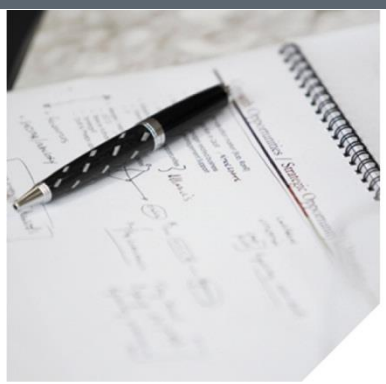
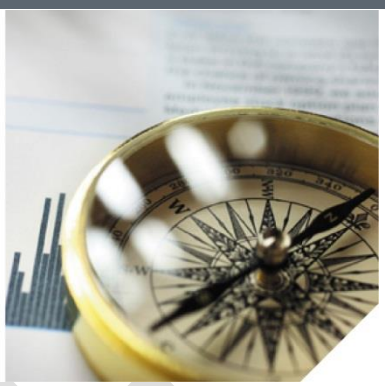




Example report

Valuation of mining and exploration information

5 July 2023

Table of content

5 July 2023

STRICTLY CONFIDENTIAL

[client details]

Dear [client]

Re: valuation of mining and exploration information

Thank you for inviting Peloton Corporate Pty Ltd ["Peloton Corporate"] to undertake an assessment of the market value of equity interests in Alpha Project Ltd.

We are pleased to attach our report in relation to this engagement and would be happy to discuss any aspect of the report with you.

Peloton is delighted to have been of service to you on this engagement.

Yours sincerely

Michael Churchill
Head of valuations

Dominic Churchill
Director

1. Description of Mining and Exploration Information assets

1.1 Mineral Exploration

1. The primary aim of mining companies is to find, develop and extract mineral resources and create economic wealth. Exploration is the search for new mineral wealth and it augments existing mineral supply through the location of undiscovered mineral deposits. Exploration strategies involve the creation of investment options for growth of a resources company.

2. Exploration requires knowledge of how ore bodies are formed in order to select promising areas that display favourable combinations of mineralogical and geological factors involved in ore body genesis. Ore bodies are not merely exotic features that develop randomly – they are intrinsic parts of their geological setting and must be identified through the exploration process.

3. Exploration properties are acquired for their perceived potential to host an economic deposit. The modern exploration process is generally considered to include four phases:

   - target generation;
   - target definition and delineation;
   - resource definition; and
   - scoping and feasibility studies.

4. In general, each step of the exploration process is designed as a decision point, on whether or not to continue exploration on the property, based on the information gathered on the previous stage.

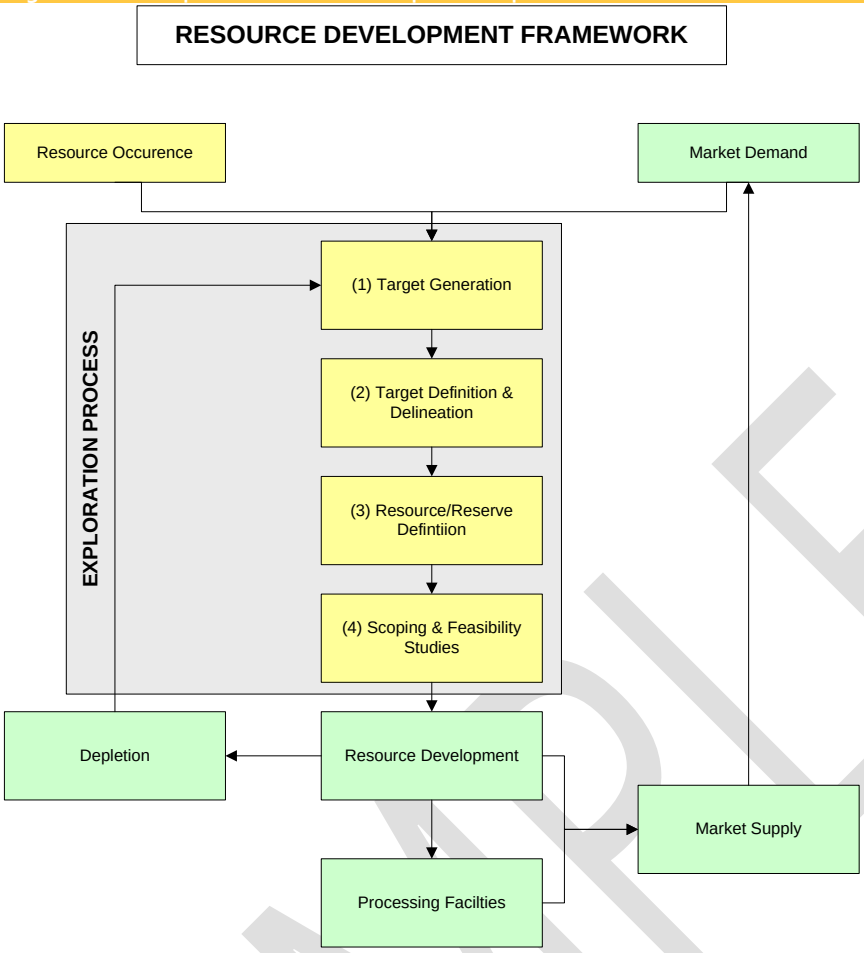
5. Each successive stage is, in general, more expensive, due to the progressively more detailed nature of the work required. Whenever an exploration program is carried out to get to the next stage, the value of a property may be enhanced, reduced, or remain the same, depending on how the results of the program affect the perceived exploration potential.

6. The objective of the exploration process is to identify and concentrate work on the properties that show more promise in terms of exploration potential, and screen out properties that are perceived to have low potential. The properties on which the work demonstrates higher exploration potential are more valuable and so is the associated information.

1.2 The "Exploration Process"

7. The exploration process can be defined as the act of information acquisition and interpretation, which results in the creation of valuable information. The exploration process, as depicted in Figure 1, can be considered as a series of discrete stages aimed at discovering a valuable mineral resource.

Figure 1: Diagrammatical representation of the exploration process



Source: Macquarie University School of Mineral Economics Course notes

8. A detailed overview of the exploration process is described below.

1.3 Target generation

9. This involves the collection and interpretation of regional and local geological and mineralogical datasets to formulate exploration concepts. Companies identify areas that are considered prospective for target minerals by using public geo-scientific information and supplementary private reconnaissance work. These maps and survey data are an essential element in the development of an exploration model that provides a description of the sought after mineral deposit and helps guide the next stage of the exploration effort. In particular, the stage involves the creation of geological models to ascertain areas that are favourable hosts to potential mineral deposits. These exploration models are generally based on descriptions of other known deposits.

1.4 Target definition and delineation

10. Following the generative exploration phase, areas that have been identified as prospective for target minerals are acquired and tested in much greater detail. This involves reconnaissance exploration and sampling for mineral elements using geo-physical, geo-chemical, geological and remote sensing techniques. Identified mineral anomalies are then typically tested through exploratory drilling to determine and delineate zones of likely mineralisation.

11. This targeted exploration may identify new zones of mineralisation that prove to be economic to mine. Following discovery of a new economic ore-body, further drilling and geochemical testing is required to fully map and define the size, grade and geometry of the mineral deposit. Definition of the ore-body both physically and geo-chemically is an essential step before proceeding towards resource definition. If

successful, this stage will usually result in the development of an inferred resource or very early stage resource.

