amounts shown in respect of assets do not purport to be the amounts that would have been realised if the assets were sold at the date of this Report; and
- c) the going concern basis of accounting has been adopted.

### 3. *Financial Information*

Set out in Appendix 1 (attached) are:

- a) The Statements of Financial Position of the Company as at 30 June 2012 and 31 January 2013 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the periods 2 August 2011 (date of registration) to 30 June 2012 and 1 July 2012 to 31 January 2013.
- b) The proforma Statement of Financial Position of the Company as at 31 January 2013, and the proforma Statement of Comprehensive Income, proforma Statement of Changes in Equity and proforma Statement of Cash Flows for the period 1 July 2012 to 31 January 2013 as they would appear after incorporating the following significant events and proposed transactions by the Company subsequent to 31 January 2013:

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- i) the issue by the Company pursuant to the Prospectus of 17,500,000 ordinary shares issued at a price of 20 cents each, raising \$3,500,000;
- ii) the write off to the issued capital account of the estimated costs of the Offer being an estimated \$320,000, as detailed below:

	\$
Investigating accountant's report	10,000
Independent geologist's report	10,000
Legal fees	30,000
Printing and distribution	7,500
Broker commissions	210,000
ASIC fees	2,171
ASX fees	49,380
Miscellaneous	949
	<u>320,000</u>
Less: Costs incurred prior to 31 January 2013	<u>(33,772)</u>
	<u>286,228</u>

- iii) the transfer of \$33,772 in costs of the Offer incurred and recorded at 31 January 2013 from Other Current Assets to the issued capital account;
- iv) as a result of the proposed acquisition of 100% of the issued share capital of Sulphide Resources Pty Ltd, Sulphide will become a 100% owned subsidiary of Tropicana. The acquisition of Sulphide has been treated in the proforma information as an asset acquisition. Full details of the acquisition are set out in Note 9 of Appendix 1; and
- v) the issue of further seed capital comprising 1,500,000 fully paid shares at \$0.10 per share and the receipt of proceeds from this issue of \$150,000.
- c) Notes to the historical financial information and proforma information.

#### 4. *Subsequent Events*

In our opinion, there have been no material items, transactions or events subsequent to 31 January 2013 not otherwise disclosed in the Prospectus that have come to our attention during the course of our review that would require comment in, or adjustment to, the content of this Report or which would cause such information included in this Report to be misleading.

**5. Statements**

Based on our review, which was not an audit, we have not become aware of any matter that causes us to believe that:

- a) the historical financial information of Tropicana Gold Limited as at 31 January 2013 as set out in Appendix 1 of this Report, does not present fairly the financial position of the Company as at that date in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory reporting requirements in Australia and its performance as represented by its results of its operations and its cash flows for the period then ended; and
- b) the proforma information of Tropicana Gold Limited as at 31 January 2013 as set out in Appendix 1 of this Report, does not present fairly the financial position of the Company as at that date in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory reporting requirements in Australia and its performance as represented by its results of its operations and its cash flows for the period then ended, as if the transactions referred to in Section 3 (b) of this Report had occurred during that period.

**6. Declaration**

- a) HLB will be paid its usual professional fees based on time involvement, for the preparation of this Report and review of the financial information, at our normal professional rates (expected to be \$10,000).
- b) Apart from the aforementioned fee, neither HLB, nor any of its associates will receive any other benefits, either directly or indirectly, for or in connection with the preparation of this Report.
- c) Neither HLB, nor any of its employees or associated persons has any interest in Tropicana Gold Limited or the promotion of the Company. HLB has been appointed as the Company's auditor.
- d) Unless specifically referred to in this Report, or elsewhere in the Prospectus, HLB was not involved in the preparation of any other part of the Prospectus and did not cause the issue of any other part of the Prospectus. Accordingly, HLB makes no representations or warranties as to the completeness or accuracy of the information contained in any other part of the Prospectus.

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- e) HLB has consented to the inclusion of this Report in the Prospectus in the form and context in which it appears. The inclusion of this Report should not be taken as an endorsement of the Company or a recommendation by HLB of any participation in the Company by an intending subscriber.

Yours faithfully  
**HLB MANN JUDD**



**L DI GIALONARDO**  
Partner

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## APPENDIX 1

**TROPICANA GOLD LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 31 JANUARY 2013**

	Audited 2/8/11 to 30/6/12	Reviewed 1/7/12 to 31/1/13	Proforma
	\$	\$	\$
Interest received	265	244	244
Total revenue	265	244	244
Employment benefit expenses	(4,740)	(6,055)	(6,055)
Depreciation	-	(2,943)	(2,943)
Rent	-	(26,000)	(26,000)
Financial administration and compliance expenses	(19,000)	(1,378)	(1,378)
Legal expenses	(1,500)	-	-
Other expenses	(10,914)	(8,199)	(8,199)
<b>Loss from ordinary activities</b>	<b>(35,889)</b>	<b>(44,331)</b>	<b>(44,331)</b>
Income tax expense	-	-	-
<b>Loss from ordinary activities after taxation</b>	<b>(35,889)</b>	<b>(44,331)</b>	<b>(44,331)</b>
<b>Other comprehensive income</b>			
Other comprehensive income	-	-	-
Income tax expense	-	-	-
<b>Other comprehensive income, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive loss</b>	<b>(35,889)</b>	<b>(44,331)</b>	<b>(44,331)</b>

This statement should be read in conjunction with the accompanying notes.

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**TROPICANA GOLD LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 JANUARY 2013**

		Audited 30/6/12	Reviewed 31/1/13	Proforma
	Notes	\$	\$	\$
<b>Current assets</b>				
Cash and cash equivalents	2	55,960	36,477	3,300,968
Receivables		8,421	4,204	8,136
Loan to Sulphide Resources Pty Ltd		152,280	295,427	-
Deposit paid on acquisition of Sulphide Resources Pty Ltd		125,000	125,000	-
Other (prepaid share issue costs)		28,502	33,772	-
<b>Total current assets</b>		<b>370,163</b>	<b>494,880</b>	<b>3,309,104</b>
<b>Non-current assets</b>				
Property, plant and equipment		11,443	8,500	8,500
Shares in ASX listed companies		-	-	102,000
Environmental bond		-	-	12,000
Deferred exploration and tenement acquisition expenditure	3	-	-	1,684,203
<b>Total non-current assets</b>		<b>11,443</b>	<b>8,500</b>	<b>1,806,703</b>
<b>Total assets</b>		<b>381,606</b>	<b>503,380</b>	<b>5,115,807</b>
<b>Current liabilities</b>				
Trade and other payables	4	98,324	72,430	72,430
<b>Total current liabilities</b>		<b>98,324</b>	<b>72,430</b>	<b>72,430</b>
<b>Total liabilities</b>		<b>98,324</b>	<b>72,430</b>	<b>72,430</b>
<b>Net current assets</b>		<b>283,282</b>	<b>430,950</b>	<b>5,043,377</b>
<b>Equity</b>				
Issued capital	5	319,171	511,170	4,641,170
Option reserve	6	-	-	482,427
Accumulated losses		(35,889)	(80,220)	(80,220)
<b>Total equity</b>		<b>283,282</b>	<b>430,950</b>	<b>5,043,377</b>

This statement should be read in conjunction with the accompanying notes.

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**TROPICANA GOLD LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 JANUARY 2013**

	Issued capital \$	Option reserve \$	Accumulated losses \$	Total \$
<b>As at 30 June 2012</b>	<b>319,171</b>	-	<b>(35,889)</b>	<b>283,282</b>
Total comprehensive loss for the period	-	-	(44,331)	(44,331)
Seed capital issued	191,999	-	-	191,999
Share issue expenses	-	-	-	-
<b>As at 31 January 2013</b>	<b>511,170</b>	-	<b>(80,220)</b>	<b>430,950</b>
<b>Proforma adjustments:</b>				
Shares issued pursuant to Prospectus	3,500,000	-	-	3,500,000
Shares and options issued to vendor	800,000	482,427	-	1,282,427
Further seed capital issued	150,000	-	-	150,000
Share issue expenses	(320,000)	-	-	(320,000)
<b>Proforma total</b>	<b>4,641,170</b>	<b>482,427</b>	<b>(80,220)</b>	<b>5,043,377</b>

This statement should be read in conjunction with the accompanying notes.

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**TROPICANA GOLD LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED TO 31 JANUARY 2013**

	Audited 2/8/11 to 30/6/12	Reviewed 1/7/12 to 31/1/13	Proforma
	\$	\$	\$
<b>Cash flows from operating activities</b>			
Interest received	55	454	454
Payments to suppliers	(31,784)	(63,520)	(63,520)
<b>Net cash used in operating activities</b>	<b>(31,729)</b>	<b>(63,066)</b>	<b>(63,066)</b>
<b>Cash flows from investing activities</b>			
Property, plant and equipment	(12,552)	-	-
Deposit paid on purchase of investment	(125,000)	-	-
Loans to Sulphide Resources Pty Ltd	(77,880)	(148,416)	(148,416)
Payment for acquisition of subsidiary, net of cash acquired	-	-	(99,281)
<b>Net cash used in investing activities</b>	<b>(215,432)</b>	<b>(148,416)</b>	<b>(247,697)</b>
<b>Cash flows from financing activities</b>			
Proceeds on the issue of shares	321,500	191,999	3,841,999
Share issue costs paid	(18,379)	-	(286,228)
<b>Net cash provided by financing activities</b>	<b>303,121</b>	<b>191,999</b>	<b>3,555,771</b>
<b>Increase/(decrease) in cash held</b>	<b>55,960</b>	<b>(19,483)</b>	<b>3,245,008</b>
Cash at the beginning of the financial period	-	55,960	55,960
<b>Cash at the end of the financial period</b>	<b>55,960</b>	<b>36,477</b>	<b>3,300,968</b>

This statement should be read in conjunction with the accompanying notes.

**TROPICANA GOLD LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD FROM REGISTRATION TO 31 JANUARY 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies which have been adopted in the preparation of the historical and proforma financial information reported under Australian Equivalents to International Financial Reporting Standards ("AIFRS") are shown below.

**(a) Basis of preparation**

The financial statements have been prepared in accordance with the measurement requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia using the accrual basis of accounting, including the historical cost convention.

**Compliance with IFRS**

The financial information complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial information, comprising the financial statements and notes thereto, comply with measurement requirements but not all of the disclosure requirements of the International Financial Reporting Standards.

**Historical cost convention**

These financial statements have been prepared under the historical cost convention.

**(b) Income tax**

The income tax expense/(benefit) for the period comprises current income tax expense/(benefit) and deferred tax expense/(benefit).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well unused tax losses.

Current and deferred income tax expense/(benefit) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial report.

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Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future years in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

**(c) Financial Instruments**

*Recognition and Initial Measurement*

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

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*Derecognition*

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

*Classification and Subsequent Measurement**(i) Financial assets at fair value through profit or loss*

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the year in which they arise.

*(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

*(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

*(iv) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

*(v) Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

**(d) Impairment of Assets**

At each reporting date, the Directors review the carrying values of the Company's tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Directors estimate the recoverable amount of the cash-generating unit to which the asset belongs.

**(e) Provisions**

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

**(f) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 12 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the statement of financial position.

**(g) Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST).

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**(h) Deferred exploration and tenement acquisition expenditure**

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that rights to tenure of the area of interest are current and the costs are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an area of interest that is abandoned are written off in full against profit in the year in which the decision to abandon the areas is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been estimated of future costs, current legal requirements and technology on an undiscounted basis.

**(i) Trade and Other Payables**

Trade and other payables represent the liability outstanding at the end of the reporting year for goods and services received by the Company during the reporting year which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

**(j) Equity settled compensation**

The Company operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting year, with a corresponding increase to the option reserve.

Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve.

The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting date such that the amount recognised for services received as

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consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

**(k) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(l) Critical Accounting Estimates and Judgments**

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

*Key Estimates — Impairment*

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

*Key Estimates – Income tax*

Balances disclosed in the financial statements and the notes thereto related to taxation are based on the best estimates of Directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income taxation legislation, and the Directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that Directors' best estimate, pending an assessment by the Australian Taxation Office.

*Key Judgement – Environmental issues*

Balances disclosed in the financial report and notes thereto not adjusted for any pending or enacted environmental legislation, and the Directors understanding thereof. At the current stage of the Company's development and its current environmental impact the Directors believe such treatment is reasonable and appropriate.

**(m) Adoption of New and Revised Standards**

Changes in accounting policies on initial application of Accounting Standards.

In the period ended 31 January 2013, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

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It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the period ended 30 June 2012. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Company accounting policies.

**(n) Basis of consolidation**

The proforma consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Tropicana Gold Limited ('company' or 'parent entity') and the results of all subsidiaries for the period since acquisition. Tropicana Gold Limited and its subsidiaries are referred to in this financial report as the Group or the consolidated entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

The acquisition of subsidiaries has been accounted for using the acquisition method of accounting, when the acquisition does not constitute a business combination. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

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The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of Tropicana Gold Limited.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

**(o) Proforma transactions**

The proforma Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows have been derived from the historical financial information as at 31 January 2013 adjusted to give effect to the following actual or proposed significant events and transactions by the Company subsequent to 31 January 2013:

- i) the issue by the Company pursuant to the Prospectus of 17,500,000 ordinary shares issued at a price of 20 cents each, raising \$3,500,000;
- ii) the write off to the issued capital account of the estimated costs of the Offer being an estimated \$320,000, as detailed below:

	\$
Investigating accountant's report	10,000
Independent geologist's report	10,000
Legal fees	30,000
Printing and distribution	7,500
Broker commissions	210,000
ASIC fees	2,171
ASX fees	49,380
Miscellaneous	949
	<u>320,000</u>
Less: Costs incurred prior to 31 January 2013	<u>(33,772)</u>
	<u>286,228</u>

- iii) the transfer of \$33,772 in costs of the Offer incurred and recorded at 31 January 2013 from Other Current Assets to the issued capital account;
- iv) as a result of the proposed acquisition of 100% of the issued share capital of Sulphide Resources Pty Ltd, Sulphide will become a 100% owned subsidiary of Tropicana. The acquisition of Sulphide has been treated in the proforma information as an asset acquisition. Full details of the acquisition are set out in Note 7; and
- v) the issue of further seed capital comprising 1,500,000 fully paid shares at \$0.10 per share and the receipt of proceeds from this issue of \$150,000.

## 2. CASH AND CASH EQUIVALENTS

	Audited 30/6/12	Reviewed 31/1/13	Proforma
	\$	\$	\$
Balance as at 31 January 2013	55,960	36,477	36,477
Cash raised pursuant to Prospectus	-	-	3,500,000
Further seed capital	-	-	150,000
Share issue costs	-	-	(286,228)
Cash paid to vendor of subsidiary for reimbursement of costs	-	-	(100,000)
Cash assumed on acquisition of subsidiary	-	-	719
	<u>55,960</u>	<u>36,477</u>	<u>3,300,968</u>

## 3. DEFERRED EXPLORATION AND TENEMENT ACQUISITION EXPENDITURE

Balance as at 31 January 2013	-	-	-
Expenditure assumed on acquisition of subsidiary	-	-	404,065
Exploration uplift on acquisition of subsidiary	-	-	1,280,138
	<u>-</u>	<u>-</u>	<u>1,684,203</u>

## 4. TRADE AND OTHER PAYABLES

Balance as at 31 January 2013	98,324	72,430	72,430
	<u>98,324</u>	<u>72,430</u>	<u>72,430</u>



**5. ISSUED CAPITAL**

	<b>Audited 30/6/12</b>	<b>Reviewed 31/1/13</b>	<b>Proforma</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Shares issued during the period	321,500	513,499	663,499
Prospectus issue	-	-	3,500,000
Shares issued to vendor of subsidiary	-	-	800,000
Share issue costs	(2,329)	(2,329)	(322,329)
Share issue costs – Prospectus issue	-	-	-
	<b>319,171</b>	<b>511,170</b>	<b>4,641,170</b>

	<b>Number</b>	<b>\$</b>
Shares on issue as at 31 January 2013	18,500,000	511,170
Proforma adjustments:		
Prospectus issue	17,500,000	3,500,000
Further seed capital	1,500,000	150,000
Shares issued to vendor of subsidiary	4,000,000	800,000
Share issue costs	-	(320,000)
	<b>41,500,000</b>	<b>4,641,170</b>

**6. OPTION RESERVE**

	<b>Audited 30/6/12</b>	<b>Reviewed 31/1/13</b>	<b>Proforma</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance as at 31 January 2013	-	-	-
Options issued to vendor of subsidiary	-	-	482,427
	<b>-</b>	<b>-</b>	<b>482,427</b>

**7. CONTINGENCIES AND COMMITMENTS**

Details of future planned expenditure commitments are outlined in the Independent Geologist's Report included in the Prospectus.

**8. RELATED PARTY TRANSACTIONS**

Details of Directors' interests in the Company's issued capital and transactions with the Company are included in Section 3.16 of the Prospectus.

## 9. ACQUISITION OF SULPHIDE RESOURCES PTY LTD

On 19 December 2012, Tropicana signed a binding Heads of Agreement to purchase Sulphide Resources Pty Ltd ("Sulphide"), including the Tropicana Gold Project, the Kat Gap Gold Project and the Lake Johnston Gold Project in Western Australia.

The consideration payable by Tropicana is set out in Section 12.1 of the Prospectus and is summarised below:

- 4,000,000 fully paid shares in the capital of Tropicana;
- 5,000,000 unlisted options in Tropicana, exercisable at \$0.25 per option on or before 31 July 2016; and
- Payment of \$100,000 (for reimbursement of costs) in full settlement of Sulphide's shareholder's loan account with Sulphide.

In addition, a non-refundable deposit of \$125,000 was paid prior to 30 June 2012.

