



Dear Shareholder

An Extraordinary General Meeting (**Meeting**) of shareholders of Lunnon Metals Limited (ABN 82 600 008 848) (**Company**) will be held at the Fellows Room, Trinity on Hampden, 230 Hampden Road, Crawley, WA 6009 on 27 September 2022 at 10:00am (WST).

The Company has made the decision to hold a physical meeting with appropriate social distancing measures in place.

In accordance with section 110D(1) of the *Corporations Act 2001* (Cth), the Company will not be sending hard copies of the Company's notice of the Meeting (**Notice**) to shareholders unless a shareholder has made a valid election to receive such documents in hard copy. The Notice can be viewed and downloaded from the Company's website at <https://lunnonmetals.com.au> or ASX at www2.asx.com.au.

You may vote by attending the Meeting in person, by proxy or by appointing an authorised representative. The Company strongly encourages shareholders to lodge a directed proxy form prior to the meeting in person, by post or by facsimile.

Your proxy form must be received by 10:00am (WST) on 25 September 2022, being not less than 48 hours before the commencement of the Meeting. Any proxy forms received after that time will not be valid for the Meeting. Instructions for how to lodge the proxy form are set out in the Notice.

Circumstances relating to COVID-19 are constantly evolving and accordingly, we may make alternative arrangements to the way in which the Meeting is held. If this occurs, we will notify any changes by way of announcement on ASX and the details will also be made available on our website at <https://lunnonmetals.com.au>.

The Notice is important and should be read in its entirety. If you are in doubt as to the course of action you should follow, you should consult your financial adviser, lawyer, accountant or other professional adviser.

The Notice includes a resolution seeking approval under Listing Rule 10.1 of the proposed acquisition of exclusive nickel rights over the historical Fisher and Silver Lake nickel mines from St Ives Gold Mining Co. Pty Ltd (**SIGMC**) as announced by the Company on 12 April 2022 (**Proposed Acquisition**). BDO Corporate Finance (WA) Pty Ltd, the Independent Expert, has determined that, in the absence of an alternative offer, the Proposed Acquisition is **fair and reasonable** to Shareholders who are not associated with SIGMC. The Independent Expert's Report is attached to the Notice as Annexure A.

If you have any difficulties obtaining a copy of the Notice, please contact the Company Secretary by telephone at +61 8 6245 2050.

The Company encourages shareholders to provide an email address so we can communicate with you electronically for items such as notices of meeting and annual reports. Shareholders can still elect to receive some or all of their communications in physical or electronic form, or elect not to receive certain documents such as annual reports. To review or update your communication preferences, please visit the Company's share registry website at <https://investor.automic.com.au/#/home>, or call 1300 288 664 or +61 2 9698 5414.

Yours sincerely,

Jessamyn Lyons
Company Secretary



LUNNON METALS LTD
ABN 82 600 008 848

**NOTICE OF GENERAL MEETING
AND
EXPLANATORY STATEMENT**

TIME: 10:00am WST

DATE: Tuesday, 27 September 2022

PLACE: Fellows Room, Trinity on Hampden, 230 Hampden Road, Crawley WA 6009

The Independent Expert has determined that, in the absence of an alternative offer, the Proposed Acquisition is **fair and reasonable** to Shareholders who are not associated with St Ives Gold Mining Co. Pty Ltd.

The Independent Expert's Report is attached to this Notice of Meeting as Annexure A.

A Proxy Form is enclosed or has otherwise been provided to you.

If you are unable to attend the Meeting, please complete and return the Proxy Form in accordance with the specified directions.

The business of the Meeting affects your shareholding and your vote is important. This Notice of Meeting, including the accompanying Explanatory Statement and Independent Expert's Report, should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61) 8 6245 2050.

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IMPORTANT INFORMATION

Time and place of meeting

Notice is given that the meeting of the Shareholders to which this Notice of Meeting relates will be held at 10:00am (WST) on 27 September 2022 at the Fellows Room, Trinity on Hampden, 230 Hampden Road, Crawley WA 6009.

The Company and the Board are acutely aware of the current circumstances resulting from COVID-19 and the impact it is having, and is likely to continue to have, on physical meetings. The Board has made the decision that it will hold a physical Meeting with the appropriate safety measures in place to comply with any State or Federal Government restrictions for physical gatherings.

Circumstances relating to COVID-19 are changing rapidly. The Company will update Shareholders if changing circumstances impact the planning or arrangements for the Meeting by way of announcement on ASX and the details will also be made available on our website at <https://lunnonmetals.com.au>.

Voting eligibility

In accordance with paragraphs 7.11.37 and 7.11.38 of the Corporations Regulations, the Board has determined that a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the Company's register of Shareholders as at 5:00pm (WST) on 26 September 2022.

How to vote

The business of the Meeting affects your shareholding and your vote is important. Shareholders can vote by either:

- attending the Meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the Proxy Form accompanying this Notice and by submitting their proxy appointment and voting instructions in person, by post or by facsimile.

Voting in person (or by attorney)

To vote in person, attend the Meeting at the time, date and place set out above. Shareholders, or their attorneys, who plan to attend the Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, if possible, so that their holding may be checked against the Company's share register and their attendance recorded. To be effective a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms below.

Should there be restrictions on indoor gatherings in Western Australia at the time of the Meeting as a result of the COVID-19 Pandemic, the Company encourages Shareholders NOT TO ATTEND THE GENERAL MEETING IN PERSON and to vote by proxy or online and attend by electronic means provided.

Voting by a corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form. To be effective, proxies must be received by 10:00am (WST) on 25 September 2022. Proxies received after this time will be invalid.

Details on how to lodge your Proxy Form can be found in the enclosed Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Poll

Shareholders are advised that all Resolutions to be considered at the General Meeting will be put to a poll, in accordance with the provisions of the Company's Constitution.

NOTICE OF GENERAL MEETING

Notice is given that the meeting of the Shareholders to which this Notice of Meeting relates will be held at 10:00am (WST) on Tuesday, 27 September 2022 at the Fellows Room, Trinity on Hampden, 230 Hampden Road, Crawley WA 6009.

The Explanatory Statement and Proxy Form which accompany and form part of this Notice, describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement and the Proxy Form in their entirety.

Capitalised terms not otherwise defined in this Notice have the meaning given in the Glossary which accompanies this Notice.

AGENDA

1. Resolution 1 – Approval of acquisition of Nickel Rights at Silver Lake and Fisher

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

*“That, for the purposes of Listing Rule 10.1 and for all other purposes, approval is given for the Company to acquire the Nickel Rights from St Ives Gold Mining Co. Pty Ltd (**SIGMC**) in accordance with the Mineral Rights Agreement, on the terms and conditions set out in the Explanatory Statement.”*

Independent Expert’s Report: Shareholders should carefully consider the report prepared by BDO Corporate Finance (WA) Pty Ltd (**Independent Expert**) for the purposes of the Shareholder approval required under Listing Rule 10.1. The Independent Expert’s Report considers the fairness and reasonableness of the Proposed Acquisition the subject of Resolution 1 to the Shareholders in the Company who are not associated with SIGMC.

The Independent Expert has determined that, in the absence of an alternative offer, the Proposed Acquisition is **fair and reasonable** to Shareholders who are not associated with SIGMC. The Independent Expert’s Report is attached to this Notice of Meeting as Annexure A.

Note: A voting exclusion statement applies to this Resolution, as set out below.

2. Resolution 2 – Issue of Consideration Shares to St Ives Gold Mining Co. Pty Ltd

Subject to the passing of Resolution 1, to consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 21,505,376 Shares to St Ives Gold Mining Co. Pty Ltd as consideration for granting the Company the Nickel Rights under the Proposed Acquisition, on the terms and conditions set out in the Explanatory Statement.”

Note: A voting exclusion statement applies to this Resolution, as set out below.

3. Resolution 3 – Ratification of issue of Placement Shares under Listing Rule 7.1

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

“That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 21,187,059 Shares (at an issue price of \$0.93 each) on 26 April 2022 to sophisticated and professional investors, on the terms and conditions set out in the Explanatory Statement.”

Note: A voting exclusion statement applies to this Resolution, as set out below.

4. Resolution 4 – Ratification of issue of Placement Shares under Listing Rule 7.1A

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

“That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 11,071,005 Shares (at an issue price of \$0.93 each) on 26 April 2022 to sophisticated and professional investors, on the terms and conditions set out in the Explanatory Statement.”

Note: A voting exclusion statement applies to this Resolution, as set out below.

5. Resolution 5 – Grant of Incentive Options to Ms Deborah Lord (or her nominee(s))

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

“That, for the purposes of Listing Rule 10.14 and for all other purposes, the Directors are authorised to issue up to 475,000 Incentive Options for no consideration, with each Incentive Option having an exercise price of \$1.18 and an expiry date of 42 months from their date of issue, to Ms Deborah Lord or her nominee(s), on the terms and conditions set out in the Explanatory Memorandum (including Annexures B and C to the Explanatory Memorandum).”

Note: A voting exclusion statement applies to this Resolution, as set out below.

6. Resolution 6 – Grant of Incentive Options to Mr Ian Junk (or his nominee(s))

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

“That, for the purposes of Listing Rule 10.14 and for all other purposes, the Directors are authorised to issue up to 475,000 Incentive Options for no consideration, with each Incentive Option having an exercise price of \$1.18 and an expiry date of 42 months from their date of issue, to Mr Ian Junk or his nominee(s), on the terms and conditions set out in the Explanatory Memorandum (including Annexures B and C to the Explanatory Memorandum).”

Note: A voting exclusion statement applies to this Resolution, as set out below.

VOTING EXCLUSION STATEMENTS

Resolutions 1 and 2: The Company will disregard any votes cast in favour of Resolution 1 or Resolution 2 by or on behalf of SIGMC and any other person who will obtain a material benefit as a result of the Proposed Acquisition or the issue of Consideration Shares (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an Associate of that person or those persons. However, this does not apply to a vote cast in favour of Resolutions 1 or 2 by:

- (a) a person as proxy or attorney for a person who is entitled to vote on Resolutions 1 or 2, in accordance with directions given to the proxy or attorney to vote on Resolution 1 or 2 in that way;
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on Resolutions 1 or 2, in accordance with a direction given to the Chair to vote on Resolution 1 or 2 as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on Resolution 1 or 2; and
 - (ii) the holder votes on Resolution 1 or 2 in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolutions 3 and 4: The Company will disregard any votes cast in favour of Resolutions 3 and 4 by or on behalf of a person who participated in the issue or an Associate of that person or those persons. However, this does not apply to a vote cast in favour of Resolution 3 or 4 by:

- (a) a person as proxy or attorney for a person who is entitled to vote on Resolution 3 or 4, in accordance with the directions given to the proxy or attorney to vote on that Resolution in that way; or
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on Resolution 3 or 4, in accordance with a direction given to the Chair to vote on that Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on Resolution 3 or 4; and
 - (ii) the holder votes on Resolution 3 or 4 in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolutions 5 and 6: The Company will disregard any votes cast in favour of Resolutions 5 and 6 by or on behalf of:

- (a) a person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (or their nominees); or
- (b) an Associate of those persons.

However, this does not apply to a vote cast in favour of Resolutions 5 and 6 by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or*
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or*
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and*
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

Further, a Restricted Voter who is appointed as a proxy will not vote on the Resolution unless:

- (a) the appointment specifies the way the proxy is to vote on the Resolution; or*
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of the Resolution.*

Shareholders may also choose to direct the Chair to vote against the Resolution or to abstain from voting.

If any of the persons named above purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and those persons may be liable for breaching the voting restrictions that apply to them under the Corporations Act.

Dated: 26 August 2022

BY ORDER OF THE BOARD

**Jessamyn Lyons
Company Secretary
Lunnon Metals Ltd**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the General Meeting to be held at 10:00am (WST) on Tuesday, 27 September 2022 at the Fellows Room, Trinity on Hampden, 230 Hampden Road, Crawley WA 6009.

You should read this document carefully

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting. You should read each document in its entirety before deciding how to vote on the Resolutions. If you are in any doubt as to what you should do, you should consult your financial, legal or other professional adviser.

Independent Expert's Report

Shareholders should also carefully consider the Independent Expert's Report (a copy of which is attached to this Explanatory Statement at Annexure A) when considering whether to vote in favour of (or to vote against or to abstain from voting in relation to) Resolution 1. The Independent Expert's Report comments on the fairness and reasonableness of the Proposed Acquisition the subject of Resolution 1 to the Shareholders in the Company who are not associated with SIGMC.

The Independent Expert has concluded that, in the absence of an alternative offer, the Proposed Acquisition the subject of Resolution 1 is **fair and reasonable** to the Shareholders of the Company who are not associated with SIGMC.

Forward looking statements

Certain statements in this Explanatory Statement relate to the future. These statements reflect views only as of the date of this Explanatory Statement. While the Company believes that the expectations reflected in the forward looking statements are reasonable, neither the Company nor any other person gives any representation, assurance or guarantee that the occurrence of an event expressed or implied in any forward looking statements in this Explanatory Statement will actually occur.

Disclaimer

No person is authorised to give any information or make any representation in connection with the Resolutions which is not contained in this Explanatory Statement. Any information which is not contained in this Explanatory Statement may not be relied on as having been authorised by the Company or the Board in connection with the Resolutions or the Proposed Acquisition.

ASX

A copy of the Notice of Meeting and Explanatory Statement has been lodged with ASX pursuant to the ASX Listing Rules. Neither ASX nor any of its officers take any responsibility for the contents of the Notice of Meeting and Explanatory Statement.

Definitions

Capitalised terms not otherwise defined in the Notice or this Explanatory Statement have the meaning given in the Glossary accompanying the Notice.

1. Resolution 1 – Approval of Proposed Acquisition of Nickel Rights at Silver Lake and Fisher

1.1 Background to the Proposed Acquisition

As announced by the Company on 12 April 2022, the Company has entered into a Mineral Rights Agreement with St Ives Gold Mining Co. Pty Ltd (**SIGMC**) pursuant to which the Company will acquire exclusive Nickel Rights on the whole, or portions, of 19 mining leases (and related access rights on an additional tenement) over the historical Fisher and Silver Lake nickel mines (**Proposed Acquisition**).

In consideration for the Proposed Acquisition, the Company has agreed to issue SIGMC \$20,000,000 worth of Shares at a deemed issue price of \$0.93 per Share (being the price at which the Company undertook the placement of Shares announced to the market on 14 April 2022).

SIGMC, a wholly owned subsidiary of Gold Fields Limited, is currently the registered holder of 25.77% of the Company's issued share capital. Accordingly, Shareholder approval of the acquisition of the Nickel Rights from SIGMC is required for the purposes of Listing Rule 10.1.

The Independent Expert's Report accompanying this Notice sets out a detailed independent examination of the Proposed Acquisition to enable non-associated Shareholders to assess the merits and decide whether to approve Resolution 1. The Independent Expert has concluded that, in the absence of an alternative offer, the Proposed Acquisition is **fair and reasonable** to the non-associated Shareholders.

1.2 Summary of Mineral Rights Agreement

Under the Mineral Rights Agreement, SIGMC will grant the Company Nickel Rights in respect of the whole, or portions (starting at various depths), of 19 mining leases (and related access rights on an additional tenement). Subject to existing third party agreements, SIGMC will otherwise remain entitled to all rights to the tenements including in relation to gold and other minerals on these tenements.

The Nickel Rights to be granted to the Company include access to the historical Fisher and Silver Lake nickel mines. The tenements are on the immediate north side of Lake Lefroy, abutting tenements or nickel rights held by Mincor Resources NL at its Long Operation on the eastern side of Kambalda and its Coronet asset to the west of the township and the sub lease rights held by TSX listed Karora Resources at the Beta Hunt Mine to the south.

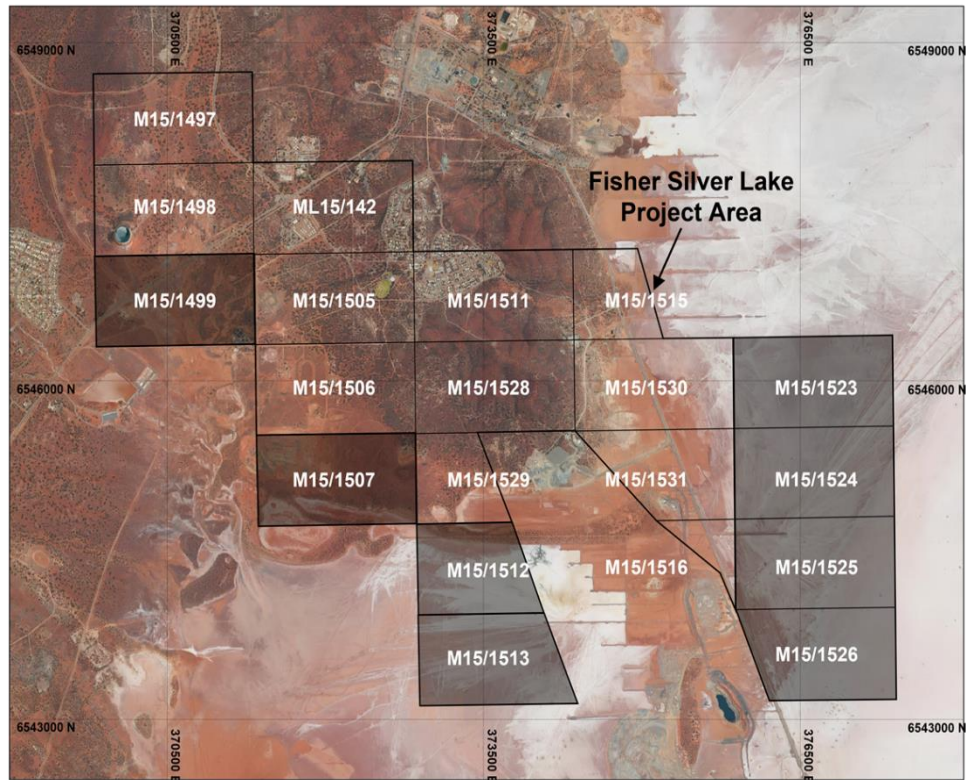


Figure 1: Plan view of the Fisher – Silver Lake MRA area showing tenements and rights areas.

Note: The rights granted to the Company in the shaded areas in Figure 1 are below surface rights only. The rights granted to the Company in relation to Mineral Lease 15/142, do not include the right to explore for, mine or process nickel as those rights are already held by BHP Nickel West Pty Ltd.

The rights granted will give the Company full, free and exclusive licence to enter and conduct nickel related activities in the Project Area (as identified in Figure 1), including but not limited to nickel exploration and mining (**Activities**), subject to the subsurface exclusions for existing third-party agreements and private land in East Kambalda. Where deposits are discovered which, in the Company's judgment, are economically viable to mine or to process, the Company may choose to process, develop and/or mine them by such means as the Company chooses.

SIGMC also grants the Company a non-exclusive licence during the term to cross SIGMC's tenements outside of the Project Area to gain access to and from the Project Area.

The Company may retain all nickel (and other minerals occurring in conjunction with nickel that cannot be economically recovered without the recovery of nickel) mined from the Project Area. All other minerals and ores mined by the Company must be returned to SIGMC. The Company's rights will continue until the earlier of the Company's Nickel Rights being relinquished or the expiry or surrender of the last of the tenements. The Company must relinquish its Nickel Rights in respect to any part of the Project Area where it has permanently completed its activities in respect of the Project Area.

The Project Area the subject of the rights is set out in the map in Figure 1. Where the rights granted do not come to surface, the Company retains the right to drill down, or mine up, through (eg for ventilation purposes) areas above the Project Area as required to exploit the Mineral Rights Agreement area.

The Mineral Rights Agreement sets out the processes under which the Company must notify SIGMC of its proposed activities in the Project Area and allows an objection by

SIGMC in certain cases where the proposed activities will cause adverse effect or material prejudice to SIGMC.

SIGMC has similar obligations in relation to its activities, where they may adversely affect the agreed initial programme of exploration activities or any subsequently approved mining Activities of the Company, with the intention that those Activities of the Company take priority over SIGMC's activities.

If, in the Company's extraction of nickel, and SIGMC's extraction of gold, either party observes material occurrences of nickel or gold, it must notify the other party and the parties will determine whether it is economically feasible to separate the minerals. If it is, the other party is entitled to undertake that separation at its own cost and risk using approved methods. If the parties cannot agree whether separation is economically feasible the matter may be referred to an expert.

The Mineral Rights Agreement contains other terms and conditions standard for an agreement of that nature, including warranties, liability and indemnity provisions, assignment restrictions (including pre-emptive rights) and default, dispute resolution, termination, force majeure and confidentiality provisions.

The only condition precedent to the Mineral Rights Agreement remaining to be satisfied is the Shareholders approving the Proposed Acquisition and the issue of Shares to SIGMC (as sought under Resolutions 1 and 2).

Further details of the Proposed Acquisition are contained in the Company's announcement dated 12 April 2022 and the Independent Expert's Report accompanying this Notice as Annexure A.

1.3 Independent Expert's Report

Listing Rule 10.5.10 requires a notice of meeting containing a resolution under Listing Rule 10.1 to include a report on the transaction from an independent expert.

The Independent Expert's Report accompanying this Notice as Annexure A sets out a detailed independent examination of the Proposed Acquisition to enable non-associated Shareholders to assess the merits and decide whether to approve Resolution 1. Shareholders are urged to carefully read the Independent Expert's Report to understand its scope, methodology of the valuation and the sources of information and assumptions made.

The Independent Expert has concluded that the Proposed Acquisition, in the absence of an alternative offer, is **fair and reasonable** to the non-associated Shareholders.

1.4 Listing Rule 10.1

Resolution 1 seeks Shareholder approval for the purposes of Listing Rule 10.1 and for all other purposes for the Proposed Acquisition. Listing Rule 10.1 provides that a company must not acquire or agree to acquire a substantial asset from, or dispose of or agree to dispose of a substantial asset to:

- a related party (Listing Rule 10.1.1);
- a child entity (Listing Rule 10.1.2);
- a person who is, or who was at any time in the 6 months before the transaction, a substantial (10%+) holder in the company (Listing Rule 10.1.3);

- an associate of a person referred to Listing Rules 10.1.1 to 10.1.3 (Listing Rule 10.1.4); or
- a person whose relationship with the company or a person referred to in Listing Rules 10.1.1 to 10.1.4 is such that, in ASX's opinion, the issue or agreement should be approved by shareholders (Listing Rule 10.1.5),

unless it obtains the approval of its shareholders.

The Proposed Acquisition falls within Listing Rule 10.1.3 and involves the acquisition of a substantial asset. It therefore requires the approval of the Company's Shareholders under Listing Rule 10.1. Resolution 1 seeks the required Shareholder approval to the Proposed Acquisition under and for the purposes of Listing Rule 10.1.

If Resolutions 1 and 2 are passed, the Company will be able to proceed with the Proposed Acquisition and will be granted the Nickel Rights and will issue the Consideration Shares in accordance with the Mineral Rights Agreement. Once completion has occurred, the Company will commence exploration of Silver Lake and Fisher in accordance with the programme of activities contained in the Company's ASX announcement dated 14 April 2022.

If Resolution 1 is not passed, the Company will not be able to proceed with the Proposed Acquisition and the Company will not acquire the Nickel Rights in accordance with the Mineral Rights Agreement. At the time of announcement of the Placement, it was the Company's intention that if the Proposed Acquisition does not complete, the funds raised by the Company pursuant to the Placement and allocated to Silver Lake and Fisher will be redeployed to complete, subject to final cost estimates at that time, the dewatering and rehabilitation of the Foster underground mine workings. Given the positive exploration results and growth in its Mineral Resource as reported by the Company since announcing the Placement, the Company may also redeploy funds raised under the Placement to general working capital and exploration works across its portfolio, as well as towards the dewatering and rehabilitation of the Foster underground mine workings as noted above. The Company will continue to assess all relevant factors and cost estimates when considering the proposed use of funds.

1.5 Information required under Listing Rule 10.5

The following further information is provided to Shareholders for the purposes of Listing Rule 10.5.

- Under the Proposed Acquisition, the Company will acquire the Nickel Rights from SIGMC, a wholly owned subsidiary of Gold Fields Limited.
- SIGMC falls within the category of persons referred to in Listing Rule 10.1.3 as it currently holds 25.77% of the Company's issued Shares.
- The value of the Nickel Rights being acquired under the Proposed Acquisition exceeds 5% of the Company's equity interests (as defined in the Listing Rules) based on the Company's last financial accounts lodged with ASX. The Nickel Rights therefore constitutes a substantial asset for the purposes of Listing Rule 10.2.
- Subject to Resolutions 1 and 2 being passed, in consideration for granting the Company the Nickel Rights, the Company will issue 21,505,376 Shares to SIGMC in accordance with the Mineral Rights Agreement, calculated by dividing \$20,000,000 by \$0.93 (being the price at which Shares were issued

to investors under the Company's Placement as announced by the Company on 14 April 2022).

- (e) Subject to Resolutions 1 and 2 being passed, the Shares will be issued no later than 1 month after the date of this Meeting, unless otherwise extended by way of ASX granting a waiver to the Listing Rules.
- (f) No cash consideration will be paid to SIGMC under the Proposed Acquisition.
- (g) The conditions precedent under the Mineral Rights Agreement, including Shareholder approval to the Proposed Acquisition, must be satisfied or waived before 7 October 2022, subject to any extension agreed to by the parties to the Mineral Rights Agreement. Subject to Resolutions 1 and 2 being passed by Shareholders, completion of the Proposed Acquisition is expected to occur 5 business days after the date of this Meeting.
- (h) The material terms of the Mineral Rights Agreement are set out above in section 1.2 of this Explanatory Statement.
- (i) A voting exclusion statement applies to Resolution 1 as set out in the Notice.

1.6 Directors' recommendation

The Directors (other than Mr Ashley McDonald and Mr Liam Twigger) recommend that Shareholders vote in favour of Resolution 1. The Directors (other than Mr Ashley McDonald and Mr Liam Twigger) are not aware of any other information that would reasonably be required by the Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 1. Mr Ashley McDonald (Gold Fields Limited's nominee director on the Board) and Mr Liam Twigger (who may have a potential conflict of interest in the outcome of the Proposed Acquisition and with the agreement of the Board has been recused from considering the Proposed Acquisition) decline to make a recommendation on Resolution 1.

2. Resolution 2 – Issue of Consideration Shares to St Ives Gold Mining Co. Pty Ltd

2.1 Background to issue of Consideration Shares

In consideration for the Proposed Acquisition, the Company has agreed to issue SIGMC \$20,000,000 worth of Shares at a deemed issue price of \$0.93 per Share (being the price at which the Company undertook the Placement of Shares announced to the market on 14 April 2022).

Resolution 2 seeks Shareholder approval for the purposes of Listing Rule 10.11 and for all other purposes to allow the Company to issue 21,505,376 Consideration Shares to SIGMC pursuant to the Mineral Rights Agreement. Resolution 2 is subject to Shareholders approving the Proposed Acquisition under Resolution 1.

2.2 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, the Company must not issue or agree to issue equity securities to:

- a related party (Listing Rule 10.11.1);
- a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the Company (Listing Rule 10.11.2);
- a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the Company and who has nominated a Director to the Board pursuant to a relevant agreement which gives them a right or expectation to do so (Listing Rule 10.11.3);
- an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3 (Listing Rule 10.11.4); or
- a person whose relationship with the Company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by Shareholders (Listing Rule 10.11.5),

unless it obtains the approval of its Shareholders.

The issue of Consideration Shares to SIGMC in consideration for the Proposed Acquisition falls within Listing Rule 10.11.2 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

The impact of passing Resolution 2 on SIGMC's voting power in the Company is set out in the following table:

Time	Number of Shares	Voting power (non-diluted)
Before the Placement in April 2022	44,711,062	31.65%
As at last practicable date of this Notice	44,711,062	25.77%
After completion of the Proposed Acquisition	66,216,438	33.96%*

** Assuming that no further Shares (other than the Consideration Shares) are issued or Options are exercised between the date of this Notice and the date of completion of the Proposed Acquisition.*

Shareholder approval is not required for the purpose of section 606 of the Corporations Act on the basis SIGMC's voting power in the Company will not be more than 3% higher than what it was 6 months before the date on which the Shares are expected to be issued under the Proposed Acquisition (subject to Shareholder approval).

If Resolutions 1 and 2 are passed, the Company will issue 21,505,376 Consideration Shares to SIGMC in consideration for the Company acquiring the Nickel Rights in accordance with the Mineral Rights Agreement. Once completion of the Proposed Acquisition has occurred, the Company will commence exploration of Silver Lake and Fisher in accordance with the programme of activities contained in the Company's ASX announcement dated 14 April 2022. If approval is given for the issue of the Shares under Listing Rule 10.11, approval is not required for the purpose of Listing Rule 7.1.

If Resolution 2 is not passed, the Company will not be able to proceed with the issue of Consideration Shares to SIGMC and the relevant condition precedent for Shareholder approval under the Mineral Rights Agreement will not be satisfied. At the time of announcement of the Placement, it was the Company's intention that if the Proposed Acquisition does not complete, the funds raised by the Company pursuant

to the Placement and allocated to Silver Lake and Fisher will be redeployed to complete, subject to final cost estimates at that time, the dewatering and rehabilitation of the Foster underground mine workings. Given the positive exploration results and growth in its Mineral Resource as reported by the Company since announcing the Placement, the Company may also redeploy funds raised under the Placement to general working capital and exploration works across its portfolio, as well as towards the dewatering and rehabilitation of the Foster underground mine workings as noted above. The Company will continue to assess all relevant factors and cost estimates when considering the proposed use of funds.

2.3 Information required under Listing Rule 10.13

The following further information is provided to Shareholders for the purposes of Listing Rule 10.13:

- (a) The Consideration Shares will be issued to SIGMC, a wholly owned subsidiary of Gold Fields Limited.
- (b) SIGMC has held more than 30% of the Shares in the Company during the 6 month period prior to the proposed issue date and therefore falls within the category of persons under Listing Rule 10.11.2.
- (c) A total of 21,505,376 fully paid ordinary shares in the Company will be issued in accordance with the Mineral Rights Agreement, calculated by dividing \$20,000,000 by \$0.93.
- (d) The Consideration Shares will be issued at a deemed issue price of \$0.93 per Share, being the price at which Shares were issued to investors under the Placement announced by the Company on 14 April 2022.
- (e) The Consideration Shares will be issued no later than 1 month after the date of this Meeting, unless extended by way of ASX granting a waiver to the Listing Rules.
- (f) The Consideration Shares are being issued to SIGMC in consideration for it granting the Company the Nickel Rights under the Mineral Rights Agreement.
- (g) The Consideration Shares will be issued under the Mineral Rights Agreement and a summary of the material terms of that agreement is set out in section 1.2 of this Explanatory Statement.
- (h) A voting exclusion statement applies to Resolution 2 as set out in the Notice.

2.4 Directors' recommendation

The Directors (other than Mr Ashley McDonald and Mr Liam Twigger) recommend that Shareholders vote in favour of Resolution 2. The Directors (other than Mr Ashley McDonald and Mr Liam Twigger) are not aware of any other information that would reasonably be required by the Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 2. Mr Ashley McDonald (Gold Field Limited's nominee director on the Company's Board) and Mr Liam Twigger (who may have a potential conflict of interest in the outcome of the Proposed Acquisition and with the agreement of the Board has been recused from considering the Proposed Acquisition and related resolutions) decline to make a recommendation on Resolution 2.

3. Resolutions 3 and 4 – Ratification of issue of Placement Shares

3.1 Background to Placement

On 14 April 2022, the Company announced a placement to various sophisticated and professional investors to raise \$30,000,000 (before costs) at \$0.93 per Share (**Placement**). The Placement was completed by the issue of a total of 32,258,064 Shares on 26 April 2022 (**Placement Shares**) as follows:

- 21,187,059 Shares under the Company's Listing Rule 7.1 capacity; and
- 11,071,005 Shares under the Company's Listing Rule 7.1A capacity.

The funds raised from the Placement will be applied to the Company's current portfolio of assets at Kambalda, and also to the assets/rights at Silver Lake and Fisher once the Proposed Acquisition completes.

3.2 Listing Rule 7.1

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

The Placement does not fit within any of these exceptions and, as it has not yet been approved by the Company's Shareholders, it effectively uses all of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date the Company issued Shares pursuant to the Placement.

Listing Rule 7.4 allows the shareholders of a company to approve an issue of Equity Securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further Equity Securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1 and therefore seeks Shareholder approval to ratify the issue of Shares pursuant to the Placement under and for the purposes of Listing Rule 7.4.

If Resolution 3 is passed, the Placement Shares issued under Listing Rule 7.1 will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities the Company can issue without Shareholder approval over the 12 month period following the date the Company issued the Placement Shares. In addition, the Placement Shares issued under Listing Rule 7.1 will not be included in calculating the Company's 10% capacity in Listing Rule 7.1A, effectively increasing the number of Equity Securities the Company can issue without Shareholder approval under that rule.

If Resolution 3 is not passed, the Placement Shares issued under Listing Rule 7.1 will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of Equity Securities the Company can issue without Shareholder approval over the 12 month period following the date the Company issued the Placement Shares. In addition, the Placement Shares issued under Listing Rule 7.1 will be included in calculating the Company's additional 10% capacity in Listing

Rule 7.1A, effectively decreasing the number of Equity Securities the Company can issue without Shareholder approval under that rule.

3.3 Listing Rule 7.1A

Under Listing Rule 7.1A, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10%, to 25%. Shareholders approved this additional capacity at the Company's last annual general meeting.

The Placement does not fit within any of the exceptions to Listing Rule 7.1A and, as it has not yet been approved by the Company's Shareholders, it effectively uses up part of the 10% limit in Listing Rule 7.1A, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under Listing Rule 7.1A for the period ending on the earliest of:

- the date that is 12 months after the last annual general meeting at which the Listing Rule 7.1A mandate was approved (being 16 November 2021);
- the time and date of the next annual general meeting; and
- the time and date on which Shareholders approve a transaction under Listing Rule 11.1.2 (for a significant change to the nature or scale of the Company's activities) or Listing Rule 11.2 (disposal of the Company's main undertaking).

(the **7.1A Mandate Expiry Date**).

Listing Rule 7.4 allows the shareholders of a company to approve an issue of Equity Securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1A and so does not reduce the company's capacity to issue further Equity Securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1A and therefore seeks Shareholder approval to ratify the issue of the Placement Shares that were issued under Listing Rule 7.1A under and for the purposes of Listing Rule 7.4.

If Resolution 4 is passed, the Placement Shares issued under Listing Rule 7.1A will be excluded in calculating the Company's 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of Equity Securities the Company can issue without Shareholder approval:

- under Listing Rule 7.1 for the 12 month period following the date the Company issued Shares pursuant to the Placement; and
- under Listing Rule 7.1A for the period ending on the 7.1A Mandate Expiry Date.

If Resolution 4 is not passed, the Placement Shares issued under Listing Rule 7.1A will be included in calculating the Company's 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of Equity Securities the Company can issue without Shareholder approval under Listing Rules 7.1 and 7.1A for the periods noted immediately above.

3.4 Information required under Listing Rule 7.5

The following further information is provided to Shareholders for the purposes of Listing Rule 7.5:

- (a) The Shares were issued to sophisticated and professional investors and other investors qualifying under section 708 of the Corporations Act, all of whom are unrelated to the Company. The placees were selected following a bookbuild process undertaken by the joint lead managers to the Placement, Euroz Hartleys Limited and Argonaut Securities Pty Ltd.
- (b) In accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that no related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties were issued more than 1% of the issued capital of the Company under the Placement.
- (c) A total of 32,258,064 Placement Shares in the Company were issued on 26 April 2022, comprising 21,187,059 Placement Shares issued under Listing Rule 7.1 and 11,071,005 Placement Shares issued under Listing Rule 7.1A.
- (d) The Placement Shares are fully paid ordinary shares in the Company and rank equally in all respects with the existing fully paid ordinary shares on issue.
- (e) The Placement Shares were issued at an issue price of \$0.93 each.
- (f) The funds raised from the Placement will be applied to activities on the Company's current portfolio of assets at Kambalda and, subject to completion of the Proposed Acquisition, to the assets/rights at Silver Lake and Fisher. At the time of announcement of the Placement, it was the Company's intention that if the Proposed Acquisition does not complete, the funds raised by the Company pursuant to the Placement and allocated to Silver Lake and Fisher will be redeployed to complete, subject to final cost estimates at that time, the dewatering and rehabilitation of the Foster underground mine workings. A high level break down of the allocation of funds by the Company is contained in the Company's ASX announcement dated 14 April 2022. Given the positive exploration results and growth in its Mineral Resource as reported by the Company since announcing the Placement, the Company may also redeploy funds raised under the Placement to general working capital and exploration works across its portfolio, as well as towards the dewatering and rehabilitation of the Foster underground mine workings as noted above. The Company will continue to assess all relevant factors and cost estimates when considering the proposed use of funds.
- (g) Voting exclusion statements apply to Resolutions 3 and 4, as set out in the Notice.

4. Resolutions 5 and 6 – Grant of Incentive Options to Participating Directors (or their nominees)

The Company proposes to grant a total of up to 475,000 Incentive Options (each with an exercise price of A\$1.18 and an expiry date of 42 months from their date of issue) to each of Ms Deborah Lord and Mr Ian Junk (**Participating Directors**), or their nominees.

4.1 Related Party Transactions Generally

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefits falls within one of the nominated exceptions to the provision; or
- (b) Shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E of the Corporations Act, each of the Participating Directors is a related party of the Company.

In relation to this Resolution, the Board (excluding Deborah Lord and Ian Junk) has formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed issue of Incentive Options to the Participating Directors (or their nominees) as the issue, which forms part of the remuneration package for the Participating Directors, is considered reasonable remuneration for the purposes of section 211 of the Corporations Act, given the Incentive Options represent a cost-effective way for the Company to remunerate the Participating Directors as opposed to cash remuneration.