12. The different phases of an exploration program can include the following:

a. Regional geological mapping – Mapping can be carried out over large areas by the interpretation of satellite imagery and aerial photography. In both cases, the truth of the interpretation must be tested field examination on the ground. The geologist maps the rock types and structures to identify areas most likely to contain the minerals targeted.

b. Airborne geophysics and remote sensing – These methods can map physical properties of rocks, including colour and magnetic, electrical or radioactive properties and identify areas with unusual or anomalous responses. At the regional scale, the program would be directed to identifying mapping information such as broad regional structures and shapes along with the distributions of particular rock horizons. It assists in determining rock types beneath cover and concealed ore bodies at depth.

c. Seismic surveys – A regional geophysical method undertaken on the ground to map sub-surface geological structures. More commonly used in oil exploration, but is also used to provide basic structural information useful in mineral exploration.

d. Gravimetric surveys – Gravity surveys measure variations in the earth's gravitational field produced by rocks of differing densities. These surveys can also be used to assist with sub-surface mapping of rocks and structures.

e. Regional geochemistry – Maps the chemistry of rocks, residual soils, stream sediments, and even vegetation. At the regional scale, surveys may provide important geological information about the regional variations of the chemistry of the rocks and helps select higher priority drilling targets.

f. Drilling – Undertaken to collect sub-surface samples for geological examination and assay. Drilling methods vary by cost, with cheaper open hole percussion - for hard rock deposits - being more suitable for semi-quantitative sampling in early stages of exploration. More expensive reverse circulation or diamond core drilling methods are used to provide samples suitable for the quantitative evaluation of the deposit. Reverse Circulation and Air Core drilling are more commonly used in the resource definition stage (phase 3 below). The different types of drilling techniques include:

- Reverse Circulation ["RC"] – Large drill rigs with external booster compressors, sample recovered within drill string, good quality samples;
- Air Core ("AC") – Similar to RC, material forced up a central tube by air pressure, but used mainly for reconnaissance drilling in areas of deep transported clay cover;
- Auger Sampling – A one metre long screw approximately 80 millimetres in diameter in which material is captured within the thread;
- Rotary-Air-Blast drilling ["RAB"] – Reverse of air core drilling in that it blows air down the centre of a hole and thus blowing sample up the outside of the hole. Relatively cheap drilling technique;
- Diamond drilling ["DD"] – Diamond impregnated drill bit that is tube shaped, a solid core of rock is cut and recovered, and provides a high quality sample.
- Reverse Circulation Pre-collar and Diamond Drilling Tail ["RCD"] – A composite drilling method that utilises RC drilling for the shallower part of the drill hole (pre-collar) and switches to Diamond drilling for the deeper part of the drill hole (tail).

1.5 Resource/Reserve definition

13. The final object of the resource definition phase is to acquire adequate data for resource or reserve estimation – a global quantification of the mineralisation. The resource is the principal asset and needs to be defined in such way that the end users of the information understand what the resource is and how it was defined and how it compares to other resources.

14. Resource definition involves upgrading of an inferred resource to measured resource or reserve by increasing the level of geological data, knowledge and confidence in the mineralisation through more extensive drilling and applying economic parameters. The introduction of engineering, marketing and logistical information provides supporting data to the calculation of a resource and reserve statement that may form the basis of a feasibility study.

15. When defining resources and reserves, reference is normally made to a set of standards, which defines the classification of resources and reserves. There is no one method that has gained international acceptance and different codes exist amongst the major mineral producing countries across the globe.

16. In Australia, reference is made to the Australian Institute of Mining & Metallurgy's Joint Ore Reserve Code. The Joint Ore Reserve Committee ["JORC"], which was established in 1996 by the Australian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia, has established a code for the classification of mineralised ore bodies by Australian companies.

17. In situ mineral resources may be defined as a resource and placed into one of three categories depending on the level of confidence that can be applied (see Figure 2):

    a. Inferred resources are defined when there is insufficient data to confirm continuity of the resource;

    b. Indicated resources are again defined when there is insufficient data to confirm continuity of the resource, but sufficient to give a reasonable expectation of the mineralisation's continuity; and

    c. Measured resource means that sufficient data is available to confirm continuity of the mineralisation.

18. An ore reserve is defined as "*that part of a measured or indicated mineral resource which could be mined, inclusive of dilution, and from which valuable or useful minerals could be recovered economically under conditions realistically assumed at the time of reporting*". The reserves are divided into two categories:

    a. Probable reserves: where the confidence level is similar to that defined for the indicated category; and

    b. Proven reserves: when the confidence level of similar to that defined for the measured category.

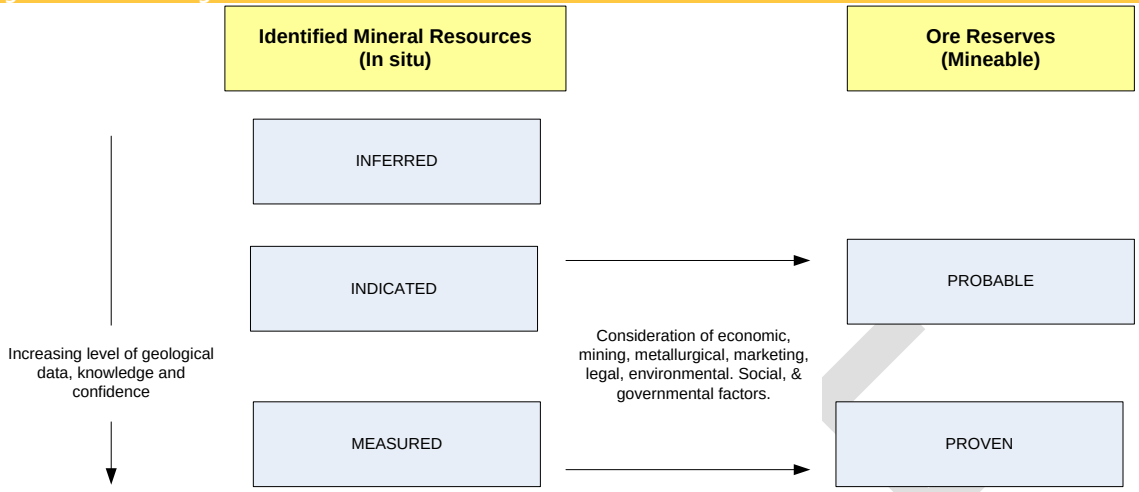
19. In essence, an ore reserve is distinguished from a resource due to:

    a. Increasing level of geological data, knowledge and confidence; and

    b. Consideration of economic, mining, metallurgical, marketing, legal, environmental, social and governmental factors.

C.