In the proforma financial information, the acquisition of Sulphide has been accounted for as an asset acquisition as follows:

Value of consideration:

	\$
Value of shares in Tropicana (valued at IPO price)	800,000
Value of options in Tropicana (valued using a Black & Scholes option pricing model as set out below)	482,427
Cash payment for reimbursement of costs	100,000
Deposit paid	125,000
	<u>1,507,427</u>

Net assets of Sulphide acquired:

Cash	719
Receivables	3,932
Deferred exploration expenditure	404,065
Shares in listed companies	102,000
Environmental bond	12,000
Loan payable to Tropicana	<u>(295,427)</u>
	227,289
Excess allocated to deferred exploration expenditure	<u>1,280,138</u>
	<u>1,507,427</u>

Valuation of options:

The options to be issued to the shareholder of Sulphide have been valued using a Black & Scholes option pricing model, using the following assumptions:

Number of options	5,000,000
Date of grant/expected grant	ASX Listing Date
Expiry date	31 July 2016
Grant date share price	\$0.20
Exercise price	\$0.25
Expected volatility	75%
Risk-free interest rate	3.0%

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28 February 2013

Tropicana Gold Limited  
Suite 1  
437 Roberts Road  
SUBIACO WA 6008

Dear Sirs

### **SOLICITOR'S REPORT ON TENEMENTS**

This Report is prepared for inclusion in a prospectus for the issue of 17,500,000 shares in the capital of Tropicana Gold Limited (**Company**) at an issue price of \$0.20 per share to raise \$3,500,000 (**Prospectus**).

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#### **1. SCOPE**

We have been requested to report on certain mining tenements in which the Company will indirectly acquire an interest (**Tenements**).

The Tenements are located in Western Australia. Details of the Tenements are set out in Part I of the attached Schedule of this Report.

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#### **2. SEARCHES**

For the purposes of this Report, we have conducted searches and made enquiries in respect of all of the Tenements as follows:

- (a) we have obtained searches of the Tenements from the registers maintained by the Western Australian Department of Mines and Petroleum (**DMP**). These searches were conducted on 12 February 2013, except for the searches in relation to E63/1186, E63/1189 and P77/3869, which were repeated on 25 February 2013. Key details on the status of the Tenements are set out in Part I of the Schedule;
- (b) we have obtained extracts of the registered native title claims, native title determinations and Indigenous Land Use Agreements (**ILUAs**) that apply to the Tenements, as determined by the National Native Title Tribunal (**NNTT**). This material was obtained 13 February 2013. Details of the native title claims,

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native title determinations and ILUAs are set out in Section 7 of this Report and Part III of the Schedule;

- (c) we have obtained searches from the online Aboriginal Heritage Enquiry System maintained by the Western Australian Department of Indigenous Affairs (**DIA**) for Aboriginal sites recorded in the Register of Aboriginal sites that overlap the Tenements. This material was obtained on 12 February 2013. Details of Aboriginal sites identified as a result of our searches are set out in Part III of the Schedule;
- (d) we have obtained from the DMP Tengraph Quick Appraisals of the Tenements. This material was obtained on 12 February 2013; and
- (e) we have reviewed all material agreements relating to the Tenements provided to us or registered as dealings against the Tenements as at the date of the DMP searches or provided to us by the Company and have summarised the material terms (details of which are set out in Part II of the Schedule).

---

### 3. OPINION

As a result of our searches and enquiries, but subject to the assumptions and qualifications set out in this Report, we are of the view that, as at the date of the relevant searches:

- (a) **(Company's Interest)**: this Report provides an accurate statement as to the Company's interest in the Tenements; and
- (b) **(Good Standing)**: except as set out in this Report or the Schedule, this Report provides an accurate statement as to the validity and good standing of the Tenements.

---

### 4. EXECUTIVE SUMMARY

Subject to the qualifications and assumptions in this Report, we consider the following to be material issues in relation to the Tenements:

- (a) **(Company's Interest)**: the Company will acquire an indirect interest in the Tenements through completion of a heads of agreement between the Company, Sulphide Resources Pty Ltd (**Sulphide**) and David Donald Boyer as trustee for the DB Family Trust (**Boyer**) dated 19 December 2012, whereby Boyer has agreed to sell and the Company has agreed to purchase 100% of the shares in Sulphide (**Heads of Agreement**). Refer to Part II of the Schedule for details.
- (b) **(Sulphide's Interest in the Tenements)**:  
  
**(Granted Tenements)**: Sulphide has a 100% registered interest in the following Tenements E39/1277, E63/1186, E63/1189, E69/2777, E69/3008, E74/422, E74/467, E74/492-I, E77/1750, E77/1811, P74/339 and P77/3869.
- (c) **(Material Contracts)**: The Company will acquire Sulphide pursuant to the Heads of Agreement. Refer to Part II of the Schedule for details.
- (d) **(Bonds)**: A total of \$12,000 in unconditional performance bonds have been lodged against the Tenements. Refer to Part I of the Schedule for details.

- (e) **(Native title):** Eight (8) Tenements are overlapped by Native title claims. Further details are provided in Part III of the Schedule.
- (f) **(Encroachments and Overlapping Titles):** Five (5) tenements are overlapped by miscellaneous licences or petroleum permits. Further details are provided in Sections 8 and 9 of this Report.
- (g) **(Expiry):** P77/3869 has an expiry date of 3 March 2013. A renewal application was lodged on 26 February 2013 and until the Minister determines the outcome of the renewal application, P77/3869 will continue to be valid.

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## 5. DESCRIPTION OF THE TENEMENTS

The Tenements comprise ten (10) Exploration Licences and two (2) Prospecting Licences granted under the *Mining Act 1978* (WA) (**Mining Act**). The Schedule provides a list of the Tenements. Sections 5.1 – 5.3 of this report provide a description of the nature and key terms of these types of mining tenements as set out in the Mining Act and potential successor tenements.

### 5.1 Prospecting Licence

**Application:** A person may lodge an application for a prospecting licence in accordance with the Mining Act. The mining registrar or warden decides whether to grant an application for a prospecting licence. An application for a prospecting licence (unless a reversion application) cannot be legally transferred and continues in the name of the applicant.

**Rights:** The holder of a prospecting licence is entitled to enter upon land for the purposes of prospecting for minerals with employees and contractors, and such vehicles, machinery and equipment as may be necessary or expedient.

**Term:** A prospecting licence has a term of 4 years. Where the prospecting licence was applied for and granted after 10 February 2006, the Minister may extend the term by 4 years and if retention status is granted (as discussed below), by further term or terms of 4 years. Where a prospecting licence is transferred before a renewal application has been determined, the transferee is deemed to be the applicant.

**Retention Status:** The holder of a prospecting licence applied for and granted after 10 February 2006 may apply for approval of retention status for the prospecting licence. The Minister may approve the application where there is an identified mineral resource in or under the land the subject of the prospecting licence, but it is impractical to mine the resource for prescribed reasons. Where retention status is granted, the minimum expenditure requirements are reduced in the year of grant and cease in future years. However, the Minister has the right to impose a program of works or require the holder to apply for a mining lease. The holder of a prospecting licence applied for or granted before 10 February 2006 can apply for a retention licence (see below), rather than retention status.

**Conditions:** Prospecting licences are granted subject to various standard conditions including conditions relating to minimum expenditure, the payment of rent and observance of environmental protection and reporting requirements. These standard conditions are not detailed in Part 1 of this Report. A failure to comply with these conditions or obtain an exemption from compliance may lead to forfeiture of the prospecting licence.

**Relinquishment:** There is no requirement to relinquish any portion of the prospecting licence.

**Priority to apply for a mining lease:** The holder of a prospecting licence has priority to apply for a mining lease over any of the land subject to the prospecting licence. An application for a mining lease must be made prior to the expiry of the prospecting licence. The prospecting licence remains in force until the application for the mining lease is determined.

**Transfer:** There is no restriction on transfer or other dealing in a prospecting licence.

## 5.2

### Exploration Licence

**Rights:** The holder of an exploration licence is entitled to enter the land for the purposes of exploration for minerals with employees and contractors and such vehicles, machinery and equipment as may be necessary or expedient.

**Term:** An exploration licence has a term of 5 years from the date of grant. The Minister may extend the term by a further period of 5 years followed by a further period or periods of 2 years.

**Retention Status:** The holder of an exploration licence granted after 10 February 2006 may apply for approval of retention status for the exploration licence. The Minister may approve the application where there is an identified mineral resource in or under the land the subject of the exploration licence but it is impractical to mine the resource for prescribed reasons. Where retention status is granted, the minimum expenditure requirements are reduced in the year of grant and cease in future years. However, the Minister has the right to impose a programme of works or require the holder to apply for a mining lease.

**Conditions:** Exploration licences are granted subject to various standard conditions, including conditions relating to minimum expenditure, the payment of prescribed rent and royalties and observance of environmental protection and reporting requirements. These standard conditions are not detailed in Part 1 of this Report. A failure to comply with these conditions or obtain an exemption from compliance may lead to forfeiture of the exploration licence.

**Relinquishment:** The holder of an exploration licence applied for and granted after 10 February 2006 must relinquish not less than 40% of the blocks comprising the licence at the end of the fifth year. A failure to lodge the required partial surrender could render the tenement liable for forfeiture.

**Priority to apply for mining lease:** The holder of an exploration licence has priority to apply for a mining lease over any of the land subject to the exploration licence. Any application for a mining lease must be made prior to the expiry of the exploration licence. The exploration licence remains in force until the application for the mining lease is determined.

**Transfer:** No legal or equitable interest in an exploration licence can be transferred or otherwise dealt with during the first year of its term without the prior written consent of the Minister. Thereafter, there is no restriction on transfer or other dealing.

## 5.3

### Mining Lease

**Application:** Any person may lodge an application for a mining lease, although a holder of a prospecting licence, exploration licence or retention licence over the relevant area has priority. The Minister decides whether to grant an application for a mining lease.

The application, where made after 10 February 2006, must be accompanied by either a mining proposal or a statement outlining mining intentions and a "mineralisation



report" indicating there is significant mineralisation in the area over which a mining lease is sought. A mining lease accompanied by a "mineralisation report" will only be approved where the Director, Geological Survey considers that there is a reasonable prospect that the mineralisation identified will result in a mining operation.

**Rights:** The holder of a mining lease is entitled to mine for and dispose of any minerals on the land in respect of which the lease was granted. A mining lease entitles the holder to do all acts and things necessary to effectively carry out mining operations.

**Term:** A mining lease has a term of 21 years and may be renewed for successive periods of 21 years. Where a mining lease is transferred before a renewal application has been determined, the transferee is deemed to be the applicant.

**Conditions:** Mining leases are granted subject to various standard conditions, including conditions relating to expenditure, the payment of prescribed rent and royalties and observance of environmental protection and reporting requirements. An unconditional performance bond may be required to secure performance of these obligations. A failure to comply with these conditions may lead to forfeiture of the mining lease. These standard conditions are not detailed in Part 1 of this Report.

**Transfer:** The consent of the Minister is required to transfer a mining lease.

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## 6. ABORIGINAL HERITAGE

There may be areas or objects of Aboriginal heritage located on the Tenements.

No Aboriginal sites were identified from the Heritage Searches. However, there is no obligation under the relevant legislation to register sites or objects and the exact location of Aboriginal sites within the area of a known site cannot be ascertained from these searches.

It is important to note that an Aboriginal site may:

- (a) exist in any area of Western Australia;
- (b) not have been recorded in the Register of Aboriginal Sites or elsewhere; and
- (c) not have been identified in previous heritage surveys or reports on that area,

but remains fully protected under the *Aboriginal Heritage Act 1972* (WA). Therefore, the absence of any reference to an Aboriginal site of interest from the Aboriginal Heritage Inquiry System is not conclusive.

The Company must ensure that it does not breach the Commonwealth and applicable State legislation relating to Aboriginal heritage as set out below. To ensure that it does not contravene such legislation, it would be prudent for the Company (and it would accord with industry practice and Aboriginal expectations) to conduct heritage surveys to determine if any Aboriginal sites or objects exist within the area of the Tenements. Any interference with these sites or objects must be in strict conformity with the provisions of the relevant legislation. It may also be necessary for the Company to enter into separate arrangements with the traditional owners of the sites.

### 6.2 Commonwealth Legislation

The *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth) (**Commonwealth Heritage Act**) is aimed at the preservation and protection of any Aboriginal areas and objects that may be located on the Tenements.

Under the Commonwealth Heritage Act, the Minister for Aboriginal Affairs may make interim or permanent declarations of preservation in relation to significant Aboriginal areas or objects, which have the potential to halt exploration activities. Compensation is payable by the Minister for Aboriginal Affairs to a person who is, or is likely to be, affected by a permanent declaration of preservation.

It is an offence to contravene a declaration made under the Commonwealth Heritage Act.

### 6.3 Western Australian Legislation

Tenements are granted subject to a condition requiring observance of the *Aboriginal Heritage Act 1972 (WA)* (**WA Heritage Act**).

The WA Heritage Act makes it an offence to alter or damage sacred ritual or ceremonial Aboriginal sites and areas of significance to Aboriginal persons (whether or not they are recorded on the register or otherwise known to the Register of Aboriginal Sites, DIA or the Aboriginal Cultural Material Committee).

The Minister's consent is required where any use of land is likely to result in the excavation, alteration or damage to an Aboriginal site or any objects on or under that site.

Aboriginal sites may be registered under the WA Heritage Act. However, there is no requirement for a site to be registered. The WA Heritage Act protects all registered and unregistered sites.

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## 7. NATIVE TITLE

### 7.1 Introduction

This section of the Report examines the effect of native title on the Tenements.

The existence of native title rights held by indigenous Australians was first recognised in Australia in 1992 by the High Court in the case *Mabo v. Queensland (no.2)* (1992) 175 CLR 1 (**Mabo no.2**).

The High Court in *Mabo no. 2* held that certain land tenure existing as at the date of that case, including mining tenements, were granted or renewed without due regard to native title rights, were invalid. The High Court concluded that:

- (a) native title has been wholly extinguished in respect of land the subject of freehold, public works or other previous "exclusive possession" acts; and
- (b) native title has been partially extinguished as a result of the grant of "non-exclusive possession" pastoral leases and mining leases, and also as a result of the creation of certain reserves.

As a result of *Mabo no. 2*, the *Native Title Act 1993* (Cth) (**NTA**) was passed to:

- (a) provide a process for indigenous people to lodge claims for native title rights over land, for those claims to be registered by the NNTT and for the Courts to assess native title claims and determine if native title rights exist. Where a Court completes the assessment of a native title claim, it will issue a native title determination that specifies whether or not native title rights exist;
- (b) provide (together with associated State legislation) that any land tenures granted or renewed before 1 January 1994 were valid despite *Mabo no. 2*

(**Past Acts**). This retrospective validation of land tenure was subsequently extended by the NTA to include freehold and certain leasehold (including pastoral leases) granted or renewed before 23 December 1996 (**Intermediate Period Acts**). Broadly speaking, this means that native title is not extinguished, merely suspended, for the duration of the mining tenement; and

- (c) provide that an act that may affect native title rights (such as the grant or renewal of a mining tenement) carried out after 23 December 1996 (a **Future Act**) must comply with certain requirements for the Future Act to be valid under the NTA. These requirements are called the **Future Act Provisions**.

## 7.2 Future Act Provisions

The Future Act Provisions vary depending on the Future Act to be carried out. In the case of the grant of a mining tenement, typically there are four alternatives: the Right to Negotiate, an ILUA, the Infrastructure Process (defined below) and the Expedited Procedure. These are summarised below.

### Right to Negotiate

The Right to Negotiate involves a formal negotiation between the State, the applicant for the tenement and any registered native title claimants and holders of native title rights. The aim is to agree to the terms on which the tenement can be granted. The applicant for the tenement is usually liable for any compensation that the parties agree to pay to the registered native title claimants and holders of native title. The parties may also agree on conditions that will apply to activities carried out on the tenement (e.g. in relation to heritage surveys). The classes of conditions typically included in a mining agreement are set out at section 7.3 below.

If agreement is not reached to enable the tenement to be granted, the matter may be referred to arbitration before the NNTT, which has six (6) months to decide whether the State, the applicant for the tenement and any registered native title claimants and holders of native title rights have negotiated in good faith (only if the issue is raised by one of the parties) and then whether the tenement can be granted and if so, on what conditions. The earliest an application for arbitration can be made to the NNTT is six (6) months after the date of notification of commencement of negotiations by the DMP.

If the Right to Negotiate procedure is not observed, the grant of the mining tenement will be invalid to the extent (if any) that it affects native title.

### ILUA

An ILUA is a contractual arrangement governed by the NTA. Under the NTA, an ILUA must be negotiated with all registered native title claimants for a relevant area. The State and the applicant for the tenement are usually the other parties to the ILUA.

An ILUA must set out the terms on which a tenement can be granted. An ILUA will also specify conditions on which activities may be carried out within the tenement. The applicant for a tenement is usually liable for any compensation that the parties agree to pay to the registered native title claimants and holders of native title in return for the grant of the tenement being approved. These obligations pass to a transferee of the tenement.

Once an ILUA is agreed and registered, it binds the whole native title claimant group and all holders of native title in the area (including future claimants), even though they may not be parties to it.

## Infrastructure Process

The NTA establishes a simplified process for the carrying out of a Future Act that is the creation of a right to mine for the sole purpose of the construction of an infrastructure facility (**Infrastructure Process**). The NTA defines infrastructure facility to include a range of transportation, marine, aeronautical, electrical, oil, gas, mineral and communication facilities. In Western Australia, DMP applies the Infrastructure Process to two classes of mining tenements:

- (a) miscellaneous licences for most purposes under the Mining Regulations 1981 (WA) that but, notably, not for a minesite administration facility or a minesite accommodation facility (both of which are dealt with under the Right to Negotiate) or for a search for groundwater (which is dealt with under the Expedited Procedure); and
- (b) most general purpose leases.