The number and terms of the Incentive Options to be granted to the Participating Directors (or their nominees) has been determined based upon a consideration of:

- (a) the remuneration of each of the Participating Directors;
- (b) the 30 day volume weighted average price for Shares up to the 18 March 2022, being the date of execution of the Letter of Appointment of Ms Lord. The exercise price for the Incentive Options represents a premium of approximately 30% to the 30 day volume weighted average price for Shares up to the 18 March 2022, being \$0.915;
- (c) the Directors' wish to ensure that the remuneration offered is competitive with market standards or/and practice. The Directors have considered the proposed number of Incentive Options to be granted and will ensure that the Participating Directors' overall remuneration is in line with market practice;
- (d) attracting and retaining suitably qualified non-executive directors;
- (e) align the interests of the Participating Directors more closely with the interests of Shareholders;
- (f) provide greater incentive for the Participating Directors to focus on the Company's longer term goals; and
- (g) incentives to attract and ensure continuity of service of Directors who have appropriate knowledge and expertise, while maintaining the Company's cash reserves. The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Incentive Options on the terms proposed.

4.2 Valuation of Incentive Options

The Company's advisers have valued the Incentive Options to be granted to the Participating Directors using the Binomial Model. The value of an Option calculated by

the Binomial Model is a function of a number of variables. The valuation of the Incentive Options has been prepared using the following assumptions:

Variable	Input
Share price	\$0.915 being the 30 day volume weighted average price for Shares up to the 18 March 2022, that being the date of execution of the Letter of Appointment of Ms Lord.
Exercise price	\$1.18
Risk Free Interest Rate	1.89%
Volatility	79.56%
Time (years to expiry)	3.5 years

The Company's advisers have calculated the value of each Incentive Option based on the following assumptions:

- (a) they have based the underlying value of each Share in the Company based on the 30 day volume weighted average price for Shares up to the 18 March 2022, being the date of execution of the Letter of Appointment of Ms Lord, the grant date;
- (b) risk free rate of return – 1.89% (estimated, based on the 3 year Australian Government bond rate on 18 March 2022); and
- (c) they used a volatility of the Share price of 79.56% as determined from the daily movements in Share price over the last 12 months, adjusted for abnormal trading.

Any change in the variables applied in the Binomial calculation between the date of the valuation and the date the Incentive Options are granted would have an impact on their value.

Based on the assumptions, it is considered that the estimated average value of the Incentive Options to be granted to the Participating Directors (or their nominees) is \$0.4574 per Incentive Option.

4.3 Information Requirements – Listing Rules 10.14 and 10.15

Listing Rule 10.14 provides that the Company must not permit any of the following persons to acquire Equity Securities under an employee incentive scheme:

- (a) a director of the Company (Listing Rule 10.14.1);
- (b) an Associate of a director of the Company (Listing Rule 10.14.12); or
- (c) a person whose relationship with the Company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its Shareholders (Listing Rule 10.14.3),

unless it obtains the approval of its Shareholders.

The proposed grant of Incentive Options to the Participating Directors (or their nominees) pursuant to Resolutions 5 and 6 falls within Listing Rule 10.14.1 and therefore requires the approval of Shareholders under Listing Rule 10.14.

If Resolution 5 is passed, the Company will grant Incentive Options to Deborah Lord (or her nominee(s)) as noted above.

If Resolution 5 is not passed, the Company will not grant Incentive Options to Deborah Lord (or her nominee(s)) and the Company may need to consider alternative ways to remunerate Ms Lord, including by the payment of cash.

If Resolution 6 is passed, the Company will grant Incentive Options to Ian Junk (or his nominee(s)) as noted above.

If Resolution 6 is not passed, the Company will not grant Incentive Options to Ian Junk (or his nominee(s)) and the Company may need to consider alternative ways to remunerate Mr Junk, including by the payment of cash.

The following further information is provided to Shareholders for the purposes of Listing Rule 10.15:

- (a) the Incentive Options will be granted to the Participating Directors, or their nominees, as noted above;
- (b) each of the Participating Directors is a Director of the Company, and therefore a Listing Rule 10.14.1 party;
- (c) 475,000 Incentive Options will be granted to each of Deborah Lord (or her nominee(s)) and Ian Junk (or his nominee(s));
- (d) Deborah Lord and Ian Junk are Directors of the Company and the issue the subject of this Resolution is intended to remunerate or incentivise them, whose current total remuneration packages are as follows:
 - (i) Deborah Lord: \$45,000 per annum (excluding superannuation); and
 - (ii) Ian Junk: \$45,000 per annum (excluding superannuation);
- (e) Ms Deborah Lord and Mr Ian Junk (or their nominees) have not previously been issued any securities under the Incentive Option Plan;
- (f) the terms and conditions of the Incentive Options are set out in Annexure B to this Explanatory Memorandum;
- (g) given the difficulty in attracting the requisite skills and experience in the mineral resources sector presently, retention based Incentive Options were selected as the best means by which to attract and importantly retain talent at the board level;
- (h) the Company's advisors have valued the Incentive Options at A\$0.4574 per Incentive Option. The basis for this valuation is set out in section 4.2 above;
- (i) the Incentive Options will be granted on a date which will be no later than 3 years after the date of this Meeting, unless otherwise extended by way of ASX granting a waiver to the Listing Rules;
- (j) the Incentive Options will be granted for no consideration;
- (k) a summary of the material terms of the Incentive Option Plan is set out in Annexure C;

- (l) details of any securities issued under the Incentive Option Plan will be published in the annual report of the entity relating to a period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14;
- (m) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue under the Incentive Option Plan after Resolutions 5 and 6 are approved and who were not named in this Notice will not participate until approval is obtained under that rule; and
- (n) a voting exclusion statement applies to this Resolution as set out in the Notice of Meeting.

4.4 Directors' recommendation

Messrs Liam Twigger, Edmund Ainscough, Ashley McDonald and Ian Junk (who have no interest in the outcome of Resolution 5) recommend that Shareholders vote in favour of Resolution 5.

Ms Deborah Lord declines to make a recommendation about Resolution 5 as she has a material personal interest in the outcome of this particular Resolution as it relates to the proposed grant of Incentive Options to her or her nominee(s). The Board (other than Ms Deborah Lord) is not aware of any other information that would reasonably be required by the Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 5.

Messrs Liam Twigger, Edmund Ainscough and Ashley McDonald and Ms Deborah Lord (who have no interest in the outcome of Resolution 6) recommend that Shareholders vote in favour of Resolution 6.

Mr Ian Junk declines to make a recommendation about Resolution 6 as he has a material personal interest in the outcome of this particular Resolution as it relates to the proposed grant of Incentive Options to him or his nominee(s). The Board (other than Mr Ian Junk) is not aware of any other information that would reasonably be required by the Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 6.

GLOSSARY

\$ means Australian dollars.

Associate has the meaning given to that term in the Listing Rules.

ASX means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Company means Lunnon Metals Limited ACN 600 008 848.

Consideration Shares means the 21,505,376 Shares proposed to be issued to SIGMC under the Mineral Rights Agreement at a deemed issue price of \$0.93 per Share.

Constitution means the Company's constitution, as amended from time to time.

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

Corporations Regulations means the Corporations Regulations 2001 (Cth).

Directors means the current directors of the Company.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the general meeting convened by this Notice.

Incentive Options means the Options with an exercise price of \$1.18 per Option and an expiry date of 42 months from their date of issue on the terms set out in Annexure B.

Incentive Option Plan means the Company's incentive option plan dates 1 October 2020, as amended from time to time.

Independent Expert means BDO Corporate Finance (WA) Pty Ltd.

Independent Expert's Report means the report prepared by the Independent Expert as attached as Annexure A.

Key Management Personnel has the same meaning as in the accounting standards (as that term is defined in the Corporations Act) and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, directly or indirectly, including any director (whether executive or non-executive) of the Company or if the Company is part of a consolidated entity of an entity within the consolidated group.

Listing Rules means the ASX Listing Rules.

Meeting means the General Meeting convened by the Notice.

Mineral Rights Agreement means the Mineral Rights Agreement entered into by the Company and SIGMC on or about 11 April 2022 in relation to the Proposed Acquisition.

Nickel Rights means the rights proposed to be granted to the Company under the Mineral Rights Agreement in respect of nickel (and other minerals occurring in conjunction with nickel that cannot be economically recovered without the recovery of nickel).

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Ordinary Securities has the meaning set out in the Listing Rules.

Participating Directors means Ms Deborah Lord and Mr Ian Junk.

Placement means the placement undertaken by the Company to professional and institutional investors under the Company's placement capacity pursuant to Listing Rules 7.1 and 7.1A as announced by the Company on 14 April 2022.

Placement Shares means the Shares issued on or about 26 April 2022 pursuant to the Placement.

Proposed Acquisition has the meaning given in section 1.1 of the Explanatory Statement.

Proxy Form means the proxy form accompanying the Notice.

Resolution means a resolution set out in the Notice.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a member of the Company from time to time.

SIGMC means St Ives Gold Mining Co. Pty Ltd ACN 098 386 273.

WST means Western Standard Time as observed in Perth, Western Australia.

LUNNON METALS LTD
Independent Expert’s Report

OPINION: Fair and reasonable

11 August 2022



Financial Services Guide

11 August 2022

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Lunnon Metals Ltd ('Lunnon') to provide an independent expert's report on the proposed purchase of the nickel rights of the historical Silver Lake and Fisher nickel mines, currently held by St Ives Mining Co. Pty Ltd, via the issue of 21,505,376 shares in Lunnon. You are being provided with a copy of our report because you are a shareholder of Lunnon and this Financial Services Guide ('FSG') is included in the event you are also classified under the Corporations Act 2001 ('the Act') as a retail client.

Our report and this FSG accompanies the Notice of Meeting required to be provided to you by Lunnon to assist you in deciding on whether or not to approve the proposal.

Financial Services Guide

This FSG is designed to help retail clients make a decision as to their use of our general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

This FSG includes information about:

- ◆ Who we are and how we can be contacted;
- ◆ The services we are authorised to provide under our Australian Financial Services Licence No. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

Information about us

We are a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide professional services primarily in the areas of audit, tax, consulting, mergers and acquisition, and financial advisory services.

We and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business and the directors of BDO Corporate Finance (WA) Pty Ltd may receive a share in the profits of related entities that provide these services.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients, and deal in securities for wholesale clients. The authorisation relevant to this report is general financial product advice.

When we provide this financial service we are engaged to provide an expert report in connection with the financial product of another person. Our reports explain who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. If you have any questions, or don't fully understand our report you should seek professional financial advice.

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$28,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report and our directors do not hold any shares in Lunnon.

Other Assignments - BDO Corporate Tax (WA) Pty Ltd provided taxation advisory services to Lunnon over the period from 31 March 2021 to 31 March 2022 for total fees of approximately \$16,300.

BDO Audit (WA) Pty Ltd was the appointed independent auditor of Lunnon, with the engagement as auditor terminating in January 2021. We do not consider that this impacts on our independence in accordance with the requirements of Regulatory Guide 112 'Independence of Experts'. We have completed a conflict search of BDO affiliated organisations within Australia. This conflict search incorporates all Partners, Directors and Managers of BDO affiliated organisations. We are not aware of any circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective assistance in this matter.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Lunnon for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

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

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. Complaints can be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700, West Perth WA 6872 or, by telephone or email using the contact details within the following report.

When we receive a complaint we will record the complaint, acknowledge receipt of the complaint in writing within 1 business day or, if the timeline cannot be met, then as soon as practicable and investigate the issues raised. As soon as practical, and not more than 30 days after receiving the complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

If a complaint is made and the complainant is dissatisfied with the outcome of the above process, or our determination, the complainant has the right to refer the matter to the Australian Financial Complaints Authority Limited ('AFCA').

AFCA is an independent company that has been established to impartially resolve disputes between consumers and participating financial services providers.

Our AFCA Membership Number is 12561. Further details about AFCA are available on its website www.afca.org.au or by contacting it directly via the details set out below.

Australian Financial Complaints Authority Limited
GPO Box 3
Melbourne VIC 3001
AFCA Free call: 1800 931 678
Website: www.afca.org.au
Email: info@afca.org.au

You may contact us using the details set out on page 1 of the accompanying report.

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Appendix 1 - Glossary and copyright notice

Appendix 2 - Valuation Methodologies

Appendix 3 - Independent Valuation Report prepared by Snowden Optiro

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11 August 2022

The Independent Directors
Lunnon Metals Limited
Suite 5/11 Ventnor Avenue
WEST PERTH WA 6005

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 12 April 2022, Lunnon Metals Limited ('Lunnon' or the 'Company') announced that it had entered into an agreement with St Ives Gold Mining Co Pty Ltd ('St Ives') for the acquisition of the exclusive rights to nickel on the whole, or portions, of 19 mining leases (and related access rights on an additional tenement) ('Nickel Rights') held by St Ives (the 'Proposed Transaction'). The Nickel Rights are located in the Kambalda Nickel District and include the historical Fisher and Silver Lake nickel mines. As consideration for the Nickel Rights, Lunnon will issue 21,505,376 shares to St Ives ('Consideration Shares').

At the time of announcement, St Ives held 44,711,062 fully paid ordinary shares in Lunnon, representing 31.65% of the issued capital of the Company. As such, the Proposed Transaction requires shareholder approval under ASX Listing Rule 10.1.

BDO has been appointed by the Independent Directors of Lunnon to prepare an IER expressing our opinion as to whether or not the Proposed Transaction is fair and reasonable to the shareholders of Lunnon other than St Ives ('Shareholders').

This report is to accompany the Notice of Meeting required to be provided to the Shareholders of Lunnon entitled to vote on the Proposed Transaction and has been prepared to assist the Shareholders in their considerations of whether to approve the Proposed Transaction.

2. Summary and Opinion

2.1 Requirement for the report

The directors of Lunnon have requested that BDO Corporate Finance (WA) Pty Ltd ('BDO') prepare an independent expert's report ('our Report') to express an opinion as to whether the Proposed Transaction is fair and reasonable to Shareholders.

Our Report is prepared pursuant to ASX Listing Rule 10.1 and is to be included in the Notice of Meeting in order to assist Shareholders in their decision whether to approve the Proposed Transaction.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('ASIC') Regulatory Guide 76 'Related party transactions' (RG 76'), Regulatory Guide 111 'Content of Expert's Reports' ('RG 111') and Regulatory Guide 112 'Independence of Experts' ('RG 112').

In arriving at our opinion, we have assessed the terms of the Proposed Transaction as outlined in the body of this report. We have considered:

- How the value of the Nickel Rights being acquired compares to the value of the Consideration Shares to be paid for the assets;
- The likelihood of an alternative offer being made to Lunnon;
- Other factors which we consider to be relevant to Shareholders in their assessment of the Proposed Transaction; and
- The position of Shareholders should the Proposed Transaction not proceed.

2.3 Opinion

We have considered the terms of the Proposed Transaction as outlined in the body of this report and have concluded that, in the absence of an alternative offer, the Proposed Transaction is fair and reasonable to Shareholders.

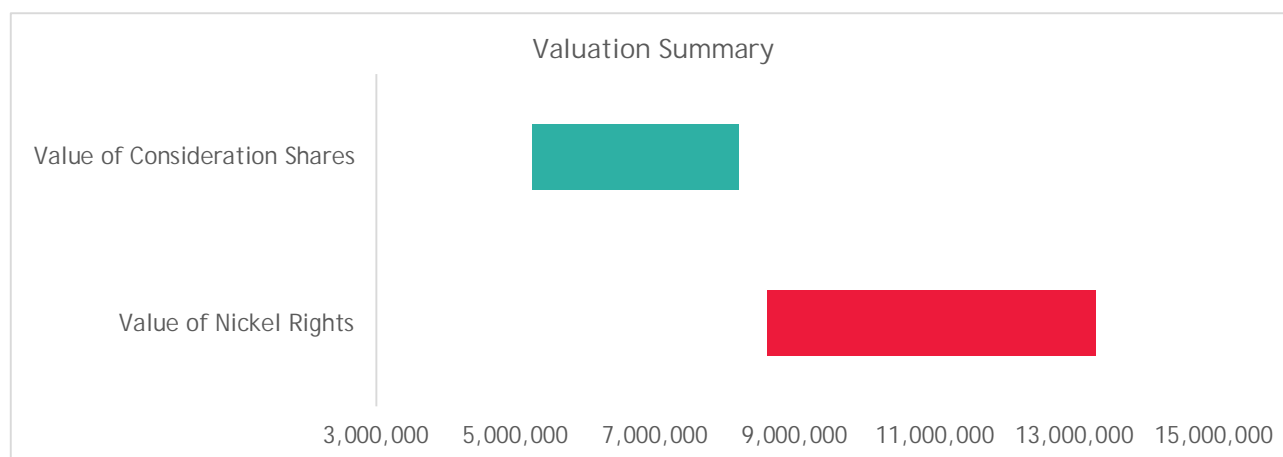
2.4 Fairness

In section 12 we determined that the Proposed Transaction consideration compares to the value of Lunnon, as detailed below.

	Ref	Low \$	Preferred \$	High \$
Value of the Consideration Shares	10.3	5,233,602	6,381,117	8,185,921
Value of the Nickel Rights	11	8,600,000	10,800,000	13,300,000

Source: BDO analysis

The above valuation ranges are graphically presented below:



The above pricing indicates that, in the absence of any other relevant information, and an alternate offer, the Proposed Transaction is fair for Shareholders.

2.5 Reasonableness

We have considered the analysis in section 13 of this report, in terms of both

- advantages and disadvantages of the Proposed Transaction; and
- other considerations, including the position of Shareholders if the Proposed Transaction does not proceed and the consequences of not approving the Transaction.

In our opinion, the position of Shareholders if the Proposed Transaction is approved is more advantageous than the position if the Proposed Transaction is not approved. Accordingly, in the absence of any other relevant information and/or an alternate proposal we believe that the Proposed Transaction is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
13.1.1	The Proposed Transaction is fair to Shareholders	13.2.1	Dilution of Shareholders' interests
13.1.2	Provides potential for an increased likelihood of geological success	13.2.2	The Company will not hold the mining leases underpinning the Nickel Rights
13.1.3	Economies of scale associated with a larger portfolio of nickel assets		
13.1.4	Nickel Rights prioritises Lunnon's proposed exploration and mining activities		
13.1.5	Benefits of aligned interests with St Ives and their management experience		
13.1.6	Close proximity to pre-existing infrastructure		
13.1.7	Access to historical mining information and data		
13.1.8	Increased exposure to Australian nickel industry		

Other key matters we have considered include:

Section	Description
13.3	Alternative proposals
13.4	Consequences of not approving the Proposed Transaction

3. Scope of the Report

3.1 Purpose of the Report

ASX Listing Rule 10.1 requires that a listed entity must obtain shareholders' approval before it acquires or disposes of, or agrees to acquire or dispose of, a substantial asset when the consideration to be paid for the asset or the value of the asset being disposed constitutes more than 5% of the equity interest of that entity as set out in the latest accounts given to the ASX under its Listing Rules. Listing Rule 10.1 applies where the vendor or acquirer of the relevant assets is a person in a position of influence of the listed entity, including a person who is, or was at any time in the 6 months before the transaction or agreement, a holder of 10% or more of the shares in the entity.

Based on the reviewed accounts as at 31 December 2021, the value of the 21,505,376 shares in Lunnon transferred for the Nickel Rights held by St Ives is in excess of 5% of the equity interest of Lunnon.

At the time of announcement of the Proposed Transaction, St Ives held 44,711,062 fully paid ordinary shares in Lunnon, representing 31.65% of the issued capital of the Company. As such, the Proposed Transaction requires shareholder approval under ASX Listing Rule 10.1.

Listing Rule 10.5.10 requires the Notice of Meeting for shareholders' approval under Listing Rule 10.1 to be accompanied by a report by an independent expert expressing their opinion as to whether the transaction is fair and reasonable to the shareholders whose votes are not to be disregarded.

Accordingly, an independent experts' report is required for the Proposed Transaction. Under RG 111 the report should provide an opinion by the expert stating whether or not the terms and conditions in relation thereto are fair and reasonable to non-associated shareholders of Lunnon.

3.2 Additional consideration to requirements of the Report

Section 606 of the Corporations Act ('Section 606') expressly prohibits the acquisition of further shares by a party if the party acquiring the interest does so through a transaction and because of the transaction, that party (or someone else's voting power in the company) increases from 20% or below to more than 20%.

Section 611 of the Corporations Act ('Section 611') provides exceptions to the Section 606 prohibition and item 9 of Section 611 ('the 3% creep rule') permits an acquisition if:

- a) Throughout the six months before the acquisition the shareholder has had voting rights in the company of at least 19%; and
- b) As a result of the acquisition, the shareholder referred to in paragraph a) would have voting power in the company more than 3% higher than they had six months before the acquisition.

At the time of the announcement of the Proposed Transaction, St Ives held 44,711,062 fully paid ordinary shares in Lunnon, representing 31.65% of the issued capital of the Company.

Following the announcement of the Proposed Transaction, on 14 April 2022, Lunnon completed a significant capital raising of \$30 million via a placement of 32,258,064 ordinary Lunnon shares at \$0.93 per share. Consequently, St Ives' holding of 44,711,062 Lunnon shares currently represents 25.77% of the issued capital of Lunnon.

On approval of the Proposed Transaction, St Ives will hold 33.96% shareholding in Lunnon. Therefore, St Ives' shareholding in Lunnon is increasing from an original 31.65% interest to a final 33.96% interest, which is within the 3% creep rule.

3.3 Regulatory guidance

Neither the Listing Rules nor the Corporations Act defines the meaning of 'fair and reasonable'. In determining whether the Proposed Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111 which provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that, where an expert assesses whether a transaction is 'fair and reasonable' for the purposes of ASX Listing Rule 10.1 this should not be applied as a composite test—that is, there should be a separate assessment of whether the transaction is 'fair' and 'reasonable', as in a control transaction. An expert should not assess whether the transaction is 'fair and reasonable' based simply on a consideration of the advantages and disadvantages of the proposal.

We do not consider the Proposed Transaction to be a control transaction. As such, we have used RG 111 as a guide for our analysis but have considered the Proposed Transaction as if it were not a control transaction.

3.4 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is equal to or greater than the value of the securities subject of the offer. In the case of Lunnon, the 21,505,376 Consideration Shares are the subject of the Proposed Transaction. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. RG 111 states that when considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. As stated in Section 3.3 we do not consider that the Proposed Transaction to be is a control transaction.

Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any alternate options.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the value of 21,505,376 Lunnon shares being issued to St Ives and the value of the Nickel Rights being acquired; and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness - see Section 13 'Is the Proposed Transaction Reasonable?').

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a

reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the Proposed Transaction

On 12 April 2022, Lunnon announced that it had entered into an agreement with St Ives for the acquisition of the Nickel Rights held by St Ives. The Nickel Rights are located in the Kambalda Nickel District and include the historical Fisher and Silver Lake nickel mines. The Nickel Rights span across 19 mining tenements, and include a subset of the area at specified depths on these tenements ('Project Area').

As consideration for the Nickel Rights, Lunnon will issue 21,505,376 shares to St Ives.

The Nickel Rights will grant Lunnon the exclusive licence to enter and undertake nickel activities, including both exploration and mining, and non-exclusive rights to enter the Project Area to cross St Ives' tenements to access the Project Area. The Company may choose to develop and/or mine any deposits it discovers and deems to be economically viable. The Nickel Rights will continue until the tenements are surrendered or the Company chooses to relinquish the Nickel Rights. St Ives will retain the rights to gold and other minerals on these tenements.

Both Lunnon and St Ives are obligated under the agreement to inform the other party of proposed activities, and allow the other party to object where proposed activities cause adverse or material affects to their operations. However, the initial programme of approved exploration activities or any subsequently approved mining activities of Lunnon take priority over St Ives's activities.

If, in the extraction of nickel by the Company, or the extraction of gold by St Ives, either party observes material occurrences of gold or nickel, it must notify the other party and the parties will determine if it is economically feasible to separate the mineral. If it is, the other party is allowed to undertake the separation at their own cost and using approved methods. In the event both parties cannot agree if separation is economically feasible, the matter can be referred to an expert.

The Proposed Transaction is subject to the following conditions precedent:

- the Company receiving approval from the Foreign Investments Review Board ('FIRB') for the proposed acquisition of the Nickel Rights;
- The Shareholders of Lunnon approving the acquisition of the Nickel Rights and the issue of the Consideration Shares to St Ives, for the purpose of the ASX Listing Rules, including Chapter 10 approvals, and if required, item 7 of section 611 of the Corporations Act; and
- As the party with an option to acquire future nickel offtake from the tenements or charge a royalty in lieu, BHP Nickel West Pty Ltd consenting to the grant of the Nickel Rights and entering into a deed of covenant with St Ives and Lunnon regarding that option.

5. Profile of Lunnon

5.1 Company Overview

Lunnon Metals Limited (formally ACH Nickel Pty Ltd) is an ASX-listed mineral exploration and development company, with its primary interests being within the Kambalda Nickel Project ('Project'). The Company was incorporated in Western Australia on 9 June 2014 and later listed on the ASX on 16 June 2021.

The Company was established to undertake a farm-in and joint venture agreement ('JV') with Gold Fields Ltd ('Gold Fields') subsidiary, St Ives Mining Co Pty Ltd, at the Foster and Jan Nickel Mines situated near Kambalda. Lunnon held a 51% interest in the JV at the time of IPO.

On 20 November 2020, Lunnon entered a sale and purchase agreement ('SPA') with St Ives to acquire the remaining 49% interest in the Project. Pursuant to the SPA, St Ives exchanged its remaining interest in the JV for 44,711,062 Lunnon shares, issued at \$0.300, just prior to the Company listing. As a result, St Ives became a cornerstone investor in Lunnon, holding 31.65% of the Company's share capital at listing date.

As at 31 December 2021, the Company had completed 19,000 metres ('m') of drilling compared to the drilling programme of 28,000m set out in the prospectus for its Initial Public Offering. This was primarily achieved at the Baker Shoot, Warren, Jan, Somerset (Cooee Gap), Lunnon Basalt Footwall and Foster targets.

The current board of directors and senior management of Lunnon are:

- Liam Twigger - Non-Executive Chairperson;
- Edmund Ainscough - Managing Director;
- Ian Junk - Non-Executive Director;
- Deborah Lord - Non-Executive Director;
- Ashley McDonald - Non-Executive Director; and
- Aaron Wehrle - Exploration & Geology Manager.

5.2 Kambalda Nickel Project

The Kambalda nickel district extends for more than 70 kilometres ('km') south-southeast from the township of Kambalda, within the Eastern Goldfields of Western Australia.

The region has a long history of nickel exploration activity, with exploration and mining occurring since 1896, prior to the town of Kambalda being gazetted in 1897. Following the discovery of nickel sulphides in 1966, the area was extensively explored by Western Mining Corporation up until the Project's eventual sale to Gold Fields in December 2001.

The Kambalda Nickel Project's area, once the Proposed Transaction of the Nickel Rights settles, will be approximately 47km², comprised of 19 (Foster and Jan) contiguous mining tenements, currently held 100% by Lunnon subject to select reservations of gold rights retained by St Ives, and 20 (Silver Lake and Fisher) contiguous mining tenements. St Ives generally holds the tenements surrounding the Project, as well as an extensive package of nickel and gold mining and exploration leases consolidated by WMC Resources Ltd ('WMC') that were sold to St Ives in December 2001.

The Project can be accessed by public, then mine roads and a lake causeway from the Kambalda Township located 19km to the North. Adjacent to the Project is the St Ives administration office, which is 3.5km

north of the Project, and BHP Ltd's Nickel West nickel concentrator, located 20km away on the north side of Lake Lefroy.

There are two former nickel mines on the Project, being the Foster and Jan mine, which between them have produced over 90,000 tonnes of nickel metal under WMC's ownership. The Foster and Jan mines were closed in 1996 and 1986 respectively, and are currently flooded to near surface. Both mines are accessible by graded dirt roads

The Foster mine produced over 60,000 tonnes of nickel between 1981 and 1994. Foster hosts a portal providing to over 9km of decline development and a 730m deep shaft. The Foster mine hosts multiple distinct nickel shoots of which four nickel mineralised surfaces, the 85H, N75C, Foster South and Warren, contain current JORC 2012 compliant Mineral Resources.

The Jan mine does not hold any JORC compliant mineral resources, and the Company has stated that its aim is to review, validate and re-estimate the WMC historical estimate with a view to converting a portion to become JORC 2012 compliant if warranted or possible. Drilling of the Jan nickel shoots is considered difficult due to the orientation of surface drill positions relative to the steeply plunging mineralisation.

On 22 April 2022, the Company announced an upgrade to its Mineral Resources, with a 24% growth in nickel metal contained to a total of 48,500 contained tonnes. This included an initial mineral resource for the N75C surface, which contains 9,500 nickel tonnes.

On 16 May 2022, the Company announced an update on the progress of its discovery program in the Warren channel, part of the previously operated Foster nickel mine. Lunnon stated the results demonstrate continuity of nickel mineralisation, further enhancing the Company's ability to extend the Mineral Resource estimate at Warren and give the Company confidence that its Warren will contribute to development considerations at Foster.

As of 14 June 2022, the global JORC 2012 compliant resource has grown to 64,300 contained tonnes of nickel. This is a result of the Company's exploration program at Baker, which added 15,800 tonnes of contained nickel resource.

5.3 Corporate Events

Lunnon commenced trading on the ASX on 16 June 2021. At that time, Lunnon announced that it had completed all the conditions precedent in acquiring the remaining 49% interest in the Foster and Jan tenements within the Kambalda Nickel Project. The Company issued 44,711,062 fully paid ordinary shares as consideration to St Ives. Lunnon also issued 1,426,738 options to the lead manager related to the underwriting of the capital raising.

Lunnon announced that the following securities were restricted as at 11 June 2021:

- 63,629,002 fully paid ordinary shares restricted for 24 months from date of quotation;
- 3,601,738 options restricted for 24 months from date of quotation;
- 169,406 fully paid ordinary shares restricted for 12 months from date of quotation; and
- 848,501 options restricted for 24 months from date of quotation.

On 27 October 2021, Lunnon announced the issue of 216,965 unlisted zero exercise price options, expiring 25 October 2026, as part of an employee incentive scheme.

On 21 December 2021, Lunnon issued 92,750 unlisted zero exercise price options, with an expiration date of 16 November 2026. These options were part of an employee incentive scheme.

On 7 March 2022, the Company announced that 31,250 zero exercise price options had lapsed.

On 29 March 2022, the Company announced that 93,924 zero exercise price options had been issued.

On 12 April 2022, the Company announced the Proposed Transaction to purchase the Nickel Rights from St Ives, via the issue of 21,505,376 shares as consideration.

On 24 April 2022, Lunnon announced that it had finalised a \$30.0 million capital raising, which involved the issue of 32,258,064 fully paid ordinary shares at a price of \$0.930 per share, which were subsequently issued and commenced trading on 26 April 2022

5.4 Historical Balance Sheet

Statement of Financial Position	Reviewed as at 31-Dec-21	Audited as at 30-Jun-21	Audited as at 30-Jun-20
	\$	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	9,112,700	13,962,873	794,328
Restricted cash	50,000	-	-
Trade and other receivables	262,635	88,877	23,730
Prepayments	18,331	55,819	-
Loan to a shareholder	-	-	100,000
TOTAL CURRENT ASSETS	9,443,666	14,107,569	918,058
NON-CURRENT ASSETS			
Property, plant and equipment	295,957	139,569	-
Exploration and evaluation asset	14,528,838	13,731,344	-
Right-of-use of asset	36,249	51,784	-
TOTAL NON-CURRENT ASSETS	14,861,044	13,922,697	-
TOTAL ASSETS	24,304,710	28,030,266	918,058
CURRENT LIABILITIES			
Trade and other payables	757,786	503,265	44,221
Borrowings	-	-	3,834,375
Lease liability	15,589	30,388	-
Provision for employee benefits	165,238	132,514	-
TOTAL CURRENT LIABILITIES	938,613	666,167	3,878,596
NON-CURRENT LIABILITIES			
Lease liability	22,121	22,121	-
Provision for employee benefits	5,412	1,300	-
TOTAL NON-CURRENT LIABILITIES	27,533	23,421	-
TOTAL LIABILITIES	966,146	689,588	3,878,596
NET ASSETS	23,338,564	27,340,678	(2,960,538)
EQUITY			
Issued capital	35,359,311	35,359,311	3,000,000
Options reserve	674,271	473,792	-
Accumulated losses	(12,695,018)	(8,492,425)	(5,960,538)
TOTAL EQUITY	23,338,564	27,340,678	(2,960,538)

Source: Lunnon's audited financial statements for the years ended 30 June 2020 and 2021 and reviewed financial statements for the half year ended 31 December 2021

We note that for the year ended 30 June 2020, the audit opinion included an emphasis of matter in relation to Lunnon's ability to continue as a going concern. Lunnon prepared a cash flow forecast, which indicated it would require funding in the next 12 months to continue normal business activities. The

material uncertainty existed around Lunnon's ability to raise funds in the event that its planned IPO or undertaking of whole or partial sale of interest in its mineral projects does not take place.

Commentary on Historical Statements of Financial Position

- Cash and cash equivalents increased from \$0.8 million at 30 June 2020 to \$14.0 million 30 June 2021. The increase of \$13.2 million was due primarily to the issues of shares which raised \$14.2 million as part of the IPO and \$1.1 million raised from the issue of a convertible note to Aurora Prospects, a company associated with Director Ian Junk, and Mainglow Pty Ltd, a company associated with former Director Darren Hedley. This was partially offset by payments to suppliers and employees of \$2.1 million.
- Cash and cash equivalents decreased to \$9.1 million at 31 December 2021 from \$14.0 million at 30 June 2021. The decrease of \$4.9 million was primarily due to payments to suppliers and employees of \$0.9 million, payments for exploration expenditure expensed of \$2.7 million, payments for exploration expenditure capitalised of \$0.8 million and payments of stamp duty on the acquisition of the residual 49% interest in Project of \$0.3 million.
- Lunnon had a non-current borrowings balance of \$3.8 million at 30 June 2020. This related to funds borrowed from Bolong (Australia) Investment Management Pty Ltd ('Bolong'). The loan was interest free and secured against the Project. The balance of current loans to shareholder at 30 June 2020 of \$0.1 million was a receivable from Bolong. On 6 October 2020, Bolong agreed to offset the \$0.1 million it owed to Lunnon against the \$3.8 million the Company owed Bolong, and for Lunnon to then convert the net \$3.7 million outstanding to equity, at a price of \$0.1771 per share.
- The exploration and evaluation asset of \$13.7 million at 30 June 2021 relates to Lunnon's acquisition of the remaining 49% interest in the Foster and Jan tenements within the Kambalda Nickel Project. The capitalised cost relates only to the acquisition cost of the remaining 49% of the Foster and Jan tenements in accordance with AASB 6: Exploration and Evaluation of Mineral Resources. Lunnon acquired the interest for 44,711,062 shares at a deemed value of \$0.30 per share, which was the IPO price. The balance of exploration and evaluation assets increased from \$13.8 million 30 June 2021 to \$14.5 million at 31 December 2021 as a result of drilling activities done at the Project, primarily at Warren and Foster N75C prospects.
- The issued capital balance has increased from \$3.0 million at 30 June 2020 to \$35.4 million at 30 June 2021. The increase of \$32.4 million is primarily a result of share capital issued for the IPO (\$15.0 million), shares issued to St Ives for the acquisition of the remaining 49% interest in the Project (\$13.4 million), issue of shares to the founding shareholders as part of the conversion of the loan from Bolong (\$3.7 million) and conversion of a convertible note (\$1.1 million).

5.5 Historical Statement of Comprehensive Income

Statement of Profit or Loss and Other Comprehensive Income	Reviewed for the half-year ended 31-Dec-21	Audited for the year ended 30-Jun-21	Audited for the year ended 30-Jun-20
	\$	\$	\$
Income			
Interest income	5,964	1,297	14,789
Government grant	-	37,500	62,500

Statement of Profit or Loss and Other Comprehensive Income	Reviewed for the half-year ended 31-Dec-21	Audited for the year ended 30-Jun-21	Audited for the year ended 30-Jun-20
	\$	\$	\$
Expenses			
Audit, company secretarial and accounting fees	(61,057)	(131,778)	(5,500)
ASX, ASIC and share registry fees	(41,415)	(156,671)	(36,867)
Computer, software and database	(30,729)	(51,527)	(42,136)
Consultants, design and testing	(339,237)	(208,899)	(62,443)
Depreciation	(46,390)	(7,565)	-
Diesel fuel	(200,107)	-	-
Insurance	(43,059)	-	-
Amortisation	-	(10,357)	-
Finance costs	(4,878)	(24,827)	-
Legal costs	(17,760)	(246,212)	(209,545)
MRF levies	(57,236)	(57,238)	(57,750)
Tenement rent and outgoings	(87,082)	(99,492)	(92,440)
Rental expenses	(56,399)	(56,693)	-
Samples and assays	(1,975,281)	(91,648)	(46,736)
Share-based payment expenses	(200,479)	(323,646)	-
Employee costs	(793,188)	(984,085)	(789,406)
Other costs	(254,260)	(120,046)	(183,043)
Loss before income tax	(4,202,593)	(2,531,887)	(1,448,577)
Income tax benefit	-	-	-
Loss for the year from continuing operations	(4,202,593)	(2,531,887)	(1,448,577)
Other comprehensive income	-	-	-
Total comprehensive loss for the year, net of tax	(4,202,593)	(2,531,887)	(1,448,577)

Source: Lunnon's audited financial statements for the years ended 30 June 2020 and 2021 and reviewed financial statements for the half year ended 31 December 2021

Commentary on Historical Statements of Profit or Loss and Other Comprehensive Income

- Samples and assay expenditure of \$2.0 million for the half-year ended 31 December 2021 related to Lunnon's development of the Kambalda Nickel Project over the period. The main works undertaken were drilling at East Cooe, Warren, Somerset and Baker prospects, as well as the Foster nickel mine. As a result of the Company's drilling, the global JORC 2012 compliant resource has grown to 64,300 contained tonnes of nickel, as at 14 June 2022.