Figure 2: Determining the difference between reserves and resources



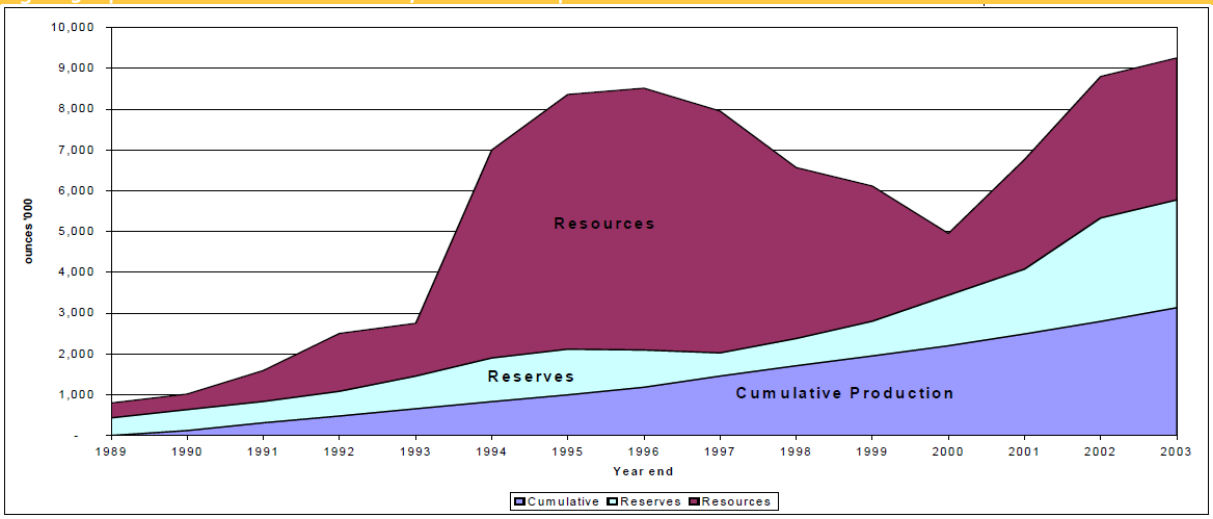
Source: Australian Institute of Mining & Metallurgy

1.6 Scoping & feasibility studies

20. Scoping and feasibility studies involve the economic assessment of ore bodies by considering economic, mining, metallurgical, marketing, legal, environmental, social and governmental factors. At the completion of this stage, economic projects usually move from the exploration to the finance and development phase.

21. ClientCo is among the world's largest gold producers and has sustained an aggressive program of mine exploration and resource development work programs, dominated by drilling programs, throughout the life of the four Australian operations. As a result of these work programs there has been an overall increase of cumulative gold production, reserves and resources at these mines. The historical resources, reserves and cumulative production of ClientCo's operations is set out in the graph below, demonstrating a consistent replenishment of reserves to support continued production.

Figure 3: operations historical resources, reserves and production



2. Exploration and Mining Information Assets

22. The ITAA Section 40-730(8) provides guidance on the definition of Mining and Exploration Information as:

"*.... geological, geophysical or technical information that:*

- *relates to the presence, absence or extent of deposits of minerals or quarry materials in an area; or*
- *is likely to help in determining the presence, absence or extent of such deposits in an area."*

23. The exploration process outlined earlier creates Exploration and Mining Information. This information can comprise the following forms:

a. prospecting, exploration, geological, geochemical, geophysical and technical information including drill chips, drill core, aeromagnetic data, ground magnetic data, gravity data and soil, pulp and rock samples; and

b. plans, maps, drawings, diagrams, flow-sheets, records, reports and documents (scoping and feasibility studies, environmental and heritage studies, marketing research, metallurgical testing, geological analysis and trial mining data).

24. Whilst the information represented above comprises predominately physical, hard copy or digital form, this information can be used to create an interpretative type of information asset. Interpretative type assets comprise geological concepts and models and are created by geologists and engineers using sophisticated computer modelling and GIS systems.

25. ClientCo's Exploration and Mining Information includes the following types of Exploration and Mining Information assets:

a. Physical assets

- Drill core, chips, pulps and raw samples - These physical samples are held at various sample farms located at exploration prospects and mine sites. Raw samples, collected from exploration properties, are usually catalogued, assayed and mapped for further interpretation. Data is collected and transferred to the GIS database.
- Electronic data format via the GIS system - Geographic, geological, geochemical and geophysical information and drilling and sampling data is consolidated on the GIS database.
- Hard copy reports - Plans, maps, drawings, diagrams, flow-sheets, records, reports and documents (scoping and feasibility studies, environmental and heritage studies, marketing research, metallurgical testing, geological analysis and trial mining data) stored at various ClientCo site offices.

b. Interpretative assets:

- Geological interpretations - Interpretation of geological and mineralogical data leading to the discovery of new ore bodies. Discoveries are made through empirical observations by geologists and prospectors, through technical assessments, and 'predictive' conceptual targeting, based on compilation and interpretations of a diversity of exploration information over many years. Many mineral deposits found more recently have been identified on previously explored ground, utilising the accumulation of geological, geophysical and geochemical knowledge transposed into sophisticated computer generated models that have only recently become available.
- Ore-body interpretations - Interpretations of geological information in that forms the basis of resources and reserves.

2.1 Geographic Information Database

26. A Geographic Information System ["GIS"] is a system of computer software, hardware and data designed to assist staff to manipulate, analyse and present information that is tied to a spatial location. GIS technology is used extensively by many different departments throughout ClientCo.

27. To service the ClientCo Australian mine sites a GIS database, incorporating the drilling information databases, has been established at each operation. The GIS databases are controlled and administered by the ClientCo staff Geology Manager at each site. The data resides on secure computer servers at each site and is part of and conforms to the formal ClientCo IT management policies.

28. The core GIS software used by ClientCo is MapInfo Professional and Discover. These GIS databases include the entire geological, geophysical, geochemical, drilling, cultural, topographic, aerial photography and other spatial information associated with the mine site. As part of the overall list of GIS data types listed above, the combined ClientCo Australia GIS systems contain more than 9 million drill hole results alone.

29. All applicable GIS data layers are extracted from the GIS database and viewed by overlaying the data sets using the standard GIS software. Geological, geochemical and geophysical features can be identified or interpreted directly from the GIS and drilling data sets, leading to the generation of drilling targets as an exploration program.

30. Another example of the practical use of the drilling and GIS databases for exploration targeting is where anomaly layers are compiled into one target layer, with 72 final targets identified consisting of one or more overlapping anomalies. The final targets were compiled into several priority exploration "corridors" which identify the most prospective exploration ground on the property.

31. In summary, in our view, the material value of ClientCo's Mining and Exploration Information is contained in the drilling data held on its GIS.

2.2 Description of other information assets

32. ClientCo has other information assets including:

Category	Sub-category
Imagery	Aerial photography
Geophysics	Gravity, Magnetics, Electromagnetic
Geology	Regolith, Fact/solid/structure
Topography	Planimetry, Contours/spot heights, Digital evaluation models, Satellite imagery
Land admin	Cadastre boundaries, Land-use/admin, Tenements

33. These have not been valued for the purposes of this report as they are not considered of material value, relative to the drilling database.

3. Valuation methodology

3.1 Valuation Guidelines

34. The ATO has prepared Market Valuation Guidelines ["the Guidelines"] as part of the Consolidation Reference Manual to provide:

"... broad guidance on how the ATO will administer the market valuation provisions of the consolidation regime."

35. Under the Guidelines, the independent valuation expert is responsible for determining the valuation process most appropriate for the business entity or asset with regard to the nature and materiality of the asset and the information available regarding the asset.

36. The Guidelines indicate that the valuation must be a market value, which, based on industry best practice, would be a fair market value as defined below. In addition, it is accepted that the market value for an asset be based on the highest and best use of the asset which, assuming there is an ongoing need for the asset, will generally result in the greatest value.

37. In approaching the exercise, the valuer must:

"apply commonly accepted valuation practice consistent with ... the nature of the asset and its use"[1]

38. The independent valuation expert, seeking to achieve:

"high quality process and documentation ..."[2]

must:

"... demonstrate fully that:

- *methodologies are consistent over similar asset types*
- *methodologies are the most appropriate*
- *appropriate data was used in the methodology."*[3]

39. The resulting values should also be:

"cross-checked with other methodologies where appropriate".