The State commences the Infrastructure Process by giving notice of the proposed grant of the tenement to any registered native title claimants or native title holders in relation to the land to be subject to the tenement. Those registered native title claimants or holders have two (2) months after the notification date to object in relation to the effect of the grant of the tenement on any registered or determined native title rights. Any objection is lodged with DMP.

If a registered native title claimant or holder objects, the applicant for the tenement must consult with that claimant or holder about:

- (a) ways of minimising the effect of the grant of the tenement on any registered or determined native title rights;
- (b) if relevant, any access to the land; and
- (c) the way in which anything authorised by the tenement may be done.

If the registered native title claimant or holder does not subsequently withdraw their objection, the State is required to ensure that the objection is heard by an independent person (in Western Australia, this is the Chief Magistrate). The independent person must determine whether or not the registered native title claimant or holder's objection should be upheld or other conditions should be imposed on the tenement.

## Expedited Procedure

The NTA establishes a simplified process for the carrying out of a Future Act that is unlikely to adversely affect native title rights (**Expedited Procedure**). The grant of a tenement can occur under the Expedited Procedure if:

- (a) the grant will not interfere directly with the carrying on of the community or social activities of the persons who are the holders of native title in relation to the land;
- (b) the grant is not likely to interfere with areas or sites of particular significance, in accordance with their traditions, to the persons who are holders of native title in relation to the land; and
- (c) the grant is not likely to involve major disturbance to any land or waters concerned or create rights whose exercise is likely to involve major disturbance to any land.

If the State considers the above criteria are satisfied, it commences the Expedited Procedure by giving notice of the proposed grant of the tenement in accordance with the NTA. Persons have until three (3) months after the notification date to take steps to become a registered native title claimant or native title holder in relation to the land to be subject to the tenement.

If there is no objection lodged by a registered native title claimant or a native title holder within four (4) months of the notification date, the State may grant the tenement.

If one or more registered native title claimants or native title holders object within that four (4) month notice period, the NNTT must determine whether the grant is an act attracting the Expedited Procedure. If the NNTT determines that the Expedited Procedure applies, the State may grant the tenement. Otherwise, the Future Act Provisions (e.g. Right to Negotiate or ILUA) must be followed before the tenement can be granted.

The State of Western Australia currently follows a policy of granting mining leases, prospecting licences and exploration licences under the Expedited Procedure where the applicant has entered into a standard Aboriginal heritage agreement with the relevant registered native title claimants and native title holders. The standard Aboriginal heritage agreement provides a framework for the conduct of Aboriginal heritage surveys over the land the subject of a tenement prior to the conducting of ground-disturbing work and conditions that apply to activities carried out within the tenement.

#### **Exception to requirement to comply with Future Act Provisions**

The grant of a tenement does not need to comply with the Future Act Provisions if in fact native title has never existed over the land covered by the tenement, or has been validly extinguished prior to the grant of the tenement. We have not undertaken the extensive research needed to determine if in fact native title does not exist, or has been validly extinguished in relation to the tenements.

Unless it is clear that native title does not exist (e.g. in relation to freehold land), the usual practice of the State is to comply with the Future Act Provisions when granting a tenement. This ensures the grant will be valid in the event a court determines that native title rights do exist over the land subject to the tenement.

Where a tenement has been retrospectively validated or validly granted under the NTA, the rights under the tenement prevail over any inconsistent native title rights.

#### **Freehold land**

We have assumed that all of the freehold land the subject of the Tenements was validly granted prior to 23 December 1996 and that therefore:

- (d) native title has been extinguished in respect of that land;
- (e) registered native title claimants (and determined native title holders) are not entitled to rights under the Future Act Provisions in respect of that land.

The Company has advised us that it proposes to undertake exploration and, subject to receipt of relevant approvals, mining activities on areas designated as freehold land. On the basis that native title is extinguished over freehold land, the Company will not be required to enter into negotiations with respect to native title in order to conduct its activities.

## Non-freehold land

Native title may continue to subsist in certain parcels of non-freehold land or 'Crown land', including pastoral leases, vacant/unallocated Crown land and certain Crown reserves that were not vested prior to 23 December 1996 and which have not been subsequently developed as public works.

Unless it is essential that the Company has access to any of the above-mentioned parcels (or any other non-freehold land), it is recommended that all parcels of non-freehold land are excised from any applications for mining leases. If the Company wishes to undertake mining activities on any of the above-mentioned parcels, we would expect the Right to Negotiate to apply.

### Application to the Tenements

The following sections of the Report identify:

- (a) any native title claims (registered or unregistered), native title determinations and ILUAs in relation to the Tenements (see Section 7.3);
- (b) any Tenements which have been retrospectively validated under the NTA as being granted before 23 December 1996 (see Section 7.5);
- (c) any Tenements which have been granted after 23 December 1996 and as such will need to have been granted following compliance with the Future Act Provisions to be valid under the NTA. This Report assumes that the Future Act Provisions have been complied with in relation to these Tenements (see Section 7.5); and
- (d) any Tenements which are yet to be granted and as such may need to be granted in compliance with the Future Act Provisions in order to be valid under the NTA (see Section 7.5).

### 7.3 Native title claims, native title determinations and ILUAs

Our searches indicate that all of the Tenements are within the external boundaries of the native title claims specified in Part III of the Schedule. All of these claims are yet to be determined by the Federal Court.

Our searches did not return any results for ILUAs in relation to any of the Tenements.

Registered native title claimants (and holders of native title under the determinations) are entitled to certain rights under the Future Act Provisions in respect of land in which native title may continue to subsist.

### 7.4 Validity of Tenements under the NTA

Our searches indicate that the Tenements are within the external boundaries of the following native title claims, native title determinations and ILUAs:

Tenement	Native Title Claim	Native Title Determination	ILUA
E63/1186	WAD 6020 – Ngadju (WC1999/002)	Not determined	None
E74/422 P74/339	WAD 6181/98 – Ballardong People	Not determined	None

Tenement	Native Title Claim	Native Title Determination	ILUA
E74/467 E74/492-I E77/1750 E77/1811 P77/3869	(WC2000/007)  WAD 6006/2003 – Single Noongar Claim Area (Area 1) (WC2003/006)	Not determined	None

The status of any native title claims, native title determinations and ILUAs is summarised in Part III of the Schedule.

Native title claimants, holders of native title under the determinations and native title parties under ILUAs are entitled to certain rights under the Future Act Provisions.

## 7.5 Validity of Tenements under the NTA

The sections below examine the validity of the Tenements under the NTA.

### Tenements granted after 23 December 1996

Our searches indicate that all of the Tenements were granted after 23 December 1996.

We have assumed that these Tenements were granted in accordance with the Future Act Provisions and as such are valid under the NTA.

### Tenements renewed after 23 December 1996

Renewals of mining tenements made after 23 December 1996 must comply with the Future Act Provisions in order to be valid under the NTA.

An exception is where the renewal is the first renewal of a mining tenement that was validly granted before 23 December 1996 and the following criteria are satisfied:

- (a) the area to which the mining tenement applies is not extended;
- (b) the term of the renewed mining tenement is not longer than the term of the old mining tenement; and
- (c) the rights to be created are not greater than the rights conferred by the old mining tenement.

In such cases, the mining tenement can be renewed without complying with the Future Act Provisions. It is currently uncertain whether this exemption applies to a second or subsequent renewal of such a mining tenement.

Our searches indicate that none of the Tenements have been renewed after 23 December 1996.

Renewals of Tenements in the future will need to comply with the Future Act Provisions in order to be valid under the NTA. The registered native title claimants and holders of native title identified in Section 7.3 of this Report will need to be involved as appropriate under the Future Act Provisions.

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## 8. ENCROACHMENTS

Where a mining tenement application overlaps a pre-existing mining tenement, the mining tenement granted will exclude the area of land covered by the pre-existing mining tenement licence.

An exception applies if the pre-existing mining tenement is a miscellaneous licence, in which case the mining tenement granted can overlap the miscellaneous licence. In this case, the holders of the two mining tenements will need to agree access arrangements between themselves (or as directed by the Warden in the absence of agreement).

The Tenements overlap a number of miscellaneous licences, as follows:

- (a) E74/422 is encroached by L74/11 by 6.4%.
- (b) E74/467 is encroached by:
  - (i) L74/11 by 3.5%; and
  - (ii) L74/12 by 0.2%.
- (c) E74/492-I is encroached by L74/12 by less than 0.6%.

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## 9. PETROLEUM EXPLORATION PERMITS

E69/2777 and E69/3008 are overlapped as follows by petroleum exploration permits (**PEP**) granted under the *Petroleum and Geothermal Energy Resources Act 1967 (WA)* (**Petroleum Act**):

- (a) PEP 468 overlaps E69/2777 by 72.9%; and
- (b) PEP 468 overlaps E69/3008 by 100%.

The PEP's are held by unrelated third parties.

The Petroleum Act provides that no holder of a licence under the Petroleum Act may interfere with any operations of another person being lawfully carried on by way of exploration for, recovery of or conveyance of a mineral. However, the Petroleum Act also provides that no person may intentionally or recklessly interfere with any petroleum operation or geothermal energy operation.

The Mining Act provides that, in the event that a dispute arises between the holder of the relevant PEP (**PEP Holder**) and the Company concerning any operations carried out or proposed to be carried out by the Company or the PEP Holder, the disputed matter will be referred to a warden of the mines as appointed under the Mining Act (**Warden**). The Warden, as soon as practicable after such reference, shall inquire into the dispute and provide a report to the Minister.

Upon receipt of the Warden's report, the Minister may make such order and give such directions to the Company or PEP Holder or to both of them as in the public interest and in the circumstances of the case may seem to him to be just and equitable.

The Company has advised us that it is currently in co-operation with the PEP Holders as to the carrying out of activities on the relevant overlapping areas of the Tenements. The Company has no reason to believe that it cannot and will not carry out its activities in conjunction with the activities of the PEP Holders harmoniously.



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## 10. PRIVATE LAND

Subject to certain exceptions and limitations, private land which is not already subject to a mining tenement is generally considered open for mining under the Mining Act, and a mining tenement may be issued in relation to such land, entitling the holder to the rights granted thereby. However, a tenement may not be granted in respect of private land which is:

- (a) in bona fide and regular use as a yard, stockyard, garden, orchard, vineyard, plant nursery or plantation or is land under cultivation or within 100m of that site;
- (b) the site of a cemetery or burial ground or within 100 metres of that site;
- (c) the site of a dam, bore, well or spring or within 100 metres of that site;
- (d) on which there is erected a substantial improvement or within 100 metres of that improvement; or
- (e) a parcel of land with an area of 2,000 square metres or less,

unless the written consent of the private landholder and any other occupier is obtained or the tenement is only granted in respect of the land below 30 metres from the surface of the private land. If the tenement is only granted in respect of the land below 30 metres from the surface of the private land, the tenement holder can apply to the Minister for the land between the surface and 30 metres depth to be included in the tenement, which application may be granted provided that the private landowner has consented to such land being included in the tenement.

In particular, E74/492 is overlapped by private land equalling 0.2% of the tenement.

The owners and occupiers of any land where mining takes place are entitled according to their respective interests to compensation for all loss and damage suffered or likely to be suffered by them resulting or arising from the mining, whether or not lawfully carried out. The tenement holder may not commence mining on the surface or within a depth of 30 metres from the surface until compensation has been agreed with the private landowner or paid in accordance with the Mining Act. Compensation may be determined by agreement between the tenement holder and private landowner or occupier, or by the warden.

The owner and any other occupier may be entitled to compensation for:

- (a) deprivation of the possession or use of the natural surface or any part of the land;
- (b) damage to the land or any part of the land;
- (c) severance of the land or any part of the land from other land of, or used by, the owner or occupier;
- (d) loss or restriction of a right of way or other easement or right;
- (e) loss of, or damage to, improvements;
- (f) social disruption;
- (g) in the case of private land that is land under cultivation, any substantial loss of earnings, delay, loss of time, reasonable legal or other costs of negotiation,

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disruption to agricultural activities, disturbance of the balance of the agricultural holding, the failure on the part of a person concerned in the mining to observe the same laws or requirements in relation to that land as regards the spread of weeds, pests, disease, fire or erosion, or as to soil conservation practices, as are observed by the owner or occupier of that land; and

- (h) any reasonable expenses properly arising from the need to reduce or control the damage resulting or arising from the mining.

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## 11. PROPOSED NATURE RESERVES

As set out in Part 1 of the Schedule to this Report, E63/1186, E63/1189, E74/492-I, E74/422, E74/467 and P74/339 overlap with the proposed nature reserves as follows:

- (a) E63/1186 is overlapped by PNR/82 by 84.8%;
- (b) E63/1189 is overlapped by PNR/82 by 20.7%;
- (c) E74/492-I is overlapped by PNR/58 by 78.3% and PNR/59 by 3.1%;
- (d) E74/422 is overlapped by PNR/58 by 12.8%;
- (e) E74/467 is overlapped by PNR/58 by 69.5%; and
- (f) P74/339 is overlapped by PNR/58 by 28.4%.

As set out in Part 1 of the Schedule to this Report, the proposed nature reserves impose conditions on the mining tenements. In the event that the proposed nature reserves are granted as nature reserves by the Department of Environment and Conservation, these conditions will become more onerous.

State Government policy provides that mining should not occur on national parks, nature reserves, conservation parks or state forests and, where possible, a tenement applicant is encouraged to excise the conservation area from the area of the application.

If a conservation area is not excised, the DMP will refer the application to the Department of Environment and Conservation for comment and or consent. Under the Mining Act, mineral exploration on national parks, class "A" nature reserves and certain conservation parks requires the concurrence of the Minister of Environment and Conservation. In relation to nature reserves other than class "A" reserves, and certain conservation parks, the Minister for the Environment and Conservation is required to give his recommendation in relation to the grant.

Where the Minister for the Environment and Conservation concurs with the grant or provides recommendations in relation to the grant, additional conditions and endorsements are generally placed on the tenement. These conditions are designed to minimise the impacts on the environment and to draw the tenement holders attention to the requirements under other environmental protection legislation.

It is noted that class "A" nature reserves attract restrictions on mining activities within the conservation reserves, including:

- (a) a mining lease or a general purpose lease cannot be granted over a class A reserve without the consent of both Houses of Parliament; and

- (b) mining can only be commenced in a class A reserve with the approval of the Minister for Mines and Petroleum and the Minister for Environment and Conservation.

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## 12. ADDITIONAL INTERESTS

Certain of the Tenements are affected by file notation areas, being:

- (a) areas where Government has proposed some change of land tenure that is being considered or endorsed by DMP for possible implementation; and/or
- (b) areas of some sensitivity to activities by the mineral resource industry that warrants the application of specific tenement conditions.

Specifically:

- (a) E39/1277, E69/2777 and E69/3008 are impacted by the existence of a licence for the replacement of a licence for the exploration for underground water licence at Officer Basin, granted under Section 91 of the *Land Administration Act 1997* (WA) (**Section 91 Licence**). The Section 91 Licence expired in June 2012. The former licence holders have been contacted by the Department of Regional Development and Lands to enquire into the possibility of renewal of the licence. To date, there has been no response by the former licence holders to this enquiry. However, in the event that the former licence holders seek renewal, further conditions relating to underground water may be applied to the tenements. Given that the licence for the exploration of underground water expired in June 2012 and has not been renewed, we do not believe this matter to be material,
- (b) E63/1186 and E63/1189 are impacted by a dedication of a portion of the Norseman-Hyden Road, West of Norseman, Shire of Dundas.

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## 13. MATERIAL CONTRACTS

### 13.1 Overview

We have reviewed all material agreements relating to the Tenements provided to us. There are no agreements registered as dealings against the Tenements as at the date of our DMP searches.

We have been provided with the Heads of Agreement between the Company and Sulphide. We have summarised the material terms of the Heads of Agreement in Part II of the Schedule.