5.6 Capital Structure

The share structure of Lunnon as at 12 May 2022 is outlined below:

	Number
Total Ordinary Shares on Issue	173,505,129
Top 20 Shareholders	127,020,076
Top 20 Shareholders - % of shares on issue	73.21%

Source: Automic Pty Ltd (Share Registry)

The range of shares held in Lunnon as at 12 May 2022 is as follows:

Range of Shares Held	No. of Ordinary Shareholders	No. of Ordinary Shares	%Issued Capital
1 - 1,000	121	82,654	0.05%
1,001 - 5,000	279	759,769	0.44%
5,001 - 10,000	182	1,441,666	0.83%
10,001 - 100,000	539	20,133,204	11.60%
100,001 - and over	110	25,260,961	14.56%
1,000,001 - and over*	19	125,826,875	72.52%
TOTAL	1,250	173,505,129	100.00%

Source: Automic Pty Ltd (Share Registry)

*The '1,000,001 - and over' category includes 63,629,002 escrowed fully paid ordinary shares

The ordinary shares held by the most significant shareholders as at 12 May 2022 are detailed below:

Name	No. of Ordinary Shares Issued	Percentage of Shares (%)
St Ives Gold Mining Company Pty Limited	44,711,062.00	25.77%
Bolong (Australia) Investment Management Pty Ltd	18,289,426	10.54%
Aurora Prospects Pty Ltd < The Aurora Family A/C>	9,678,565	5.58%
Subtotal	72,679,053	41.89%
Others	100,826,076	58.11%
Total ordinary shares on Issue	173,505,129	100.00%

Source: Automic Pty Ltd (Share Registry)

The most significant option holders of Lunnon as at 12 May 2022 are outlined below:

Name	Number of Options	Exercise Price (\$)	Expiry Date
Aaron Wehrle	1,700,000	\$0.05	22-Mar-26
Edmund Ainscough	1,700,000	\$0.05	22-Mar-26
Liam Twigger	475,000	\$0.05	22-Mar-26
Zero Nominees	1,426,738	\$0.45	16-Jun-23
Total number of options and performance rights	5,301,738		

Name	Number of Options	Exercise Price (\$)	Expiry Date
Cash raised if options are exercised	835,782		

Source: Automic Pty Ltd (Share Registry)

6. Profile of St Ives

6.1 Overview of St Ives

St Ives Gold Mining Company Pty Ltd is a wholly owned subsidiary of Gold Fields Limited, a South African gold mining company. Gold Fields is headquartered in Johannesburg, South Africa, and owns and operates gold mines in South Africa, Ghana, Australia and Peru. Gold Fields is listed on both the Johannesburg Stock Exchange and the New York Stock Exchange.

St Ives Gold Mine is located 20km south-east of Kambalda, Western Australia and is one of four gold mines operated by Gold Fields in Australia. The St Ives Gold Mine operations span a total area of approximately 168,205 hectare ('ha'), which includes 43 non-managed leases totalling 6,023 ha and 13 JV tenements totalling 37,213 ha where St Ives has earn-in interests.

The St Ives Gold Mine is comprised of two underground mines, accessible via declines and open pits, and two open cut mines. Site infrastructure includes a centralised administrative office and a mill/carbon-in-pulp processing plant.

The St Ives Gold Mine has been host to a number of economic deposits discovered and mined by Gold Fields since it acquired the assets from WMC in 2001, including Cave Rocks (2007), Belleisle (2007), Hamlet (2009), Athena (2010), Invincible (2012) and Neptune (2013).

6.2 Nickel Rights

The Nickel Rights are exclusive rights to the nickel on 19 mining leases, covering the historical Fisher and Silver Lake nickel mines. The Nickel Rights cover specified areas and depths within these leases. These mines are currently held by St Ives, who purchased the mines and hosting tenements from WMC in 2001, as part of the broader acquisition of WMC's gold assets in the Kambalda/St Ives region.

During their operation, the Silver Lake and Fisher nickel mines produced over 161,000 tonnes of nickel. Silver Lake and Fisher ceased operations in 1986 and 1988 respectively.

Silver Lake was the mine developed on the Lunnon nickel shoot, which was the first nickel mineralisation discovered and developed in the Kambalda district. It is the third largest shoot in the Kambalda area, behind Otter-Juan and Long Operation.

The tenements are located in the Kambalda nickel region, on the north side of Lake Lefroy, alongside nickel tenements or interests held by Mincor Resources NL at its Long Operation on the east of Kambalda and its Coronet asset on the west of the township, as well as the Beta Hunt nickel and gold mine held by TSX listed Karora Resources, which sits to the immediate south of the acquired rights.

On 12 April 2022, the Company announced that its intention, if and when the Proposed Transaction settles, will be to review available geological information pertaining to the Nickel Rights, with the intention of converting to a JORC 2012 compliant statement areas of historical mineralisation, where warranted and possible, and commence on-ground exploration activities in the down plunge Fisher area and between Silver Lake (Lunnon) and the south end of the Long Operation (note: owned by Mincor Resources NL)..

7. Economic analysis

Overview

In its May 2022 Statement of Monetary Policy, the Reserve Bank of Australia ('RBA') stated that it expects the Australian Gross Domestic Product ('GDP') to grow by 4.5% over 2022. However, the RBA also elucidated caution around rising inflationary pressures, projecting consumer price inflation to peak at 6% in the latter half of 2022.

Both the Australian and global outlooks for growth and inflation remain uncertain in light of substantial geopolitical disruptions, emerging from several supply side factors, pandemic related disturbances in China and Russia's invasion of Ukraine. Moreover, it is uncertain how the withdrawal of extraordinary policy support will affect consumer demand. In many advanced economies, inflation has exceeded the initial forecasts published earlier in the year, and remains a key source of market volatility. Moreover, inflation has significantly outpaced many central banks' inflation targets. Subsequently, elevated inflation is likely to complicate the trade-offs central banks face between containing price pressures and preserving economic growth.

Bond yields have increased, and equity prices have contracted, as the market outlook remains uncertain amongst market participants. The Australian equity market has outperformed other developed markets, as resource companies have capitalised on the recent wave of high commodities prices. In Australia and most advanced economies, fixed borrowing rates remain low for most borrowers, however, borrowing rates have increased from previous lows, in line with rising bond yields and other market interest rates.

The ongoing conflict in Eastern Europe is expected to intensify inflationary pressures in the energy market into the foreseeable future. The combination of financial sanctions, destruction of physical infrastructure and other private sector decisions has severely impacted financial and global trade flows with Russia, the world's largest exporter of natural gas and second largest exporter of crude oil. Consequently, Russia-proximate countries in the European Economic Area have been impacted the hardest by price shocks in the energy market, as these economies, along with many others look to wean off Russian energy imports in favour of more geopolitically stable energy exporters. This has led to significant economic fragmentation, as many countries sever their economic ties to Russia, potentially impeding the post-pandemic recovery.

Conversely, Australia has not mirrored the energy price shocks seen across Europe, this is largely attributable to the fact that Asian gas has remained relatively stable throughout the aforementioned period, on the back of China's slump in manufacturing output in the wake of the country's strict zero-tolerance COVID-19 policy.

The economic strains wrought by the COVID-19 pandemic appear to be subsiding around the world, as countries look to be progressing beyond the acute phase of the pandemic. Most economies appear to be returning to normal capacity as COVID-19 is counteracted by vaccination and effective treatment. However, China has remained stalwart in containing the spread of COVID, implementing wide-spread lockdowns in key manufacturing and trade hubs, consequently, exacerbating the pre-existing supply chain disruptions faced by most developed economies.

Government and RBA Policies

Governments in many developed economies have unveiled additional fiscal support regimes to alleviate the effects of inflation on household income. The Australian Government Budget 2022-23 articulated that federal government consumption and investment spending would remain high in the coming quarters, as such, growth in public investment is projected to remain strong over 2022, as the current pipeline of large infrastructure projects is completed, and new projects are commenced. Additionally, the budget highlighted the administration of a \$5 billion cost of living relief package, accompanied by a further \$12 billion through the enhanced lower and middle-income tax offset.

The RBA board has considered the evolving inflation outlook, on both a domestic and global level. As such, in early May, the RBA board decided to increase the cash rate by 25 basis points to 35 basis points. The respective movements solidify the RBA's intention to begin normalising interest rates, following a gradual withdrawal of some of the extraordinary monetary support implemented to help navigate the Australian economy through the pandemic.

In June 2022 the RBA increased the cash rate by 50bp, which was twice the expectation of 25bps. This was the largest single rate hike in the last 22 years. This was a direct response to external (global supply chain and energy price concerns) and domestic (tight labour market) pressures. As a result, the cash rate is forecast to increase by an additional 50bp in July 2022, tending towards an expected 2.10% by the end of the year.

The RBA's balance sheet remains large by historical standards, largely owing to the aggressive open market operations conducted throughout the pandemic. However, the balance sheet has declined since the board last met in February, indicating a decrease in the market value of the RBA's bond holdings, synonymous with an increase in yields. Moreover, the board expects the Bank's balance sheet to further decline significantly over the next few years, particularly as its bond holdings mature and as TFF funding also begins maturing in 2023. In addition, the board is not currently planning to sell the government bonds that the RBA purchased during the pandemic, further expediting a balance sheet contraction as inflationary pressures tighten.

Economic Indicators

Inflation in Australia has heightened quicker than expected, but still remains lower than many advanced economies. In the March quarter, headline inflation reached 2%, and 5.1% over the year, with trimmed mean inflation expected to peak around 4.8%. Additionally, the outlook for inflation is materially higher than forecast earlier in the year. Headline inflation is expected to peak at around 6.6% in the second half of 2022, largely owing to higher petrol prices and rapid increases in the cost of new dwellings.

Since the beginning of the year, inflation sources have broadened, and firms are increasingly passing on cost increases as supply chain pressures linger and demand remains strong. As supply side issues are rectified, inflation is forecast to ease, however, with labour market conditions becoming increasingly tight, growth in labour costs is expected to pick up in the coming years. Inflation is expected to return to around 3% through 2023.

The labour market has generated significant momentum on the back of the pandemic, and demand for labour is strong. The unemployment rate remained at 3.9% in March, reaching lows akin to levels seen in 2008 and the mid-1970s. Demand for employment has been met by firms increasing headcount and hours of existing staff, as restrictions and capacity limits are abolished across the country. Relatedly, labour underutilisation has declined significantly across most industries, and has been particularly prominent in

industries where employment has grown strongly, such as professional services. The level of job vacancies remain very high, at a time where labour participation rate and the ratio of employment to working-age population are already at historical highs. The RBA forecasts unemployment rate to further decline to around 3.5% in early 2023 citing Australia's sizeable impending economic expansion, relative to other developed economies.

The combination of a tight labour market and a higher inflationary environment means that firms are generally better compensating employees with higher wages and other benefits to attract and retain staff. Despite low unemployment rates, wage growth has not matched inflation, consequently, real wages have declined. Consumer sentiment has fallen as households maintain a pessimistic outlook in light of declining real incomes and rising living costs. The expected decline in consumer spending will likely be cushioned by strong household balance sheets. Wages growth remained relatively stagnant through 2021, recovering to levels seen pre-pandemic. However, more recent evidence from liaison and business surveys indicate that larger wage increases have been occurring or are planned in many private-sector firms.

Despite depreciating significantly against the United States dollar in early 2020, the Australian dollar recovered rapidly on the back of strong demand for Australian commodity exports. From mid-May 2021, the Australian dollar entered a depreciating trend against the United States dollar, however, this trend reversed from February 2022 onwards, following several price shocks to key commodity markets following Russia's invasion of Ukraine. The currencies of Australia and other commodity exporting countries have depreciated over April 2022, but still remain stronger than levels seen prior to Russia's invasion of Ukraine. The recent depreciation in the Australian dollar is linked to weaker forecast economic growth in China.

Outlook

Overall, the Australian economy has demonstrated resilience in light of recent macroeconomic and geopolitical events. In Australia and globally, financial conditions have become slightly less accommodative, but generally remain supportive. The outlook for inflation is rapidly evolving and increasing faster than initially anticipated. As such, the response to the widespread withdrawal of monetary support remains shrouded in uncertainty. Since the middle of 2021, upward revisions have been made on inflation estimates. The RBA's inflation forecast is largely underpinned by the pass-through of upstream cost pressures associated with supply bottlenecks both domestically and internationally. As supply issues are rectified, it is expected that inflation will gradually normalise, returning to baseline levels by the end of the forecast period. The Australian GDP is forecast to grow by 4.25% in 2022 on the back of strong household balance sheets, high real household disposable income and robust labour market growth. Subsequently, GDP growth in Australia is expected to taper off to 2% over 2023. Importantly, these forecasts are highly subject to change as the respective outlooks are heavily weighed on the assumptions that the conflict remains confined to Ukraine, and monetary policy targeted toward rising inflation prevails beyond the short term.

Source: www.rba.gov.au Statement by Phillip Lowe, Governor: Monetary Policy Decision dated 6 May 2022 and prior periods, www.rba.gov.au Statement on Monetary Policy May 2022 and prior periods, budget.gov.au Australian Government 2022-23 Budget Overview. imf.org World Economic Outlook dated April 2022.

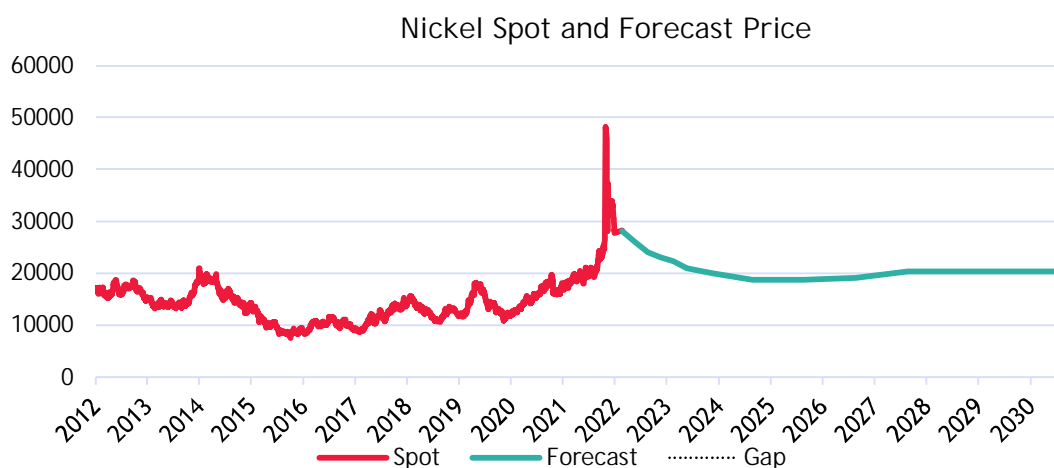
8. Industry analysis

Nickel is primarily sold for consumption as a refined metal in the form of cathode, powder, or briquette. It is also sold as a ferronickel, and over 70% of nickel consumed in the developed world is used to make austenitic stainless steel and non-ferrous alloys. It is widely regarded for its corrosion resistance and is commonly used in super-alloys for fabrication of critical engine components and for other performance products and industries. Other uses include rechargeable batteries, catalysts, plating and foundry products.

Nickel Price

Between 2012 and 2017, the nickel price steadily trended downwards, with the exception of a significant, short-lived price spike in mid-2014 resulting from the Indonesian government's ban on nickel exports, with concerns of future supply shortages. Indonesia is the world's largest nickel producer, and whilst the ban was relaxed in 2017 following the budget deficit in 2016, the government had plans to reimpose the ban in 2022. However, in 2019 the nickel price surged as the government brought reimposed the export ban forward to January 2020. The COVID-19 Pandemic had a relatively marginal impact on the nickel industry, with prices dipping slightly in 2019-20. In early March 2022, the nickel price hit a 10-year high, as speculators and buyers anticipated supply disruptions following the Russian invasion of Ukraine.

The average nickel price from May 2012 through April 2022 was US\$14,340 per tonne, ranging from a low of US\$7,562 per tonne on 11 February 2016 to a high of US\$48,201 per tonne on 7 March 2022. According to Consensus Economics, the medium term forecast nickel price from 2024 to 2026 is expected to range between approximately US\$18,771 per tonne and US\$19,131 per tonne, with the long term (2027-2031) forecast at approximately US\$20,346.



Source: Bloomberg and Consensus Economics

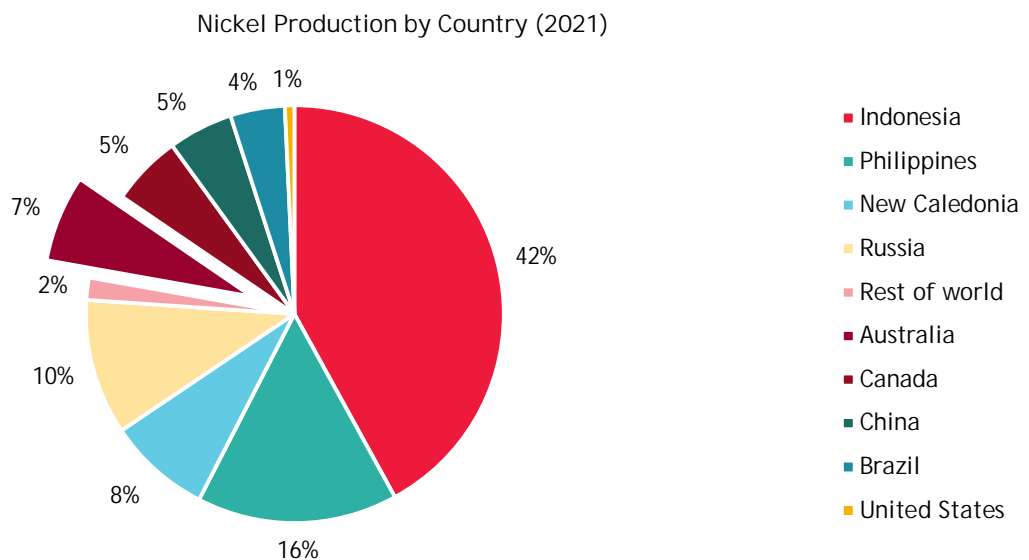
Nickel Production

In 2021, the majority of the world's nickel was produced in Indonesia (42%), the Philippines (16%), and Russia (10%). Throughout 2021, nickel production in Indonesia increased by approximately 30% to an estimated 1,000,000 tonnes, which was aided by the ongoing commission of integrated stainless-steel projects and

nickel pig iron. Whilst nickel production in the Philippines increased by approximately 23% as the government lifted the moratorium on new mining agreements originally imposed in 2012.

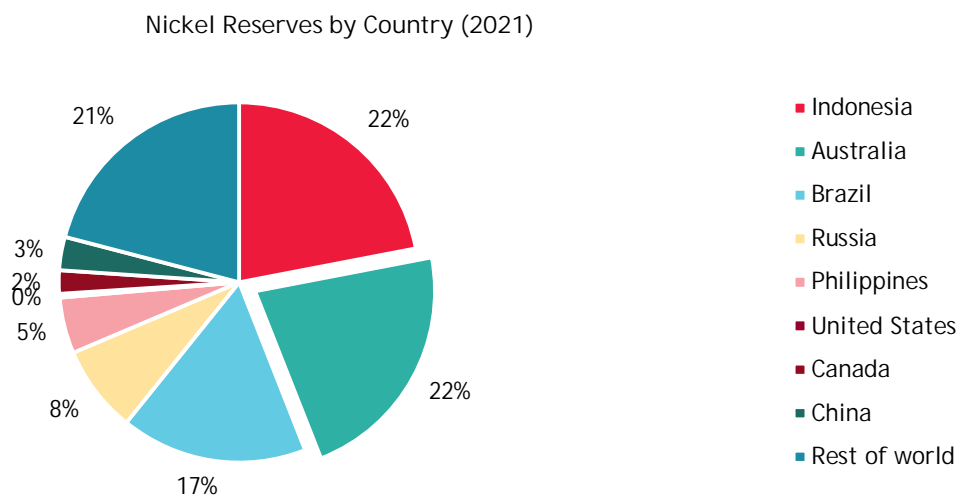
While overall production has increased in response to higher prices, in recent years production of refined nickel has decreased as the lower relative cost of nickel pig iron has attracted demand from steel producers. Another key production trend has been the increasing volume of nickel sulfate sold, buoyed by increasing demand for batteries used in electric vehicles and energy storage.

The graphs below illustrate estimated production output for 2021 and nickel reserves by country:



Source: U.S. Geological Survey

A figure illustrating the world's Nickel reserves is illustrated below:



Source: U.S. Geological Survey

The COVID-19 pandemic had little impact on the Australian nickel industry. Any adverse effects that the COVID-19 pandemic may have placed on the Australian nickel industry were nullified by increasing demand

for stainless steel and rechargeable batteries for electric vehicles. More broadly, global consumption of nickel contracted in 2020 as production in the stainless steel and the automotive sectors curtailed due to lockdown measures. However, China's demand for nickel for use in stainless steel remained relatively high, resulting in a large increase in Chinese net exports of stainless steel for the year.

With Russia being the third-largest nickel producer, the nickel market has experienced extreme volatility in response to the Russian invasion of Ukraine. The London Metal Exchange momentarily suspended trading in early March as they witnessed the price of nickel surpass US\$100,000 per tonne. Although nickel has not been directly targeted by the sanctions imposed against Russian exports, the price fluctuations in recent months reflects speculators and buyers concerns of anticipated future supply interruptions.

Nickel provides a key cathode material used in the production of electric vehicle batteries, which currently accounts for approximately 5% of current demand. The rechargeable batteries market is anticipated to grow significantly over the coming years, with the sector's consumption forecasted to near 35% by 2030. As global trends will move towards a lower-carbon future, there will be a significant increase in demand for nickel to produce cleaner energy technologies. However, the transition to cleaner energy and electric vehicles has raised concerns that global demand for high-grade, clean nickel will outstrip supply by 2024. In particular, there are concerns of possible shortages of battery-grade Class 1 supply of nickel, with substitutes being either emission-intensive or cost-prohibitive. Global demand for nickel is forecasted to increase from 2.5 million tonnes ('Mt') in 2021 to 3.4Mt in 2024.

With the trend towards cleaner energy and greener mining, geothermal energy is a primary source of nickel demand. Geothermal power will account for approximately 80% of the nickel demand of the total mineral demand from all low-carbon energy sources. Whilst the expansion of concentrated solar power, hydropower, and nuclear power will also increase global demand for nickel.

A current drawback for the industry is that the rising oil prices will increase operating costs involved and the sector's profitability. Further, given that nickel prices are predominated in US Dollars, the appreciation Australian Dollar against the US Dollar will positively affect Australian nickel producers.

9. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

In performing our assessment of whether the Proposed Transaction is fair to Shareholders for the purposes of ASX Listing Rule 10.1, we have considered the value of the Nickel Rights relative to the value of the Consideration Shares to be paid for those Nickel Rights.

In our assessment of the value of Consideration Shares being issued to St Ives, we have chosen to employ the following methodologies:

- NAV on a going concern basis as our primary valuation methodology; and
- QMP as our secondary methodology as this represents the value that a Shareholder may be able to realise if they were to sell their holding on market.

We have chosen these methodologies for the following reasons:

- Lunnon's mineral assets do not currently generate any income nor are there any historical profits that could be used to represent future earnings, so the FME approach is not appropriate;
- Lunnon currently has no foreseeable future net cash inflows, so the application of the DCF valuation approach is not appropriate;
- Consequently, we have adopted the NAV approach as our primary valuation method. Lunnon's mineral assets are currently not producing assets and no revenue or cash flows are currently generated by these assets. Therefore, we consider that the NAV approach is best suited for the valuation;
- The core value of Lunnon lies in the mineral assets that it holds. We have commissioned Datamine Australia Pty Ltd ('Snowden Optiro') to provide an independent market valuation of Lunnon's mineral assets, which we have incorporated into our NAV approach; and
- We have adopted QMP as our secondary approach. The QMP basis is a relevant methodology to consider because Lunnon's shares are listed on the ASX. This means there is a regulated and observable market where Lunnon's shares can be traded. However, in order for the QMP methodology to be considered appropriate, the listed shares should be liquid and the market should be fully informed of the company's activities.

In performing our valuation of the Nickel Rights, we have relied on the independent technical assessment and valuation report ('Technical Specialist Report') prepared by Snowden Optiro. The Technical Specialist Report provides an assessment of the market value of the Nickel Rights.

Snowden Optiro's Technical Specialist Report has been prepared in accordance with the Australasian Code for Public Reporting of Technical Assessments and Valuation of Mineral Assets (2015 Edition) ('VALMIN Code') and the Australasian Code for Reporting on Exploration Results, Mineral Resources and Ore Reserves (2012 Edition). We are satisfied with the valuation methodologies adopted by Snowden Optiro, which we consider are in accordance with the industry practices and are compliant with the requirements of the VALMIN Code. The specific valuation methodologies used by Snowden Optiro are detailed in the Technical Specialist Report, attached as Appendix 3 to our Report.

10. Valuation of Lunnon

10.1 Net Asset Valuation of Lunnon

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

Statement of Financial Position	Reviewed as at 31-Dec-21	Notes	Low valuation	Mid valuation	High valuation
	\$		\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	9,112,700		34,624,295	34,624,295	34,624,295
Restricted cash	50,000				
Trade and other receivables	262,635		262,635	262,635	262,635
Prepayments	18,331		18,331	18,331	18,331
Loan to a shareholder	-		-	-	-
TOTAL CURRENT ASSETS	9,443,666		34,905,261	34,905,261	34,905,261
NON-CURRENT ASSETS					
Property, plant and equipment	295,957		295,957	295,957	295,957
Exploration and evaluation asset	14,528,838		25,200,000	35,300,000	51,500,000
Right-of-use of asset	36,249		36,249	36,249	36,249
TOTAL NON-CURRENT ASSETS	14,861,044		25,532,206	35,632,206	51,832,206
TOTAL ASSETS	24,304,710		60,437,467	70,537,467	86,737,467
CURRENT LIABILITIES					
Trade and other payables	757,786		757,786	757,786	757,786
Borrowings	-		-	-	-
Lease liability	15,589		15,589	15,589	15,589
Provision for employee benefits	165,238		165,238	165,238	165,238
TOTAL CURRENT LIABILITIES	938,613		938,613	938,613	938,613
NON-CURRENT LIABILITIES					
Lease liability	22,121		22,121	22,121	22,121
Provision for employee benefits	5,412		5,412	5,412	5,412
TOTAL NON-CURRENT LIABILITIES	27,533		27,533	27,533	27,533
TOTAL LIABILITIES	966,146		966,146	966,146	966,146
NET ASSETS	23,338,564		59,471,321	69,571,321	85,771,321
Discount for minority interest			29%	26%	23%
NAV of Lunnon (minority)			42,224,638	51,482,778	66,043,917
Shares on issue (number)			173,505,129	173,505,129	173,505,129
Value per share (minority) (\$)			\$0.243	\$0.297	\$0.381
Number of shares proposed to be issued to St Ives			21,505,376	21,505,376	21,505,376
Value of shares proposed to be issued to St Ives			\$5,233,602	\$6,381,117	\$8,185,921

Source: BDO analysis

We have been advised that there has not been a significant change in the net assets of Lunnon since 31 December 2021, other than the adjustments noted below.

a) Cash and cash equivalents

Management have provided us with the unaudited management accounts of Lunnon for the period ended 30 April 2022. The balance of cash has increased from \$9.1 million at 31 December 2021 to \$34.6 million at 30 April 2022, primarily due to the completion of a \$30.0 million capital raise. The Company issued 32,258,064 shares at an issue price of \$0.930. We have adjusted the reviewed cash and cash equivalents balance at 31 December 2021 to the balance at 30 April 2022, which we have verified by obtaining bank statements to support this balance.

b) Valuation of Lunnon's mineral assets

The book value of exploration and evaluation costs reflect capitalised historical expenditure, we have adjusted this to market value. As stated in section 9 of our Report, we instructed Snowden Optiro to provide an independent market valuation of the mineral assets of Lunnon. For our NAV we have used the below range of values for Lunnon's exploration assets, as assessed by Snowden Optiro.

The range of values for Lunnon's exploration asset as assessed by Snowden Optiro is set out below:

Mineral Asset	Low Value \$	Preferred Value \$	High Value \$
Value of Foster-Jan Shaft	25,200,000	35,300,000	51,500,000

Source: Technical Specialists Report prepared by Snowden Optiro

The table above indicates a range of values between \$25.2 million and \$51.5 million, with a preferred value of \$35.3 million.

c) Minority discount

As outlined in section 3.3 of our Report, in assessing fairness we have compared the value of Consideration Shares, valued on a minority basis, to the value of the Nickel Rights received from St Ives.

A minority interest discount is the inverse of a premium for control and is calculated using the formula $(1 - (1 \div (1 + \text{control premium})))$. As discussed below, we consider an appropriate control premium for Lunnon to be in the range of 30% to 40%, giving a minority interest discount in the range of 23% to 29%.

10.1.1 Control Premium Analysis

We have reviewed control premiums on completed transactions, paid by acquirers of general mining companies and all ASX-listed companies. In assessing the appropriate sample of transactions from which to determine an appropriate control premium, we have excluded transactions where an acquirer obtained a controlling interest (20% and above) at a discount (i.e. less than a 0% premium) and at a premium in excess of 100%. We have summarised our findings below:

ASX-listed general mining companies

Year	Number of Transactions	Average Deal Value (\$m)	Average Control Premium (%)
2022	4	3767.40	31.37
2021	6	1235.14	29.89
2020	6	494.17	33.24
2019	11	153.60	36.27
2018	9	61.53	39.47
2017	5	13.91	35.21
2016	11	66.19	51.54
2015	9	340.83	57.86
2014	15	113.69	41.79
2013	13	134.67	34.94
2012	12	98.98	50.77

Source: Bloomberg and BDO analysis

All ASX-listed companies

Year	Number of Transactions	Average Deal Value (\$m)	Average Control Premium (%)
2022	17	6,311.50	17.43
2021	33	1,420.58	33.59
2020	25	451.20	37.66
2019	43	3,161.24	29.90
2018	42	1,158.47	31.08
2017	29	973.72	37.91
2016	38	788.28	36.82
2015	34	828.15	34.10
2014	45	517.00	37.98
2013	36	138.78	33.37
2012	32	474.54	42.22

Source: Bloomberg and BDO analysis

The mean and median of the entire data sets comprising control transactions from 2012 onwards for ASX-listed ASX-listed general mining companies and all ASX-listed companies are set out below:

Entire Data Set Metrics	ASX-listed general mining companies		All ASX-listed companies	
	Deal Value (\$m)	Control Premium (%)	Deal Value (\$m)	Control Premium (%)
Mean	361.84	41.71	1,260.01	34.37
Median	37.48	39.66	119.62	30.50

Source: Bloomberg and BDO analysis

In arriving at an appropriate control premium to apply in regard calculation of the minority interest discount we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction;
- Level of liquidity in the trade of the acquiree's securities.

When performing our control premium analysis, we considered completed transactions where the acquirer held a controlling interest, defined at 20% or above, pre-transaction or proceeded to hold a controlling interest post-transaction in the target company.

The table above indicates that the long-term average control premium by acquirers of ASX-listed general mining companies and all ASX-listed companies is approximately 41.71% and 34.37% respectively.

However, in assessing the transactions included in the table above, we noted that control premiums appeared to be positively skewed.

In a population where the data is skewed, the median often represents a superior measure of central tendency compared to the mean. We note that the median announced control premium over the assessed period was approximately 39.66% for ASX-listed general mining companies and 30.50% for all ASX-listed companies.

Based on the above, we consider an appropriate premium for control to be between 30% and 40%, with a midpoint of 35%.

10.2 Quoted Market Prices for Lunnon Securities

To provide a comparison to the valuation of Lunnon in Section 10.1, we have also assessed the quoted market price for a Lunnon share.

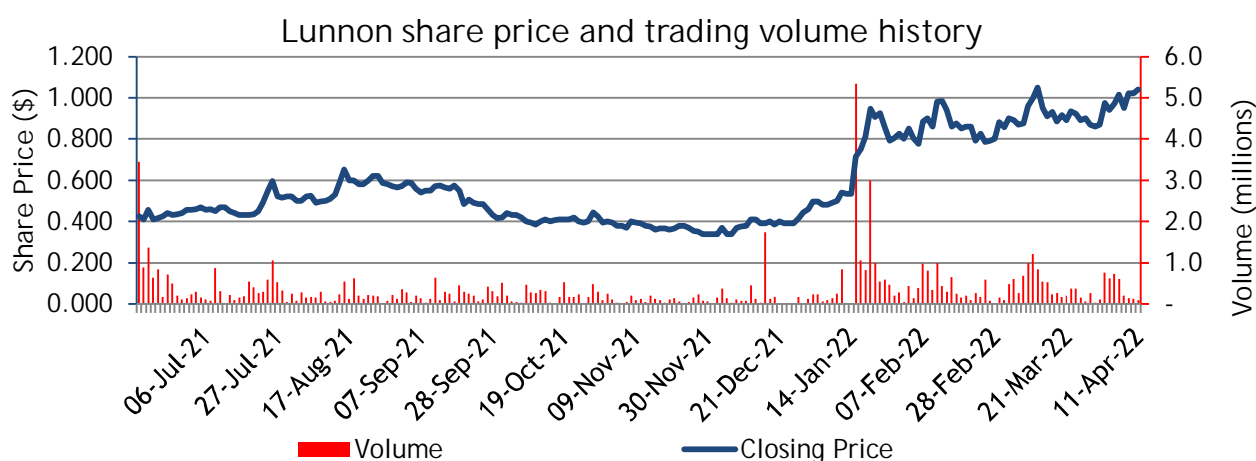
The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence on the operations and value of that company.

As outlined in section 3.3 of our report, St Ives' interest in the Company increased from 31.65% on the date of announcement to an expected 33.96% on completion of the Proposed Transaction. This circumstance permits the increase in shareholding using the '3% creep rule' under item 9 of Section 611, rather than seeking approval under item 7 of Section 611 which would require the Proposed Transaction to be valued as if it were a control transaction. As such, we have assessed the Proposed Transaction on a minority interest basis.

Minority interest value

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

Information on the Proposed Transaction was announced to the market on 12 April 2022. Therefore, the following chart provides a summary of the share price movement over the period from 16 June 2021, being the date Lunnon listed on the ASX, to 11 April 2022, being the last trading date prior to the announcement of the Proposed Transaction.



Source: Bloomberg

The daily price of Lunnon shares for the period from 16 June 2021 to 11 April 2022 has ranged from a low of \$0.340 on 7 December 2021 to a high of \$1.050 on 11 March 2022. The daily volume of shares traded

fluctuated over the period, with the highest single day of trading over the assessed period being 17 January 2022, when 5,340,718 shares were traded.

On 16 June 2021, Lunnon was admitted to the official list of the ASX and formally commenced trading on that day.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement			Closing Share Price Three Days After Announcement		
		\$ (movement)			\$ (movement)		
16/06/2021	Initial Director's Interest Notice - Liam Twigger	0.425	▲	41.7%	0.410	▼	3.5%
16/06/2021	Initial Director's Interest Notice - Ian Junk	0.425	▲	41.7%	0.410	▼	3.5%
16/06/2021	Initial Director's Interest Notice - Edmund Ainscough	0.425	▲	41.7%	0.410	▼	3.5%
16/06/2021	Initial Director's Interest Notice - Ashley McDonald	0.425	▲	41.7%	0.410	▼	3.5%
16/06/2021	ASX Admission Presentation opens new window	0.425	▲	41.7%	0.410	▼	3.5%
27/07/2021	Drilling Gets Underway at Kambalda Nickel Project	0.520	▼	13%	0.520	►	0%
03/09/2021	Corporate Governance Statement and Appendix 4G	0.585	▼	1%	0.550	▼	6%
03/09/2021	Annual Report to Shareholders	0.585	▼	1%	0.550	▼	6%
16/09/2021	Euroz Hartleys Institutional Investor Nickel Conference	0.575	▲	3%	0.505	▼	12%
28/09/2021	Date of AGM and Closing Date for Director Nominations	0.430	▼	7%	0.440	▲	2%
28/09/2021	East Trough Returns 2.0m @ 5.07% Ni	0.430	▼	7%	0.440	▲	2%
01/10/2021	East Cooe Records More High Grade Nickel	0.440	▲	5%	0.420	▼	5%
05/10/2021	Australian Nickel Conference Presentation	0.430	►	0%	0.395	▼	8%
05/10/2021	Diamond Drilling Hits Gold Structure at Foster	0.430	►	0%	0.395	▼	8%
27/10/2021	Notification regarding unquoted securities - LM8	0.445	▲	11%	0.400	▼	10%
03/12/2021	East Cooe Drilling Hits Massive Nickel Sulphides Over 6m	0.370	▲	9%	0.370	►	0%
06/12/2021	Investor Update Presentation	0.340	▼	8%	0.375	▲	10%
06/12/2021	Logging Confirms Disseminated Nickel Sulphides at Foster	0.340	▼	8%	0.375	▲	10%
04/01/2022	KNP Programme Update, Warren Returns 8.72m @ 3.54% Nickel	0.495	▲	8%	0.480	▼	3%
06/01/2022	Foster Mine Update - N75C Delivers 7.7m @ 2.92% Nickel	0.480	▼	3%	0.500	▲	4%
13/01/2022	Trading Halt	0.535	▼	1%	0.750	▲	40%
13/01/2022	Pause in Trading	0.535	▼	1%	0.750	▲	40%
17/01/2022	Baker Delights - 7m @ 9.22% Nickel	0.715	▲	34%	0.945	▲	32%
20/01/2022	Baker - 2.7m @ 10.72% Ni and 10m @ 6.82% Ni	0.945	▲	17%	0.860	▼	9%
25/01/2022	Quarterly Cashflow Report - December 2021	0.860	▼	7%	0.825	▼	4%
25/01/2022	Quarterly Activities Report - December 2021	0.860	▼	7%	0.825	▼	4%
02/02/2022	Release of Shares from Escrow	0.850	▲	6%	0.885	▲	4%
07/02/2022	Multiple High Grade Nickel Hits at Baker	0.885	▲	14%	0.980	▲	11%
15/02/2022	Warren Update - Nickel Sulphides in Down Plunge Drilling	0.860	▼	9%	0.860	►	0%
18/02/2022	Release of Shares from Escrow	0.860	▲	1%	0.825	▼	4%
04/03/2022	Application for quotation of securities - LM8	0.890	▼	1%	0.960	▲	8%
04/03/2022	Half Year Accounts	0.890	▼	1%	0.960	▲	8%

Date	Announcement	Closing Share Price Following Announcement			Closing Share Price Three Days After Announcement		
		\$ (movement)			\$ (movement)		
07/03/2022	Notification of cessation of securities - LM8	0.870	▼	2%	1.000	▲	15%
07/03/2022	Warren Wedge Another Winner	0.870	▼	2%	1.000	▲	15%
08/03/2022	Euroz Hartleys Rottneast Institutional Conference Presentation	0.875	▲	1%	1.050	▲	20%
29/03/2022	Notification regarding unquoted securities - LM8	0.860	▼	1%	0.940	▲	9%
31/03/2022	WA Government EIS Hole Commences at Kenilworth	0.975	▲	12%	1.015	▲	4%
04/04/2022	Warren Wedges Continue to Impress	0.970	▲	3%	1.020	▲	5%
07/04/2022	Paydirt Battery Minerals Conference Presentation	1.020	▲	7%	Close	n/a	n/a

On 27 July 2021, Lunnon released an announcement that drilling at its Kambalda Nickel Project had commenced. On the date of the announcement the share price decreased 13%, to close at \$0.520, before remaining unchanged at the end of the subsequent three day trading period.