40. We have applied these principles in this valuation.

3.2 Definition of Market Value

41. The definition of market value commonly adopted by valuers is:

the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm's length within a reasonable timeframe.

1 C4 Market Valuation Guidelines, Figure 2, page 12

2 C4 Market Valuation Guidelines, page 18

3 C4 Market Valuation Guidelines, Table 5, page 21

42. Market value will reflect an asset's highest and best use. This incorporates benefits to the organisation from continuing use of that asset, and assumes that if the asset were sold to a third party, that party would also continue to use the asset in the same highest and best manner. For Exploration and Mining Information, the highest and best use, and its underlying market value, will reflect its continuing use as a tool to aid future discoveries and supplement resource depletion.

3.3 Basis of tax deductions

43. The ITAA distinguishes between Mining and Exploration Information based on the immediacy of use of such information. In this regard, how the information is first used at the date of the valuation, as either Mining or Exploration Information, will govern whether it is deductible over the life of the mine (Mining Information) or immediately deductible (Exploration Information).

44. The next Section of this report "Identification of Drilling Data" provides an analysis of how the information was separated into Mining or Exploration Information.

3.4 ClientCo's Mining and Exploration Information are valuable assets

45. As described in the previous Section, ClientCo's portfolio of Mining and Exploration Information covers a collection of geological, geophysical and other technical information directed at discovering the existence of ore bodies containing gold within its tenements in Western Australia.

46. Applying market value definitions, ClientCo's Mining and Exploration Information meets the tests for recognition as assets. Our analysis demonstrates that the Mining and Exploration Information is valuable, satisfies the tests for market value allocation and can be segmented from the other tangible and intangible assets of ClientCo.

47. Four fundamental criteria must be satisfied for an identifiable intangible asset (information) to be strictly classified as an asset, and be allocated a fair market value. These criteria include the following:

a. Separately identifiable - the ClientCo information is clearly catalogued and stored in physical or electronic libraries, allowing ready access; much of the information is physical in nature (samples, chips, cores, charts, reports, photos, maps, etc), and there is a clear and separate cost in acquiring the information.

b. Capable of legal protection - the majority of the ClientCo information created by the exploration process remains private and proprietary to the owner.

c. Transferable - whilst typically the ClientCo information is assigned together with the underlying tenement, it can be sold or dealt with separately, assuming the owner, operator or joint venture party agree. When ClientCo divests exploration tenements, it separately identifies, in contracts, the assignment of the underlying title to the tenement, as well as separately assigning the exploration information.

d. Enduring in nature – the ClientCo information generated through the exploration process has a significant long-term benefit and provides value in identifying prospective areas for future exploration and/or mining, and non-viable areas for relinquishment.

48. In summary, we are of the opinion that the information generated by the exploration process clearly satisfies the four criteria for classification as an asset, and can therefore be allocated a fair market value.

3.5 Highest and Best Use

49. As the Exploration and Mining Information is a specialised asset that achieves its highest and best use as part of the bundle of mining assets (tenement, mine development, milling plant, mobile equipment, operations etc), the "in use" valuation technique for specialised assets, where ready market comparisons do not exist,

can be adopted. This in-use approach is based on deprival value techniques, where the value is measured against a benchmark of reproduction cost.

3.6 Deprival valuation methodology

50. The primary valuation methodology we have adopted is therefore a deprival approach. The deprival approach measures the value of an asset by determining the value lost if the enterprise were deprived of the asset. The value lost is calculated as the economic cost of reproducing the asset in an optimal manner given its utility to the enterprise.

51. This approach is considered the most appropriate valuation methodology for Mining and Exploration Information given this is a specialised asset, achieving its highest and best use in conjunction with other assets. Furthermore, the deprival methodology adopting the optimised replacement cost of information is used to recognise the real value of Mining and Exploration Information in:

a. defining present resources;

b. mapping future discoveries; and

c. achieving an optimal mine plan.

52. In arriving at this preferred methodology, we considered alternative valuation methodologies including market comparisons, income methods and option valuation techniques. In this regard, we note that ready market comparisons of separate value for Information assets do not exist. There is also the practical difficulty in isolating separate streams of long-term cash flows for Mining and Exploration Information, as the cash flows emanate from the bundle of mining assets deployed. These practical shortcomings preclude the use of traditional valuation techniques using cash flows or earnings.

53. In any case, we note that the deprival methodology is consistent with the valuation methodologies applied to other specialised assets, such as plant and equipment, which also achieve their highest and best use (and therefore market value) in conjunction with other assets.

54. As such, in our opinion the deprival valuation methodology is the most appropriate for the purpose of assessing the market value of specialised in-use assets.

3.7 Optimisation as part of the deprival approach

55. Optimising the replacement costs of assets under the deprival approach considers replacement value of the information adjusted for its economic utility.

56. In the first instance, the use of reproduction costs requires an economic test being that the asset would be replaced if deprived. In the case of the Mining and Exploration Information assets, they form a critical part of the bundle of assets in the mining operations, all of which generate positive net present values ["NPV"]. As such, the economic test is satisfied.

57. A further condition requires consideration of the utility of the Mining and Exploration Information. This utility reflects the position that a knowledgeable operator would place higher (lower) value on drilling which covered areas of greater (lesser) prospectivity.

58. In order to recognise this utility, an optimised drilling programme was designed. The optimised drilling programme established a ranking of more valuable projects over less valuable projects. By prioritising more valuable projects, the replacement order is optimised as less valuable projects are deferred in the drilling programme, therefore properly reflecting their lower utility (and therefore lower value) to the enterprise.

59. The ranking of the project areas is discussed in Section "Assessment of Utility of Drilling Data" below.

60. To reflect reality, the optimal drilling program recognises that not all of the projects can be replicated immediately (or even concurrently) due to limitations on physical resources.

61. The optimised drilling program is discussed in the Section titled "Optimised Reproduction Programme and ODV" below.

62. For Mining Information, this results in a time delay in reproducing the information and therefore a delay in recommencing the mining operations – with a consequential loss of value. This represents the opportunity cost of delays in mining while the information is being reproduced. For Exploration Information, the opportunity to delay the reproduction is a timing benefit, which lowers its value under the deprival method.

63. In assessing the loss of opportunity, ClientCo's engineering advice is that due to the risk of inefficient mining, a restart would not be economic until all the Mining Information had been reproduced.

3.8 Deprival Value and Opportunity Cost for Mining Information

64. In determining the ODV of the Mining Information, it is necessary to have regard to:

a. The time value of money and the associated risks, in that the value of $100 today is worth more than $100 received (or outlaid) at a future date; and

b. The opportunity cost arising from needing to delay or interrupt mine production due to the absence of Mining Information, whilst it is being reproduced.

65. In this way, Mining Information is inherently more valuable than Exploration Information.

66. In particular, the opportunity cost of not having the Mining Information is likely to be material. This is because access to the Mining Information would enable current production to proceed without delay or interruption and would enable projects that are not currently in production to achieve the production stage significantly earlier.

67. Given that Exploration Information is used to supplement resource depletion, and that the immediate cash flows of the business are not impacted by loss of Exploration Information, provided it can be reproduced within a reasonable time, an opportunity cost is not included in the Exploration Information values.

68. The International Valuation Standards and the ATO in TR98/3 support the proposition that the value of information can include an opportunity cost.

69. The International Valuation Standards allow for the reproduction cost to include a factor allowing for "... *undue time, inconvenience and risk ...*" that is suffered over the reproduction phase[4].