### 13.2 Heritage Agreements

In respect of certain tenements, the following Heritage Agreements have been entered into:

- (a) Ngadju Heritage Agreement dated 30 November 2007, between Sulphide Resources Pty Ltd and Goldfields Land and Sea Council on behalf of the applicants in the Ngadju Native Title Claim WC1999/002 in relation to E63/1186 and E63/1189;
- (b) GLSC Heritage Agreement dated 20 February 2008, between Sulphide Resources Pty Ltd and the Goldfields Land and Sea Council (**GLSC**) in its capacity as an incorporated association representing the interests of

Aboriginal people in the Goldfields and persons who may hold native title within the area the subject of the agreement in relation to E39/1277;

- (c) Ballardong Heritage Protection Agreement dated 28 May 2009, between Sulphide Resources Pty Ltd, Reginald Yarran Jnr and Dianne Taylor for and on behalf of themselves and the members of the Ballardong people being the applicants in the Ballardong Native Title Claim WC2000/007 – BALLARDONG (WAD 6181 of 1998) which covers the area of the proposed mining tenement, and the South West Aboriginal Land and Sea Council Aboriginal Corporation in relation to P77/3869;
- (d) Ballardong Heritage Protection Agreement dated 28 May 2009, between Sulphide Resources Pty Ltd and Reginald Yarran Jnr and Dianne Taylor for and on behalf of themselves and the members of the Ballardong people being the applicants in the Ballardong Native Title Claim WC2000/007 – BALLARDONG (WAD 6181 of 1998) which covers the area of the proposed mining tenement, and the South West Aboriginal Land and Sea Council Aboriginal Corporation in relation to E74/422;
- (e) Ballardong Heritage Protection Agreement dated 21 June 2010, between Sulphide Resources Pty Ltd and Dianne Taylor, Murray Yarran and Reg Yarran Jnr for and on behalf of themselves and the members of the Ballardong people being the applicants in the Ballardong Native Title Claim WC2000/007 – BALLARDONG (WAD 6181 of 1998) which covers the area of the proposed mining tenement, and the South West Aboriginal Land and Sea Council Aboriginal Corporation (**SWLSC**) in relation to E77/1750;
- (f) Ballardong Heritage Protection Agreement dated 15 November 2010 between Sulphide Resources Pty Ltd and Dianne Taylor, Murray Yarran and Reg Yarran Jnr for and on behalf of themselves and the members of the Ballardong people being the applicants in the Ballardong Native Title Claim WC2000/007 – BALLARDONG (WAD 6181 of 1998) which covers the area of the proposed mining tenement, and the South West Aboriginal Land and Sea Council Aboriginal Corporation (**SWLSC**) in relation to E77/1811;
- (g) Ballardong Heritage Protection Agreement dated 15 November 2010 between Sulphide Resources Pty Ltd and Dianne Taylor, Murray Yarran and Reg Yarran Jnr for and on behalf of themselves and the members of the Ballardong people being the applicants in the Ballardong Native Title Claim WC2000/007 – BALLARDONG (WAD 6181 of 1998) which covers the area of the proposed mining tenement, and the South West Aboriginal Land and Sea Council Aboriginal Corporation (**SWLSC**) in relation to P74/339;
- (h) Ballardong Heritage Protection Agreement dated 15 November 2010 between Sulphide Resources Pty Ltd and Dianne Taylor, Murray Yarran and Reg Yarran Jnr for and on behalf of themselves and the members of the Ballardong people being the applicants in the Ballardong Native Title Claim WC2000/007 – BALLARDONG (WAD 6181 of 1998) which covers the area of the proposed mining tenement, and the South West Aboriginal Land and Sea Council Aboriginal Corporation (**SWLSC**) in relation to E74/467;
- (i) Central Desert Heritage Agreement dated 23 July 2008 between Sulphide Resources Pty Ltd and Central Desert Native Title Services Ltd pursuant to its statutory functions under the Native Title Act on behalf of persons who may hold native title within the area of land the subject of E39/1277; and
- (j) Ballardong Heritage Protection Agreement dated 13 June 2011 between Sulphide Resources Pty Ltd and Dianne Taylor, Murray Yarran and Reg Yarran

Jnr for and on behalf of themselves and the members of the Ballardong people being the applicants in the Ballardong Native Title Claim WC2000/007 – BALLARDONG (WAD 6181 of 1998) which covers the area of the proposed mining tenement, and the South West Aboriginal Land and Sea Council Aboriginal Corporation in relation to E74/492-I.

Refer to Part II of the Schedule for further details.

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#### **14. QUALIFICATIONS AND ASSUMPTIONS**

This Report is subject to the following qualifications and assumptions:

- (a) we have assumed the accuracy and completeness of all Tenement searches, register extracts and other information or responses which were obtained from the relevant department or authority including the NNTT;
- (b) we assume that the registered holder of a Tenement has valid legal title to the Tenement;
- (c) this Report does not cover any third party interests, including encumbrances, in relation to the Tenements that are not apparent from our searches and the information provided to us;
- (d) we have assumed that any agreements provided to us in relation to the Tenements are authentic, were within the powers and capacity of those who executed them, were duly authorised, executed and delivered and are binding on the parties to them;
- (e) with respect to the granting of the Tenements, we have assumed that the State and the applicant for the Tenements have complied with, or will comply with, the applicable Future Act Provisions;
- (f) we have assumed the accuracy and completeness of any instructions or information which we have received from the Company or any of its officers, agents and representatives;
- (g) unless apparent from our searches or the information provided to us, we have assumed compliance with the requirements necessary to maintain a Tenement in good standing;
- (h) with respect to the application for the grant of a Tenement, we express no opinion as to whether such application will ultimately be granted and that reasonable conditions will be imposed upon grant, although we have no reason to believe that any application will be refused or that unreasonable conditions will be imposed;
- (i) references in the Schedule to any area of land are taken from details shown on searches obtained from the relevant department. It is not possible to verify the accuracy of those areas without conducting a survey;
- (j) the information in the Schedule is accurate as at the date the relevant searches were obtained. We cannot comment on whether any changes have occurred in respect of the Tenements between the date of the searches and the date of the Prospectus;
- (k) where Ministerial consent is required in relation to the transfer of any Tenement, we express no opinion as to whether such consent will be granted,

or the consequences of consent being refused, although we are not aware of any matter which would cause consent to be refused;

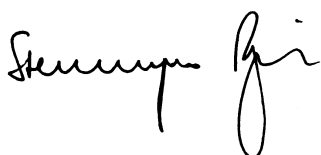
- (l) we have not conducted searches of the Database of Contaminated Sites maintained by the Department of the Environment and Conservation;
- (m) native title may exist in the areas covered by the Tenements. Whilst we have conducted searches to ascertain that native title claims and determinations, if any, have been lodged in the Federal Court in relation to the areas covered by the Tenements, we have not conducted any research on the likely existence or non-existence of native title rights and interests in respect of those areas. Further, the NTA contains no sunset provisions and it is possible that native title claims could be made in the future; and
- (n) Aboriginal heritage sites or objects (as defined in the WA Heritage Act or under the Commonwealth Heritage Act) may exist in the areas covered by the Tenements regardless of whether or not that site has been entered on the Register of Aboriginal Sites established by the WA Heritage Act or is the subject of a declaration under the Commonwealth Heritage Act. We have not conducted any legal, historical, anthropological or ethnographic research regarding the existence or likely existence of any such Aboriginal heritage sites or objects within the area of the Tenements.

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## 15. CONSENT

This report is given solely for the benefit of the Company and the directors of the Company in connection with the issue of the Prospectus and is not to be relied on or disclosed to any other person or used for any other purpose or quoted or referred to in any public document or filed with any government body or other person without our prior consent.

Yours faithfully



**STEINEPREIS PAGANIN**

**PART I**

**TENEMENT SCHEDULE**

TENEMENT	REGISTERED HOLDER / APPLICANT	SHARES HELD	GRANT DATE	EXPIRY DATE	AREA SIZE (Blocks)	ANNUAL RENT	MINIMUM ANNUAL EXPENDITURE	REGISTERED DEALINGS	BONDS	NOTES
E39/1277	Sulphide Resources Pty Ltd	100	19/05/2008	18/05/2013	30BL	Current Tenement Yr to 18/05/2013 – Paid in Full Next Tenement Yr - \$7,386 due by 18/05/2014	Previous Tenement Yr to 18/05/2012 – Expended in Full Current Tenement Yr to 18/05/2013 Commitment - \$45,000	Application to Amend 381971	None	1 – 6, 11 and 60
E63/1186	Sulphide Resources Pty Ltd	100	06/02/2009	05/02/2014	15BL	Current Tenement Yr to 05/02/2014 – Paid in Full Next Tenement Yr - \$3,693.00 due by 05/02/2015	Previous Tenement Yr to 05/02/2013 – Expended in Full Current Tenement Yr to 05/02/2014 Commitment - \$30,000	Application to Amend 381971 Extension of Time 396710 Partial Surrender – Voluntary 411002	None	1 – 6, 24– 30 and 60
E63/1189	Sulphide Resources Pty Ltd	100	06/02/2009	05/02/2014	20BL	Current Tenement Yr to 05/02/2014 – Paid in Full Next Tenement Yr - \$4,924.00 due by 05/02/2015	Previous Tenement Yr to 05/02/2013 – Expended in Full Current Tenement Yr to 05/02/2014 Commitment - \$30,000	Extension of Time 273760 Application to Amend 381971 Extension of Time 396710 Partial Surrender – Voluntary 411003 Excess Tonnage 413375	None	1 – 6, 27 – 32 and 61
E69/2777	Sulphide Resources Pty Ltd	100	17/03/2011	16/03/2016	35BL	Current Tenement Yr to 16/03/2013 – Paid in Full Next Tenement Yr - \$4,084.50 due by 16/03/2014	Previous Tenement Yr to 16/03/2012 – Expended in full Current Tenement Yr to 16/03/2013 Commitment - \$35,000	Application to Amend 381971	Bond 407349 – Unconditional performance bond Amount:	1 – 6, 33, 49 – 52 and 60

TENEMENT	REGISTERED HOLDER / APPLICANT	SHARES HELD	GRANT DATE	EXPIRY DATE	AREA SIZE (Blocks)	ANNUAL RENT	MINIMUM ANNUAL EXPENDITURE	REGISTERED DEALINGS	BONDS	NOTES
									\$12,000.00 Recorded : 04/10/12	
E74/422	Sulphide Resources Pty Ltd	100	23/07/2009	22/07/2014	1BL	Current Tenement Yr to 22/07/2013 – Paid in Full Next Tenement Yr - \$280.65 due by 22/07/2014	Previous Tenement Yr to 22/07/2012 - Expended in full Current Tenement Yr to 22/07/2013 Commitment - \$10,000	Application to Amend 381971	None	1 – 6, 27 – 30, 34 – 35 and 61
E74/467	Sulphide Resources Pty Ltd	100	15/02/2011	14/02/2016	20BL	Current Tenement Yr to 14/02/2013 – Paid in Full Next Tenement Yr - \$2,334.00 due by 14/02/2014	Previous Tenement Yr to 14/02/2012 - Expended in full Current Tenement Yr to 14/02/2013 Commitment - \$20,000	Application to Amend 381971	None	2 -6, 36 – 42, 59 and 61
E74/492-I	Sulphide Resources Pty Ltd	100	13/03/2012	12/03/2017	10BL	Current Tenement Yr to 12/03/2013 – Paid in Full Next Tenement Yr - \$1,167.00 due by 12/03/2014	Previous Tenement Yr – N/A Current Tenement Yr to 12/03/2013 Commitment - \$20,000	Application to Amend 365067 Application to Amend 381971	None	2 – 6, 36, 40 – 47, 59 and 61
E77/1750	Sulphide Resources Pty Ltd	100	01/11/2010	31/10/2015	1BL	Current Tenement Yr to 31/10/2013 – Paid in Full Next Tenement Yr - \$280.65 due by 31/10/2014	Previous Tenement Yr to 31/10/2012 - Expended in full Current Tenement Yr to 31/10/2013 Commitment - \$10,000	Application to Amend 381971	None	1 – 6, 27 – 30, 48
E77/1811	Sulphide Resources Pty Ltd	100	15/04/2011	14/04/2016	1BL	Current Tenement Yr to 14/04/2013 – Paid in Full Next Tenement Yr - \$280.65 due by	Previous Tenement Yr to 14/04/2012 – underexpended, exemption granted. Current Tenement Yr	Application to Amend 381971	None	1 - 6



TENEMENT	REGISTERED HOLDER / APPLICANT	SHARES HELD	GRANT DATE	EXPIRY DATE	AREA SIZE (Blocks)	ANNUAL RENT	MINIMUM ANNUAL EXPENDITURE	REGISTERED DEALINGS	BONDS	NOTES
						14/04/2014	to 14/04/2013 Commitment - \$10,000			
E69/3008	Sulphide Resources Pty Ltd	100	12/06/2012	11/06/2017	69BL	Current Tenement Yr to 11/06/2013 – Paid in Full Next Tenement Yr - \$8,052.30 due by 11/06/2014	Previous Tenement Yr – N/A Current Tenement Yr to 11/06/2013 Commitment - \$69,000.00	Application to Amend 381971	None	1-6, 33, 53 – 58 and 60.
P74/339	Sulphide Resources Pty Ltd	100	02/05/2011	01/05/2015	31 HA	Current Tenement Yr to 01/05/2013 – Paid in Full Next Tenement Yr - \$69.75 due by 01/05/2014	Previous Tenement Yr to 01/05/2012 – Expended in full Current Tenement Yr to 01/05/2013 Commitment - \$2,000	Application to Amend 381971	None	2 – 6, 36 40, 41, 42 and 61
P77/3869	Sulphide Resources Pty Ltd	100	04/03/2009	03/03/2013 (renewal lodged on 26 February 2013)	63 HA	Current Tenement Yr to 03/03/2013 – Paid in Full Next Tenement Yr - \$141.75 due by 03/03/2014	Previous Tenement Yr to 03/03/2012 – Expended in full Current Tenement Yr to 03/03/2013 Commitment - \$2,520.00	Application to Amend 381971	None	1 – 6, 27 – 30 48 and 62

#### Key to Tenement Schedule

E – Exploration Licence

P – Prospecting Licence

All of the native title claims listed in the Schedule have been accepted and entered on the Register of Native Title Claims. Please refer to Part III of this Report for the status of the native title claims.

Unless otherwise indicated, capitalised terms have the same meaning given to them in the Prospectus.

References to numbers in the "Notes" column refers to the notes following this table.

Notes – Tenement Conditions and Endorsements:

1.	The Licensee's attention is drawn to the provisions of the Aboriginal Heritage Act 1972 and any regulations thereunder.
2.	The Licensee's attention is drawn to the Environmental Protection Act 1986 and the Environmental Protection (Clearing of Native Vegetation) Regulations 2004, which provides for the protection of all native vegetation from damage unless prior permission is obtained.

3.	All surface holes drilled for the purpose of exploration are to be capped, filled or otherwise made safe immediately after completion.
4.	All disturbances to the surface of the land made as a result of exploration, including costeans, drill pads, grid lines and access tracks, being backfilled and rehabilitated to the satisfaction of the Environmental Officer, Department of Mines and Petroleum (DMP). Backfilling and rehabilitation being required no later than 6 months after excavation unless otherwise approved in writing by the Environmental Officer, DMP.
5.	All waste materials, rubbish, plastic sample bags, abandoned equipment and temporary buildings being removed from the mining tenement prior to or at the termination of exploration program.
6.	Unless the written approval of the Environmental Officer, DMP is first obtained, the use of drilling rigs, scrapers, graders, bulldozers, backhoes or other mechanised equipment for surface disturbance or the excavation of costeans is prohibited. Following approval, all topsoil being removed ahead of mining operations and separately stockpiled for replacement after backfilling and/or completion of operations.
7.	The Licensee notifying the holder of any underlying pastoral or grazing lease by telephone or in person, or by registered post if contact cannot be made, prior to undertaking airborne geophysical surveys or any ground disturbing activities utilising equipment such as scrapers, bulldozers, backhoes, drilling rigs; water carting equipment or other mechanised equipment.
8.	The Licensee or transferee, as the case may be, shall within thirty (30) days of receiving written notification of: - <ul style="list-style-type: none"> <li>• the grant of the Licence; or</li> <li>• registration of a transfer introducing a new Licensee;</li> </ul> advise, by registered post, the holder of any underlying pastoral or grazing lease details of the grant or transfer.
9.	All disturbances to the surface of the land made as a result of exploration, including costeans, drill pads, grid lines and access tracks, being backfilled and rehabilitated to the satisfaction of the Environmental Officer, Department of Industry and Resources (DoIR). Backfilling and rehabilitation being required no later than 6 months after excavation unless otherwise approved in writing by the Environmental Officer, DoIR.
10.	Unless the written approval of the Environmental Officer, DoIR is first obtained, the use of drilling rigs, scrapers, graders, bulldozers, backhoes or other mechanised equipment for surface disturbance or the excavation of costeans is prohibited. Following approval, all topsoil being removed ahead of mining operations and separately stockpiled for replacement after backfilling and/or completion of operations.
11.	<b>In respect to the area outlined in "red" and designated FNA 7835 in TENGRAPH (former Wongatha native title claim WC99/01) the following condition shall apply:</b> If the Central Desert Native Title Services (CDNTS) sends a request by pre-paid post to the Licensee's address within 90 days after the grant of the Licence, the Licensee shall within 30 days of the request execute in favour of the CDNTS the revised CDNTS Wongatha Interim Standard Heritage Agreement.
12.	The rights of ingress and egress from Miscellaneous Licence 38/120, 39/124, 39/162 and 39/163 being at all times preserved to the licensee and no interference with the purpose or installations connected to the licence.
13.	<b>In respect to the area outlined in "red" and designated FNA 7836 in TENGRAPH (former Wongatha native title claim WC99/01) the following condition shall apply:</b> If the Goldfields Land and Sea Council (GLSC) sends a request by pre-paid post to the Licensee's address within 90 days after the grant of the Licence, the Licensee shall within 30 days of the request execute in favour of the GLSC the revised GLSC Wongatha Interim Standard Heritage Agreements.
14.	The grant of the Licence does not include the land the subject of prior Exploration Licence 45/2146. If the prior licence expires, is surrendered or forfeited that land may be included in this licence, subject to the provisions of the Third Schedule of the Mining Regulations 1981 titled "Transitional provisions relating to Geocentric Datum of Australia."
15.	The Licensee pursuant to the approval of the Minister responsible for the Mining Act under Section 111 of the Mining Act 1978 is authorised to explore for iron.
16.	No excavation, excepting shafts, approaching closer to the Great Northern Highway, Highway verge or the road reserve than a distance equal to twice the depth of the excavation and mining on the Great Northern Highway or Highway verge being confined to below a depth of 30 metres from the natural surface, and on any other road or road verge, to below the depth of 15 metres from the natural surface.
17.	<b>In respect to the area outlined in "red" ( FNA 7672) as shown in TENGRAPH the following condition shall apply:</b> No prospecting, exploration or mining activities being constructed that will interfere with or endanger the construction of operation of the Gas/Petroleum pipeline and associated