On 3 September 2021, Lunnon released its 2021 Annual Report. On the date of the announcement the share price decreased 1% to close at \$0.585, before decreasing 6% over the subsequent three day trading period to close at \$0.550.

On 16 September 2021, Lunnon released its presentation for the Euroz Hartleys Institutional Investor Nickel Conference. On the date of the announcement the share price increased 3% to close at \$0.575, before decreasing 12% over the subsequent three day trading period to close at \$0.505.

On 28 September 2021, Lunnon released an announcement highlighting results from its first phase RC programme for the East Cooee - East Trough prospect at the Project. On the date of the announcement the share price decreased 7% to close at \$0.430, before increasing 2% over the subsequent three day trading period to close at \$0.440.

On 1 October 2021, Lunnon released an announcement highlighting results from its East Cooee Hanging-wall prospect at the Project. On the date of the announcement the share price increased 5% to close at \$0.440, before decreasing 5% over the subsequent three day trading period to close at \$0.420.

On 5 October 2021, Lunnon released an announcement highlighting its first programme of nickel Diamond Drilling hit a previously unrecognised gold structure at the Foster Mine, a key asset at the Project. On the date of the announcement the share price closed unchanged from the previous trading day at \$0.430, before decreasing 8% over the subsequent three day trading period to close at \$0.395.

On 27 October 2021, Lunnon released a notification of on the expiration of unlisted options. On the date of the announcement the share price increased 11% to close at \$0.445 before decreasing 10% over the subsequent three day trading period to close at \$0.400.

On 3 December 2021, Lunnon released an announcement highlighting results from its East Cooee Hanging-wall prospect RC drilling. On the date of the announcement the share price increased 9% to close at \$0.370 and remained unchanged at the end of the subsequent three day trading period.

On 6 December 2021, Lunnon released its investor update presentation and an announcement highlighting the Foster Nickel Mine logging results. On the date of the announcement the share price decreased 8% to close at \$0.340, before increasing 10% over the subsequent three day trading period to close at \$0.375.

On 4 January 2022, Lunnon released an announcement updating the progress at the Project, and highlighting results from its Warren diamond hole, which is part of the Foster nickel mine. On the date of the announcement the share price increased 8% to close at \$0.495, before decreasing 3% over the subsequent three day trading period to close at \$0.480.

On 6 January 2022, Lunnon released an announcement updating the progress of the drill programs at the Foster Nickel Mine. On the date of the announcement the share price decreased 3% to close at \$0.480, before increasing 4% over the subsequent three day trading period to close at \$0.500.

On 13 January 2022, Lunnon released an announcement that at its request, Lunnon would be placed in trading halt until 17 January 2022. On the date of the announcement the share price decreased 1% to close at \$0.535, before increasing 40% over the subsequent three day trading period to close at \$0.750.

On 17 January 2022, Lunnon released an announcement highlighting first line results from its exploration programme at Baker Shoot, a prospect at the Project. On the date of the announcement the share price increased 34% to close at \$0.715, before increasing 32% over the subsequent three day trading period to close at \$0.945.

On 20 January 2022, Lunnon released an announcement highlighting second line and first diamond hole results from its exploration programme at Baker Shoot. On the date of the announcement the share price increased 17% to close at \$0.945, before decreasing 9%, over the subsequent three day trading period to close at \$0.860.

On 25 January 2022, Lunnon released its December 2021 quarterly cash flow and activities report, which detailed drilling results of the Project. On the date of the announcement the share price decreased 7% to close at \$0.860, before decreasing 4% over the subsequent three day trading period to close at \$0.825.

On 2 February 2022, Lunnon released an announcement that fully paid ordinary shares were due to be released from escrow on 9 February 2022. On the date of the announcement the share price increased 6% to close at \$0.850, before increasing 4% over the subsequent three day trading period to close at \$0.885.

On 7 February 2022, Lunnon released an announcement highlighting results from its Baker Shoot infill programme. On the date of the announcement the share price increased 14% to close at \$0.885, before increasing 11% over the subsequent three day trading period to close at \$0.980.

On 15 February 2022, Lunnon released an announcement highlighting results from its discovery programme at Warren channel. On the date of the announcement the share price decreased 9% to close at \$0.860 and remained unchanged at the end of the subsequent three day trading period.

On 18 February 2022, Lunnon released an announcement that fully paid ordinary shares were due to be released from escrow on 25 February 2022. On the date of the announcement the share price increased 1% to close at \$0.860 before decreasing 4% over the subsequent three day trading period to close at \$0.825.

On 4 March 2022, Lunnon released its December 2021 half year accounts. On the date of the announcement the share price decreased 1% to close at \$0.890, before increasing 8% over the subsequent three day trading period to close at \$0.960.

On 7 March 2022, Lunnon released an announcement highlighting results of its discovery programme at Warren Channel. On the date of the announcement the share price decreased 2% to close at \$0.870, before increasing 15% over the subsequent three day trading period to close at \$1.000.

On 8 March 2022, Lunnon released its presentation that was delivered at the 2022 Euroz Hartleys Rottneest Island Institutional Conference. On the date of the announcement the share price increased 1% to close at \$0.875, before increasing 20% over the subsequent three day trading period to close at \$1.050.

On 29 March 2022, Lunnon released re-coding of unlisted options. On the date of the announcement the share price decreased 1% to close at \$0.860 before increasing 9% over the subsequent three day trading period to close at \$0.940.

On 31 March 2022, Lunnon released an announcement highlighting that drilling at Kenilworth target, part of the Western Australian government's Exploration Incentive Scheme programme has commenced. On the date of the announcement the share price increased 12% to close at \$0.975 before increasing 4% over the subsequent three day trading period to close at \$1.015.

On 4 April 2022, Lunnon released an announcement highlighting result of its discovery programme at Warren Channel. On the date of the announcement the share price increased 3% to close at \$0.970 before increasing 5% over the subsequent three day trading period to close at \$1.020.

On 7 April 2022, Lunnon released its presentation from the Paydirt Battery Minerals Conference. On the date of the announcement the share price increased 7% to close at \$1.020.

To provide further analysis of the market prices for a Lunnon share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 11 April 2022.

	11-Apr-22	10 Days	30 Days	60 Days	90 Days
Closing Price	\$1.040				
Weighted Average		\$0.969	\$0.946	\$0.875	\$0.808

Source: Bloomberg, BDO analysis

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

An analysis of the volume of trading in Lunnon shares for the period from 16 June 2021 through to 11 April 2022 is set out below:

	Share price low	Share price high	Cumulative Volume traded	As a % of Issued capital
1 day	\$1.020	\$1.040	92,077	0.05%
10 days	\$0.860	\$1.055	3,394,870	1.96%
30 days	\$0.795	\$1.080	11,874,930	6.84%
60 days	\$0.650	\$1.080	32,489,749	18.73%
90 days	\$0.340	\$1.080	38,279,299	22.06%
180 days	\$0.340	\$1.080	54,955,629	31.67%

Source: Bloomberg, BDO analysis

This table indicates that Lunnon's shares display a moderate to high level of liquidity, with 31.67% of the Company's current issued capital being traded in a six month period. RG 111.86 states that for the quoted market price methodology to be an appropriate methodology there needs to be a 'liquid and active' market in the shares and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'liquid and active', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Lunnon, we consider it to have a moderate to high level of liquidity. This is on the basis that 31.67% of the cumulative volume of Lunnon's securities have been traded over the 6 months prior to 11 April 2022.

We note that while Lunnon has traded 31.67% of its share capital the 6 months prior to 11 April 2022, a significant proportion of the Company's share capital is held tightly or under escrow. Lunnon listed on the ASX on 16 June 2021, and upon listing 63,629,002 fully paid ordinary shares were escrowed for a period of 24 months, representing 36.67% of the Company's share capital on 11 April 2022. Further, St Ives holds 44,711,062 fully paid ordinary shares in Lunnon, representing 31.65% of the Company's share capital on 11 April 2022. St Ives' investment in Lunnon has remained stable over the period from 16 June 2021 to 11 April 2022, which has reduced the liquidity of a Lunnon share.

Our assessment is that a range of values for Lunnon shares based on market pricing, after disregarding post announcement pricing, is between \$0.880 and \$0.970, with a mid-point of \$0.925. Pursuant to the Proposed Transaction, the Company proposes to issue 21,505,376 shares in Lunnon which based on the above range of values would be valued between \$18,924,731 and \$20,860,215, with a mid-point of \$19,892,473.

10.3 Assessment of Lunnon Value

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

	Low	Preferred	High
	\$	\$	\$
NAV (Section 10.1)	5,233,602	6,381,117	8,185,921
QMP (Section 10.2)	18,924,731	19,892,473	20,860,215

Source: BDO analysis

We have chosen to rely solely on the NAV for the purposes of determining our range for the following reasons:

- The core value of Lunnon lies in the mineral assets that it holds and we have commissioned Snowden Optiro, an independent technical specialist to value these assets; and
- Both the Nickel Rights and Lunnon's mineral assets were valued by Snowden Optiro, who used consistent methodologies to value both the Nickel Rights and Lunnon's mineral assets.

The value of Consideration Shares under the NAV approach could be less than the QMP-derived valuation for the following reasons:

- The market may have ascribed a higher value to Lunnon's mineral assets compared to the valuation attributed by Snowden Optiro. This could be due to more conservative assumptions such as assigning lower exploration potential to Lunnon's mineral assets compared to Snowden Optiro. Snowden Optiro has prepared its Independent Specialist Report in compliance with the VALMIN Code and other industry guidelines, whilst also adhering to guidance provided by ASIC's Regulatory Guides. Market participants are not governed by these industry codes; and
- Our QMP assessment was performed over a period when nickel prices were at higher and more volatile than historical levels. This was a result of Russia's invasion of Ukraine, which cast doubt over global energy exports and caused many countries to accelerate decarbonisation initiatives. The elevated pricing of nickel is likely to have impacted the QMP value, but not the NAV value.

Based on the results above we consider the value Consideration Shares to be between \$5.2 million and \$8.2 million, with a preferred value of \$6.4 million.

11. Valuation of Nickel Rights

As stated in section 9 of our Report, we instructed Snowden Optiro to provide an independent market valuation of the Nickel Rights. For our fairness assessment we have used the below range of values for the Nickel Rights, as assessed by Snowden Optiro.

Mineral Asset	Low Value	Preferred Value	High Value
	\$	\$	\$
Value of Nickel Rights	8,600,000	10,800,000	13,300,000

Source: Technical Specialists Report prepared by Snowden Optiro

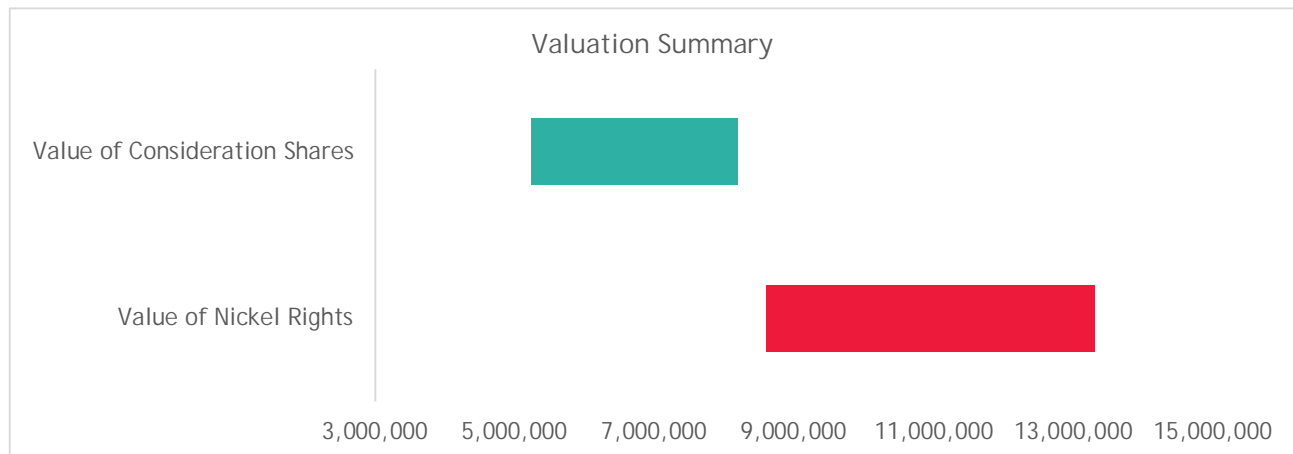
The table above indicates a range of values between \$8.6 million and \$13.3 million, with a preferred value of \$10.8 million.

12. Is the Proposed Transaction fair?

The value of Consideration Shares and the Nickel Rights is compared below:

	Ref	Low \$	Preferred \$	High \$
Value of Consideration Shares	10.3	5,233,602	6,381,117	8,185,921
Value of Nickel Rights	11	8,600,000	10,800,000	13,300,000

We note from the table above that value of the Consideration Shares is below that of the value of Nickel Rights to be acquired. Therefore, we consider that the Proposed Transaction is fair. This has been presented graphically below.



13. Is the Proposed Transaction reasonable?

13.1 Advantages of Approving the Proposed Transaction

We have considered the following advantages when assessing whether the Proposed Transaction is reasonable.

13.1.1. The Proposed Transaction is fair for Shareholders

As set out in section 12, the Proposed Transaction is fair. RG 111.12 states that an offer is reasonable if it is fair.

13.1.2. Provides potential for an increased likelihood of geological success

The Proposed Transaction will provide Lunnon Shareholders to exposure to an additional mineral asset, being the Nickel Rights to complement Lunnon's current exposure to the Kambalda Nickel Project. Given the early exploration stage of the Nickel Rights and Lunnon's existing mineral assets, there is embedded risk in the prospective future value of the assets. By having exposure to a greater number of these similar stage exploration assets, Shareholders will have a greater chance of holding exploration assets that will be developed through to the production cycle. Should any of Lunnon's existing holdings within the Kambalda Nickel Project or the Nickel Rights, the subject of the Proposed Transaction, reach a developed or production stage, this could result in an increase in value for Shareholders.

13.1.3. Economies of scale associated with a larger portfolio of nickel assets

If the Proposed Transaction is approved, Lunnon will increase exposure to nickel exploration in the Kambalda region, which has historically hosted large-scale nickel production. With the wider portfolio of nickel assets, the potential to develop a scalable nickel operation increases. Increasing the scale of the nickel operation, can have added benefits such as increased ability to access project financing, justification to develop processing and related infrastructure and lower costs of production. The benefits of economies of scale of any potential nickel operations could result in an accretion to Shareholder value.

13.1.4. Nickel Rights prioritizes Lunnon's proposed exploration and mining activities

The Nickel Rights give Lunnon the right to nickel on 19 leases held by St Ives, which includes the ability to conduct exploration, development or mining operations in the pursuit of nickel. Any activities undertaken by Lunnon or St Ives must be approved by the other party, with Lunnon's approved activities taking priority over those of St Ives. The ability of Lunnon to prioritise its operations on the Project Area could be beneficial to the Shareholders of the Company. This is due to Lunnon having better control over the Project Area to advance its interests, potentially allowing for a greater chance of unlocking value from the Nickel Rights.

13.1.5. Benefits of aligned interests with St Ives and their management experience

St Ives will hold 33.96% of the share capital in Lunnon and retain a representative on the Company's board of directors following the Proposed Transaction. As such, St Ives will have strong incentive to grow the

value of its investment in Lunnon. Should Lunnon realise geological success on the area covered by the Nickel Rights, St Ives would benefit from the development and extraction of economic nickel deposits. St Ives will be incentivised to support Lunnon's nickel operations through mechanisms such as sharing management experience, contribution to funding for operations or shared access to St Ives' surplus infrastructure.

13.1.6. Close proximity to pre-existing infrastructure

The Project Area covered by the Nickel Rights is in close proximity BHP Ltd's Nickel West operation. Given the proximity of St Ives's operations to BHP Ltd's Nickel West operation, potential synergies may exist should the Project Area covered by the Nickel Rights develop into a producing nickel mine. Nickel West infrastructure could be used to process materials from the Nickel Rights Project Area, which may reduce the amount of initial capital required to transition into production.

Further, the existing infrastructure at the Foster and Silver Lake mines includes historical shafts and vent rises, raise bores, service lines, sand fill lines and other similar infrastructure used in the past day to day operations of the mine. This infrastructure is readily available for use by Lunnon, which may reduce the capital expenditure required to develop the asset.

13.1.7. Access to historical mining information and data

Lunnon will have access to all mining information owned or acquired by or on behalf of Gold Fields relating to the area covered by the Nickel Rights on a royalty free basis. Having access to this mining information is a benefit to the Company, as it not only allows a greater understanding of the area covered by the Nickel Rights, but may also reduce the cost and time to be incurred on geological activities required to obtain this information.

13.1.8. Greater exposure to Australian nickel industry

If the Proposed Transaction is approved, Shareholders will have a greater exposure to the Australian nickel industry in a time of elevated pricing compared to historical levels. Further, the benefits of pursuing the Proposed Transaction also include access to nickel in a jurisdiction that has comparatively lower sovereign risk, stronger regulatory environment and growing emphasis on environmental, social and governance factors. If the shareholders wanted the same exposure to nickel in another jurisdiction, they may not be able to attract the same favourable investment qualities.

13.2 Disadvantages of Approving the Proposed Transaction

If the Proposed Transaction is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

13.2.1. Dilution of Shareholders' interests

Pursuant to the Proposed Transaction being approved, Shareholders' interests will be diluted from holding 74.22% of the issued capital of Lunnon to holding approximately 66.04%.

13.2.2. The Company will not hold the mining leases underpinning the Nickel Rights

As Lunnon does not hold the mining leases underpinning the Nickel Rights, the Company does not have full control over its interests in the Project Area the Nickel Rights cover. Lunnon's Nickel Rights extend until the earliest of the Company relinquishing the Nickel Rights or the expiry or surrender of the last of the tenements. While Lunnon has the first right to take over the tenements in the event St Ives wishes to relinquish its holding, the Company may not wish to incur the expense or administrative burden associated with a maintaining a larger tenement profile.

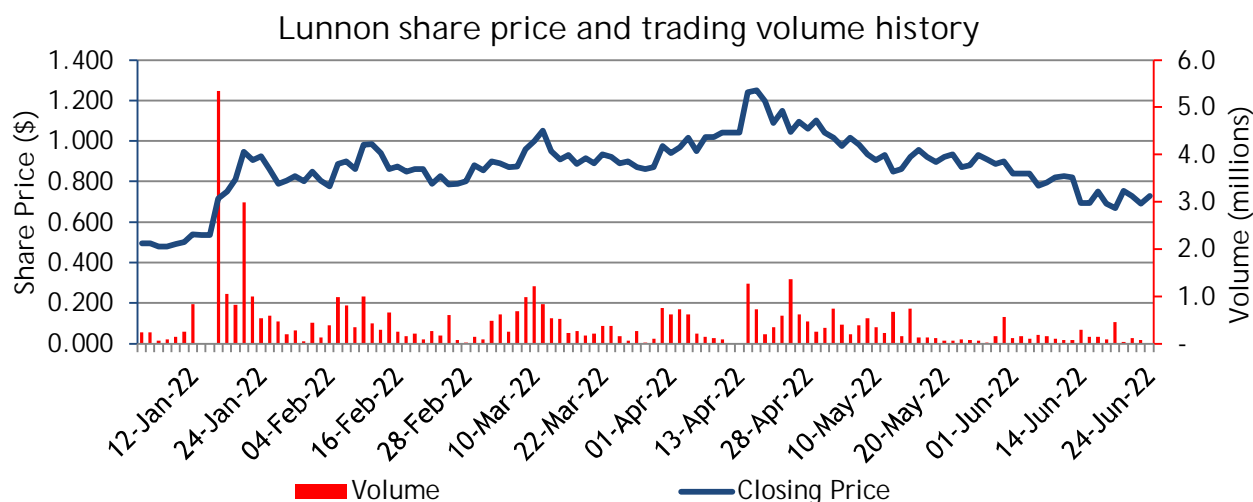
13.3 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of Lunnon a premium over the value resulting from the Proposal Transaction.

13.4 Consequences of not Approving the Proposed Transaction

Potential impact on the share price

We have analysed movements in Lunnon's share price since the Proposed Transaction was announced. A graph of Lunnon's share price and trading volume leading up to, and following the announcement of the Proposed Transaction is set out below.



Source: Bloomberg

The closing share price of a Lunnon share from 4 January 2022 to 24 June 2022 has ranged from a low of \$0.480 on 6 January 2022 and 7 January 2022, to a high of \$1.250 on 19 April 2022.

On 12 April, the securities of Lunnon were placed in trading halt, pending the announcement of the Proposed Transaction, which was subsequently released on the same day. Following the removal of the trading halt on 14 April 2022, 1,269,795 shares were traded, representing approximately 0.73% of the Company's current issued share capital.

Following the announcement of the Proposed Transaction, Lunnon's share price has maintained a volume weighted average price of \$0.9833 over the period from 14 April 2022 to 24 June 2022. We note that this

is higher than the volume weighted average price prior to the announcement of the Proposed Transaction, which was \$0.946 over the period from 1 March 2022 to 11 April 2022.

Based on the above analysis, if the Proposed Transaction is not approved, then Lunnon's share price may decline back to pre-announcement levels.

14. Conclusion

We have considered the terms of the Proposed Transaction as outlined in the body of this report and have concluded that the Proposed Transaction is fair and reasonable to the Shareholders of Lunnon.

15. Sources of information

This report has been based on the following information:

- Audited financial statements of Lunnon for the years ended 30 June 2020 and 30 June 2021, and reviewed financial statements for the half-year ended 31 December 2021;
- Australian Bureau of Statistics – Labour Force, May 2022;
- Bloomberg;
- Consensus Economics, April 2022 edition;
- Discussions with Directors and Management of Lunnon;
- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Term sheets outlining the Proposed Transaction between Lunnon and St Ives;
- Independent Technical Specialist and Valuation Report performed by Snowden Optiro;
- International Monetary Fund World Economic Outlook;
- RBA Monetary Policy Decision dated 3 May 2022;
- Share registry information;
- Unaudited management accounts of Lunnon for the period ended 30 April 2022;
- United States Geological Survey; and
- World Bank.

16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of approximately \$28,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Lunnon in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the Lunnon, including the non-provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Lunnon and St Ives and any of their respective associates with reference to ASIC

Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Lunnon and St Ives and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with Lunnon or St Ives, or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to Lunnon and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

17. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investments Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of Chartered Accountants Australia & New Zealand. He has over 30 years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 400 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Corporate Finance Practice Group Leader of BDO in Western Australia, the Global Head of Natural Resources for BDO and a former Chairman of BDO in Western Australia.

Adam Myers is a member of Chartered Accountants Australia & New Zealand and the Joint Ore Reserves Committee. Adam's career spans over 20 years in the Audit and Assurance and Corporate Finance areas. Adam is a CA BV Specialist and has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

18. Disclaimers and consents

This report has been prepared at the request of Lunnon for inclusion in the Notice of Meeting which will be sent to all Lunnon Shareholders. Lunnon engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the proposed purchase of the nickel rights of the historical Silver Lake and Fisher nickel mines, currently held by St Ives Mining Co. Pty Ltd, via the issue of 21,505,376 shares in Lunnon.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Notice of Meeting. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Notice of Meeting other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to the Nickel Rights. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Proposed Transaction, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Lunnon, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by Lunnon and the Nickel Rights.

The valuer engaged for the mineral asset valuation, Snowden Optiro, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation is appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and prior to the date of the meeting or during the offer period.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD



Sherif Andrawes
Director



Adam Myers
Director

Appendix 1 – Glossary of Terms

Reference	Definition
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
Bolong	Bolong (Australia) Investment Management Pty Ltd
Consideration Shares	21,505,376 shares in Lunnon
Corporations Act	The Corporations Act 2001 Cth
DCF	Discounted Future Cash Flows
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FIRB	Foreign Investments Review Board
FME	Future Maintainable Earnings
GDP	Gross Domestic Product
Gold Fields	Gold Fields Ltd
ha	Hectare
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition)
JV	Joint Venture
km	Kilometres
Lunnon	Lunnon Metals Limited
m	Metres
NAV	Net Asset Value

Reference	Definition
Nickel Rights	The nickel rights (and related access rights) on 19 mining leases in the Kambalda Nickel District
Our Report	This Independent Expert's Report prepared by BDO
Project	The Kambalda Nickel Project, including the historical Foster, Jan, Silver and Fisher mines
Project Area	The area permitted under the Nickel Rights for nickel exploration, development and mining on the 19 mining tenements, and include a subset of the area at specified depths on these tenements
Proposed Transaction	The proposed acquisition of the Nickel Rights by Lunnon from St Ives for 21,505,376 shares in Lunnon
QMP	Quoted market price
RBA	Reserve Bank of Australia
Regulations	Corporations Regulations 2001 (Cth)
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
RG 60	Schemes of arrangement (September 2011)
RG 74	Acquisitions approved by Members (December 2011)
Section 411	Section 411 of the Corporations Act
Section 606	Section 606 of the Corporations Act
Section 611	Section 611 of the Corporations Act
Shareholders	The shareholders of Lunnon other than St Ives and its associates
Snowden Optiro	Datamine Australia Pty Ltd
SPA	Sale and Purchase Agreement
St Ives	St Ives Gold Mining Co Pty Ltd
Sum-of-Parts	A combination of different methodologies used together to determine an overall value where separate assets and liabilities are valued using different methodologies
Technical Specialist Report	Independent technical assessment and valuation report prepared by Snowden Optiro

Reference	Definition
the 3% creep rule	Item 9 of Section 611 of the Corporations Act
The Act	The Corporations Act 2001 (Cth)
The Company	Lunnon Metals Limited
Valmin Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015 Edition)
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.
VWAP	Volume Weighted Average Price
WACC	Weighted Average Cost of Capital
Shareholders	The shareholders of Lunnon other than St Ives

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Appendix 2 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 Net asset value ('NAV')

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 Quoted Market Price Basis ('QMP')

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a liquid and active market in that security.

3 Capitalisation of future maintainable earnings ('FME')

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

4 Discounted future cash flows ('DCF')

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start-up phase, or experience irregular cash flows.

5 Market Based Assessment

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

Appendix 3 – Independent Valuation Report



**Report for BDO Corporate
Finance (WA) Pty Ltd
Lunnon Metals Ltd - Independent
Mineral Asset Valuation
Project Number OP206872
August 2022**

This report has been prepared by Datamine Australia Pty Ltd ('Snowden Optiro') for use by BDO Corporate Finance (WA) Pty Ltd, pursuant to an agreement between Snowden Optiro and BDO Corporate Finance (WA) Pty Ltd only and not for any other purpose.

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Snowden Optiro is a business unit of the Datamine Software group.

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1 EXECUTIVE SUMMARY

1.1 Scope

BDO Corporate Finance (WA) Pty Ltd (BDO) engaged Snowden Optiro to prepare an Independent Specialist's Opinion on the value of Lunnon Metals Limited's ("LM8" or "the Company") mineral assets and nickel rights to be acquired to assist BDO with the preparation of an Independent Expert's Report. The Independent Expert's Report will be included within a Notice of Meeting to provide LM8 shareholders with the information they require to make an informed decision on a proposed transaction.

This proposed transaction relates to the acquisition of the exclusive rights to nickel covering the former Silver Lake and Fisher underground nickel mines near Kambalda in Western Australia. Snowden Optiro understands the rights are to be acquired from St Ives Gold Mining Co. Pty Ltd (SIGMC), a wholly owned subsidiary of Gold Fields Ltd (Gold Fields), for 21,505,376 LM8 shares. SIGMC is a current major shareholder of LM8.

1.2 Mineral Assets

The mineral assets the subject of this valuation opinion comprise two separate tenement packages collectively referred to as the Kambalda Nickel Project (KNP), located 50 to 70 km south-southeast of Kalgoorlie.

LM8 acquired a 100% interest in the southern Foster-Jan Shaft tenement package from SIGMC through a Sale and Purchase Deed executed in November 2020. The tenement package comprises 19 contiguous Mining Leases covering the former underground nickel mines of Foster and Jan Shaft with a total area of approximately 23 km². SIGMC retains selected rights to gold in various excluded areas within the tenement package.

On 12 April 2022, LM8 announced that it had entered into a further agreement with SIGMC to acquire the nickel rights over the whole or portions of 19 contiguous Mining Leases covering a total area of approximately 19.9 km² including the former Silver Lake and Fisher underground nickel mines along with the access rights to an additional Mining Lease covering the former Fisher underground nickel mine portal, located 20 km to the north-northwest of Foster-Jan Shaft tenement package.

1.3 Valuation opinion

In Snowden Optiro's opinion using the comparable market transaction valuation approach, the market value of the Foster-Jan Shaft tenement package most likely resides in the range of A\$25.2 million to A\$51.5 million, with a preferred value of A\$35.3 million, and the market value Silver Lake-Fisher nickel rights most likely resides in the range of A\$8.6 million to A\$13.3 million, with a preferred value of A\$10.8 million as at the Valuation Date (Table 1.1).

Table 1.1 Valuation summary

Project	Low value (A\$ million)	High value (A\$ million)	Preferred value (A\$ million)
Foster-Jan Shaft			
Mineral Resources	21.7	44.8	30.4
Exploration potential	3.5	6.7	4.9
Subtotal	25.2	51.5	35.3
Fisher-Silver Lake			
Mineral Resources	-	-	-
Exploration potential	8.6	13.3	10.8
Subtotal	8.6	13.3	10.8
TOTAL	33.8	64.8	46.1

2 BASIS OF VALUATION

2.1 Scope

BDO engaged Snowden Optiro to prepare an Independent Specialist's Opinion on the value of LM8's mineral assets and nickel rights to be acquired to assist BDO with the preparation of an Independent Expert's Report. The Independent Expert's Report will be included within a Notice of Meeting to provide LM8 shareholders with the information they require to make an informed decision on a proposed transaction.

This proposed transaction relates to the acquisition of the exclusive rights to nickel covering the former Silver Lake and Fisher underground nickel mines near Kambalda in Western Australia. Snowden Optiro understands the rights are to be acquired from SIGMC, a wholly owned subsidiary of Gold Fields, for 21,505,376 LM8 shares. SIGMC is a current major shareholder of LM8.

2.2 Information supplied

For the specific purpose of this valuation, LM8 provided a digital database of drilling and resource estimation data and other technical information generated by LM8 and previous owners of the mineral assets. Snowden Optiro has also drawn extensively upon the information presented in an Independent Technical Assessment Report (ITAR) by Optiro Pty Ltd (Optiro) dated 11 March 2021 included in a prospectus to satisfy the requirements for admission of LM8 to the Official List of ASX. Snowden Optiro has endeavoured, by making reasonable enquiry, to ensure that any additional material information in the possession of LM8 has been fully disclosed.

Snowden Optiro did not complete a site inspection of the properties for the specific purpose of this valuation. Contributing author Mr Ian Glacken previously worked on the properties between 1981 and 1986 and has extensive experience and knowledge of the geology and mineralisation as Group Manager of Resources for WMC Resources Limited's (WMC's) Western Australian nickel assets. Mr Glacken worked as Mine Geologist-in-charge at Fisher (one of the former nickel mines the subject of this valuation report) between 1982 and 1985 and made underground visits to Silver Lake, Foster and Jan mines during their producing periods but was not responsible for the Mineral Resources reviewed herein. Given this previous experience it was considered that a site visit was unlikely to reveal any additional information that is material to this valuation report. The authors of this report are satisfied that sufficient information was made available to provide an informed opinion on the various mineral assets.

2.3 Disclaimers and limitations

Snowden Optiro has confirmed the current status and ownership of the mineral tenements which are the subject of this valuation report via the Western Australian Department of Mines, Industry Regulation and Safety (DMIRS) Mineral Titles Online (MTO) system.

Snowden Optiro has not independently verified the ownership and legal standing of the mineral tenements and is not qualified to make legal representations in this regard. Snowden Optiro has not attempted to determine the legal status of the tenements with respect to third party rights, joint venture agreements, Native Title, heritage or potential environmental and land access restrictions. Snowden Optiro is not qualified to make legal representations in this regard and therefore specifically disclaims responsibility for these aspects for the purpose of its review.

In addition to the Optiro ITAR, Snowden Optiro has reviewed and relied upon technical documentation and data supplied to it by LM8, which included information publicly reported by LM8 and previous tenement owners over several decades. Nothing has come to the attention of Snowden Optiro from its review and enquiries that would cause it to question the reliability or completeness of this information. For the specific purpose of this report, Snowden Optiro did not undertake any independent recalculations or audits to verify the accuracy of the information provided and makes no warranty or representation in this regard.

Snowden Optiro has consented to the inclusion and use of this report in the Independent Expert's Report prepared by BDO in the form and context in which it will be published; however, accepts no responsibility for the information or statements, opinions, or matters expressed or implied arising out of, contained in, or derived from information contained in the Independent Expert's Report, unless specifically disclosed by Snowden Optiro.

Consent has been sought from LM8 representatives to include technical information and opinions expressed by them. No other entities referred to in this report have consented to the inclusion of any information or opinions and have only been referred to in the context of reporting any relevant activities.

A redacted version of this report was provided to LM8 for review on omission and factual accuracy.

LM8 has confirmed in writing to Snowden Optiro that, to its knowledge, the information provided by it (when provided) was complete and not incorrect or misleading in any material respect.

By accepting this report, LM8 has agreed to indemnify Snowden Optiro from any liability arising from Snowden Optiro's reliance upon information provided or not provided to it.

2.4 Valuation code

This valuation opinion has been prepared in consideration of the "Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets" (VALMIN Code, 2015 Edition) and the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code, 2012 Edition) and the Australian Securities and Investment Commission (ASIC) Regulatory Guides (RG) 111 and 112. Compliance with the VALMIN and JORC Codes is obligatory to all members of the Australasian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG) who are involved in independent technical and valuation reports.

2.5 Valuation date

The effective date of the valuation is 14 June 2022 (Valuation Date). Unless otherwise stated, all units of currency are Australian dollars.

2.6 Independence

At the date of this valuation report, the authors and Snowden Optiro have no association with BDO, LM8 or their individual employees, or any interest in the securities of LM8 which could be regarded as affecting the ability to provide an independent unbiased valuation opinion. Optiro previously completed an ITAR for LM8 dated 11 March 2021. Snowden Optiro will be paid a fee of approximately A\$38,000 for this valuation report based on a standard schedule of rates for professional services, plus any expenses incurred. The fee is not contingent on the outcome of the proposed transaction or the results of this valuation.

The authors and Snowden Optiro have provided and continue to provide independent technical consulting services to Gold Fields in relation to its various gold and copper mining operations worldwide and declares that it has had no prior association with SIGMC in relation to the mineral assets or the proposed transaction that are the subject of this valuation report. Snowden Optiro does not consider that the technical consulting services provided to Gold Fields has compromised its independence as they do not cover the properties which are the subject of this report.

2.7 Qualifications of the valuer

Snowden Optiro is a mining advisory, training and software firm that provides strategic, independent advice to mining and exploration companies, their advisors and investors. Its team of geologists, mining engineers, software developers and other mining professionals are among the most experienced mining consultants in the industry who are recognised competent persons under the JORC Code and other international standards and have published numerous reports supporting listings on securities exchanges around the world including the ASX, SGX, TSX, JSE, AIM, LSE, and NYSE.

The authors of this report are Mr Philip Retter (Associate Executive Consultant) and Mr Ian Glacken (Executive Consultant) of Snowden Optiro. Mr Mark Warren (Head of Advisory – APAC) was responsible for the review of this report.

Mr Retter (BAppSc (Hons) Geology, MAIG) is a geologist with over 35 years' worldwide experience and was responsible for the review of the technical information, valuation and the compilation of this report. Mr Retter is an Associate Executive Consultant of Snowden Optiro and a full-time employee of Sahara Minerals Pty Ltd. Mr Retter is a Member of the AIG and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the JORC Code. Mr Retter consents to the inclusion in the report of the matters based upon his information in the form and context in which it appears.

Mr Ian Glacken (BSc (Hons) Geology, MSc (Mining Geology), MSc (Geostatistics), FAusIMM (CP), FAIG, CEng, is a mining geologist and geostatistician with over 40 years' worldwide experience including many years of experience in the estimation of nickel sulphide deposits at Kambalda and elsewhere in the world. He previously held the position of Group Ore Reserves Manager for the Nickel Division assets of WMC, covering all the projects described in this report. Mr Glacken also worked at Kambalda, in particular at the Fisher mine, and visited all of the underground mines which are the subject of this valuation report during their producing periods. Mr Glacken is an Executive Consultant of Snowden Optiro and was responsible for the review of the Mineral Resources reported by LM8. Mr Glacken has not prepared any of the Mineral Resources considered in this report. Mr Glacken is a Fellow of the AusIMM and AIG and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the JORC Code. Mr Glacken consents to the inclusion in the report of the matters based upon his information in the form and context in which it appears.