70. Additionally, a ruling by the Australian Tax Office (TR98/3) allows consideration for the losses (the opportunity cost of losing the information) that would be incurred for not having access to the Mining Information:

> "*...as a general proposition, its value would represent the present day costs of reproducing the information, taking into consideration the losses that would result from the consequential delay in the development of mining, quarrying or prospecting right". (paragraph 78)*

71. Thus, the reproduction cost of Mining Information should properly include an opportunity cost to compensate for these factors.

72. It should be noted that TR 98/3 was withdrawn by the ATO on 11 July 2012 because it was no longer required to provide commentary on the tax treatment of mining, quarrying or prospecting information as this is set out in detail in Division 40 of the ITAA. This ruling was not replaced so the withdrawn ruling still provides

[4] International Valuation Standards, paragraph 9.2.1.3, p33

useful guidance on the ATO's views on the valuation of mining information and public access issues. Therefore, we have discussed these relevant excerpts from the ruling further in this report.

3.9 Valuation of Information over Relinquished and Mined-out areas

73. In our opinion, information over relinquished and mined areas has a value.

74. All of ClientCo's exploration activities are undertaken on a portfolio or capital budgeting approach with the highest value or most prospective projects receiving priority allocations of capital. On that basis, we have assumed that relinquished and mined-out information is least valuable and as such would only be reproduced after all the advanced exploration projects (and associated information) had been reproduced.

75. ClientCo utilises mined-out and relinquished drilling information in its exploration and development activities. Mined-out and relinquished information provides evidence of low probable resources and therefore saves drilling old areas, unless changes in economic conditions potentiate the re-exploration of previously drilled areas. This represents utility value, in greater knowledge and better economic drilling of the region, to the owner. Therefore, the utility represents the assistance the information provides in targeting future exploration when used in combination with other Mining and Exploration Information.

76. We have also assumed that mined-out information would be reproduced before the relinquished information on the basis that mined-out information has more value to the current operations than relinquished information. Mined-out information provides knowledge of the geological and geophysical features of previously discovered ore bodies. Knowledge of the actual geology and chemistry of hosted ore bodies from past mining activity is a significant aid to future exploration activities.

77. Therefore, the value of this information has been determined as the net present value of the replacement cost of the information after all the higher utility Exploration Information has been reproduced. The value of relinquished and mined-out information is included in the Exploration Information values. This is consistent with the COMPANY B valuation approach.

3.10 Service potential allowances

78. The ATO ruling (TR98/3, paragraph 78), which is now withdrawn but not replaced, as noted above, adds certain qualifications to considering the service potential of data already consumed:

> *"From this value it is appropriate to make deductions for all or some of the following factors:*
>
> - *Knowledge that some of the information was available from public records, such as reports available from State government authorities;*
> - *General knowledge that certain work need not be duplicated, for example, a purchaser who had a knowledge of the Mining Information for the purposes of negotiating a price for the tenement would know that some exploration had revealed little or no evidence of mineralisation in particular areas and would know that this work would not need to be repeated; and*
> - *More recent test results that affect the accuracy of older information."*

79. In consideration of these qualifications, as noted earlier, we have assumed a knowledgeable operator would reproduce the information according to its prospectivity (or economic utility).

80. The optimisation programme allows for this by assuming that lower value projects would be deferred until the information was required, hence creating an order for the information optimisation. To create this order, ClientCo produced an optimised drilling programme, which is discussed in the Section "Assessment of Utility of Drilling Data".

81. We have also considered the impact on value of the availability of Information contained in the annual tenement reports lodged with the WA Mines department.

82. We understand that at the valuation date, these reports were protected from public access for a period of 10 years, which could be extended to 15 years. The Mining Information value calculated is reproduced over a shorter period and therefore such public access is not dilutive to value. The annual tenement reports were also lodged only in hard copy form, with no electronic or digital information provided at that time.

83. As a general proposition, the release of information to the public would only have a significant dilutive impact on its value if others could make use of such data in a way that detracts from its value to the owner. An example of this would be the expiry of a patent, which then allows competitors to copy the technology, compete directly at lower prices and therefore dilute its value to the patent owner. This is not the case with Mining and Exploration Information because access to the information does not provide access to the tenement.

84. We have also considered the judgment in *Nischu* where the court considered this point. The judgment noted that where a purchase of a tenement is to be made by negotiation in respect of which substantial information exists, an opportunity is given to the purchaser to examine the information and for the purchaser to determine the price he or she is prepared to pay: "*This sort of acquaintance would not suffice to subsequently enable the purchaser to proceed to exploit the tenements*".

85. Also the court in *Nischu* said in respect of the public access issue:

> "*The amount of information which had been gathered was substantial. It was described by one of the witnesses as 'some 80 boxes of material stored away as well as what would be the equivalent of a room full of plans and maps and sections in their offices here in Perth.' Evidence was led, which was accepted at first instance, that the quantity of information was such that it could not be effectively utilised without access to the objects and records containing it. The Joint Venture also had compiled a substantial core library. The mining information had two important qualities:*
>
> - *A substantial part of the information could not be reproduced from publicly available records or from the records of the Department of Mines…*
> - *The information, or that part of it which was not publicly available, was necessary to carry out mining operations on the tenements."*

86. In our view, the nature of the information held at the Mines Department, being in summary and non-digital form only, would not materially assist a third party purchaser in a reproduction effort and hence does not materially dilute the value of the Information held by ClientCo. Moreover, the Information would not be available to a purchaser for at least 10 years.

87. As a consequence, in our opinion:

a. Mining Information would not be discounted since it is needed immediately to recommence operations; and

b. the applicable discount for public access to Exploration Information would not be a material dilution of value, i.e., would be less than 5%. Nonetheless, we have conservatively employed an allowance of 5%.

88. In summary, we have adopted a position consistent with the above discussion as follows:

a. No allowance for public access with respect to Mining Information.

b. An allowance of 5% for Exploration Information, being the bottom of the 5% to 15% range as noted in the ATO Position Paper on COMPANY B.

3.11 Conclusion

89. In consideration of the guidance provided by the ATO's market value guidelines, tax rulings, valuation authorities and valuation precedent, we have adopted an 'in use' valuation methodology to value ClientCo's Mining and Exploration Information. These are specialised assets achieving their highest and best use in conjunction with other mining assets. The ODV method has been used to identify the separate market value of the Mining and Exploration Information.

90. The full reproduction cost has been adjusted to a market value by use of an optimisation programme which:

    a. for both Mining and Exploration Information, discounts the reproduction cost for lower utility of the information (as determined by a knowledgeable operator) by prioritising more valuable projects over less valuable projects; and

    b. for Mining Information, allows for an opportunity cost resulting from delays in reproduction.

91. The application of this methodology is set out in the following Sections.

4. Identification of drilling data

4.1 GIS Database Download

92. As discussed above, ClientCo has compiled all its exploration data into the GIS and drilling databases. This has enabled ClientCo to download the drilling information from the database to determine the replacement cost of the information.

93. The ClientCo exploration managers downloaded a record of data for each project including the number of metres drilled and the type of drilling in each hole (referred to below as 'drilling metres').

4.2 Description of major assumptions and limitations

94. A small proportion of the drilling metres in the database from shallow drill holes related to historical and obsolete drilling techniques, for example vacuum and auger drilling. ClientCo's treatment of these drill holes was to convert the drilling type to the closest equivalent modern drilling technique namely RAB drilling.