	facilities and rights of ingress to and egress from the area being at all times preserved to the holders, their employees, agents and contractors.
18.	The prior written consent of the Minister responsible for the Mining Act 1978 being obtained before commencing any exploration activities on Rabbit Proof Fence No 1 Reserve 12297, Camping Reserve 12567 and Microwave Translator Site Reserve 38768.
19.	Mining within a radius of 150 metres of any Australian Telecommunications Commission microwave repeater station being confined to below a depth of 60 metres from the natural surface.
20.	No interference with the Australian Telecommunications Commission microwave repeater station ray-line
21.	No interference with Geodetic Survey Station SSM-PORT HEDLAND 157 & 157 and mining within 15 metres thereof being confined to below a depth of 15 metres from the natural surface.
22.	The rights of ingress to and egress from Miscellaneous Licence 45/193 being at all times preserved to the licensee and no interference with the purpose or installations connected to the licence.
23.	In respect of the area covered by the licence the Licensee, if so requested in writing by the Wanparta Aboriginal Corporation, the applicants in Federal Court WAS 6185 of 1998 (WC99/26), such request being sent by pre-paid post to reach the Licensee's address, Nerida O Brien, MaMahon Mining Title Services Pty Ltd, PO Box 8638 PBC, PERTH WA 6849, nerida@mmts.net.au not more than ninety days after the grant of this licence shall within thirty days of the request execute in favour of the Tarlpa People the Regional Standard Heritage Agreement endorsed by peak industry groups and Ngaanyatjarra Land Council (now known as Central Desert Native Title Service).
24.	No interference with Geodetic Survey Station UJ130 and mining within 15 metres thereof being confined to below a depth of 15 metres from the natural surface.
25.	The prior written consent of the Minister responsible for the Mining Act 1978 being obtained before commencing any exploration activities on the area outlined in red in Tengraph and designated FNA8120 (Proposed Gravel Reserve).
26.	<b>In respect to the area of land designated Proposed Nature Reserve 82 in TENGRAPH, hereinafter referred to as the designated area, the following additional conditions shall apply:</b> Prior to accessing the licence area, the licensee shall consult with the Environmental Officer, DMP, and ensure that where required all vehicles and equipment entering the designated area are washed down to remove soil and plant propagules and adhering to such conditions specified for the prevention of the spread of soil-borne diseases.
27.	Prior to any activity involving disturbance to vegetation and soils including: - <ul style="list-style-type: none"> <li>• exploration access; and/or</li> <li>• exploration sampling;</li> <li>• the licensee preparing a detailed program for each phase of proposed exploration for written approval of the Director, Environment, DMP. The Director, Environmental, DMP to consult with the Regional/District Manager, Department of Environment and Conservation or other government agency (as relevant) prior to approval. This program to describe the environmental impacts and programs for their management and is to include: <ul style="list-style-type: none"> <li>• maps and/or aerial photographs showing the proposed locations of all ground activities and disturbances;</li> <li>• the purpose, specifications and extent of each activity and disturbance;</li> <li>• descriptions of all vegetation types (in general terms) , land forms, and unusual features likely to be disturbed by such proposed disturbances;</li> <li>• details on proposals that may disturb sensitive terrestrial habitats including any declared rare flora and fauna if applicable;</li> <li>• procedures to protect the integrity of special ecosystems such as wetland systems, mangal communities and rainforests areas (and/or associated rainforest monitoring sites) if applicable;</li> <li>• techniques, prescriptions, and timetable for rehabilitation of all proposed disturbances;</li> <li>• undertaking for corrective measures for failed rehabilitation;</li> <li>• details of water requirements from within the designated area;</li> <li>• details of refuse disposal; and</li> <li>• proposals for instruction and supervision of personnel and contractors in respect to environmental conditions.</li> </ul> </li> </ul>
28.	Access to and from the movement of vehicles within the licence area being restricted to ground or seasonal conditions and routes approved under the program or otherwise

	agreed by the Environmental Officer, DMP.
29.	At agreed intervals, not greater than 12 monthly, the licensee providing a brief report to the Director, Environmental, DMP outlining the progress of the operation and rehabilitation program and the proposed operations and rehabilitation programs for the next 12 months.
30.	Prior to the cessation of the exploration/prospecting activity in the designated area, the licensee notifying the Environmental Officer, DMP and arranging an inspection as required.
31.	No interference with Geodetic Survey Station Lake Johnston 49 and mining within 15 metres thereof being confined to below a depth of 15 metres from the natural surface.
32.	<b>In respect to the area of land designated Proposed Nature Reserves 83 and 83 in TENGRAPH, hereinafter referred to as the designated area, the following additional conditions shall apply:</b> Prior to accessing the licence area, the licensee shall consult with the Environmental Officer, DMP, and ensure that where required all vehicles and equipment entering the designated area are washed down to remove soil and plant propagules and adhering to such conditions specified for the prevention of the spread of soil-borne diseases.
33.	The Licensee's attention is drawn to the existence of a licence for replacement of exploration for underground water licence at Officer Basin granted pursuant to section 91 of the Land Administration Act 1997 and which is shown designated as 5544 in TENGRAPH.
34.	The rights of ingress and egress to Miscellaneous Licence 74/11 being at all times preserved to the licensee and no interference with the purpose or installations connected to the licence.
35.	<b>In respect to the area of land designated PNR 58 (Proposed Nature Reserve) in TENGRAPH, hereinafter referred to as the designated area, the following additional conditions shall apply:</b> Prior to accessing the licence area, the licensee shall consult with the Environmental Officer, DMP, and ensure that where required all vehicles and equipment entering the designated area are washed down to remove soil and plant propagules and adhering to such conditions specified for the prevention of the spread of soil-borne diseases.
36.	The licensee's attention is drawn to the provisions of: <ul style="list-style-type: none"> <li>• the Aboriginal Heritage Act 1972 and any Regulations thereunder;</li> <li>• the Conservation and Land Management Act 1984 and any Regulations thereunder;</li> <li>• the Bushfires Act 1954 and any regulations thereunder; and</li> <li>• the Wildlife Conservation Act 1950 and any Regulations thereunder.</li> </ul>
37.	The land the subject of the licence affects Rare Flora site/s (including Rare Flora Sites 21263 and 21264) declared under the Wildlife Conservation Act 1950. The licensee is advised to contact the Department of Environment and Conservation for information on the management of Declared Rare Flora (or priority listed Flora) present within the tenement area.
38.	The prior written consent of the Minister responsible for the Mining Act 1978 being obtained before commencing any exploration activities on Gravel Reserve 42907.
39.	The rights of ingress to and egress from Miscellaneous Licences 74/11 and 74/12 being at all times preserved to the licensee and no interference with the purpose or installation connected to the licence.
40.	<b>In respect to DEC – Manager Lands PNR 58 (Proposed Nature Reserve) the following conditions apply:</b> Prior to lodgement of a Programme of Work (PoW), the Licensee preparing a Conservation Management Plan (CMP) to address the conservation impacts of the proposed activities and submitting the CMP to the relevant Regional Manager of the Department of Environment and Conservation (DEC). This CMP shall be prepared pursuant to DEC-prepared "Guidelines for Conservation Management Plans Relating to Mineral Exploration on Lands Managed by the Department of Environment and Conservation" to meet the requirements of the Minister for Environment for acceptable impacts to conservation estate. A copy of the CMO and of DEC's decision on its acceptability under the guidelines is to accompany the lodgement of the PoW application with the Department of Mines and Petroleum.
41.	At least five working days prior to accessing the reserve or proposed reserve are, unless otherwise agreed with the relevant Regional Manager of the Department of the Environment and Conservation (DEC-R), the holder providing the DEC-R with an itinerary and programme of the locations of operations on the Licence area and informed at least five days in advance of any changes to that itinerary. All activities and movements shall comply with reasonable access and travel requirements of the DEC-R regarding

	seasonal/ground conditions.
42.	The Licensee submitting to the Director of Environment, Department of Mines and Petroleum (DMP), and to the relevant Regional Manager, Department of the Environment and Conservation (DEC-R) a project completion report outlining the project operations and rehabilitation work undertaken in the programme. This report is to be submitted within six months of completion of exploration activities.
43.	The licensee pursuant to the approval of the Minister responsible for the Mining Act 1978 under Section 111 of the Mining Act 1978 is authorised to explore for iron.
44.	The grant of the License does not include any private land referred to in Section 29(2) of the Mining Act 1978 except that below 30 metres from the natural surface of the land.
45.	The prior written consent of the Minister responsible for the Mining Act 1978 being obtained before commencing any exploration activities on Timber Use of Department of Agriculture Reserve 19866 and Rabbit Proof Fence CR 8812.
46.	Mining on a strip of land 30 metres wide with the Rabbit Proof Fence at the centre-line being restricted to below a depth of 15 metres from the natural surface.
47.	The rights of ingress and egress from Miscellaneous Licence 74/12 being at all times preserved to the licensee and no interference with the purpose or installation connected to the licence.
48.	<b>In respect to the area of land designated EPA/11.10 in TENGRAPH, hereinafter referred to as the designated area, the following additional conditions shall apply:</b> Prior to accessing the licence area, the licensee shall consult with the Environmental Officer, DMP, and ensure that where required all vehicles and equipment entering the designated area are washed down to remove soil and plant propagules and adhering to such conditions specified for the prevention of the spread of soil-borne diseases.
49.	The Licensee's attention is drawn to the Minister's requirement that the holder of this Licence lodge security in the form of an Unconditional Performance Bond for due compliance with environmental conditions in the sum of \$12,000.
50.	The construction and operation of the project and measures to protect the environment to be carried out in accordance with the document titled "Programme of Work on E69/2777 for Tropicana Gold Limited (Reg ID 36638) dated 17 August 2012 signed by Benjamin Webster and retained on Department of Mines and Petroleum File No. EARS-POW-36638. Where a difference exists between the above document(s) and the following conditions, then the following conditions shall prevail.
51.	The development and operation of the project being carried out in such a manner so as to create the minimum practicable disturbance to the existing vegetation and natural landform.
52.	All topsoil and vegetation being removed ahead of all mining operations and being stockpiled appropriately for later respreading or immediately respread as rehabilitation progresses.
53.	<b>In respect to Water Resource Management Areas (WRMA) the following endorsements apply:</b> The Licensee attention is drawn to the provisions of the: <ul style="list-style-type: none"> <li>• Waterways Conservation Act, 1976</li> <li>• Rights in Water and Irrigation Act, 1914</li> <li>• Metropolitan Water Supply, Sewerage and Drainage Act, 1909</li> <li>• Country Areas Water Supply Act, 1947</li> <li>• Water Agencies (Powers) Act 1984</li> <li>• Water Resources Legislation Amendment Act 2007</li> </ul>
54.	The rights of ingress to and egress from the mining tenement being at all reasonable times preserved to officers of Department of Water (DoW) for inspection and investigation purposes.
55.	The storage and disposal of petroleum hydrocarbons, chemicals and potentially hazardous substances being in accordance with the current published version of the DoWs relevant Water Quality Protection Notes and Guidelines for mining and mineral processing.
56.	<b>In respect to Artesian (confined) Aquifers and Wells the following endorsement applies:</b> The abstraction of groundwater from an artesian well and the construction, enlargement, deepening or altering of any artesian well is prohibited unless a current licence for these

	activities has been issued by the DoW.
57.	<p><b>In respect to Waterways the following endorsement applies:</b></p> <p>Advice shall be sought from the DoW if proposing any exploration within a defined waterway and within a lateral distance of:</p> <ul style="list-style-type: none"><li>• 50 metres from the outer-most water dependent vegetation of any perennial waterway; and</li><li>• 30 metres from the outer-most water dependent vegetation of any seasonal waterway.</li></ul>
58.	<p><b>In respect to Proclaimed Ground Water Areas the following endorsement applies:</b></p> <p>The abstraction of groundwater is prohibited unless a current licence to construct/alter a well and a licence to take groundwater has been issued by the DoW.</p>

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## PART II

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### MATERIAL CONTRACT SUMMARIES

(a) **Agreement for Sale of Mining Assets**

On 19 December 2012 the Company entered into a Heads of Agreement with Sulphide Resources Pty Ltd (**Sulphide**) and David Donald Boyer as trustee for the DB Family Trust, as the sole shareholder in Sulphide (**Shareholder**), pursuant to which the Company agreed to acquire 100% of the issued share capital in Sulphide.

The consideration payable by the Company to the Shareholder is:

- (i) 4,000,000 Shares;
- (ii) 5,000,000 unlisted options to acquire Shares (**Options**), exercisable at \$0.25 per Option on or before 31 July 2016; and
- (iii) either:
  - (A) \$100,000 within 5 days of the Company receiving conditional approval to list on ASX, to reduce loan moneys owed by Sulphide to the Shareholder; or
  - (B) in the event that Sulphide is considered to be a "promoter" in accordance with ASX Listing Rule 19.12:
    - (I) cash to the value of the total reimbursement of expenditure incurred in funding the development of the Tenements (Reimbursable Sum); and
    - (II) Shares to Sulphide at the IPO issue price to satisfy the difference between \$100,000 and the Reimbursable Sum.

Completion of the Heads of Agreement is subject to the Company completing a capital raising to raise sufficient capital to fund the transaction and be admitted to the Official List of the ASX on conditions acceptable to the Company acting reasonably and for its securities to be quoted within a period of seven (7) months from the date of the Heads of Agreement. This condition precedent is capable of being waived.

The Share Sale Agreement otherwise contains terms standard for an agreement of this nature, including (but not limited to) termination events, warranties and indemnities and maintenance of status quo.

(b) **Ngadju Heritage Agreement**

On 30 November 2007, Sulphide Resources Pty Ltd (ACN 120 472 933) (**Sulphide**) entered into a heritage agreement with the Goldfields Land and Sea Council on behalf of the applicants in the Ngadju Native Title Claim No. 99/002 (**Ngadju Claimants**) in relation to E63/1186 and E63/1189 (**Ngadju Heritage Agreement**).

**(Commitment to Cooperate)**: under the Ngadju Heritage Agreement, the parties are required to cooperate with each other to ensure the proper identification, management and preservation of Aboriginal sites within the tenements.

**(Survey Costs):** Sulphide must pay the costs of the survey team in addition to the co-ordinating anthropologist's and if applicable, archaeologist's, reasonable costs.

**(Survey Obligations):** The Ngadju Heritage Agreement places surveying obligations on Sulphide in respect of, among other things, requisite consultation, establishment of Aboriginal sites, composition of the survey team and the survey report.

**(Confidential Information):** Where the final report prepared by the co-ordinating anthropologist contains information that is culturally sensitive to the Ngadju Claimant Group the report will not be disclosed to Sulphide unless the Ngadju Claimant Group agree to its disclosure or as required by law.

**(Assignment):** Sulphide may assign the whole or part of its interest in the Ngadju Heritage Agreement to an assignee of the whole of or any or all of the tenements provided that the assignee covenants to be bound by the terms of the Ngadju Heritage Agreement

(c) **GLSC Heritage Agreement**

On 20 February 2008, Sulphide Resources Pty Ltd (ACN 120 472 933) (**Sulphide**) entered into a heritage agreement with the Goldfields Land and Sea Council (**GLSC**) in its capacity as an incorporated association representing the interests of Aboriginal people in the Goldfields and persons who may hold native title within the area the subject of the agreement (**Claimants**) in relation to E39/1277 (**GLSC Heritage Agreement**).

**(Commitment to Cooperate):** under the GLSC Heritage Agreement, the parties are required to cooperate with each other to ensure the proper identification, management and preservation of Aboriginal sites within the tenements.

**(Section 18 Application):** Under the GLSC Heritage Agreement, Sulphide must not make an application under section 18 of the Aboriginal Heritage Act with respect to any area within the tenements without first giving the GLSC 60 days written notice of its intention to do so and consulting with the GLSC during that time with a view to avoiding or minimising the impact of the proposed activity on any Aboriginal sites.

**(Survey Activities):** Prior to any mining taking place, to enable the GLSC to consider the nature of the activities to be conducted on the land, Sulphide must provide to the GLSC information pertaining to the location of proposed low impact activities and in the case of all other mining, specific information pertaining to the nature, scope, objectives, estimated time of the mining, access routes, mining techniques, resources including water to be obtained from the tenement area, approximate number of personnel involved and requirements to restrict access to the area.

**(Survey Costs):** Sulphide must pay the costs of the survey team in addition to the co-ordinating anthropologist's and if applicable, archaeologist's, reasonable costs.

**(Other Obligations):** Sulphide may not use the information contained in the anthropologist's report to oppose any native title determination application without the consent of the GLSC.

**(Survey Obligations):** The GLSC Heritage Agreement places surveying obligations on Sulphide, as a member of the survey team, in respect of, among other things, requisite consultation, recording of Aboriginal sites, composition of the survey team and the survey report.



**(Confidential Information):** Where the final report prepared by the anthropologist contains information that is culturally sensitive to the Claimants the report will not be disclosed to Sulphide unless the GLSC agree to its disclosure or as required by law.

**(Assignment):** Sulphide may assign the whole or part of its interest in the GLSC Heritage Agreement to an assignee of the whole or any or all of the tenements provided that the assignee covenants to be bound by the terms of the GLSC Heritage Agreement.

(d) **Ballardong Heritage Protection Agreement**

On 28 May 2009, Sulphide Resources Pty Ltd (ACN 120 472 933) (**Sulphide**) entered into a heritage agreement with Reginald Yarran Jnr and Dianne Taylor for and on behalf of themselves and the members of the Ballardong people (**Ballardong Claimants**) being the applicants in the Ballardong Native Title Claim WC2000/007 – BALLARDONG (WAD 6181 of 1998) which covers the area of the proposed mining tenement, and the South West Aboriginal Land and Sea Council Aboriginal Corporation (**SWLSC**) in relation to P77/3869 (**Ballardong Heritage Agreement**).

**(Sulphide Covenants):** Sulphide agrees to comply with the Ballardong Heritage Agreement and to, amongst other things, ensure that proper surveys are conducted on the mining tenement for the identification of Aboriginal sites; accurate recordings of surveys; and the proper management and protection of Aboriginal sites.