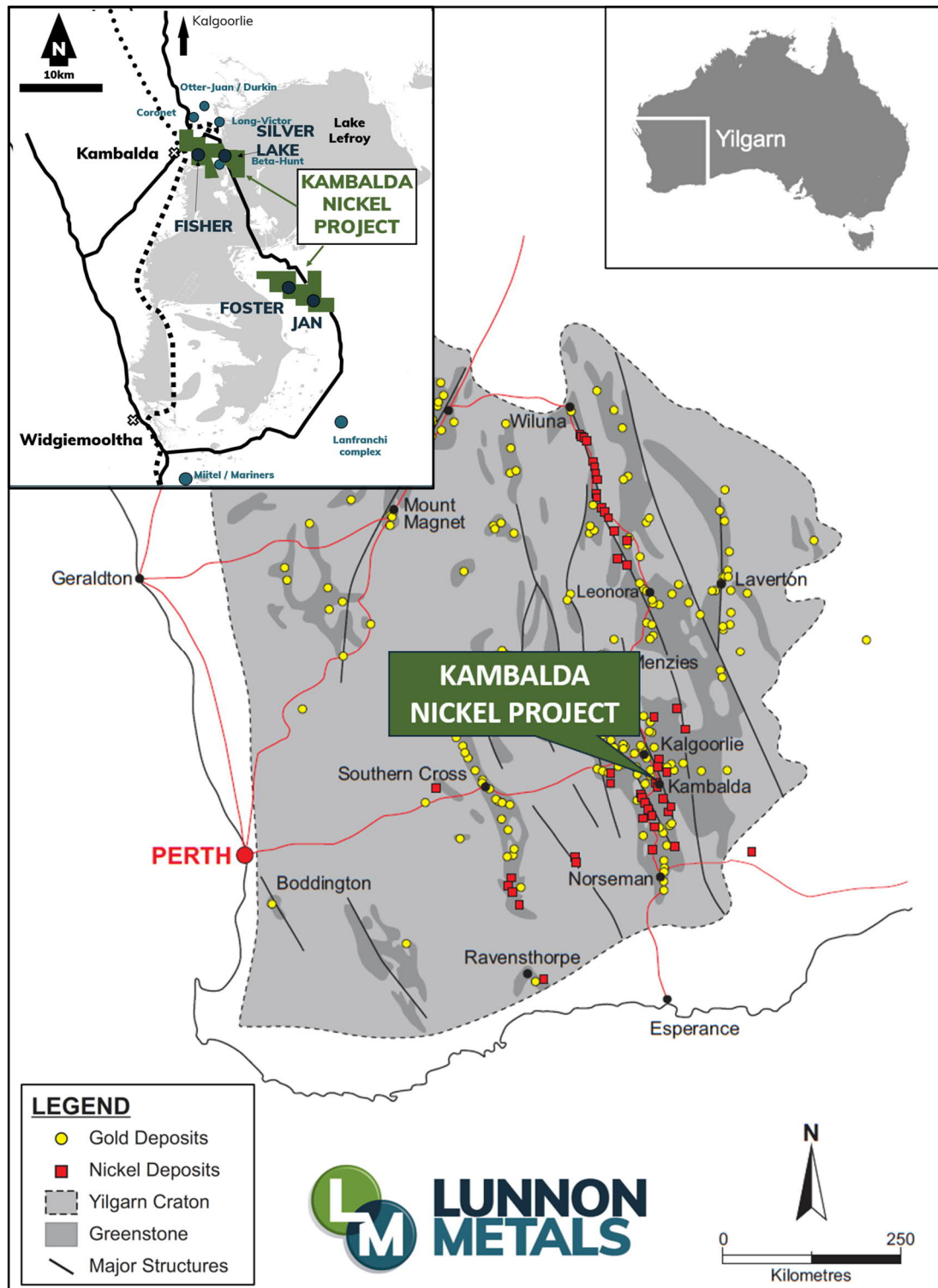
Mr Mark Warren, BEng (Mech), FAusIMM, MIEAust, CPEng, NER, APEC Engineer Int PE (Aus) is a Chartered Professional Engineer with 40 years of international industry experience across a range of sectors with particular focus on the global mining industry. His experience includes board, chief executive, managerial and technical roles across most commodities and geographies in public and private companies. This includes experience in design, operations, manufacturing, project management, strategy development, corporate and board activities. Mr Warren has 29 years of experience in the management of consulting and advisory services businesses. Mr Warren's general knowledge across the mining value chain and experience in a number of transactions, mergers and acquisitions.

3 MINERAL ASSETS

3.1 Overview

The mineral assets of LM8 comprise two separate tenement packages collectively referred to as the Kambalda Nickel Project (KNP), located 50–70 km south-southeast of Kalgoorlie within the Kambalda Nickel District of the Eastern Goldfields in Western Australia (Figure 3.1).

Figure 3.1 Location of the KNP



Source: LM8

LM8 acquired a 100% interest in the southern Foster-Jan Shaft tenement package from SIGMC through a Sale and Purchase Deed executed in 2020.

The Foster-Jan Shaft tenement package comprises 19 contiguous Mining Leases covering the former underground nickel mines of Foster and Jan Shaft with a total area of approximately 23 km². SIGMC retains selected rights to gold in various excluded areas within the tenement package. LM8 estimates that WMC mined over 90,000 tonnes of nickel at Foster and Jan Shaft over their active production history from 1975 up to 1996.

On 12 April 2022, LM8 announced that it had entered into a further agreement with SIGMC to acquire the nickel rights over the whole or portions of 19 contiguous Mining Leases covering a total area of approximately 19.9 km² including the former Silver Lake and Fisher underground nickel mines along with the access rights to an additional Mining Lease covering the former Fisher underground nickel mine portal, located 20 km to the north-northwest of the Foster-Jan Shaft tenement package. Silver Lake was the site of the initial nickel sulphide discovery at Kambalda and the first producing mine. LM8 estimates that WMC mined over 160,000 tonnes of nickel from Silver Lake and Fisher over their active production history from 1968 to 1988.

Whilst in production, all ore extracted from the mines was trucked to WMC's Kambalda Nickel Concentrator at Kambalda. The recently recommissioned concentrator is now owned and operated by BHP Nickel West.

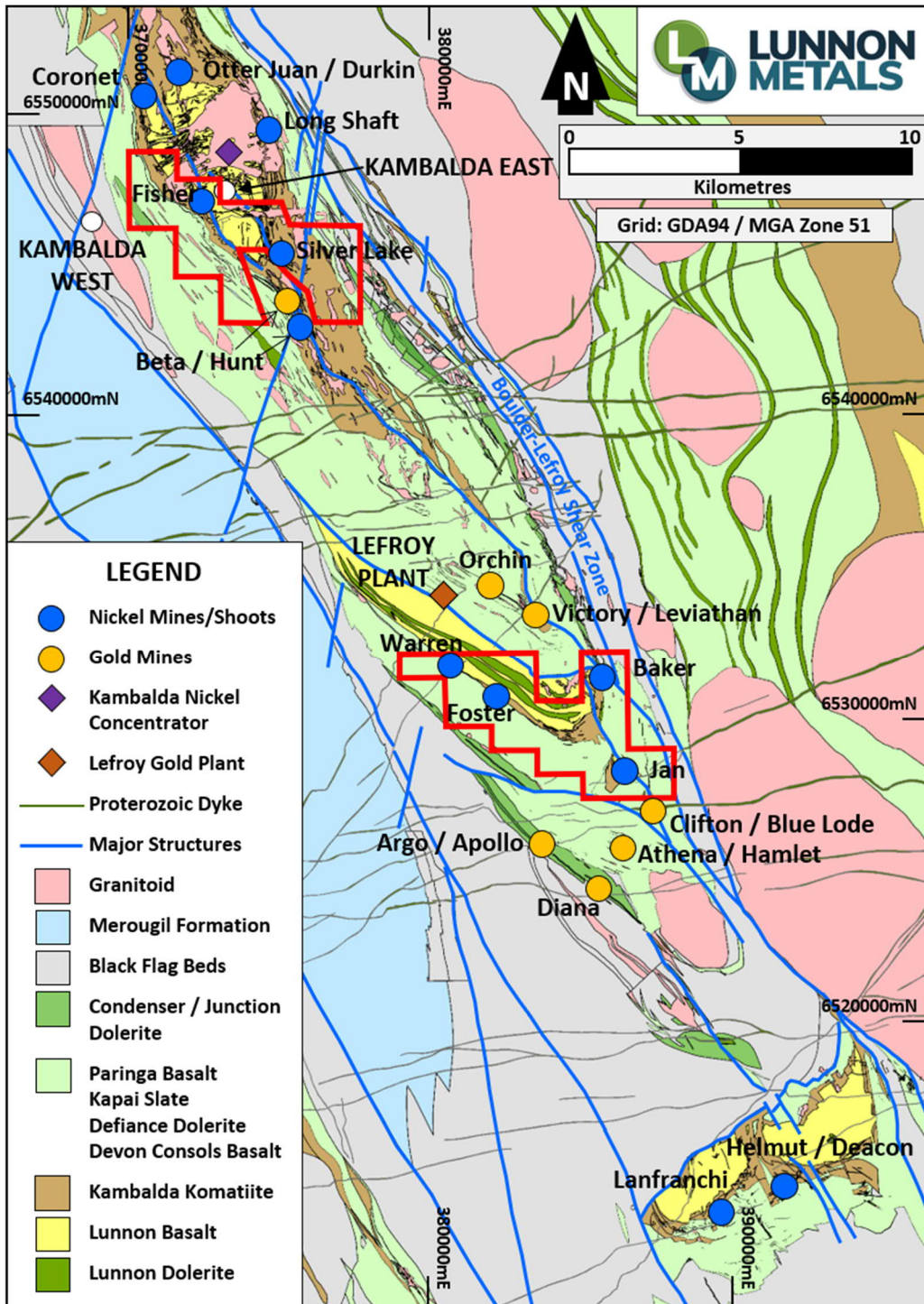
The KNP is in the semi-arid climatic region of the Eastern Goldfields and experiences cool winters and hot, generally dry summers. The average daily maximum temperature is approximately 35°C in summer and 20°C in winter. In winter, there are light but consistent showers between April and October, whereas in summer there are heavy but irregular rainfall events, usually associated with cyclonic depressions. Rainfall in the district is extremely variable, with an annual average rainfall of 265 mm. The average evaporation is estimated at 2,700 mm per year or some 10 times the annual rainfall.

3.2 Geology

The Kambalda Domain forms part of the Norseman-Wiluna greenstone belt, a regionally extensive volcano-sedimentary package of the Archean Yilgarn Craton, a 2.7 Ga granite-greenstone terrane in southern Western Australia. The Kambalda Domain is bound by the north-northwest trending Boulder-Lefroy Fault in the east and the Zuleika Shear to the west. The region has undergone four compressional events predated by early extension and has been metamorphosed to upper greenschist to lower amphibolite facies.

The stratigraphy is dominated by volcanic rocks of the Kalgoorlie Group and felsic volcanic and sedimentary rocks of the Black Flag Group, overlain by the Merougil Beds. The regional succession is intruded by three episodes of Archaean mafic, intermediate to felsic intrusions, as well as Proterozoic mafic dykes. The main structural feature of the area is the gently, double-plunging Kambalda Anticline, which extends north and south of the Kambalda Dome (Figure 3.2).

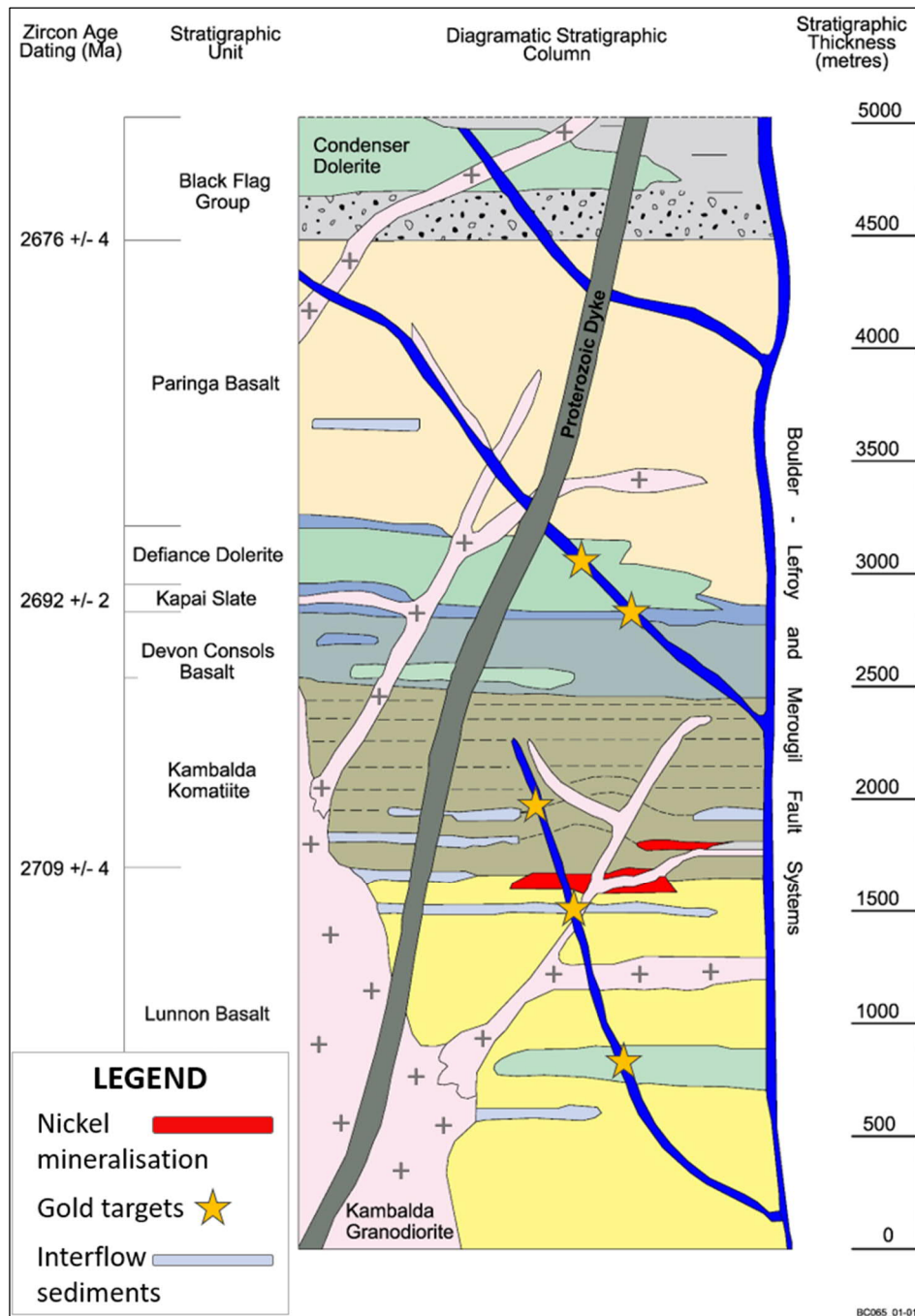
Figure 3.2 Geology of the Kambalda region and KNP areas



Source: LM8

Iron-nickel sulphide mineralisation is normally accumulated within the Kambalda Komatiite Formation of the Kalgoorlie Group above or on the contact with the basal, dome structured Lunnion Basalt (Figure 3.3). The deposits are classified as stratiform komatiitic peridotite-hosted and collectively described as small (0.5 Mt to 5.0 Mt), high-grade (2% to 4% Ni) deposits comprising (from bottom to top) massive, matrix and disseminated sulphides at the base of komatiitic peridotites. The deposits are commonly clustered and characteristically occur in or adjacent to ribbon-like (troughs), extending from 100 m to 2,500 m in length, with widths of 50 m to 250 m. Thicknesses generally range from 1 m to 5 m, but lower-grade ores may be 5 m to 20 m thick (Optiro, 2021).

Figure 3.3 Diagrammatic stratigraphic column of the Kambalda region



Source: LM8

Most deposits occur at the base of the thick, basal komatiitic peridotites and are referred to as contact ores. Some deposits occur at the base of overlying flow units and are referred to as hangingwall ores. A typical ore profile consists of a thin, discontinuous, massive-sulphide (>80% sulphides) layer, which overlies footwall rocks, and is itself overlain successively by a thick, more continuous layer of matrix sulphides (40–80% sulphides), then disseminated (10–40% sulphides) and komatiitic peridotite. Some of the massive sulphide layers are strongly layered whereas others are massive. Larger ore-shoots commonly feature more massive sulphides than smaller shoots. The sulphide mineralisation is almost totally restricted to ore zones, with negligible disseminated sulphides in normal flow units.

The deposits have been metamorphosed and deformed and these processes have modified the mineralisation to varying degrees. Structural modification has been extreme because highly ductile massive-sulphide ores are sited on major lithological contacts which are the focus for shear deformation in the greenstone belts.

The mineralogy of massive and matrix ores is dominated by pyrrhotite-pentlandite-pyrite, lesser pentlandite-pyrite and rare pentlandite-pyrite-millerite assemblages. Chalcopyrite, magnetite and ferrochromite are ubiquitous minor phases. Pyrite is relatively abundant in massive ores, whereas magnetite is more abundant in matrix ores.

Iron-nickel sulphide mineralisation at Foster, Jan and East Cooe is most closely associated with the Lunnon Basalt Formation (footwall) and the Kambalda Komatiite Formation (host rocks and hangingwall). Interflow sedimentary units are generally absent but in some ore shoots (Silver Lake, Foster, Durkin, McMahon, Edwin, Blair, Mount Edwards) sulphidic sedimentary units are overlain by the channel facies flow. The channel flow facies are traceable as north-northwest trending belts for up to 15 km in length and 500 m width and occupy physical embayments (troughs) in the underlying Lunnon Basalt. A popular genetic model for the trough formation is thermal erosion by the hot and viscous komatiite flows.

At surface, the Foster-Jan Shaft tenements have over 9 km of strike extent of contact between the Lunnon Basalt Formation in the footwall and the basal Silver Lake Peridotite komatiitic member of the Kambalda Komatiite Formation in the immediate hangingwall, the prospective nickel mineralised position throughout the Kambalda nickel district. The Silver Lake-Fisher tenements host approximately 4.5 km of strike extent of this prospective contact.

3.3 Foster-Jan Shaft

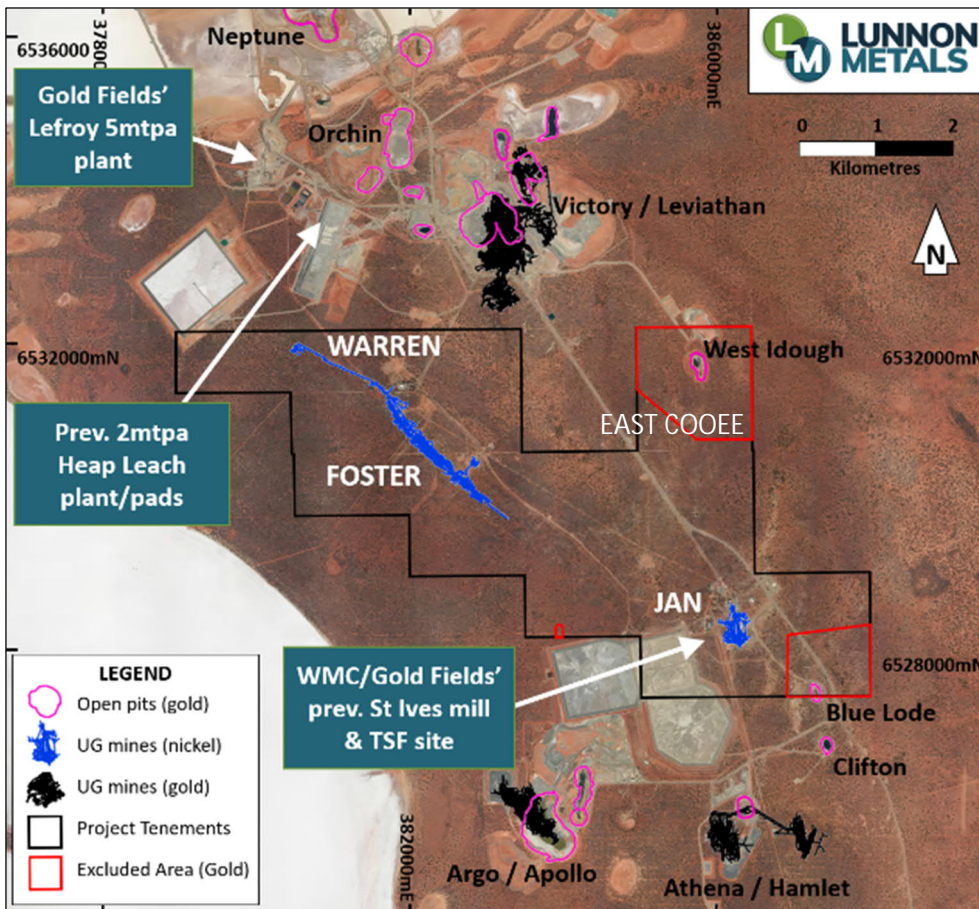
3.3.1 Background

The Foster-Jan Shaft tenement package is located south and east of Lake Lefroy and is accessed via well-established mine roads and a lake causeway from the Kambalda East township located 19 km to the north. SIGMC's main administration office on the south side of Lake Lefroy is within 3.5 km north of the tenement area (Figure 3.4). The Kambalda Nickel Concentrator is located 20 km to the north.

The Foster-Jan Shaft tenement area is interpreted to contain at least five mineralised nickel troughs (Figure 3.4 and Figure 3.5). The known troughs comprise:

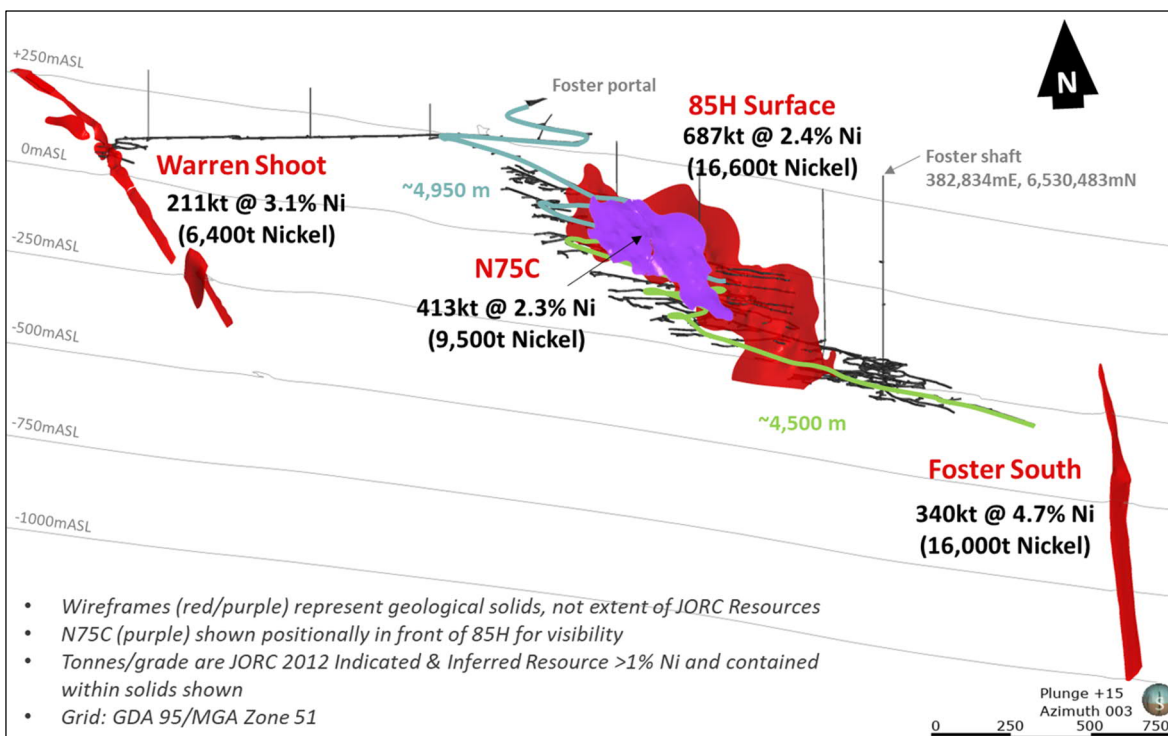
- **Warren:** This area was accessed by an independent decline branching off the main Foster decline near the portal. Limited development and stoping occurred before an uncontrolled water ingress required the area to be blocked off. LM8 interprets the Warren Shoot trough to run sub-parallel to the Foster Main trough and may present a significant exploration target down plunge.
- **Foster Main:** This area was mined between 1986 and 1994 producing over 60,000 tonnes of nickel metal. At its peak, Foster's nickel production represented up to 30% of the feed to the Kambalda Nickel Concentrator. LM8 considers that the central and upper flank areas of the main mine have good potential for near-mine development.
- **Foster South (or Deeps – 64C):** The Foster South trough is considered to either be a fault offset segment of the main Foster trough system rotated to a more vertical plunge, or a potential new trough. The high-grade massive sulphide is open up-plunge and down-plunge and is located just 300 m beyond the end of the current main decline.
- **Jan Shaft:** This mineralisation comprises a series of deeply incised, vertical plunging troughs and associated extensive hangingwall shoots (Figure 3.6).
- **East Cooe:** This mineralisation is located to the north of Jan Shaft (Figure 3.4), comprising a considerable quantity of hangingwall-style mineralisation and anomalism that was subject to sporadic phases of drill testing by WMC. Two deeply embayed troughs were interpreted to be present, with only limited diamond core (DD) or reverse circulation (RC) holes drilled at suitable orientations to test these features.

Figure 3.4 Location of Foster-Jan Shaft tenement package relative to SIGMC's gold mines and infrastructure



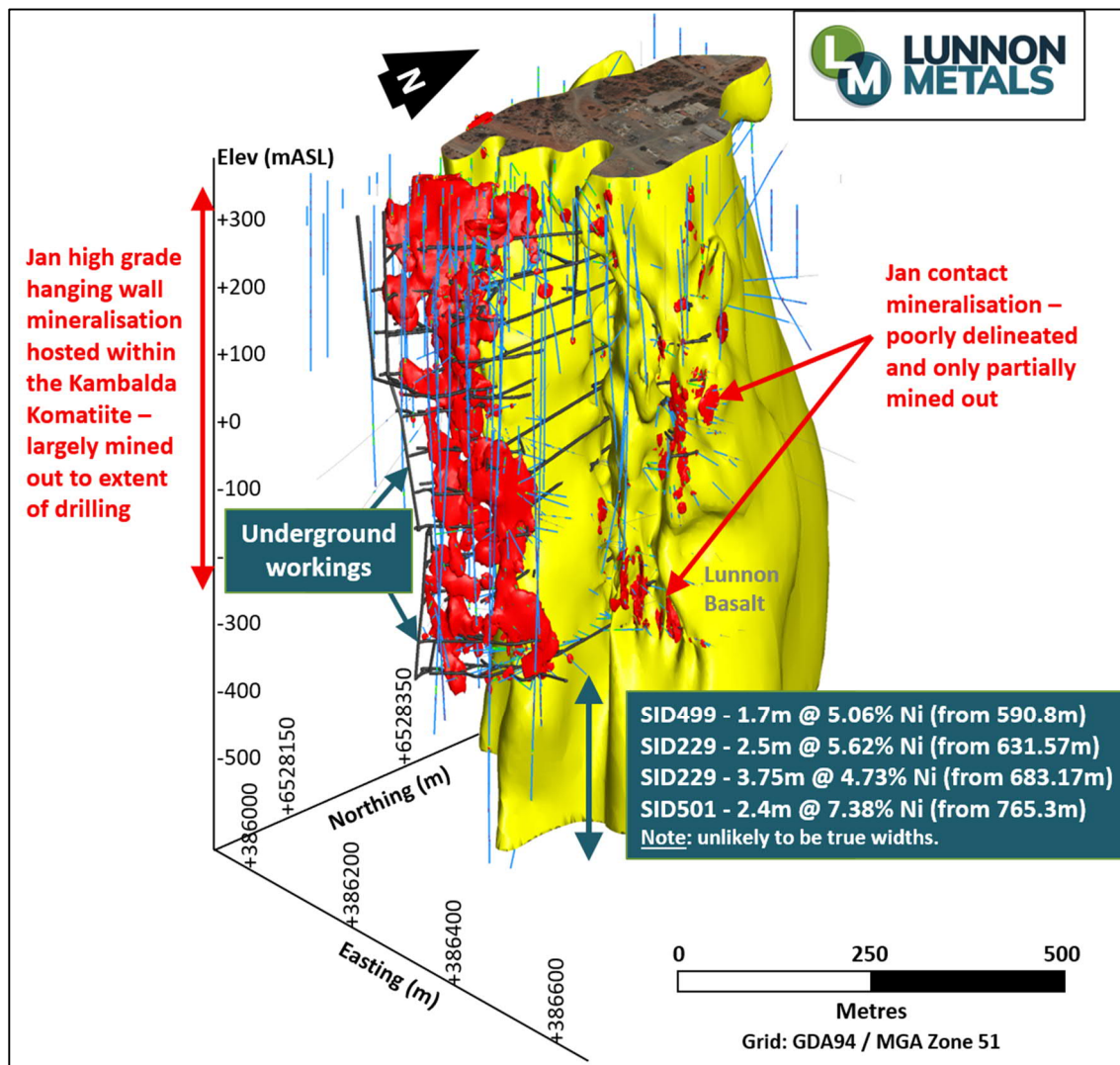
Source: LM8

Figure 3.5 Perspective view (to the north-northeast) of the Foster mine decline, workings and access points



Source: LM8

Figure 3.6 Perspective view (to the north-northwest) of the Jan Shaft workings and access points



Source: LM8

The outcropping nickel gossan at Jan was first drilled by WMC in 1967 immediately following the discovery of the Lunnon Shoot (subsequently renamed the Silver Lake mine) in 1966. Detailed exploration led to the sinking of Jan Shaft in late-1974, with first ore produced in mid-1975 (Optiro, 2021).

The Jan nickel mine, accessed via the Jan Shaft, produced 1.1 Mt at an average grade 2.82% Ni for 30,000 tonnes of nickel metal before closing in 1987. The defined nickel shoots were mined to depths of approximately 560 m below surface with several significant high-grade nickel sulphide intercepts reported by WMC beneath the mine workings (Figure 3.6). The St Ives gold processing facility was subsequently built on top of the mine utilising a significant portion of the existing surface mine infrastructure for the new plant. The Jan Shaft is currently inaccessible.

The Foster mineralisation had no direct surface expression and was not discovered until 1971. A decline was developed in 1981 to access the upper Foster “Tops” and Foster “Main” deposits. A haulage shaft to access deeper portions of the Foster “Main Trough” and Foster “South” mineralisation commenced in 1983 and was completed in 1986.

The Foster mine produced 2.4 Mt at an average grade of 2.57% Ni for 61,000 nickel metal tonnes. The Foster mine operation consisted of a shaft, decline, ventilation shafts, workshops, a dewatering pipeline to Lake Lefroy and ancillary facilities. Development was stopped at Northwest Foster (now termed the Warren Shoot) in 1985 and this portion of the mine was later closed due to an uncontrollable influx of water that threatened to flood the entire Foster decline. Underground production ceased in 1994 and, following processing of minor surface stocks, the decision to not recommence underground production was made in 1996 at which time the Foster mine portal was blocked and backfilled. At the time of closure, WMC reported a total remaining inventory of 1,192,000 tonnes at 2.27% Ni for 29,460 nickel tonnes¹ (Flomersfeld and Clark, 1996). Since closure, the Foster mine has been allowed to flood to the static water table level of approximately 17 m below surface, based on a direct measurement at the Foster shaft.

No nickel resources or reserves were ever reported by WMC in accordance with 2012 JORC Code guidelines.

Gold Fields purchased the St Ives gold project from WMC in December 2001. Although Gold Fields' acquisition was focused on the gold potential at St Ives, a number of existing nickel mines and rights to nickel were included as part of the acquisition.

In November 2004, Reliance Mining (Reliance), subsequently acquired by Consolidated Minerals, was granted an option by Gold Fields to acquire an interest in the mining tenements over the Foster and Jan Project area. From 2004 to 2008, Reliance carried out desktop assessments of the nickel mineralisation at Foster, Northwest Foster, Jan and East Cooee and drilled a single deep diamond drillhole with two wedge holes along strike of, and down the then interpreted plunge lineation, of the Foster Main trough line, without success. The Reliance option was terminated in 2014.

In October 2014, LM8 commenced a farm-in under the terms of an Option and Joint Venture Agreement as described in Section 3.3.2.

In 2016, LM8 completed a Scoping Study required under the terms of the agreement. The study involved a strategic review and ranking of the complete portfolio at that time and included identified prospects and the existing historical WMC mineral inventory. The Company generated a mineral inventory and conceptual opportunities for both gold and nickel targets. In the prevailing low nickel price environment, LM8 concluded that the most advanced nickel prospects required higher nickel prices to be economic. It also highlighted that further study was warranted on whether the 85H deposit (Figure 3.5) could present as a standalone development and whether the Warren Shoot (Northwest Foster) and East Cooee showed potential merit when modelled under potential higher nickel price scenarios.

In 2017, LM8 completed a Prefeasibility Study (PFS) into the conceptual mining of the 85H deposit as a standalone operation. The results of the PFS indicated that the 85H was marginally economic as a standalone project at the spot nickel price at the time, with improving returns at higher modelled prices. The PFS further noted that 85H and Foster South should be mined together, but only under higher nickel price scenarios. Consequently, the PFS recommended not advancing the study to the more detailed Feasibility Study level until a more favourable nickel price environment was realised.

Since the completion of the PFS, the Company has estimated Mineral Resources for the 85H, Foster South and Warren Shoot and has reviewed the mining methods for any future mine redevelopment.

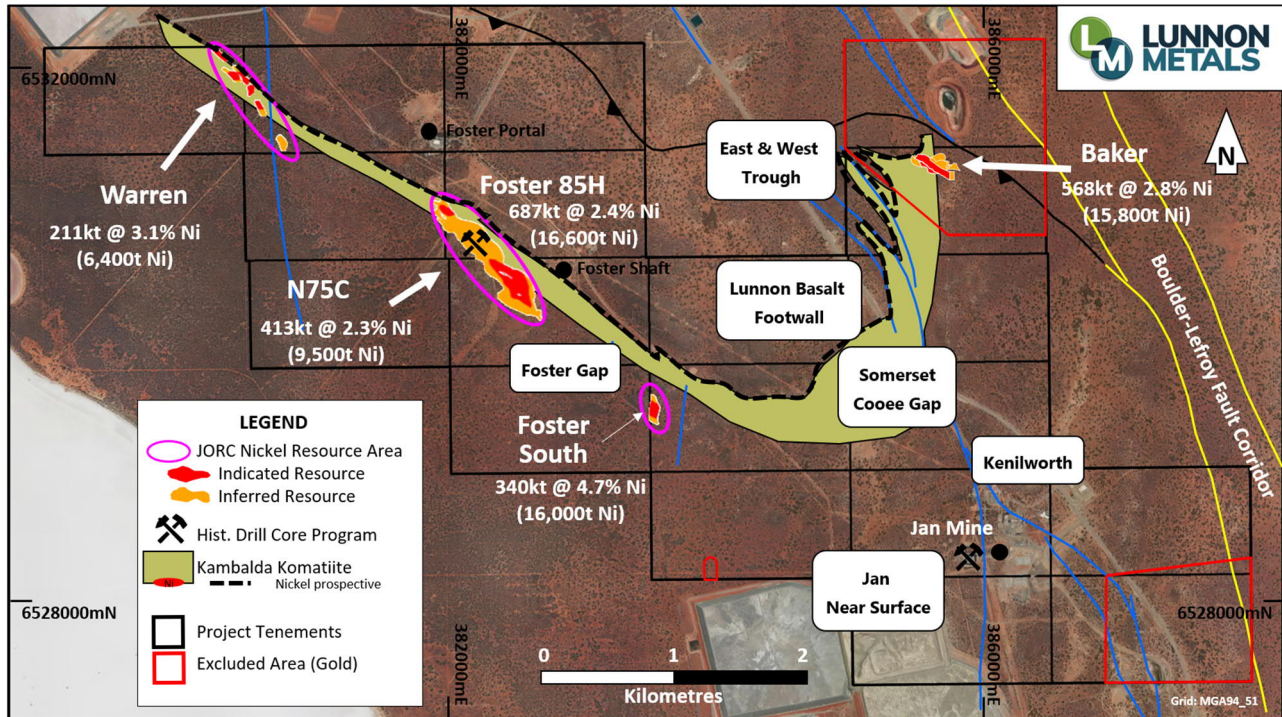
In June 2021, LM8 was admitted to the Official List of ASX following an initial public offer (IPO) to raise A\$15 million. The Company subsequently commenced DD and RC drilling programmes at:

- East Cooee to follow-up the earlier WMC drilling at the East Trough and East Cooee-H/W prospects (subsequently renamed Baker (Figure 3.7))
- Warren Shoot to test the channel and surrounding area for nickel sulphide mineralisation, both up-plunge and down-plunge of the former mine workings to expand the Mineral Resource

¹ The estimate is a historical estimate and is not reported in accordance with the 2012 JORC Code. A Competent Person has not done sufficient work to classify the historical estimates as a Mineral Resource in accordance with the JORC Code and it is uncertain that following evaluation and/or further exploration work that the historical estimate will subsequently be able to be reported as a Mineral Resource in accordance with the JORC Code.