95. The drilling data classifications adopted in this report are as follows:

a. Mining

b. Exploration:

- Tenements
- Mined-out
- Relinquished

96. Commencing with the total datasets for each of the four ClientCo gold mines, the process involved:

a. **Downloading the relinquished datasets** - Records of historical drilling in the database that have been subsequently relinquished prior to the valuation date due to either being sold or relinquished;

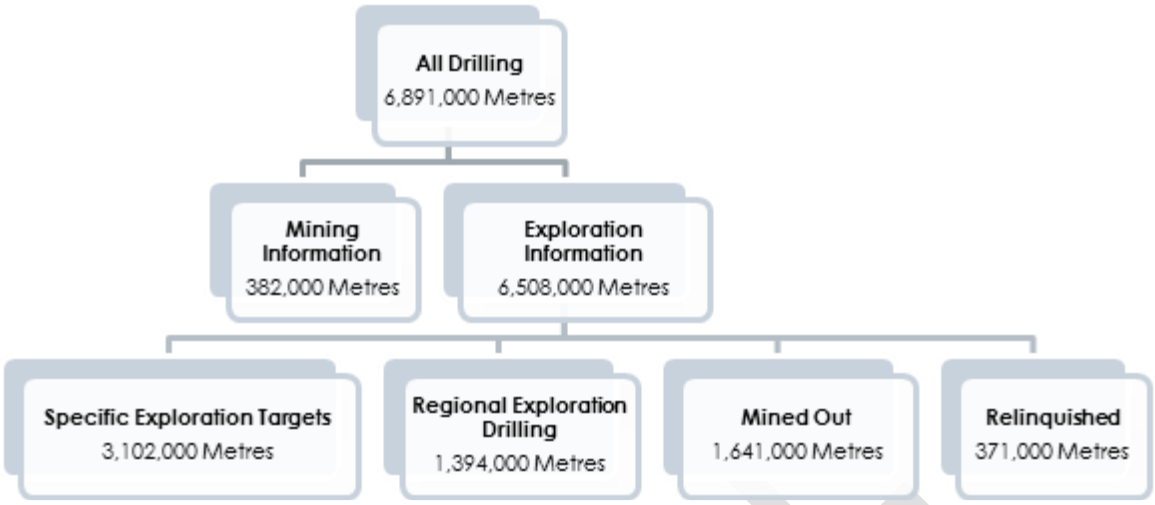
b. **Downloading the mined-out datasets** - All the drilling data relating to mined-out (i.e. ore that has been extracted) information. The depth of the major open pit mines at the ClientCo gold mines was determined. For the smaller open pit operations on the ClientCo mines the average depth was set to 80m. It was assumed that drilling below the open pit depth and in the area of the active underground operations would be included as mining information relating to the remaining Resources and Reserves at the gold mines. All drilling within the extracted open pits would be classified as mined-out exploration information;

c. **Downloading the mining information datasets** – we have assumed that mining information is drilling data relating to ClientCo's Resources and Reserves. The Resources and Reserves was included in ClientCo's mine plan and formed part of the working mine at the ClientCo. Consequently, in our opinion this information should be classified as mining information for valuation purposes; and

d. **The remaining information is classified as exploration information** – The exploration information was further subdivided into specific ranked exploration targets information and the remaining as regional exploration information.

97. The download of the database is represented diagrammatically in the following flow chart for the entire ClientCo drilling database.

Figure 4: Flow chart for ClientCo drilling database



5. Assessment of utility of drilling data

5.1 The Hypothetical Drilling Program

5.1.1 Overview

98. The hypothetical drilling program is a fundamental step in our valuation process and warrants further explanation. An understanding of 'how' and 'what' the hypothetical program achieves is necessary to appreciate the valuation concepts applied in valuing mining and exploration information.

99. The need for the hypothetical drilling program stems from the key assumption underpinning deprival valuation. That is, if deprived of information necessary to continue mining and supplement resource depletion, the rational decision would be to reproduce that information. However, two logistical problems present themselves if faced with having to reproduce the information:

    a. certain constraints on resources and time will result in temporal delays in reproducing such information; and

    b. in what order would the projects be reproduced.

100. The temporal delays issue is discussed in paragraph 102 and the project order issue is discussed in paragraphs 104 to 107.

5.1.2 Mining Information

101. It was assumed that the Mining Information at each gold mine site would be replicated with the highest priority and before the Exploration Information. This strategy enables the most rapid recommencement of the mining operation.

102. The Mining Information reproduction schedule results in a production delay and therefore the mining operations cannot recommence until the information is available. An accumulation of the delay is used to discount the replacement costs to present value and determine the opportunity cost later in the valuation process. We have referred to this as a discount factor, which reflects the time value associated with the delay in the project.

103. For the purposes of this report we have adopted a discount factor of 5% real post-tax.

5.1.3 Exploration Information

104. A similar process to that used in ranking Mining Information is adopted in ranking the projects for Exploration Information. Again, it is assumed the most valuable projects are reproduced before less valuable projects.

105. Details regarding targeting criteria used by the ClientCo geologists and external consultants in prioritising prospective mine sites and exploration targets are set out in Appendix 1. This information was used in the ranking process for exploration information. The ranking system is based on the exploration potential of finding more resources within that area.

106. Targeting criteria can be categorised into:

    a. the structural architecture of the region;

    b. the chemical properties of the rocks and mineralizing fluids; and

    c. the geological characteristics and other physical properties of the host rock types.

107. Using the above targeting criteria, as well as contemporaneous reports as noted, the following ranking of project areas by prospectivity was developed for Mining and Exploration Information, showing drilling metres by drill hole type:

Table 1: Mining Information – Drilling Metres

Drilling Method	AC	DD	RAB	RC	RCD	Total
Mining Information						
Mine A						
Mine A Underground MI	570	2,151	451	5,980		9,151
Mine A Open Pits MI		70,244	5,587	75,869		151,700
Total Mine A MI	**570**	**72,395**	**6,037**	**81,849**	**-**	**160,851**
Mine B						
Mine B Main Underground MI		2,169			76,688	78,857
Mine B East Underground MI				9,093	3,791	12,884
Mine B Main Pit MI		760		1,576	32,146	34,482
Mine B Open Pits MI		2,277		40,897	15,939	59,113
Total Mine B MI	**-**	**5,206**	**-**	**51,566**	**128,564**	**185,336**
Mine C						
Mine C Underground MI		2,250			601	2,851
Mine C Open Pits MI		566	634	30,287	1,644	33,132
Total Mine C MI	**-**	**2,817**	**634**	**30,287**	**2,246**	**35,984**
Mine D						
Mine D Underground MI		2,297			49,398	51,695
Mine D Openpits MI				26,256	3,148	29,403
Total Mine D MI	**-**	**2,297**	**-**	**26,256**	**52,546**	**81,098**
TOTAL	**570**	**82,714**	**6,671**	**189,958**	**183,355**	**463,269**