**(Survey Requests):** In relation to a survey, except in the case of a proposed low impact activity or where the area to be affected by ground disturbance works has been the subject of a survey under the Ballardong Heritage Agreement, then prior to commencing any ground disturbance works, Sulphide must issue a survey request to SWLSC which contains sufficient information to enable the SWLSC to make a heritage survey. Where Sulphide proposes to undertake low impact activity on the mining tenement they must notify the SWLSC at least 20 days before the date they intend to commence that activity and provide details of the proposed activities.

**(Further Surveys):** Where a further survey is necessary or desirable it will be by agreement between the SWLSC and Sulphide.

**(Survey Costs):** Sulphide must pay the costs and expenses associated with conducting the survey.

**(Specified Aboriginal sites):** Where Sulphide wishes to enter an area within the mining tenement that has been identified as an area to be avoided during ground disturbance works or other prospecting and exploration activities, Sulphide must advise the SWLSC in writing of its intentions together with a detailed description of the intended activities. If, after consultation with the Ballardong Claimants a nominated anthropologist makes a recommendation for the Aboriginal sites to be monitored, the parties must meet to discuss the recommendation and make best endeavours to reach agreement to either modify the proposed ground disturbance works or appoint a monitoring team.

**(Identification and Relocation of Ancestral Remains):** If Sulphide uncovers skeletal remains or identifies an area or object which it reasonably suspects of being an Aboriginal site or Aboriginal object, as a result of any ground disturbance works, Sulphide must cease all operations and activities in the immediate vicinity of such and immediately notify the SWLSC, Ballardong Claimants, relevant government departments and meet on site with the other parties to discuss, in good faith, a culturally appropriate method of managing the discovery and to deal with it in accordance with the applicable statutory law.

**(Section 18 of the Heritage Act):** If Sulphide seek Ministerial consent under section 18 of the Heritage Act and wish to proceed with any Ground Disturbing Works or low impact activity despite notice that such activity encroach on an Aboriginal site(s), then unless otherwise agreed between the parties, the parties must consult for at least 20 days about means of avoiding, minimising or mitigating the effect of Sulphide's activities on the Aboriginal site(s).

**(Assignment):** Sulphide may assign the whole or part of its interest in the Ballardong Heritage Agreement to an assignee of the whole of or any or all of the tenements provided that the assignee enters into a deed of covenant to be bound by the terms of the Ballardong Heritage Agreement.

**(Duty):** Sulphide must pay the duty assessed or payable on the Ballardong Heritage Agreement.

**(Notice of Exploration Programmes):** Sulphide must give notice to the SWLSC of its intention to commence each annual programme of low impact activity and ground disturbance works.

(e) **Ballardong Heritage Protection Agreement**

On 28 May 2009, Sulphide Resources Pty Ltd (ACN 120 472 933) (**Sulphide**) entered into a heritage agreement with Reginald Yarran Jnr and Dianne Taylor for and on behalf of themselves and the members of the Ballardong people (**Ballardong Claimants**) being the applicants in the Ballardong Native Title Claim WC2000/007 – BALLARDONG (WAD 6181 of 1998) which covers the area of the proposed mining tenement, and the South West Aboriginal Land and Sea Council Aboriginal Corporation (**SWLSC**) in relation to E74/422 (**Ballardong Heritage Agreement 2**).

**(Sulphide Covenants):** Sulphide agrees to comply with the Ballardong Heritage Agreement 2 and to, amongst other things, ensure that proper surveys are conducted on the mining tenement for the identification of Aboriginal sites; accurate recordings of surveys; and the proper management and protection of Aboriginal sites.

**(Survey Requests):** In relation to a survey, except in the case of a proposed low impact activity or where the area to be affected by ground disturbance works has been the subject of a survey under the Ballardong Heritage Agreement 2, then prior to commencing any ground disturbance works, Sulphide must issue a survey request to SWLSC which contains sufficient information to enable the SWLSC to make a heritage impact statement. Where Sulphide proposes to undertake low impact activity on the mining tenement they must notify the SWLSC at least 20 days before the date they intend to commence that activity and provide details of the proposed activities.

**(Further Surveys):** Where a further survey is necessary or desirable it will be by agreement between the SWLSC and Sulphide.

**(Survey Costs):** Sulphide must pay the costs and expenses associated with conducting the survey.

**(Specified Aboriginal sites):** Where Sulphide wishes to enter an area within the mining tenement that has been identified as an area to be avoided during ground disturbance works or other prospecting and exploration activities, Sulphide must advise the SWLSC in writing of its intentions together with a detailed description of the intended activities. If, after consultation with the Ballardong Claimants a nominated anthropologist makes a recommendation for the Aboriginal sites to be monitored, the parties must meet to discuss the recommendation and make best endeavours to

reach agreement to either modify the proposed ground disturbance works or appoint a monitoring team.

**(Identification and Relocation of Ancestral Remains):** If Sulphide uncovers skeletal remains or identifies an area or object which it reasonably suspects of being an Aboriginal site or Aboriginal object, as a result of any ground disturbance works, Sulphide must cease all operations and activities in the immediate vicinity of such and immediately notify the SWLSC, Ballardong Claimants, relevant government departments and meet on site with the other parties to discuss, in good faith, a culturally appropriate method of managing the discovery and to deal with it in accordance with the applicable statutory law.

**(Section 18 of the Heritage Act):** If Sulphide seek Ministerial consent under section 18 of the Heritage Act and wish to proceed with any Ground Disturbing Works or low impact activity despite notice that such activity encroach on an Aboriginal site(s), then unless otherwise agreed between the parties, the parties must consult for at least 20 days about means of avoiding, minimising or mitigating the effect of Sulphide's activities on the Aboriginal site(s).

**(Assignment):** Sulphide may assign the whole or part of its interest in the Ballardong Heritage Agreement 2 to an assignee of the whole of or any or all of the tenements provided that the assignee enters into a deed of covenant to be bound by the terms of the Ballardong Heritage Agreement 2.

**(Duty):** Sulphide must pay the duty assessed or payable on the Ballardong Heritage Agreement 2.

**(Notice of Exploration Programmes):** Sulphide must give notice to the SWLSC of its intention to commence each annual programme of low impact activity and ground disturbance works.

(f) **Ballardong Heritage Protection Agreement**

On 21 June 2010, Sulphide Resources Pty Ltd (ACN 120 472 933) (**Sulphide**) entered into a heritage agreement with Dianne Taylor, Murray Yarran and Reg Yarran Jnr for and on behalf of themselves and the members of the Ballardong people (**Ballardong Claimants**) being the applicants in the Ballardong Native Title Claim WC2000/007 – BALLARDONG (WAD 6181 of 1998) which covers the area of the proposed mining tenement, and the South West Aboriginal Land and Sea Council Aboriginal Corporation (**SWLSC**) in relation to E77/1750 (**Ballardong Heritage Agreement 3**).

**(Sulphide Covenants):** Sulphide agrees to comply with the Ballardong Heritage Agreement 3 and to, amongst other things, ensure that proper surveys are conducted on the mining tenement for the identification of Aboriginal sites; accurate recordings of surveys; and the proper management and protection of Aboriginal sites.

**(Survey Requests):** In relation to a survey, except in the case of a proposed low impact activity or where the area to be affected by ground disturbance works has been the subject of a survey under the Ballardong Heritage Agreement 3, then prior to commencing any ground disturbance works, Sulphide must issue a survey request to SWLSC which contains sufficient information to enable the SWLSC to make a heritage impact statement. Where Sulphide proposes to undertake low impact activity on the mining tenement they must notify the SWLSC at least 20 days before the date they intend to commence that activity and provide details of the proposed activities.

**(Further Surveys):** Where a further survey is necessary or desirable it will be by agreement between the SWLSC and Sulphide.

**(Survey Costs):** Sulphide must pay the costs and expenses associated with conducting the survey.

**(Specified Aboriginal sites):** Where Sulphide wishes to enter an area within the mining tenement that has been identified as an area to be avoided during ground disturbance works or other prospecting and exploration activities, Sulphide must advise the SWLSC in writing of its intentions together with a detailed description of the intended activities. If, after consultation with the Ballardong Claimants a nominated anthropologist makes a recommendation for the Aboriginal sites to be monitored, the parties must meet to discuss the recommendation and make best endeavours to reach agreement to either modify the proposed ground disturbance works or appoint a monitoring team.

**(Identification and Relocation of Ancestral Remains):** If Sulphide uncovers skeletal remains or identifies an area or object which it reasonably suspects of being an Aboriginal site or Aboriginal object, as a result of any ground disturbance works, Sulphide must cease all operations and activities in the immediate vicinity of such and immediately notify the SWLSC, Ballardong Claimants, relevant government departments and meet on site with the other parties to discuss, in good faith, a culturally appropriate method of managing the discovery and to deal with it in accordance with the applicable statutory law.

**(Section 18 of the Heritage Act):** If Sulphide seeks Ministerial consent under section 18 of the Heritage Act and wish to proceed with any Ground Disturbing Works or low impact activity despite notice that such activity encroach on an Aboriginal site(s), then unless otherwise agreed between the parties, the parties must consult for at least 20 days about means of avoiding, minimising or mitigating the effect of Sulphide's activities on the Aboriginal site(s).

**(Assignment):** Sulphide may assign the whole or part of its interest in the Ballardong Heritage Agreement 3 to an assignee of the whole of or any or all of the tenements provided that the assignee enters into a deed of covenant to be bound by the terms of the Ballardong Heritage Agreement 3.

**(Duty):** Sulphide must pay the duty assessed or payable on the Ballardong Heritage Agreement 3.

**(Notice of Exploration Programmes):** Sulphide must give notice to the SWLSC of its intention to commence each annual programme of low impact activity and ground disturbance works.

(g) **Ballardong Heritage Protection Agreement**

On 15 November 2010, Sulphide Resources Pty Ltd (ACN 120 472 933) (**Sulphide**) entered into a heritage agreement with Dianne Taylor, Murray Yarran and Reg Yarran Jnr for and on behalf of themselves and the members of the Ballardong people (**Ballardong Claimants**) being the applicants in the Ballardong Native Title Claim WC2000/007 – BALLARDONG (WAD 6181 of 1998) which covers the area of the proposed mining tenement, and the South West Aboriginal Land and Sea Council Aboriginal Corporation (**SWLSC**) in relation to E77/1811 (**Ballardong Heritage Agreement 4**).

**(Sulphide Covenants):** Sulphide agrees to comply with the Ballardong Heritage Agreement 4 and to, amongst other things, ensure that proper surveys are conducted on the mining tenement for the identification of Aboriginal sites; accurate recordings of surveys; and the proper management and protection of Aboriginal sites.

**(Survey Requests):** In relation to a survey, except in the case of a proposed low impact activity or where the area to be affected by ground disturbance works has been the subject of a survey under the Ballardong Heritage Agreement 4, then prior to commencing any ground disturbance works, Sulphide must issue a survey request to SWLSC which contains sufficient information to enable the SWLSC to make a heritage impact statement. Where Sulphide proposes to undertake low impact activity on the mining tenement they must notify the SWLSC at least 20 days before the date they intend to commence that activity and provide details of the proposed activities.

**(Further Surveys):** Where a further survey is necessary or desirable it will be by agreement between the SWLSC and Sulphide.

**(Survey Costs):** Sulphide must pay the costs and expenses associated with conducting the survey.

**(Specified Aboriginal sites):** Where Sulphide wishes to enter an area within the mining tenement that has been identified as an area to be avoided during ground disturbance works or other prospecting and exploration activities, Sulphide must advise the SWLSC in writing of its intentions together with a detailed description of the intended activities. If, after consultation with the Ballardong Claimants a nominated anthropologist makes a recommendation for the Aboriginal sites to be monitored, the parties must meet to discuss the recommendation and make best endeavours to reach agreement to either modify the proposed ground disturbance works or appoint a monitoring team.

**(Identification and Relocation of Ancestral Remains):** If Sulphide uncovers skeletal remains or identifies an area or object which it reasonably suspects of being an Aboriginal site or Aboriginal object, as a result of any ground disturbance works, Sulphide must cease all operations and activities in the immediate vicinity of such and immediately notify the SWLSC, Ballardong Claimants, relevant government departments and meet on site with the other parties to discuss, in good faith, a culturally appropriate method of managing the discovery and to deal with it in accordance with the applicable statutory law.

**(Section 18 of the Heritage Act):** If Sulphide seeks Ministerial consent under section 18 of the Heritage Act and wish to proceed with any Ground Disturbing Works or low impact activity despite notice that such activity encroach on an Aboriginal site(s), then unless otherwise agreed between the parties, the parties must consult for at least 20 days about means of avoiding, minimising or mitigating the effect of Sulphide's activities on the Aboriginal site(s).

**(Assignment):** Sulphide may assign the whole or part of its interest in the Ballardong Heritage Agreement 4 to an assignee of the whole of or any or all of the tenements provided that the assignee enters into a deed of covenant to be bound by the terms of the Ballardong Heritage Agreement 4.

**(Duty):** Sulphide must pay the duty assessed or payable on the Ballardong Heritage Agreement 4.

**(Notice of Exploration Programmes):** Sulphide must give notice to the SWLSC of its intention to commence each annual programme of low impact activity and ground disturbance works.

(h) **Ballardong Heritage Protection Agreement**

On 15 November 2010, Sulphide Resources Pty Ltd (ACN 120 472 933) (**Sulphide**) entered into a heritage agreement with Dianne Taylor, Murray Yarran and Reg Yarran

Jnr for and on behalf of themselves and the members of the Ballardong people (**Ballardong Claimants**) being the applicants in the Ballardong Native Title Claim WC2000/007 – BALLARDONG (WAD 6181 of 1998) which covers the area of the proposed mining tenement, and the South West Aboriginal Land and Sea Council Aboriginal Corporation (**SWLSC**) in relation to P74/339 (**Ballardong Heritage Agreement 5**).

**(Sulphide Covenants):** Sulphide agrees to comply with the Ballardong Heritage Agreement 5 and to, amongst other things, ensure that proper surveys are conducted on the mining tenement for the identification of Aboriginal sites; accurate recordings of surveys; and the proper management and protection of Aboriginal sites.

**(Survey Requests):** In relation to a survey, except in the case of a proposed low impact activity or where the area to be affected by ground disturbance works has been the subject of a survey under the Ballardong Heritage Agreement 5, then prior to commencing any ground disturbance works, Sulphide must issue a survey request to SWLSC which contains sufficient information to enable the SWLSC to make a heritage impact statement. Where Sulphide proposes to undertake low impact activity on the mining tenement they must notify the SWLSC at least 20 days before the date they intend to commence that activity and provide details of the proposed activities.

**(Further Surveys):** Where a further survey is necessary or desirable it will be by agreement between the SWLSC and Sulphide.

**(Survey Costs):** Sulphide must pay the costs and expenses associated with conducting the survey.

**(Specified Aboriginal sites):** Where Sulphide wishes to enter an area within the mining tenement that has been identified as an area to be avoided during ground disturbance works or other prospecting and exploration activities, Sulphide must advise the SWLSC in writing of its intentions together with a detailed description of the intended activities. If, after consultation with the Ballardong Claimants a nominated anthropologist makes a recommendation for the Aboriginal sites to be monitored, the parties must meet to discuss the recommendation and make best endeavours to reach agreement to either modify the proposed ground disturbance works or appoint a monitoring team.

**(Identification and Relocation of Ancestral Remains):** If Sulphide uncovers skeletal remains or identifies an area or object which it reasonably suspects of being an Aboriginal site or Aboriginal object, as a result of any ground disturbance works, Sulphide must cease all operations and activities in the immediate vicinity of such and immediately notify the SWLSC, Ballardong Claimants, relevant government departments and meet on site with the other parties to discuss, in good faith, a culturally appropriate method of managing the discovery and to deal with it in accordance with the applicable statutory law.

**(Section 18 of the Heritage Act):** If Sulphide seek Ministerial consent under section 18 of the Heritage Act and wish to proceed with any Ground Disturbing Works or low impact activity despite notice that such activity encroach on an Aboriginal site(s), then unless otherwise agreed between the parties, the parties must consult for at least 20 days about means of avoiding, minimising or mitigating the effect of Sulphide's activities on the Aboriginal site(s).

**(Assignment):** Sulphide may assign the whole or part of its interest in the Ballardong Heritage Agreement 5 to an assignee of the whole of or any or all of the tenements

provided that the assignee enters into a deed of covenant to be bound by the terms of the Ballardong Heritage Agreement 5.

**(Duty):** Sulphide must pay the duty assessed or payable on the Ballardong Heritage Agreement 5.

**(Notice of Exploration Programmes):** Sulphide must give notice to the SWLSC of its intention to commence each annual programme of low impact activity and ground disturbance works.

(i) **Ballardong Heritage Protection Agreement**

On 15 November 2010, Sulphide Resources Pty Ltd (ACN 120 472 933) (**Sulphide**) entered into a heritage agreement with Dianne Taylor, Murray Yarran and Reg Yarran Jnr for and on behalf of themselves and the members of the Ballardong people (**Ballardong Claimants**) being the applicants in the Ballardong Native Title Claim WC2000/007 – BALLARDONG (WAD 6181 of 1998) which covers the area of the proposed mining tenement, and the South West Aboriginal Land and Sea Council Aboriginal Corporation (**SWLSC**) in relation to E74/467 (**Ballardong Heritage Agreement 6**).

**(Sulphide Covenants):** Sulphide agrees to comply with the Ballardong Heritage Agreement 6 and to, amongst other things, ensure that proper surveys are conducted on the mining tenement for the identification of Aboriginal sites; accurate recordings of surveys; and the proper management and protection of Aboriginal sites.

