

10 October 2017

The Company Announcements Office  
Australian Securities Exchange Limited

### **Merger Update and Asset Impairment**

The Company is pleased to confirm that it is progressing the proposed Merger with Spitfire Materials Limited (ASX:SPI) by way of scheme of arrangement pursuant to the Merger Implementation Agreement announced to ASX on 4 September 2017.

The Company is in the process of finalising the draft Scheme Booklet to be dispatched to shareholders to convene the scheme meeting (subject to ASIC review of the draft Scheme Booklet and court approval at the First Court Hearing).

The Company has received the technical valuation which is being prepared to form part of the Independent Expert's Report in relation to the proposed Merger.

The technical valuation for the Company's exploration and evaluation assets (comprising the Aphrodite Gold Project) gave a valuation range of \$8.8 million to \$17.0 million with a preferred value of \$12.5 million.

In light of the above information, the Company has commenced an impairment review in relation to the carrying value of the Company's exploration and evaluation assets in the Company's accounts as at 30 June 2017 of \$27.77 million. The Company expects that those assets will be written down by an amount of between \$10.8 million (assuming the impaired value of those assets is at the high end of the technical valuation) and \$19 million (assuming the impaired value of those assets is at the low end of the technical valuation) in the Company's accounts.

The full amount of the impairment (once finalised) will be expensed in the Company's profit and loss statement. As the impact of the impairment will be a non-cash item, it will not have any impact on cash flow or the Company's existing operations. Nor will it have any impact on the amount of the consideration the Company's shareholders will receive under the proposed Merger.

The full Independent Expert's Report including the technical valuation will be dispatched to shareholders in due course with the Scheme Booklet following ASIC review and the First Court Hearing in relation to the scheme of arrangement.

As noted above, the Company is in the process of finalising the draft Scheme Booklet for lodgment with ASIC for its review, and will provide further updates in due course.

Yours sincerely,



Michael Beer  
Company Secretary