Table 2: Exploration Information – Drilling Metres

Drilling Method	AC	DD	RAB	RC	RCD	Total
Exploration Information						
Mine A						
Target 1	88,144	343,336	102,193	311,842		845,516
Target 2	2,993	18,247	144,403	132,636		298,279
Regional Targets	61,005	94,156	81,452	218,211		454,823
Mined Out	52,641	817,594	239,859	596,901		1,706,995
Relinquished	6,309	44,757	35,732	69,943		156,741
Total KCGM EI (100%)	**211,093**	**1,318,090**	**603,639**	**1,329,533**	**-**	**3,462,355**
Mine B						
Target 1	3,081	16,915	127,458	272,686	203,053	623,193
Target 2	1,423	304	167,906	82,375	1,679	253,687
Target 3			14,416	7,799	147	22,362
Target 4	300	3,268	15,847	4,126	6,276	29,817
Target 5	16,018	262	105,520	58,431	832	181,063
Regional Targets	2,813	39,526	390,978	127,340	23,158	583,814
Mined Out	1,014	13,191	57,493	413,468	99,280	584,446
Relinquished	982		66,255	999	1,794	70,031
Total Plutonic EI	**25,631**	**73,466**	**945,873**	**967,224**	**336,219**	**2,348,414**
Mine C						
Target 1	130	886	71,156	79,007	11,668	162,846
Target 2	43,757		58,289	34,808	6,191	143,045
Target 3	20,271	1,007	103,707	82,516	1,179	208,680
Target 4	9,645		26,307	3,073	256	39,281
Regional Targets	13,262		83,564	66,652	146	163,624
Mined Out	305	2,476	15,295	83,753	1,300	103,129
Relinquished	2,367		17,058	11,175		30,600
Total Lawlers EI	**89,737**	**4,368**	**375,375**	**360,984**	**20,739**	**851,203**
Mine D						
Target 1		11,035	6,218	16,337	51,738	85,328
Target 2	1,482	165	23,445	15,975	5,524	46,590
Target 3	11,809	315	99,039	68,323	77,077	256,563
Regional Targets	40,753	332	300,890	72,503	4,904	419,380
Mined Out	2,436	5,012	14,777	40,980	37,167	100,371
Relinquished	72,010	3,202	94,107	20,707	1,519	191,545
Total Darlot EI	**128,490**	**20,061**	**538,475**	**234,824**	**177,929**	**1,099,778**
Specific Exploration Targets	**199,054**	**395,739**	**1,065,904**	**1,169,934**	**365,620**	**3,196,250**
Regional Exploration Drilling	**117,832**	**134,014**	**856,882**	**484,706**	**28,208**	**1,621,642**
Mined Out	**56,396**	**838,273**	**327,424**	**1,135,102**	**137,746**	**2,494,942**
Relinquished	**81,668**	**47,959**	**213,153**	**102,824**	**3,313**	**448,916**
TOTAL	**454,950**	**1,415,985**	**2,463,363**	**2,892,566**	**534,887**	**7,761,750**

6. Optimized reproduction program and ODV

6.1 General Assumptions in the Hypothetical Drilling Program

108. In reproducing the information there are a number of assumptions underpinning the hypothetical drilling program. They include:

a. Resource allocation - It is assumed drilling in the hypothetical drilling program is carried out utilising eight rigs drilling 24 days per month. Eight rigs were used in the calculations based on advice from ClientCo on a reasonable allocation of machinery resources. The remaining six calendar days were included in determining the time factor as they were considered sunk days used for repairs, maintenance and recovery and would necessarily be incurred. The daily metres covered by each rig, were calculated by dividing the metres per drill type by weighted average daily metres across the drill types;

b. Order of information reproduction - exploration information is reproduced after the mining information projects have been completed in the hypothetical drilling program. Thereafter, exploration information is reproduced in order to maintain the flow of exploratory opportunities;

c. Some benefit in prior knowledge - we have assumed that only the drilling data is reproduced, as the value of other forms of mining information such as geological surveys that are normally undertaken prior to drilling are relatively immaterial.

109. The number of drill rigs chosen (eight) to replicate the drilling data in the hypothetical drilling program is considered by ClientCo to be the optimal selection of drilling rigs to maximise the efficiency of the logistics and personnel allocation for the drilling program. In previous major ClientCo drilling programs this number of drilling rigs has been shown to maximise the effectiveness of company resources allocation, balanced against the speed of data replication and mining urgency factors.

6.2 Drilling Cost Assumptions

110. Drilling cost estimates, drilling contracts, and drilling invoicing history used by the ClientCo exploration office for forecasting and budgeting purposes have been used to determine the replacement cost of the drilling information, which is set out in Table 3 below. The costs include the assay costs and direct operational field labour (Field Officers and Geologists), excluding any overhead costs associated with the exploration office.

111. The cost of drilling an individual hole is affected by a number of variables, including the rock type, surface contours, ground hardness and the required depth. In determining the replacement cost of the drilling information, an average costing approach has been used in our analysis (i.e. costs for each drill type vary according to factors such as the drilling depth but for the purpose of undertaking the modelling for the valuation these costs have been averaged over the total length of drilling). Table 3 outlines our cost assumptions used to estimate the replacement costs of drilling.

Table 3: ClientCo budget average unit costs used for valuation

Drill Type	Total Drilling Cost ($ per metre)
Aircore	20
Diamond Drilling	140
RAB Drilling	20
RC Drilling	60
RC Diamond Drilling	100

Source: ClientCo

112. Five key components come together in a comprehensive DCF valuation (by project area):

1. Drilling metres;
2. Cost per metre & drill type;
3. Order that information is reproduced;
4. Time delays in recommencing mining operations; and
5. Discount rate.

113. The first of these is fact-based. Items 2 – 4 are based on the expert views of ClientCo's geologists. Item 5 is based on VAA's assessment.

114. Primary responsibility for compilation of the spreadsheet rests with ClientCo. VAA validated that ClientCo applied the methodology appropriately by comprehensively reviewing the spreadsheet calculations.

115. The tables below show the results of the ODV calculations for Mining and Exploration Information. The opportunity cost associated with the time delay from disruption to mining operations is applied to the NPV's of the mines.

Table 4: ODV Calculation for Mining Information

Mining Information									
Project Area	**Total drill metres**	**Total time (yrs)**	**Time cumulation (yrs)**	**NPV without time delay**	**NPV with time delay**	**Incremental NPV**	**Drilling reproduction costs**	**PV of the reproduction cost**	**Total Value**
Mine A									
Mine A Underground	9,151	0.04	0.04				$ 680,277	$ 678,830	$ 678,830
Mine A Open Pits	151,700	0.72	0.77				$ 14,498,072	$ 13,965,347	$ 13,965,347
Total Mine A	**160,851**	**0.77**		**$ 773,528,000**	**$ 745,105,067**	**$ 28,422,933**	**$ 15,178,349**	**$ 14,644,177**	**$ 43,067,110**
Mine B									
Mine B Main Underground	78,857	0.50	0.50				$ 7,972,410	$ 7,779,686	$ 7,779,686
Mine B East Underground	12,884	0.08	0.58				$ 924,700	$ 898,746	$ 898,746
Mine B Main Pit	34,482	0.22	0.80				$ 3,415,538	$ 3,284,339	$ 3,284,339
Mine B Open Pits	59,113	0.38	1.18				$ 4,366,526	$ 4,122,477	$ 4,122,477
Total Mine B	**185,336**	**1.18**		**$ 435,068,000**	**$ 410,751,663**	**$ 24,316,337**	**$ 16,679,174**	**$ 16,085,248**	**$ 40,401,585**
Mine C									
Mine C Open Pits	2,851	0.05	0.05				$ 375,151	$ 374,156	$ 374,156
Mine C Underground	33,132	0.63	0.69				$ 2,073,656	$ 2,005,340	$ 2,005,340
Total Mine C	**35,984**	**0.69**		**$ 44,266,000**	**$ 42,807,680**	**$ 1,458,320**	**$ 2,448,807**	**$ 2,379,497**	**$ 3,837,816**
Mine D									
Mine D Openpits	51,695	0.99	0.99				$ 5,261,394	$ 5,014,180	$ 5,014,180
Mine D Underground	29,403	0.56	1.55				$ 1,890,107	$ 1,752,659	$ 1,752,659
Total Mine D	**81,098**	**1.55**		**$ 126,512,000**	**$ 117,312,059**	**$ 9,199,941**	**$ 7,151,501**	**$ 6,766,839**	**$ 15,966,780**
TOTAL MINING INFORMATION	**463,269**								**$ 103,273,291**