**(Survey Requests):** In relation to a survey, except in the case of a proposed low impact activity or where the area to be affected by ground disturbance works has been the subject of a survey under the Ballardong Heritage Agreement 6, then prior to commencing any ground disturbance works, Sulphide must issue a survey request to SWLSC which contains sufficient information to enable the SWLSC to make a heritage impact statement. Where Sulphide proposes to undertake low impact activity on the mining tenement they must notify the SWLSC at least 20 days before the date they intend to commence that activity and provide details of the proposed activities.

**(Further Surveys):** Where a further survey is necessary or desirable it will be by agreement between the SWLSC and Sulphide.

**(Survey Costs):** Sulphide must pay the costs and expenses associated with conducting the survey.

**(Specified Aboriginal sites):** Where Sulphide wishes to enter an area within the mining tenement that has been identified as an area to be avoided during ground disturbance works or other prospecting and exploration activities, Sulphide must advise the SWLSC in writing of its intentions together with a detailed description of the intended activities. If, after consultation with the Ballardong Claimants a nominated anthropologist makes a recommendation for the Aboriginal sites to be monitored, the parties must meet to discuss the recommendation and make best endeavours to reach agreement to either modify the proposed ground disturbance works or appoint a monitoring team.

**(Identification and Relocation of Ancestral Remains):** If Sulphide uncovers skeletal remains or identifies an area or object which it reasonably suspects of being an Aboriginal site or Aboriginal object, as a result of any ground disturbance works, Sulphide must cease all operations and activities in the immediate vicinity of such and immediately notify the SWLSC, Ballardong Claimants, relevant government departments and meet on site with the other parties to discuss, in good faith, a

culturally appropriate method of managing the discovery and to deal with it in accordance with the applicable statutory law.

**(Section 18 of the Heritage Act):** If Sulphide seeks Ministerial consent under section 18 of the Heritage Act and wish to proceed with any Ground Disturbing Works or low impact activity despite notice that such activity encroach on an Aboriginal site(s), then unless otherwise agreed between the parties, the parties must consult for at least 20 days about means of avoiding, minimising or mitigating the effect of Sulphide's activities on the Aboriginal site(s).

**(Assignment):** Sulphide may assign the whole or part of its interest in the Ballardong Heritage Agreement 6 to an assignee of the whole of or any or all of the tenements provided that the assignee enters into a deed of covenant to be bound by the terms of the Ballardong Heritage Agreement 6.

**(Duty):** Sulphide must pay the duty assessed or payable on the Ballardong Heritage Agreement 6.

**(Notice of Exploration Programmes):** Sulphide must give notice to the SWLSC of its intention to commence each annual programme of low impact activity and ground disturbance works.

(j) **Central Desert Heritage Agreement**

On 23 July 2008, Sulphide Resources Pty Ltd (ACN 120 472 933) (**Sulphide**) entered into a heritage agreement with the Central Desert Native Title Services Ltd (**Central Desert**) pursuant to its statutory functions under the Native Title Act on behalf of persons who may hold native title within the area of land the subject of E39/1277 (**Central Desert Heritage Agreement 2**).

**(Identification of an Aboriginal site):** Sulphide shall not enter or carry out any activity on the land and waters within licence area contrary to the Central Desert Heritage Agreement 2. Sulphide must immediately report to Central Desert the location of any previously unidentified potential Aboriginal site of which it becomes aware during the course of conducting activity within the licence area.

**(Notification of Activities):** Sulphide is required to notify Central Desert of its intention to undertake both non ground disturbing and ground disturbing activities (**Activities**) on the licence area, and where required, undertake a survey and report in accordance with the Central Desert Heritage Agreement 2. Sulphide must pay various costs and expenses associated with the survey. Activities may only then be undertaken on the licence area in compliance with the Central Desert Heritage Agreement 2.

**(Section 18 of the Heritage Act):** Sulphide must not give notice under section 18 of the Heritage Act over any part of the licence area without first giving Central Desert at least 30 days notice of its intention to do so. Sulphide will also consult with Central Desert in respect of any proposal that is the subject of such notice.

**(Employees to be Notified):** Sulphide must notify its personnel of their obligation under the Central Desert Heritage Agreement 2 and the Heritage Act and require its personnel to comply with the Central Desert Heritage Agreement 2.

**(Assignment):** Sulphide may assign (whether by farm-out, joint venture, sale or otherwise) all or part of its rights, title and interest in all or an party of the licence, Sulphide must provide 28 days written notice to Central Desert and make arrangements to ensure that the assignee is bound by the obligations and provisions of the Central Desert Heritage Agreement 2 (providing evidence of such arrangements to Central Desert).



Central Desert may assign all or part of its rights and obligations under the Central Desert Heritage Agreement 2 provided that Central Desert gives Sulphide 28 days written notice prior to the assignment, Sulphide consents to the assignment and that the assignee assumes the obligations of Central Desert under the Central Desert Heritage Agreement 2.

**(Duty):** Sulphide shall pay all duty assessed on the Central Desert Heritage Agreement 2.

(k) **Ballardong Heritage Protection Agreement**

On 13 June 2011, Sulphide Resources Pty Ltd (ACN 120 472 933) (**Sulphide**) entered into a heritage agreement with Dianne Taylor, Murray Yarran and Reg Yarran Jnr for and on behalf of themselves and the members of the Ballardong people (**Ballardong Claimants**) being the applicants in the Ballardong Native Title Claim WC2000/007 – BALLARDONG (WAD 6181 of 1998) which covers the area of the proposed mining tenement, and the South West Aboriginal Land and Sea Council Aboriginal Corporation (**SWLSC**) in relation to E74/492-I (**Ballardong Heritage Agreement 7**).

**(Sulphide Covenants):** Sulphide agrees to comply with the Ballardong Heritage Agreement 7 and to, amongst other things, ensure that proper surveys are conducted on the mining tenement for the identification of Aboriginal sites; accurate recordings of surveys; and the proper management and protection of Aboriginal sites.

**(Survey Requests):** In relation to a survey, except in the case of a proposed low impact activity or where the area to be affected by ground disturbance works has been the subject of a survey under the Ballardong Heritage Agreement 7, then prior to commencing any ground disturbance works, Sulphide must issue a survey request to SWLSC which contains sufficient information to enable the SWLSC to make a heritage impact statement. Where Sulphide proposes to undertake low impact activity on the mining tenement they must notify the SWLSC at least 20 days before the date they intend to commence that activity and provide details of the proposed activities.

**(Further Surveys):** Where a further survey is necessary or desirable it will be by agreement between the SWLSC and Sulphide.

**(Survey Costs):** Sulphide must pay the costs and expenses associated with conducting the survey.

**(Specified Aboriginal sites):** Where Sulphide wishes to enter an area within the mining tenement that has been identified as an area to be avoided during ground disturbance works or other prospecting and exploration activities, Sulphide must advise the SWLSC in writing of its intentions together with a detailed description of the intended activities. If, after consultation with the Ballardong Claimants a nominated anthropologist makes a recommendation for the Aboriginal sites to be monitored, the parties must meet to discuss the recommendation and make best endeavours to reach agreement to either modify the proposed ground disturbance works or appoint a monitoring team.

**(Identification and Relocation of Ancestral Remains):** If Sulphide uncovers skeletal remains or identifies an area or object which it reasonably suspects of being an Aboriginal site or Aboriginal object, as a result of any ground disturbance works, Sulphide must cease all operations and activities in the immediate vicinity of such and immediately notify the SWLSC, Ballardong Claimants, relevant government departments and meet on site with the other parties to discuss, in good faith, a

culturally appropriate method of managing the discovery and to deal with it in accordance with the applicable statutory law.

**(Section 18 of the Heritage Act):** If Sulphide seeks Ministerial consent under section 18 of the Heritage Act and wish to proceed with any Ground Disturbing Works or low impact activity despite notice that such activity encroach on an Aboriginal site(s), then unless otherwise agreed between the parties, the parties must consult for at least 20 days about means of avoiding, minimising or mitigating the effect of Sulphide's activities on the Aboriginal site(s).

**(Assignment):** Sulphide may assign the whole or part of its interest in the Ballardong Heritage Agreement 7 to an assignee of the whole of or any or all of the tenements provided that the assignee enters into a deed of covenant to be bound by the terms of the Ballardong Heritage Agreement 7.

**(Duty):** Sulphide must pay the duty assessed or payable on the Ballardong Heritage Agreement 7.

**(Notice of Exploration Programmes):** Sulphide must give notice to the SWLSC of its intention to commence each annual programme of low impact activity and ground disturbance works

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**PART III**

**SUMMARY OF NATIVE TITLE CLAIMS, NATIVE TITLE DETERMINATIONS, ILUAs, HERITAGE & COMPENSATION AGREEMENTS AND ABORIGINAL HERITAGE SITES**

TENEMENT	REGISTERED HOLDER / APPLICANT	NATIVE TITLE CLAIMS / DETERMINATIONS	ILUAs	HERITAGE & COMPENSATION AGREEMENTS	REGISTERED ABORIGINAL HERITAGE SITES
E39/1277	Sulphide Resources Pty Ltd	No overlaps	None	GLSC Heritage Agreement Central Desert Heritage Agreement 2	None registered
E63/1186	Sulphide Resources Pty Ltd	WAD 6020/98 – Ngadju (WC1999/002)	None	Ngadju Heritage Agreement	None registered
E63/1189	Sulphide Resources Pty Ltd	No overlaps	None	Ngadju Heritage Agreement	None registered
E69/2777	Sulphide Resources Pty Ltd	No overlaps	None	None	None registered
E69/3008	Sulphide Resources Pty Ltd	No overlaps	None	None	None registered
E74/422	Sulphide Resources Pty Ltd	WAD 6181/98 – Ballardong People (WC2000/007)  WAD6006/2003 – Single Noongar Claim (Area 1) (WC2003/006)	None	Ballardong Heritage Agreement 2	None registered
E74/467	Sulphide Resources Pty Ltd	WAD 6181/98 – Ballardong People (WC2000/007)  WAD6006/2003 – Single Noongar Claim (Area 1) (WC2003/006)	None	Ballardong Heritage Agreement 6	None registered
E74/492-1	Sulphide Resources Pty Ltd	WAD 6181/98 – Ballardong People (WC2000/007)  WAD6006/2003 – Single Noongar Claim (Area 1) (WC2003/006)	None	Ballardong Heritage Agreement 7	None registered
E77/1750	Sulphide Resources Pty Ltd	WAD 6181/98 – Ballardong People (WC2000/007)  WAD6006/2003 – Single Noongar Claim	None	Ballardong Heritage Agreement 3	None registered

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TENEMENT	REGISTERED HOLDER / APPLICANT	NATIVE TITLE CLAIMS / DETERMINATIONS	ILUAs	HERITAGE & COMPENSATION AGREEMENTS	REGISTERED ABORIGINAL HERITAGE SITES
		(Area 1) 9WC2003/006)			
E77/1811	Sulphide Resources Pty Ltd	WAD 6181/98 – Ballardong People (WC2000/007)  WAD6006/2003 – Single Noongar Claim (Area 1) (WC2003/006)	None	Ballardong Heritage Agreement 4	None registered
P74/339	Sulphide Resources Pty Ltd	WAD 6181/98 – Ballardong People (WC2000/007)  WAD6006/2003 – Single Noongar Claim (Area 1) (WC2003/006)	None	Ballardong Heritage Agreement 5	None registered
P77/3869	Sulphide Resources Pty Ltd	WAD 6181/98 – Ballardong People (WC2000/007)  WAD6006/2003 – Single Noongar Claim (Area 1) (WC2003/006)	None	Ballardong Heritage Agreement	None registered

**STATUS OF NATIVE TITLE CLAIMS AND NATIVE TITLE DETERMINATIONS**

<b>TRIBUNAL NUMBER</b>	<b>FEDERAL COURT NUMBER</b>	<b>APPLICATION NAME</b>	<b>REGISTERED</b>	<b>IN MEDIATION</b>	<b>STATUS</b>
WC1999/002	WAD6020/1998	Ngadju	Yes	No	Active
WC2000/007	WAD6181/1998	Ballardong People	Yes	TBA	Active
WC2003/006	WAD6006/2003	Single Noongar Claim (Area 1)	No	TBA	Active

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## 11. CORPORATE GOVERNANCE

### 11.1 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted *The Corporate Governance Principles and Recommendations (2nd Edition)* as published by ASX Corporate Governance Council (**Recommendations**).

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website [www.tropicanagold.com.au](http://www.tropicanagold.com.au).

### 11.2 Board of Directors

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- (a) maintain and increase Shareholder value;
- (b) ensure a prudential and ethical basis for the Company's conduct and activities; and
- (c) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- (a) developing initiatives for profit and asset growth;
- (b) reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- (c) acting on behalf of, and being accountable to, the Shareholders; and
- (d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

### **11.3 Composition of the Board**

Election of Board members is substantially the province of the Shareholders in general meeting.

- (a) The composition of the Board is to be reviewed regularly to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction.
- (b) In appointing new members to the Board, consideration is given to the ability of the appointee to contribute to the ongoing effectiveness of the Board, to exercise sound business judgement, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction of the Company.

### **11.4 Identification and management of risk**

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

### **11.5 Ethical standards**

The Board is committed to the establishment and maintenance of appropriate ethical standards.

### **11.6 Independent professional advice**

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

### **11.7 Remuneration arrangements**

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$300,000 per annum.

In addition, a Director may be paid fees or other amounts (ie subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

#### **11.8 Trading policy**

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (ie Directors and, if applicable, any employees reporting directly to the Managing Director). The policy generally provides that the written acknowledgement of the Chair (or the Board in the case of the Chairman) must be obtained prior to trading.

#### **11.9 External audit**

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

#### **11.10 Audit committee**

The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

#### **11.11 Diversity policy**

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

#### **11.12 Departures from Recommendations**

Following admission to the Official List of ASX, the Company will be required to report any departures from the Recommendations in its annual financial report.

The Company's compliance and departures from the Recommendations as at the date of this Prospectus are set out on the following pages.



	PRINCIPLES AND RECOMMENDATIONS	COMMENT
<b>1.</b>	<b><i>Lay solid foundations for management and oversight</i></b>	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	The Company's Corporate Governance Plan includes a Board Charter, which discloses the specific responsibilities of the Board.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	<p>The Board will monitor the performance of senior executives including measuring actual performance of senior executives against planned performance.</p> <p>The Board has adopted a policy to assist in evaluating the performance of senior executives under Schedule 6 of its Corporate Governance Plan (Performance Evaluation Practices).</p> <p>The Board has not established a separate Nomination Committee given that it is in its early stages of development and given the current size and structure of the Board.</p> <p>The Board will undertake the obligations of the Nomination Committee in connection with evaluating the performance of senior executives in accordance with section 6 of its Corporate Governance Plan (Performance Evaluation Practices), until a Nomination Committee is established.</p>
1.3	Companies should provide the information indicated in the <i>Guide to reporting on Principle 1</i> .	<p>The Company will include an explanation of any departure from Recommendations 1.1 or 1.2 or 1.3 (if any) in the corporate governance statement in its future annual reports, including whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process for evaluating performance of senior executives disclosed.</p> <p>The Company has adopted a Board Charter, which discloses the specific responsibilities of the Board and provides that the Board may delegate responsibility for the day-to-day operations and administration of the Company to the Managing Director (if appointed). The Board Charter is available on request.</p> <p>Details of the Company's Corporate Governance Plan in connection with the Nomination Committee Charter will, in the near future, be posted in a</p>

	PRINCIPLES AND RECOMMENDATIONS	COMMENT
		dedicated corporate governance section on the Company's website.
<b>2.</b>	<b><i>Structure the board to add value</i></b>	
2.1.	A majority of the board should be independent directors.	<p>Half of the Board is made up of independent Directors (2 out of 4 directors). The Board seeks to ensure that, where practical, at least 50% of the Board will be independent.</p> <p>The Board has adopted specific principles in relation to directors' independence. These state that when determining independence, a director must be a non-executive and the board should consider whether the director:</p> <ul style="list-style-type: none"> <li>(a) is a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company;</li> <li>(b) is or has been employed in an executive capacity by the company or any other Company member within three years before commencing to serve on the board;</li> <li>(c) within the last three years has been a principal of a material professional adviser or a material consultant to the company or any other Company member, or an employee materially associated with the service provided;</li> <li>(d) has a material contractual relationship with the company or a controlled entity other than as a director of the Company; and</li> </ul> <p>is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's independent exercise of their judgement.</p>
2.2.	The chair should be an independent director.	The Chairman of the Board is not currently independent, however the Company is not yet of a size or level of operations to necessitate an independent chair. As the Company develops, the Board will reconsider the need for an independent chair.
2.3.	The roles of chair and chief executive officer should not be exercised by the same individual.	The Company has appointed a Managing Director, Paul Lloyd and the Chairman is Philip Re. The Company's Corporate Governance Plan provides, where practical, that

	PRINCIPLES AND RECOMMENDATIONS	COMMENT
		the Managing Director should not be the Chairman of the Company during his term as Managing Director or in the future.
2.4.	The board should establish a nomination committee.	The Company is not of a size at the moment that justifies having a separate Nomination Committee. However, matters typically dealt with by such a committee are dealt with by the Board of Directors.
2.5.	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	<p>The Board will monitor the performance of the Board, its committees and individual directors.</p> <p>The Board has not currently established any committees.</p> <p>The Board has adopted a policy to assist in evaluating Board performance under section 6 of its Corporate Governance Plan (Performance Evaluation Practices).</p> <p>As the Company develops the evaluation of performance of the Board, individual Directors and Committees may be undertaken by the Nomination Committee. The Board has not established a separate Nomination Committee given that it is in its early stages of development and given the current size and structure of the Board.</p> <p>The Board currently undertakes the obligations of the Nomination Committee in connection with evaluating the performance of the Board, its committees and individual directors in accordance with section 6 of its Corporate Governance Plan (Performance Evaluation Practices), until a Nomination Committee is established.</p>
2.6.	Companies should provide the information indicated in the <i>Guide to reporting on Principle 2</i> .	<p>A description of the skills and experience of each of the current Directors is contained in section 3.15 of the Company's Prospectus dated 28 February 2013.</p> <p>Based on the Company's early stages of development and given the current size and structure of the Board, it has not fully complied with Principle 2 of ASX Corporate Governance Council Principles and Recommendations. However, it will seek to do so as it develops and the Board grows.</p> <p>The Company's materiality thresholds for determining whether a Director is independent are set out in the Company's Corporate Governance Plan and is described above in connection with the Company's disclosure on Principle 2.1 of the ASX Corporate Governance Council Principles and</p>