- Jan Shaft to initially test lower-priority, near-surface targets on both the prospective nickel contact and mineralised positions in hangingwall komatiite
- Somerset/Cooee Gap testing the broad nickel soil anomaly
- Lunnon Basalt Footwall to test a conceptual gold target in the Cooee Gap area
- Foster Gap testing the prospective komatiite-basalt contact between the southern end of the former Foster mine workings and Foster South.

Figure 3.7 Foster-Jan Shaft resource and exploration targets



Source: LM8

The drilling programme at East Cooee successfully intersected significant nickel sulphide mineralisation at the East Trough and East Cooee-H/W prospects (subsequently renamed Baker). A maiden Mineral Resource estimate was reported for Baker by LM8 on 14 June 2022. The discovery and growth of the Baker prospect highlights the good potential for relatively constrained, but sizeable, mineralised footwall troughs and overlying hangingwall mineralised positions to be discovered in the Foster-Jan Shaft area. The eastern side of the komatiite is relatively underexplored compared to the Foster-Jan Shaft area.

The ongoing drilling programme at Warren continues to intersect encouraging intervals of nickel sulphide mineralisation outside of the resource boundaries within the interpreted channel.

A re-assaying programme of WMC drill core was also progressed, aimed at reporting Mineral Resources for the remaining unmined nickel mineralisation at the Foster mine and assist in targeting areas for future exploration drilling. The N75C surface was selected as a priority target due to its proximity to the existing 85H Mineral Resource with a maiden Mineral Resource reported by LM8 in April 2022.

3.3.2 Tenure

LM8 holds 19 contiguous Mining Leases covering approximately 2,307 ha (23.02 km², Table 3.1) which were initially acquired pursuant to an Option and Joint Venture Agreement with SIGMC dated 9 October 2014 to earn a 25% interest in the Mining Leases by completing a Scoping Study, incurring at least A\$2 million in expenditure on the tenements within 24 months, and a further 26% interest by completing certain dewatering requirements or completing a PFS and incurring expenditure of at least A\$8 million within 96 months.

Table 3.1 Foster-Jan Shaft tenement schedule

Licence	Registered holder	Interest	Status	Grant	Expiry	Area (ha)	Annual rent (A\$)	Annual expenditure (A\$)
M15/1546	LM8	100%*	Live	24/12/2004	23/12/2025	121.20	2,928	12,200
M15/1548	LM8	100%*	Live	24/12/2004	23/12/2025	121.25	2,928	12,200
M15/1549	LM8	100%	Live	24/12/2004	23/12/2025	121.35	2,928	12,200
M15/1550	LM8	100%	Live	24/12/2004	23/12/2025	121.45	2,928	12,200
M15/1551	LM8	100%	Live	24/12/2004	23/12/2025	121.40	2,928	12,200
M15/1553	LM8	100%	Live	24/12/2004	23/12/2025	120.95	2,904	12,100
M15/1556	LM8	100%	Live	24/12/2004	23/12/2025	121.10	2,928	12,200
M15/1557	LM8	100%*	Live	24/12/2004	23/12/2025	121.20	2,928	12,200
M15/1559	LM8	100%	Live	24/12/2004	23/12/2025	120.80	2,904	12,100
M15/1568	LM8	100%	Live	24/12/2004	23/12/2025	121.20	2,928	12,200
M15/1570	LM8	100%	Live	24/12/2004	23/12/2025	121.35	2,928	12,200
M15/1571	LM8	100%	Live	24/12/2004	23/12/2025	121.30	2,928	12,200
M15/1572	LM8	100%	Live	24/12/2004	23/12/2025	121.40	2,928	12,200
M15/1573	LM8	100%	Live	24/12/2004	23/12/2025	121.15	2,928	12,200
M15/1575	LM8	100%	Live	24/12/2004	23/12/2025	121.35	2,928	12,200
M15/1576	LM8	100%	Live	24/12/2004	23/12/2025	120.80	2,904	12,100
M15/1577	LM8	100%	Live	24/12/2004	23/12/2025	120.70	2,904	12,100
M15/1590	LM8	100%*	Live	24/12/2004	23/12/2025	121.30	2,928	12,200
M15/1592	LM8	100%*	Live	24/12/2004	23/12/2025	121.00	2,904	12,100
Total						2,302.25	55,5120	231,300

* Excluding gold rights to "Excluded Areas".

Source: LM8

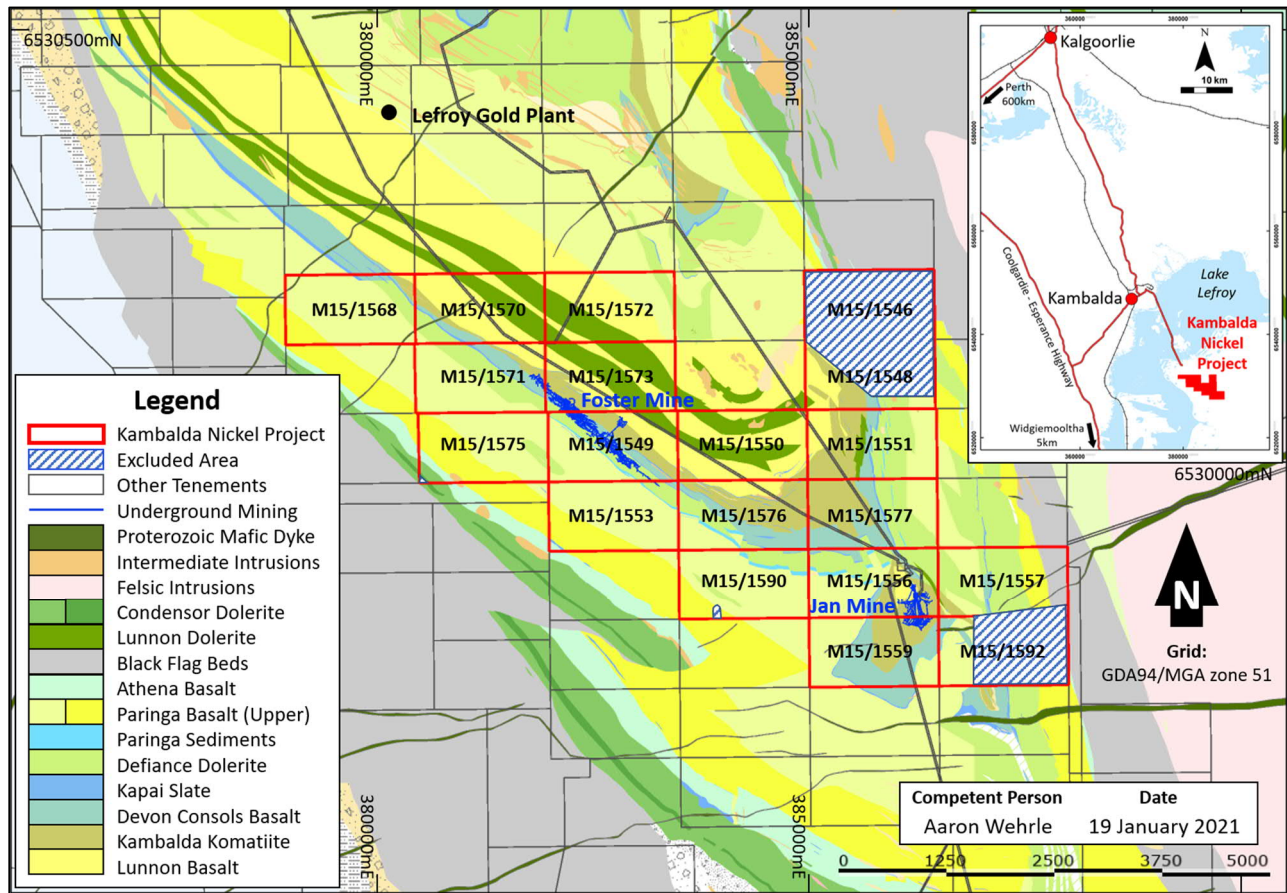
Under the agreement, Gold Fields retained by way of an exclusive licence, the right to explore for or mine gold on part of the tenements defined as the "Excluded Areas" (Table 3.1, Figure 3.8). The rights retained by SIGMC in relation to the Excluded Areas included:

- The full and exclusive licence, right and liberty to enter on any Excluded Area to explore for gold, and where gold deposits are discovered which in Gold Fields' judgment are economically viable, to mine for gold by such means as Gold Fields may choose.
- If future activities by Gold Fields in relation to gold in an Excluded Area or areas immediately outside or adjacent to the project area indicates continuation of gold mineralisation into the project area, the boundaries of the Excluded Area will be expanded to include such gold mineralisation extensions provided such expansions or extensions do not unreasonably interfere with the actual or proposed activities of LM8 or link directly with gold mineralisation already identified by the activities of the Company.

On 19 November 2020, LM8 entered into a Sale and Purchase Deed with Gold Fields whereby Gold Fields agreed to sell its residual 49% interest in the tenements. The consideration for the purchase of the remaining 49% interest was the issue of LM8 shares to Gold Fields representing 49% of the issued share capital of LM8 on a fully diluted basis prior to the issue of any shares or options under the Company's prospectus in respect of its IPO

All the tenements are now 100% held and registered in the name of LM8; however, pursuant to the terms of the WMC sale agreement with Gold Fields, the Company has a contractual relationship with BHP Nickel West in respect to the processing of any potential future nickel mineralisation mined within the project tenements. The obligation is to offer to sell ore for treatment in certain circumstances or pay a 1% royalty.

Figure 3.8 Foster-Jan Shaft Mining Leases and geology showing Excluded Areas



Source: LM8

All the Foster-Jan Shaft tenements are within the boundaries of Native Title claims (both registered and unregistered) and/or Native Title determinations. 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. LM8 may be liable to pay compensation to the determined Native Title holders for the impact of a tenement on Native Title. The amount of compensation will be determined in accordance with the *Native Title Act 1993* and will be affected by the specific circumstances of each case.

Under Section 26D of the Native Title Act, certain renewals of mining rights and extensions of the terms of mining rights are exempt from the right to negotiate process. Subdivision P applies where the renewal or term extension is of an earlier right to mine granted on or before 23 December 1996 (and various other criteria are satisfied). LM8 has indicated that it will seek to rely on section 26D of the Native Title Act if, at the appropriate time, the Company is satisfied that it is reasonable and appropriate to do so.

3.3.3 Mineral Resources

The Mineral Resources reported by LM8 within the Foster-Jan Shaft tenements are summarised in Table 3.2.

Table 3.2 Mineral Resources reported above a cut-off grade of 1% Ni

Deposit	Classification	Tonnes (kt)	Nickel grade (%)	Contained nickel (kt)
85H	Measured	-	-	-
	Indicated	387	3.3	12.8
	Inferred	300	1.3	3.8
	Total	687	2.4	16.6
Foster South	Measured	-	-	-
	Indicated	223	4.7	10.5
	Inferred	116	4.8	5.5
	Total	340	4.7	16
Warren Shoot	Measured	-	-	-
	Indicated	136	2.7	3.7
	Inferred	75	3.7	2.7
	Total	211	3.1	6.4
N75C	Measured	-	-	-
	Indicated	271	2.6	6.9
	Inferred	142	1.9	2.6
	Total	413	2.3	9.5
Baker	Measured	-	-	-
	Indicated	295	2.8	8.1
	Inferred	273	2.8	7.7
	Total	568	2.8	15.8
TOTAL	Measured	-	-	-
	Indicated	1,312	3.2	42.0
	Inferred	906	2.5	22.3
	TOTAL	2,219	2.9	64.3

Source: LM8

Note: Inconsistencies in totals due to rounding.

The information in this table that relates to Mineral Resource estimation is based on information compiled by Mr Aaron Wehrle and fairly represents this information. Mr Wehrle is a Member of the AusIMM and is a full-time employee and shareholder of LM8. Mr Wehrle 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 2012 Edition of the JORC Code. Mr Wehrle consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

For the purpose of this report, Snowden Optiro has relied on Mr Glacken's review of the 85H, Foster South and Warren Mineral Resources disclosed in Optiro's ITAR dated 11 March 2021. Mr Glacken carried out additional reviews of the N75C and Baker Mineral Resource estimates for this report.

85H

In January 2021, Cube Consulting Pty Ltd (Cube) estimated a Mineral Resource for the 85H nickel surface in the main Foster area. Drillhole data and geological interpretations were supplied by LM8 and Cube produced the estimate using standard processes and procedures including data selection, compositing, variography, estimation by ordinary kriging (OK) and model validation. Estimates were made for nickel and bulk density only. The unmined and unsterilised portion of the 85H Mineral Resource estimate above a 1% Ni cut-off is summarised in Table 3.2.

Other than reporting above a cut-off grade, no Reasonable Prospects of Eventual Economic Extraction (RPEEE) criteria have been applied. The 1% Ni cut-off grade was historically used for the reporting of Kambalda nickel sulphide resources.

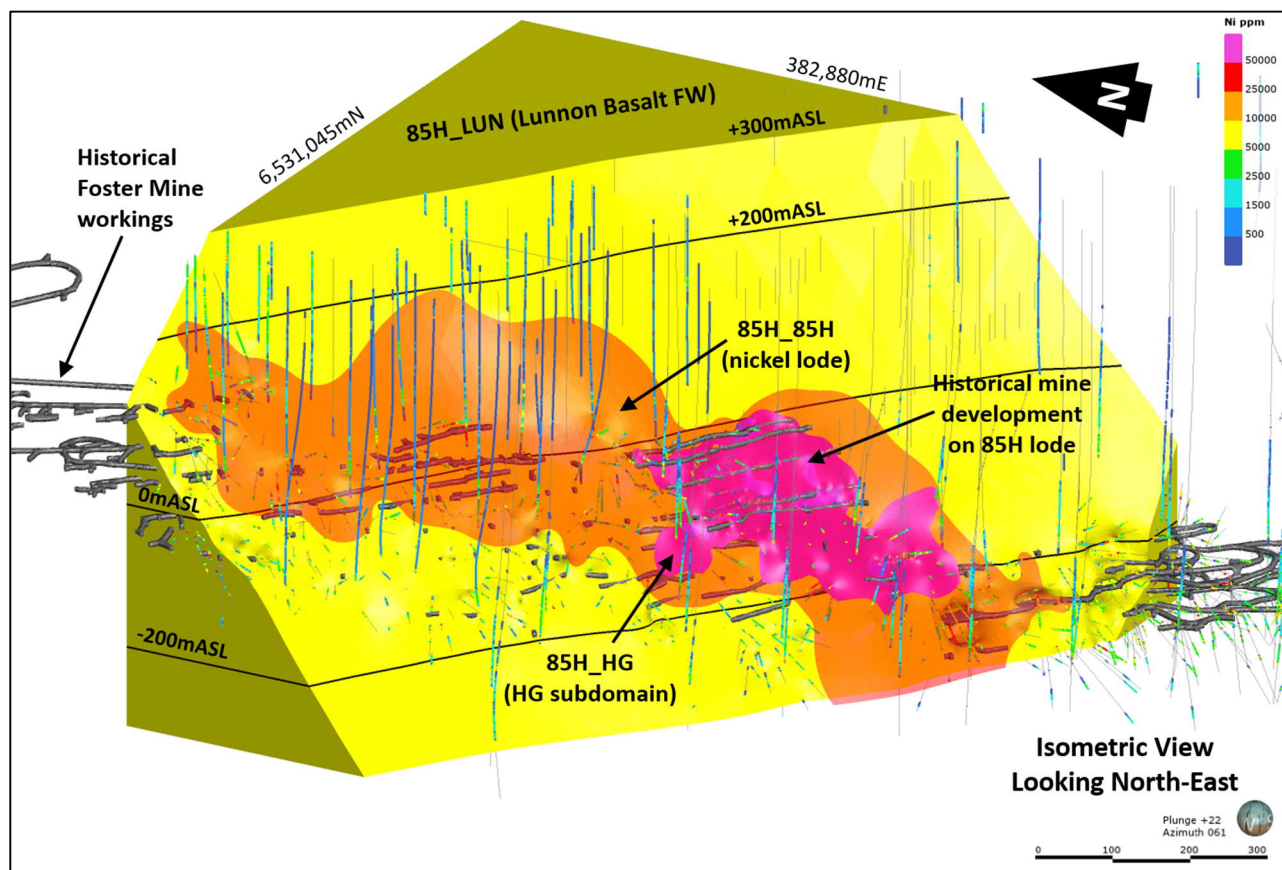
Interpretation of the 85H lode was based on supporting geological data, including:

- Original WMC 20 m spaced cross sections (scanned and geo-referenced in 3D in Leapfrog).
- Original WMC level plan mapping (scanned and geo-referenced in 3D in Leapfrog) along with the 3D mine development drives. The mapping (along with the cross sections) was essential for distinguishing the 85H lode from other nickel lodes located between the 85H surface and the basal ultramafic-basalt contact. The historical mining and mapping of the 85H lode also documents its character which is used to identify the lode in drill core.
- Historical and check logging of drill core. The 85H lode is typically logged as containing disseminated to massive nickel sulphides in komatiite (and occasionally interflow sediments) which is consistent with the underground level plan mapping.
- Historical and check sampling and assaying of drill core. In general, samples with >1% Ni were preferred for selection (corresponding well with logged nickel sulphides); however, anomalous samples with >0.5% Ni were also included to improve lode continuity. Samples with >0.5% and <1% Ni on the peripheries were not included unless the overall lode width was very narrow (<1 m total width).
- Distance from the basal ultramafic-basalt contact, which is typically 15–25 m, was maintained.

These aspects were used as a guide with each drill intercept considered on its own merits for inclusion or otherwise into the 85H lode. The lode is modelled with a 20° towards 140° average plunge over approximately 1,200 m and an across plunge width of between 200 and 300 m.

The top of the 85H nickel lode model occurs at 220 m above sea level (ASL) (90 m below topographic surface) and extends to at least -300 m ASL (610 m below surface), which is well below the weathered regolith zone, and the entire surface is in fresh rock. An oblique view of the mineralised lodes looking to the northeast is shown in Figure 3.9, with the mineralised lodes extending for more than 1,200 m down plunge. The 85H surface has an average true thickness of 3 to 4 m and the high-grade surface has an average true thickness of 1 to 2 m.

Figure 3.9 85H (orange) and HG (magenta) mineralised surfaces, looking northeast



Source: LM8

The estimation workflow comprised the following steps:

- Reinterpretation of the main zones of hangingwall mineralisation, and where applicable, the contact mineralisation (sitting upon the Lunnon Basalt) using Leapfrog.
- Definition of a number of mineralisation domains or shoots constrained by structural features or by nickel grade. These comprise narrow, ribbon-like sheets of mineralisation. The various sulphide facies (massive, matrix and disseminated) have largely been defined at a surface or domain level, but otherwise have not been differentiated in the modelling.
- Flagging and compositing of mineralisation intercepts within each domain or surface, followed by data conditioning and top cutting of high grades (where necessary).
- Limited kriging neighbourhood analysis for the determination of optimum estimation parameters, along with variography of nickel in the main shoots or surfaces.
- Ordinary kriging into parent cells, with sub-celling to define mineralised volumes.
- Model validation at the local, intermediate and domain-level scale against the informing drillhole composites.
- Post-processing to remove material which has been mined. There has been limited mining of the 85H surface but workings on the underlying Foster Main contact mineralisation often impact potential extraction of the overlying 85H ore, and in these cases a zone of sterilisation has been defined as a 3D exclusion zone.

Classification of the 85H Mineral Resource considered two main criteria: 1) confidence in the nickel estimate; and 2) RPEEE. The assessment of confidence in the estimate of nickel included:

- Drill data quality and quantity
- Geological interpretation (particularly aspects that impact on nickel mineralisation)
- Geological domaining (for mineralised surfaces specific to the estimation of nickel)
- The spatial continuity of nickel mineralisation
- Geostatistical measures of nickel estimate quality.

Areas that have been previously mined were flagged as depleted in the model and areas considered to be sterilised, as they are close to stopping on other lodes, were also coded and removed from the Mineral Resource estimate. In general, the classification comprises:

- Mineralised blocks within about 20 m of the historical mining and face sampling have been classified as Indicated. This level of data would generally be sufficient for a classification of Measured, but the lack of drillhole and quality assurance/quality control (QAQC) data in the high-grade zones has resulted in a classification downgrade.
- The remaining resource outside the Indicated area is classified as Inferred, which has a general drillhole spacing of about 30 m by 30 m.
- Areas that have been mined or are within the sterilisation zones are not classified.

Mr Glacken reviewed the Foster 85H Mineral Resource estimation workflow as applied by Cube and endorsed by Mr Aaron Wehrle of LM8 (acting as Competent Person) and believes that it reflects standard to good industry practice. The defining step is the interpretation of the mineralised zones (the estimation domains) and this has been carried out diligently and with due consideration of all of the informing data, both mapping and drilling. The Company and Cube have provided such validation as to gain confidence that the estimation fairly reflects the underlying drilling and mapping data.

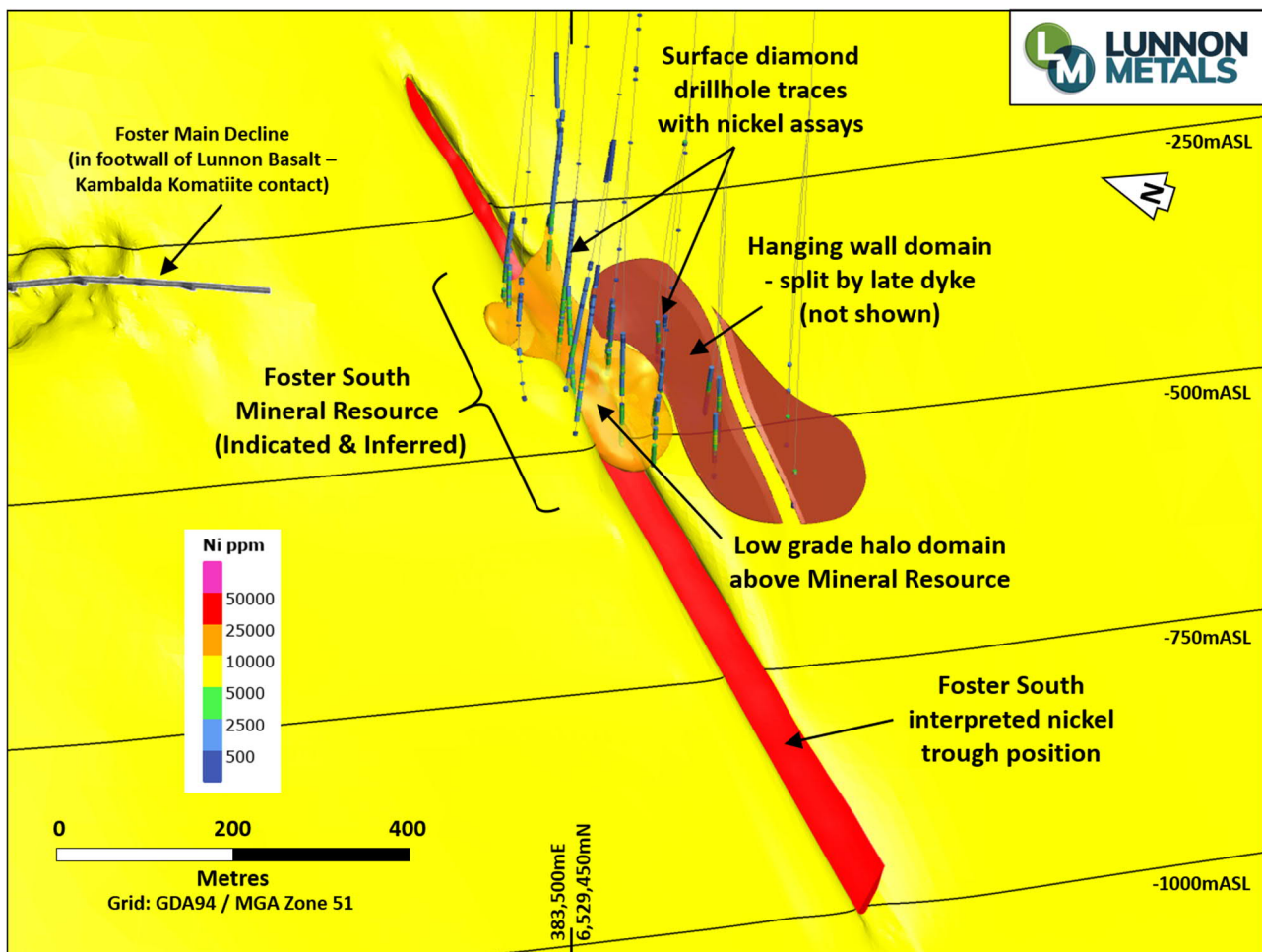
Foster South

In December 2020, Cube estimated a Mineral Resource for the Foster South nickel deposit. As for 85H, drillhole data and geological interpretations were supplied by LM8 and Cube produced the estimate using standard processes and procedures including data selection, compositing, variography, estimation by OK and model validation. Estimates were made for nickel and bulk density as well as the minor elements of arsenic, cobalt, copper, iron, magnesium oxide (MgO) and sulphur. Furthermore, estimates were made for all variables in the background “halo” domain (outside the mineralised lodes) for potential future mine planning purposes (e.g. dilution calculations).

The Foster South Mineral Resource estimate is summarised in Table 3.2. No lower nickel cut-off grade was applied to the resource reporting, but the lowest nickel grade estimated in the mineralised lodes is 3.3% Ni. Note that no RPEEE criteria have been applied other than reporting the material within the Indicated and Inferred categories above a 1% Ni cut-off. The nature of the mineralisation is such that the defined contact ore shoot reflects high-grade mineralisation.

The mineralised domains comprise a high-grade (HG) domain, a low-grade mineralised cloud and hangingwall mineralisation. An oblique view of the mineralised lodes looking to the northeast is shown in Figure 3.10. The HG surface extends for approximately 1,050 m down plunge, varying in width across strike from 20 m up to 80 m wide. True thickness varies from 2 m to more than 10 m with an average of about 8 m. The shoot has been extrapolated significantly beyond the data, but the extrapolated portion has largely not been classified.

Figure 3.10 Foster South mineralised surfaces looking northeast (Source: Lunnon Metals); red – high-grade domain, green – low-grade halo, orange – hangingwall domain



Source: LM8

The high-grade nickel sulphide trough mineralisation is hosted within the Kambalda Komatiite and consists of ponding at the contact with the footwall Lunnon Basalt. The trough and mineralisation have a relatively narrow width to length ratio, and the shoot plunges approximately 55° towards 174°. Mineralisation is defined by an approximate 1% Ni lower cut-off grade.

The low-grade domain consists of a dispersed low-grade nickeliferous halo or cloud (approximately 0.5% Ni average grade) immediately above the high-grade trough and basal ultramafic-basalt contact. The domain comprises typically 5–10% disseminated, stringy to blebby pyrrhotite with medium tenor nickel sulphides hosted within the Kambalda Komatiite. While this has been modelled, it has not been classified and, were it to be reported in the future, a cut-off grade would need to be applied.

The hangingwall domain comprises a narrow perched nickeliferous horizon representing the basal portion of an upper ultramafic flow (approximately 30–40 m above the basal ultramafic-basalt contact). While the host rock is predominantly ultramafic rock, it also includes minor interflow chemical sediments associated with the base of the ultramafic flow.

The estimation workflow is essentially the same as the 85H estimate described above. Mr Glacken reviewed the estimate, the validation and the methodology and endorses it as appropriate to represent this style of mineralisation.

Classification of the Foster South Mineral Resource has followed similar criteria as summarised above for 85H. Further to these criteria, and relating to data density, the Mineral Resource has been classified as follows:

- Indicated Mineral Resources are within the area bounded by drilling and estimated in search pass 1
- Inferred Mineral Resources are within the area immediately outside the drilling and estimated in search pass 2 (that is up to 120 m beyond drilling up and down dip).

Mr Glacken has reviewed the Foster 85H Mineral Resource estimate as generated by Cube and endorsed by Mr Aaron Wehrle of LM8 (acting as Competent Person) and believes that it reflects standard industry practice. The generation of the mineralised zone shapes is key and this has been carried out diligently and with due consideration of the density and quality of the informing data. The Company and Cube have provided such validation as to gain confidence that the estimation fairly reflects the underlying drilling data.

Warren Shoot

In October 2020, Cube estimated a Mineral Resource for the Warren Shoot nickel deposit. As for 85H and Foster South, drillhole data and geological interpretations were supplied by LM8 and Cube produced the estimate using standard processes and procedures, including data selection, compositing, variography, estimation by OK and model validation. Estimates were made for nickel and bulk density only. The focus of the estimate was the high-grade mineralised lodes, but estimates were also made for the adjacent hangingwall and footwall lower-grade oxide mineralised lodes. Unlike the 85H and Foster South areas, the Warren Shoot comprises a large number of separate mineralised zones, both on the komatiite-basalt contact and higher up within the ultramafic sequence, as hangingwall mineralisation. Compared to the Foster South mineralisation, the Warren Shoot area has been relatively well-drilled from the surface and from the access decline. The basalt “trough” is narrow but is well-defined and constrained by drilling.

The Warren Shoot Mineral Resource estimate reported above a cut-off grade of 1% Ni reflecting RPEEE constraints is summarised in Table 3.2.

Classification of the Warren Shoot Mineral Resource has followed similar criteria as summarised above for 85H. Further to these criteria, relating to data density, the Mineral Resource has been classified as follows:

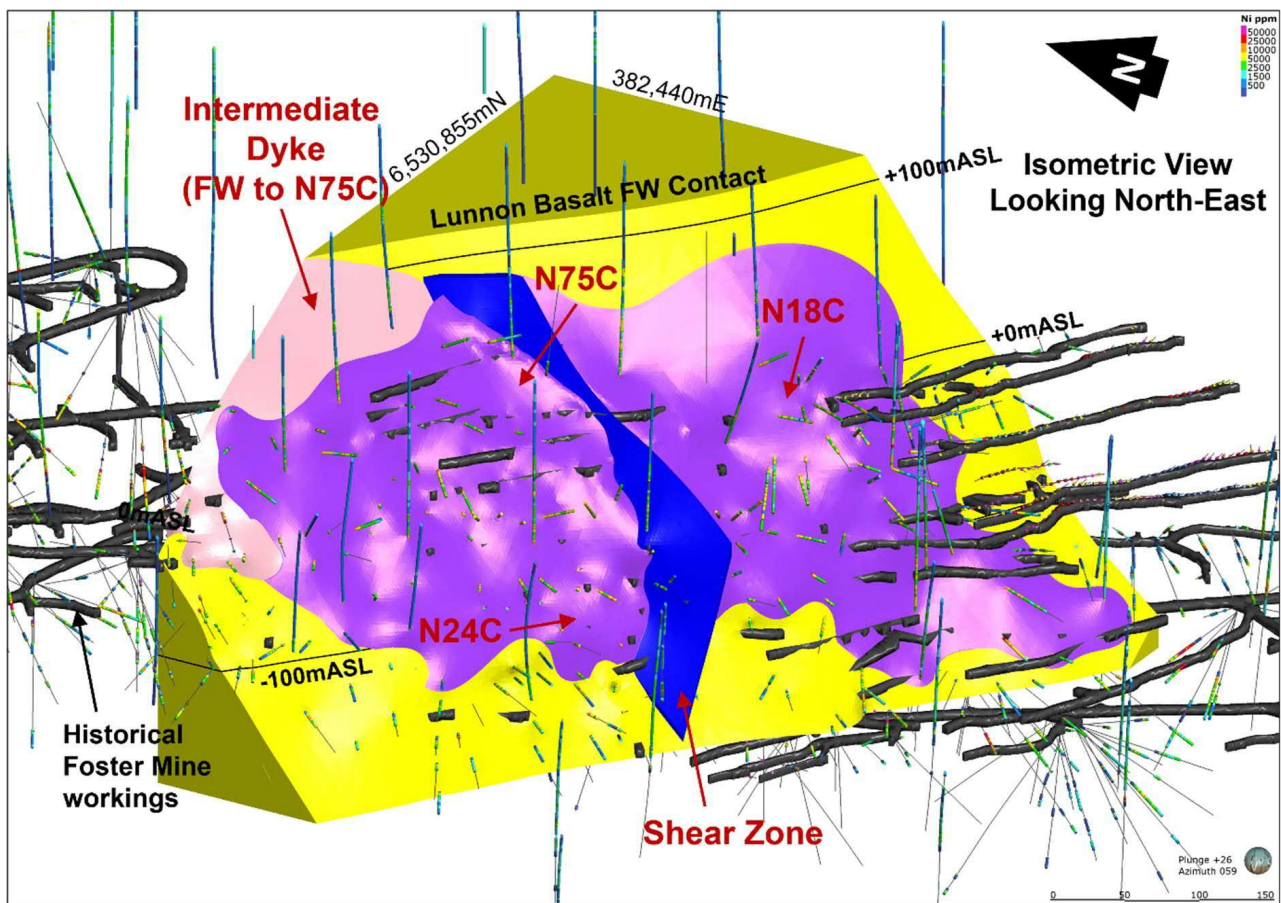
- Indicated Mineral Resources are within the area bounded by drilling and estimated in search pass 1
- Inferred Mineral Resources are within the area immediately outside the drilling and estimated in search pass 2 (that is up to 50 m beyond drilling up and down dip).

Mr Glacken's review of the Warren Shoot Mineral Resource estimate and supporting data has concluded that the estimate reflects standard industry practice for nickel sulphide deposits, and furthermore, that it is reasonable and reflects the informing drilling data and interpreted distribution of mineralisation and rock types.

N75C

The N75C at Foster is classified as a flanking contact surface and sits partially below the 85H (hangingwall surface). This was mined by WMC and both a relatively small number of face samples and workings are available. The N75C estimate was generated by Cube in April 2022. Competent Person sign-off for all aspects of the estimate was by Aaron Wehrle of LM8, who provided the mineralised surfaces as seen in Figure 3.11.

Figure 3.11 Isometric view of the N75C and N18C surfaces looking northeast



Source: LM8

The mineralised surfaces were generated in Leapfrog using a broad 1% Ni guideline and estimated by Cube using Datamine. The 2022 N75C update comprises two separate mineralised surfaces.

Bulk density (specific gravity) measurements were either used directly from readings or were generated by a regression against nickel grade – common practice over the Kambalda and other komatiite-hosted nickel deposits.

Grades and densities were then estimated by Cube using a two-stage process, identical to that employed at Baker (see below):

- The first stage was a categorical estimation of the “higher-grade” portion of the mineralisation within the shoots using a nickel grade of 3.5% as a threshold. The purpose of this approach is to limit the spread and smearing of the more massive-dominated portions of the mineralisation. The end of the categorical estimation stage was a block model containing the proportion of the higher-grade mineralisation and by subtraction, the lower-grade (below 3.5% Ni) mineralisation.

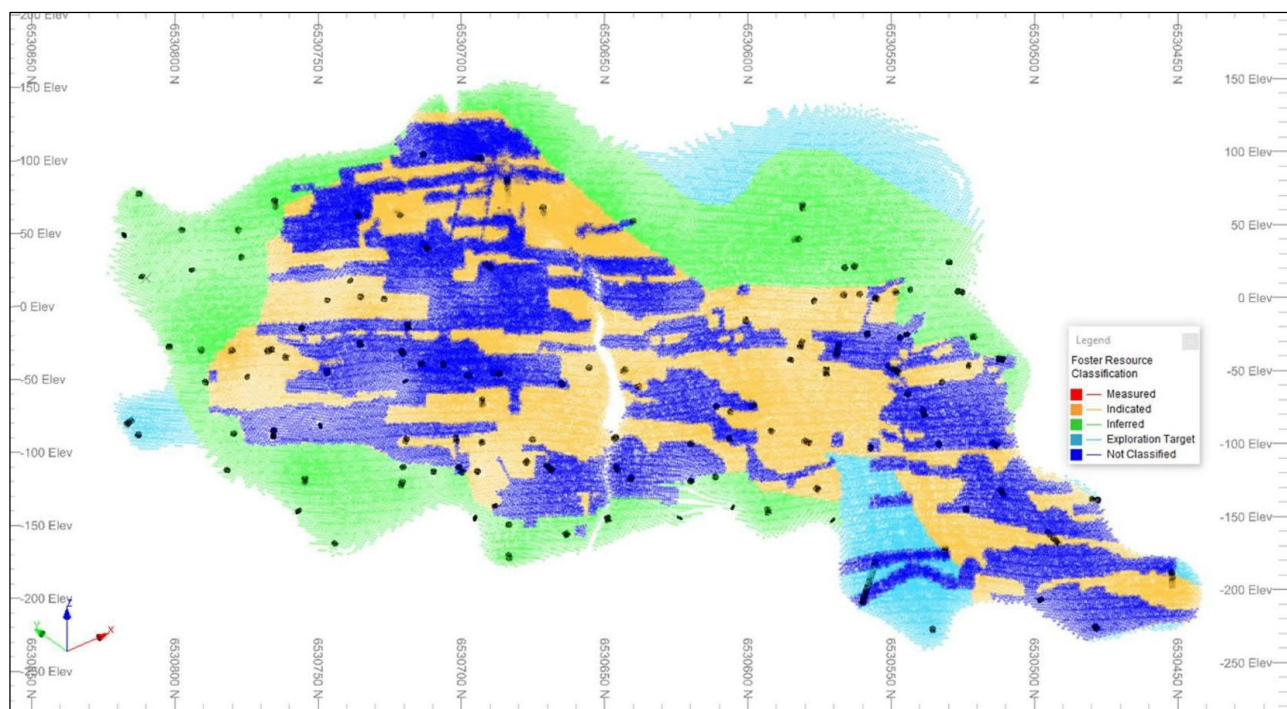
- The second stage was a conventional OK estimate of the “higher-grade” proportions (using nickel grades in drillholes and face samples above 3.5% Ni) and a similar conventional estimate of the lower-grade proportion, using samples below 3.5% Ni. These two estimates for each block were then weighted using the previously derived high-grade indicator to generate a single estimate.