Table 5: ODV Calculation for Exploration Information

Exploration Information								
Project Area	**Rank**	**Total drill metres**	**Total time (yrs)**	**Time cumulation (yrs)**	**Drilling reproduction cost**	**PV of reproduction costs**	**Total Value**	**Discount for public access**
Mine A								**5%**
Target 1	1	845,516	4.03	4.80	$ 70,584,367	$ 55,845,340	$ 55,845,340	
Target 2	2	298,279	1.42	6.22	$ 13,460,679	$ 9,935,642	$ 9,935,642	
Regional Targets	3	454,823	2.17	8.39	$ 29,123,657	$ 19,337,585	$ 19,337,585	
Mined Out	4	1,706,995	8.14	16.54	$ 156,127,190	$ 69,677,925	$ 69,677,925	
Relinquished	5	156,741	0.75	17.28	$ 11,303,367	$ 4,863,864	$ 4,863,864	
Total Mine A		**3,462,355**	**17**		**$ 280,599,262**	**$ 159,660,355**	**$ 159,660,355**	**$ 151,677,338**
Mine B								
Target 1	1	623,193	3.96	5.14	$ 41,645,353	$ 32,404,148	$ 32,404,148	
Target 2	2	253,687	1.61	6.76	$ 8,539,494	$ 6,141,531	$ 6,141,531	
Target 3	3	22,362	0.14	6.90	$ 770,960	$ 550,633	$ 550,633	
Target 4	4	29,817	0.19	7.09	$ 1,655,634	$ 1,171,593	$ 1,171,593	
Target 5	5	181,063	1.15	8.24	$ 6,056,519	$ 4,051,663	$ 4,051,663	
Regional Targets	12	583,814	3.71	11.95	$ 23,365,659	$ 13,040,890	$ 13,040,890	
Mined Out	13	584,446	3.72	15.67	$ 37,752,983	$ 17,575,767	$ 17,575,767	
Relinquished	14	70,031	0.45	16.12	$ 1,584,092	$ 721,615	$ 721,615	
Total Mine B		**2,348,414**	**15**		**$ 121,370,694**	**$ 75,657,841**	**$ 75,657,841**	**$ 71,874,949**
Mine C								
Target 1	1	162,846	3.11	3.79	$ 7,456,885	$ 6,196,812	$ 6,196,812	
Target 2	2	143,045	2.73	6.52	$ 4,748,469	$ 3,454,060	$ 3,454,060	
Target 3	3	208,680	3.98	10.51	$ 7,689,398	$ 4,605,711	$ 4,605,711	
Target 4	4	39,281	0.75	11.25	$ 928,980	$ 536,450	$ 536,450	
Regional Targets	6	163,624	3.12	14.38	$ 5,950,230	$ 2,950,540	$ 2,950,540	
Mined Out	7	103,129	1.97	16.34	$ 5,813,822	$ 2,618,986	$ 2,618,986	
Relinquished	8	30,600	0.58	16.93	$ 1,058,990	$ 463,651	$ 463,651	
Total Mine C		**851,203**	**16**		**$ 33,646,774**	**$ 20,826,211**	**$ 20,826,211**	**$ 19,784,900**
Mine D								
Target 1	1	85,328	1.63	3.18	$ 7,823,288	$ 6,700,407	$ 6,700,407	
Target 2	2	46,590	0.89	4.06	$ 2,032,510	$ 1,666,892	$ 1,666,892	
Target 3	3	256,563	4.90	8.96	$ 14,068,114	$ 9,086,133	$ 9,086,133	
Regional Targets	4	419,380	8.00	16.96	$ 11,719,815	$ 5,122,754	$ 5,122,754	
Mined Out	5	100,371	1.92	18.88	$ 7,221,415	$ 2,874,906	$ 2,874,906	
Relinquished	6	191,545	3.65	22.53	$ 5,164,927	$ 1,720,370	$ 1,720,370	
Total Mine D		**1,099,778**	**21**		**$ 48,030,069**	**$ 27,171,462**	**$ 27,171,462**	**$ 25,812,889**
TOTAL EXPLORATION INFORMATION		**7,761,750**						**$ 269,150,076**

7. Valuation conclusions and benchmarking

7.1 Market values

116. Based on the methodology discussed in this report, and set out in the tables in the previous section, the market values of the ClientCo Mining and Exploration Information assets at 1 January 2023 were:

Mining Information	$103.274 million
Exploration Information	$269.150 million
TOTAL	$372.424 million

117. In order to ensure the overall valuation is reasonable, we have compared and benchmarked the valuation to ClientCo's Exploration spend over the period 2004-2023.

7.2 Comparison to Exploration spend

118. As noted at paragraphs 51 and 52, ClientCo has undertaken an analysis of the spend over this period 1985-2003 based on available exploration reports and knowledge of the history of the mining operations in order to gain an understanding of the magnitude of the exploration expenditure.

119. As a result of this analysis, ClientCo has estimated the historical cumulative exploration expenditure to be $285 million. Indexing this to 2023 purchasing power, the exploration expenditure inflates to $351 million.

120. We note this would under-estimate the full historical spend on these tenements, many of which will pre-date the period. Nevertheless, the extent of the estimated spend over the period is consistent with the creation of an extensive and valuable database of information consistent with our market value.

8. APES225 disclosures

8.1 Valuation engagement

APES225 Valuation Services ["APES225"] issued by the Accounting Professional & Ethics Standards Board states that a valuation engagement is an engagement to perform a valuation and provide a valuation report where the member 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 available to the member at the time.

This report is a 'valuation engagement' in the terms of APES225.

8.2 Team

This engagement was undertaken under the overall direction of Michael Churchill, head of valuations.

Michael's career includes over 30 years' valuation and corporate advisory experience. He has held CEO and Partner roles since 1997.

His valuation and advisory roles have traversed infrastructure, resources, energy, telecommunications, technology and software, financial services, health and medical services. In 2014 he established the first joint venture with China's largest valuation firm outside of China to support Chinese investors deploying capital in Australia.

Michael has had extensive experience in small business tax matters (such as Division 152 Small Business Retirement Concessions) through to large corporate tax issues involving Div 6C (stapled structures), Div 855 (TARP), Div 149 (pre-CGT cost-base setting), transfer pricing, capital gains tax and other matters.

Dominic Churchill, Director, was responsible for capital market analysis (including comparable company and transaction analysis) and valuation modelling.

Dominic is a corporate finance and investment banking professional with 10 years' experience in valuation and transaction advisory services for a range of clients including institutional investors, ASX-listed corporates, and government-owned entities.

Dominic attended Swinburne University where he completed a Bachelor of Business (Finance).

8.3 No conflicts

Peloton is not aware of any current actual or perceived undisclosed conflicts of interest which could be regarded as impairing Peloton' independence and objectivity.

8.4 Fees

Peloton has earned fees for the preparation of this report commensurate with the scope and scale of the engagement.

Peloton is not entitled to any contingent fees.