	PRINCIPLES AND RECOMMENDATIONS	COMMENT
		<p>Recommendations.</p> <p>The Board Charter includes a statement for a procedure agreed by the Board for directors to take independent professional advice at the expense of the Company.</p> <p>Each director was appointed when the Company was incorporated in August 2011.</p> <p>The Board has not established a Nomination Committee and its functions are currently carried out by the Board.</p> <p>A performance evaluation for the board, its committees and directors has not taken place since the Company's incorporation in August 2011.</p> <p>The Company will include an explanation of any departure from Recommendations 2.1, 2.2, 2.3, 2.4 or 2.5 (if any) in the corporate governance statement in its future annual reports.</p> <p>Details of Company's Corporate Governance Plan in connection with the procedure for the selection and appointment of new directors and the re-election of incumbent directors, the details of the charter of the Nomination Committee (including its role, rights, responsibilities and membership), and the Board's policy for the nomination and appointment of directors will, in the near future, be posted in a dedicated corporate governance section on the Company's website.</p>
3.	<b>Promote ethical and responsible decision-making</b>	
3.1.	<p>Companies should establish a code of conduct and disclose the code or a summary of the code as to:</p> <p>(a) the practices necessary to maintain confidence in the company's integrity</p> <p>(b) the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders</p>	<p>The Board has adopted a written code of conduct which is included in the Corporate Governance Plan. This will provide a framework for decisions and actions in relation to ethical conduct in employment.</p>

	PRINCIPLES AND RECOMMENDATIONS	COMMENT
	(c) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	
3.2.	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	The Company has adopted a policy specifically addressing diversity.
3.3.	Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress in achieving them.	The Company has set measurable objectives for achieving diversity. In addition, the Board will review progress against any objectives identified on an annual basis. In addition, the Board will review progress against any objectives identified on an annual basis.
3.4.	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	The Company's Annual Report will include the proportion of woman employees within the organisation as well as senior positions within the Company.
3.5.	Companies should provide the information indicated in the <i>Guide to reporting on Principle 3</i> .	As above. The Board will include in the Annual Report each year: (a) measurable objectives, if any, set by the Board; (b) progress against the objectives; and (c) the proportion of women employees in the whole organisation, at senior management level and at Board level.  The Company will include an explanation of any departure from Recommendations 3.1, 3.2 or 3.3 (if any) in the corporate governance statement in its future annual reports.  Details of the Company's Corporate Governance Plan in connection with

	PRINCIPLES AND RECOMMENDATIONS	COMMENT
		the Company's code of conduct will be made available on the Company's website.
<b>4.</b>	<b><i>Safeguard integrity in financial reporting</i></b>	
4.1.	The board should establish an audit committee.	Based on the fact that the Company is in its early stages of development, and given the current size and structure of the Board, the Board has not established a separate Audit Committee. However the Company's Corporate Governance Plan sets out formal terms of reference for an Audit and Risk Committee.  The Board will carry out the duties of the Audit and Risk Committee in accordance with the formal terms of reference set out in the Company's Corporate Governance Plan.
4.2.	The audit committee should be structured so that it: (a) consists only of non-executive directors (b) consists of a majority of independent directors (c) is chaired by an independent chair, who is not chair of the board (d) has at least three members.	The Company does not have a separate Audit Committee. The Board carries out the functions of an Audit Committee. The Board has the authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.  Due to the current status of the Company and the relatively straight forward accounts of the Company, at this stage the Directors can see no additional benefits to be obtained by establishing such a committee.  The Board follows the Audit Committee Charter, a copy of which is set out in the Corporate Governance Plan which is publicly available on the Company's website.  If established, the Audit Committee will be comprised of a majority of independent non-executive directors.
4.3.	The audit committee should have a formal charter.	The Company's Corporate Governance Plan sets out formal terms of reference for an Audit and Risk Committee.
4.4.	Companies should provide the information indicated in the <i>Guide to reporting on Principle 4</i> .	As above.  The Company does not have an Audit Committee. The Board carries out the duties of the audit committee in accordance with the formal charter for the Audit and Risk Committee set out in the Company's Corporate Governance Plan.  The Company will include an explanation of any departure from

	PRINCIPLES AND RECOMMENDATIONS	COMMENT
		<p>Recommendations 4.1, 4.2 or 4.3 (if any) in the corporate governance statement in its future annual reports.</p> <p>Details of the Company's Corporate Governance Plan in connection with the Company's Audit and Risk Committee formal terms of reference will be made available on the Company's website.</p>
<b>5.</b>	<b><i>Make timely and balanced disclosure</i></b>	
5.1.	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	<p>The Company has a continuous disclosure program in place (set out in its Corporate Governance Plan) designed to ensure the compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for compliance and factual presentation of the Company's financial position.</p> <p>The Company Secretary has been nominated as the person responsible for communications with ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to ASX, analysts, brokers, shareholders, the media and the public.</p>
5.2.	Companies should provide the information indicated in <i>Guide to Reporting on Principle 5</i> .	<p>As above.</p> <p>The Company will provide an explanation of any departures from best practice recommendation 5.1 in its future annual reports.</p>
<b>6.</b>	<b><i>Respect the rights of shareholders</i></b>	
6.1.	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	<p>The Company has adopted a Shareholder Communications Strategy which aims to ensure that the shareholders of the Company are informed of all major developments affecting the Company's state of affairs.</p> <p>The strategy provides that information will be communicated to shareholders through:</p> <ul style="list-style-type: none"> <li>(a) the Annual Report delivered by post which is also placed on the Company's website;</li> <li>(b) the half yearly report which is placed on the Company's website;</li> <li>(c) the quarterly reports which are placed on the Company's website;</li> <li>(d) disclosures and announcements made to the ASX copies of which</li> </ul>

	PRINCIPLES AND RECOMMENDATIONS	COMMENT
		<p>are placed on the Company's website;</p> <p>(e) notices and explanatory memoranda of Annual General Meetings (<b>AGM</b>) and Extraordinary General Meetings (<b>EGM</b>), copies of which are placed on the Company's website;</p> <p>(f) the Chairman's address and the Managing Director's address made at the AGMs and the EGMs, copies of which are placed on the Company's website;</p> <p>(g) the Company's website on which the Company posts all announcements which it makes to the ASX; and</p> <p>(h) the auditor's lead engagement partner being present at the AGM to answer questions from shareholders about the conduct of the audit and the preparation and content of the auditor's report.</p>
6.2.	Companies should provide the information indicated in the <i>Guide to reporting on Principle 6</i> .	The Company will provide an explanation of any departures from best practice recommendation 6.1 in its future annual reports.
<b>7.</b>	<b><i>Recognise and manage risk</i></b>	
7.1.	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	<p>Based on the fact that the Company is in its early stages of development, and given the current size and structure of the Board, the Board has not established a separate Audit Committee. However the Company's Corporate Governance Plan sets out formal terms of reference for an Audit and Risk Committee.</p> <p>The Company has also adopted a policy which outlines the disclosure of risk management, review procedure and internal compliance and control.</p> <p>The Board will carry out the duties of the Audit and Risk Committee in accordance with the formal terms of reference of the Audit and Risk Committee and the policy for disclosure of risk management, review procedure and internal compliance and control set out in the Company's Corporate Governance Plan.</p> <p>The Board is responsible for determining the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.</p>



	PRINCIPLES AND RECOMMENDATIONS	COMMENT
		<p>The Company's process of risk management and internal compliance and control includes:</p> <ul style="list-style-type: none"> <li>(a) identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks.</li> <li>(b) formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls.</li> <li>(c) monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.</li> </ul> <p>Details of the Company's Corporate Governance Plan in connection with the Company's risk disclosure and management will be made available on the Company's website.</p>
7.2.	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	<p>The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business in addition to those identified by the Audit and Risk Committee (once established). Key operational risks and their management will be recurring items for deliberation at Board meetings.</p> <p>The Board has adopted a policy for disclosure of risk management, review procedure and internal compliance and control for the oversight of the Company's risk management and internal control systems to manage the Company's risks and ensure these risks are reported to the Board.</p>
7.3.	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control	The Board will seek the relevant assurance from the Chief Executive Officer and Chief Financial Officer (or their equivalents) at the relevant time.

	PRINCIPLES AND RECOMMENDATIONS	COMMENT
	and that the system is operating effectively in all material respects in relation to financial reporting risks.	
7.4.	Companies should provide the information indicated in <i>Guide to Reporting on Principle 7</i> .	The Company will provide an explanation of any departures from best practice recommendations 7.1, 7.2 and 7.3 (if any) in its future annual reports.
<b>8.</b>	<b><i>Remunerate fairly and responsibly</i></b>	
8.1.	The board should establish a remuneration committee.	Based on the fact that the Company is in its early stages of development, and given the current size and structure of the Board, the Board has not established a separate Remuneration Committee. The Company's Corporate Governance Plan sets out formal terms of reference for a Remuneration Committee. The Board will carry out the duties of the Remuneration Committee in accordance with the formal terms of reference of the Remuneration set out in the Company's Corporate Governance Plan.
8.2.	The remuneration committee should be structured so that it: (d) consists of a majority of independent directors (e) is chaired by an independent director (f) has at least three members	The Company is not currently of a size to justify the existence of a separate Remuneration Committee. However, matters typically dealt with by such a committee are dealt with by the Board.
8.3.	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The Company intends to pay Mr Paul Lloyd, Managing Director, a fee of \$163,500 per annum (including superannuation). The Company intends to pay Mr Phillip Re, Roger Steinepreis and David Holden, non-executive directors, \$39,240 each per annum (including superannuation).
8.4.	Companies should provide the information indicated in the <i>Guide to reporting on Principle 8</i> .	As above. The Company will provide an explanation of any departures from best practice recommendations 8.1, 8.2, 8.3 or 8.4 (if any) in its future annual reports.

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**12. MATERIAL CONTRACTS****12.1 Heads of Agreement and Heritage Agreements**

Summaries of the heads of agreement to acquire Sulphide and the various heritage agreements to which Sulphide Resources Pty Ltd is a party are set out in Part II of the Solicitor's Report on Tenements in Section 10 of this Prospectus.

**12.2 Related Party Agreements**

Summaries of the related party agreements are set out in Section 3.18 of this Prospectus.

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## 13. ADDITIONAL INFORMATION

### 13.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

### 13.2 Rights attaching to Shares

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

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

#### (a) General meetings

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

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

#### (b) Voting rights

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

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

#### (c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the

proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

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

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

(d) **Winding-up**

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

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

(e) **Shareholder liability**

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

(f) **Transfer of Shares**

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

(g) **Variation of rights**

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

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being

wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) **Alteration of Constitution**

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

**13.3 Options**

The Options are issued on the following terms:

- (a) The Options are exercisable at 25 cents per Option on or before 31 July 2016.
- (b) The Options expire at 5.00 pm Western Standard Time on 31 July 2016 but may be exercised at any time prior to 31 July 2016.
- (c) The Options have a nil issue price and an exercise price of \$0.25 per Option payable in cash.
- (d) The Options shall only be exercisable wholly or in part by executing and forwarding to the Company an exercise form given to the holder of the Options on issue.
- (e) There are no participating rights, or entitlement inherent in the Options to participate in any new issue or bonus issue of securities which may be offered to members of the Company from time to time prior to or on 31 July 2016.
- (f) Holders of Options cannot participate in new issues of securities without first exercising their Options. The Options do not confer the right to a change in exercise price, or a change to the number of Shares over which they can be exercised.
- (g) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, the Options will be re-organised in accordance with the ASX Listing Rules applicable at the time of the re-organisation.
- (h) Application for official quotation of the Options will not be made by the Company. However, application for official quotation of the Shares allotted and issued pursuant to the exercise of the Options will be made in accordance with the Listing Rules.
- (i) Shares to be allotted and issued pursuant to the exercise of the Options will be allotted and issued no more than 15 Business Days after the receipt of a properly executed notice and receipt of the application moneys.
- (j) The Options are transferable.

#### 13.4 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
  - (i) the formation or promotion of the Company; or
  - (ii) the Offer.

#### 13.5 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

Terence Topping has acted as Independent Geologist and has prepared the Independent Geologist's Report which is included in Section 8 of this Prospectus. The Company estimates it will pay Terence Topping a total of \$10,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Terence Topping has not received fees from the Company for any other services.

HLB Mann Judd has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which is included in Section 9 of this Prospectus. The Company estimates it will pay HLB Mann Judd a total of \$10,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, HLB Mann Judd received \$9,000 for the audit of the 2012 financial statements. HLB Mann Judd has not received any other fees from the Company for any other services.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer and has prepared the Solicitor's Report on Tenements which is included in Section 10 of this Prospectus. The Company estimates it will pay Steinepreis Paganin \$30,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has received fees of \$21,877 from the Company for other services.

### 13.6 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Terence Topping has given his written consent to being named as Independent Geologist in this Prospectus, the inclusion of the Independent Geologist's Report in Section 8 of this Prospectus in the form and context in which the report is included and the inclusion of statements contained in the Chairman's Letter in Section 4, Investment Overview in Section 0 and Company and Project Overview in Section 6 of this Prospectus in the form and context in which those statements are included. Terry Topping has not withdrawn his consent prior to lodgement of this Prospectus with the ASIC.

HLB Mann Judd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 9 of this Prospectus in the form and context in which the information and report is included. HLB Mann Judd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus and to the inclusion of the Solicitor's Report on Tenements in Section 10 of this Prospectus in the form and context in which



the report is included. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Link Market Services has given its written consent to being named as the share registry to the Company in this Prospectus. Link Market Services has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

### 13.7 Expenses of the Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately \$320,000 for full subscription and are expected to be applied towards the items set out in the table below:

<b>Item of Expenditure</b>	<b>Full Subscription (\$ 3,500,000)</b>
ASIC fees	2,171
ASX fees	49,380
Broker Commissions*	210,000
Legal Fees	30,000
Independent Geologist's Fees	10,000
Investigating Accountant's Fees	10,000
Printing and Distribution	7,500
Miscellaneous	949
<b>TOTAL</b>	<b>320,000</b>

\* Broker commissions will only be paid on applications made through a licensed securities dealers or Australian financial services licensee and accepted by the Company (refer to Section 5.9 of this Prospectus for further information). The amount calculated is based on 100% of applications being made in this manner. For those applications made directly to and accepted by the Company no broker commissions will be payable and the expenses of the Offer will be reduced and the additional funds will be put towards working capital.

### 13.8 Continuous disclosure obligations

Following admission of the Company to the Official List, the Company will be a "disclosing entity" (as defined in Section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

Price sensitive information will be publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

### **13.9 Electronic Prospectus**

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at [www.tropicangold.com.au](http://www.tropicangold.com.au).

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

### **13.10 Financial Forecasts**

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

### **13.11 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship**

The Company will apply to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Shares allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

### **13.12 Privacy statement**

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of

takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

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**14. DIRECTORS' AUTHORISATION**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



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**Philip Re**  
**Chairman**  
**For and on behalf of**  
**Tropicana Gold Limited**

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15. **GLOSSARY**

Where the following terms are used in this Prospectus they have the following meanings:

**\$** means an Australian dollar.

**Application Form** means the application form attached to or accompanying this Prospectus relating to the Offer.

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

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

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

**Board** means the board of Directors as constituted from time to time.

**Closing Date** means the closing date of the Offer as set out in the indicative timetable in the Investment Overview in Section 0 of this Prospectus (subject to the Company reserving the right to extend the Closing Date or close the Offer early).

**Company** means Tropicana Gold Limited (ACN 152 443 626).

**Constitution** means the constitution of the Company.

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

**Directors** means the directors of the Company at the date of this Prospectus.

**DMP** means the Western Australian Department of Mines and Petroleum.

**Exposure Period** means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.

**Heads of Agreement** means the heads of agreement between the Company, Sulphide Resources Pty Ltd and David Donald Boyer as trustee for the DB Family Trust, dated 19 December 2012.

**JORC Code** means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

**Kat Gap Project** means the Kat Gap Project held by Sulphide and referred to in Section 6.3 of this Prospectus.

**Lake Johnston Project** means the Lake Johnston Project held by Sulphide and referred to in Section 6.4 of this Prospectus.

**Offer** means the offer of Shares pursuant to this Prospectus as set out in Section 5 of this Prospectus.

**Official List** means the official list of ASX.

**Official Quotation** means official quotation by ASX in accordance with the ASX Listing Rules.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Projects** means the Tropicana Gold Project, the Kat Gap Project and the Lake Johnston Project.

**Prospectus** means this prospectus.

**Section** means a section of this Prospectus.

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

**Shareholder** means a holder of Shares.

**Sulphide** means Sulphide Resources Pty Ltd (ACN 120 472 933).

**Tenements** means the mining tenements in which the Company has an interest as further described in the Solicitor's Report on Tenements set out in Section 10 of this Prospectus or any one of them as the context requires.

**Tropicana Gold Project** means the Tropicana Gold Project held by Sulphide and referred to in Section 6.2 of this Prospectus.

**Tropicana JV** means the joint venture between AngloGold Ashanti Limited and Independence Group NL, referred to in Section 6.2 of this Prospectus.

**WST** means Western Standard Time as observed in Perth, Western Australia.

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