The categorical weighting of high-grade and low-grade portions is not common practice but is endorsed by Snowden Optiro as a means of limiting the smearing of the more massive portions of N75C. The OK estimates represent almost universal industry practice. Cube estimated grades and densities into a parent block size of 10 m by 10 m by 5 m, which is a smaller block size than used at Baker and reflects the exposure through mining and the higher levels of data.

Model validation was carried out visually, using swath or profile plots, and on a whole-of-domain basis; all comparisons against the informing 1 m composites showed good average reproduction of grades and densities.

Classification was carried out in accordance with the guidelines of the JORC Code (2012) and is based upon the sample spacing. No Measured Resources have been allocated, and Indicated Resources are based approximately upon a 20 m x 20 m sample spacing in the plane of the orebody. The extensive production has engendered relatively high geological confidence in the mineralisation. The classification agreed to between Cube and LM8 is shown in Figure 3.12, where the mined areas have been set to unclassified. No further exclusions were made for remnant ore in pillars or under fill, and this may result in a reduction of tonnes once the mineralisation at Foster is exposed following dewatering and rehabilitation.

Figure 3.12 N75C classification, shown in long section



Source: LM8

The principles of RPEEE have been applied by reporting the mineralisation above a 1% Ni cut-off grade; no dilution, ore loss or application of mining shapes has been applied. Snowden Optiro notes that this is common (although not best) practice for nickel sulphide mineralisation.

Snowden Optiro endorses the N75C 2022 Mineral Resource estimate as being a reasonable reflection of mineralisation in around the historical workings. The confidence in some of the spatial issues has been addressed via the Indicated and Inferred classification.

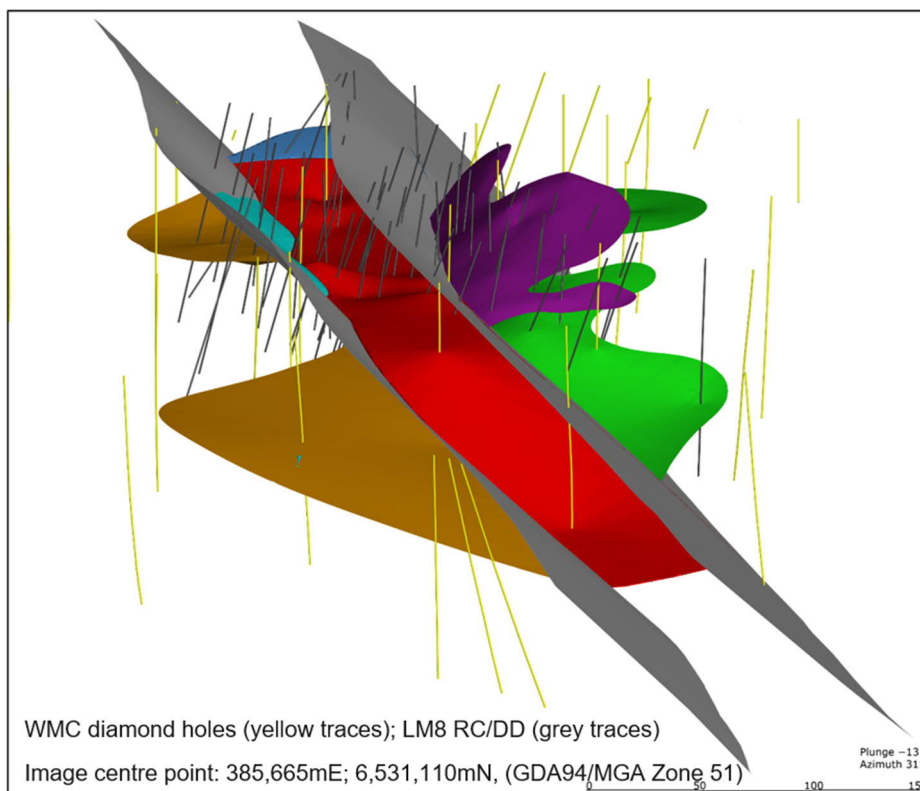
Baker

Baker (formerly East Cooee prospect) was first discovered by WMC in diamond drilling and subsequently expanded by LM8 drilling in 2021. In keeping with the WMC tradition of naming the shoot after the driller responsible for the discovery hole, the Company has renamed the prospect after Graeme Baker, who first intersected nickel mineralisation at East Cooee.

In June 2022, LM8 announced a maiden Mineral Resource for Baker in accordance with the JORC Code 2012. Aaron Wehrle of LM8 acted as Competent Person for this estimate and was responsible for the geological and mineralisation modelling. The Competent Person was assisted by Cube, which carried out the grade estimation (although not acting as Competent Person).

The estimation methodology for the Baker shoot is broadly similar to that carried out by LM8 and Cube for 85H and Foster South. Baker is a hangingwall position in that it does not sit directly on the Lunnon Basalt but sits at the base of an overlying komatiite flow. This mode of occurrence of nickel sulphides is relatively common in the Foster-Jan Shaft area and on the Kambalda Dome. The Baker shoot has been interpreted as a basal mineralised accumulation structurally disrupted by moderately dipping faults (Figure 3.13) which have partially offset the mineralisation. One of the mineralised (but minor) surfaces represents nickel sulphides remobilised along one of the faults. LM8 considers the mineralisation at Baker to be similar to that at the Jan mine, which was also offset from the Lunnon Basalt contact.

Figure 3.13 Isometric view of the Baker mineralised surfaces looking northwest showing WMC and LM8 drilling



Source: LM8

The estimation was carried out in two stages:

- Use of a categorical indicator to separate out the higher-grade (>3.5% Ni) mineralisation from the lower grade, more disseminated mineralisation, such that a proportion of higher grade and lower grade is generated into each modelling cell
- Subsequent separate estimation, using OK, of the high-grade and low-grade components of the mineralisation and weighting in each cell using the prior modelled proportion.

The OK estimation represents standard industry practice. The categorical estimation is an attempt to constrain the smearing of the higher-grade, more massive sulphides, into the lower-grade, more disseminated zones. This is a relatively novel approach but is endorsed by Snowden Optiro. LM8 has presented visual validation of the resource estimate which shows that the estimated grades (into 20 m x 20 m x 5 m estimation cells) broadly reflect the drillhole grades. In line with common practice, specific gravities (bulk densities), which have been derived either from direct measurements from core or by regression against nickel grades, have been estimated into the block model.

Classification was carried out in accordance with the guidelines of the JORC Code (2012) by considering the geological confidence in the interpreted nickel sulphide shoots and the drill spacing. Zones informed by an approximate 25 m x 25 m (in-plane) drill spacing have been allocated to the Indicated category and zones with drill spacing up to 40 m x 40 m have been allocated to the Inferred category.

RPEEE, as required by the JORC Code, has been considered by LM8 through the choice of a 1% Ni grade for reporting, which is commensurate with the proposed mining method from an underground decline mine and with potential treatment at the Kambalda Nickel Concentrator. No dilution or mining shapes have been assigned, in common with the other resources reported by LM8 in the Foster-Jan Shaft area.

Snowden Optiro endorses the Baker maiden Mineral Resource estimate as being appropriate for the current level of drilling and knowledge. It is noted that LM8 is planning an infill drilling programme, which should increase the confidence in the mineralisation. It is also noted that it is very common for komatiite-hosted nickel sulphide deposits to be mined to exhaustion without ever having declared any Measured Mineral Resources.

Conclusions

LM8 has applied significant attention to the review and analysis of the former WMC reported mineral inventories to upgrade and report these in accordance with JORC Code guidelines. The work carried out by the Company included a detailed audit of the historical data and historical drill core that supports the current Mineral Resources, including:

- Duplicate sampling with QAQC (insertion of certified reference material or sample standards)
- Density determinations
- Check geological logging
- Mineralisation characterisation for metallurgical considerations
- Historical section and plan reviews (in 2D and also in 3D as scanned and geo-referenced images)
- Review of paper geology logs, assays and surveys cross referencing with the digital database.

In addition to these data validation activities, where appropriate, the drill collars of selected historical drillholes that intersect the nickel mineralisation were also resurveyed as an audit of positional accuracy.

Mr Glacken reviewed the KNP Mineral Resources and confirmed the tonnage and nickel grades reported from the block models (Table 3.2). The quality of input data, QAQC, interpretation and sample spacing is considered suitable and this information has been considered in applying the Mineral Resource classification. In Mr Glacken's opinion, the Mineral Resource models developed by LM8 and Cube are appropriate and provide a realistic estimation and classification of the global Mineral Resources. Each of the deposits reviewed above contains a statement that the Mineral Resource estimates are reasonable and accurately reflect the underlying drilling and sampling data, along with the interpreted mineralisation zones.

Mr Glacken considers that more rigorous application of RPEEE criteria could be applied, in line with the JORC Code; however, the current reporting criteria are deemed to be acceptable, and the classification is sufficiently conservative such that no excessive extrapolation has been applied. The current reporting criteria accord with historical practice, and it may be argued that the application of a 1% Ni cut-off grade for reporting is conservative, given current commodity prices and outlook.

3.3.4 Environment, social and governance

Any future disturbances caused by LM8 activities resides with LM8. The Mining Rehabilitation Fund (MRF) levy for the tenement area is currently approximately A\$65,000. Most of the fee is generated by the presence of the former St Ives tailing storage facility on the southern boundary and the presence of heap leach pads and dumps at the very northern edge of the tenement area. These disturbances are classed as separate obligations for Gold Fields; however, LM8 is responsible under contract for the payment of the total MRF. The actual underlying rehabilitation liability remains with Gold Fields.

LM8 is planning to re-enter the Foster mine workings and establish underground drill platforms for the future evaluation of the main Foster nickel channel. The Company is progressing the permitting and approvals required to enable the dewatering of the mine workings and rehabilitation of the portal and decline.

Snowden Optiro notes that the discharge of hypersaline mine drainage water from both land-based mines, such as Foster, and Gold Fields' mines on Lake Lefroy itself, is covered by a Ministerial Statement (MS879) issued under the *Environmental Protection Act 1986*. The MS879 was the subject of a Public Environmental Review triggered by Gold Fields' development and rehabilitation programme proposals for Lake Lefroy mining and associated activities. MS879 also permits 30 GL per annum discharge of mine water into Lake Lefroy.

Discussions are currently in progress with SIGMC in relation to the excision of the previously permitted prescribed premises and groundwater from SIGMC's licences along with potential access to the Baker Mineral Resource via a portal and decline from the former West Idough gold open pit to the immediate north of Baker (Figure 3.4).

LM8 has also met with representatives of the Ngadju Native Title Corporation to present an overview of the KNP and discuss the potential to work collaboratively with the Ngadju people to develop a mutually beneficial relationship.

3.3.5 Risks and opportunities

Key opportunities for LM8 at Foster-Jan Shaft include:

- All Mineral Resources are contained in granted Mining Leases close to established processing infrastructure.
- The potential to discover new channels hosting nickel sulphide mineralisation, particularly on the eastern side of the Cooee anticline (Figure 3.7), through the application of sophisticated geophysical techniques and equipment that was not available during the WMC era. The history of mining at Foster and Jan (and indeed over most of the Kambalda deposits) shows that valuable concentrations of high-grade nickel sulphide can be concentrated in relatively small embayments and associated hangingwall shoots.
- The gold potential at depth associated with mineralised fault structures and favourable lithologies extending from nearby gold mining operations.

Specific risks associated with the tenement area include:

- The currently unknown condition of the underground workings. The dewatering, re-entry and refurbishment of the underground workings at Foster could be an expensive and slow undertaking. LM8 has allocated ~A\$12.5 million from the April 2022 capital raise for the staffing and initiation of dewatering, portal excavation, decline re-entry and rehabilitation to allow for DD drilling from underground to an estimated depth level with the 85H and N75C mine workings and Mineral Resource estimate.
- There are additional operating risks within the former mines including water ingress and poor geotechnical conditions which will require regular monitoring and careful management.
- The declared resources have not been adjusted for the mineability of remnant pillars and material under fill in partially excavated stopes. The experience of the authors is that there will be some unrecoverable material which is currently classified as resource; the quantum of this will be determined once dewatering and rehabilitation is completed at Foster.

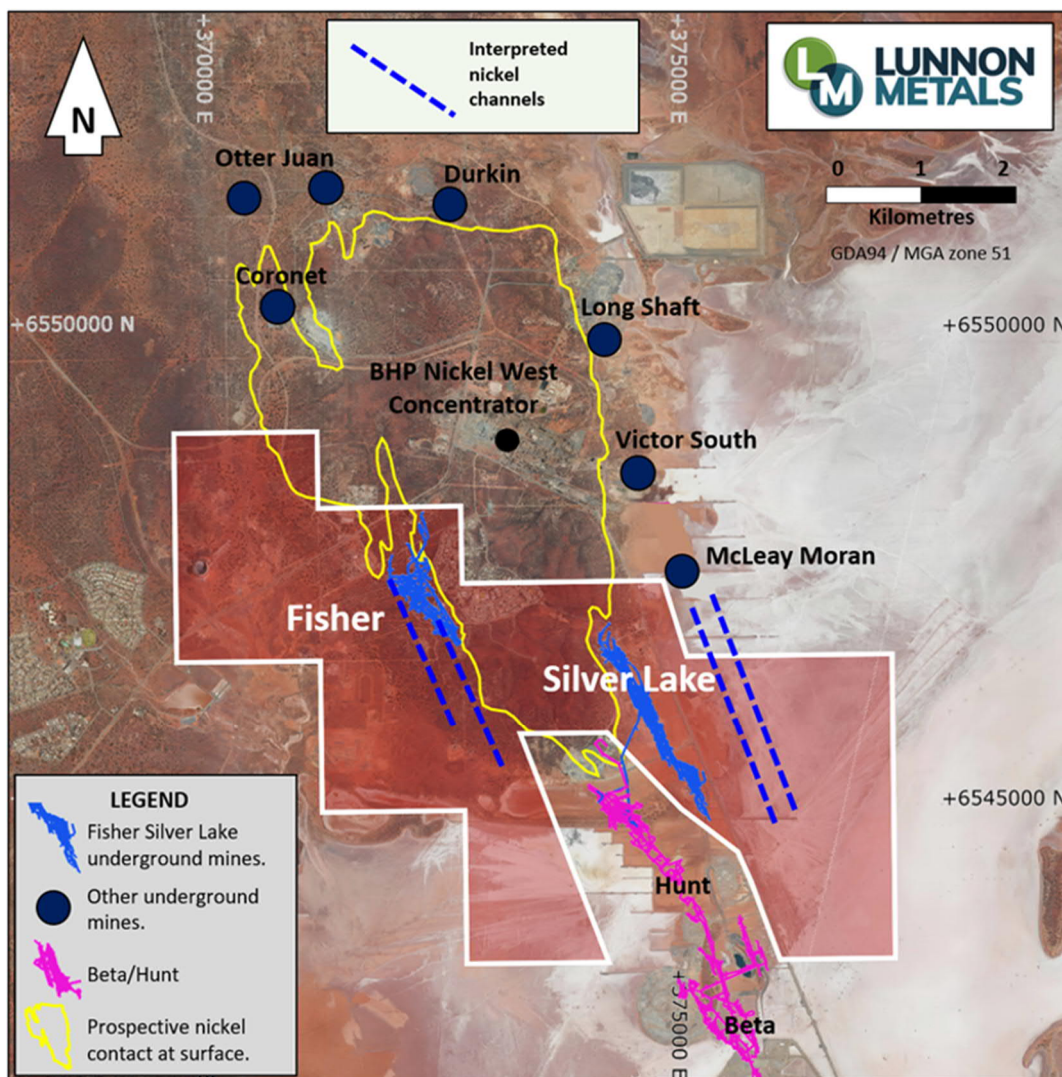
- The known nickel deposits coincide with areas of structural complexity and intrusive rocks which affect the continuity of the channel-hosted mineralisation and will add to the risks typically associated with exploration.
- The testing of potential depth extensions to the Jan Shaft mineralisation from surface will be challenging and costly.

3.4 Silver Lake-Fisher

3.4.1 Background

The Silver Lake-Fisher tenement package is located directly south of the Kambalda East township and the BHP Nickel West concentrator on the northern side of Lake Lefroy (Figure 3.1 and Figure 3.14). The tenements immediately adjoin the Long-Victor underground nickel mines currently under redevelopment by Mincor Resources NL to the north and the sub-lease rights held by TSX-listed Karora Resources at the operating Beta Hunt underground gold and nickel mine to the south.

Figure 3.14 Location of Silver Lake-Fisher tenement package relative to established gold and nickel mines and infrastructure



Source: LM8

The nickel rights to be acquired by LM8 include access to the historical Silver Lake (Lunnon Shoot) and Fisher (Fisher Shoot) nickel mines, which produced over 161,000 tonnes of nickel metal during their operational lives under WMC from 1967 to 1986 and 1971 to 1988 respectively.

The south-southeast plunging Fisher Shoot was discovered in 1966 and decline development commenced in 1971. The southern contact and hangingwall zones were the most important in terms of production and extended from surface for approximately 1,300 m, with widths ranging from 20 m to 100 m. A second northern zone is less continuous and characterised by small pockets of sulphide mineralisation (Smith, 1983). Both zones are complexly faulted and intruded by felsic to intermediate porphyries.

Production was suspended for 22 months from September 1977 due to economic circumstances. The mine produced 1.65 Mt at 2.31% Ni for 38,070 tonnes of nickel metal up to its closure; however, it is currently unclear at what vertical depth the mine finished.

The south-southeast plunging Lunnon Shoot was discovered in 1966 and comprises a series of contact, hangingwall and fault-offset surfaces extending over 2,400 m and up to 280 m in width (Middleton, 1980). Production via a shaft commenced in 1967 and ceased in 1986 due to lower grades, ventilation constraints and increased mining costs. A total of 4.54 Mt at 2.7% Ni for 123,300 tonnes of nickel metal was produced from Silver Lake, which ranks amongst the largest of the nickel mines within the Kambalda Dome.

The Silver Lake-Fisher tenements were subsequently sold by WMC to Gold Fields in December 2001. In November 2004, Reliance was granted an option by Gold Fields to acquire an interest in the mining tenements over the Silver Lake-Fisher project area. The option expired without any work completed and the nickel rights reverted to Gold Fields.

LM8 is currently compiling and reviewing the available technical data. Based on the work completed to date, the Company's preliminary exploration targets include:

- The down-plunge extent of McLeay and Moran lodes (Figure 3.14)
- The down-plunge extent of Fisher
- The remnant mineralisation, and immediate extensions and repetitions to Silver Lake.

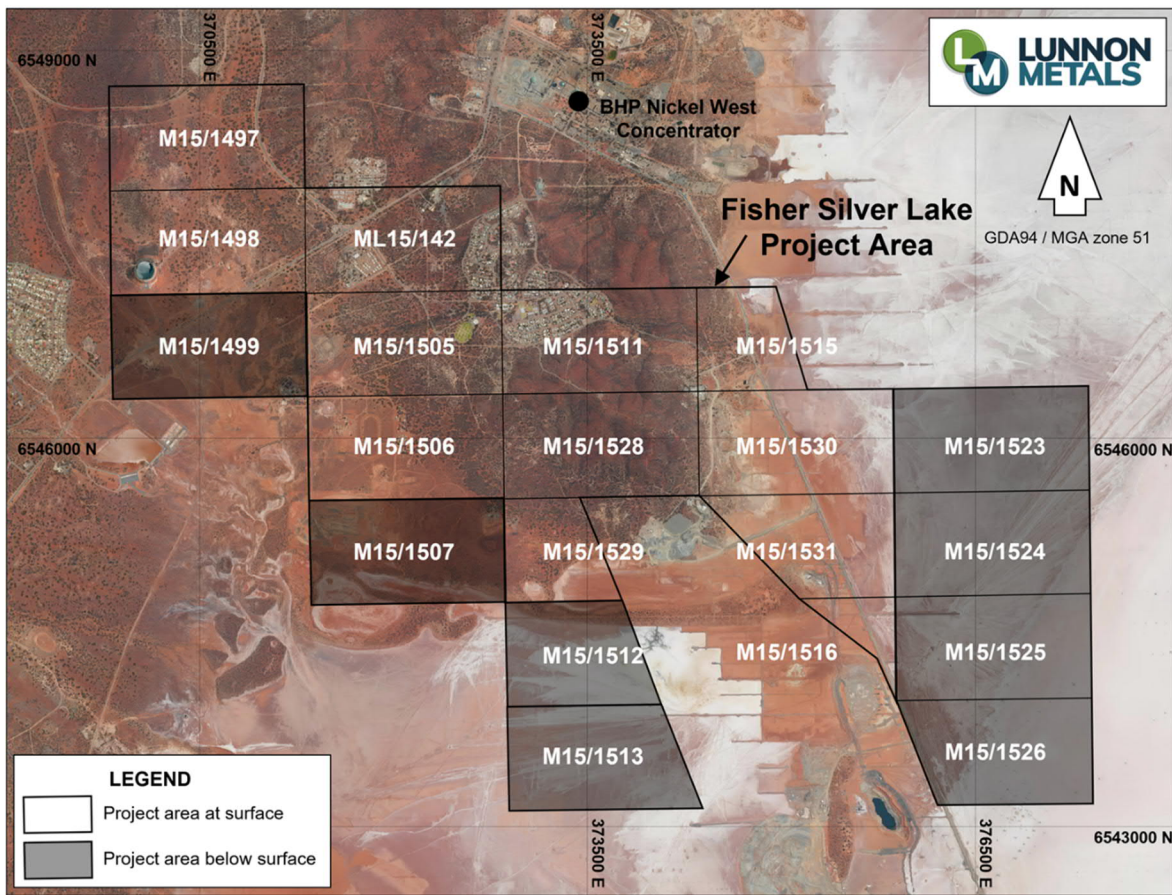
LM8's initial exploration programme will use a combination of ground magnetics and 2D seismic geophysical surveying. A programme of follow-up drilling testing the priority targets is proposed.

There are currently no nickel Mineral Resources reported within the tenement package. LM8 is intending to apply the procedures developed at Foster-Jan Shaft that underpinned the reporting of the initial Mineral Resource estimates to seek to upgrade remnant mineralisation at the Fisher and Silver Lake mines to JORC Code standards, where warranted, through a detailed audit of WMC's data and drill core including duplicate sampling and re-assaying.

3.4.2 Tenure

On 12 April 2022, LM8 announced that it had entered into a Mineral Rights Agreement (MRA) with SIGMC that will grant the exclusive rights to nickel on the whole or portions of 19 contiguous Mining Leases covering an area of approximately 19.9 km² and the access rights to the Fisher mine portal on ML15/142 (Figure 3.15).

Figure 3.15 Silver Lake-Fisher MRA and underlying Mining Leases



Note: The nickel rights in the shaded tenement areas are below surface rights only. The rights in relation to ML15/142 are for portal access only and do not include the right to explore for, mine or process nickel as those rights are held by BHP Nickel West.

Source: LM8

The rights will confer full, free and exclusive licence for LM8 to enter and conduct nickel related activities over the nickel rights area shown in Figure 3.15, including but not limited to nickel exploration and mining subject to the subsurface exclusions for existing third-party agreements and private land in East Kambalda. Subject to existing third party agreements, SIGMC will otherwise remain entitled to all rights to the tenements including gold and other minerals.

For the tenements where the rights do not come to surface, LM8 retains the right to drill down, or mine up, through (e.g. for ventilation purposes) areas above the MRA area as required to exploit the rights area.

A schedule of the tenements and LM8's associated nickel rights is summarised in Table 3.3.

A 3D representation of the nickel rights is presented in Figure 3.16.

Table 3.3 Silver Lake-Fisher tenement schedule

Licence	Registered holder	Interest	Status	Grant	Expiry	Area (ha)	Rights area (ha)	Comments
M15/1497	SIGMC	100%	Live#	24/12/2004	23/12/2025	121.40	121.40	Nickel rights from surface.
M15/1498	SIGMC	100%	Live#	24/12/2004	23/12/2025	121.35	121.35	
M14/1499	SIGMC	100%	Live#	24/12/2004	23/12/2025	121.40	121.40	Nickel rights from 100 m ASL.
M15/1505	SIGMC	100%	Live#	24/12/2004	23/12/2025	121.35	121.35	Nickel rights from surface.
M15/1506	SIGMC	100%	Live#	24/12/2004	23/12/2025	121.35	121.35	
M15/1507	SIGMC	100%	Live#	24/12/2004	23/12/2025	121.30	121.30	Nickel rights from 150 m ASL.
M15/1511	SIGMC	100%	Live#	24/12/2004	23/12/2025	121.45	121.45	Nickel rights from surface.
M15/1512*	SIGMC	100%	Live#	24/12/2004	23/12/2025	121.35	84.80	Nickel rights from sea level.
M15/1513*	SIGMC	100%	Live#	24/12/2004	23/12/2025	121.20	109.50	Nickel rights from -150 m ASL (~425 m depth).
M15/1515*	SIGMC	100%	Live	24/12/2004	23/12/2025	121.40	56.20	Nickel rights from surface.
M15/1516*	SIGMC	100%	Live	24/12/2004	23/12/2025	121.35	23.70	
M15/1523	SIGMC	100%	Live#	24/12/2004	23/12/2025	121.40	121.40	Nickel rights from -250 m ASL (~540 m depth).
M15/1524	SIGMC	100%	Live#	24/12/2004	23/12/2025	121.40	121.40	
M15/1525	SIGMC	100%	Live#	24/12/2004	23/12/2025	121.35	121.35	
M15/1526*	SIGMC	100%	Live	24/12/2004	23/12/2025	121.45	109.50	
M15/1528	SIGMC	100%	Live#	24/12/2004	23/12/2025	121.45	121.45	Nickel rights from surface.
M15/1529*	SIGMC	100%	Live	24/12/2004	23/12/2025	121.40	60.20	
M15/1530	SIGMC	100%	Live#	24/12/2004	23/12/2025	121.35	121.35	
M15/1531*	SIGMC	100%	Live	24/12/2004	23/12/2025	121.35	90.30	
ML15/142	SIGMC	100%	Live#	01/01/1967	31/12/2029	NA	NA	Fisher mine portal. Access rights only – nickel rights held by BHP Nickel West Pty Ltd.
Total						2,306.05	1,990.80	

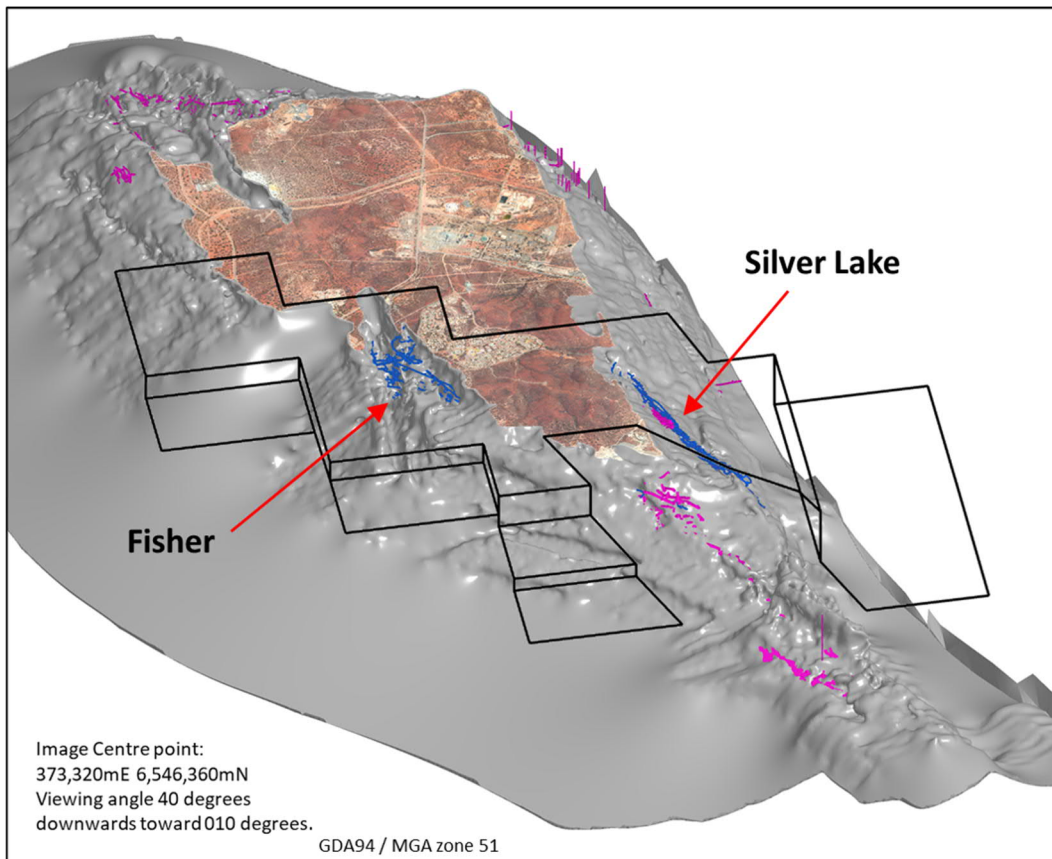
*Denotes portion of tenement excluded from MRA.

#Denotes tenement under-expended for 2021. Exemption pending.

ASL – denotes above sea level. Surface elevations generally range from 290 m ASL to 300 m ASL for the tenements where the rights do not come to surface.

Source: LM8

Figure 3.16 3D representation of Silver Lake-Fisher nickel rights



Source: LM8

The MRA also includes a non-exclusive licence during the term to cross SIGMC's tenements outside of the tenement area to gain access to and from the project. The MRA sets out the processes under which LM8 must notify SIGMC of its proposed activities and allows an objection by SIGMC in certain cases where the proposed activities will cause adverse effect or material prejudice to SIGMC. SIGMC has similar obligations in relation to its activities, where they may adversely affect the agreed initial programme of activities or any subsequently approved mining activities of LM8.

Pursuant to the terms of the WMC sale agreement with Gold Fields, the Company will assume obligations under a contractual relationship with BHP Nickel West in respect to the sale of any potential future nickel mineralisation mined, or nickel products won, from within the nickel rights area. The obligation is to offer to sell ore, concentrate or refined metal (as applicable) in certain circumstances or pay a 1% royalty.

3.4.3 Environment, social and governance

Once LM8 has finalised its plans for the exploration of the nickel rights, it will be required to progress the permitting and approvals in conjunction with SIGMC as the registered tenement holder to support these activities including if required, the excision of any previously permitted prescribed premises, access rights and groundwater from SIGMC's or any third-party licences. LM8 will be responsible for all rehabilitation obligations attributable to its activities and make pro-rata annual contributions to the MRF.

LM8 will also need to negotiate access with the owners and occupiers of any private land within the tenement area.

3.4.4 Risks and opportunities

Key opportunities for LM8 at Silver Lake-Fisher include:

- The main exploration targets are located in granted Mining Leases close to established processing infrastructure.
- The Fisher mineralisation in particular, has been shown to comprise largely steep, often high-grade shoots which sit either directly on the basalt contact or in a hangingwall position. These shoots are difficult to explore for, but once discovered, can contain significant amounts of nickel metal in a relatively small geographical footprint. Although the Fisher trough and any associated mineralisation is plunging to the south and thus any sulphides discovered may be deep, there is moderate potential for the discovery of “flanking” positions which may contain commercial quantities of nickel sulphide.
- The down dip/down flank potential of the extensive hangingwall mineralised surfaces at Silver Lake (Lunnon), which remain open, sparsely drilled and unmined as the intent was to access this area from the Hunt Decline due to the significantly increasing distance from the Silver Lake Shaft.
- Potential extensions of McLeay and Moran lodes into the LM8 MRA (Figure 3.14).

Specific risks associated with the tenement area include:

- Significant existing infrastructure including the East Kambalda townsite and reserved areas in proximity to Fisher.
- Not being able to convert the remnant inventory to Mineral Resources without having to undertake significant additional verification drilling.
- Deep exploration targets that will be difficult to explore from surface. The targets have a very small footprint and often require a significant quantity of drilling metres per tonne of resource metal.
- The down-plunge extension of the main Silver Lake mineralised trend is not within the LM8 MRA.
- Any down-plunge extensions of the McLeay and Moran lodes are likely to be deep, narrow and will require substantial drilling metres to prove up.
- Should initial drill testing prove positive, future drilling on Lake Lefroy may require a significant investment to establish long-term access (i.e. causeways).

4 VALUATION

4.1 Considerations

The VALMIN Code (2015 Edition) is binding upon “Securities Experts” and “Specialists” involved in the valuation of securities and mineral assets respectively. Mineral assets are defined in the VALMIN Code as *“all property including (but not limited to) tangible property, intellectual property, mining and exploration tenure and other rights held or acquired in connection with the exploration, development of and production from those tenures. This may include the plant, equipment and infrastructure owned or acquired for the development, extraction and processing of minerals in connection with that tenure”*.

The VALMIN Code defines the value, that is fair market value, of a mineral asset as *“the estimated amount of money (or the cash equivalent of some other consideration) for which the mineral asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion”*.

The VALMIN Code notes that the value of a mineral asset usually consists of two components: the underlying or Technical Value and the Market component which is a premium or discount relating to market, strategic or other considerations which, depending on circumstances at the time, can be either positive, negative or zero. When the Technical and Market components of value are added together the resulting value is referred to as the Market Value.

The value of mineral assets is time and circumstance specific. The asset value and the market premium (or discount) changes, sometimes significantly, as overall market conditions and sentiment, commodity prices, exchange rates, political and country risk change. Other factors that can influence the valuation of a specific asset include the size of the company’s interest, whether it has sound management and the professional competence of the asset’s management. All these issues can influence the market’s perception of a mineral asset over and above its technical value.

4.2 Valuation methods

There are various recognised methods used in valuing mineral assets. The most appropriate application of these various methods depends on several factors, including the level of maturity of the mineral asset, and the quantity and type of information available in relation to any particular asset.

The VALMIN Code defines the level of asset maturity under the following categories:

- **“Early-stage Exploration Projects”** refer to holdings where mineralisation may or may not have been identified, but where a Mineral Resource has not been identified.
- **“Advanced Exploration Projects”** refer to holdings where considerable exploration has been undertaken and specific targets identified that warrant further detailed evaluation. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category.
- **“Pre-Development Projects”** refer to holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken.
- **“Development Projects”** refer to holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a PFS.
- **“Production Projects”** refer to holdings – particularly mines, wellfields, and processing plants – that have been commissioned and are in production.

The VALMIN Code makes reference to a number of valuation approaches in common use.

4.2.1 Mineral assets with Mineral Resources and Ore Reserves

Where Mineral Resources and/or Ore Reserves have been defined, Snowden Optiro's approach is to excise them from the mineral property and to value them separately on a value per resource tonne/metal unit basis or on the basis of a discounted cash flow (DCF). The value of the exploration potential of the remainder of the property can then be assessed. Where appropriate, discounts are applied to the estimated contained metal to represent uncertainty in the information.

In Snowden Optiro's opinion, a Specialist charged with the preparation of a development or production project valuation must give consideration to a range of technical issues as well as make a judgement about the market. Key technical issues that need to be taken into account include:

- Confidence in the Mineral Resource/Ore Reserve estimate
- Metallurgical characteristics
- Difficulty and cost of extraction
- Economies of scale
- Proximity and access to supporting infrastructure.

Discounted cash flow analysis

A DCF analysis determines the Technical Value of a project by approximating the value if it were developed under the prevailing economic conditions.

Once a Mineral Resource has been assessed for mining by considering revenues and operating costs, the economically viable component of the resource becomes the Ore Reserve. When this is scheduled for mining, and the capital costs and tax regime are considered, the net present value (NPV) of the project is established by discounting future annual cash flows using an appropriate discount rate.

The resulting "classical" NPV has several recognised deficiencies linked to the fact that the approach assumes a static approach to investment decision-making; however, the NPV represents a fundamental approach to valuing a proposed or ongoing mining operation and is widely used within the mining industry.

Comparable market value

When the economic viability of a Mineral Resource has not been determined by scoping or high-level studies, then a "rule of thumb" or comparable market value approach is typically applied. The comparable market value approach for Mineral Resource is a similar process as to that for exploration properties (refer to Section 4.2.2), where a dollar value per resource tonne/metal in the ground is determined.

As no two mineral assets are the same, the Specialist must be cognisant of the quality of the assets in the comparable transactions, with specific reference to:

- Grade of the resource
- Metallurgical qualities of the resource
- Proximity to infrastructure such as an existing mill, roads, power, water, skilled workforce, equipment, etc.
- Likely operating and capital costs
- Amount of pre-strip (for open pits) or development (for underground mines) necessary
- Likely ore to waste ratio (for open pits)
- Overall confidence in the resource.

4.2.2 Mineral assets in the exploration stage

When valuing an exploration or mining property, the Specialist is attempting to arrive at a value that reflects the potential of the holding to yield a mineable Ore Reserve and which is, at the same time, in line with what the holding will be judged to be worth when assessed by the market. Arriving at the value estimate by way of a desktop study is notoriously difficult because there are no hard and fast rules and no single industry-accepted approach.

It is obvious that on such a matter, based entirely on professional judgement, where the judgement reflects the Specialist's previous geological experience, local knowledge of the area, knowledge of the market and so on, that no two valuers are likely to have identical opinions on the merits of a particular holding and therefore, their assessments of value are likely to differ – sometimes markedly.

The most commonly employed methods of exploration asset valuation are:

- Multiple of exploration expenditure method (cost based) also known as the premium or discount on costs method or the appraised value method
- Joint venture terms method (cost based)
- Geoscience rating methods such as the Kilburn method (potential based)
- Comparable market value method (market based).

It is possible to identify positive and negative aspects of each of these methods. It is notable that most valuers have a single favoured method of valuation for which they are prepared to provide a spirited defence and, at the same time present arguments for why other methods should be disregarded. The reality is that it is easy to find fault with all methods since there is a large element of subjectivity involved in arriving at a value of a tenement no matter which method is selected. It is obvious that the Specialist must be cognisant of actual transactions taking place in the industry in general to ensure that the value estimates are realistic.

In Snowden Optiro's opinion, a valuer charged with the preparation of a tenement valuation must give consideration to a range of technical issues as well as make a judgement about the "market". Key technical issues that need to be taken into account include:

- Geological setting of the property
- Results of exploration activities on the tenement
- Evidence of mineralisation on adjacent properties
- Proximity to existing production facilities of the property.

In addition to these technical issues, the Specialist has to take particular note of the market's demand for the type of property being valued. Obviously, this depends upon professional judgement. As a rule, adjustment of the Technical Value by a market factor must be applied most judiciously. It is Snowden Optiro's view that an adjustment of the Technical Value of a mineral tenement should only be made if the technical and market values are obviously out of phase with each other.

4.2.3 Snowden Optiro's valuation methodology

In Snowden Optiro's opinion, no single valuation approach should be used in isolation as each approach has its own strengths and weaknesses. Where practicable, Snowden Optiro undertakes valuations using a combination of valuation techniques to help form its opinion.

The mineral assets under consideration in this valuation comprise outright ownership of the Foster-Jan Shaft tenements and the exclusive nickel rights to the whole or portions of the tenements within the Silver Lake-Fisher project. Foster-Jan Shaft is classified as a Pre-Development Project while Silver Lake-Fisher is classified as an Advanced Exploration Project.

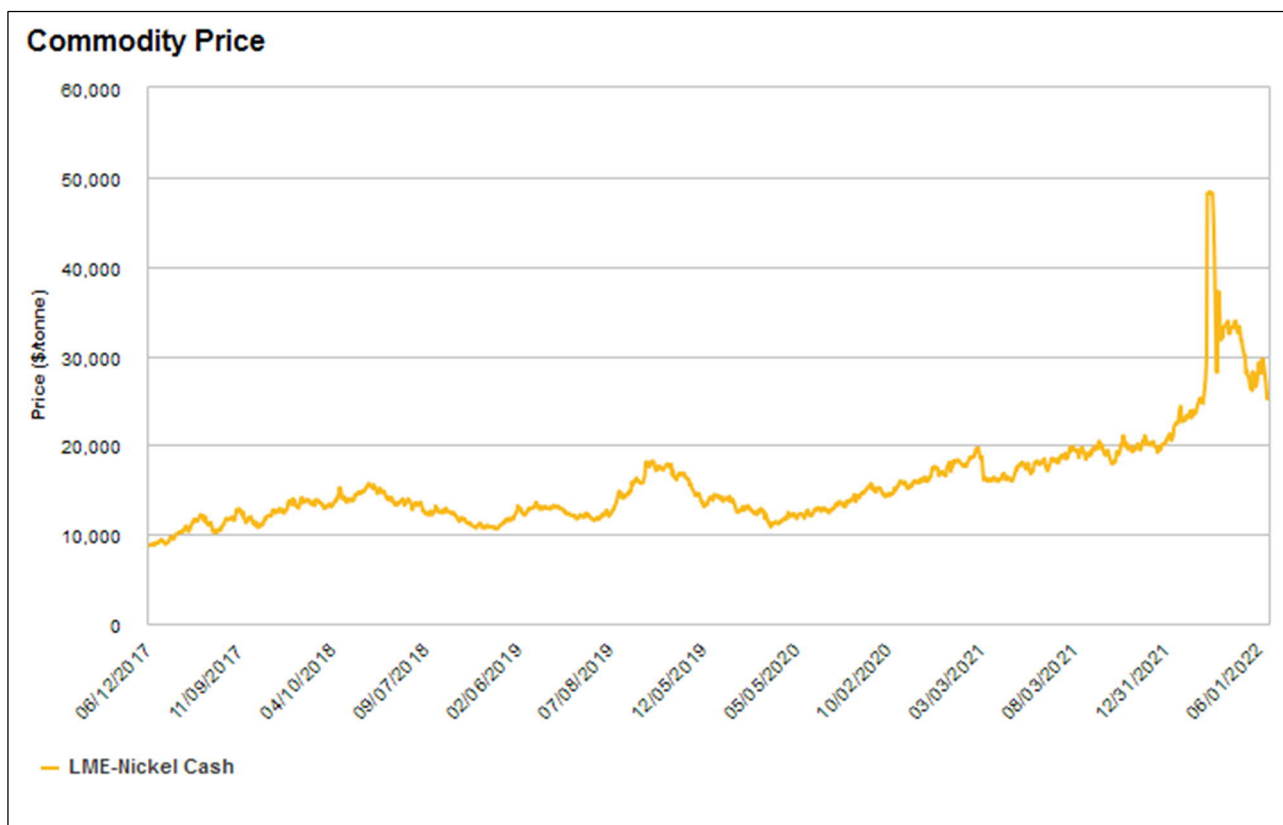
Snowden Optiro notes that the previous exploration work completed for nickel on both tenement areas was between the 1960s and 1990s for which records on expenditure are incomplete or non-existent. Following the sale of the tenements to Gold Fields in December 2001, exploration work completed has mostly been for gold. The multiple of exploration expenditure valuation method is therefore not considered appropriate valuation technique due to the incomplete expenditure information.

As both tenement holdings are of limited size covering former mining operations, they are not suited to geoscientific rating valuation methods which are usually applied to Early-Stage Exploration Projects covering larger areas.

The comparable market value approach, which is a market-based approach and an adaptation of the common real estate approach to valuation, is considered the most appropriate method for the valuation of both tenement areas. For the specific purpose of this valuation, Snowden Optiro carried a non-exhaustive search for recent market transaction involving nickel sulphide resource and exploration projects. Where possible, the search was limited to Western Australian projects deemed analogous to the mineral asset under consideration over a two-year period prior to the Valuation Date from which a unit value (e.g. A\$/km² or A\$/t in-ground metal) was derived.

Snowden Optiro's primary comparable market transaction valuation approach has also taken into account recent movements in the nickel price (Figure 4.1) and the outlook in arriving at its opinion on the current market for nickel sulphide projects.

Figure 4.1 Five-year LME nickel cash price (US\$)



Source: S&P Capital IQ

Disregarding the volatile price environment during March 2022, the spot nickel price has been steadily increasing over past two years from lows of ~US\$11,000/t to the current price of ~US\$26,000/t. There has also been a noticeable decline in London Metal Exchange (LME) nickel warehouse stocks over the past 12 months. While the electrification and decarbonisation thematic along with supply constraints have supported the recent nickel price environment and positive market sentiment, macroeconomic concerns around inflation and growth along with increasing supply may weigh on the outlook. Further economic stimulus in China; however, could have a positive effect on the nickel price.

Snowden Optiro has concluded that the positive market sentiment towards nickel resource properties over past two years is likely to persist.

To validate Snowden Optiro's comparable market value approach, enterprise values (EVs) for comparable ASX-listed nickel resource and exploration companies were calculated as at the Valuation Date.

4.3 Valuation

4.3.1 Foster-Jan Shaft

Resource valuation

The projects identified from Snowden Optiro's search for comparable nickel sulphide resource transactions are summarised in Table 4.1. Snowden Optiro noted the following from its review of these transactions:

- There was a limited number of recent market transactions involving nickel resource projects in the past two years, so the search was extended into 2019.
- Seven transactions were identified in Western Australia, with the Avebury transaction in Tasmania which was pending completion as at the Valuation Date considered relevant as it was announced in March 2022.
- The implied value of these transactions would include a premium for the exploration potential of the resources and in the case of the Sinclair and Avebury transactions, a concentrator.
- The resource for the Silver Knight transaction was informally reported in the media. The transaction also included a 65% interest in a strategically located exploration holding and was therefore disregarded.
- The Saints transaction was disregarded as a valuation outlier.
- The Nepean transaction by Lodestar Minerals was disregarded as it was a minority position in the project which was purchased four months earlier for a significantly lower consideration.
- The Blair transaction was disregarded as it was a four-year farm-in agreement at an early stage on a larger exploration holding surrounding a small remnant resource at the former Blair nickel mine.
- Following removal of the Saints, Nepean (Lodestar), Silver Knight and Blair Golden Ridge transactions, the average implied value of the resource transactions was ~A\$420/t in the range of ~A\$300/t to ~A\$620/t of nickel in the ground.
- A premium of 50% was applied LM8's Baker Mineral Resource in recognition of its quality relative to the other Foster-Jan Shaft Mineral Resources, which in Snowden Optiro's opinion would be sought after by the market due to the shallow depth and lower technical risk typically associated with deep or previously mined mineralisation.

Based on the above considerations, the in-ground value of the 64,300 tonnes nickel in defined Mineral Resources within the Foster-Jan Shaft tenement area (Table 3.2) would most likely reside in the range of A\$21.7 million to A\$44.8 million, with a preferred value of A\$30.4 million.

Table 4.1 Recent market transactions involving nickel resource projects

Purchaser	Code	Date announced	Project	Location	Transaction value (A\$)	Equity	Implied value (A\$ - 100%)	Resource tonnage (t)	Grade (% Ni)	Metal (t Ni)	A\$/t	Comments
Mincor Resources	MCR	23 May 2019	Long	Yilgarn	9,500,000	100%	9,500,000	750,000 ¹	4.2	32,000	296.88	Former mine. Value includes contingent cash payments.
Auroch Minerals	AOU	28 May 2019	Saints	Yilgarn	1,500,000	100%	1,500,000	1,650,000 ²	1.8	29,700	50.51	
Saracen Mineral Holdings	SAR	27 Sep 2019	Sinclair	Yilgarn	10,000,000	100%	10,000,000	720,000 ³	2.3	16,200	617.28	Former mine with concentrator.
Auroch Minerals	AOU	11 Nov 2020	Nepean	Yilgarn	4,000,000	80%	5,000,000	591,300 ⁴	2.2	13,250	377.36	Historical remnant resource.
Australian Nickel Co. Ltd	N/A	9 Feb 2021	Blair	Yilgarn	4,000,000	75%	5,333,333	222,710 ⁵	2.92	6,510	819.25	Farm-in on former nickel mine – includes expenditure commitment.
IGO Limited	IGO	27 Jul 2021	Silver Knight	Albany-Fraser	45,000,000	100%	5,000,000	4,200,000 ⁶	0.8	33,000	1,363.64	Resource as reported by Creasy Group. Includes 65% of adjoining exploration holding.
Lodestar Minerals	LSR	17 Feb 2021	Nepean	Yilgarn	2,750,000	20%	13,750,000	591,300 ⁴	2.2	13,250	1,037.74	
Mallee Resources	MYL	11 Mar 2022*	Avebury	Tasmania	85,900,000	100%	85,900,000	29,300,000 ⁷	0.90	229,000	375.11	Mine and concentrator – care and maintenance. Pending completion.

Refer to the following ASX announcements for further details on the resources:

1 – Mincor Resources NL 23 May 2019: "Mincor Announces Acquisition Of Long Nickel Operation From Independence Group NL"

2 - Auroch Minerals Limited 28 May 2019: "Auroch To Acquire High-Grade Western Australian Nickel Projects"

3 - Saracen Mineral Holdings Limited 27 September 2019: "Saracen continues bolt-on strategy with acquisition of Sinclair Project for A\$10 million"

4 - Auroch Minerals Limited 11 November 2020: "Auroch To Acquire High-Grade Nepean Nickel Project"

5 - Essential Metals Limited 24 September 2021: Annual Report 30 June 2021

6 – MiningNews.net 27 July 2021: "IGO acquires Creasy's Silver Knight"

7 – Mallee Resources Limited 11 March 2022: "Significant Milestone towards Transformational Acquisition of Avebury Nickel Sulphide Project"

Exploration potential valuation

Snowden Optiro also carried out a non-exhaustive search for recent market transactions involving nickel sulphide exploration properties in Western Australia that are considered relevant in assessing the value of the Foster-Jan Shaft exploration potential (Table 4.2). As part of its assessment of the exploration potential of the Foster-Jan Shaft tenements, Snowden Optiro noted the following from its review of the available technical information and transactions identified:

- WMC had reported a remnant inventory of 865,000 at 1.95% Ni for 16,900 tonnes² for Jan Shaft (Barratt, 1987). This inventory was not reported or classified under 2012 JORC Code guidelines but is considered material to the valuation as it is indicative and relevant to the exploration potential of Jan Shaft. Further details on this inventory are provided in Optiro's ITAR (Optiro, 2021).
- Given the uncertainty in the Jan Shaft remnant inventory in terms of recoverability, Snowden Optiro made allowance for between 10,000 tonnes and 15,000 tonnes nickel in its valuation of the exploration potential of Jan Shaft. A discount of 50% was also applied to Snowden Optiro's preferred value of the comparable resource transactions identified in Table 4.1 (i.e. to A\$210/t) to reflect the lower confidence in these tonnes and the value the market is likely to pay. This value is supported by Snowden Optiro's analysis of comparable ASX-listed nickel resource companies, as discussed in Section 4.4.
- Snowden Optiro rates the potential for the discovery of new channels hosting nickel sulphide mineralisation within LM8's 23 km² tenement holding outside of the previously defined channels as good, particularly on eastern side of the komatiite and at depth.
- The potential to discover significant deposits of shallow gold mineralisation outside of the Excluded Areas has been downgraded by the recent exploration work completed by SIGMC; however, potential remains at depth as demonstrated by the recently announced drillhole intersections from the Hustlers structure between 85H and Foster South.
- Five recent transactions involving advanced or strategically located nickel sulphide exploration projects in Western Australia were identified. The average implied value for the transactions identified was ~A\$90,000/km² in the range of ~A\$60,000/km² to ~A\$140,000/km² (Table 4.2).
- In recognition of the gold exploration potential, a premium was added based on Snowden Optiro's search of comparable early-stage nickel exploration projects. The average implied value from the six transactions identified was ~A\$6,500/km² in the range of ~A\$2,500/km² to ~A\$11,000/km² (Table 4.2).

Based on the above analysis and transactions identified, the value of the Foster-Jan Shaft exploration potential would most likely reside in the range of A\$3.5 million to A\$6.7 million, with a preferred value of A\$4.9 million.

² The estimate is a historical estimate and not reported in accordance with the 2012 JORC Code. A Competent Person has not done sufficient work to classify the historical estimates as Mineral Resource in accordance with the JORC Code and it is uncertain that following evaluation and/or further exploration work that the historical estimate will be able to be reported as Mineral Resources or in accordance with the JORC Code.

Table 4.2 Recent market transactions involving nickel exploration projects

Purchaser	Code	Date announced	Project	Location	Transaction value (A\$)	Equity	Implied value (A\$ - 100%)	Area (km ²)	A\$/km ²	Stage	Comments
IGO Limited	IGO	4 Sep 2020	Fraser Range	Albany-Fraser	57,000,000	100%	57,000,000	559.0	101,968	Strategic	Includes upfront consideration, share subscription and contingent payment
IGO Limited	IGO	17 Jun 2020	Symons Hill	Albany-Fraser	7,000,000	70%	10,000,000	70	142,857	Strategic	Includes upfront consideration and contingent payments
Corazon Mining	CZN	26 Jul 2021	Miriam	Yilgarn	600,000	100%	600,000	8.63	69,536	Advanced	
Nickel Search	NIS	21 May 2021	Rav8 Nickel	Yilgarn	3,140,000	100%	3,140,000	51.6	60,853	Advanced	
Azure Minerals	AZS	17 Jul 2020	Andover	Pilbara	3,000,000	60%	5,000,000	70	71,429	Advanced	
Marquee Resources	MQR	7 Jul 2020	West Spargoville	Yilgarn	700,000	100%	700,000	80	8,750	Early	
Auroch Minerals	AOU	27 Jul 2020	Leinster	Yilgarn	600,000	70%	857,143	217	3,950	Early	
Western Areas	WSA	14 Sep 2020	Kanowna East, Emu Lake, and Fraser South	Yilgarn	3,000,000	51%	5,882,353	906.1	6,492	Early	First stage of earn-in
Galileo Mining	GAL	8 Nov 2021	Fraser Range	Albany-Fraser	170,000	100%	170,000	70	2,429	Early	
Sabre Resources	SBR	13 Dec 2021	Sherlock Pool	Pilbara	275,000	80%	343,750	53	6,486	Early	
Sabre Resources	SBR	13 Dec 2021	Nepean South	Yilgarn	310,000	80%	387,500	35	11,071	Early	

4.3.2 Silver Lake-Fisher

Exploration potential valuation

As part of its assessment of the exploration potential of the nickel rights within the Silver Lake-Fisher tenements, Snowden Optiro noted the following from its review of the technical information and transactions identified:

- A significant inventory of remnant mineralisation remains at both the former Silver Lake and Fisher mines based on a comparison of the pre-mining inventory and mine production statistics. Snowden Optiro has reviewed LM8's compilation of this information from WMC records. After an allowance for recoverability, Snowden Optiro has considered between 5,000 tonnes and 10,000 tonnes nickel in its valuation of the exploration potential of Fisher and between 30,000 tonnes and 40,000 tonnes nickel in its valuation of the exploration potential of Silver Lake. This inventory has not been reported or classified under JORC Code guidelines but is considered material to the valuation as it is indicative and relevant to the exploration potential of Silver Lake-Fisher tenement area.³
- A discount of 50% was also applied to Snowden Optiro's preferred value of the comparable resource transactions identified in Table 4.1 (i.e. to A\$210/t) to reflect the lower confidence in these tonnes and the value the market is likely to pay. This value is supported by Snowden Optiro's analysis of comparable ASX-listed nickel resource companies as discussed in Section 4.4.
- Notwithstanding the complex configuration of the nickel rights within the 20 km² tenement area, Snowden Optiro considers there is genuine exploration potential for further nickel sulphide discoveries down-plunge of the host channels at McLeay Moran and Fisher.
- In recognition of this nickel exploration potential and the comparable transactions involving advanced or strategically located nickel sulphide exploration projects, this additional exploration potential was valued at ~A\$90,000/km² in the range of ~A\$60,000/km² to ~A\$140,000/km² (Table 4.2).

Based on this analysis, the value of the Silver Lake-Fisher exploration potential would most likely reside in the range of A\$8.6 million to A\$13.3 million, with a preferred value of A\$10.8 million.

4.4 Reasonableness assessment

Due to the limitations in the various valuation approaches available to Snowden Optiro as discussed in Section 4.2.3, a comparison was made with the EVs of ASX-listed nickel resource and exploration companies at the Valuation Date as a cross-check to its comparable market transaction valuation approach. For this assessment, Snowden Optiro carried out a non-exhaustive search of comparable ASX-listed companies with nickel sulphide projects in Western Australia as their primary asset. The companies identified with nickel sulphide resource and exploration projects are summarised in Table 4.3 and Table 4.4 respectively.

Snowden Optiro concluded the following from its reasonableness assessment:

- Excluding Poseidon Nickel and NickelSearch as valuation outliers, the EVs of the remaining resource companies ranged from A\$19.6 million to A\$66.3 million with an average of A\$34.1 million, which aligned favourably with Snowden Optiro's overall valuation range of A\$33.8 million to A\$64.8 million with a preferred value of A\$46.1 million.
- Excluding Azure Minerals and NickelSearch as valuation outliers, the estimated EV/nickel resource tonne values for the remaining ASX-listed nickel resource companies ranged from ~A\$150/t to ~A\$490/t with an average of ~A\$290/t. By comparison, Snowden Optiro's average valuation range for Foster-Jan Shaft Mineral Resources derived from the comparable transaction analysis was ~A\$340/t to ~A\$700/t with an average ~A\$470/t of nickel in the ground.

³ The estimate is a historical estimate and not reported in accordance with the 2012 JORC Code. A Competent Person has not done sufficient work to classify the historical estimates as Mineral Resource in accordance with the JORC Code and it is uncertain that following evaluation and/or further exploration work that the historical estimate will be able to be reported as Mineral Resources or in accordance with the JORC Code.

- Snowden Optiro's higher value can be attributed to the superior grade of the Foster-Jan Shaft Mineral Resources, quality of the Baker Mineral Resource and proximity to established processing infrastructure, which would be favourably regarded by the market.
- The 50% discount applied to Snowden Optiro's average of ~A\$420/t (i.e. to A\$210/t) to the remnant inventories is broadly in line with the lower end of the range of comparable companies (i.e. Cannon Resources and Duketon Mining, both of which are remote to established processing infrastructure).
- A further valuation cross check of the Mineral Resources by the yardstick method, where a notional valuation range is established by applying the nickel price at the Valuation Date (A\$36,514/t) factored by between 1% and 2% for Indicated Resources and 0.5% and 1% for Inferred Resources, resulted in a range for the Foster-Jan Shaft Mineral Resources of A\$19.4 million to A\$38.8 million with an average value of A\$29.1 million (or A\$300/t to A\$600/t with an average A\$450/t). This compared favourably with Snowden Optiro's valuation range of A\$21.7 million to A\$44.8 million with a preferred value of A\$30.4 million.
- Excluding Legend Mining as a valuation outlier, the EVs of the nickel sulphide exploration companies with advanced projects (i.e. potentially economic grades of nickel sulphide mineralisation intersected in drilling as a minimum) ranged from A\$5.2 million to A\$24.4 million with an average of A\$15.2 million (Table 4.4), which aligns with Snowden Optiro's valuation range of A\$12.1 million to A\$20.0 million with a preferred value of A\$15.7 million for the exploration potential of the Foster-Jan Shaft tenements and Silver Lake-Fisher nickel rights.
- Snowden Optiro also notes the implied value of A\$27.4 million based on LM8's acquisition of a 49% interest in the Foster-Jan Shaft tenements on 19 November 2020 (refer to Section 3.3.2). By comparison, Snowden Optiro's overall valuation range for the Foster-Jan Shaft tenements was A\$25.2 million to A\$51.6 million with a preferred value of A\$35.3 million.

Snowden Optiro is not aware of any recent valuations completed on LM8's mineral assets. A valuation of Consolidated Minerals was completed in 2007 pursuant to a scheme of arrangement relating to a proposed transaction with Pallinghurst Resources and AMCI. As part of its June 2007 valuation report prepared for PricewaterhouseCoopers Securities, SRK Consulting considered the value of the Fisher, Foster, Jan, and Silver Lake nickel mines. A valuation range of A\$2.3 million to A\$8.6 million (base A\$5.9 million) was determined for "Lunnon Extension" and A\$5.1 million to A\$13.8 million (base A\$10.1 million) for "Foster Remnants and Deeps".

Table 4.3 **Comparable ASX-listed nickel resource companies**

Company	Code	Share price (14 Jun 2022) (A\$)	Shares on issue (undiluted) (A\$)	Market cap (A\$)	Cash 31/03/2022 (A\$)	Debt (A\$)	EV (A\$)	Resource tonnage	Grade (% Ni)	Metal (t Ni)	Equity (%)	EV/t (A\$)	Comments
Cannon Resources	CNR	0.32	85,451,776	27,344,568	4,719,000	0	22,625,568	6,973,000 ¹	1.8	125,600	100	180	
Azure Resources	AZS	0.26	310,735,721	80,791,287	14,510,000	0	66,281,287	4,600,000 ²	1.11	51,700	60	2,137	Holds precious metal assets in Australia and Mexico
Duketon Mining	DKM	0.26	122,035,435	31,729,213	17,393,000	0	14,336,213	8,473,483 ³	1.11	94,264	100	152	Excludes listed investments
Poseidon Nickel	POS	0.05	3,063,959,526	159,325,895	16,780,000	0	142,545,895	44,187,000 ⁴	0.9	398,690	100	358	Holds gold tailings project
Widgie Nickel	WIN	0.27	250,325,000	67,587,750	19,910,000	145,000	47,822,750	10,684,000 ⁵	1.6	168,150	100	284	
NickelSearch	NIS	0.13	104,064,018	13,528,322	6,175,000	0	7,353,322	13,720,000 ⁶	0.59	81,000	100	91	Excludes laterite resource
Auroch Minerals	AOU	0.07	361,301,799	26,375,031	6,759,000	0	19,616,031	2,123,040 ⁷	1.9	40,300	100	487	

Refer to the following ASX announcements for further details on the resources:

1 - Cannon Resources Limited 3 May 2022: "Investor Presentation RIU Conference May 2022"

2 - Azure Minerals Limited 30 March 2022: "Azure Delivers Maiden Mineral Resource Estimate For Andover Ni-Cu Deposit"

3 - Duketon Mining Limited 26 April 2022: "March 2022 Quarterly Report"

4 - Poseidon Nickel Limited 27 April 2022: "Updated Silver Swan Resource Underpins Significant Increase in High Grade Indicated Resource Base"

5 - Widgie Nickel Limited 9 March 2022: "Widgie grows Mt Edwards Nickel Resource"

6 - NickelSearch Limited 14 February 2022: "Investor Presentation"

7 - Auroch Minerals Limited 5 May 2022: "Further High-Grade Nickel Sulphides At Saints"

Table 4.4 **Comparable ASX-listed nickel exploration companies**

Company	Code	Share price (14 Jun 2022) (A\$)	Shares on issue (undiluted) (A\$)	Market cap (A\$)	Cash (31 Mar 2022) (A\$)	Debt (A\$)	EV (A\$)	Stage	Comments
Estrella Resources	ESR	0.02	1,200,681,540	27,615,675	3,215,000	0	24,400,675	Advanced	Small nickel resource at Spargoville 5A deposit.
St George Mining	SGQ	0.04	696,171,654	27,150,695	5,842,000	0	21,308,695	Advanced	
Legend Mining	LEG	0.06	2,755,135,721	154,287,600	17,566,000	0	136,721,600	Advanced	
Metal Hawk	MHK	0.16	58,165,394	9,015,636	3,749,000	0	5,266,636	Advanced	Holds several gold exploration tenements.
Buxton Resources	BUX	0.08	145,829,094	11,812,157	1,841,000	0	9,971,157	Advanced	Holds several base metal exploration tenements.
Dundas Minerals	DUN	0.12	60,180,216	7,221,626	4,019,000	0	3,202,626	Early	
Nickel X	NKL	0.12	68,768,613	7,908,390	3,482,000	0	4,426,390	Early	
Nimy Resources	NIM	0.40	114,334,727	45,733,891	4,583,000	0	41,150,891	Early	
Western Mines Group	WMG	0.16	44,650,001	7,144,000	4,202,000	0	2,942,000	Early	Holds several gold exploration tenements.
TG Metals	TG6	0.14	57,322,914	7,738,593	5,676,568	0	2,062,025	Early	Estimated net cash from IPO.
Boadicea Resources	BOA	0.16	77,699,895	12,043,484	3,970,000	0	8,073,484	Early	Holds several gold and lithium exploration tenements.
DMC Mining	DMM	0.10	46,350,000	4,403,250	4,073,000	0	330,250	Early	
Moho Resources	MOH	0.03	130,128,694	4,033,990	252,000	0	3,781,990	Early	Holds gold exploration tenements. Pre-capital raising.

4.5 Valuation opinion

In Snowden Optiro's opinion using the comparable market transaction valuation approach, the market value of the Foster-Jan Shaft tenement package most likely resides in the range of A\$25.2 million to A\$51.5 million with a preferred value of A\$35.3 million, and the market value Silver Lake-Fisher nickel rights most likely resides in the range of A\$8.6 million to A\$13.3 million with a preferred value of A\$10.8 million as at the Valuation Date (Table 4.5).

Table 4.5 Valuation summary

Project	Low value (A\$ million)	High value (A\$ million)	Preferred value (A\$ million)
Foster-Jan Shaft			
Mineral Resources	21.7	44.8	30.4
Exploration potential	3.5	6.7	4.9
Subtotal	25.2	51.5	35.3
Fisher-Silver Lake			
Mineral Resources	-	-	-
Exploration potential	8.6	13.3	10.8
Subtotal	8.6	13.3	10.8
TOTAL	33.8	64.8	46.1

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6 ABBREVIATIONS AND UNITS

Abbreviation/Unit	Definition
°	degrees
°C	degrees Celsius
%	percent
A\$	Australian dollars
2D	two-dimensional
3D	three-dimensional
AIG	Australian Institute of Geoscientists
ASL	above sea level
ASX	Australian Securities Exchange
AusIMM	Australasian Institute of Mining and Metallurgy
BDO	BDO Corporate Finance (WA) Pty Ltd
Cube	Cube Consulting Pty Ltd
DCF	discounted cash flow
DD	diamond core
DMIRS	Department of Mines, Industry Regulation and Safety WA
EV	enterprise value
g	grams
g/t	grams per tonne
GL	gigalitres
Gold Fields	Gold Fields Ltd
ha	hectares
IPO	initial public offer
ITAR	independent technical assessment report
JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition)
km	kilometre(s)
km ²	square kilometres
KNP	Kambalda Nickel Project
kt	thousand tonnes
LM8	Lunnon Metals Limited
LME	London Metal Exchange
m	metres
MgO	magnesium oxide
mm	millimetres
MRA	Mineral Rights Agreement
MRF	Mining Rehabilitation Fund
Mt	million tonnes
MTO	Mineral Titles Online
Ni	nickel
NPV	net present value
PFS	prefeasibility study
OK	ordinary kriging
Optiro	Optiro Pty Ltd
QAQC	quality assurance/quality control
RC	reverse circulation
Reliance	Reliance Mining

Abbreviation/Unit	Definition
RL	reduced level
RPEEE	reasonable prospects of eventual economic extraction
SIGMC	St Ives Gold Mining Co. Pty Ltd
Snowden Optiro	Datamine Australia Pty Ltd
t	tonne(s)
US\$	United States dollars
VALMIN Code	Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015 Edition)
WMC	WMC Resources Limited

ANNEXURE B – TERMS OF INCENTIVE OPTIONS

The key terms of the Incentive Options are as follows:

- (a) **Entitlement:** Each Incentive Option entitles the holder to subscribe for one Share upon exercise of the Incentive Option. Shares issued on exercise will be quoted and will rank equally with the then issued Shares.
- (b) **Quotation:** The Incentive Options will not be quoted.
- (c) **Issue price:** Nil issue price.
- (d) **Exercise price:** \$1.18 per Incentive Option.
- (e) **Expiry Date:** 3.5 years (42 months) from the date of issue of the Incentive Options. An Incentive Option not exercised before the expiry date will automatically lapse on the expiry date.
- (f) **Vesting conditions:** Exercise of the Incentive Options will be subject to the following vesting conditions:
 - (i) 150,000 Incentive Options to vest after 12 months of continued engagement of the Participating Director as a Director of the Company from the date of issue of the Incentive Options;
 - (ii) 150,000 Incentive Options to vest after 24 months of continued engagement of the Participating Director as a Director of the Company from the date of issue of the Incentive Options; and
 - (iii) 175,000 Incentive Options to vest after 36 months of continued engagement of the Participating Director as a Director of the Company from the date of issue of the Incentive Options,

(Vesting Conditions).
- (g) **Change of control:** The Vesting Conditions will be automatically waived where an entity that does not control the Company at the time the Incentive Options are issued acquires voting power (as defined in the Corporations Act) in the Company of more than 50%.
- (h) **Exercise:**
 - (i) Upon the relevant Vesting Conditions being met, the vested Incentive Options shall be exercisable at any time prior to the expiry date (**Exercise Period**).
 - (ii) The Incentive Options may be exercised during the relevant Exercise Period by notice in writing to the Company and payment of the exercise price for each Incentive Option being exercised.
- (i) **Lapse:** The Incentive Options will lapse in accordance with the terms of the Incentive Option Plan.
- (j) **Transfer:** The Incentive Options are not transferable, unless otherwise determined in accordance with the Incentive Option Plan.

- (k) **Bonus issues:** An Incentive Option does not confer on the holder the right to participate in new issues of securities by the Company unless the Incentive Option is exercised prior to the relevant record date.
- (l) **Changes to exercise price:** Except as otherwise provided in these terms or the Incentive Option Plan, Incentive Options carry no right to change the exercise price for the Incentive Options or to change the number of underlying securities over which the Incentive Option can be exercised.
- (m) **Voting and dividend rights:** The Incentive Options provide the holder with no voting or dividend rights until Shares are issued on exercise of the Incentive Options.
- (n) **Reorganisation:** in the event of a reorganisation of the capital of the Company, the Company may alter the rights of the holder of an Incentive Option to the extent necessary to comply with the Corporations Act and the Listing Rules applying to reorganisations at the time of the reorganisation.
- (o) **Plan:** The issue of Incentive Options, and the disposal of any Shares on their exercise, is subject to the terms of the Incentive Option Plan.

ANNEXURE C – SUMMARY OF INCENTIVE OPTION PLAN

The key terms of the Company's Incentive Option Plan are as follows.

1 Eligibility

Participants in the Incentive Option Plan may be:

- (a) a Director (whether executive or non-executive) of the Company and any Associated Body Corporate of the Company (each, a Group Company);
- (b) a full or part time employee of any Group Company;
- (c) a casual employee or contractor of a Group Company (but, if ASIC Class Order 14/1000 as amended or replaced (Class Order) is being relied on, only to the extent permitted by the Class Order);
- (d) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (a), (b), or (c) above, who is declared by the Board to be eligible to receive grants of Options under the Incentive Option Plan,

(Eligible Participants).

2 Offer

The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant to apply for Options, upon the terms set out in the Incentive Option Plan and upon such additional terms and conditions as the Board determines.

3 Incentive Option Plan limit

Where the Company needs to rely on the Class Order in respect of an Offer, the Company must have reasonable grounds to believe, when making an Offer, that the number of Shares to be received on exercise of Options offered under an Offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous three-year period under an employee incentive scheme covered by the Class Order or under an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the Offer.

4 Vesting Conditions

Options will not vest and be exercisable unless the vesting conditions (if any) attaching to that Option (**Vesting Conditions**) have been satisfied and the Board has notified the Eligible Participant of that fact. The Board may, in its absolute discretion, by written notice to a Participant (being an Eligible Participant to whom Options have been granted under the Incentive Option Plan or their nominee where the Options have been granted to the nominee of the Eligible Participant (**Relevant Person**)), resolve to waive any of the Vesting Conditions applying to Options.

5 Option Disposal Restriction

Except as otherwise provided for by the Plan, an Offer, the ASX Listing Rules or required by law, an Option issued under the Incentive Option Plan may only be disposed:

- (a) with the consent of the Board (which may be withheld in its discretion) in Special Circumstances, being:
 - (i) a Relevant Person ceasing to be an Eligible Participant due to death or total or permanent disability, or retirement or redundancy;
 - (ii) a Relevant Person suffering severe financial hardship; or
 - (iii) any other circumstance stated to constitute “special circumstances” in the terms of the relevant Offer made to and accepted by the Participant; or
- (b) by force of law upon death to the Participant’s legal personal representative or upon bankruptcy to the Participant’s trustee in bankruptcy.

6 Exercise of Options

A vested Option may, subject to the terms of any Offer, be exercised by the holder at any time before it lapses. The Board may, in its discretion, permit a holder to exercise some or all of their Options by using a cashless exercise facility.

7 Shares

Shares resulting from the exercise of the Options shall, subject to any disposal restrictions, from the date of issue, rank on equal terms with all other Shares on issue.

8 Share Restriction Period

A Share issued on exercise of an Option may be made subject to a period when it cannot be disposed of by the holder (**Restriction Period**). Shares are deemed to be subject to a Restriction Period to the extent necessary to comply with any escrow restrictions imposed by the ASX Listing Rules. Participants agree to execute a restriction agreement for the Shares reflecting any Restriction Period applying.

9 Start-up Options

Where an Option is granted under start-up requirements of section 83A-33 of the Income Tax Assessment Act 1997 (Cth) (**Tax Act**), the Option (and any Share issued on exercise of the Option) cannot be disposed until the earlier of:

- (a) the Relevant Person in respect of those Options ceases to be an Eligible Participant;
- (b) three years after the acquisition date of the Option;
- (c) a disposal under an arrangement which meets the requirements in section 83A-130 of the Tax Act; and d) such time as the Commissioner of Taxation allows in accordance with section 83A-45(5) of the Tax Act (**Start-up Disposal Restriction**).

10 Lapsing of Options

An Option will lapse upon the earlier of:

- (a) the Board, in its discretion, resolving an Option lapses as a result of an unauthorised disposal of, or hedging of, the Option;
- (b) a Vesting Condition not being satisfied or becoming incapable of satisfaction (and not being waived by the Board in its discretion);
- (c) in respect of an unvested Option, the holder ceases to be an Eligible Participant and the Board does not exercise its discretion to vest the Option or allow it to remain unvested;
- (d) in respect of a vested Option, a holder ceases to be an Eligible Participant and the Board, in its discretion, resolves that the Option must be exercised within one month (or such later date as the Board determines) of the date the Relevant Person ceases to be an Eligible Participant, and the Option is not exercised within that period and the Board resolves, at its discretion, that the Option lapses as a result;
- (e) the Board deems that an Option lapses due to fraud, dishonesty or other improper behaviour of the holder/Eligible Participant under the rules of the Incentive Plan;
- (f) in respect of an unvested Option, a winding up resolution or order is made, and the Option does not vest in accordance with rules of the Incentive Plan; and
- (g) the Expiry Date of the Option.

11 Quotation of Shares

If Shares of the same class as those issued under the Incentive Option Plan are quoted on the ASX, the Company will, subject to the ASX Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 10 business days of the later of the date the Shares are issued and the date any Restriction Period applying to the Shares ends.

12 No Participation Rights

There are no participation rights or entitlements inherent in the Options and Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Option.

13 Change in Exercise Price of Number of Underlying Securities

An Option does not confer the right to a change in exercise price or in the number of underlying Shares over which the Option can be exercised.

14 Reorganisation

If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a Participant are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.

15 Amendments

Subject to express restrictions set out in the Incentive Option Plan and complying with the Corporations Act, ASX Listing Rules and any other applicable law, the Board may, at any time, by resolution amend or add to all or any of the provisions of the Incentive Option Plan, or the terms or conditions of any Option granted under the Incentive Option Plan including giving any amendment retrospective effect.

Proxy Voting Form

If you are attending the meeting
in person, please bring this with you
for Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **10.00am (WST) on Sunday, 25 September 2022**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

If you are entitled to cast 2 or more votes at the Meeting, you may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes and any fraction of the votes remaining will be disregarded. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy or facsimile which appears on its face to be an authentic copy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with section 250D of the Corporations Act 2001 (Cth) and your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the original or certified copy of 'Appointment of Corporate Representative' or a certificate of the body corporate evidencing the appointment should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

